

**Submission
No 236**

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

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**Submission to the Parliament of New South Wales
Legislative Council Inquiry into
vocational education and training in New South Wales
from the NSW Aboriginal Education Consultative Group**



**New South Wales
Aboriginal Education
Consultative Group Inc.**

37 Cavendish Street, Stanmore NSW 2048 | Ph: (02) 9550 5666 | Fax: (02) 9550 3361 | Email: info@aecg.nsw.edu.au

Web: www.aecg.nsw.edu.au

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Executive Summary

The NSW Aboriginal Education Consultative Group (NSW AECG) is a not-for-profit Aboriginal community organisation. We provide advice on all matters relevant to education and training and deliver a range of services which support:

- the attendance, engagement and educational outcomes of young Aboriginal people in early childhood education, in schools and in tertiary education and employment
- capacity building, resilience and the well-being of Aboriginal communities.

Because of our strong member base and federated model, the NSW AECG is the peak advisory body on Aboriginal Education and Training for New South Wales. Our structure enables effective statewide communication, allowing for an Aboriginal Community viewpoint to be echoed throughout the organisation and beyond.

The NSW Legislative Council General Purpose standing Committee No 6 is undertaking an inquiry into vocational education and training in New South Wales, including issues such as student choice, the roles played by public and private training providers, factors affecting cost of delivery, the effects of the competitive training market on student access and Smart and Skilled. The NSW AECG welcomes the opportunity to provide a submission to this inquiry.

In this submission, the NSW AECG has examined the issues from the standpoint of Aboriginal Peoples in New South Wales. The submission looks at Aboriginal Peoples and the economy and labour force of this state; Aboriginal Peoples and their outcomes from schooling; the importance of vocational education and training to the economy; and the central role TAFE NSW plays for Aboriginal vocational students in this state. We have also outlined the broader role we see for high quality vocational education and training, for individual people, communities and for industry.

We note the benefits of higher levels of education and of employment for society, individual people and their families; and the important role of vocational education and training in supporting people to gain and retain employment. We note the improvements in the Closing the Gap target for completion of Year 12 or equivalent but also note that there is still a long way to go, particularly for young Aboriginal people in remote communities. This results in the need for additional support to assist Aboriginal students to succeed in their vocational studies. We also describe the central role TAFE NSW plays in supporting Aboriginal students and our wish to see this continue.

Our submission outlines certain concerns we have about the quality of vocational education and training, particularly in Victoria, and our hope that the problems in that state will not be repeated in New South Wales. We also provide some suggestions for fine-tuning the operation of fees for vocational education and training under Smart and Skilled.

The role of vocational education and training should be to provide employers, industry and the economy with a workforce with the skills and adaptability to maximise productivity and effectiveness. For individual people, it should provide the skills and adaptability they need

to gain and retain employment. The benefits of higher levels of education to individuals and their families are also clear.

In this context, we have made the following recommendations, which we commend to the Legislation Council Standing Committee:

Recommendation 1:

The NSW AECG recommends that the NSW Government continue its strong support for vocational education and training.

Recommendation 2:

The NSW AECG recommends that a review of the quality of training under Smart and Skilled be undertaken in 2016, and that this include a review of employment outcomes.

Recommendation 3:

The NSW AECG recommends that

- **the inquiry acknowledge the centrality of TAFE NSW to the vocational education and training system in this state**
- **TAFE NSW be adequately funded to continue its work with Aboriginal people and their Communities, including the maintenance of small, rural colleges**
- **educational support structures for Aboriginal students in vocational education and training be maintained and supported through adequate funding**
- **TAFE NSW be adequately funded into the future to ensure it is able to meet community and industry expectations.**

Recommendation 4:

- **The NSW AECG recommends that fee-free places for Aboriginal people be retained until outcomes from school for young Aboriginal people are the same or better than those of their non-Aboriginal peers.**

Recommendation 5:

- **The NSW AECG recommends that that homelessness become a formally recognised criterion for fee-free places at all qualification levels for all working age people eligible to study under Smart and Skilled.**

Recommendation 6:

- **The NSW AECG recommends that a means test be introduced to determine the appropriate fees that low income earners should be charged for qualifications at all levels under Smart and Skilled.**

Introduction: the NSW Aboriginal Education Consultative Group

The NSW Aboriginal Education Consultative Group (NSW AECG) is a not-for-profit Aboriginal community organisation. We provide advice on all matters relevant to education and training. Our mandate is that this advice represents the Aboriginal community viewpoint. The NSW AECG is one of the Indigenous Education Consultative Bodies (IECBs).

The NSW AECG provides a range of services which support:

- the attendance, engagement and educational outcomes of young Aboriginal people in early childhood education, in schools and in tertiary education and employment
- capacity building, resilience and the well-being of Aboriginal communities.

The NSW AECG measures its success through the outcomes it has achieved over more than 35 years of effective operation.

The NSW AECG advocates cultural affirmation, integrity and the pursuit of equality to ensure that the unique and diverse Identity of Aboriginal Peoples is recognised and valued.

The primary role of the NSW AECG is to promote active participation by Aboriginal people in the consultative and decision-making processes of education and training related matters, resulting in the ownership and promotion of the importance of education for Aboriginal people. Our aim is to break the cycle of poverty and disadvantage through successful participation in education and training, from pre-school to university.

The NSW AECG promotes respect, empowerment and self-determination and believes the process of collaborative consultation is integral to equal partnership and is fundamental to the achievement of equality.

Structure and Governance of the NSW AECG

The NSW AECG is incorporated under New South Wales legislation. We have been in operation since 1977 and were incorporated in 1992. We have a proven track record, both in terms of outcomes achieved and good governance and administration, with successive unqualified audits annually over a long period of time.

The NSW AECG is the peak advisory body on Aboriginal Education and Training for New South Wales, because of our strong member base and federated model. The underlying structure of the NSW AECG is a local, regional and state network. This structure enables effective statewide communication, allowing for an Aboriginal community viewpoint to be echoed throughout the organisation and beyond. Our structure provides for customisation at the local level, because a one-size-fits-all approach is ineffective and, therefore, inefficient. It also provides a mechanism for scalability, by which successful local innovation can be promoted, shared and implemented across the state.

