

A Vision for **TAFE NSW**

NSW TAFE COMMISSION
(TAFE NSW)

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MINISTER'S FOREWORD



The NSW Government has ambitious plans to grow the economy, deliver infrastructure, and improve services for communities across the State. The record \$73.4 billion investment in infrastructure across NSW, paired with investment from the private sector, will generate jobs for many years to come.

However a great State is not built on roads, hospitals and schools alone – a great State needs a great workforce and we need to make sure we have the new technologies and skills to support the economy and jobs of tomorrow.

The NSW Government has set a new direction to grow the skilled workforce of the future. Smart and Skilled gives students the freedom to choose what, where and how they want to study. To do this, we need a strong vocational education sector, with world-class, innovative and flexible public and private providers.

TAFE NSW, as the leading public provider of vocational education and training, has a significant role to play in this future. TAFE NSW has a well-known and trusted brand and a proud history of setting the benchmark for quality. Critically, TAFE NSW plays a vital role in providing vocational education in rural and regional NSW, and develops and implements job training pathways for disadvantaged people in our community.

However, a rapidly changing economic landscape and technological advancements, together with the need for value for students, employers and government means TAFE NSW needs to make significant changes to how it operates.

Under the current Institute model, introduced in 1992, TAFE NSW has become weighed down with excessive overheads, management duplication and internal competition. This is diverting attention and resources away from TAFE's core responsibility of delivering training to help people get a job. Our teaching staff and students deserve a TAFE NSW that is well-resourced and equipped to deliver high quality, industry-relevant and innovative training. For every \$1 million saved by TAFE NSW, the NSW Government can subsidise training for 250 people to get a job.

The NSW Government has a vision for TAFE NSW to be strong, innovative, flexible and responsive to the community and industry as the State's publicly-owned vocational education and training provider.

This vision supports TAFE NSW's position as the leading provider of vocational education and training in the State by presenting it with a clear direction during a time of significant structural change, and opportunity in NSW.

Most importantly it will act as a spur for TAFE NSW to unleash its true potential to do what it does best – train the workforce of the future.

The Hon John Barilaro MP
Minister for Regional Development
Minister for Skills
Minister for Small Business



1 INTRODUCTION

This Vision is delivered in the context of the NSW Premier's Priorities, and the NSW State Priorities, specifically:

- > creating jobs
- > building infrastructure
- > boosting apprenticeships
- > delivering strong budgets
- > protecting the vulnerable.

A strong public provider of vocational education and training should set the benchmark for quality, provide ready access to a wide range of training, and help to meet the Government's economic priorities. TAFE NSW is a trusted institution, with good market penetration and widespread recognition.

However, for too long vocational education has been promoted as a second chance pathway to a job, overlooked in favour of universities. This has left NSW with a shortfall in the skills to meet workplace demands and a TAFE NSW system which has not evolved quickly enough to match industry needs.

A failure to adapt to changing market conditions has left TAFE with unsustainable costs and inefficiencies, which have driven up the cost of delivering training and hampered the Government's efforts to train more people with valuable vocational skills.

This Vision reaffirms the Government's commitment for TAFE NSW to remain a public provider and the backbone of the training market in NSW. The community expects TAFE NSW to provide high quality, relevant, and accessible training.

As the State's largest vocational education provider, TAFE NSW will:

- > deliver the best possible education and training outcomes for students
- > be relevant to employers and responsive to industry change
- > be flexible, efficient and competitive
- > be a leader in quality and innovation
- > be accountable to the taxpayer.

This Vision builds on the NSW Government's reform pathway for TAFE NSW, which will enable it to retain its competitive strengths, while enhancing the flexibility and efficiency of its service delivery and generating increased value to communities and the NSW Government as owner. TAFE NSW must modernise to achieve these outcomes.



2 TAFE NSW SHOULD LEAD TRAINING QUALITY AND INNOVATION

NSW is in an economic boom. The state is benefiting from record investment in infrastructure and needs a strong supply of skilled workers to build it. The economy is changing rapidly. Technology is having a profound impact on the nature of work and the jobs needed to support the economy in the future. Forecasts¹ suggest almost five million Australian jobs will be replaced in the next decade or two because of the impact of technology.

