

# INQUIRY INTO VOCATIONAL EDUCATION AND TRAINING IN NEW SOUTH WALES

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## Supplementary questions on notice – Sydney hearing 23 September 2015

### Questions for the TAFE Community Alliance

**1. 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.**

**a. 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?**

The TAFE Community Alliance thanks the Upper House Inquiry for the opportunity to provide further information about the impact of the competitive training market including Smart and Skilled, in NSW. The Alliance does not agree that these recent reforms are sufficient to address the problems in vocational education and training, and this is borne out by even the very recent events:

1. The release of the 2014 VET FEE-HELP Statistical Report which demonstrates that the number of VET FEE-HELP loans has doubled between 2013 and 2014, with the value of payments to providers at \$1.75 billion. The Alliance believes that part of this incredible increase is related to a push by providers to offer higher level qualifications where loans are available whether appropriate to students or not, rather than lower level qualifications where fees are still high but up-front. Some of this increase will also be as a result of the work of brokers and private RTOs to sign up students, including some of the most disadvantaged as the Inquiry has heard, to inappropriate courses. The Alliance notes that Andrew Norton, Higher Education program Director and from the Grattan Institute, in his submission to the Senate Inquiry last year, estimated that 40% of VET FEE-HELP loans lent at Diploma and Advanced Diploma level would not be recovered, suggesting that many students would not be using the qualification for jobs that brought them in sufficient salary to need to repay the loans. This is a burden on the tax-payer that is neither necessary nor appropriate, and is indicative of a system in crisis.

The report also revealed that two-thirds of private training providers audited by ASQA were found to have problems. It cited “rampant abuse, accelerating costs and

doubling of bad debt” as a result of the VET FEE-HELP system, which lets students borrow their course fees and repay the government once they earn \$54,126 a year.

The Senate education and employment references committee, which tabled its report in Federal Parliament recently, referred to “harrowing and concerning evidence of misconduct” by some private colleges.

“It is an irony that in the name of social justice an exploitative scheme to enrich individuals has been allowed to flourish at the expense of the most vulnerable who end up with a debt, but no qualification, or a worthless qualification,” the report says.

“It is hard to escape the conclusion that amongst larger private providers, and indeed in some brokers, extraordinary profits are being made at the expense of the taxpayer, and at the expense of students these providers claim to be assisting.”

Whilst legislation has been introduced federally to fine providers for breaches, this is punitive action after the fact, when students have already suffered and been led astray by such providers. The Alliance is concerned at both the continued lack of confidence in the VET system in this country, and the impact on students, whose problems are still barely recognised by governments and only when they can no longer ignore them. The Alliance has strongly suggested and continues to do so:

- That governments should recognise that it is not appropriate to have an education system based on a market philosophy and profits for training providers. It does not occur in higher education or schools and should not occur in VET;
  - That standards and regulations should be front-end, not for mopping up the problems when they do occur. Consequently for this and many other reasons, government funding should be primarily allocated to the TAFE system, with a market operating on the edges. To those who claim you can’t go back to the past, we are not suggesting that but rather a new compact with TAFE systems and Institutes with adequate funding so that they are able to deliver the quality education required of them. That this may look quite different from past agreements and contracts, is acknowledged, but what must be included is funding for quality and accessible education for students, and funding to allow TAFE to meet its obligations to disadvantaged groups.
2. The announcement of legal cases to be pursued against private providers such as Evocca College, by students, as a result of “*providing sub-standard courses and using unfair marketing tactics to sign students up*”. Evocca, apparently, has received more than \$400 million of Federal Government funding from 2012-2014, with just 32.9% of Evocca students graduating between 2011 and 2014. Evocca is only one of the private RTOs to be exposed for such practices, another being Careers Australia, which in 2014 billed taxpayers for almost \$110million in VET FEE-HELP loans.
  3. It is apparent that despite previous legislation to prevent RTOs offering incentives to sign-up to courses, that this has continued. It is not a new phenomenon in an increasingly marketised education arena, but will only be stopped when RTOs are not able to gain such benefits from education and training, and the for-profit sector is not supported and encouraged by governments. One of the previous Federal VET

Ministers from the Abbott Government, said to a conference last year that the Government supported quality outcomes but did not care how the providers got there. That sort of message has been common from both major parties for some time, and can only encourage doubtful practices.