Our grassroots structure also enables:

- the development of effective public policy

- the adoption and implementation of new initiatives, customised to local communities
- strong community ownership of innovative education and training approaches
- consensus-building on policy and operational issues.

The NSW AECG has local members spread out across 127 communities. All members of local communities can become members of their local AECG but only Aboriginal adults (18 years and over) can vote and hold office-bearer positions. The President, Vice President, Secretary and Treasurer make up the local AECG Executive. Other members make up the local committee. The President of the NSW AECG is Ms Cindy Berwick.

With its strong and continuing focus on the importance of education and training to effect positive outcomes for individual Aboriginal people and Communities, the NSW Aboriginal Education Consultative Group is pleased to have the opportunity to respond to the Legislative Council Inquiry into vocational education and training in New South Wales.

The importance of vocational education and training for Aboriginal people in New South Wales

Aboriginal people and the New South Wales economy

The population of New South Wales is more than 32 per cent of the Australian population and NSW is now arguably the most improving state economically:

“NSW has retained its top ranking on population growth and retail trade and is also now number one on dwelling starts. It is second placed on business investment, and housing finance. NSW is fourth on overall construction work, unemployment and fifth on economic growth.”¹

To ensure this trend continues, New South Wales needs a highly skilled labour force, both now and into the future.

However, the population is ageing. The ABS reports,

“Between 1994 and 2014, the proportion of Australia's population aged 15-64 years remained fairly stable, decreasing from 66.6% to 66.5% of the total population. During the same period, the proportion of people aged 65 years and over increased from 11.8% to 14.7% and the proportion of people aged 85 years and over almost doubled from 1.0% of the total population in 1994 to 1.9% in 2014. Conversely, the proportion aged under 15 years decreased from 21.6% to 18.8%.”²

¹ <https://www.commsec.com.au/content/dam/EN/ResearchNews/SOTS%20NSW.pdf>

² 3101.0 - Australian Demographic Statistics, Jun 2014 ABS. FEATURE ARTICLE: POPULATION BY AGE AND SEX, AUSTRALIA, STATES AND TERRITORIES

But, for Aboriginal and Torres Strait Islander people, this is not the case. In a report reissued in 2012, the ABS reports,

“The Aboriginal and Torres Strait Islander population is relatively young and quite different in age structure compared with the non-Indigenous population.

“At 30 June 2006:

- children comprised 38% of the Aboriginal and Torres Strait Islander population, compared with 19% of the non-Indigenous population.
- young people comprised 19% of the Aboriginal and Torres Strait Islander population, compared with 14% of the non-Indigenous population.

“Overall in 2006, the median age of Aboriginal and Torres Strait Islander people (21 years) was much lower than the median age of non-Indigenous people (37 years). The relatively young age structure of the Aboriginal and Torres Strait Islander population is mainly due to higher fertility and mortality rates among Aboriginal and Torres Strait Islander peoples.”³

Further to this, the ABS predicts that the number of Aboriginal and Torres Strait Islander people will increase:

“The Indigenous population is projected to increase across all age groups between 2006 and 2021. The number of Indigenous children (0-14 years) is projected to increase from 194,200 in 2006 to between 242,600 and 243,400 in 2021. This equates to an increase of 25% over the period. The number of young adults (15-24 years) increases by a similar proportion (29%), from 99,700 people to between 128,600 and 128,800 people.

“The number of Indigenous people aged 25-54 years is projected to increase from 183,000 in 2006 to between 260,100 and 260,300 in 2021. This equates to an increase of between 42% and 43% over the period.

“The number of older Indigenous people (55 years and over) is projected to more than double over the period, from 40,000 in 2006 to between 82,000 and 86,600 in 2021.”⁴

Given that New South Wales has the largest Aboriginal population in Australia,⁵ the implication is that Aboriginal people will become an increasingly significant part of the New South Wales labour force and the economy will therefore be increasingly be reliant on the contribution made by Aboriginal people.

The overall percentage of Aboriginal people in New South Wales is around 2.9 per cent,⁶ the percentage of Aboriginal people in some parts of the state is already higher than 60 per

³ 4725.0 - Aboriginal and Torres Strait Islander Wellbeing: A focus on children and youth, Apr 2011 ABS

⁴ 3238.0 - Experimental Estimates and Projections, Aboriginal and Torres Strait Islander Australians, 1991 to 2021 ABS <http://www.abs.gov.au/ausstats/abs@.nsf/0/744FB2E9312BC13CCA25762A001CBA54>

⁵ <http://www.healthinonet.ecu.edu.au/health-facts/health-faqs/aboriginal-population>

⁶ Ibid.

cent: the economy of some parts of this state is therefore already reliant on an Aboriginal labour force. Thus, over the longer term, the Australian economy will also be increasingly reliant on a highly skilled Aboriginal and Torres Strait Islander labour force.

Aboriginal people and education

Improving education standards is important, not just for an individual person but for their family:

“...those households headed by someone holding tertiary level qualifications are less represented in poverty than any other group, whereas households headed by persons with low qualifications are over-represented. A quarter of all households headed by someone with year 11 or below as their highest qualification are experiencing poverty...

Households where the head has low qualifications (year 11 and below) are overrepresented...with more than twice as many low education households in poverty than in the general population.”⁷

The Prime Minister’s Report on Closing the Gap, released on 11 February 2015, notes the improvement in the target: ‘Halve the gap for Indigenous Australians aged 20-24 in Year 12 attainment or equivalent attainment rates (by 2020)’. The report states:

“This target is on track. Nationally, the proportion of Indigenous 20-24-year-olds who had achieved Year 12 or equivalent increased from 45.4 per cent in 2008 to 58.5 per cent in 2012-13. Between 2008 and 2012-13, the gap narrowed by 11.6 percentage points (from 39.6 percentage points in 2008 to 28 percentage points in 2012-13). For non-Indigenous Australians, the proportion rose slightly (85.0 per cent in 2008 to 86.5 per cent in 2012).

