

Public Service Association of New South Wales

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In reply please quote: A15/0650:CJ:mb

The Director
General Purpose Standing Committee No. 6
Parliament House
Macquarie Street
Sydney NSW 2000

Attention: Sharon Ohnesorge

Dear Sir,

Re: Post-Hearing Responses

I am pleased to provide the attached responses to the supplementary questions on notice raised at the 22 September 2015 Legislative Council Inquiry into Vocational Education and Training (VET) in New South Wales.

As detailed in the PSA's submission "Putting VET in NSW back together", the PSA believes that the introduction of *Smart and Skilled* from 1 January 2015 has led to substantial and undesirable change. The PSA believes that the NSW Government is engaging in false economies by focusing on market-based outcomes in VET rather than educational ones.

The result is that NSW economy faces skills shortages that the NSW Government has failed to address.

As the media has highlighted, TAFE enrolments have dwindled as a result of changes to VET and those who have enrolled in *Smart and Skilled* courses have been burdened with unfair charges and debts. Federal and State based policies traditionally maintained VET at a low cost to individuals, however, effective from 2015, new financial barriers have prevented potential TAFE students from enrolling in courses that may change their careers and lives. Disadvantaged students and workers have been marginalised and denied the benefit of using education as a lever to improve their lives.

If the NSW Government continues to fragment and outsource the VET market, it will compromise the work future of NSW youth, neglect the welfare of city and regional areas, and continue to disadvantage some of our most vulnerable groups who have traditionally been able to rely on quality education through TAFE.

I urge the NSW Government to invest in the future of our economy and our youth. Please consider the PSA's perspective and its good intentions for members who currently face insecure employment as a result of the NSW Government's substantial changes to VET. I hope that the PSA's responses to the supplementary questions will influence the NSW Government's agenda.

If you have any questions about responses provided in this letter, please contact Ms Jessica D'Arienzo, Manager, Strategy and Policy Directorate on

Yours sincerely

Steve Turner
ASSISTANT GENERAL SECRETARY
Attach.

28 October 2015

Question 1

Please provide the number and nature of TAFE positions that are covered by the PSA that have been lost since March 2011.

PSA Response:

It is difficult for the PSA to establish the exact number and nature of positions lost in TAFE across NSW since 2011. From 2011 to 2013, 257 full time equivalent (FTE) positions were lost amongst TAFE educational support staff classifications alone.

The Department of Education's Annual Report (2014) stated that from 2011 to 2014, 542 FTE educational support staff jobs were lost and 1,569 teaching positions. PSA's anecdotal evidence suggests over 1000 support staff jobs have been lost since 2011 or a percentage loss of 20 percent. PSA questions whether TAFE has also calculated the loss of long term temporary staff.

It is impossible to quantify other TAFE classifications such as library technicians and assistants, librarians, security officers, child care workers, class support staff such trades and general assistants, Outreach coordinators, disability support coordinators, customer support staff, college managers, student association officers.

Question 2a

State Minister John Barilaro and the until-recently Federal Minister Simon Birmingham, have instituted reforms to *Smart and Skilled* and federal regulation and VET Fee-Help respectively: Do you think these reforms are sufficient to address the concerns raised by you and others in respect to quality, integrity, student outcomes, viability of the public system and other matters?

PSA Response:

The recent 'reforms' implemented by Ministers Barilaro and Birmingham do little more than brush the surface of the problems identified with the policy, they do little to address labour market demands and the vocational needs of young people, particularly those in regional areas. Minister Barilaro has done little to alleviate the financial burden on intending TAFE students and is likely to assign them long term debts unless he restores course subsidies and student fees to 2011 levels.

According to the *Smart and Skilled* website, the current fee structure under *Smart and Skilled* requires students to pay an average of 10 – 45 percent of the whole course fee up front. This is a severe impediment to disadvantaged youth who may not have available funds or savings or means of servicing a loan. Apprentices face a fee of up to \$2,000.

TAFE has a high representation of students from low socio-economic groups who need support to enable them to enrol and be retained in training. For example, many TAFE students come from non-English speaking backgrounds and need to establish good patterns in researching and studying so that they can complete the VET course. Given that the outsourcing of TAFE services has resulted in fewer workers such as Outreach coordinators, librarians, and disability support coordinators, students from disadvantaged backgrounds may never build basic skills such as research and writing skills that would help them to complete a VET course.

