

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE NO. 6

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

CORRECTED PROOF

At Newcastle on Friday 18 September 2015

The Committee met at 11.45 a.m.

PRESENT

The Hon. P. Green (Chair)

The Hon. L. Amato
The Hon. C. Cusack
The Hon. G. J. Donnelly
The Hon. S. Farlow
Dr J. Kaye

CHAIR: Welcome to the third hearing of General Purpose Standing Committee No. 6 inquiry into vocational education and training in New South Wales. The inquiry is examining a number of important issues facing the VET system in this State, including the Government's Smart and Skilled reforms. Before I commence I acknowledge the Awakabel people who are the traditional custodians of the land and pay my respects to elders past and present. I also extend that respect to any Aboriginals who may be here today. In terms of the hearing, today is the third of seven hearings we plan to hold for this inquiry.

Before we commence I will make some brief comments about procedures today. Some people might like to take questions on notice if they had certain documents to hand or if they had an opportunity to answer. So witnesses are advised that they can take questions on notice and provide an answer within 21 days. I remind everyone that the Committee hearings are not intended for a forum for people to make adverse reflections about others under the protection of parliamentary privilege. Therefore I ask witnesses to focus on the issues raised by the inquiry terms of reference and avoid naming individuals unnecessarily. If people in the public gallery want to pass any messages, please do so through the Committee secretariat. I ask everyone to turn off their mobile phones for the duration of the hearing.

GAVIN MANNING, National Apprentice Development Systems Manager, Komatsu Australia, sworn and examined:

CHAIR: Would you like to make an opening statement?

Mr MANNING: No. I will just go with the flow and see where this takes me.

The Hon. GREG DONNELLY: Thank you for making yourself available to the inquiry today. I think you are generally aware of the terms of reference?

Mr MANNING: Correct.

The Hon. GREG DONNELLY: From the point of view of Komatsu, the organisation you represent, and your role specifically with training, what is the relationship with TAFE NSW?

Mr MANNING: Currently Komatsu Australia's relationship with TAFE NSW is we have an MOU in place that after several years of working together with TAFE we organised, so that is currently in place. We currently train all our New South Wales apprentices in TAFE NSW.

CHAIR: How many?

Mr MANNING: It is probably about 37, 38 at the moment. Without digressing too much, we have MOU's with other TAFE's around Australia so nationally we are a fairly good TAFE supporter, although we have one private provider as well. We rely extremely heavily on TAFE to deliver quality training in a delivery method that suits us or suits our trade stream, which is extremely important to us.

The Hon. GREG DONNELLY: In terms of the reasoning behind why your organisation entered into an MOU with TAFE and that MOU is on foot, were there particular reasons for Komatsu ultimately deciding to go with TAFE?

Mr MANNING: In our case we are not in a position where we could set up our own, dissimilar to others, training centres. I guess along with a lot of other industry and our stream, we just rely heavily on TAFE and the quality of training that they have given us in the past. Probably one of the big advantages is that particularly with Hunter Institute there is a longstanding relationship between industry, Komatsu and TAFE in our stream, which is the plant and heavy stream of the industry which revolves around road transport, plant mechanics, quarrying, mining and all those sort of different industries.

The Hon. GREG DONNELLY: You are in an industry which obviously evolves and develops with new technology and new innovation. I presume that places a requirement on your organisation over time to rejig or refine or have changes made to the training that is provided to your apprentices. How have you found TAFE as an organisation being responsive to the business needs and the needs to have those updated and refined over time?

Mr MANNING: Again, I can probably reflect on Hunter Institute. We have found them very supportive of changes that industry has required. Along the way, whether they have had to buy different equipment to train apprentices or whether we have entered into shared resources where industry and particularly in Komatsu's case we have a lot of machines that we put on the TAFE site to help them with resources. In the case of different ways of delivering training and things like that over a period of time, I guess in my role also as chair with ASA, the national advisory committee—

Dr JOHN KAYE: What does ASA stand for?

