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PSA/CPSU Submission

House Standing Committee on
Education and Employment
Inquiry into the role of Technical and
Further Education system and its
operation

April 2013

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1. PSA / CPSU background Information

The PSA/CPSU¹ welcomes the opportunity to provide a submission to the Inquiry into the role of the Technical and Further Education system and its operation.

The PSA is the pre-eminent union which represents New South Wales Government, NSW University and related private sector employees. The PSA is registered under New South Wales state legislation.

All PSA members are also members of the Community and Public Sector Union - SPSF Group (CPSU) which is a federal union registered under Commonwealth legislation.

The PSA has over 43,000 members and is one of the largest and most effective unions in NSW. The CPSU has over 180 000 members across Australia and is the largest union representing education workers in Australia, covering primary, secondary, and tertiary education (including universities, TAFEs and other education providers). We are, therefore, in a unique position to make an important contribution to this inquiry.

2. Our connection to TAFE

The PSA/CPSU covers over 6,000 employees of TAFE NSW. These members perform vital roles within TAFE including class support, library services, student services and support, administration, institute managers, security, gardening, cleaning finance and human resources.

PSA/CPSU members also work in the NSW Department of Education and Communities providing analysis, development and implementation of Vocational Education and Training policies.

The PSA/CPSU is proud of the role our members undertake across TAFE NSW and strongly supports a TAFE system that is publically funded, accessible and delivered at the highest possible standard.

Outside of these areas of employment, PSA/CPSU members have an interest in the direction of TAFE through their undertaking of qualifications, their employment in industries reliant on TAFE skills and training, and through their family and community associations.

As a union we are concerned about training and qualifications and the ways in which they influence work and remuneration. Any changes to the skills and training system will impact on all our of members, their jobs and advancement opportunities.

3. Background to our submission

Between November 2011 and September 2012 the PSA/CPSU undertook an extensive engagement process with over 1500 TAFE NSW workers.

¹ Public Service Association and Professional Officers' Association Amalgamated Union of New South Wales/Community and Public Sector Union (SPSF Group) NSW Branch

At the same time we conducted an online *Save Our TAFE* survey (<http://www.change.org/en-AU/petitions/save-our-tafe>). Over 5700 people have provided responses to this survey.

Our submission is largely drawn from the data and information collected through this process and reflects the views of the Union and the opinions and concerns of TAFE workers and the wider community.

A random selection of responses the PSA/CPSU has received though this process is included at Appendix 1.

The PSA/CPSU also commissioned research which was undertaken by Dr Christopher Stone at the Centre for Policy Development (CPD).

Our submission relies heavily on this research and we acknowledge the work of Dr Christopher Stone and the CPD. The full report "Valuing Skills – why vocational training matters" can be found at <http://cpd.org.au/2012/11/valuing-skills>.

4. Brief history of TAFE

The origins of the VET sector in Australia go back well before federation, with formal apprenticeships introduced in NSW in 1805. Government subsidised private and community providers gave way to large technical colleges in the state capitals over the course of the century. The first 70 years of federation saw a gradual development of national bodies concerned with the sector, and sporadic increases in funding, largely in relation to post-war reconstruction efforts.²

In 1974 under the Whitlam Government, the landmark Kangan Report coined the title "Technical and Further Education" and proposed a major increase in funding to the State institutions. The Fraser Government took up this reform, dramatically increasing funding, abolishing tuition fees and creating the TAFE Council.³

TAFE had a steady period of growth until the late 1980s when, under the Hawke government, a series of structural modifications driven by Minister John Dawkins aimed to change the sector to an "open training market" in which TAFE would compete with private registered training organisations (RTOs). During this time fees were reintroduced.⁴

The states implemented the open market model with differing levels of enthusiasm. Some like Queensland and Victoria saw TAFE as just another provider in the market. Other states have attempted to maintain the TAFE brand. TAFE remains by far the biggest provider of VET, servicing the majority of the market. In most states TAFEs have been broken up into autonomous units, but they remain larger than most of their private RTO competitors.

² Ryan, R. (2011) *How VET responds: A historical policy perspective*, NCVER, Adelaide, <http://www.ncver.edu.au/research/commercial/2338.pdf> p8.

³ Kell, P. (2006) *TAFE futures: An inquiry into the future of technical and further education in Australia*, AEU, <http://www.voced.edu.au/content/ngv28269>, p7.

⁴ Goozee, G. (2001) *The development of TAFE in Australia* (3rd ed.), NCVER, Leabrook, SA, <http://www.ncver.edu.au/vetsystem/publications/574.html>, p78

Most recently Victoria has gone furthest down the path of the open market, introducing “full contestability” by allowing public subsidies to follow all students regardless of their choice of course or institution.

5. Executive summary

Most would agree that an effective and high-quality Vocational Education and Training (VET) sector is of benefit to Australia. The benefits of VET are multiple and accrue to individuals, the economy, and society as a whole. Some of these benefits are difficult to quantify and are affected by numerous factors. Assessing the extent to which the sector delivers these interacting individual, economic, and societal benefits is not straightforward.

The complexity of assessment means that it is sometimes difficult to see which policies aid the sector in delivering its full potential benefit, and which hinder it. This leaves the VET sector vulnerable to changes driven purely by political agendas that are unsupported by evidence, or which fly in the face of what evidence there is. There needs to be a rigorous assessment of the benefits that the sector is currently delivering. Given the significant size of the public provider of VET services, TAFE, the particular value of TAFE within the VET sector must be considered as part of this assessment.

The TAFE sector in Australia is the key vocational education provider and thus is pivotal to the development and implementation of strategies for sustained quality vocational education nationwide.

It is predominantly the TAFE sector which provides high quality, accessible and inclusive vocational education opportunities which then translate into greater workforce participation and improve the application of workplace skills.

It is therefore the TAFEs, the public providers of VET, and their workforce who are the best placed to ensure delivery of the Government’s productivity agenda and its main policy goals of achieving the COAG targets to double the number of people with diploma and advanced diploma qualifications by 2020.

Some of the most relevant findings to the Inquiry are:

- individual benefits from TAFE are financial (such as a \$324 632 increase in lifetime earnings), and personal development (94.4% of those undertaking VET primarily for personal development achieved or partially achieved their aim)
- by providing skills to the economy VET has been estimated to provide substantial return on the public’s investment
- VET has important social benefits in that it builds the capacity of some of the people in our society who have the most difficulty accessing opportunities to improve their lives:
 - a. 6.6% of VET students nationally report having a disability or long-term condition (7% in NSW).

- b. Students from all socioeconomic backgrounds are well represented in VET, with those from less advantaged backgrounds particularly well represented.
 - c. VET is delivering significantly more services to the areas that are most disadvantaged by remoteness and lack of access. Nationally it has 18.4% of its students coming from rural and remote areas, when only 11.4% of the population live in these areas. (17.8% and 6.6% respectively in NSW).
- The VET sector's largest provider, TAFE, frequently provides a disproportionate share of the benefits to society:
 - a. TAFE has 7.2% of students with disability or long-term condition (8.7% in NSW) - compared to 4.2% for private providers nationally (1.8% in NSW).
 - b. 19.6% of TAFE students are living in rural and remote areas (17.5% in NSW); the proportion was 14% in the private providers (12.9% in NSW).
 - c. TAFE does more training towards skills in shortage (e.g. in Victoria, 28.6% of TAFE students are training to fill jobs in areas suffering from skill shortage, less than 20% of students at private training providers are gaining skills that address industry shortages).
- all state Governments should learn from the Victorian experience how not to undertake reform.
 - a. the mismatch between deregulation and the need to target training towards skill shortages was demonstrated by an upsurge in fitness instructor enrolments in Victoria, despite a surfeit;
 - b. TAFE is playing a greater role in meeting industry needs, directing a greater proportion of training towards areas of skill shortage than private registered training organisations;
 - c. had the \$500 million spent mostly on growing private provider enrolments been invested in growing TAFE at a similar rate, it might have resulted in more training for the skills needed by industry, reaping greater long-term benefits for Victoria
- the complexity of valuing VET means there's a danger that evidence will be ignored in politicised debates over policy change options. There must be better consideration of evidence before reforms are undertaken.
- such consideration will be facilitated by gathering more accurate and complete data on the effectiveness of the VET sector.
- the role of TAFE as a "full service provider" is being undermined. It is clear that the sector as a whole will suffer from the role not being filled, and so debate is needed on how best to ensure that full service provision continues.
- the move to greater contestability is resulting in private VET providers running more of the inexpensive courses, while TAFE continue to provide the bulk of the more expensive courses. This is increasing the costs of TAFE at a time when they are undergoing significant funding cuts coming on top of a long period of decline in funding. The funding model of TAFE is becoming unsustainable,

and there needs to be discussion of options to redress this, such as examining the arrangements for subsidising large employer's internal training.