Those of us in the Alliance who are educators, believe that the educational process is very important, as important as the final outcome. That is fundamentally one of the major issues that the Inquiry should provide advice on. Is it the education that is important so that students have the skills and knowledge they require? Or is it going through the motions, and the end qualification that is important? These issues must become the defining part of the debate in VET, not what legislation can we put through Parliament to try and deal with the problems and loopholes after they occur.

As an example the ASQA report also criticised the quality of some diploma courses lasting just two weeks. The debate around volume of courses has been on the agenda for some time, but governments do not appear to have the appetite to take it on. We know again it has been addressed in many ways in the higher education sector, but because the marketised VET sector has allowed the registration of thousands of RTOs, governments continue to duck the hard questions, and simply throw ASQA more money to try and deal with the problems at the back-end.

4. The ASQA report *Training for early childhood education and care in Australia*, was recently released. It is based on the results of 77 audits of RTOs delivering early childhood learning and childcare in Australia. The first major finding was that 20 per cent of the Certificate III certifications in childcare were being delivered in less than six months, while the Australian Qualifications Framework (AQF) recommended duration for a Certificate III is one to two years. The ASQA's second major finding was that 74 per cent (57) of the providers were not fully compliant with the required national standards when they were audited in 2014. Once again despite a lot of back-end legislation and requirements, many RTOs in this critical area do not provide the training that carers need and parents would expect.
5. Private providers are continuing shoddy practices, still spruiking in shopping centres and other inappropriate places. Facebook and other social media is still swamped with relentless unscrupulous promotions targeting vulnerable people, a sure sign that audits and legislation are being ignored.

Even though recent government changes in NSW have broadened access to VET through the exemptions for people with a disability and increased access to Certificate III and below for people who have completed higher level qualifications alongside free courses for pre-apprenticeship programs, these small reforms fail to address market failures endemic in this new system.

These changes do not address the loss of commitment to second chance education. Colleges have almost closed prevocational sections or dramatically reduced their staffing. There has been a wholesale loss of options for people wanting to engage in general education in preparation for higher study at TAFE or University. The HSC is barely in existence and the Tertiary Preparation Certificate (TPC) is a shadow of what it was. Many people identify with TAFE and know that TAFE is a place for a second chance. There are many professionals in our community who accessed this education. This is dramatically at risk with the current

funding. The Alliance urges the Committee to recommend that TAFE Institutes should be required to demonstrate how they maintain a commitment to second chance education.

**b. Do you think it is possible to reform these systems to address in part or in whole your concerns?**

- i. If so, please outline the minimal set of reforms and what they would achieve?**
- ii. If not, please provide your vision of how resources in the sector should be allocated between the public system and non-government providers?**

The "reforms" in NSW have created confusion amongst prospective students and the population at large. More established support mechanisms, systems, and fee or exemptions and fee-free courses, need to be provided. More emphasis needs to be given to the educative processes within the VET / TAFE programs. The current reforms are simply trying to patch up a system that is critically flawed. When things reach this stage, surely a responsible government would ask what is the best thing to do with the public dollar, continue to put on more patches or overhaul the system and rebuild it so that the people of NSW have a VET system they have confidence in, which is not the case at the moment.

The public system, a system that effectively serves the community and industry, must be a well resourced public institution whose primary objective is to serve the public by implementing best practice to meet government economic and social policy. As long as public systems are forced to act like a business with their highest priority being profit they cannot achieve optimal outcomes for all stakeholders.

