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Committee Secretary
Senate Education and Employment Committees
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Canberra ACT 2600

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Dear Madam/Sir,

UnionsWA submission to inquiry into Technical and further education in Australia.

UnionsWA is the governing peak body of the trade union movement in Western Australia, and the Western Australia Branch of the Australian Council of Trade Unions (ACTU). As a peak body we are dedicated to strengthening WA unions through co-operation and co-ordination on campaigning and common industrial matters. UnionsWA represents around 30 affiliate unions, who in turn represent approximately 140,000 Western Australian workers.

UnionsWA has made a submission to the previous TAFE inquiry by the House of Representatives Standing Committee on Education and Employment. As we stated in that submission:

A fully funded public TAFE system is the crucial underpinning for strong training outcomes – particularly in the technical and trades occupations. Both national and state governments need to take responsibility for ensuring that our TAFE system is up to the task.

The submission below is our response to the terms of reference of the current inquiry and a further setting out of the views of UnionsWA affiliates on Technical and Further Education in Australia. Our emphasis throughout this submission is the need to safeguard the *public* nature of TAFE in Australia. That includes maintaining adequate levels of public funding to institutions even in an era of 'student centred' entitlement funding. Quality institutions are still vital to achieving quality outcomes.

RESPONSES TO TERMS OF REFERENCE

1) Technical and further education (TAFE) in Australia, including:

(a) the role played by TAFEs in:

(i) educational linkages with secondary and higher education,

UnionsWA broadly supports policies that encourage co-operation between *public* institutions in order to promote efficiencies and facilitate innovation. However the crucial qualifier here is 'public'.

Policies which encourage public institutions having 'linkages' with private ones, even if those institutions are in the 'not for profit' (NFP) sector, potentially open the door to contracting out and privatisation. Both of these measures will undermine the public provision of TAFE.

UnionsWA's position on this issue is shaped by our experience under the WA state Liberal – National government. During its first term (2008-2013) the government made many policy announcements about the value of government services being provided through the NFP sector. The Premier Colin Barnett and other senior Ministers dismissed suggestions that such policies had anything to do with 'privatisation'.

After being re-elected in March 2013, the same government, despite previous disavowals of privatisation, has started down that path in the name of fixing a budget crisis of its own making.

UnionsWA outlines the above to make the point that seemingly anodyne language about 'linkages' between institutions needs to be heavily qualified by statements about what *type* of institutions we are discussing. The promotion of links between public and private institutions has opened the door to outsourcing and privatisation. In such a situation the public mission of TAFE will be the loser. Therefore it should be clearly stated that *public* TAFEs must link with *public* schools and universities – not private ones.

On a related point: UnionsWA also argues that the increasing presence of VET in schools, while justifiable and necessary in some cases, should not become a default outcome. Such a development will remove VET from the workplace and reduce the chances of students actually gaining employment out of their training experience.

(a) the role played by TAFEs in:

(ii) the development of skills in the Australian economy,

Public Technical and Further Education is crucial if Australia is going to choose the 'high road' of a knowledge based, high skill, and high productivity economy. The alternative, as outlined by Green, Toner and Agarwal (2012) is a 'low road' of '*narrow cost-cutting and an unwinnable race to the bottom*'. Taking this road will lead to '*rising unemployment through mass lay-offs and the creation of a working poor in Australia*'.¹

In 2010 The House of Representatives Standing Committee on Economics issued a report on 'raising the level of productivity growth in the Australian economy' found that

*Human capital reforms are considered the 'third wave of reforms' (opening up the economy was the first wave and domestic microeconomic reforms the second). The third wave reforms target firm-level capabilities rather than capacity—market competition and firm-level flexibility as part of previous reforms improved firm capacity.*²

Such 'human capital reforms' must lead to improvements to skills formation and skills utilisation. These are public policy goals that must be the primary responsibility of a fully funded *public* TAFE system. The private sector is simply not adequate for this task.

¹ Green, Roy, Toner, Phillip, Agarwal, Renu, *Understanding Productivity: Australia's Choice*, The McKell Institute (2012), p.12 http://mckellinstitute.org.au/wp-content/uploads/2012/11/McKell_Productivity_Report_A4.pdf

² House Standing Committee on Economics, *Inquiry into raising the productivity growth rate in the Australian economy*, (2010), p.6

http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=economics/productivity/report.htm

Much attention has been paid to the bad experience of privately provided VET in Victoria. However in Western Australia we have another case of how the private sector, left to its own devices, cannot deliver on even its own training needs – let alone those of the state as a whole. This is not a ‘TAFE’ example; however it does demonstrate the limits of the private sector in skills development.