6. Terms of Reference

6(i) the development of skills in the Australian economy

The value of TAFE for addressing skill shortages and developing skills is, in theory, obvious. The training provided by the VET sector is clearly essential for building the skills of the Australian workforce and meeting the needs of industry for skilled workers.

However, demonstrating that the sector is delivering training in skills that industry needs, is not straightforward.

There are inevitable time delays between actions taken in the VET sector and the graduation and employment of students affected by those changes, making it difficult to say which changes had what effects. Also, measuring where skill shortages exist is complex, because it needs to take into account that there may be shortages in particular geographic regions, or in sub-sets of skills within occupations. So it's difficult to say how well targeted the VET sector is, when uncertainty exists about what the targets should be.

Where assessment of benefits is complex, there is an increased danger of policy changes based on political agendas rather than evidence.

An example of this occurred in 1991 when Minister John Dawkins proposed a restructure of TAFEs justified by the argument that TAFEs were unresponsive to industry needs.⁵ A series of previous reports initiated by Dawkins had made this assertion without solid evidence. For example, one report cited concern in industry submissions when the majority of the "industry" submissions came from committees funded by the Department of Employment, Education and Training. The submissions were not made public so there is no way of knowing what views were expressed by industry. However, a major survey of employers at the time showed relatively high levels of satisfaction with TAFE graduates, and other research showed that there was considerable industry-TAFE interaction, with some room for improved relations.⁶ So a moderate level of industry dissatisfaction, that was not consistent across all industries, was built into a justification for wholesale change despite encouraging evidence regarding industry-TAFE coordination.

An example of an effort to make such an assessment of benefits is the 2010 report by Skills Australia (now the Australian Workforce and Productivity Agency), which is the federal statutory body responsible for providing advice on workplace skill needs.⁷ The report puts forward a number of reforms to the VET and Higher Education sectors designed to enhance workplace skills, with an annual cost of \$835 million. An estimation of the potential benefits of these reforms, using Productivity Commission methodology, predicts national output, as measured by GDP, to rise an additional

⁵ Ryan, R. (1999) "How TAFE became 'unresponsive': A study of rhetoric as a tool of educational policy" *Australian and New Zealand Journal of Vocational Education Research* 7(2), 105

⁶ *ibid*, p. 122-123

⁷ Skills Australia, *Australian workforce futures: A national workforce development strategy* (Canberra, 2010), http://www.awpa.gov.au/national-workforce-development-strategy/Australian-Workforce-Futures/documents/WWF_strategy.pdf.

6% by 2025, with the resulting gain to government alone estimated at \$24 billion annually. Such projections are always inexact, but do give an idea of the potential benefits of VET in terms of return on investment.

Another example, specifically examining the value of TAFE in NSW, is a 2005 report by the Allen Consulting Group.⁸ They found the benefit-cost ratio to be 6.4:1. A sophisticated macroeconomic model of the NSW economy was used to take into account value to be gained from the sale of assets, as well as assessing the likely effect of shifting TAFE funding to private providers. The analysis predicted a lower skilled economy because TAFE tends to provide a broader range of skills training, so funding private providers with the money that would have been supplied to TAFE would result in a narrower range of skills training. (This analysis is supported by the recent experience of Victoria, as outlined below.) Allen Consulting estimated that the result could be reduced employment for ten years, a reduction of 1% of the average wage across all NSW workers, and decline of state income of at least 3.6% over 20 years (\$196.1 billion), and that the long-run decline would perhaps be closer to 5%.

A survey on employer satisfaction with vocational training is conducted by NCVET every two years.⁹ Over the past four surveys TAFE has constantly shown good results. Around 80% of employers are satisfied with its training for apprentices and trainees (80.8% in 2011), and 85-90% satisfied with all other training towards nationally recognised qualifications (90.3% in 2011). These results are very similar to those achieved by private RTOs (80.3% for apprenticeships and traineeships, and 92.2% all other nationally recognised training). Despite the similarity of results many of the policy changes aimed at increasing the VET sector's ability to address industry needs have involved reducing the role of TAFE through increased market competition. Of course it could be argued that introducing greater competition will make the sector as a whole more responsive to the needs of employers. The recent changes in Victoria currently represent the extreme version of this approach, and provide an opportunity to assess whether this is actually the case.

6(ii) the development of opportunities for Australians to improve themselves and increase their life and employment prospects

The PSA/CPSU believes that TAFE is critical to the economic prosperity and social wellbeing of the people of Australia.

A number of Productivity Commission reports have calculated the financial benefit to the individual of obtaining VET qualifications, and have found the rewards to be substantial:

- for a young learner (15-24) their VET training represents a \$324 632 increase in lifetime earnings, or \$7 700 per year, over 42 years.¹⁰
- men holding an Advanced Diploma, Diploma or Certificate III or IV, earn on average 13.8% more than those with a Year 11 education; women 11.4% more.¹¹

⁸ The Allen Consulting Group (2006) *The complete package: The value of TAFE NSW*, The Allen Consulting Group, Sydney.

⁹ NCVET (2011) *Survey of Employer Use and Views of the VET system 2011*, NCVET, Adelaide, <http://www.ncver.edu.au/publications/2409.html>.

¹⁰ Productivity Commission (2012) *Impacts of COAG reforms: Business regulation and VET*, Volume 3 – VET, Productivity Commission, Melbourne, <http://www.pc.gov.au/projects/study/coag-reporting/report>, p170.

- VET is a particularly important provider of skills for early school leavers and those with low literacy and numeracy. An improvement in literacy and numeracy skills from very low levels to those required for an individual to function effectively in a complex work environment is associated with an increase in hourly wage rates of about 30% for men and 25% for women.¹²

While the precise benefit varies with circumstances of the individual, the above examples show that the value of VET to an individual is substantial, and this is simply looking at the financial advantage. Education brings with it a range of less tangible benefits.

The 2011 Student Outcomes Survey run by NCVET (the National Centre for Vocational Education Research) found that 15.3% of VET graduates undertook training primarily for personal development. Of these students 94.4% said they had fully or partly achieved their aim. It seems likely that personal development was an important secondary consideration for many other graduates, and the consistently high levels of overall satisfaction reported by VET graduates (89.9% in 2011) indicates that such secondary goals are being achieved.¹³

However, the value of VET can be substantially undercut by substandard providers. Although data on the quality of individual providers is not available, the publically available information on audits of RTOs indicates that private RTOs are more variable in quality than the TAFEs. It is generally acknowledged by those involved in the sector that there are some excellent private providers of VET. However, also acknowledged is the existence of RTOs that are well below standard. In 2009 several Victorian RTOs were closed or suspended after an audit uncovered problems including overcrowded classes, students swapped between institutions to avoid audits, inadequate learning materials, and a supposedly 3 year apprenticeship run in 40 weeks.¹⁴ Such problems are not unique to Victoria, with a number of providers closing in NSW when new national rules “to help weed out dodgy providers from the industry” were introduced in 2010.¹⁵ In South Australia a college was closed down after students alleged that certificates were being altered, and that they were not being required to attend classes or complete assignments.¹⁶ The revocation of another Victorian college’s registration very recently, shows that these types of

¹¹ Forbes, M., Barker, A. and Turner, S. (2010) *The effects of education and health on wages and productivity: Staff working paper*, Productivity Commission, Melbourne, <http://www.pc.gov.au/research/staff-working/education-health-effects-wages> p25

¹² Productivity Commission (2011) *Vocational education and training workforce: Productivity commission research report*, Productivity Commission, Melbourne, <http://www.pc.gov.au/projects/study/education-workforce/vocational/report> p58.

¹³ NCVET (2011) *Australian vocational education and training statistics: Student outcomes 2011*, NCVET, Adelaide, <http://www.ncver.edu.au/publications/2442.html> [accessed September 2012] (derived from: Total reported VET 2011 by key measures, Table 27: Key findings for graduates by reason for undertaking training, 2011).

¹⁴ Das, S. (2009) ‘College in gross breach of standards’, *The Age*, July 23 2009, <http://www.theage.com.au/national/education/college-in-gross-breach-of-standards-20090722-dtl2.html> [accessed April 2013]; Tomazin, F. and Harrison, D. (2009) ‘Students in limbo as “rotten” college closes’, *The Age*, September 29 2009, <http://www.theage.com.au/national/education/students-in-limbo-as-rotten-college-closes-20090928-g98d.html> [accessed April 2013];

Das, S. (2009) ‘Audits close more dubious colleges’, *The Age*, December 8 2009, <http://www.theage.com.au/national/education/audits-close-more-dubious-colleges-20091207-kfcd.html> [accessed April 2013].