Government resources should be allocated to the public TAFE system primarily. It is not too late to save TAFE in NSW, although the Alliance was made aware of the following issues out at Western Sydney Institute, which would reflect other NSW TAFE Institutes:

- An acknowledgement of the significant drop in enrolments as a result of Smart and Skilled and "uncapped" university places
  - The "other base funding" is being steadily reduced
  - The funding from VET FEE-HELP is being significantly reduced, with the impact of Federal Government changes. The Institute operates on a budget of around \$270 million, per year, and of this \$150 million is Government and around \$120 million is commercial, including VET FEE-HELP.
- The Institute response is to shed staff and to cut back services including in the Disability areas

Once again one has to ask is this really what the NSW Government wants, a TAFE system focused on cutting staff and services, rather than providing quality education to its students. The Alliance strongly believes that the Inquiry must call for a halt to further cuts to TAFE and look to ways that TAFE Institutes can be supported to continue to provide the services expected of them.

**Overall the Alliance does not believe the systems now in place can be reformed to address our concerns. The Alliance recommends the rebuilding of the VET sector with the public TAFE system at the centre of quality, ethical, accessible delivery for industry and community. The Alliance recommends a community impact study of these current VET reforms to provide analytical rigour in addressing quality, integrity, student**

outcomes, and viability of the public system. We recommend this research be undertaken by experienced VET academics working closely with the sector.

**2. Minister Barilaro has declined to set limits on the proportion of VET funding that can be allocated contestably:**

**a. Could you describe the implications of this position?**

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

A fully unregulated VET market (a market without limits) will continue to divert public money for private profit rather than reinvesting in the community. For every \$1 invested in TAFE there is a \$6 return (Allen consulting group, The Complete Package. 2007) See the TAFE Community Alliance submission to IPART Part 1 for a thorough analysis of the social justice and public benefit implications of this market model. (links at the end of the submission)

The implications of setting or not setting contestable fund limits creates issues for the confidence in the market from a supply side. **The Alliance acknowledges there is a market in VET but we believe 80% of the funding should go to TAFE, the public provider for accredited training.** This would help to re-establish some community confidence in the VET system.

Further implications are that TAFE will continue to have to make cuts to services and quality, as indicated by the Western Sydney Institute example above. TAFE, by virtue of it being a government entity with tenured staff and facilities, requires sustainable and known funding. Having to tender for the major part of its budget will only exacerbate a system already in crisis. It will not serve the people of NSW to not have a dependable TAFE system, nor will it serve the NSW Government which does need to ensure it has a quality sustainable provider of VET, able to provide the skills education and training in areas that the Government and industry requires.

TAFE has often been criticised for not responding quickly enough to industry requirements. This is not a fault of teachers, or overall the TAFE educational system. There are many examples, including the Innovation case studies developed by Dr John Mitchell, that demonstrate what TAFE is able to do especially in partnership with industry and community. A new compact with TAFE should ensure that funding is provided to ensure further innovative partnerships and practices, including those through TAFE Outreach, that have won many Awards. Generally TAFE is hamstrung by government funding arrangements and other bureaucratic requirements. These can be addressed without destroying TAFE in this state.

In fact, the Smart and Skilled funding arrangements have been, as the Upper House Inquiry has seen, no better in ensuring that the right providers have the right funding for the right programs at the right time. As David Collins from State Training Services acknowledged, the second round of funding went out to providers requiring them to immediately find classes and run programs to spend the money. In one instance the Alliance is aware of, Disabilities in the Illawarra received recent additional funding to run classes, where of course the students had already disappeared and the teachers as well. This is no way to run a quality educational system.



There are opportunities for private providers to be working the market by developing additional non accredited programs. TAFE should remain the major provider of accredited training and be the leader of new and innovative program provision. Unless there is a change in this direction very quickly, then the threat to TAFE's commitment to second chance and quality provision will become an increasing reality, as planning becomes short term and unpredictable.

**5. 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?**

The main difference is that of profit motive and the focus of many private providers. The public provider, TAFE, is motivated by student support, educational developments, community impact and skill formation. The public provider also plays a critical role in the implementation of government public policy in particular integrated social and economic imperatives. There are different ethical and public accountability measures at play. Private providers have a commercial in confidence approach whereas public providers have a public accountability approach. Private providers have a private property acquisition approach whereas the public provider has a sense of excellence and a commercial good approach to skill development.

