

**Submission  
No 213**

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

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## Vocational Education & Training - NSW Upper House Inquiry Submission

First and foremost, I'd like to emphasise the importance to our State's economy and social well-being of investing significantly more in our public VET provider TAFE, to keep the quality of TAFE high, and fees and charges affordable to all !!

In this part of my submission, as a practising civil engineer with 16 years professional industry experience and 25 years' TAFE experience mostly as a full time teacher and head teacher, I advise the following:

To my knowledge everyone in our community has until about 10 years ago, been entitled to attend TAFE and receive government funded high quality training at a modest cost. In fact, when I started full time TAFE teaching in 1986, there were no TAFE fees at all and TAFE provided appropriate, high quality courses to all, with specialist support to disadvantaged students (as still required by the TAFE Commission Act, but sadly not now provided to anywhere near the extent it used to be when TAFE was much better funded IN REAL TERMS - allowing for inflation AND growth in teaching hours for more students).

I strongly oppose the so-called "student entitlement" (fee "help" to go into debt to receive what was once provided free of cost), as many intending students have told me of their refusal to enrol in VET/TAFE study because of the increasingly high debt burden involved. This really means that governments can shift costs to students through underwriting income contingent loans rather than fulfilling their TAFE funding responsibility. Students are forced into debt to enrol in VET, and will have to pay more tax when employed. At the same time, profits for private providers (2015 research by the Sydney University Business School has shown publicly funded private provider profits typically around 30% and as high as 51%!) grow at the expense high quality VET/TAFE and the public purse.

Students in regional and rural areas have already faced a severe reduction in services and availability of course options due to government TAFE funding cuts in real terms. In 1997 the NSW government revenue for TAFE (excluding Federal government and fee/charge revenue) was \$929 million. Adjusted for 42.3% inflation and a 51.5% growth in student delivery hours to 2010, this equates to about \$1,890 million, but only \$1,040 million was provided. That is a funding cut of about \$961 million or 48% in real terms! Federal government revenue declined by about 17% and fee/charge revenue increased by 15% in real terms in the same 1997-2010 period. Later calculations are difficult as the budget papers do not now separately itemise revenue from fees and charges! The current proposals will exacerbate this problem, because private providers would avoid the relatively high costs in these areas and TAFE will not be properly funded for this either. For those out of work, or who are considering re-training, the high VET fees and charges could make it too expensive by for those on low incomes and possibly already in debt, to consider going into even more debt. This is clearly a barrier for many young people, and those wanting to re-enter the work force, to enrol in vocational education and training.

TAFE fees and charges must not be applied to disadvantaged students and must be kept much lower for others to ensure everyone has access to high quality vocational

educational and training. This means governments must significantly increase funding in REAL terms to TAFE and ensure that most fees are abolished or at very least made much lower and affordable for all.

The so-called Smart and Skilled agenda has dramatically increased the cost of VET education, encouraged low tender price-poor quality private VET provision and significantly reduced TAFE funding in real terms.

NSW should have learned much better from the Victorian experience where introduction of market driven demand focussed system has meant:

- rises in course fees
- the disguise of public funding going to private-for-profit providers
- declines in TAFE enrolments
- private providers cherry picking profitable courses. This results in TAFE being left with high cost but necessary technical training
- course options delivered by providers driven by financial considerations
- financial viability of TAFE threatened
- declines in educational quality

Reports on the “demand” driven Productivity Places Program have revealed that little training was delivered in the skills critical to our nation’s economy needs. The “demand driven” approach in Victoria has meant an over supply of VET graduates in fields where there are no critical skills shortages. “Demand driven” focus has led to numerous complaints that unethical practices such as offering inducements to students enrolling in private for-profit training have developed. For example “free” iPads etc.

I oppose forcing TAFE institutes to compete with low cost private profit making providers on price alone. Other considerations needing to be taken into account include: a higher proportion of teachers with appropriate university level teacher education qualifications (all full time TAFE teachers entering service prior to 2007 were required to have this rather than the current much lower trainer/assessor qualifications); class sizes appropriate for providing quality learning outcomes; access for teachers to specialist support for CALD students and those with disabilities (most casual teachers are not paid to give after class support to students); access to quality library and other student services; the ability to demonstrate quality outcomes (not just pass everyone); AND an educationally sound minimum number of direct student-teacher and/or student-trainer hours (this should be a contractually binding requirement as many private providers dramatically shortchange students in this regard to maximise profit).

A financial report on the VET sector produced by the National Centre for Vocational Education Research (The Australian 5/10/11) shows that Victoria’s fully marketised VET system has been the biggest loser. The financial position of the state’s TAFE institutes has deteriorated. “Having averaged small surpluses during the preceding four years, Victoria was confronted with an operating deficit of nearly \$125m that year, after public payments to non-TAFE providers rose almost \$140m to \$275m.”

Appallingly, the report also shows that much of the \$190m increase in federal VET funding That year was advanced to states through underwriting student loans and

debt. This has been accompanied by significant fee increases as part of student “entitlement” schemes.

Many NSW MPs, including then Minister Adrian Piccoli pledged to support the TAFE 5 Point Plan for a Better State. This included a commitment to oppose contracting out TAFE jobs and courses to the private sector, to keep TAFE affordable, and to guarantee TAFE funding. To be consistent with this commitment, the Smart and Skilled consultation must not be used to justify increasing the amount of training delivered by the private sector at the expense of TAFE. The current Skills Minister Barilaro publicly scoffed at Labor's pre-2015 election 30% cap on contestability of public VET funds, yet has already budgeted for this cap to be exceeded by 3% to 33%. A healthy NSW needs a healthy public TAFE system, but increasing degradation of quality VET by being sacrificed to low quality VET profiteers will destroy TAFE if allowed to continue!

TAFE NSW is clearly Australia's best TAFE system in spite of government underfunding in recent years. The NSW and Federal Governments must invest more funding in our successful TAFE institutes, which offer a broad range of high quality, diverse programs for all in the community, not just those who can afford to pay.

About 8 years ago, an independent consultant Allen Consulting Group found that TAFE is a great investment and that for every \$1 invested in TAFE NSW, there is a probable \$6.40 return to the NSW economy over the following 20 years. Until 2012, I had analysed government TAFE funding shortfall since 1997 and found similarly to the Australian Education Union's published research that in real terms, NSW TAFE funding by government had already then been cut cumulatively over these years by some \$3 billion. Based on the Allen Group's findings, this represented equivalence to an accumulated loss to the NSW economy of some \$20 billion AND HIGHLIGHTS WHY GOVERNMENTS SHOULD BE INVESTING MUCH MORE IN OUR HIGH QUALITY TAFE SYSTEM, rather than risking public funds on unproven private providers motivated more by making profit rather than giving the best quality outcomes possible for ALL students. This situation of government funding cuts and abrogation of responsibility for VET costs to students, has worsened greatly since 2012.

I urge the Inquiry to strongly recommend that the NSW government must:

- \* invest much more in real terms (inflation adjusted \$ per student delivery hour) in TAFE,
- \* keep contestability below 15% in all VET courses,
- \* guarantee long term high TAFE funding
- \* securely employ more professionally qualified teachers with better pay & working conditions, and
- \* ensure everyone in NSW has good access to free or low cost, high quality TAFE education!