

TAFE failed by smart move

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The NSW Government's vocational education policy, Smart and Skilled, continues to fail our communities, TAFE students, teachers and support staff.

The latest Auditor-General report on the Department of Industry from December 2017 highlights the extra costs and waste the Smart and Skilled contestable funding policy has created for TAFE NSW.

Federation is concerned about the ongoing waste in funds caused by the introduction of Smart and Skilled, such as:

- the development of a new student administration system to meet the requirements of Smart and Skilled student voucher funding is not fit for use
- the initial system Student Administration and Learning Management system, implemented with the Department of Education in 2014-15 at a cost of \$40.2 million, will be scrapped and replaced. The new system will be introduced in 2018-19 at an estimated cost of \$89 million
- TAFE NSW incurring approximately \$10 million of extra direct costs for the financial year 2015-16, to deal with issues in this flawed system and to establish integrity in TAFE financial data
- in 2016-17, approximately \$6 million and an extra 100 staff were required to deal with the issues with the flawed system.



In excess of 5000 TAFE teaching jobs have been lost while the NSW Government has wasted funds in excess of \$140 million on the introduction of Smart and Skilled.

The report reveals that TAFE NSW incurs extra costs each year to produce reliable financial information due to deficiencies in its student administration system.

Before the planned implementation of the new \$89 million Student Administration and Learning Management (SALM) system, TAFE will need to correct underlying student data. This will, of course, incur further costs.

The Auditor-General's report highlights that key problems relate to the accuracy and completeness of student revenues. "These procedures have come at a high cost to the operation, unacceptable delays to financial reporting and significant resource commitment of staff contractors and audit," it states.

Yet TAFE did not experience such problems before the introduction of the complex Smart and Skilled student voucher system.

Last year, TAFE advised the Auditor-General that attempting to address the deficiencies required approximately 100 staff and incurred about \$6 million in direct costs. The cost was stated as more than \$10

million the previous year. This waste will further frustrate Federation TAFE members who are battling with reduced budgets for education delivery.

The Smart and Skilled model has increased compliance costs while creating lower student enrolments.

The Department of Industry spent \$1.4 billion on the provision of vocational education and training, with the report stating TAFE received \$78 million less revenue mainly due to a decrease in income from student fees of \$72.9 million.

The report states the Department of Industry is tasked with the priority of increasing apprenticeships and business confidence. Smart and Skilled is failing this target with the number of people completing apprenticeships and traineeships declining from 62 per cent in 2016 to 59 per cent in 2017.

TAFE NSW has approximately 50 per cent of all trainees and apprentices, with private colleges enrolling the other 50 per cent.

Eleven contracted Smart and Skilled service providers had their contracts cancelled for quality issues. There were 391 providers of Smart and Skilled qualifications as at October 2017.

The Smart and Skilled policy has failed. The policy has increased compliance and administration costs, led to the loss of more than 5000 TAFE teachers, declining apprenticeship and traineeship completions and private colleges expelled for quality issues.

Federation will continue to campaign to stop the cuts to TAFE, stop the waste of the Smart and Skilled policy and return to guaranteed recurrent funding for TAFE students.