The way students learn has also changed. They want access to convenient and accessible training, anywhere, anytime. TAFE NSW estimates that 57 per cent of all of their students are working, and therefore require greater flexibility in training delivery. Today, nearly 85 per cent of students are training so they can get a job, whereas ten years ago, just 66 per cent were training for a job².

This is a challenge for TAFE NSW in its current form, but also presents a significant opportunity to evolve into a training provider for the modern age. The TAFE of tomorrow will:

- > provide world-leading, high-tech training and teaching facilities, equipped with the latest advancements in learner support
- > employ a highly professional, digitally capable workforce
- > lead innovation and thinking in VET delivery
- > establish partnerships with leading industry brands and institutions
- > provide training for the jobs of the future and in areas of high demand.

¹ Source: Committee of Economic Development of Australia, Australia's Future Workforce, 2015

² NCVER 2015 student outcomes survey



3 TAFE NSW FACES SIGNIFICANT CHALLENGES ON THE ROAD TO REFORM

Over its 130 year history, TAFE NSW has operated with a virtual monopoly on government-funded training. This monopoly is being gradually wound back in response to the desire of students and industry to have greater choice and flexibility in training, and in response to Commonwealth changes to national VET policy.

In 1992 the Institute structure was created which enabled them to operate autonomously. Whilst the intent was to allow Institutes to compete in a contestable environment it created duplication of functions and systems across the state, leading to increased operating costs and negative impacts on front-line delivery budgets.

Today, TAFE NSW is facing competition from every direction, including private for-profit and not-for profit training providers, community education providers, schools, industry associations and universities.

The uncapping of university places in 2012, and more recently, universities significantly lowering their ATAR entry requirements presents an immediate challenge to TAFE's future viability.

The vision announced in this document coupled with the quality of our people will provide the platform for TAFE NSW to evolve to meet these challenges and even better prepare the people of NSW for the future.

HOW WILL WE BUILD A TAFE NSW FOR THE FUTURE?

MODERNISING OUR LEARNING ENVIRONMENTS

4 VISION FOR TAFE NSW

NSW is experiencing the strongest jobs growth in the nation, particularly in sectors that are service-oriented, including; finance and insurance, construction, health care and social assistance, and professional, scientific and technical services. We are also seeing significant changes in the jobs that make up our economy, and as we transform into new emerging and innovative industries, so must our workforce. As the nature of work and the NSW economy evolves, so too must TAFE NSW. We need to train our young people not just for the jobs of today, but the new jobs of tomorrow.

TAFE NSW will maintain accurate data and be accountable for the funding it receives.

As the largest vocational education provider in the State, TAFE NSW must be aligned to the requirements of the modern economy and use contemporary learning methods to equip students with the skills that will set them up for success into the future.

Implementing a comprehensive reform program will help TAFE NSW to maximise its assets and network structure, modernise its workforce, and operate under more agile corporate governance arrangements. The savings that are achieved through this reform will be reinvested in the NSW Government Skills budget to train more people in the skills they need to get a job. Where TAFE NSW assets are recycled the NSW Government will reinvest every single dollar into TAFE NSW to build fit for purpose facilities for the future.

The following vision will guide TAFE NSW through its modernisation journey. This vision is consistent

with the objectives of TAFE NSW under the *Technical and Further Education Commission Act 1990*.

4.1 INCREASE CAPACITY TO SUPPORT MORE STUDENTS IN THOSE QUALIFICATIONS THAT LEAD TO JOBS

TAFE NSW must support the NSW Government's State Priorities by providing opportunities for more students to gain a qualification. To do so, it must build greater capacity through service innovation and by progressively removing significant cost inefficiencies that have accumulated over decades.

TAFE NSW must move away from the inefficient Institute model to a One TAFE NSW model that enhances sharing of resources, assets and knowledge. A model where service delivery is driven by regional and local needs.

TAFE will negotiate new industrial agreements that balance the interests of its staff with maximising flexible service delivery and increasing available teaching hours to support a more responsive approach to training and education.

Workforce reforms should include:

- increasing workforce productivity
- creating new, more flexible roles that enable TAFE to utilise modernised work classifications and changing workforce mix
- building greater commercial capability
- expanding leadership capability to drive innovation, high performance and change.