TAFE has never been about just 'making money'. Turning education into a business immediately turns the focus from educative outcomes to financial ones. The two are not synonymous. TAFE has always put competence above everything. When a private provider is training to a diminished time frame with a financial gain as the outcome, then quality education will be diminished.

What the Alliance does not see recognised by governments is the intention behind these private RTOs that indulge in questionable practices. Educational quality should not be achieved with a 'whip' so to speak, and if this is the mind-set of these companies, then they should not be allowed to operate as VET providers.

TAFE has a wide range of objectives as demonstrated through the TAFE Commission Act. It has a responsibility to government and civil society, and overall to its students. Most private providers have an objective of making money, generally as fast as they can. The company Vocation is an example of this, and the money that it made through its shares on the Stock Exchange, has been well publicised prior to its collapse leaving many students stranded.

**6. TAFE management in NSW has provided teachers with a proposal for enterprise bargaining. Changes to conditions and the introduction of 'para-professionals' are justified on the grounds of competition with non-government providers and the experience in other states. In terms of experience in other states, can you provide a response to each of the following suggestions in the document, outlining the impact on the quality of education and other matters?**

**i. increase face-to-face teaching hours**

The quality of teaching is a complex professional process which threatens to be undermined by increased face to face teaching hours. There is a blatant disregard for the commitment, professional expertise and workload required of TAFE teaching staff to deliver quality education and training to students. More face to face hours equates with poorer quality

teaching and delivery. The experience in other states has been that teaching sections have been forced to find more repetitive ways to deliver courses, rather than make each educational experience interesting and contextually relevant for that particular group of students. Education is reduced to a product that is delivered to consumers, and those consumers, the students often lose the benefit of the amazing and life-changing experiences that a TAFE course has provided for so many.

## **ii. reduce the hours for preparation and other related duties?**

The quality of teaching is a complex professional process which threatens to be undermined by reduced hours for preparation and other related duties. This is particularly provocative at a time when TAFE teachers have been burdened with cumbersome inefficient systems that have increased workload and demanded exceptional patience from TAFE teaching staff. Less preparation time means that many teachers are no longer able to focus on the interesting lesson preparation and interaction with students that they would like to provide. If permanent teachers have less preparation hours then they are also unable to provide the support required by the increasing number of casual teachers in many sections.

## **iii. introduce a lower paid grade of 'instructors'**

The attempt to replace higher-cost, proven quality, qualified teachers with lower cost, lower-qualified trainers is a false economy. Despite saying “this is not a race to the bottom”, the employer proposes to replicate the low-quality, for-profit private training companies to maximise profits and reduce the quality of education and training.

There is a concern that forces to lower the costs are driving down the professional capabilities and capacities of TAFE teachers. The pay rates and conditions need to enable and attract good quality teaching staff to work with students and stakeholders in the provision of TAFE. Lower paid instructor categories may have some help on an introductory basis. The worry is that such a category will open up the system to abuse of quality TAFE as some managers are more driven by the costs rather than the quality of the provision.

A reduction in the number of highly qualified professional teachers will mean that governments will not actually get the results they want. Industry and governments call out for innovative employees who will help build the productivity of the state. These are the teachers that TAFE currently has, and who should be recognised for their ability to innovate and provide quality educational services. The NSW Government, by not supporting and recognising these teachers, continues to drive the system down and foster low morale amongst its teaching service.

## **7. Please explain the concept of 'education' in contrast to 'training' and indicate:**

There is vast amount of academic research on this very topic. The current TAFE NSW system is based on the distinction between education and training as stipulated by the father of the TAFE system Myer Kangan: *‘It is my view that education relates to the development of the whole person as an individual, his (sic) personality, social skills and manual skills. Training is concerned with a part of education, the skill part, whether manipulative or cognitive. This distinction means that although training has a place in a TAFE institution, it is a narrow place and omits the advantages of an educational approach* (Myer-Kangan, 1979:21; The TAFE Papers Macmillan, Melbourne).