Mr MANNING: Auto Skills Australia. I chair the heavy vehicle stream and I also chair the national training advisory committee. What we have found in our stream is—this is probably an important point that I need to make—different streams of industry require different ways of delivering the training. In some cases we have had to adopt more current trends in training. We have had to adopt some more blended type training. Other industries, other streams, are happy to have online training. Our industry does rely heavily on face-to-face training. So there is a whole lot of different things there that we have had to do as times have changed, as training methods have changed.

The Hon. GREG DONNELLY: With respect to private providers and what they are able to offer, I am not asking you to speak specifically of the relationship that you have with your private provider—that is probably too much of an intimate question but more broadly, with your knowledge of the industry. Do private providers bring much to offer to training in broadly the industry that you are from?

Mr MANNING: In our case at Komatsu we train our apprentices in business skills and life skills as well as trade skills. I suppose to answer that question we use both the TAFE system and private providers to deliver those services to us. If we looked wholly and solely just at the TAFE system interstate we use a private provider whose façade might not be the prettiest façade in town but at the end of the day the equipment that he has to training our apprentices with, and the opportunity for us to work with him, is much easier than trying to use the State system in that particular State without naming the State.

The Hon. GREG DONNELLY: We have received evidence to the inquiry about questionable practices and questionable outcomes involving private providers and students going through but perhaps coming out without the sort of acknowledged credential and standards from TAFE where there is not a lot of questions asked except that it is a qualification of high standing. Are you aware—once again, I am not asking you to give specific examples—of problems where you can have private providers potentially functioning in an industry and running for a period of time and engaging and ultimately passing out students who are not being properly training?

Mr MANNING: Probably the fairest way to answer that question is I would suggest that is a problem nationally. I would say in this State in our industry stream, because of the training aids that you require, I would not suggest that I have come across it in our industry stream but I do cross over into other industries through our electrical apprentices and things like that, and again I would not suggest it has been a TAFE problem but certainly in other industries it has been a definite problem with private providers. I am not saying in every case. I am sure there are a lot of good private providers out there but there are instances out there for sure.

Dr JOHN KAYE: In response to Mr Donnelly's questions, you said TAFE had been flexible and responsive to your needs. Can you tell us when did TAFE become flexible and responsive to your needs? Has it always been thus? Or is it in the last six months?

Mr MANNING: No. I would suggest in our stream TAFE—I will have to differentiate here between institutes, which I will. I can honestly say that Hunter Institute has been flexible in what our needs have been for our industry stream, being the plant and heavy.

Dr JOHN KAYE: And they have been flexible in respect of meeting your needs for some years?

Mr MANNING: Certainly have. I guess probably if we look to pre Smart and Skilled, there was flexibility there. Discussions prior to Smart and Skilled, it sounded like it possibly may have been inflexible in some areas that we might have been directed in a certain direction that we were not particularly happy with with regard to deliveries and things like that, but after discussion certainly things remain the same.

Dr JOHN KAYE: You just needed to do more jaw boning prior to Smart and Skilled?

Mr MANNING: Both prior and now. It is work in progress [WIP].

Dr JOHN KAYE: That is basically how flexibility works, isn't it?

Mr MANNING: Yes, it is WIP; it is work in progress.

Dr JOHN KAYE: The students who are involved with you and TAFE have a certain component which is face-to-face teaching?

Mr MANNING: Yes.

Dr JOHN KAYE: In some areas this Committee has already heard that as a result of the Smart and Skilled and other so-called market reforms there has been a significant reduction in TAFE's capacity to deliver face-to-face teaching. Has that happened in your area?

Mr MANNING: Again through the consultation process that we have had today I can honestly say it has not. Where that leaves us in 2016 I have got to admit probably at the moment I am not sure.

Dr JOHN KAYE: Can I ask you to think hypothetically for a minute? If there were a reduction in face-to-face teaching delivered by TAFE, what impact would that have on your business and on the quality of people being trained in your business?