In particular, Outreach coordinators work with the community to encourage young people to enrol in VET. If Outreach coordinators do not perform their role in their local community, potential students may not enrol in TAFE. The PSA maintains that the erosion of TAFE support staff undermines the system that equipped students to gain skills to get a head start. Whereas university level students often have initiative and good skills to equip them to undertake a degree, TAFE students need to bridge a skills gap before they progress to further education.

The PSA questions the integrity of the outsourcing of TAFE services through *Smart and Skilled*, and recognises that students may withdraw from VET training if they do not receive adequate support that was available through TAFE.

Minister Barilaro indicated in a media release of 16 September that “changes to vocational education and training will provide more access to subsidised training for students who have existing qualifications.” While the PSA welcomes upskilling people with existing qualifications, we remain concerned for vulnerable youth without training and qualifications. There is little or no evidence of changes to *Smart and Skilled* that alter the views expressed in the PSA submission “Putting VET in NSW back together”. A Sydney Morning Herald article dated 22 September claimed that there were “30,000 fewer enrolments in TAFE’s campuses last year after fees in courses such as electrical engineering jumped seven-fold to \$8,190”. What the SMH fails to understand is this figure represents the drop in numbers for the 2014 academic year where students failed to enrol because of the threat of fee rises due to *Smart and Skilled*. The real impact of the fee rises will not be known until the student numbers are released for the 2015 academic year. “The Minister refused to say if he thought the price hikes were the central reason that students had left the vocational trainer in droves.” The PSA has no doubt.

The PSA questions the integrity of some of the for-profit VET providers. There have been media reports of unscrupulous providers signing unemployed youth up to VET training that they are unable to afford. Regardless of whether these VET providers are caught, cautioned and removed from the market, the NSW Government must police and control the for-profit VET market and act as a gatekeeper or market steward. This is a costly exercise and could result in bureaucracy and double handling.

Question 2b (i):

Do you think it is possible to reform these systems to address in part on whole your concerns? If so, please outline the minimal sets of reforms and what they would achieve.

PSA Response:

We believe that VET policy settings in this country are now misguided. Market based educational systems don’t work to fix skill shortages or to guide the skills mix of an economy.

Please see the full set of recommendations at pages 30 – 32 of the PSA submission “Putting VET in NSW back together”. The PSA recommends the following measures will address part of our concerns:

- Restore course subsidies and student fees to 2011 levels (adjusted by inflation) immediately and remove all HECS/Help debts incurred after *Smart and Skilled*.
- Make TAFE the default training agency for all Vocational Education and Training (VET) in NSW and fund it appropriately.

Question 2 b (ii)

If not, please provide your vision of how resources in the sector should be allocated between the public system and non-government providers.

PSA Response

A public versus private debate is not going to improve VET policy in NSW. The PSA maintains that VET policy should be based on three pillars:

1. Cost
2. Quality of Education
3. Meeting the needs of the Economy

The PSA believes that policy design needs to focus on these three issues if we are to address the needs of the NSW Economy. TAFE has traditionally operated as an effective vehicle for the NSW Government to provide job skills training to disadvantaged groups and integrate them into the mainstream workforce. The PSA sees the restoration of TAFE as the default VET provider as a cost effective way of meeting the needs of the economy and protecting the quality of training provided to individuals.

Question 3a

Minister Barilaro has declined to set limits on the proportion of VET funding that can be allocated contestably. Could you please describe the implications of this position?

PSA Response

The practical effect of this particular policy setting within current practice means that TAFE NSW is unable to focus on its core business and instead needs to divert public money to the tasks of recruitment and retention of students through marketing.

It is also becoming clear to the PSA that rather than spend resources on reaching out to new students from disadvantaged backgrounds, to grow the number of people in training, TAFE needs to compete for market share within the dwindling pool of students undertaking training. Cost pressures mean any other strategy would be economically unsound for a TAFE Institute.

The staff cuts and aggressive approach to Enterprise Bargaining currently occurring in TAFE Institutes is proof positive that the lack of surety around funding is destroying the most effective provider in the market. The effect on service to the community, especially in rural and regional communities is suffering as a result.

It may not be profitable for private providers or TAFE to conduct VET training courses in rural and remote areas however it is essential that this continues. TAFE is being driven out of this market due to cost and a lack of recurrent funding. The PSA believes that investing in education in remote or rural areas provides both employment and essential skills to those economies. Dividends that flow from investment in VET in rural areas usually exceed the costs.

Question 3b

If limits were to be set, can you specify what they should be?

