

**Submission
No 222**

**INQUIRY INTO VOCATIONAL EDUCATION AND
TRAINING IN NEW SOUTH WALES**

Name: Mr Stephen Smith

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I have been a teacher in the Illawarra Institute of TAFE for more than 23 years. I teach Accounting & Finance units.

I believe the current terminal state TAFE is in can largely be attributed to the excessive middle and top management structure, brought about by the creation of the ten Institutes across the State of NSW, and the consequent unnecessary duplication of wasteful management procedures.

Let me use the Illawarra Institute as an example:

At Institute Director and Faculty Director level, there are approximately 50 staff, having an average salary of say \$100,000 or more. This requires 5,000 enrolments at an average of \$1,000 fees each just to cover this excessive fixed cost.

But the current enrolments of Illawarra Institute are only one-fifth that.

Put it another way:

If the current Illawarra enrolments were to double, and the average enrolment fees were to double, there would still be a deficit from this top management activity only, requiring continual funding from State Government.

And this is **before** any administration and running costs of the individual campuses and teaching sections are taken into account.

Now multiply this ten times across NSW !

The big picture is, since the creation of the Institutes, Government funding has been paying for excessive top-heavy management first, and then whatever is left, if anything, goes towards Campus management and teaching delivery.

This is why teaching services are continually starved of funding, and this is why TAFE will never be able to compete in the Smart and Skilled environment, as it is presently structured – NEVER !!.

I have been a Chartered Accountant for more than 30 years. If I was advising a business in the private sector in TAFE's present state of financial disaster, I would offer two choices:

Stop the enormous haemorrhaging of funds immediately by closing the business, or;

If there is any hope of survival for TAFE, slash the duplicated fixed costs at middle and top management level by substantially merging or abandoning the Institutes, and going back to a model of centrally managed, greatly reduced number of Campuses.

I hope my arguments are understood and appreciated by at least one Member of the Enquiry.