“Results vary significantly by remoteness for Indigenous young people, ranging from 65.5 per cent in outer regional areas to 36.8 per cent in very remote areas. A higher portion of Indigenous females achieved Year 12 or equivalent qualifications compared to Indigenous males in 2011 (55.2 per cent compared to 52.5 per cent).”⁸

Naturally, the NSW AECG is pleased to see the improvement in outcomes overall for young Indigenous people. However, we note that while the gap has narrowed, the distinct difference between outcomes for Indigenous and non-Indigenous students is still significant; and we note the degree to which these results vary by remoteness. We also note that this target is for Year 12 and equivalent. ‘Equivalent’ in this context means a vocational qualification at Certificate II level or higher.

We also note the over-representation of Indigenous Australians in all measures of disadvantage and the impact of this on families:

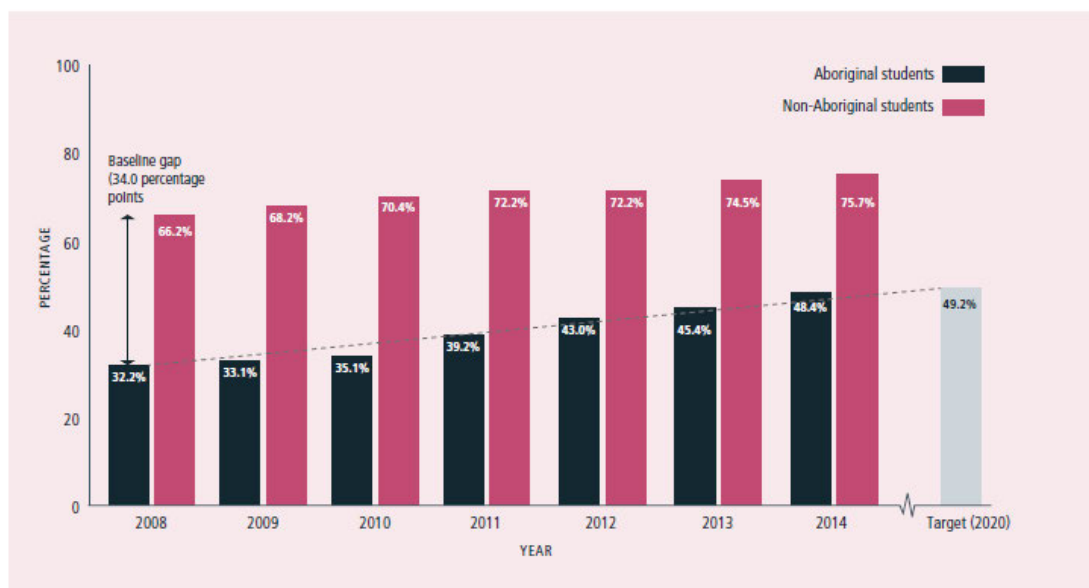
⁷ <https://business.curtin.edu.au/local/docs/BCEC-Falling-through-the-cracks-Report.pdf> p. 25

⁸ <http://www.dpmc.gov.au/pmc-indigenous-affairs/publication/closing-gap-prime-ministers-report-2015#schooling>

“Across the array of potential metrics relating to poverty and disadvantage, Aboriginal and Torres Strait Islander peoples invariably rank among the demographic groups within Australian society experiencing the worst outcomes...households in which at least one of the household members identifies as being of Aboriginal or Torres Strait Islander descent have median household incomes 20% lower than other households.”⁹

We believe it is indisputable that poor educational outcomes and disadvantage are linked. That is why the continuing disparity between Aboriginal and non-Aboriginal students staying on at school is of such grave concern. The following graph¹⁰ shows this result for New South Wales, where there were approximately 50,000 Aboriginal students at school in 2014.

Figure 12: Year 7 to Year 12 apparent retention for Aboriginal and non-Aboriginal students (2008 to 2014)



Source: ABS Schools Australia (cat. 4221.0). Notes: Apparent retention measures the extent to which students in NSW public schools progress to their final year of schooling. The term 'apparent' is used because the measurement is based on the total number of students in each year level compared to the number in an early year, rather than by tracking the retention of individual students.]

The implication for Aboriginal people, particularly those in the more remote areas of New South Wales, is that many people are commencing their vocational education and training with significantly lower outcomes from schooling than their non-Aboriginal peers and so require additional support to be successful in their post-school studies.

We also know about the health benefits of higher levels of educational attainment. The ABS reports:

“Higher levels of educational attainment are associated with improved health outcomes:

- In 2008, 59% of Aboriginal and Torres Strait Islander people aged 15–34 years who had completed Year 12 reported excellent/very good health compared

⁹ <https://business.curtin.edu.au/local/docs/BCEC-Falling-through-the-cracks-Report.pdf> p. 8

¹⁰ Department of Education and Communities. 2015. Annual Report 2014, p. 32

with 49% of those who had left school early (Year 9 or below). For people aged 35 years and over, the rates were 43% and 25% respectively.”¹¹

They found these health benefits are enhanced by employment.

“Overall, a little over half (53%) of Aboriginal and Torres Strait Islander people aged 15–34 years reported excellent or very good self-assessed health in 2008. This proportion was higher among those who had completed Year 12 (59%) and among those who were employed (58%). When employment was combined with completion of Year 12, the proportion of Aboriginal and Torres Strait Islander people aged 15–34 years who reported excellent/very good health increased to 62%...

“Previous analysis has shown that when relatively high household income ... was combined with Year 12 completion and employment, the proportion of Indigenous people aged 15–34 years who reported excellent or very good health also increased...”¹²

According to ABS research, having a parent who is employed also provides a better start to life for young people: “Children who lived with at least one employed parent were less likely to be developmentally vulnerable ... compared with children who did not live with an employed parent.”¹³

These are the reasons for the NSW AECG’s dedication to improving education and educational outcomes for Aboriginal Peoples, from early childhood to tertiary education; and for our determination to do all that we can to ensure that education and training in this state is as effective as it possibly can be.