In 2010 the National Resources Sector Employment Taskforce (NRSET) Report *Resourcing the Future* found that the resources sector’s overall share of trade apprentices was lower than its share of trade employment. The Report referred to National Centre for Vocational Education Research (NCVER) research into the contribution made by the resources sector to the employment of trade *apprentices* relative to their trade *employment* share which noted:

*... that the sector employs considerably fewer apprentices than would be expected from its share of trade employment. In fact the sector would have to double its number of apprentices to be on par with other industries.*³

More recent NCVER figures for Australian vocational education and training statistics: (apprentices and trainees) demonstrate that ‘in-training’ numbers for WA industries linked to manufacturing and construction have been declining even in situation where the overall numbers of employees have been increasing. The table below shows a -4.1% decline in Automotive and Engineering (covering the metal fabrication trades) trainees since March 2013, and a -33.6% decline in construction trainees.⁴

WA: In-training as at the end of each quarter by selected training characteristics, March 2008–13 ('000)								
	Mar. 2008	Mar. 2009	Mar. 2010	Mar. 2011	Mar. 2012	Mar. 2013	Change 2008-13	% Change 2008-13
Technicians and trades workers	23.7	23.3	22.7	23.1	23.9	24.4	0.7	3.1%
Automotive and engineering	8.8	8.4	7.6	7.8	8.3	8.5	-0.4	-4.1%
Construction trades workers	5.4	5.0	4.6	4.5	4.0	3.6	-1.8	-33.6%

In training numbers in Automotive and Engineering trades is important, because it provides a measure of the ability of the local workforce to meet the demand for skilled workers that future major resources projects should drive. Low training numbers point to future capacity issues, a shrinking skills base and a potential worsening of local industry participation in WA’s booming resources sector. Despite employer complaints about ‘skills shortages’ it is simply becoming harder to get an apprenticeship for a young person in WA.

The point here is that the private sector cannot and will not deliver on the necessary development of skills for the future of the Australian economy. *Public* TAFE is central to the development of skills in the Australian economy. The private sector cannot be a substitute.

(a) the role played by TAFEs in:

(iii) the development of opportunities for Australians to improve themselves and increase their life, education and employment prospects, and

³ NSRT *Resourcing the Future Report*, p. 33 <http://www.innovation.gov.au/Skills/National/Documents/FinalReport.pdf>

⁴ NCVER, *Australian vocational education and training statistics: apprentices and trainees*, 2013 – March quarter <http://www.ncver.edu.au/publications/2654.html>

(iv) the delivery of services and programs to support regions, communities and disadvantaged individuals to access education, training and skills and, through them, a pathway to further education and employment;

Technical and Further Education in Australia is about more than a narrow economic focus on 'inputs', 'outputs', 'delivery' etc. Nor should the courses offered by a publically funded TAFE have an excessive reliance on standards demanded by employers at any given time.

Leesa Wheelahan, formerly of the L H Martin Institute for Tertiary Education Leadership and Management at the University of Melbourne, has said in a recent interview that:

*'[F]or me TAFE is intrinsic to social justice, intrinsic to a just society and if you mess with TAFE you start to undo a key institution that can make an important contribution to socially cohesive, just and tolerant society.'*⁵

The danger of undermining the public role and nature of TAFE is that you will create a 'two tiered' (or more) system in which a student's initial social background will determine the quality of education he or she receives. This will be regardless of how 'student centred' the funding models turn out to be.

Public TAFE carries a stronger community obligation than the private sector to support students from disadvantaged groups. A profile of VET providers published in 2006 revealed that students with a disability or who came from a non-English speaking background were more likely to be in a publically funded course than a private one. Among the Public TAFEs studied:

8.1 per cent identified as having a "disability, impairment or long term condition", as against 4.4 per cent of the private provider cohort. The corresponding figures for students whose main language spoken at home was not English was 14.8 per cent for TAFE and 9.7 per cent for private providers.

The only student population that bucked this trend were indigenous students. However this was attributable to a few providers with an exclusively indigenous population. *'The median indigenous proportions across populations told a different story: 3 per cent for TAFE, 1.2 per cent for private providers'*.⁶

In its research report on the *Vocational Education and Training Workforce*, the Productivity Commission found that;

*The VET workforce is particularly well placed to contribute to social inclusion, for both young people and adults. VET trainers and assessors operate in a wide variety of settings, from educational institutions to workplaces and community organisations. Their delivery might even take place in correctional facilities or mobile classrooms in the bush. VET trainers and assessors tend, as a result, to be very conscious of their students' environments, cultures and constraints. They are frequently exposed, in the normal course of their daily work, to students from very diverse backgrounds.'*⁷

⁵ 'TAFE in the era of Skills Reform' (5 January 2014) <http://the-scan.com/2014/01/05/tafe-in-the-era-of-skills-reform/>

⁶ Gilling, Jeremy, 'It's true – TAFE does carry a heavier obligation' (17 August 2009) *Campus Review*

⁷ Vocational Education and Training Workforce, Productivity Commission Research Report (April 2011), p.4 http://www.pc.gov.au/data/assets/pdf_file/0009/108369/vocational-workforce.pdf

UnionsWA contends that the advantages of VET outlined by the Commission can only be fully realised by a public TAFE system. This is borne out by what public TAFE is already doing when compared to the record of the private sector.

(b) the effects of a competitive training market on TAFE;

UnionsWA argues that the competitive training market has the potential to degrade the mission of TAFE. As we have outlined above, TAFE is more than just a sausage factory for whatever skills employers happen to say they need at any given time. It is also about the type of society we want to live in and the type of economy we want to build.

