

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

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**AUSTRALIAN EDUCATION UNION  
NEW SOUTH WALES TEACHERS FEDERATION BRANCH**

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ON

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

Authorised by

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**John Dixon  
Branch Secretary  
Australian Education Union New South Wales Teachers Federation Branch**

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# **AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH**

## **INQUIRY INTO VOCATIONAL EDUCATION AND TRAINING IN NEW SOUTH WALES Australian Education Union New South Wales Teachers Federation Branch**

The AEU NSW Teachers Federation Branch is the federally registered trade union with coverage of NSW public education teachers. AEU NSWTF represents teachers in New South Wales public pre-schools, infants, primary and secondary schools, Schools for Specific Purposes, teachers working in consultant/advisory positions, teachers in Corrective Services and teachers in NSW TAFE. The current financial membership totals over 69,000 practising permanent, temporary and part-time teachers and student teacher members. AEU NSWTF is administered by 47 elected union officials and 3 presidential officers. It is the largest state based public education union in Australia.

### **Introduction**

AEU NSWTF believes that a fundamental responsibility of government is to provide free and accessible public education and training to its people. The shift in the political consensus around free public education arises from a belief that the role of government is as a regulator rather than a universal provider—choice and competition in an educational market will improve educational quality and the user should pay.

The AEU NSWTF opposes any reforms of vocational education and training (VET) which reduce the quality of VET, significantly raises student fees, reduces the accessibility of VET, particularly for disadvantaged students or seriously damages the public provision of VET in NSW.

The establishment of competitive markets drives down costs and shifts more of the costs of acquiring skills onto students. In the process, government funding is diverted to private providers who are less accountable to the parliament than the public provider. With even more budget cuts and tender processes that emphasize price at the expense of quality, the brand TAFE NSW is not likely to survive as a full service public institution.

The timing of this Inquiry into Vocational Education and Training is opportune with the latest Education Department Annual Report (1) finding that the proportion of school leavers aged 15-19 years old participating in education, training and employment has reached a 3 year low of 60.4 per cent, well short of the Government's own 90 per cent target. The proportion of young school leavers studying or in a job is actually going backwards and we currently have the lowest level of apprenticeships completed since 2010.

## **A. Factors Influencing Student Choice About Entering the Vocational Educational and Training System.**

### **TAFE**

Increased fees, the axing of TAFE courses and the introduction of the State Governments Smart and Skilled policy have seen a record drop in TAFE enrolments. In the three years before the introduction of the State Government's Smart and Skilled (2012-2014) more than 40,000 students were lost from TAFE. With the introduction of Smart and Skilled this year, enrolments are forecast to be a further 43,000 less than last year's low. This means a loss of more than 83,000 students from TAFE in four years.

There are fewer Aboriginal students and students with disabilities enrolled in TAFE. Budget papers forecast 2663 fewer Aboriginal students in TAFE this year than last year with 5289 fewer students with disabilities. Over the past four years 11,562 fewer students with disabilities have been trained in TAFE. They have not all gone to private providers. They are simply dropping out of vocational education.

TAFE has seen a massive loss of teaching expertise and support. In the past four years, 2,600 full time equivalent positions have been lost. TAFE budgets have been cut through the imposition of "efficiency dividends" and "labour expense caps" that can amount to around 2.5 percent each financial year. It is estimated that more than 30 percent of government funding will be "contestable" between TAFE and private providers. (2)

### **Schools**

VET in Schools (VETiS) participation in NSW has continued to grow however with now more than a third of HSC students studying a VET subject. Almost three quarters of VET in Schools students in NSW are in the government sector, with a further one in five participating in the Catholic sector. Currently 13 industry curriculum frameworks have been developed and endorsed by the NSW Board of Studies and Educational Standards (BOSTES) and provide access for Higher School Certificate (HSC) students to a range of vocational areas. (See Table 1.) *Table 1. 2014 HSC VET Industry Curriculum Frameworks Enrolments.* (3)

Students in NSW are required to complete a broad range of subjects as part of the Higher School Certificate. This places limitations on the breadth and depth of the vocational learning available to students who require eligibility for the HSC. Similar limitations exist in relation to eligibility for an Australian Tertiary Admissions Rank. This leads to VETiS being used primarily for retention and career exploration rather than as a fully conceptualised pathway.(4)

This breadth of study requirement prevents to some degree a depth of study in any area—including VET and limits students to low level qualification outcomes as part of their school credential. These limitations are reinforced by traditional school timetables where it is difficult to accommodate VET appropriately.