Contribution of vocational education and training to the economy

Vocational education and training provides pathways to employment for individuals and skilled workers to support the economic growth of Australia. In its 2013 review, IPART found that vocational education and training contributes to the economy in several ways, including the following:

“In general, undertaking VET leads to improved employment outcomes for individuals. Society also benefits through the increased contribution to the economy. VET also generates benefits that are non-financial in nature (including external benefits such as social inclusion and civic participation).”¹⁴

¹¹ <http://www.abs.gov.au/AUSSTATS/abs@.nsf/lookup/4704.0Chapter365Oct+2010>

¹² Ibid.

¹³ <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4261.3Main+Features52011>

¹⁴ final_report_-_pricing_vet_under_smart_and_skilled_-_2013.pdf (p. 3)

“VET provides an important pathway into the economy for students from lower socio-economic or disadvantaged backgrounds, and may reduce their dependency on welfare payments.”¹⁵

This supports the findings of a study undertaken by the Allen Consulting Group which found that TAFE NSW contributed both directly and indirectly to the New South Wales economy, both by returning 640 per cent for every dollar invested over twenty years and by providing a range of other benefits.¹⁶

The NSW AECG believes that one major role of vocational education and training is to address economic disadvantage by linking people to jobs through high quality training in areas of skill demand. By doing so, vocational education and training supports economic growth and assists individual people to achieve their goals.

For those who are facing disadvantage and adversity, vocational education and training can provide a pathway back into mainstream society. We are, for example, aware of programs designed to assist survivors of domestic abuse to build resilience and rebuild self-esteem.

Pathways are central to vocational education and training. Vocational education and training provides opportunities for early school leavers to re-enter education and find a pathway to employment or further education, or both. It provides adult literacy and numeracy to allow people to succeed in vocational education and training. It provides pathways from vocational education and training, including the HSC equivalent at TAFE, to university study. It provides pathways into meaningful and rewarding sustainable employment. It provides pathways from an apprenticeship to becoming a skilled tradesperson and then to a small business owner and employer.

In rural New South Wales, many job opportunities are for those with vocational education and training qualifications and the NSW AECG acknowledges the importance of training people for skills in all walks of life. While the NSW AECG is keen to support opportunities for Aboriginal people to study at university, we also recognise that there will continue to be a need for workers with vocational education and training qualifications who report to managers with university qualifications. Rather than seeing this as a deficit model, the NSW AECG sees this as both a pathway out of welfare dependency and a reason for the NSW Government to continue its strong support for vocational education and training.

Recommendation 1:

The NSW AECG recommends that the NSW Government continue its strong support for vocational education and training.

Quality in the vocational education and training system

For vocational education and training to be an effective economic lever, employers and graduates must be able to rely on the quality of the vocational education and training system. The NSW AECG believes employers and graduates have a right to expect the system

¹⁵ Ibid. (p. 126)

¹⁶ Allen Consulting Group. 2006. The Complete Package: The value of TAFE NSW.

to provide job-ready graduates with the skills and adaptability they need to gain and retain employment. The changing nature of work and industry means that vocational education and training must do more than provide immediate skills for a current job: it must also provide the skills which enable people to be adaptable to change and to continue to learn on the job after they complete their training.

It is therefore essential that the vocational qualifications funded by the NSW Government are demonstrably those with good employment outcomes, with strong links to industry needs and which cover the whole range of industries rather than focusing on minimalist training which is cheap to provide. Courses with appropriate levels of support, which provide students with the literacy, numeracy and employability skills they need to succeed in their vocational education and training, are also essential.

The quality of the system underpins this reliance and, over the last several years, much has occurred to cause concern. We do not wish to see a situation in New South Wales like that reported in Victoria, when thousands of students had their qualifications recalled.¹⁷

The Victorian Government has recently completed a review into training in that state. “The Review identified four areas through which improved VET quality assurance will be achieved:

1. prioritising quality in determining eligibility to deliver government funded training;
2. improving key factors in a student’s training experience, such as the duration of training and the skills and abilities of trainers;
3. actively monitoring and managing the performance of contracted training providers; and
4. empowering students and employers to drive quality through informed choices and consumer protection.”¹⁸

In her submission to the IPART Review – Pricing VET under Smart and Skilled, Wheelahan described the marketisation of vocational education and training as “The race to the bottom in the VET market”. Reflecting on the situation in Victoria, she wrote:

“There were many instances of private providers that charged students no fees and only claimed the public subsidy, and moreover, reports of cash bribes for students to enrol in courses and providers delivering programs in a fraction of the time which it should take (Tomazin 2012). In other words, there were massive profits to be made, and the trajectory of the ‘market design’ in VET is a race to the bottom.”¹⁹

The introduction of the Smart and Skilled funding program in New South Wales has been accompanied by the introduction of a new Quality Framework and the NSW AECG does not believe the situation in this state is as serious as it has been in Victoria. Nevertheless, the NSW AECG has received disturbing reports from Communities about the practices of some

¹⁷ <http://www.abc.net.au/news/2015-02-19/thousands-of-vocational-training-certificates-recalled/6145636>

¹⁸ <http://www.education.vic.gov.au/training/learners/vet/Pages/qareview.aspx>

¹⁹ <http://ipart.nsw.gov.au> online_submission_-_individual_-_l_wheelahan_-_3_may_2013(1).pdf

providers in trying to attract students to courses, particularly relating to loans and inducements.²⁰

For this reason, we welcome the recent steps taken by the Commonwealth through the Assistant Minister for Education and Training Senator Simon Birmingham to further safeguard the VET FEE-HELP student loan program.²¹

Further to this, the NSW AECG believes that it is essential that the NSW Government and the people of New South Wales have full confidence in vocational education and training in this state and recommend a review of the quality of training under Smart and Skilled be undertaken after one full year of training is completed.

Recommendation 2:

The NSW AECG recommends that a review of the quality of training under Smart and Skilled be undertaken in 2016, and that this include a review of employment outcomes.

It is also essential that people living everywhere in New South Wales have access to equally high quality provision. The NSW AECG sees vocational education and training as an important pathway for Aboriginal people. For this reason, the NSW AECG has continued to advocate to ensure that delivery is maintained where Aboriginal people live.