Mr MANNING: Well, two things, I guess. The word "quality" and the definition of it—I thought I knew what "quality" was but I do not seem to; I seem to be confused about it now. One of the other key words that do not go with "quality" is "in context". You have got to have quality training in context now.

Dr JOHN KAYE: Allow me to be more specific. What impact would it have on the capacity of the people being trained in this joint TAFE Komatsu stream to work in the workplace?

Mr MANNING: It would have a dramatic effect on the individual.

Dr JOHN KAYE: And to your business?

Mr MANNING: And from a business point of view, we would need to ramp up our contingency plans on what we were to do in the future.

Dr JOHN KAYE: If I may just unpack that a little bit; first of all, would it have an impact on safety in your workplace?

Mr MANNING: It would have an impact on every aspect of our workplace, from safety to trade qualifications, to workplace redos, to generally just costs.

Dr JOHN KAYE: So if TAFE were to follow suit in this area it would have an impact on the bottom line of your business?

Mr MANNING: It would have an impact long term on the business. Immediately it would probably just create a situation where we would need to look at how we trained our people into the future.

Dr JOHN KAYE: You are the national training manager so you have a lot to do with apprentices and others who are going through the stream. Would you say they were predominantly young people whom you could replace face-to-face with online learning and expect successful outcomes?

Mr MANNING: So was the question: can we replace face-to-face with online?

Dr JOHN KAYE: Yes, would that work for you?

Mr MANNING: No.

Dr JOHN KAYE: Can you briefly tell the Committee why that would not be so?

Mr MANNING: Unfortunately what has happened is that one size does not fit all. Different industries require different delivery methods. In our particular case, because of some of the things that have been mentioned before, safety, the opportunity hands-on to carry out the task, the experience of the teacher standing out the front and the opportunity for them to hand on their knowledge and previous skills are extremely important. With online you do not get to do that. I can speak from experience there because I have done quite a lot of modal training myself online in more recent years.

Dr JOHN KAYE: You would have quite good study skills, I would imagine?

Mr MANNING: I have certainly developed them in the last few years. The big issue we have with where the question may be going is that we have the situation with online and we also have the situation with workplace-only type training where assessors come into the workplace. Different industries have different requirements. A machine shop where you have got all your apprentices in one shop where maybe the current technology and machinery that TAFEs do not have they would prefer to do it in the machine shop. In our case, we do not have the machines and everything in our machine shop at one given time to train our apprentices. We

need the face-to-face and we need the opportunity as an industry to give those learning resources to the TAFES, which is where we have developed a fairly good relationship.

Dr JOHN KAYE: Thank you. You have actually answered my next question. I have one other question and if it is a long answer I would ask you to take it on notice. You mentioned life skills and that you put effort into making sure that the people who are being trained have life skills. Do you believe that private providers can provide those life skills or is it something that is really a TAFE activity or better known by TAFE?

Mr MANNING: We have found that it is more cost effective with private registered training organisations [RTOs] and we get quite a good service from the private RTOs in those particular areas.

Dr JOHN KAYE: Perhaps on notice you would expand on that answer by telling us what those life skills are?

Mr MANNING: Yes.

Dr JOHN KAYE: I will hand back to the Chair now, who has been very patient with me.

CHAIR: It is a good question because it is where I want to go. You talked about having one provider but most of them nationally are TAFE. What is your comparison of the RTO delivering the service as opposed to TAFE? What is your experience of the quality of the outcomes?

Mr MANNING: Probably the best way to answer the question is that in the particular State in which we use the private RTO, in that particular State it is far better than the option being the State TAFE system.

CHAIR: Only in that State?

Mr MANNING: In that State. Probably the best way to answer it is in comparison to New South Wales, as a private RTO they do struggle without industry assistance to deliver to the standard that we require.

CHAIR: Who does; the RTO or the TAFE?

Mr MANNING: The private RTO does so we have to assist; we have had to assist that RTO in the delivery.

The Hon. LOU AMATO: I believe your company is the second largest company in the world?