The danger is that if commercial providers become dominant in the TAFE system, private and public providers will be indistinguishable. That is – public TAFE will have to transform itself into a defacto private operator in order to compete in the training market. This means the social inclusion and social justice outcomes of the TAFE system as previously outlined, will shrink and disappear altogether. In the words of Leesa Wheelahan

You need institutions to develop institutional capacity, to develop the kinds of curriculum and pedagogy that's needed to support and engage students in learning not just narrow and specific skills and competencies, but in learning the knowledge, skills and attributes they need in order to engage in a meaningful career and to be creative, skilful workers who can exercise judgement. The current models don't allow us to do that and I can't see how if you organise the whole thing on a basis of a private market it ever could ...

The current conception of a competitive training market in TAFE will further undermine the public TAFE system, and the opportunities for students from all backgrounds to engage in high skilled future careers will suffer.

(c) what public funding is adequate to ensure TAFEs remain in a strong and sustainable position to carry out their aims;

UnionsWA is not in a position to make recommendations on specific public funding levels. However it is clear that funding decisions should be shaped by the following priorities

- That public TAFE should be a central, not a residual player in the VET system
- That public TAFE funding should reflect the heavier community obligations that it carries
- That public TAFE services should reflect its central role in maintaining social cohesion and maximising opportunities for all students regardless of their backgrounds

(d) what factors affect the affordability and accessibility of TAFE to students and business;

UnionsWA argues that the present policy emphasis on entitlement funding and income contingent loans represent a general trend towards 'front-loading' the costs of education to individuals. Specifically - costs are shifted to students at times of their lives when they can least afford it. Front loading is more likely to discourage people from taking TAFE courses – a strange outcome for policies that purport to address 'skills shortages'.

It is worth noting that 'front-loading' is a problem not only for younger but also older TAFE students. Older workers seeking to re-skill often have families to support, loans or mortgages to pay off etc.

The income sacrifice of undertaking new training will be harder to bear for such workers – particularly if the qualification they receive at the end of it is of such a low standard it would be barely worth the trouble.

(e) different mechanisms used by state governments to allocate funding; and

State governments across Australia have imposed budgetary measures called ‘efficiency dividends’ (structured cuts) to the budgets of many agencies and responsibilities. In WA TAFE has not been exempted – and courses have suffered. As we reported in our submission to the previous TAFE inquiry:

Since 2008, some 191 courses have been discontinued from across all eleven TAFEs in WA. Courses no longer offered in 2012 included:

- *Certificate I in Construction [Pre-Apprenticeship - Family of Mortar Trades] (Challenger Institute of Technology)*
- *Certificate I in Construction (Pre-Apprenticeship, Bricklaying/Block laying) (C Y O'Connor Institute)*
- *Certificate II in Engineering [Pre-Apprenticeship (Fabrication - Light)] (Durack Institute of Technology)*
- *Certificate II in Engineering [Pre-Apprenticeship (Fabrication - Heavy)] (Goldfields Institute of Technology)*

The WA government has not been delivering on the training needs of Western Australians, and will leave our young people without the choices for their working lives that a fully funded public training system should bring.

Unfortunately this situation has not improved. While the WA state government claimed to have got rid of the ‘efficiency dividend’ – they have replaced it with an equally dishonest euphemism called ‘public sector workforce reform’. State governments must dispense with these tricky, underhanded mechanisms to cut funding under misleading names. Governments should honestly declare what they intend to actually spend on TAFE so that the community can have an open debate about funding.

(f) the application and effect of additional charges to TAFE students.

As stated in our response to criteria (d), the ‘front loading’ of costs to students will undermine the social and economic outcomes on which the TAFE system is supposed to deliver. The use of even ‘income contingent’ student loans raises the possibility that cash strapped TAFEs and unscrupulous operators will feel licensed to impose new and higher up front charges on the grounds that loans and ‘entitlement funding’ will be sufficient to cover them. The impact will be similar to that of first home buyer grants in housing markets, that is, sellers will raise prices to cash in on the additional grant to buyers – negating the assistance the grant was supposed to provide. Governments have a responsibility to police the application of such additional charges in the TAFE system. They can best do this if the centrality of *public* TAFE is retained.

Conclusion

The ACTU Congress in 2012 affirmed its support for
a strong, high quality vocational education and training (VET) system that delivers the vocational skills required to capitalise on the economic opportunities emerging as the global

economy recovers from the global economic crisis, provides workers with real choices in their working life and contributes to the development of a cohesive and equitable society.

As UnionsWA concluded in its previous submission

Governments at all levels in Australia need to demonstrate their fundamental commitments to a fully-funded public TAFE system. A system cannot be described as 'student centred' until it is delivering on opportunities for those students to gain skilled, secure employment in a diversity of industries. Western Australians will not benefit long-term from the present resources boom without a fully-funded public TAFE system.

UnionsWA and its affiliates would like the opportunity to speak to and give evidence directly to the Senate Committee. Please contact me on 08 9328 7877 or MHammat@unionswa.com.au to discuss matters further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Meredith Hammat', written in a cursive style.

Meredith Hammat
Secretary