¹⁵ Gilmore, H. (2010) ‘Foreign students stranded as colleges close’, *The Sydney Morning Herald*, March 25 2010, <http://www.smh.com.au/national/education/foreign-students-stranded-as-colleges-close-20100324-qwtj.html> [accessed April 2013].

¹⁶ Zed, T (2010) ‘Immigration raid at Pacific International College’, *The Adelaide Now*, July 23 2010, <http://www.adelaidenow.com.au/immigration-raids-at-college/story-e6frea6u-1225896215209> [accessed April 2013]

problems are still arising, despite the 2010 changes requiring all providers to re-register under tighter regulatory criteria.¹⁷

These scandals do not only affect the individual students who attended the low-quality provider; the reputation of an entire sector can suffer from a few unscrupulous operators. TAFE's consistent quality provides a defence against this risk. Despite providing a much greater share of VET enrolments, no such scandals have been associated with TAFE. The absence of wrong-doing by the sector's largest provider has made it difficult to claim that poor quality teaching is wide-spread. This protects both the value of all qualifications in the sector, and the viability of the many reputable private providers.

6(iii) the delivery of services and programs to support regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment

The Productivity Commission identified that one of the objectives of VET is to "contribute to social inclusion and civic participation". Such broad social benefits are extremely difficult to measure in any direct sense. However, one reasonable indicator of the sector fulfilling this role would be if it were providing disadvantaged individuals and people in economically disadvantaged areas with access to opportunities to improve their prospects and reach their potential. Looking at three aspects of disadvantage - disability, socioeconomic background, and remoteness – it's clear that the VET sector is playing a disproportionately strong role in combating inequality of access to education.

Students with Disabilities

Nationally the VET sector had 125,142 students who have stated they have a disability or long-term condition in 2011; 6.6% of the total VET student population.¹⁸ This number is important in itself, as it means that in a single year over 100,000 Australians who face a level of challenge in their lives are being aided to achieve better employment prospects and greater fulfilment of their potential. The performance of the VET sector in NSW is proportionally greater with 41,030 students in 2011 representing 7% of enrolments.¹⁹

However, it would be useful to be able to compare this to some benchmark figures. Comparing the proportion to that of the general population is unhelpful for a number of reasons. Firstly, surveys with differing definitions of disability have reported very different estimations of the proportion of Australians with a disability. One set of results reported by the ABS range from 33% to 42%, but included very mild conditions.²⁰ Restricting the definition to the most profound disabilities gives a range of 1-2%, but no doubt excludes many serious disabilities. Any mid-point definition is

¹⁷ Preiss, B. (2012) 'College's registration revoked, leaving students out in the cold', The Sydney Morning Herald, September 19 2012, <http://www.smh.com.au/victoria/colleges-registration-revoked-leaving-students-out-in-the-cold-20120919-265pc.html> [accessed April 2013]

¹⁸ NCVET (2011) *National VET provider collection*, NCVET, Adelaide, <http://www.ncvet.edu.au/publications/2509.html>. Some level of caution needs to be exercised in the interpretation of the figures on disability, as the number of students whose disability status is not known is substantial, and there are many reasons why students might not wish to identify as having a disability.

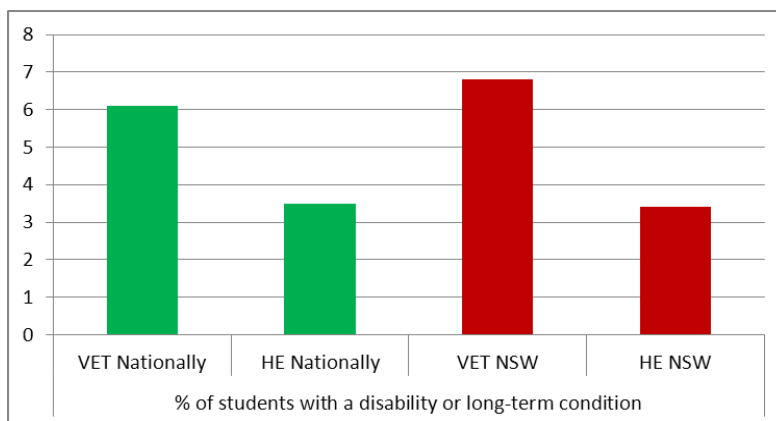
¹⁹ *ibid.*

²⁰ ABS (2010) *Information paper: ABS sources of disability information: 2003–2008*, ABS, p10.

simply an arbitrary line in the sand. A further complication is that disability is strongly related to age, so that a significant proportion of disabled Australians are at a stage of their life when they may be less likely to need or want VET.

Perhaps a more interesting comparison would be to examine the proportion of students with disabilities in the Higher Education (HE) sector (made up of universities and a range of other higher education providers). Comparison data is available for 2010. In this year the performance of the VET sector was similar to 2011 at 6.1%, while in the HE sector 3.5% of students had a disability.²¹ The NSW figures tell the same story with 6.8% of VET students having a disability, and 3.4% in the HE sector.²² Note that these comparisons should not be read as a criticism of higher education institutions, the two sectors have numerous differences that would no-doubt present unique challenges, but it does give some assessment of how well the VET sector is performing.

Figure 1: Percentage of students with disability in HE and VET at national and NSW state level



Socioeconomic Disadvantage

Assessing socio-economic disadvantage is of course complex. A commonly used metric is the Socio-Economic Indexes for Areas (SEIFA), which provides a ranking for areas based on a range of factors. The data is commonly divided into five quintiles with 20% of the population in each. Comparing the proportion of VET students in each quintile is straightforward. It is clear from Figure 2 that nationally the sector focuses on those from middle and lower socio-economic backgrounds,²³ and that this focus is even stronger in NSW.²⁴ It can also be compared to the HE sector (Figure 3), which draws more strongly from the areas with the most socioeconomic advantage.

²¹ NCVER (2012) *Tertiary education and training in Australia 2010 data tables Australia*, NCVER, Adelaide, <http://www.ncver.edu.au/publications/2489.html>.

²² *ibid.*

²³ *ibid.*

²⁴ *ibid.* The quintiles are divided on a national basis, which means that States deviate from a precisely even spread. However, NSW is close to even with proportions close to 20% in each quintile. See, e.g., http://www.health.nsw.gov.au/PublicHealth/surveys/hsa/06/r_ses/r_ses_barresp.asp.

Figure 2: Percentage of VET students from each quintile of socioeconomic disadvantage at national and NSW state level

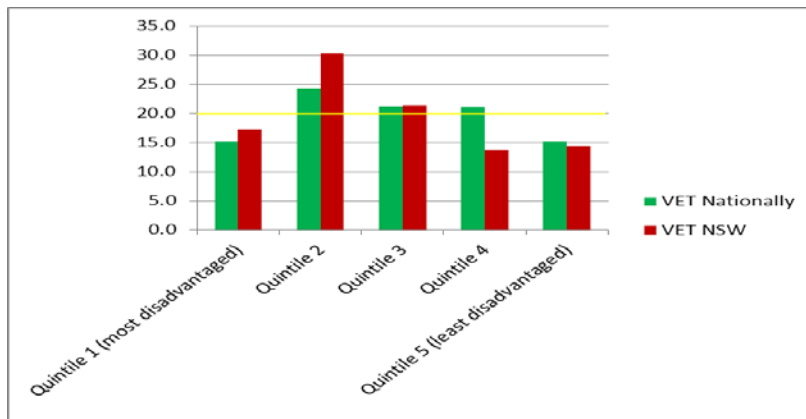
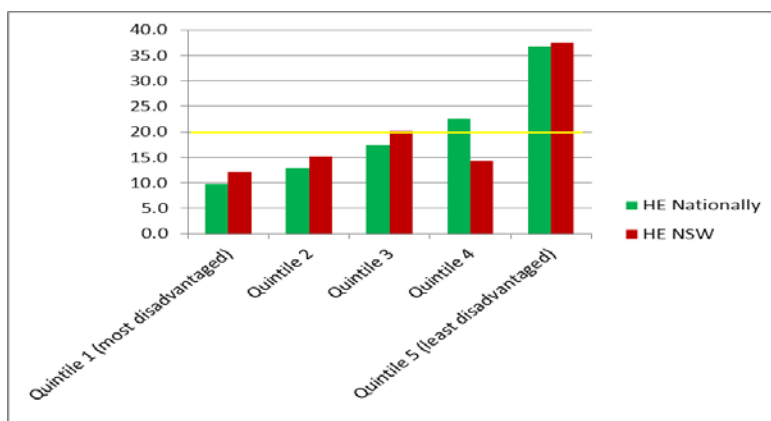


