



# VET Reform & Joyce Review

## **TAFE Priorities for Reform under the Joyce Review**

TAFEs appreciate the focus on vocational education and training under the Government's Budget package *Delivering skills for today and tomorrow*. TAFEs acknowledge the reform directions proposed by the Hon Steven Joyce ([Strengthening Skills](#)) upon which the package is based.

TAFEs and their representative body, TAFE Directors Australia, are engaging in the comprehensive consultation process instigated by Ministers, Senator the Hon Michaelia Cash and Hon Steve Irons. Consultations are focused on key bodies, the National Skills Commission (including National Careers Institute) and pilot Skills Organisations, which are designed, respectively, to guide the priorities for training and engage industry closely in design and promotion of training. TAFEs views will be presented during that process.

TAFEs also engage through their state or territory government as part of their combined work with the Morrison government for a coherent national approach to VET. This paper presents other key priorities for TAFEs in this reform program.

**Recognise TAFEs separately as core to VET** – national data presents TAFEs as representing just nineteen per cent of VET students, which the Prime Minister repeated publicly. However, the bulk of the remaining 81 per cent only undertake a one-day course. TAFEs do the heavy lifting of training, especially in the trades and priority VET occupations. Publicly funded vocational education has TAFEs delivering 59 per cent of subjects and training hours in 2018.

TAFEs should be recognised in the same way as universities, including to develop and accredit courses to meet local needs, so they can focus on the core training through their extensive facilities. For international VET students, TAFEs are assessed for risk on the same basis as other VET providers (which have a higher chance of closure) for visa processing. Improved treatment of TAFEs by the Department of Home Affairs would help TAFEs grow international student numbers.

**Open-up VET Student Loans** – In avoiding the clear excesses of VET FEE-HELP the new student loans scheme for selected diploma and advanced diploma courses has excessive red-tape and compliance with low amounts able to be borrowed. The legislation allows for a cap on loans per year of \$2bn but only \$287 million was issued in 2018. TAFEs request changes as follows:

- reduce enrolment and progression red-tape to help attract students back to VET;
- allow TAFEs to set their own loan limits for courses (including locally designed) so training can meet industry expectations; and
- remove the 20 per cent loan fee on students which acts as a tax on learning.

**Defer full-cost recovery** of regulation through Australian Skills Quality Authority (ASQA) – the 2018 Budget requires ASQA to move to full cost recovery from 2020. Recently, skills ministers requested ASQA take on educating providers on the expectations for quality training. Cost recovery should be deferred because:

- the educative role is not covered by cost recovery guidelines and it's important to avoid ASQA using its fees from TAFEs to cross subsidise the education role;
- fees from good providers should not subsidise a core function of government of weeding out poor providers.

### **Broader Priorities**

The effectiveness of the Budget measure and Joyce Review can be enhanced with other priorities set through TAFEs.

**Authorise and fund TAFEs for industry development and applied research.** In the context of faltering productivity rates and poor innovation practices within firms, TAFEs have the network and capability to generate this change. TAFEs are excluded from research funding and are not given authority to develop courses to drive innovation and entrepreneurship. Modest investment to grow this capability, assisted through VET Student Loans, can help kick-start the economy in key areas.

**Create equal standing with universities.** The Government states clearly that VET should be respected the same as universities. Lower wage outcomes for many of the jobs resulting from VET training makes this challenging, however, stronger credit recognition and articulation to universities would motivate students to complete a TAFE course and exit to work knowing that they can then at a later time proceed unimpeded to higher learning to meet their career expectations. VET courses need to be enhanced to ensure credit can be given by universities and the Australian Qualifications Framework, under review at present by Minister Tehan, should remove any barriers.

**Align VET funding principles with universities.** The Joyce review acknowledges that participation in VET is compromised by the more generous funding (subsidy and student loan) to universities. VET funding reform should align with higher education funding so that distortions of public funding between sectors does not act as a barrier to undertaking VET.

**Pursue regulation reform.** TAFEs endure excessive regulatory action and contractual compliance. In addition to oversight and contract management from their state or territory owner, most TAFEs operate under core VET regulation enforced by ASQA for VET, TEQSA regulation for higher education and ELICOS regulation for overseas students. Regulation reform, through alignment between schemes and de-duplication of requirements would free up TAFEs to concentrate on the core business of supporting students and industry.

**Pursue serious reforms to VET course content.** Australia has benefited from a competency-based training model which aligns course content with the needs of Australian industry. However, now courses are determined centrally by industry, take too long to be enhanced and over prescribe delivery requirements (which regulation enforces) for what end up as low level tasks required in jobs. Our modern flexible economy requires a more nimble approach, as endorsed by the Joyce Review, based on more transferable skills and capabilities. The government should embark on a major review of the VET qualification system to assess its suitability for the Australian context and look at models in other countries which are generating better outcomes from their vocational education investment. The suitability of the monopoly role of industry in prescribing requirements needs to be tested against the public interest.