
Appendix one – Response from agency



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Ms Margaret Crawford
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Level 19, 201 Sussex Street
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SYDNEY NSW 2000

MIN 20/1240

Dear Ms Crawford

Thank you for the opportunity to respond to the Performance Audit Report: One TAFE NSW modernisation program.

The report focusses on the One TAFE modernisation with particular emphasis on the planning, governance and progress towards the intended outcomes. The report has provided a helpful opportunity to reflect on the reforms to date and implement enhancements that will support the completion of the six year strategic plan.

The report recognises that the One TAFE NSW modernisation program to effectively merge 11 independent institutes into a single One TAFE model, operating across the state, was an extremely ambitious initiative.

TAFE NSW has always recognised the One TAFE modernisation was complex and ambitious and worked tirelessly over the last four years to implement the program and address the issues identified in the report, and continuously improve our execution. From the outset, the TAFE NSW Strategic Plan 2016-22 identified this program as a six year transition, and we are now well advanced in the implementation of our two-year Operating Plan (2020-22) which will complete the six year journey.

It is important to note a transition such as the One TAFE modernisation carried the potential risk of significant disruption to normal activities, and the organisation was acutely aware there could not be any disruption of teaching activities. TAFE NSW is proud this transition was largely seamless to students and key stakeholders such as rural communities. Indeed, these groups are now experiencing the benefits of the reforms, including improved systems, more versatile and flexible delivery, and better facilities in regional communities. It is also pleasing that during this period enrolments increased from 424,000 in 2015 to 436,000 in 2018.

It was also critical that the impact of the reform on staff be carefully managed, but also progress expeditiously, to provide our teachers and staff with certainty on what the One

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TAFE modernisation reforms meant for them. All these factors had to be considered as the organisation progressed through this complex reform.

I am advised that many of the intended benefits of the modernisation are now being realised. Reinvestment of funding in facilities, such as Connected Learning Centres, are delivering real benefits to rural and regional communities. Enhanced systems are leading to more efficient administration, and product development is more efficient and enabling consistent approaches across the state. TAFE Digital as a single digital teaching entity is allowing us to scale very quickly, as exemplified by our ability to rapidly deliver 100,000 additional short course enrolments over the COVID-19 shutdown period. The One TAFE modernisation has and will continue to drive real value and capability from the public investment in TAFE NSW.

The report makes a range of observations and findings, which have been understood for some time and in most cases have been addressed. The report notes we had regular reviews and reporting on the progress during the last four years and this enabled TAFE NSW to respond expeditiously to issues as they arose and implement solutions.

I am informed that many of the issues identified arose due to the underlying complexity and the ambitious timelines and targets mentioned in the report. The major One TAFE model and restructure was completed by May 2018, and although this two year timeframe was ambitious, it was chosen due to the concern that a longer period of restructuring would potentially risk training delivery and impact students. Staff in general were also in favour of completing any restructuring process in the shortest reasonable time period.

I also note a number of issues raised in the report need to be considered in the light of the noted extenuating circumstances. For example, governance arrangements that included greater Board involvement allowed TAFE NSW to draw on the extensive commercial expertise of the Board members at a time of extensive change; while the early announcement of some modest capital projects ahead of the detailed business cases were a demonstration to stakeholders and rural communities the One TAFE reforms would bring genuine benefits to these communities.

TAFE NSW, also notwithstanding any reforms it may have planned within the Agency, must recognise any overarching Government policy. For example, communities impacted by drought and/or bushfires have been deferred for some of the changes in the modernisation program and this necessitates adjustments to timetables to protect jobs in regional / rural areas.

I note that the report makes reference to the financial savings in relation to the One TAFE modernisation, and the placing of a freeze on some recruitment. I am informed that administrative recruitment was carefully managed after the major restructures as the transitional costs were phased down, but any hiring restraint was carefully targeted and did not apply to front line teaching. TAFE NSW is committed to operating efficiently and the benefits of the One TAFE modernisation will be considerable and will be realised within the 6 year period of the strategic plan.

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The enclosed table outlines our specific actions in response to the three key recommendations of the report. Implementation is well progressed, including through the implementation of our two-year Operating Plan (2020-22) and will be implemented in the timeframe proposed by the Audit Office.

TAFE NSW has an essential role over the next year as it delivers critical training to the workforce as the economy recovers from COVID-19 and I look forward to continuing this work, including through our response to the recommendations provided by the Audit Office.