Figure 3: Percentage of HE students from each quintile of socioeconomic disadvantage at national and NSW state level

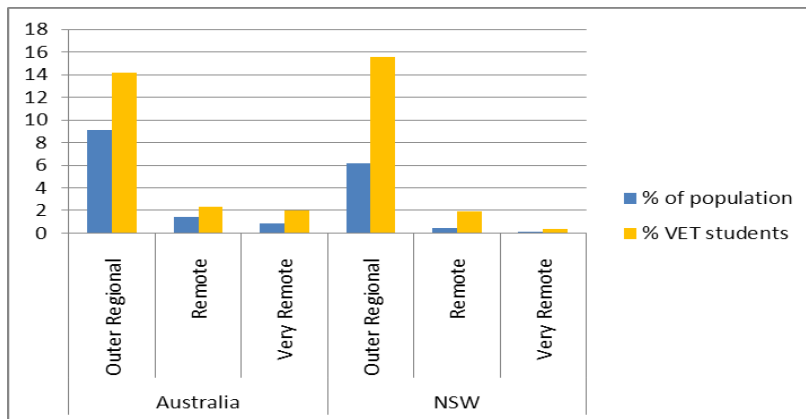


The Regions' Educator

The VET sector has an especially strong role in delivering education services to rural and remote regions. In 2011 at a national level 347,010 VET students were from rural and remote areas, this is 18.4% of VET students. In NSW it was 104,703, representing 17.8% of the State's total VET student population. These figures compare to general population proportions of 11.4% living in rural and remote areas nationally, and 6.6% in NSW.²⁵ In other words, on a per capita basis VET is delivering significantly more services to the areas that are most disadvantaged by remoteness and lack of access. A further breakdown of these figures is given in the following chart:

²⁵ ABS (2012) *Population estimates by remoteness area: 2001 to 2011*, ABS.

Figure 4: Percentage of population and of VET students from rural and remote areas at national and NSW state level

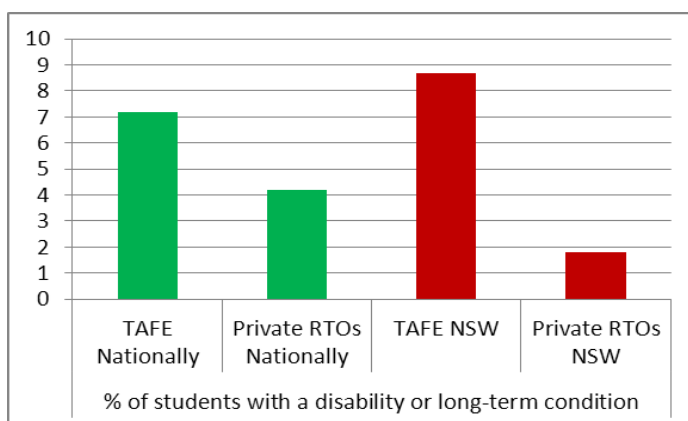


TAFE's Particular Value

From the above three indicators it is clear that the VET sector plays a substantial role in providing education to disadvantaged members of our society, enhancing equality and social inclusion. Interestingly, a closer examination of the data reveals that the majority of this good work within the sector is being performed by TAFEs.

For example, in 2011 TAFEs had a higher proportion of students with disabilities at a national level than that of the private RTOs: 7.2% of students, as opposed to 4.2%. This was particularly true in NSW: 8.7%, as against 1.8%.

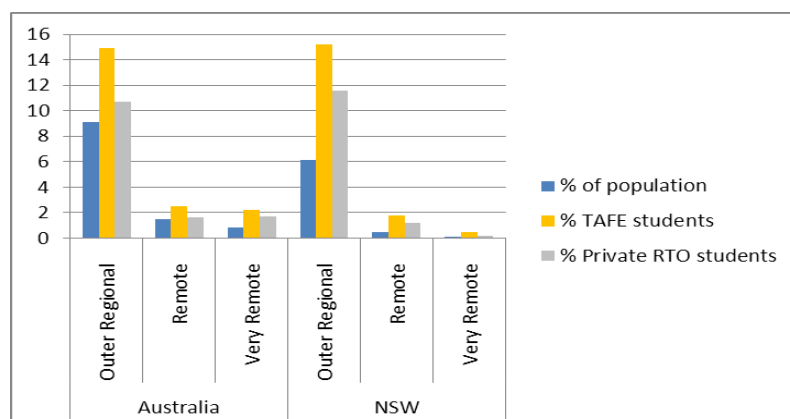
Figure 5: Percentage of students with disability in TAFEs and Private RTOs at national and NSW state level



The statistics on rural and remote students follow a similar pattern. TAFEs nationally had 19.6% of students living in rural and remote areas; the proportion was 14% in the private providers. The same was true of NSW with 17.5% and 12.9% in the TAFEs and private RTOs respectively.²⁶

²⁶ NCVET (2011) 'National VET Provider Collection'
<http://www.ncver.edu.au/publications/2509.html>
<http://www.ncver.edu.au/publications/2509.html>

Figure 6: Percentage of population, and of TAFE and Private RTO students from rural and remote areas at national and NSW state level



As well as taking a greater share of students with disadvantages, TAFEs are better equipped to provide for the needs of these students. The websites of a random sample of 7 TAFE institutes and 10 large private RTOs in NSW and Victoria were examined for the support services offered. The results are summarised in the following table:

Table 1: Support services delivered by random selection of TAFEs and Private RTOs

Service	TAFEs			Private RTOs		
	Full	Partial	None	Full	Partial	None
Counselling	4	3	0	0	3	7
Careers	7	0	0	1	4	5
Childcare	0	5	2	0	0	10
Disability Services	7	0	0	1	0	9
Indigenous Assistance	7	0	0	0	0	10
Multicultural Assistance	5	2	0	0	1	9

Note: "partial" means limitations on the service, such as only available on some campuses, or an alternative offered, e.g. career mentoring, rather than career counsellor.

As with the comparisons to the HE sector, comparing TAFEs with private RTOs is not intended as a criticism of those institutions. It should be noted, for example, that the proportion of rural and remote students in private RTOs, though smaller than that in TAFEs, is still larger than in the general population; indicating that the private providers also have a focus on rural areas. It should also be kept in mind that in some jurisdictions TAFEs are incentivised or mandated by State policies to be providers for the most remote areas, due to the risk of these areas being left unserved by the collapse or withdrawal of a private operator. The point is not that private RTOs are shirking their responsibilities, but that any discussion on policy changes reducing the role of TAFEs must take into account the fact that this could result in the loss of the disproportionately high social benefits provided by the sector.

For TAFE to best target training and skills there needs to be a clear public policy agenda to engage more of the working age population in vocational education and training.

Participation in VET training is already considerable and increasing. There were 1.9 million students enrolled in the public VET system in 2011²⁷. In 2011, 32.1% of Australians aged between 15 and 19 years participated in VET²⁸. In NSW there were some 583 000 people (almost 1:12 people in the state) participating in some form of publically supported VET training in NSW in 2010²⁹, an increase of 6.1% on the previous year³⁰.

Increasing participation in training in real terms therefore requires engaging people that would otherwise currently not enrol. Given the current level of participation this will necessitate drawing students from sub-sections of the community where existing barriers are the greatest. For different sub-sections it is likely that these barriers will vary.

Barriers to participation

In seeking feedback from PSA/CPSU members, we have asked what barriers to participation may look like for different groups. The results are summarised below:

Students and school leavers

- difficulties understanding and accessing information about course options, course requirements and future employment opportunities
- prohibitive costs, including ancillary costs such as equipment, materials, transport and required qualifications (i.e. Green card)
- loss of immediate income
- language and numeracy difficulties
- low apprentice wages
- student income support schemes
- poor experience with learning from school
- family and social expectations

Young people not at school

- disconnection from advice and services leading to a lack of knowledge of possible options for study and employment
- prohibitive costs, including ancillary costs such as equipment, materials, transport and required qualifications (i.e. Green card)
- uncertainty of future employment outcomes
- loss of immediate income
- low apprentice wages
- student income support schemes
- family commitments
- perception of stepping backwards

²⁷ NCVER, Pocket Guide, 2012. www.ncver.edu.au

²⁸ *ibid.*

²⁹ NCVER, Pocket Guide, 2011. www.ncver.edu.au

³⁰ NCVER, Australian Vocational education and training statistics, Student and course, 2010. www.ncver.edu.au

- inconsistent or precarious work arrangements
- family commitments

The unemployed or underemployed

- limited number and location of Centrelink Career Information Centres
- disconnection between social service providers and relevant VET information
- difficulties understanding and accessing information about course options, course requirements and future employment opportunities
- personal and psychological barriers
- perceived complexity of enrolment system