The purpose of VETiS in the senior secondary curriculum in NSW seems to be to offer a broad educational pathway. VETiS provides a great range of curriculum options while

undertaking the HSC and assists students gain detailed knowledge of industry. The emphasis in the NSW approach is on career exploration and exposure rather than a pathways approach.

There appears to be a lack of trust of VETiS provision amongst employers. (5) In NSW this relates to the provision of VETiS through frameworks developed and endorsed by BOSTES rather than national training packages. A lack of genuine work experience and knowledge of the industry is seen as contributing to a lack of trust from employers and is also considered to be a barrier to effective transition to the employment of VETiS students.(6)

VETiS is also often seen as the pathway for our poorest students. The pathway of the working class. More than two thirds of VETiS learners are from the two lowest socioeconomic quintiles.(7)

VETiS programs are seen as building skills for those students perceived as unsuited to an academic curriculum.

Preparing Secondary Students for Work (8) sets out a framework for vocational learning and vocational education and training delivered to secondary students. It has been prepared by COAG and updates previous documents to ensure that VETiS reflects modern schools and workplaces.

A key statement was a consensus that students need to be at the centre of vocational learning and VET, with decisions guided by their long term interests. While they saw meeting the need and expectations of employers as vital, the interests of students and employers are best met by involving and taking account of the needs of all those who influence and deliver vocational learning and VET, including parents, schools, school systems, training package developers, RTOs and VET regulators.

The NSW Teachers Federation (9) has recently expressed concerns with the VETiS "dual accreditation model" which allows students to receive both a school based credential such as a Record of Student Achievement (ROSA) or the HSC, as well as a nationally recognised VET qualification based on the national training packages. The so-called "model for continuous improvement" to these packages imposes constant rapid changes to the courses as well as questionably "appropriate" changes to the qualifications required to teach them. This process requires rapid syllabus change which occurs without appropriate consultation with VET teachers.

The AEU NSWTF is deeply concerned that this process is negatively impacting on the quality of education in VET. AEU NSWTF recognises that school VET teachers are already highly qualified professional educators and that they have the skills needed to teach a VET package in schools. The AEU NSWTF believes that a strict focus on delivering training packages around specific competencies is inconsistent with the needs of 21<sup>st</sup> century learners and workers.



## **B. The Role Played by Public and Private Vocational Education Providers and Industry**

The AEU NSWTF has consistently raised the dangers for TAFE from a full VET market. We have sought to expose the inconsistencies between government support for TAFE as a public institution, including TAFE's role in facilitating the state's economic and social objectives, and concurrent government support for demand driven competitive tendering, which threatens that very public purpose. (10)

Historically TAFE has been able to provide training across the state in courses where student numbers are low but for a variety of reasons (industry needs, regional needs, social objectives), there has been a demonstrated need for the course to be delivered. The relatively high cost of delivering these courses has meant that they are predominantly supplied by the public training provider.

IPART(11) has identified "those with low educational achievement - especially those without post-school qualifications—and those who do not maintain the currency of their skills" as "in general" not being "easy to engage in training." They often have low motivation or poor self-esteem, and therefore require a supportive, individualised program that encompasses personal development, communication and teamwork skills, work habits and customs, as well as job specific skills. IPART has further stated that successful programs would need to include "intensive personal support".

TAFE has traditionally provided a range of services to encourage participation. These include library services, counselling services, child-care services, facilities for students with disabilities, special materials such as braille readers and canteen facilities.