Yours sincerely



Steffen Faurby
Managing Director
TAFE NSW
9 December 2020

NSW AUDITOR-GENERAL'S REPORT – PERFORMANCE REPORT
One TAFE Modernisation
ACTION PLAN

Rec. No.	Details of recommendation
1.	<p>Improve Governance arrangements for delivering on commercial objectives by:</p> <ul style="list-style-type: none"> a) Seeking clarification from Government on the primary purpose of TAFE NSW and how TAFE NSW should balance social and commercial objectives b) Removing any remaining ambiguity about the role of the Board.
Agency response	<p>Accepted</p> <p>Both the Premier and Minister for Skills and Tertiary Education have confirmed TAFE NSW's role as a comprehensive public provider of vocational education and training. As a result, TAFE NSW will continue to apply commercial disciplines to achieve efficiency and value for money for the public investment by the people of NSW, but ensure at the same time it fully supports the workforce including those experiencing disadvantage, through programs including its Community Service Obligation funding. TAFE NSW are working closely with the NSW Government in ensuring that these two aims are aligned and funded.</p> <p>The Board's role has been reviewed and confirmed as being aligned to the advisory board function that is consistent with the requirements of the <i>Technical and Further Education Commission Act 1990</i>. This action is now considered complete.</p>
Actions	<p>1. TAFE NSW to update its strategic vision to reflect and reinforce the current commitment to its role as the comprehensive public service provider and how it meets both social and commercial objectives.</p>
Responsible	Chief Strategy and Commercial Officer
Timeframe	December 2021

Rec. No.	Details of recommendation
2.	<p>Improve reporting of financial and non-financial measures for non-commercial activities by:</p> <ul style="list-style-type: none"> a) enhancing the quality of data on non-commercial activities b) expanding non-financial measures to assess performance of non-commercial activities c) publicly reporting on spending and performance of non-commercial activities d) publicly reporting on community services obligations funding and expenditure.
Agency response	<p>Accepted</p> <p>The Community Service Obligation (CSO) is a funded program that enables TAFE NSW to deliver on a broad range of social objectives, including providing training to disadvantaged students and communities, and a wide range of support services to disadvantaged students. During the One TAFE modernisation TAFE NSW has reported on these CSO activities and costs based on a policy framework established in 2016.</p> <p>TAFE NSW had identified the need for a periodic review of this program and had included a review as part of the Two Year Operating Plan. TAFE NSW will expand the scope of this review to consider external reporting and the broader definition of non-commercial activities recommended in the report. The outcome of this review will be aligned with the Government's Outcome budgeting framework.</p>
Actions	<ol style="list-style-type: none"> 1. TAFE NSW to conduct a Community Service Obligation review as part of the Two Year Operating Plan (2020-2022) including the assessment of current guidelines, recommendations to improve tracking of outcomes and recommendations to improve both internal and external reporting. 2. TAFE NSW to complete enhancements to its costing model to comprehensively identify and cost all the non-commercial services that are provided by TAFE NSW. 3. TAFE NSW to incorporate the program objectives and costs of its non-commercial activities into the Treasury Outcome budgeting framework.
Responsible	Chief Corporate Services Officer
Timeframe	December 2021

Rec. No.	Details of recommendation
3.	<p>Agencies planning Transformation programs should consider the following lessons:</p> <ol style="list-style-type: none"> 1. Consider how the objectives of the transformation fit within relevant legal frameworks and governance arrangements. 2. Ensure that enough time is set aside for planning the transformation program, including development of robust business cases before execution and assessing the readiness of the organisation for change. 3. Consider whether the organisation has the capacity to implement the required scale of change, including establishing a program management office with adequate capability and resourcing to manage the program. 4. Consider the best approach to sequencing projects to avoid too many projects being delivered concurrently and identify project inter-dependencies early. 5. Reaffirm initial target benefits and timelines once detailed planning has been completed. 6. Ensure benefit realisation plans are in place at the beginning of the program, define clear ownership of benefits, and are followed through to business-as-usual operations. 7. Identify and clarify the purpose of governance to ensure responsibilities are clear and understood and that multiple committees do not duplicate efforts.
Agency response	<p>Noted</p> <p>TAFE NSW is committed to a continuous improvement of its transformation function and program and will adopt the lessons learned as best practice for the final stage of the program.</p> <p>TAFE NSW have implemented a Two Year Operating Plan that will complete the six year One TAFE Modernisation transition, in line with the Strategic Plan timeline. Scale of change, program capability, program sequencing were considered and are included in this process. Additionally, planning and governance reforms have now been implemented, including new benefit realisation governance processes in July 2019 and a new and reduced Governance structure in September 2020.</p>
Actions	1. TAFE NSW to review and make further enhancements related to business cases, timelines and targets to be implemented by the Program Office.
Responsible	Chief Transformation Officer
Timeframe	April 2021