Workers looking to 'up skill' or transition between industries

- difficulties obtaining recognition of prior learning
- the inability to commit to regular attendance due to uncertain work schedules
- lack of flexibility in courses offered
- access to courses and facilities after work hours
- access to child care

Disadvantaged learning groups

- language and numeracy gaps
- difficulties understanding and accessing information about course options, course requirements and future employment opportunities
- disconnection between social service providers and relevant VET information
- personal and psychological barriers
- cultural expectations
- aversion to formal education based on previous experience

People in regional areas

- limited course options in regions
- reliance on online training
- access to opportunities to work with IT technology
- cancellation of courses due to low registrations
- greater opportunity cost through longer travelling time
- transport and location of providers
- student income support schemes
- fewer flexible delivery options than in metropolitan areas
- no face-to-face access to Centrelink Career Information Centres

Mature age workers

- difficulties obtaining recognition of prior learning
- reduced access to fee concessions
- lack of specialised courses
- access to opportunities to work with IT technology
- reluctance to incur debt later in life

Workers in their current jobs

- no government funding for higher level qualifications
- lack of recognition or requirement of qualifications within industry
- inability to manage study and work demands
- lack of support by current employer
- courses not meeting requirements of industry

Workers made redundant

- access to career advice and counselling (as specialist service)
- re-training costs not included in redundancy payments
- re-training opportunities not identified and supported by employer whilst employed
- timeliness and flexibility of courses
- difficulties obtaining recognition of prior learning

A sensible approach to increasing participation is to adequately resource the programs and providers that are best placed to overcome or minimise these barriers. Where the identified challenges involve investment in areas outside of direct course costs, such as in student services, counselling, complementary learning (such as IT support and library support) and child-care, it is evident that TAFE as a public institution is in a better position to eliminate these barriers than for-profit trainers. Likewise, the public interest obligations incumbent upon TAFE means that it should be appropriately funded and resourced to provide training in 'thin markets' such as regions and high-cost/low-margin courses.

Governments should take a broader view when seeking to increase participation and look at what improvements can be made to the network of vital points of information such as schools, social service providers (both commonwealth and non-for-profit), employers and public spaces. And further, advocate for measures at the federal level such as increased apprentice wages, improved student income support, improved taxation treatment of retraining costs prior to and following redundancies, and the ability to access leave for the purposes of training.

6(iv) The operation of a competitive training market

The PSA/CPSU believes the public debate on the desirability of implementing a market based model (based on a voucher style system whereby students are able to select either public or private providers, and have public funding flow to the provider of their choice) across the VET sector has been left wanting with little if any questioning of the premise that a contestable funding model is good for vocational education, students or the economy. For example the NSW Government, in pursuing its Smart and Skilled reform has demonstrated a largely ad hoc and sometimes contradictory reasoning with little or no empirical support.

In their 2008 Discussion Paper on Competition, Contestability and TAFE³¹, the AEU make a number of important points on this issue, not the least of which is the assertion that the move to contestability and competitive neutrality principles

³¹ <http://www.aufederal.org.au/Tafe/documents/ContDisc2008.pdf>

amounts to **the dismantling of the public TAFE system** They claim that competition results in a demand-driven system which forces RTOs into 'aberrant behaviours in the delivery of VET in order to manage competition for scarce government funds'.

Competition is presented as neutral – not ideological. However, it is based on a world view which sees monetary incentives and reward, and individual advancement as the sole driver of human behaviour. It is in many respects an anathema to education, where the activity of learning, of acquiring knowledge and skills is based on cooperation and collaboration.

The capacity for a VET model based on a competitive training market to meet the objectives of social inclusion and civic participation and to meet the future skill needs of individuals, businesses, regions and our economy will be largely influenced by a number of factors:

- to what extent the competition between providers will lead to models of delivery that overcome substantive barriers to participation
- the proportion of individuals who exercise this entitlement that would *not* have accessed training within the existing framework
- the rigour of accreditation and reporting mechanisms
- the extent to which the competitive training market devote resources to aligning the skills it provides with those required by the individual and the economy versus the allocation of funds to competing for students between providers
- the impact on the quality of training
- the impact on the delivery of training in regions and in high-cost/low-margin courses ('thin markets')

The most detailed analysis of the market for vocational and educational training comes from Victoria where, in 2008, the government removed the cap on the number of subsidised places, and created a 'student entitlement' which follows the student. Since the Victorian government made government funding fully contestable in 2008, TAFE share of the market has plummeted from 75% in 2007 to 48% in 2011, with private provider share growing from 14% to 40% in the same period.

But over the same time there has been a \$400m VET funding budget blowout - most of this has gone to for-profit private providers. Given the experience of Victorian TAFE colleges under a model of full funding competition, there is a real danger that the ability of TAFE to fulfil its mandate as a public provider will be undermined through the reduction in recurrent funding.

By allowing public providers to compete for public funds the risk exists that TAFE's student profile and attached funding will be hollowed out; leaving it with high-cost/low-margin courses, higher qualifications where TAFE retains an established advantage, and safety net training provision for disadvantaged learning groups – whilst private providers focus on low base cost and high turnover course offerings. In this scenario TAFE will be in a much weaker position to provide the full range of learning and student support services, due to a loss in efficiency of scale through fewer student numbers.

Any move towards a competitive training market should not prejudice against the additional costs sustained by TAFE NSW due to their public obligation and extensive infrastructure costs.

The review of the Victorian model has included the dangerous agenda to eliminate the factoring of these costs when attributing per student hour funding to TAFE³². This represents a race-to-the-bottom mentality that other states should not follow. A competitive training market should be paralleled by recurrent funding to TAFE that allows it to maintain the quality of its infrastructure and facilities such as libraries, student areas, and machinery and tool stock, along with the learning and student support services it provides.

Private training providers should be required to demonstrate that they are able to deliver training and facilitate student participation that is otherwise not occurring. It is a false economy for Governments to achieve savings via greater competition within a training market that is already well serviced, only to face increased administration and compliance costs in maintaining the market.

It is a given that private training organisation should be held to the same standards of teaching qualifications as TAFE and be subject to regular auditing of assessment mechanisms and course content. A danger exists that in pursuit of students and profit, private providers will lower course and assessment standards in order to offer compacted courses and guaranteed qualifications.

Private providers should also be held to the same regulatory and industrial frameworks that TAFE operate under, including Modern Awards, enterprise agreements, Work Health and Safety requirements, EEO and Anti-discrimination laws. The last of these points is particularly relevant to religious based training providers that may seek to be exempted from these laws in employment practices and exercise discretion in who they provide training to. It is inappropriate that public funds should be allocated to any organisation that applies discriminatory employment and training policies.

If granted greater access to public funds it is possible that private providers will be able to structure course costs so that the public contribution eliminates the need for student fees. The review of the Victorian model has advised that minimum course fees be removed to allow for providers to operate on this basis.³³ In these circumstances it is essential that private providers be required to correctly advise students on the expectations and of the course and likely employment outcomes, assist students experiencing difficulties in their studies, and facilitate students wanting to change courses between providers.

It would be highly desirable if private training providers were required to demonstrate a similar standard of resources and learning and student support services to TAFE NSW, including; libraries, IT access and support, in class tutoring and remedial assistance, counselling, career advice, and employer assistance, and industry engagement and work experience. The Government should ensure that any

³² <http://www.education.vic.gov.au/about/consultation/vetfeereview/volume2.htm>

³³ <http://www.education.vic.gov.au/about/consultation/vetfeereview/volume2.htm>

voucher system is structured in a way that it factors in, and requires providers to facilitate access to these services. If providers are unable to deliver these services in-house and are reliant on TAFE NSW to fulfil their obligation, the voucher system should require that a commensurate portion of funding be reallocated to TAFE NSW at a commercial rate. Under this arrangement, private providers are free to offer training courses in niche areas or delivery methods that TAFE NSW is unable to provide, students do not lose access to vital services and TAFE NSW is compensated appropriately.

6(v) Those jurisdictions in which State Governments have announced funding decisions which may impact on their operation and viability

The 2011 Victorian VET Changes

In 2011 Victoria moved to “full contestability” in its VET sector, a change that had been presented as being more responsive to industry needs.³⁴ This involved a change to an “uncapped” system where, rather than having the number of students to be subsidised in a course fixed in advance, RTOs could enrol as many students as they could attract. In that year there was a dramatic increase in students enrolled in Fitness Instructor courses, despite there being no shortage in that industry. This particular example has been widely reported, but does it indicate a broader mismatch between deregulation of the sector and the need to target training towards skill shortages?³⁵

Skills Victoria is the Victorian Government office with the responsibility of reporting on skills training. Their Training Market Report for 2011 shows the market share of TAFEs and Private RTOs in the various industry training areas. For each industry training area it also indicates how important the area is to addressing skill shortage, by giving the percentage of courses in that area which are providing training for occupations that are suffering from skills shortage. If we compare a list of the industries where TAFE provides the majority of training against the list for the private RTOs (see below), a pattern becomes clear.