We recognise that TAFE NSW responded to this challenge, both by ensuring that TAFE colleges are built and retained in small, rural communities; and that educational services are provided right across remote New South Wales using a range of delivery methods, including the award winning TAFE Western Connect program.²² In remote and rural New South Wales, TAFE NSW is the only provider and represents the only access to education, not just vocational education and training, for people who wish to continue study after leaving school.

The role of TAFE NSW in training for Aboriginal people

In its 2014 inquiry into Skills Shortages, the New South Wales Legislative Assembly Committee for Economic Development found, “that TAFE NSW is the backbone of vocational education and training in NSW and that to achieve the state’s economic and social priorities it is vital that TAFE NSW receives appropriate and adequate funding.”²³

This is a finding with which the NSW AECG firmly agrees. Further, the committee reported:

²⁰ Where appropriate, these incidents have been reported to State Training Services.

²¹ <http://www.senatorbirmingham.com.au/Media-Centre/Media-Releases/ID/2753/Tougher-VET-FEE-HELP-guidelines-effective-today>

²² http://www.tafewestern.edu.au/news/tafe-western-honoured-with-premier-s-award-for-revitalising-regional-nsw#.VaXIA88w_IU

²³

[https://www.parliament.nsw.gov.au/prod/parliament/committee.nsf/0/ef8a635be9f5b23bca257ca7000ee0fc/\\$FILE/Report%20No%20%2055%20-%20Skill%20shortages%20in%20NSW.pdf](https://www.parliament.nsw.gov.au/prod/parliament/committee.nsf/0/ef8a635be9f5b23bca257ca7000ee0fc/$FILE/Report%20No%20%2055%20-%20Skill%20shortages%20in%20NSW.pdf) p. 52

“Overall, however, the evidence before the Committee recognised the central role of TAFE NSW as the leading provider of vocational education and training in NSW, and that crucial to supporting the economic and social priorities of NSW and to meeting the expectations of the community for a skilled workforce, is that TAFE’s priority should be to deliver training in areas of skills demand...”²⁴

The NSW AECG welcomes this finding because we believe it is only through communication at the local level that skill needs can be fully understood and addressed. TAFE NSW has shown its capacity to do this in a way that, to date, other providers and planning agencies have not. TAFE has also been found to contribute more to the economy than other providers by doing more to address skill shortages.²⁵

TAFE NSW is the provider of choice for Aboriginal people in New South Wales. While the Aboriginal population of this state is approximately 2.9 per cent, Aboriginal people represent more than 6.5 per cent of the students at TAFE NSW. Despite the continuing expansion of contestability in vocational education and training, Aboriginal people continue to enrol in TAFE NSW and not with other providers. From 2009 to 2013, the number of Aboriginal students studying at TAFE NSW increased by almost 23 per cent.²⁶

The NSW AECG believes there are two key reasons for this. The first is the legislated imperative for TAFE NSW to ensure it provides:

“...educationally or vocationally disadvantaged groups (such as women, Aborigines, persons of non-English speaking background, persons with disabilities and persons in rural areas) with access to technical and further education services, including a range of appropriate specialised services,”²⁷

It has been our experience that, since this Act came into force, TAFE NSW has become increasingly mindful of the needs of Aboriginal students and has strived to respect Aboriginal people, listen to Aboriginal Communities and the local NSW AECGs, and adjust training to meet the specific needs of local communities, employers and industry. TAFE NSW has also recognised the diversity of Aboriginal people and Communities. All these factors have led to TAFE NSW’s history of success and the trust Aboriginal people now have in TAFE NSW.

The second reason, which has resulted from the first, is the introduction of significant support structures which TAFE NSW has put into place for Aboriginal students. These include:

- making TAFE campuses culturally safe learning places;
- the introduction of the Aboriginal Support and Liaison Officers;
- support systems such as tutorial assistance and mentoring;

²⁴ Ibid. p. 48

²⁵ <http://theconversation.com/tafe-helps-skills-shortage-more-than-private-providers-10906>

²⁶ https://www.tafensw.edu.au/_data/assets/pdf_file/0006/9474/Statistical-Compendium-2013.pdf (Table 1.09)

²⁷ http://www.austlii.edu.au/au/legis/nsw/consol_act/tafec1990394/ (s6)

- programs and processes which encourage Aboriginal Elders to come to the campuses; and
- Aboriginal Language and Culture programs.

We were therefore not surprised to see the results of a Newspoll survey undertaken by TAFE NSW:

“The research shows us that the people of NSW clearly value the contribution TAFE NSW makes in providing skills crucial to the economy. Of the respondents who were aware of TAFE, 96 per cent said TAFE services are valuable to NSW...”

“Newspoll also found that of those aware of TAFE, 94 per cent say it provides a valuable contribution to training people for business and industry, while 97 per cent feel TAFE is extremely or very important in providing apprentice training.”²⁸

The Productivity Commission has also found that there are economic benefits derived from the attainment of higher level qualifications. Their 2012 report on the impact of COAG reforms with targets for 2020 found:

“...increases in the profile of qualification attainment... are projected to [result in] increase[s in]...

- the number of completions by about 1.29 million over the period 2010 to 2020
- employment by 1.04 per cent by 2020
- labour productivity by 0.35 per cent³
- GDP by 1.95 per cent.”²⁹

Research has shown that students who attain a vocational qualification at Certificate III level or higher have better employment outcomes throughout their lives: they are less likely to be unemployed and, if unemployed, more likely to regain employment more quickly; and more likely therefore to earn more throughout their lives.

The following table³⁰ shows how the proportion of Aboriginal students at TAFE NSW completing higher level qualifications increased between 2009 and 2013. The percentage of TAFE NSW graduates with a Diploma or higher qualification increased by more than 187 per cent and the percentage of Aboriginal graduates with a Certificate III level qualification increased by more than 69 per cent.

