Australian organisations that are shaping our views

- Commonwealth Department of Education and Training
- ACT Education and Training Directorate
- State gov Department of Education and Training
- Department of State Development, Business and Innovation
- Advanced TAFE and Gipts TAFE Strategic Advisor Project
- Royal Melbourne Institute of Technology (RIMT)
- South West Institute of TAFE
- Box Hill Institute of TAFE
- University of New South Wales (UNSW)
- Australian Defence Force
- Northern Territory Department of Trade, Business & Innovation
- New South Wales TAFE
- Western Australia TAFE
- Queensland TAFE
- University of Tasmania
- Melbourne Polytechnic
- Southern Australia TAFE

Dos

- Embrace technology and digital media for content, engagement and internal analytics
- Remain updated on courses, offerings, technology and industry needs
- Focus on regional and industry partnerships
- Provide greater autonomy to individual institutes
- Consolidate institutes and staff to improve cost efficiency

Don’ts

- Duplication of products and services
- Red tape mechanism and slow decision making process
- Focus on commercial outcomes to the detriment of quality of offerings and education
- Loosing focus on market and students because of internal complexities
- Institutes working in silos without synergy amongst each other

Approach

Our brief included examination of key trends and transformation case studies of relevance to NZ polytechnics
This involved a collection of one-on-one interviews with Tafe CEOs along with analysis of their transformation approach and initiatives
Our research was also supplemented with insights from a range of local engagements across providers and government clients

Learnings from Australian TAFE Transformations

- Common trends:
  - Declining student enrolments
  - Funding model changes
  - Increased competition
  - Asset rationalisation
- Organisational change:
  - Innovating governance and management practices
  - Structured partnership with regulators and community
  - Commercial autonomy and removal of legacy operations
  - Regional and industry partnerships
  - Centralisation of State TAFE
  - State wide branding and marketing
- Key observations:
  - Centralised systems like State TAFE can become very complex to be governed from the top
  - Challenge in providing independence to institutes: those in complex organisations can benefit by allowing decisions to be made at the lower levels where an issue can be addressed effectively

Case studies

State TAFE system: Case for change and key transformation initiatives

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Initiatives</th>
<th>Key Observations</th>
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<tbody>
<tr>
<td>Government Policy Changes</td>
<td>Rationalisation and consolidation</td>
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<td>Demand driven model</td>
<td>Centralised governance</td>
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<tr>
<td>Need for digital transformation</td>
<td>Adoption of new learning models and programs</td>
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<td>Centralised strategies</td>
<td>Customer focus and addressing workforce needs</td>
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<td>Development of modern reward systems</td>
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<td>Staff reduction and cost saving initiatives</td>
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<td>Operational efficiencies</td>
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<tr>
<td>Campus rationalisation and cost reduction programs</td>
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<tr>
<td>Enhanced campus sharing facilities</td>
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<td>Digital and online</td>
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<td>Target digital courses, develop help resources, focus on data warehouse and analytics</td>
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Regional TAFE: Case for change and key transformation initiatives

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<tr>
<th>Challenges</th>
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<tbody>
<tr>
<td>Declining student enrolments</td>
<td>Integrating governance and management practices</td>
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<tr>
<td>Funding model changes</td>
<td>Structured partnership with regulators and community</td>
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<tr>
<td>Increased competition</td>
<td>Commercial autonomy and removal of legacy operations</td>
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<tr>
<td>Asset rationalisation</td>
<td>Regional and industry partnerships</td>
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<tr>
<td>Regional and industry partnerships</td>
<td>Centralisation of State TAFE</td>
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<td>State wide branding and marketing</td>
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State TAFE: Case for change and key transformation initiatives

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Initiatives</th>
<th>Key Observations</th>
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</thead>
<tbody>
<tr>
<td>Latvia competitiveness</td>
<td>OTEN Success: Open Training and Education Network (OTEN) supported more than 105,000 students in 2019. OTEN is the largest provider of distance education in Australia</td>
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<tr>
<td>Centralised structure</td>
<td>State wide branding and marketing</td>
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<tr>
<td>One strategic focus</td>
<td>Commercial autonomy and removal of legacy operations</td>
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<tr>
<td>Challenges to simplify entitlement systems</td>
<td>Regional and industry partnerships</td>
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<tr>
<td>Challenge to respond to local needs</td>
<td>Centralisation of State TAFE</td>
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<td>Further improve marketing</td>
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Metro TAFE: Case for change and key transformation initiatives