The top four industry training areas with private provider dominance are all in areas where there is no skill shortage. In contrast, two of the top four areas of majority TAFE provision have more than half the training directed at skill shortages. And the area with no shortage in TAFE's top four is mining, which although it does not have a skill shortage in Victoria does have significant skill shortages reported in other states and in general has a highly mobile workforce.³⁶

³⁴ Department of Education and Early Childhood Development (2008) *Securing Jobs for Your Future: Skills for Victoria*, State Government of Victoria, Melbourne, <http://www.skills.vic.gov.au/Pages/publications/strategies-and-statements.aspx>.

³⁵ Other examples include courses relating to sales assistants, office managers, general clerical workers, and store persons

³⁶ Department of Education, Employment and Workplace Relations (2012) 'Skill shortage lists' <http://www.deewr.gov.au/Employment/LMI/SkillShortages/Pages/SkillShortageLists.aspx>.

Table 2: TAFE dominated industry training areas in Victoria³⁷

Industry	% market share	% courses training for occupations in shortage
Mining	97.8	0
Information Media and Telecommunications	94.3	13
Electricity, Gas, Water and Waste Services	83.0	77
Construction	78.1	65
Agriculture, Forestry and Fishing	70.3	5
Rental, Hiring and Real Estate Services	63.8	0
Other Services	60.2	25
Manufacturing	57.0	31
Professional, Scientific and Technical Services	53.9	0

Table3: Private RTO dominated industry training areas in Victoria³⁸

Industry	% Market Share	% training for occupations in shortage
Wholesale Trade	77.0	0
Retail Trade	74.4	0
Public Administration and Safety	67.8	0
Administration and Support Services	62.9	0
Transport, Postal and Warehousing	58.4	20
Financial and Insurance Services	57.2	18
Arts and Recreation Services	53.2	0
Accommodation and Food Services	52.7	23

Despite these figures, Skills Victoria is very positive about the responsiveness of the private providers, stating: “the training market is encouraging private RTOs, both new and existing, to respond to labour market needs and deliver specialised in ‘in shortage’ occupations.” While it is true that the explosion of private provision of VET in Victoria (enrolments more than doubled in 2011) has led to increases in training for skills in shortage, this came at a cost to the taxpayer, a \$500 million increase in funding to the sector.³⁹ This raises the question of whether the same money could have achieved greater results had it been spent differently.

In considering this it is useful to look at the proportion of training that is directed towards skill shortages by the different providers. In 2011 the Victorian private RTOs had 43,411 students enrolled in training in occupations that have a skill shortage, which is 19.6% of their total enrolments. TAFE had 75,268 students training towards skill shortages, which is 28.6% of its enrolments. The Victorian changes had the effect of spending \$500 million in 2011 mostly on growing private RTO enrolments, of which

³⁷ Skills Victoria, Victorian Training Market Quarterly Report: Full Year 2011 (Melbourne, 2012), <http://www.skills.vic.gov.au/Pages/skills-and-jobs-outlook/training-market-reports.aspx>.

³⁸ *ibid.*

³⁹ Griffiths, R. (2012) ‘Market failure caused TAFE disaster’, The Australian, May 16 2012, <http://www.theaustralian.com.au/higher-education/opinion/market-failure-caused-tafe-disaster/story-e6frgcko-1226356632503> [accessed October 2012].

less than 20% were in skill shortage areas. Had different reforms instead invested the money in growing TAFE by a similar amount, the proportion might have been nearer 30%.

Of course this is speculation; past performance is no guarantee of future results. But it does suggest that the same money directed specifically towards courses in skill shortage areas, through providers known to already have substantial capacity for training in those areas, could have had a much greater positive effect on the Victorian economy in future years. And given that TAFE currently seems to be catering more to industry needs in areas of skill shortage than private RTOs, the assumption that increasing the role of private providers will deliver better outcomes is unjustified. There needs to be more rigorous debate on how best to grow the VET sector and on the strengths and weaknesses of its various providers. Understanding the real effects of the changes in Victoria is a necessary step before starting any discussion of similar changes in NSW or other states.

The response of the Victorian Government to the proliferation of courses not required by industry has been to implement a radical change to the structure of subsidies to courses. Prior to July this year subsidies were weighted to take into account that training in some industry areas is more expensive, but they will now be based on "an assessment of public value".⁴⁰ In practice the 2012 subsidies are in the majority of cases lower than they were in 2011, and some have fallen as low as \$1.50 per student contact hour.⁴¹ In addition, whereas before there was a maximum cap on the fees RTOs could charge, this has been removed. The substantial reduction of many subsidies, along with the removal of the cap on fees, means that the cost of the majority of courses will rise, which will reduce the incentive to enrol in VET. Given the economic and social benefits of VET the disadvantages of this change to subsidies may be substantial. Again, further information about the effects of this policy change is needed before it is adopted more widely in Victoria (new subsidies currently only apply to newly commencing students⁴²), or adopted by any other state (a similar approach has been decided on in NSW⁴³ and is being considered in Queensland⁴⁴).

The Report also indicates that this is a significant disconnect between the training that students have undertaken and the skills that they are able to apply within their employment. Amongst recent graduates only 40% 'were employed in occupations to which their training was strongly related, despite reporting that they undertook the training for employment related reasons'. Further, those courses which have had strongest growth in participation are amongst the least applicable to the workplace, with 45% of graduates from sports and personal service worker qualifications reporting that their training is of 'little or no relevance' to their current employment.

⁴⁰ Department of Education and Early Childhood Development (2012) *Refocusing vocational training: Course subsidy list*, State Government of Victoria, Melbourne, <http://www.eduweb.vic.gov.au/edulibrary/public/commrel/coursesubsidylist.pdf>.

⁴¹ *ibid.* Department of Education and Early Childhood Development (2008) *Securing Jobs for Your Future: Skills for Victoria*, State Government of Victoria, Melbourne, <http://www.skills.vic.gov.au/Pages/publications/strategies-and-statements.aspx>.

⁴² Department of Education and Early Childhood Development (2012) *Fact Sheet: Refocusing Vocational Training - Government Subsidies*, State Government of Victoria, Melbourne, http://www.ssv.org.au/news/wp-content/uploads/2012/05/Factsheet02-government-subsidies_FINAL.pdf.

⁴³ NSW Department of Education and Communities (2012) *Smart and Skilled - meeting your vocational training needs*, NSW Government, Sydney, https://www.training.nsw.gov.au/vet/skills_reform/index.html [accessed April 2013].

⁴⁴ Queensland Skills and Training Taskforce (2012) *Final Report*, Queensland Government, Brisbane, <http://training.qld.gov.au/resources/industry/pdf/final-report.pdf>.

A rapid expansion in private providers and provision of training which is of little benefit to students and the economy is a path NSW should be wary of taking. Any expansion in the access to public funds should only be on the basis of private providers being able to deliver training that would otherwise not be available. Creating competition within well serviced areas will not lead to greater net participation, only a reduction in investment in teaching, learning and support resources as providers are required to compete for the same pool of students and profit is extracted from allocated funding.

NSW funding cuts and 'Smart and Skilled'

TAFE NSW has a proud history of delivering education and training to meet economic, social justice and education policies. The fact that TAFE NSW is seen as the gold standard in Australian vocational education and training is largely attributable to the commitment and professionalism of TAFE workers.

TAFE NSW is a major employer, with over 25 thousand education support and teaching staff across 10 institutes and a major contributor to metropolitan and regional communities and economies across NSW.

TAFE NSW is an engine for skills development. TAFE has worked with industry to train generations of skilled tradespeople and professionals in fields as diverse as social work, language teaching and stonemasonry.

It's a provider of opportunity, giving people from all walks of life the chance to build a career or develop life skills.

All residents of NSW currently have an entitlement to training in a government supported course at TAFE NSW. The majority of participants in VET in NSW access their training in this way. The capacity of *this* entitlement (to study at TAFE NSW) to meet the social and economic objectives, is largely dependent on the operational capacity of TAFE colleges and Institutes.

This history and reputation of TAFE NSW are now seriously threatened as the NSW Government is intent on reducing the government's role in vocational education and has targeted TAFE for savage funding cuts.

On 11 September 2012 the NSW Minister for Education announced⁴⁵ a \$1.7 billion cut to the NSW education budget. The direct result for TAFE was a reduction in the TAFE expenses budget by \$16.1million.