The difference between training and education is that training is a subset of education. Training is more prescriptive and specific in its tasks and focus. Education is training plus higher order concepts and commitment to the development of skills, knowledge and attributes in the pursuit of excellence and continuous improvement for the individual in the context of industry and community prosperity. The Alliance urges the Upper House Inquiry to ensure that it is education that we are offering through VET in NSW, and that it is education that government funds are provided for.

**b. Why is it, in your experience, important for the student and for society?**

Many people have missed out on comprehensive education for a range of reasons: migration, poverty, social and personal disadvantage, educational disruption, refer to IPART submissions. It's known, for example, that 30% of children experience abuse or neglect. These factors place them behind in their general education and capacity to make solid career plans. Universities acknowledge this via their educational access schemes. The benefit for the student and for society is that education available throughout a person's life means that they can dip in and out of studies as needed. Foundation education skills in terms of communication skills, ICT skills, creative thinking and analytical skills, and employability skills are an essential ingredient in preparing an individual for a productive, flexible and adaptive worklife. The notion of lifelong learning is not just 'early education' followed by 'lifelong training'. Both need to be available throughout a person's life.

Education gives a person a basis on which to build further skills and gain further qualifications. Training does not necessarily do that. Employers want employees with foundation education skills and employability skills, as much as for their vocational skills. If we continue to move to a training culture, then we will not be providing the skilled employees required by industry, and when employees need to upskill or re-skill, they will find this a far more difficult process, if their initial VET qualification was one that provided only a narrow set of skills. In a world where work is constantly changing and is challenging, the best thing that governments can invest in, is ensuring that young people are educated through their vocational qualifications, as a basis for their future careers and lifelong learning, and not just trained.

**c. Do competitive entitlement markets in Australia provide funding for education that is not directly necessary to achieve training outcomes?**

Competitive entitlements tend to be contractual and prescriptive. They tend to be more focussed on the efficiencies, and effectiveness and far less on the affective end of the provision of education and training. Good will, mutual trust and collaboration is often undermined by competitive market practices. What is currently happening in NSW at the moment is a concerning example. TAFE is cutting back on many of its student support services, such as Disability support, Counselling, LLN support and TAFE Outreach programs, as these services are not included within current competitive entitlement funds. Even the supposed Community Service Obligation funds have not provided so that TAFE can maintain the services students require. The Alliance is aware that submissions from the Disability sector have alerted the Inquiry to many concerns in this area. Such cuts have also been a consequence of the marketization of the sector in other states, particularly Victoria.

**8. 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?**

The next stages of skill development need to ensure the sustainability and accessibility of the TAFE system. There needs to be public accountability and transparency of the VET processes. The system needs to ensure the provision of core graduated capabilities and diversity of TAFE developments and domains. The system needs to be inclusive and continuously improving with relevant changes in technology, industry, finance, and community TAFE needs.

The wording of the current National Partnership on Skills Reform is ambiguous. It has the wording ‘accessible’ and ‘equitable’ upfront, however that is not what has been implemented at a state level in NSW as well as other jurisdictions. A new agreement could use the same words but spell out that accessible means affordable, with a capping on fees that has been discussed in the past, and equitable in terms of ensuring that more students are able to access courses that will provide them with real educational outcomes. Equitable appears to have been interpreted to mean that more government funding should be given to private providers.