Unscrupulous practices by private vocational providers have recently been flagged in the media including 'Auspicing' (12), where providers subcontract their training provision to unregistered training organisations, and 'Channelling' (13) where providers enrol students in courses other than what they originally intended, for the purpose of attracting a higher subsidy. Even a report by the TAFE Directors Australia (14) stated that concerns had been raised about the quality of VET training provided by private RTOs. They stated it was variable and could reduce the overall quality of VET training. The chief executive of ACPET admitted that there had been misuse of the Commonwealth Government's FEE-HELP loan scheme, misleading advertising, soliciting students for unsuitable courses and inappropriate use of brokers to recruit students. The unemployed, students suffering a disability, migrants and mature workers were shown to be particularly vulnerable. (15)

TAFE has historically had a strong role in providing learning opportunities for different equity groups. Course enrolments by students from an indigenous background, with a disability, living in regional and remote areas, or at least without a Year 12 schooling, are dominated by TAFE institutions. For students from these disadvantaged groups, strong mechanisms are needed to support training delivery in what may otherwise be thin or unprofitable markets for private operators to engage in. A recent report (16), commissioned by the Australian Education Union, compared changes in Victoria to the counterfactual outcomes in NSW following the introduction of the Victoria Training Guarantee. The report showed that improvement in access for equity groups including

those from a diverse language background, or with a disability, lagged behind that of students from relative advantage. (17)

**C. Factors Affecting the Cost of Delivery of Affordable and Accessible Vocational Education and Training, (including the influence of the co-contribution funding model on student behaviour and completion rates)**

Over the last 10 years, the NSW Government has been steadily reducing its proportion of the funding of TAFE and increasing the proportion of TAFE's funding from student fees. Data from NCVER reveal that in 1997 student fees accounted for 14% of training funding in NSW compared to 24% in 2010. The 2012 budget imposed a 9.5 percent increase in fees.

Co-contribution funding assumes that students (and potential students) have complete information about costs and potential earnings from undertaking different courses and qualifications. The level of fees impacts most on those who have the least capacity to pay and those with the least motivation to train. The introduction of income contingent loans shifts the cost of funding from governments onto individuals. Rather than encouraging participation, they discourage people from disadvantaged backgrounds from training.

Given that there had been no public evaluation of the impact of competitive tendering on TAFE NSW and quality across the NSW VET sector, the AEU NSWTF commissioned a Report on the tendering of the Literacy, Language and Numeracy Program. The report "Competitive Tendering in VET: Cheaper is not Better" (18) showed that low price had come at the expense of quality. Investments in quality such as high teacher qualifications, decent salaries, good working conditions, security of employment, career paths and professional development, appeared to have been devalued in the tendering process.

VET provision suffers from few risks to the not for profit cost base, with fewer capital expenditure requirements, and a smaller cost base than their TAFE counterparts. Registration as an RTO imposes few obligations of maintaining or providing equipment, libraries, or student services such as counselling or careers guidance. TAFE providers continue to bear the greater cost and obligation of larger (and aging) campuses, delivering high cost training, and operating in thinner markets. The profit maximisation principles of these providers (and the primacy of shareholder and owner interests) provide strong incentives to offer training which attracts the highest subsidy at lowest cost.

These low cost strategies may include delivering training on line, within abbreviated time periods (as there is no minimum duration requirement for a course of study), as well as by minimising the cost of teaching staff, the rent attached to physical campuses, and the investment in equipment needed for certain courses. There are very limited requirements to disclose business structures.

There is also limited information for students to access regarding the quality of their training and training provider, and the likely links to labour market or further study outcomes. Given the proliferation of the number of VET qualifications, the extensive choices available to students, and the aggressive marketing behaviour from providers, it cannot be assumed that students will choose the best option, and that poor quality providers will be competed out of the market.

Particularly concerning is the fact that there is very little reference to educational standards and student outcomes in the documents released by providers. While ASQA appears to be moving to more risk based compliance and the reporting of quality indicators, there does not appear to be any effort to better align the business model with the public benefits for which the training subsidies are offered.

**D. The Effects of the Competitive Training Market on Student Access to Education, Training, Skills and Pathways to Employment, (including opportunities and pathways to further education and employment for the most vulnerable in our community)**

The TAFE sector in NSW is facing a crisis due to policies designed to turn vocational education and training into a market. The full opening up of the vocational and education sector to market forces was initiated by a COAG agreement in 2012 when all states and territories signed the National Agreement for Skills and Workforce Development (NASWD).