The main way TAFE has sought to achieve these savings is through reducing labour costs and cutting courses, which will result in 800 staff being cut over four years. The NSW Government also increased student fees by 9.5 per cent.

From 2008 to 2011 full time equivalent employee (FTE) numbers in TAFE NSW declined by 0.5% while student numbers increase by 10.5%. This change represents an increase in student to FTE ratio of 1:31.6 to 1:35.1.⁴⁶ The increased demand on existing staff resources presents Institutes with the challenge of allocating staff

⁴⁵ <http://www.psa.asn.au/Oldsite/news/files/Minister%20media%20release%20savage%20cuts.pdf>

⁴⁶ http://www.budget.nsw.gov.au/_data/assets/pdf_file/0016/18250/bp3_03educ_and_comm.pdf

towards marketing and external stake-holder engagement activities, or to maintaining existing standards of teaching, learning support and student services. This is a choice that Institutes should not be required to make.

According to the NSW Opposition⁴⁷ these cuts represent the biggest attack on education in NSW for 20 years. The massive cuts to education are the result of the introduction of a Labour Expense Cap⁴⁸ by the NSW Government in its June 2012 budget with the sole aim of reducing employee related expenses.

The cuts to TAFE are not driven by sound educational imperatives. They are not even solely driven by financial imperatives. Underpinning the cuts are two philosophical concepts that are not new to conservative governments.

One involves the drive for market reform to reduce the government's role as the planner and funder of vocational education. The other is hostility to public sector unions winning good pay increases and solid conditions for their members. In NSW this has materialised with legislation imposing limits on the capacity of workers and their unions to improve wages and conditions.

The size of the proposed cuts and the fee increase will have a direct impact on four key areas in TAFE: how skills shortages are addressed, the provision of quality education outcomes, work overload and job security of TAFE workers, and increasing barriers to participation.

NSW is facing a skills shortage of technical and trades occupations. The Department of Education, Employment and Workplace Relations⁴⁹ (DEEWR) reported in June of this year the incidence of shortages in technical and trades occupations in NSW rose from 59 per cent in 2010-11 to 70 per cent in 2011-12.

The NSW Government acknowledges that skills shortages need to be addressed by the "strategic management of the vocational education and training (VET) market."⁵⁰

To address the increasing skills shortages in NSW and to contribute to the long term prosperity of the country the NSW Government needs to increase investment in our TAFE system and not cut spending.

According to feedback from TAFE workers in NSW funding cuts will lead to increased class sizes, reduced face to face teaching, fewer course offerings and a reduction in students' access to learning support services such as libraries, IT facilities, counselling and social activities. The standard of learning will also be affected by a reduction in the staff employed to maintain resources and infrastructure such as class rooms, laboratories, equipment and tools.

We are already seeing a diversion of money away from student services into marketing as TAFE Institutes gear up to compete with private providers.

⁴⁷ http://www.pennysharpe.com/redleather/11/09/2012/ofarrell_launches_biggest_attack_education_twenty_years

⁴⁸ http://www.budget.nsw.gov.au/_data/assets/pdf_file/0004/18292/bp2_Ch1.pdf

⁴⁹ <http://www.deewr.gov.au/Employment/LMI/SkillShortages/Documents/ShortageOverviewNSW.pdf>

⁵⁰ https://www.training.nsw.gov.au/skills_shortages/index.html

The proposed cuts will also see the escalation of work overload problems, an increased OH&S risk to staff and students and a further erosion of worker job security. The main reason for work overload in TAFE is increased work intensification resulting from the removal of jobs in circumstances where the work remains. Work overload can lead to fatigue and stress and in TAFE there is a direct relationship between excessive workloads of staff and the reduction in the quality of the service provided to students. In addition to job cuts there will be an increase in the rise of precarious forms of employment – casual, temporary and agency.

A recent ACTU report on insecure employment ***Lives on Hold – Unlocking the potential of Australia's workforce***⁵¹ found around 40 per cent of Australians work in insecure employment. By contrast over 50 per cent of TAFE NSW staff are either casual, temporary or agency workers.

The cuts and the 9.5 per cent fee increase will disproportionately affect students in disadvantaged and regional areas who rely on TAFE for accessible, high-quality skills training.

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www.actu.org.au/Media/Mediareleases/UnionspledgetotacklethegrowingcrisisofinsecureworkinAustraliawithanationalcampaign.aspx

7. Conclusion and recommendations

Reverse the ideological attacks on the public sector and public education

- all tiers of government must defend the right of all Australians to vocational education at well resourced, high quality public TAFE institutions
- state governments must stop the ideological denigration of TAFE and the public sector

Challenge the 'inevitability' of contestability

- the PSA/CPSU disagrees with the assumption that the new more competitive environment is either desirable or indeed final and inevitable and unable to be reversed or modified
- the recent global financial crisis is a good example of the need to challenge the prevailing neoliberal economic theories and practices which caused the crisis
- the belief that governments should devolve to the private sector financial responsibility for public-benefit initiatives is one such theory

Funding Reform

- Tables 1 and 2 earlier showed a pattern of training in skills shortage areas being disproportionately provided by TAFE. Whilst precise data on the costs of providing training is not publically available, it is possible to broadly estimate which training areas are likely to be more expensive than others
- labour costs will not be identical since some subjects will require more staff, for example where there are inherent safety risks due the nature of the work that training is directed towards. However, the most significant difference in expense is likely to be equipment costs
- the top four areas of TAFE market dominance are: Mining, Information Media and Telecommunications, Electricity, Gas, Water and Waste Services, and Construction. These all seem likely to be areas of high cost due to the need for large-scale machinery, expensive IT equipment, specialised tools, or costly consumables such as lumber. By contrast, in the top four areas dominated by private providers: Wholesale Trade, Retail Trade, Public Administration and Safety, Administration and Support Services; the majority of materials costs would likely be in photocopying
- that private providers would tend to target the less expensive and therefore more profitable, training areas is entirely reasonable. Many are for-profit companies, and therefore are very concerned with ensuring their activities generate income
- however, if policies are introduced which result in the private providers increasing their market share, it raises a problem for TAFEs funding model. As

this increase is likely to be in the less expensive training, TAFEs are left with the more expensive courses, and effectively their per student costs increase

- in a number of states this increasing expense is occurring in the context of moves towards a substantial decrease in funding though the changes to subsidies outlined above
- the effect of contestability reforms on TAFEs funding model raises the question of whether it is desirable to subsidise private RTOs to profit from inexpensive courses (that are not necessarily those needed by industry), if by doing so it increases the cost of running the government provider. The VET funding model and the way it is changing needs to be made clear, and provide the foundation for a debate on whether these changes are beneficial to the sector and society as a whole

TAFE must be well resourced

- all tiers of government must move away from the rigid fixation with budget surpluses and low taxation. To strengthen the public TAFE system governments must increase and guarantee funding for TAFE and to do this we need a sustainable tax base
- Governments must provide a real recurrent funding increase to TAFE and ensure that the courses TAFE provides meet the future skill needs of individuals, businesses, regions and our economy

Ensure Reforms are Evidence-Based

- it is clear that TAFE delivers substantial value to Australia
- this means that it is important that any future policy changes be carefully considered to make sure they will maintain and enhance this value in future
- in the past, major reforms have been undertaken with very little in the way of objective evidence that they will deliver improvements
- the recent reforms in Victoria, which subsidised large enrolment increases in courses that were often irrelevant to industry needs, show that this continues to be a problem
- recent and likely reforms of the VET sector have the potential to enhance or damage a sector that delivers significant benefits to Australia. It is simple common sense that reforms must be backed by whatever evidence is available, and should be the subject of a rigorous debate on what actions will serve the nation best

Gather More Detailed Impact Data

- the likelihood of evidence based reforms would be greatly increased by the availability of detailed and complete information on outcomes in the sector. However there is a lack of critical data that would give greater understanding of the impacts of different parts of the sector.
- as a starting point, there needs to be accurate information on the quality and effectiveness of different types of providers. Some outcome data is available comparing TAFE with private RTOs, but more detail is required to see what factors are influencing quality. For example, experience with other sectors indicates that there may be substantial differences in quality between for-profit and not-for-profit organisations.⁵²
- of course such data would need to be interpreted cautiously and in full context. To illustrate this, if completion rates alone were considered, high rates could indicate a well-supported education environment, or simply low standards; and conversely low completion rates could indicate either rigorous standards or inadequate teaching or a high proportion of students with learning difficulties or other challenges. However, completion rates in combination with data on the satisfaction of students and employers and information from government quality assessments, would provide a much better picture of the factors that influence the VET sector's performance and impact.

Barriers to participation

- governments need to place greater emphasis on diagnosing the barriers to participation in VET.

