I appear, with my colleague John Maddock, on behalf of the LH Martin Institute at The University of Melbourne. The Institute undertakes research into tertiary education and training sector issues, provides policy advice and conducts professional development programs.

The Institute is agnostic as to the efficacy of a market orientation in VET provision: it doesn’t matter what institution is delivering a qualification – public or private, TAFE or university – so long as it represents value in terms of both cost and quality. It follows that governments should be equally agnostic.

We acknowledge that private registered training organisations (RTOs) can add useful diversity, innovation and choice to the overall system.

But the thread running through our submission is that TAFE, as the public provider network, underpins the whole VET system and contributes to the public good in numerous tangible and intangible ways that private RTOs do not.

1. TAFEs offer the opportunity of broad, accessible and quality vocational education and training to meet community needs (such as for qualified workers in nursing and aged care), individual needs (upskilling, reskilling and further education) and business needs (workforce and business development).

   The reach of TAFE, through its network of over 400 campuses throughout Australia and the scope of its provision, cannot be matched by private RTOs, without substantial public subsidy.

2. For several generations, TAFE has been the heavy engine of skills formation in this country, providing services for the skillling, upskilling, reskilling and educating of Australians.

   Millions of Australians have acquired skills and qualifications through the TAFE system, generally contributing to Australia’s economic development.

3. TAFEs contribute to meeting the education and training needs of communities and to the maintenance of the economic, social and
cultural fabric of their communities, particularly in regional communities.

A campus contraction or closure has cascading negative effects through a community, including:

- The reduction of education and training opportunities.
- Direct job losses.
- Reduced regional economic activity.
- Population loss, as people are forced to relocate to pursue education or employment opportunities.

4. While TAFE is recognised for the strength of its technical training, it also has a strong presence in further education, with some 80% of activity being in areas other than trades training.

TAFE is able to meet the diverse education and training needs of individuals and communities through the spectrum of Australian Qualifications from Certificate I to Bachelor Degree.

TAFE’s scope and reach makes the possibility of VET reasonably available to most Australians, particularly in regional (and outer urban) communities.

At the other end of the qualifications scale, TAFEs are increasingly important higher education providers, both in collaboration with universities and in their own right.

TAFE’s widely distributed network, together with the pathways that TAFE institutes provide, creates the possibility of making higher education accessible to more Australians than ever before.

However, moves to contestability of public VET funding present fundamental challenges for the public TAFE sector which need to be recognised and addressed in appropriate ways.

In 2012, there were over 1.2 million students enrolled in the TAFE system – 65% of total VET enrolments. An impressive proportion – but down from 75% in 2008, almost entirely on the back of changes in Victoria, where enrolments in TAFE fell from 66% to just 40%. As contestability is progressively introduced
throughout Australia, we can expect national TAFE enrolments to decline quite precipitously.

If we’re agnostic about the character of a provider delivering AQF qualifications, does this matter?

In the past, TAFEs have been instruments of public policy, in a way that private RTOs have not been and as “bulwarks against market failure” (AWPA).

But we are now beginning to see an actual form of market failure which will see TAFE unable to act as such a bulwark.

A case in point is the closure of the former Lilydale campus of Swinburne University, announced in 2012, which provided both VET and higher education to several thousand students from communities with limited access to such opportunities and with generally low levels of attainment.

Private RTOs are not well placed to fill holes in provision created by the withdrawal of TAFE from both certain activities and localities. In many cases, private providers lack the relevant capacity and the vagaries of the funding system, as governments struggle to contain costs, are not conducive to long term planning and investment.

LH Martin has advocated a number of corrective measures:

- In the competitive market being created by policy makers, proposals to introduce a new Vocational Qualifications System setting a higher bar for training provider registration are appropriate.

- We strongly endorse the recommendation of the Kemp/Norton review of the HE demand driven system that CSPs be extended to non-university HEPs.

- TAFE is disadvantaged in the international sector by onerous visa requirements and the extension of the streamlined arrangements that apply to universities should be extended to the TAFE sector.

- Most importantly, funding of TAFE must be sufficient to enable TAFE to efficiently as a comprehensive, accessible provider.
There is merit in a review of VET funding, specifically encompassing a “TAFE base funding review”, to establish the minimum funding required to sustain TAFE in its role as a comprehensive service provider.

- Consideration needs to be given to the efficacy of current national arrangements.

The current National Partnership Agreement has failed to create the clarity, certainty and consistency necessary for effective national arrangements and a new agreement needs to focus on establishing such arrangements.

To conclude, as a direct result of public policy, TAFE institutes are being forced down the path of “rationalisation” by dropping activities they undertake – or used to - for the benefit of businesses, individuals and the community.

Under current settings, many TAFEs risk becoming residualised, and needing “special assistance” to cover declining revenues. This runs counter to the logic of “marketisation” and it runs counter to Australia’s economic and social interests.

The capability and reach of the VET system is being rundown and what is now a diverse and polychromatic system will be reduced to a disturbingly homogenous and monochromatic system.