²⁸ <http://www.nsw.gov.au/news/government-announces-new-directions-tafe-nsw>

²⁹ <http://www.pc.gov.au/inquiries/completed/coag-reporting-busines-vet/report/coag-reform-vet.pdf> (pp. 64-65)

³⁰ https://www.tafensw.edu.au/_data/assets/pdf_file/0006/9474/Statistical-Compendium-2013.pdf [Table 2.04]

| Completions at AQF Certificate Level III and above | 2009 | 2010 | 2011 | 2012 | 2013 | Change 2012-2013 % | Change 2009-2013 % |
|---|---------------|---------------|---------------|---------------|---------------|--------------------------|--------------------------|
| Aboriginal students | 1,692 | 1,948 | 2,256 | 2,628 | 2,868 | 9.1 | 69.4 |
| Students with a disability | 3,569 | 4,096 | 4,685 | 5,194 | 5,471 | 5.3 | 53.3 |
| Female Students | 39,469 | 43,181 | 44,241 | 47,984 | 50,568 | 5.4 | 28.1 |
| LBOTE students | 17,698 | 19,559 | 19,986 | 21,961 | 22,750 | 3.6 | 28.5 |
| Students from regional/remote areas | 23,715 | 26,146 | 26,288 | 28,288 | 29,255 | 1.3 | 23.4 |
| 15-19 year olds | 13,532 | 12,986 | 12,792 | 13,434 | 13,735 | 2.2 | 1.5 |
| 20-24 year olds | 18,895 | 19,027 | 18,499 | 19,636 | 20,277 | 3.3 | 7.3 |
| 20-64 year olds | 58,799 | 63,955 | 66,200 | 72,632 | 73,776 | 1.6 | 25.5 |
| Mature age students (45 years and over) | 11,680 | 13,729 | 15,222 | 17,299 | 17,547 | 1.4 | 50.2 |
| Unemployed students | 13,719 | 15,906 | 16,482 | 18,279 | 19,667 | 7.6 | 43.4 |
| All Completions at AQF Certificate III and above | 72,609 | 77,233 | 79,330 | 86,539 | 88,092 | 1.8 | 21.3 |

| Completions at Diploma Level and above | 2009 | 2010 | 2011 | 2012 | 2013 | Change 2012-2013 % | Change 2009-2013 % |
|---|---------------|---------------|---------------|---------------|---------------|--------------------------|--------------------------|
| Aboriginal students | 148 | 248 | 306 | 371 | 425 | 14.6 | 187.2 |
| Students with a disability | 606 | 673 | 892 | 881 | 1,030 | 16.9 | 70.0 |
| Female Students | 8,183 | 9,492 | 9,878 | 10,251 | 11,209 | 9.3 | 37.0 |
| LBOTE students | 5,256 | 5,676 | 5,930 | 5,829 | 5,939 | 1.9 | 13.0 |
| Students from regional/remote areas | 2,663 | 3,427 | 3,862 | 4,204 | 4,505 | 7.2 | 69.2 |
| 15-19 year olds | 2,097 | 1,936 | 1,852 | 1,822 | 1,955 | 7.3 | -6.8 |
| 20-24 year olds | 4,762 | 4,652 | 4,311 | 4,365 | 4,660 | 6.8 | -2.1 |
| 20-64 year olds | 12,629 | 14,248 | 15,598 | 15,824 | 16,607 | 4.9 | 31.5 |
| Mature age students (45 years and over) | 1,877 | 2,598 | 3,305 | 3,459 | 3,546 | 2.5 | 88.9 |
| Unemployed students | 2,959 | 3,596 | 3,798 | 3,868 | 4,194 | 8.4 | 41.7 |
| All Completions at Diploma and above | 14,779 | 16,231 | 17,503 | 17,725 | 18,668 | 5.3 | 26.3 |

For all these reasons, the NSW AECG recommends that the inquiry acknowledge the centrality of TAFE NSW to the vocational education and training system in this state.

The NSW AECG strongly supports the cautious approach the NSW Government has taken in staging the implementation of Smart and Skilled. We support the statement by Minister Barilaro that was reported in The Australian earlier this year:

“New NSW Skills Minister John Barilaro has come out against a fully contestable approach to skills funding, in a further sign that support for completely open training markets is cracking.

“Mr Barilaro told The Australian he did not support 100 per cent contestability, citing impacts on TAFE colleges and his pre-politics experience as a manufacturing proprietor in the regional centre of Queanbeyan. Mr Barilaro said TAFE’s infrastructure and salary costs made it impossible for it to compete on an equal footing with private colleges.”³¹

The NSW AECG believes that a fully contestable ‘open’ training market is not desirable. Nor is it efficient or effective. It is our experience that TAFE NSW provides support for Aboriginal people that is not provided by other training organisations. The implication for TAFE NSW of the provision of this essential support is that TAFE NSW is more expensive to run. In other words, TAFE NSW costs more because it does more; and the community expects this of TAFE NSW.

We recognise that, under Smart and Skilled in 2015, Aboriginal students and regional and remote students attract a loading to support the higher cost of training; and that TAFE NSW

³¹ <http://www.theaustralian.com.au/higher-education/support-wanes-for-open-training-markets/story-e6frgcjx-1227314152492>

received operational base funding to guarantee service levels for the community; and community service obligation funding to support disadvantaged learners and training in thin markets.³² The NSW AECG strongly supports these initiatives.

The NSW AECG believes it is essential that TAFE NSW be adequately funded across the board to ensure it is able to continue to meet community expectations; those of Aboriginal Peoples and their Communities, and those of the people of New South Wales more generally.

It is also essential that TAFE NSW is able to continue to meet the needs of industry in this state. We do not wish to see a situation like that in Victoria emerge, where the Australian Industry Group has reported that "...the level of funding to the VET sector is inadequate to meet the expanded demand for skills by industry including areas of skills shortages...".³³

Recommendation 3:

The NSW AECG recommends that

- **the inquiry acknowledge the centrality of TAFE NSW to the vocational education and training system in this state**
- **TAFE NSW be adequately funded to continue its work with Aboriginal people and their Communities, including the maintenance of small, rural colleges**
- **educational support structures for Aboriginal students in vocational education and training be maintained and supported through adequate funding**
- **TAFE NSW be adequately funded into the future to ensure it is able to meet community and industry expectations.**

Fees for vocational education and training

Much has been written about the increases in fees for vocational education and training under Smart and Skilled, including in the media.³⁴ It is too early to tell what the impact of the fee increases has been on enrolments, particularly given the reported problems with systems.³⁵ This, no doubt, will be something the NSW Government will wish to have a complete picture of in due course.