Social inclusion and civic participation

- TAFE cannot be geared solely towards the needs of industry. TAFE has embraced the wider social purpose of meeting the special needs of disadvantaged groups within society and the retraining needs of those who wish to re-enter the workforce

The NSW Government must immediately reverse its attacks on TAFE

- by restoring the \$1.7 billion that has been stripped from the NSW education budget
- by reversing the decision to increase student fees by 9.5 per cent as this imposes another obstacle in the way of students seeking to further their education in an effort to gain skills and employment that will help address the nationwide skills shortage and remove the increase
- by reversing the decision to remove the fee subsidy for Fine Arts courses

⁵² See e.g., Rush, E. & Downie, C. (2006) ABC Learning Centres: A case study of Australia's largest child care corporation, Discussion Paper Number 87, The Australia Institute, Canberra <http://www.tai.org.au/documents/downloads/DP87.pdf>.

Learn from the Victorian mistakes

- all tiers of government should learn from the mistakes made in Victoria and never contemplate implementing a full contestability model.
- the over-emphasis on commercial and competitive strategies of TAFE already risks compromising their capacity to achieve broader social objectives and community service obligations.
- TAFE should remain the foundation of the VET system.

Take a holistic view

- a holistic view should be taken when assessing the quality of training and consider:
 - students access to learning support services such as libraries and IT facilities
 - the standard of learning resources and infrastructure such as class rooms, laboratories, equipment and tools
 - the relationship of providers with employers and industry
 - student's access to services such as counselling and social activities

Consider Rationalising Some Subsidies

- the past decade has seen an overall decrease in government funding of the VET sector,⁵³ while at the same time concern over skills shortages continues to rise
- given that, like many Australian institutions, the funding is a mix of federal, state and user pays, there needs to be national conversation over the level of funding that is required to deliver the outcomes we want, and the best way to allocate such funding
- there may also need to be some decisions made on whether there are areas of the sector that should receive increased or decreased government support. If funding is to be reduced it needs to be done with a clear, public explanation of either how the sector can achieve increased efficiencies, or what services are no longer to be provided
- a significant number of large employers are registered training organisations, and where they are providing their staff with transferable skills, that training is as valuable as that done by other non-employer RTOs and has an equal claim to government support. However, if the training provided relates to internal systems (such as how to operate a particular configuration of cash register used only by that organisation), then this is of little broader value to Australia and is an unjustified subsidy of internal training. We need to consider whether it is possible to prevent this without making the rules overly onerous, or withdrawing support from useful training.

⁵³ Long, M (2010) *TAFE funding and the education targets: A paper discussing recent trends in public funding for VET and TAFE and the implications for future funding of government targets to improve the skills of the Australian population*, Monash University, http://www.aeunt.org.au/session=referer=www.clickfind.com.au/tafe_funding_and_the_education_targets_mar10.pdf.

Appendix 1

"A community that does not value education is a stupid community. A community that allows one of the best vocational training structures in the world to be privatised are asking for substandard skills, inequality and social division."

"A drop in education standards means a less healthy and less wealthy society - all of us, including those who are not generously superannuated, will pay for this short-sighted policy long into the future."

"A fair go extends to all Australians, and the proposed cuts will not only worsen the skills shortage, but also disproportionately affect those in disadvantaged or regional areas."

"A foundation stone of democratic Australia is universal access to education. Don't let O'Farrell take away the last opportunity for low cost tertiary schooling!"

"A publicly funded TAFE will ensure that education and learning outcomes are the focus, rather than private companies profiting from cost cutting and reducing standards. The government should fund education."

"A strong economy relies on skilled workforce and TAFE has been forefront of providing vocational education and training to the public."

"Access to education is important for all. The NSW cuts will affect those most vulnerable members of society. Young people, disadvantaged groups and regional areas. Good governments go into debt to ensure good education for all."

"Art tuition should be accessible and affordable for every Australian. Art is not an indulgence for the rich, but the voice of our culture."

"As a current TAFE student and a parent of teenagers, I know firsthand how invaluable the training is that TAFE provides. The cuts to funding and loss of support staff and teachers will severely impact on TAFE's ability to deliver quality education and training in NSW and jeopardize our state's future."

"As a high school teacher I know the crucial role that TAFEs play in the education sector. Cuts are unacceptable!"

"As a teacher in TAFE for the last 18 years I see firsthand how TAFE gives those whom the education system failed or who were born into a tough situation to have another chance for a better life. TAFE changes people's life. It restores their self-esteem, helps them realise they can learn and gives them a new direction and a useful life of employment in which they can benefit themselves and the community. We will be in deep trouble as a community if we don't offer this service anymore."

"At a time of national skills shortages, I cannot believe you are being so shortsighted as to remove staffing from TAFE to such an extent. TAFE has already received cut back after cut back, and staff are tired of being the "whipping boy" of successive governments. Your government was elected after promising to maintain TAFE as a central part of the delivery of vocational education, particularly in regional areas."

You have now broken a key promise to regional communities, and shown yourselves to be bereft of vision. Turn this around and replace your budget decisions with ones which set in place a commitment to high quality skills development through TAFE."

"At a time when our economy is badly hampered by skills shortages, any cuts to the TAFE sector are plain stupid. Cuts of this magnitude are insane! It's clear that Governments no longer want to fund TAFE & wish to replace it with a dumbed-down, low-quality, tick & flick private sector system at the lowest possible cost to government. This will lead to graduates without the skills to back up their qualifications & unprepared for the workplace."

"Beyond any political or ideological agenda TAFE provides the most reliable and credible vocational training in NSW. There are more appropriate ways of dealing with cost structures than the current slash and burn approach"

"Cutting TAFE funds kills skills."

"Education is important, it is our future. The latest research shows we need to invest further into our schools and vocational training. Let's make our state smarter and better, not just richer."

"Education is key to the strength of our country. TAFE is an important part of this education, especially for those who cannot afford University. We need to value the TAFE staff and provide them with the resources they need to continue to offer a quality educative experience."

"For a lot of adults who didn't finish high school and later realise they want to further their education and increase their career prospects, TAFE is the answer. It is great in its own right and as a stepping-stone to university. TAFE allows people to better themselves and, in doing so, better their society. Let's not throw that away."

"Hundreds of students will now not have an education in our small town. They will leave for bigger towns, or just stay home and be unemployed. If NSW is running out of money is education really the place to make these 'savings?'"

"I am a taxpayer who would rather contribute to a person's education than to their social security payment. Education empowers people whereas the dole too often demeans and demoralises them. TAFE is an essential institution!"

"I am a well-paid worker now because of the second chance TAFE gave me."

"I believe in the availability of quality affordable education. While other countries recognise that providing quality education is the key to success in today's world, this state government appears to be intent on destroying our educational infrastructure. TAFE provides valuable education in many areas including areas where we are suffering skills shortage. After more than a decade of providing quality education to TAFE students, my course has been cut as a result of the funding cuts & I am now without employment."

"I believe that governments should invest in education to invest in our future, especially in a time of a skills shortage. Slashing education funding is poor policy and short sighted"

"I live and work in rural NSW. TAFE is a vital training and skills development option for rural Australians. Give our kids a fair go."

"I wouldn't be a teacher today if TAFE didn't exist. To go straight to university or private RTO was just out of my reach financially."

"In our area kids that leave high school have three options, stay and become a labourer, learn a trade through TAFE or go away. Without TAFE, most of our bright kids will have to leave for the already overcrowded cities with detrimental effects to our regional area (it is already hard enough to find skilled staff)."

"In the rural and regional areas TAFE is often the only post school education provider and critical to communities to offer opportunities for people to get relevant job skills"

"TAFE: creating a quality skilled workforce; for lifelong learning and for giving people a second chance at education - which of those don't you want?"

"TAFE are staffed by very highly skilled, experienced and committed people. TAFE has lasted over 100 years because it is an innovative and dynamic organisation. Don't let TAFE NSW go down the same road as Victoria."

"TAFE are the backbone of quality, assessable, affordable vocational training. Funding to this organisation must be increased not reduced if we are to be able to meet the future skills needs of our region and the nation."

"TAFE builds capacity and capability, and as such is a fundamental foundation of the economy. Cutting back in this vital area is nothing less than a short-sighted failure to invest in the future."

"TAFE is an important source of our future workforce. Funding of TAFE is an investment in our economy and skills base. It's a fundamental economic necessity."

TAFE is one of the most important education facilities in the country. But it needs funding to run it. Barry, don't stop funding what will build our future."

"The cut to resources available to TAFE will impact on people in our community who turn to TAFE for training and further education. Thus extending the growing inequities of our society."

"We need a skilled workforce in Australia and reducing opportunities for students is not the way to achieve this. We need to maintain the current resource levels within the TAFE environment."