4.2 PROVIDE BETTER LEARNING OUTCOMES FOR STUDENTS BY INVESTING IN MODERN, RELEVANT DELIVERY PLATFORMS THAT UTILISE STATE-OF-THE-ART TECHNOLOGY

There are many areas where TAFE NSW demonstrates a capability to be innovative in its training delivery and to forge strong industry partnerships. However there remains many more instances where TAFE NSW is bound by inflexible, old fashioned classroom delivery models that no longer match industry or student needs.

TAFE NSW will accelerate its investment into a modern, blended training framework that provides quality, flexibility and convenience for employers and students.

TAFE NSW must not be encumbered by bureaucracy, but develop an agile, commercial culture to meet the demands of a rapidly changing job landscape.

A strategic review of the condition and functionality of TAFE assets demonstrates the current asset portfolio is not fit for a competitive market:

- > TAFE has a large and complex asset pool with nearly 2,000 buildings within 129 campuses, across 10 regions throughout NSW
- > compared to TAFE institutes in other States, NSW has the highest unit cost of assets per annual hour

of delivery³

- > overall, TAFE NSW's land and property footprint is estimated to be at least 20 per cent greater than requirements, and utilisation rates vary widely across institutes.

TAFE NSW will manage its asset portfolio in a way that reduces its asset costs and supports efficient allocation of teaching and learning resources. Asset utilisation rates vary widely across Institutes in terms of use of academic space and gross floor area use⁴.

TAFE NSW must accelerate its asset investment program, upgrading existing learning centres to support the latest fit-for-purpose technology enabled spaces. TAFE NSW will continue to seek out new and innovative ways to offer students a number of training options, such as:

- > dedicated specialist training facilities, developed in consultation with industry
- > state-of-the-art campus facilities in areas of high demand and in accessible locations
- > adaptable, connected learning centres that provide alternative, flexible access points in more areas
- > digital and mobile capabilities that are better integrated with existing teaching models
- > mobile training units and 'pop-up' facilities that can co-locate with regional campuses or within workplaces to expand course offerings.

³NSW unit cost of assets is approximately 60% higher than the lowest cost jurisdiction, Victoria (Source: Productivity Commission, Report on Government Services and Internal TAFE NSW data. Unit cost of assets per annual hour is adjusted to reflect differing course mixes across jurisdictions)

⁴Use of academic space varies across Institutes - between 2.75 to 5.43 metres²/per full time student, compared to the tertiary sector average of 5.2m²/EFTSL. Gross floor area per full time student also varies across Institutes-from 6.45m² to 11.33m²/student. (Based on: 2014 TAFE NSW student data (Final); March 2015 asset data; and the definition of academic space in the Tertiary Education Facilities Management Association's Space Planning Guidelines)

TAFE NSW is to maintain a Strategic Asset Management Plan that sets out how it will transform its asset portfolio into one that is fit-for-purpose and has greater reach, particularly in regional and rural areas. The NSW Government has approved an asset recycling program where proceeds from any sales of timeworn and underused buildings will be reinvested back into TAFE NSW to provide fit-for-purpose, modern teaching facilities and resources.

4.3 OFFER GREATER FLEXIBILITY AND CONVENIENCE IN COURSE DELIVERY WITHOUT COMPROMISING ON THE QUALITY OF TRAINING

TAFE NSW will deliver courses in a way that increases the reach of TAFE to communities, allowing a range of training options in a form, time and place of a student's choosing.

A new TAFE NSW Digital headquarters will bring together the 11 online platforms currently presented by TAFE, standardising the offering, so that students right across the state can be sure they have access to the best available content on the best single platform.

The transfer of TAFE NSW away from the Education cluster and into the Industry cluster reflects the NSW Government's vision for TAFE NSW to become more aligned with industry and most importantly, jobs. TAFE NSW should adopt workforce arrangements that reinforce convenience and flexibility for enterprises, workplaces and students, and make training more available to students at any time of the year.

A recent *Greater Western Sydney Skills Audit*⁵ found that the region had 66,000 unfilled jobs in key skills areas such as building, business finance and management, electro technology engineering, and manufacturing. In this report, employers identified more flexible and relevant training, and blended training solutions, as ways to close the skills gap.

Overwhelmingly, feedback from students shows demand for learning environments that better reflect their work and lifestyle requirements. Students and employers are looking for greater responsiveness from their training providers. From 2004 to 2013, purely classroom-based delivery by TAFE NSW decreased by 33 per cent while over the same period, online

delivery increased by 24 per cent and workplace delivery increased by 17 per cent⁶. There is room for acceleration of this trend. Traditional classroom delivery is still the predominating delivery model for qualifications in health, information technology, management, sciences and a number of other fields⁷.