³² https://www.training.nsw.gov.au/forms_documents/smartandskilled/prices_fees/prices_fees_overview.pdf

³³

http://www.aigroup.com.au/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/LIVE_CONTENT/Policy%2520and%2520Representation/Submissions/Education%2520and%2520Training/2015/Ai%2520Group%2520Submission%2520to%2520Victorian%2520Government%2520VET%2520Funding%2520Review.pdf p. 13

³⁴ <http://www.smh.com.au/nsw/students-set-to-pay-up-to-45-of-fees-in-tafe-restructure-20140515-38cwh.html>

³⁵ <http://www.theage.com.au/it-pro/government-it/tafe-enrolments-in-chaos-after-computer-crash-prevents-student-access-for-new-courses-20150124-12wqom.html>

Fees for Aboriginal People

For Aboriginal people in New South Wales, vocational education and training under Smart and Skilled has remained fee-free and the NSW AECG welcomes this decision wholeheartedly. Fee-free courses have been used by Aboriginal people as a means of gaining an education and building personal resilience in the face of considerable adversity. Fee-free training has also been a means by which successive governments have recognised that, until recently, schools had not always been a culturally safe and welcoming place for young Aboriginal people and access to schools had been limited, resulting in young Aboriginal people being statistically over-represented in TAFE NSW.

Even today, far too many young Aboriginal people leave school early and turn to TAFE for a second chance at education. Until such time as Aboriginal students are finishing school at the same rate and doing as well or better in the HSC as their non-Aboriginal peers, we recommend that fee-free places for Aboriginal people be retained.

Recommendation 4:

The NSW AECG recommends that fee-free places for Aboriginal people be retained until outcomes from school for young Aboriginal people are the same or better than those of their non-Aboriginal peers.

Fees for Homeless People

The NSW AECG recognises that there are other groups of people in Australian society who are particularly vulnerable to adversity. The first of these is homeless people.

The NSW AECG understands that being homeless is not a criterion for a fee-free or concession place in its own right. We also understand that homeless people are frequently treated as welfare recipients or as people with disabilities under Smart and Skilled.

If they are treated as welfare recipients, they may qualify for a concession for qualifications up to and including Certificate IV. More recently, the NSW Government introduced a scholarship system for welfare recipients. The homeless are able to apply as welfare recipients for these scholarships. While we endorse their introduction, the NSW AECG does not believe the scholarships provide a complete solution, as they do not apply to people aged over 30 and are only for qualifications up to Certificate IV level.³⁶

Many homeless people are also people with disabilities. Where this is the case, they may be enrolled as homeless people and “their first course commencement in a calendar year” is exempt from fees.³⁷

We have also been informed that people on the wait-list for social housing are exempt from paying fees, although this information does not appear to be in the fees and concession section of the Smart and Skilled website.

³⁶ <https://smartandskilled.nsw.gov.au/for-students/fee-free-scholarships> (Note: the average age of a TAFE student is around 30. In 2013, nearly 47 per cent of the students in TAFE NSW were 30 or older.

https://www.tafensw.edu.au/data/assets/pdf_file/0006/9474/Statistical-Compendium-2013.pdf)

³⁷ <https://smartandskilled.nsw.gov.au/for-students/how-much-will-your-course-cost/concessions-exemptions>

Those who wish to undertake higher level qualifications are not eligible for concessions, exemptions or scholarships. “No concession fees are available for Diploma and Advanced Diploma students, who are able to access Australian Government VET FEE-HELP loans to pay their fees.”³⁸

We believe the provision of loans to homeless people is problematic. We question the appropriateness of providing a loan to someone without the means to repay it, although we acknowledge that this is the case for many in receipt of VET FEE HELP loans. People with disabilities and the homeless have reportedly been the targets of unscrupulous training providers:

“Unscrupulous training colleges are targeting people with disabilities and the homeless in order to cash in on government education funding.”³⁹

The concessions and exemptions available to homeless people represent a ‘work around’ rather than a criterion in itself and do not provide fee-free places to students of all ages or for all qualification levels. For this reason, the NSW AECG recommends that homelessness become a formally recognised criterion for fee-free places at all qualification levels under Smart and Skilled.

Recommendation 5:

The NSW AECG recommends that that homelessness become a formally recognised criterion for fee-free places at all qualification levels for all working age people eligible to study under Smart and Skilled.

Fees for the Working Poor

The NSW AECG is also concerned about the impact of the Smart and Skilled fees and loans scheme on the working poor. A 2014 article in Business Insider reported on a study into poverty:

“One million Australians are living in severe poverty, according to research released today. Severe income poverty is defined as having access to household income of less than 30% of the national median. About 5% of Australia’s population is in this category. More than 310,000 children are also living in households in severe poverty.”⁴⁰

The article was referring to a study undertaken by the Bankwest Curtin Economics Centre in 2014 which reported that: “NSW is ranked first in both child and person level poverty measurements... More than a million people in NSW are living in poverty, and close to 300,000 children.”⁴¹

³⁸ ibid.

³⁹ <http://www.abc.net.au/news/2014-10-18/private-training-colleges-target-the-homeless-disabled/5819756>

⁴⁰ <http://www.businessinsider.com.au/meet-the-working-poor-one-million-australians-are-living-in-severe-poverty-2014-10>

⁴¹ <https://business.curtin.edu.au/local/docs/BCEC-Falling-through-the-cracks-Report.pdf> p. 5

The report notes the evidence for what is called a 'subpopulation' of the working poor

"...wages in and of themselves do not prevent income poverty entirely. The high proportion of households that are reliant on wages and salaries as their main source of income across the poverty depth groups indicates the existence of a 'working poor' subpopulation."⁴²

The working poor are described as follows:

"Those on casual contracts, whether part-time or full-time, are as likely to be in 'standard' poverty, and slightly more likely to be in severe poverty, compared with the overall population. This highlights the fact that casual work provides less protection from poverty than other types of employment, leading to a small but noticeable class of 'working poor'."⁴³

A 2007 study undertaken by the Commonwealth Department of Social Services (DSS, then FACSIA) found:

"A surprising result is that the in-poverty groups have less debt than the comparison groups...the mean debt of those in poverty was around \$30,000, compared to over \$70,000 in the comparison groups. ... The median household in poverty had no debt."⁴⁴

Whether this was evidence of low income households' aversion to debt or their inability to obtain loans is not clear. The DSS report also examined those in financial stress (defined as those households where there was an imbalance between expenditure and income).