Response:

The PSA opposes the market economy being applied to VET. The need for implementing such a model in NSW has not been adequately explained, with little or no factual evidence that a contestable funding model is good for vocational education, students or the economy.

If a level is to be set, it should be as low as possible to give as much surety as possible to the most effective provider of VET services, TAFE.

Question 4

Can you explain what you see as the main differences between a private provider and TAFE in terms of objectives and outcomes for students? Is there a difference between the for-profit and not-for-profit providers?

PSA Response:

As outlined in the PSA's response to Question 2a, the not-for-profit VET model has so far eroded the support services available to students under the TAFE system. This is to the detriment of disadvantaged students such as people with disabilities and people from non-English speaking backgrounds. Since the not-for-profit model has been introduced, there are fewer teaching staff

equipped to manage student enquiries. While for-profit providers may intend to produce favourable objectives and outcomes for VET students and approach their task in good faith, the PSA believes that the not-for-profit TAFE provider is able to offer a standard training package of high quality and a uniform curriculum. TAFE could readily assess and respond to skills shortages that the NSW Government identified by offering appropriate training. The PSA contends that it would be more difficult for a mass of for-profit VET providers to do likewise.

Whereas TAFE invested in developing their teaching staff and ensuring that they had qualifications to train VET students, the PSA is not confident that the for-profit sector offers such staff development. Clearly, the profit motive could detract from the not-for-profit sector teaching, acquiring and updating their skills.

We also outlined in our submission the need for regulatory functions within a sector with private providers.

In relation to the difference between for-profit and not-for-profit, the PSA sees little difference in the outcomes for policy, students and the economy. Where organisations are forced to compete for survival then the outcomes are based on the needs of the providers rather than students and society as a whole. Not-for-profit groups can still have corporate arrangements that see them provide money to other groups in the form of dividends or grants.

Question 5

TAFE Management in NSW has provide TAFE staff with a proposal for enterprise bargaining. Can you provide details of this proposal, a critique and why your members voted against it?

PSA Response:

81 percent of members voted “no” to the TAFE enterprise bargaining proposal. The PSA encouraged members to vote “no” for the following reasons, explained fully in the PSA bulletin of 3 September 2015:

- Less access to overtime
- Cuts to penalty rates
- Unpaid extra hours worked by shift workers
- Removal of Rostered Days Off for shift workers
- Part Year Employment for ANY employee, no secured minimum number of weeks (36 weeks in policy only, can be changed at any time)
- Increase weekly hours from 35 to 36.25, most for less money, for 80 percent of staff
- No guarantee that current salaries will be maintained

Arrangements were made for all parties to continue bargaining on 29 September, clearly indicating that PSA members were willing to negotiate.

Sydney Morning Herald coverage of September 14 reported why TAFE members voted against the TAFE enterprise bargaining proposal:

<http://www.smh.com.au/nsw/tafe-teachers-downgraded-and-salaries-cut-as-secondchance-education-slashed-20150912>

“The Baird government is negotiating a new enterprise agreement with TAFE teachers who say it will downgrade their skills to the new category of trainer. Basic courses that once prepared young people for further education and jobs have been axed and more difficult courses are often impossible to complete.”

The same article noted NSW Greens MP John Kaye said it was an insult to teachers and the community to suggest that the education of the next generation of tradespeople "can be left to underqualified instructors".

"TAFE NSW management is pushing a reclassification of roles that would force many long-serving staff to choose between keeping their job at a reduced salary and accepting a redundancy," he said. "It will inevitably undermine the quality of teaching and learning, reduce opportunities for students from all backgrounds and make it even harder to recruit the next generation of TAFE teachers".

Question 6

The national Partnership on Skills Reform expires in June 2017 and a new agreement will be required. Can you outline the minimal set of conditions that NSW should insist are in the new agreement for the protection of the public provider and quality education in NSW?

PSA Response:

The PSA advocates for an end to the "competition" agenda within Education, particularly the Vocational Education and Training field.

In terms of practical changes, any agreement should:

- restructure government funding to private providers to incentivise graduates, rather than providing full funding at the time of enrolment
- increase the regulatory requirements on all providers
- increase the regulatory oversight requirements of state and federal agencies
- link Federal funding to numbers of students in VET and to identified skills areas
- provide national minimum standards for teaching qualifications, and set these standards high
- direct Federal funding to programs designed to support disadvantaged students and to providers who get these people into training.