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<tr>
<th>Challenges</th>
<th>Initiatives</th>
<th>Key Observations</th>
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<tbody>
<tr>
<td>Financial increased competition</td>
<td>More efficient business structure</td>
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<tr>
<td>Brand and strategy</td>
<td>Creating a future financially viable business model was a key priority within the Metro TAFE transformation agenda. To this end, key reform initiatives instigated in 2014 including the introduction of a new faculty and services structure that is more responsive to student and industry needs. New governance mechanisms with industry, government, and other external business partners, enable and respond to market trends</td>
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<tr>
<td>Decline in enrolments</td>
<td>Develop and implement strategies to grow Institute Accreditation Course (short courses), VETiS programs, and other commercially targeted training</td>
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<td>Competitive disadvantage</td>
<td>Single brand</td>
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<td>Rebranding as Metro TAFE in 2014. Up until that point the only content that had been branded as Metro TAFE was a program wide suite of curricula and training centres had been rationalised and run under the NMIT banner</td>
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Where to from here?

- How will any change in the polytech sector enable industrial and economic growth in NZ?
- Should NZ further centralise the polytechnic sector and how should they do it?
- What approach should be taken for industry involvement?
- How to properly serve shallow regional markets?
- How do we consolidate institutions without having impact on local economies?
- How do we progress with digital and is it ready?
- How do we best address the need for asset utilisation and infrastructure renewal?
- How do we decide what skills to invest in?

Several forces are strongly influencing Polytechnics around the world

- Increased competition
  - Traditional and new non-traditional competitors will disrupt the Polytechnic market to attract students
- Digital and technology disruption
  - Traditional, digital and hybrid delivery and operating models are being disrupted by technology and digital
- The future of work, demographic changes
  - Changes in the future of work, globalisation and demographic changes, are impacting strategic change
- Less public funds
  - Public funds are declining, and Polytechnics are reviewing strategies to be less reliant on public funds for sustainability
- Higher student expectations
  - Students are requiring more from Polytechnics, i.e. increased quality, facilities and work experience
- Increased demand from communities
  - Communities are more engaged. Lobbying and requiring more from Polytechnics i.e. attracting industry, and creating jobs

Our research has revealed that six critical success factors are emerging as the basis for a modern sustainable Polytechnic

- Rationalise portfolios of B2B, B2C and B2G market. Rationalising assets in regional areas to increase effective use
- Dedicated fully digital offerings through their digital delivery strategy
- High quality controls and check to verify accreditations, continuously working with government to increase quality standard
- Challenging and training staff to keep up to date with industry developments. Recruitment strategy to attract more commercially focused teachers maintain right balance between teaching skills
- Strong union and staff engagement to optimise staffing, workforce profile matching and campus rationalisation

Critical success factors

- Quality training and effective governance
- Exceptional customer and student experience
- Sustainable business model
- A more focused, commercially viable and market relevant offer
- Effective Industry, Community and Government engagement
- Delivering courses that are profitable and scalable
- Dedicated analytics team to monitor which courses are cost efficient, scalable and profitable
- Focused digital offer in direct response to market needs
- Through effective stakeholder engagement ability to re-invent their business model, effective industry and community collaboration
- Effectively negotiated with the Unions to optimise FTEs and negotiate retrainments

Bios

Ben Bishop
Partner, Education Transaction Advisory

Ben is a partner in EY’s education practice. Ben supports governments and tertiary organisations to make major capital and funding decisions, particularly around education funding models, campus / infrastructure development and the credentialing of education policies. Ben has led funding and structuring advice to public and private clients on major projects in Australia, UK, Europe, the Middle East and the Americas.

More recently, Ben led the advice to the NT Government on the modernisation of its Vocational Education and Training funding model, developing an evidence base to assess skills demands and supply and employment prioritisation. The advice covers funding model redesign, a skills funding model to target education investment and developing an investment framework to target the funding to the skills needs. Ben has also advised Jobs Queensland to provide future scenario forecasting of anticipated skill needs and economic modeling of employment in industries and occupations at the State and regional level. Ben supported the South Australian government to model the impacts of the closure and consolidation of TAFE campuses.

Andrew Sprague
Director, Strategy and Education Advisory

Andrew is a Director in EY’s Strategy practice. He is recognised for providing strategic, advice to government and business relating to complex and strategic matters.

He has deep experience in the education sector including working extensively in the VET / Polytechnic sector regarding student, operational, strategic and policy issues. Andrew also brings extensive knowledge of international strategies in this area.

More recently, Andrew has developed strategies for a range of TAFEs from large metropolitan level to smaller regional providers; developed VET sector strategies and operational plans for state governments; and provided advice to employers, trade bodies and companies regarding skills acquisition, and the changing nature of work and strategies arising from digitisation of their business.