Currently, the amount of funding allocated contestably in NSW has grown to approximately 30%. An analysis of the South Australian experience indicates that the situation can change rapidly. In less than a year, contestable funding in South Australia grew from 26% to 74%. At neither the national level nor in any state does any cap limit the amount of government funding that can be allocated contestably. NSW, since the introduction of Smart and Skilled, is on a similar trajectory to other states and territories. Unless the policy settings change, NSW is in danger of moving to full market contestability. (19)

Before the introduction of Smart and Skilled, the NSW government initiated structural changes and further budget cuts to the TAFE system. During 2014-15 all NSW TAFE Institutes underwent a "rationalisation" of courses resulting in an accelerating loss of permanent TAFE teachers and support staff. Between June 2011 and June 2014, under the NSW Coalition Government, over 2000 teaching and support staff positions have been lost from NSW TAFE.

Many more part time casual teachers have lost all or most of their work. The loss of jobs is ongoing and TAFE management have advised that change and "change management" will be a constant for TAFE teachers, staff and students. In addition, with the continued reduction in permanent teaching positions part time casual teachers are increasingly being called upon to carry out section work that would have normally been performed by permanent colleagues. Part time casual teachers do this work without being paid for the additional work and without the security of tenure. This is effectively making part time casuals, the majority of whom are women, "defacto" permanent teachers but with a much lower salary and with fewer conditions.

Delivery of all courses has been reviewed and rearranged. Whole teaching/learning sections have been deleted, courses have been cut, and delivery has been condensed in hours and geographic hours. This has caused continuous disruption to teachers and students and has adversely impacted on the delivery of quality vocational education. As well as cuts to teaching services, equity services across the state have also been reduced.



These cuts have specifically targeted student support services such as TAFE Counselling, Disability Support Units, Multicultural Education Officers, Outreach and Libraries.

To support its Smart and Skilled policy, the NSW Government implemented a new software system, known as the Student Administration Learning Management (SALM) and Education Business System (EBS) into TAFE campuses in October 2014. The SALM/EBS system was clearly not ready for implementation in TAFE colleges. To date, TAFE NSW has not resolved the myriad of serious flaws in the system that include students not receiving their results or receiving incorrect or incomplete testamurs and students not receiving information that could allow them to re-enrol or complete their courses. Many courses are not listed on the TAFE website nor advertised as available through TAFE which means many potential students are unable to access correct information about courses being offered leading to a loss of potential enrolments.

#### **F. The Smart and Skilled Reforms, Including Alternatives to the Smart and Skilled Contestable Training Market and Other funding Policies and the Effects on School Based Apprenticeships**

The Smart and Skilled reforms to the NSW vocational education and training sector are currently being implemented. Smart and Skilled provides an entitlement for entry level training up to Certificate III Level, and targeted support (in priority skill areas) for higher level qualifications.<sup>(20)</sup> The structure of prices and fees has been informed by an Independent Pricing and Regulatory Tribunal (IPART Review), with "base prices" designed to reflect the efficient cost of delivering training to a "standard student". Within these new policy settings, TAFE NSW is expected to compete in a contestable market. TAFE NSW is expected to "deliver specialist training in industry and labour market priority areas, particularly in thin markets or high cost areas including regional and rural communities under community service obligations." <sup>(21)</sup>

Smart and Skilled has demonstrated a negative impact on the availability of TAFE courses for students in mainstream high schools and special education settings. Schools and TAFE colleges have historically worked co-operatively to provide courses for school students. Unfortunately, the introduction of Smart and Skilled has forced many schools to abandon the delivery of such courses due to the new inhibiting enrolment requirements and increased fees.

This is particularly so in regard to the provision of School Based Apprenticeships (SBATS). SBAT students undertake a combination of secondary school subjects, paid work and nationally recognised training. Most students undertake these at a Certificate 111 Level but a substantial number undertake them at Certificate 1 and 11 Level. Students enter into a formal contract with an employer. Training is delivered by an RTO, and may involve several hours every week or a longer block of time. Paid work may be scheduled within or outside school hours. Students negotiate time release from school to attend work and training, and make arrangements to catch up on any school work they have missed. <sup>(22)</sup>

Of particular concern is the impact of "Smart and Skilled" on 'behaviour' schools and schools attached to juvenile justice centres. Previously such schools had provided vocational education and training programs in conjunction with their local TAFE college.