A new agreement should recognise that:

- VET is about education not just training
- That the student voice is the most important and it must be heard
- That a high quality VET sector means that any RTO must meet certain standards prior to receiving government funding and/or delivering accredited courses
- That a marketised VET system has produced a system in crisis and one that has lost the confidence of the Australian people, and that funding must rebuild a public VET system as a matter of urgency
- That states and territories are not forced into markets in order to receive Federal funding. That funding should be dependent on their demonstration of a strong quality sustainable TAFE system
- That VET pedagogic teacher qualifications are lifted in line with school teacher qualifications, and that volume of learning has real meaning with clear requirements as to how long a qualification should take, as per the higher education system

**9. Please describe the consequences of debt under VET-Fee Help for students and their experience of education.**

The consequences of debt is burdensome on individuals and life circumstances. The lower SES ( Socio Economic Sectors) groups are much more confronted by debt and are more debt adverse due to having disproportionately more difficulties with life circumstances and less means and support to offset against the debt circumstances. There needs to be a balance between public and private debt and equity considerations and provisions. The collective and community good needs to be the driver of educational costs as opposed to the benefits of private commercial gain.

The consequences of rising debt for under VET Fee Help is that it has placed many people into the debt trap of having unsustainable levels of debt and their finances have been tipped out of balance due to such debt. It also has deterred many students from undertaking VET courses as they do not want to take on such significant debts that might always hang over them. Educational accessibility should not be dependent on whether a student feels comfortable with a large debt or whether they have access to significant funds to pay up-front fees that are now commensurate with university level fees. By and large, VET students do not gain the same returns on their studies, in relation to wages, that university students do. It is therefore wrong that the same type of fees and loan scheme should be applied to them.

Fees overall are the biggest obstacle to people entering vocational education. As fees have increased enrolments have decreased and this is the case across all areas of TAFE. However, the answer is not increased access to loans that will only contribute to student debt, but rather fees set at an accessible level.

Access enrolments in TAFE have more than halved since the introduction of Smart and Skilled. This means a lot of disadvantaged students are missing out on education and training. This has resulted in fewer students articulating to Certificate III, higher qualifications and subsequent employment. Centrelink rules only recognise Certificate III and above courses with the result that Jobseekers are forced into Work for the Dole programs when what many need is education and training.

The Senate Education and Employment References Committee in its recent report, found evidence of rampant abuse of VET FEE-HELP by private training providers and an explosion in student bad debts. The Committee recommended a full review of the income contingent loans scheme and the prosecution of some training providers. The Alliance supports these recommendations, especially relating to the full review to identify all the loopholes, and ensure that the VET system is not dominated by high fees and unpayable loans.

The Committee has also recommended that the review considers the most effective way to control costs of courses for students under VET FEE-HELP by either instituting a lower and separate loan limit or a cap on student loan amounts, which the Alliance would also support.

**10. The new Federal Minister for Education Simon Birmingham has flagged an increased role for the federal government in TAFE and VET, including the possibility of a complete federal takeover:**

- a. Do you support this and if so to what extent?**
- b. What do you see as the future for TAFE under federal ownership?**
- c. What in your opinion would be the impacts on the quality of post-secondary education in NSW of federal ownership?**

The Federal system has a role to play in VET post secondary education. Frameworks for standards and financial support are important contributions from the Federal government in the context of international leadership in the VET system.

**The TAFE Community Alliance at this time favours state systems as the scale of involvement and state labour markets vary in focus with varying industries and communities from state to state.** A federated system of VET is consistent with other infrastructures and developments in the context of a multicultural prosperous Australia in a

global context. If a federal takeover was to be considered there would have to be considerable consultation with all stakeholders including teachers, students and community, and a demonstrated benefit in terms of quality and accessibility, not just further efficiencies. There would also have to be proof of the Federal Government's commitment to funding and supporting a public TAFE system, not as has been suggested that the Federal government would take over the competitive training market and leave underfunded and ailing TAFE systems to the states to deal with.

There would need to be a community impact investigation into such a proposal.

### **Close**

The TAFE Community Alliance thanks you for the opportunity to provide these additional comments and looks forward to the Committee's report and recommendations supporting a well-funded TAFE system for the people of NSW.

For further information, contact Linda Simon, a spokesperson for the TAFE Community Alliance on [lindasimon2@bigpond.com](mailto:lindasimon2@bigpond.com) or Ph. 0411 550 439.

### **References**

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