The focus on increased use of technology in course delivery should be undertaken while ensuring appropriate access is provided to students with a disability and for those experiencing disadvantage.

4.4 BE A SIGNIFICANT PROVIDER IN REGIONAL NSW AND TO PEOPLE FACING DISADVANTAGE

The TAFE NSW model of service delivery must support the Government's objective of ensuring greater accessibility for more people in regional NSW.

In some regions, and for some types of qualifications, student demand will be so low that the cost to provide training to them is significant. This is known as a 'thin market'. The NSW Government will continue to fund training providers by way of Community Service Obligations (CSO) funding to ensure continuity of service.

TAFE NSW, as the established public provider, will be a significant recipient of Community Service Obligation (CSO) funding to provide support services for disadvantaged students in those areas of the community not traditionally served by the private sector. This CSO funding will provide for flexible and efficient support services, resources and equipment to support students with special needs. This includes innovative learning support methods to ensure that students with a disability can access training both inside and outside traditional classrooms, and in simulated workplaces.

It is also to be used to improve community programs that support disadvantaged or disengaged groups into vocational education and training pathways. This includes:

- customised programs to prepare Aboriginal learners for traineeships, apprenticeships and employment, and increase participation and engagement with VET pathways
- structured vocational education, and workplace training and mentoring for disengaged groups, to strengthen their employment prospects

⁵TAFE NSW Western Sydney Institute, News October 2015

⁶TAFE NSW enterprise bargaining presentations 2015

⁷TAFE NSW internal data shows that 53% of Health, 59% of Management, 69% of Engineering, 76% of Information Technology and 83% of Sciences are conducted through traditional delivery (ASH by Delivery mode by field of study categorisation)

- > community partnerships that ensure these programs are more likely to lead to educational pathways and job outcomes.

TAFE NSW will be transparent and accountable for this funding.

4.5 ADOPT ROBUST CORPORATE GOVERNANCE PRACTICES

Greater transparency and accountability for the expenditure of public funds requires a significantly higher level of governance, greater strategic decision-making and increased commercial capability.

Refocusing TAFE NSW to become more customer-focused and more commercially aware will be a necessary foundation for TAFE NSW's future success.

Operating effectively in a contestable environment and transitioning to a competitive, financially sustainable Government-owned education business, TAFE NSW will need an effective corporate framework and enhanced business systems.

Specific reporting requirements now apply to TAFE NSW under the *Public Finance and Audit Act (PFA) 1983* and the *Annual Reports (Statutory Bodies) Act 1984*. This more transparent standard of reporting depends on an elevated level of financial management and monitoring, and greater level of responsibility by the Managing Director.

The NSW TAFE Commission Board will provide advice and guidance on key decisions related to the budget, asset transformation and risk management. The Board will engage with local communities to ensure TAFE NSW is meeting the expectations of regions across the state. TAFE NSW is expected to increase the level of consultation with the community on the strategic and commercial management of delivery and governance at a local level.

TAFE NSW is required to enter into an annual funding agreement with the Department of Industry for its direct, non-contestable funding sources. This agreement will define the vocational education services TAFE NSW provides, as well as its role in the NSW Government's vocational education and training policy and support of NSW State Priorities more broadly.

4.6 BECOME MORE EFFICIENT AND COMMERCIAL WITH STRONGER PUBLIC FINANCIAL ACCOUNTABILITY

TAFE NSW should continue to seek opportunities to grow commercial revenue. Its fee-for-service activity should focus on areas that deliver economic and social value to NSW communities. This could include:

- > national and international commercial partnerships, consultancies or licensing arrangements with enterprises, VET and higher education partners and other collaborators
- > sharing expertise in quality VET delivery with other RTOs growing education export opportunities both in Australia and offshore
- > increasing the international student market
- > expanding higher education opportunities
- > increasing fee-for-service offerings for individuals and industries not eligible for Government-subsidised training.

TAFE NSW will have increased levels of transparency and accountability for any non-contestable government funding, with rigorous financial management through cluster budget reporting. In addition, TAFE NSW is to publish in its Annual Report its service performance related to any non-contestable funding grants that it receives from the NSW Government, including for Community Service Obligations.