This achieved significant outcomes for students through the development of trade skills and a viable pathway from school to work.

Smart and Skilled has also compromised the capacity of many schools to effectively support the government's policy of raising the school leaving age. Students who would once have left school early to go to an apprenticeship, or disengaged entirely from education, training and employment now remain at school. Forty percent of secondary students go directly on to university, 60 percent do not. The COAG Education Council recently stated, schooling must meet the needs of all these students so they can successfully transition to a job, a university degree, a VET course, or a combination of these. (23)

## **Conclusion and Recommendations**

The Vocational Training Sector, under demand driven entitlement funding, has made little progress in the transparency and quality of training delivery. The behaviour of for profit providers has served to undermine confidence in vocational qualifications and taken advantage of students unable to make informed decisions. The complexity of the operations of for profit providers casts considerable doubt on whether regulators can possibly stay abreast of the operations of for profit providers.

The research shows that students from disadvantaged backgrounds, or enrolled in regional or skills shortage areas are still more likely to be enrolled at TAFE Institutions. The role of TAFEs remains paramount in the delivery of training in areas of skills shortage and to student equity groups. TAFE is the custodian of quality vocational education.

In meeting these and other obligations (including delivery in thin markets and delivery of student services) it is important to recognise this competitive disadvantage. As the corner stone of vocational educational, TAFE has an obligation to serve all fields of education, all student backgrounds and all areas of Australia. TAFE does not have the option of targeting only profitable areas of delivery or profitable student types.

Funding for TAFE has been substantially reduced despite their obligation to contribute to these social and economic objectives. If higher levels of funding and a more sustainable funding model for TAFE is not found, then there is a very high likelihood that public confidence in the entire system of vocational qualifications will be fatally eroded. (24)

The AEU NSWTF would recommend the following in regard to vocational education and training in NSW:

1. A cap on contestable funding of no more than 30% of total recurrent VET funding, with a commitment to maintain at a minimum pre-2012 level, access to all TAFE campuses and the full range of courses in all towns and communities across NSW.
2. Standards are developed to ensure that students receive, as a bare minimum, the hours and the quality of education and training for which they pay, or for which registered training organisations are subsidised.

3. Unregistered providers are banned from receiving government funding, directly or indirectly and the practice of sub-contracting VET delivery is ended.
4. Students are not accruing excessive debt, by regulating the fees for qualifications and courses which attract FEE-HELP.
5. A thorough review of funding and resourcing in the vocational education sector is conducted. Terms of reference should include;
6.
  - (a) the underlying assumptions and effectiveness of the current policy settings in the VET sector, including competition for limited public funding and the impact of private, for-profit providers;
  - (b) analysis of the real cost of providing education and training in an increasingly complex range of industries, in a rapidly changing social and economic context; and
  - (c) the implementation of VET FEE-HELP, including its impact on low income earners and its appropriateness in industries where wages are low.

**Table 1****2014 HSC VET Industry Curriculum Frameworks enrolments**

<b>Industry Curriculum Frameworks</b>	<b>Male</b>	<b>Male %</b>	<b>Female</b>	<b>Female %</b>	<b>Total</b>
Automotive	916	95%	51	5%	967
Business Services	605	26%	1756	74%	2361
Construction	3434	98%	69	2%	3503
Electrotechnology	497	97%	14	3%	511
Entertainment Industry	559	45%	697	55%	1256
Financial Services	151	56%	118	44%	269
Hospitality	2452	29%	5911	71%	8363
Human Services	66	10%	606	90%	672
Information and Digital Technology	1276	87%	186	13%	1462
Metal and Engineering	1594	97%	51	3%	1645
Primary Industries	712	63%	413	37%	1125
Retail Services	722	33%	1463	67%	2185
Tourism and Events	45	8%	504	92%	549

HSC Vocational Education and Training (VET) courses are delivered for the HSC by Registered Training Organisations (RTOs) including schools and colleges as part of a school system RTO, TAFE NSW Institutes and private providers.

Note: There are multiple courses available within each VET Industry Curriculum Framework. The numbers above are based on unique students undertaking one or more courses within the Framework.

Information and Digital Technology is available for the first time in 2014 – replacing Information Technology.

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