"Households in financial stress have a larger average debt than households in income or subjective poverty...the mean debt of households in financial stress was \$43,800, compared to mean debts of \$24,500 and \$30,500 for the subjective and income poverty groups. ... Therefore, households experience incidences of financial stress in part because of loans or other debts. Households experiencing financial stress tend to have higher incomes and larger debts than households in subjective or income poverty."⁴⁵

The 125 per cent increase in pay day loans since 2008⁴⁶ might also be of relevance here, both to the 'in poverty' and to the 'financial stress' groups.

⁴² *ibid.* p. 7

⁴³ *ibid.* p. 34

⁴⁴ <https://www.dss.gov.au/about-the-department/publications-articles/research-publications/social-policy-research-paper-series/number-29-income-poverty-subjective-poverty-and-financial-stress?HTML> p. 20

⁴⁵ *ibid.* p. 35

⁴⁶ <http://asic.gov.au/about-asic/media-centre/find-a-media-release/2015-releases/15-056mr-asic-puts-payday-lending-industry-on-notice-to-lift-standards/>

The final report by IPART on the recommended fee structure for Smart and Skilled did not specifically discuss the impact on the working poor, except in relation to apprentices and trainees.⁴⁷ The NSW AECG believes that the Smart and Skilled fee structure, with higher fees for many people in many courses⁴⁸, has the potential to act as a barrier to participation to vocational education and training for low income earners and particularly the working poor. The increase in fees has the potential to increase financial stress for low income households and the VET FEE-HELP loan scheme would not appear to provide a solution for those in poverty or those in financial stress.

For this reason, the NSW AECG recommends the introduction of a means test for fees for vocational education and training, with appropriate research undertaken to determine the optimum level of fees to promote accessibility to vocational education and training for the working poor.

Recommendation 6:

The NSW AECG recommends that a means test be introduced to determine the appropriate fees that low income earners should be charged for qualifications at all levels under Smart and Skilled.

⁴⁷

http://www.ipart.nsw.gov.au/Home/Industries/Other/Reviews/Vocational_Education/Pricing_VET_under_Smart_and_Skilled/10_Oct_2013_-_Final_Report_provided_to_the_Minister_for_Education/Final_Report_-_Pricing_VET_under_Smart_and_Skilled_-_October_2013

⁴⁸ *ibid*: page 11

Conclusion

The NSW AECG applauds the continuing support of the NSW Government for vocational education and training and welcomes the opportunity provided by this inquiry to make suggestions with the goal of improving the system.

The importance of vocational education and training to the economy should not be underestimated; nor should the important role of Aboriginal Peoples in the labour force. With the largest number of Aboriginal people in any state or territory, New South Wales' future prosperity will be increasingly dependent on the workforce participation of highly-skilled Aboriginal Peoples.

The role of vocational education and training should be to provide employers, industry and the economy with a workforce with the skills and adaptability to maximise productivity and effectiveness. For individual people, it should provide the skills and adaptability they need to gain and retain employment. The benefits of higher levels of education to individuals and their families are also clear.

It is therefore essential that the qualifications funded by the NSW Government are demonstrably those with good employment outcomes, with strong links to industry needs and which cover the whole range of industries. Courses with appropriate levels of support, which provide students with the literacy, numeracy and employability skills they need to succeed in vocational education and training, are also crucial.

People in New South Wales should also have confidence in the system they fund through their taxes. Having observed the significant problems in other jurisdictions, the NSW AECG has recommended a review of the quality of vocational education and training since the introduction of Smart and Skilled and the inclusion in this review of employment outcomes.

The centrality of TAFE NSW to the vocational education and training system in New South Wales has been endorsed repeatedly. The organisation's commitment to providing appropriate support to Aboriginal Peoples, their understanding of the need to listen to and work with Aboriginal Peoples and their recognition of the support needed for Aboriginal students to succeed in vocational education and training has made TAFE NSW the trusted provider of choice for Aboriginal Peoples in New South Wales. We recommend that the inquiry support the important place of TAFE NSW in this state and the continuation of its support for Aboriginal students and their Communities.

The NSW AECG believes there are opportunities to fine tune the fee and loan system particularly for homeless people and the working poor.

High quality, effective vocational education and training underpins a high performing economy. The NSW AECG commends the committee for undertaking this critical inquiry and focusing on this important educational sector.

Recommendations

Recommendation 1:

The NSW AECG recommends that the NSW Government continue its strong support for vocational education and training.

Recommendation 2:

The NSW AECG recommends that a review of the quality of training under Smart and Skilled be undertaken in 2016, and that this include a review of employment outcomes.

Recommendation 3:

The NSW AECG recommends that

- the inquiry acknowledge the centrality of TAFE NSW to the vocational education and training system in this state
- TAFE NSW be adequately funded to continue its work with Aboriginal people and their Communities, including the maintenance of small, rural colleges
- educational support structures for Aboriginal students in vocational education and training be maintained and supported through adequate funding
- TAFE NSW be adequately funded into the future to ensure it is able to meet community and industry expectations.

Recommendation 4:

- The NSW AECG recommends that fee-free places for Aboriginal people be retained until outcomes from school for young Aboriginal people are the same or better than those of their non-Aboriginal peers.

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Recommendation 6:

- The NSW AECG recommends that a means test be introduced to determine the appropriate fees that low income earners should be charged for qualifications at all levels under Smart and Skilled.