Mr MANNING: In the tractor industry, yes. We like to claim we are. No, we are, yes. We have 46,000 employees worldwide.

The Hon. LOU AMATO: Do you have any idea how the training is provided to Japanese/American companies? Do you get much training from overseas, which you then on-train here in Australia?

Mr MANNING: We bring international students across to Australia to train under our current apprentice system at Kurri Kurri. We currently have a young guy from New Caledonia. We have had some of our young graduate engineers, Filipinos, come into the country and slot into our apprentice training program. I can only assume that the Japanese look upon our training system very favourably.

The Hon. LOU AMATO: That is what I was trying to get at; how the Japanese view our training system.

Mr MANNING: I cannot say I have received an email to say that but at the end of the day they do look at it favourably because in America they do not have this system. In New Caledonia there are only private providers; it is fairly difficult for those people over there and in New Zealand, where we also have apprentices, it is a different system again, which is more like the American system, with journeyman and things like that at the end of their time, which is a pretty difficult system with a lot of on-line and a lot of muddling sort of requirements in that.

The Hon. LOU AMATO: Does Komatsu pay for the apprentices to do their training or do they have to pay for it out of their own pocket?

Mr MANNING: We reimburse our apprentices for all the training that they do.

The Hon. LOU AMATO: So they have to pay for it upfront?

Mr MANNING: So at the end of the day the impact on us is that financially we pick it up.

The Hon. LOU AMATO: Obviously you want to keep that skill within your own business?

Mr MANNING: Correct.

The Hon. LOU AMATO: So if they complete it, your company reimburses them?

Mr MANNING: Generally it is left to the apprentice. They can either go to the end of that year and we reimburse them for any costs that they have had as far as fees and things go or we can do it on a term basis, which again, going back since the inception of Smart and Skilled has become a real issue for us, just managing it; reconciling it. It is difficult.

The Hon. LOU AMATO: Have students found any problems with regard to payment?

Mr MANNING: Students have not found any problems in making payments but students have had a lot of discussion about the different payments that they have got to make. Since the inception of Smart and Skilled, depending on where they sat prior to it, all our apprentices get different bills so then we get different bills and we struggle to reconcile and know why we are paying this or that because we have no way of clarifying whether the bill we have been given is correct or not.

The Hon. SCOTT FARLOW: I am interested in some of your comments about the private RTOs and the standards. Have you looked at any private RTOs in New South Wales and done any comparative market testing between private RTOs in New South Wales and TAFE in this State?

Mr MANNING: Yes. We had to do that a few years ago now.

The Hon. SCOTT FARLOW: What did you find from that process?

Mr MANNING: This was pre-Smart and Skilled, but value for money or dollar for dollar on two very good similar services, so that the quality was good but certainly pre-Smart and Skilled TAFE was far more expensive.

The Hon. SCOTT FARLOW: TAFE was more expensive?

Mr MANNING: Far more expensive, yes. This is on a commercial basis for life skills training.

The Hon. SCOTT FARLOW: But you still decided to opt into TAFE?

Mr MANNING: I think the first two years of our program we utilised TAFE but then from a financial point of view we made the commercial decision to go with the private RTO and we have remained with them in this life skills training area since.

The Hon. SCOTT FARLOW: You saw both training providers as being equal when it came to the quality provided. What about the facilities for students at both training organisations?

Mr MANNING: I would say in the case of this private RTO that we have utilised, yes, all on a very equal par.

The Hon. SCOTT FARLOW: On an equal footing?

Mr MANNING: Yes.

The Hon. SCOTT FARLOW: Were you involved in the Independent Pricing and Regulatory Tribunal [IPART] process to determine pricing?

Mr MANNING: Yes.

The Hon. SCOTT FARLOW: We have heard quite a bit through this Committee's inquiry about IPART, its process and how it reached its schedules. Can you tell us about your involvement in that process, your views following that process, areas for improvement and what it has got right?

Mr MANNING: I had no problems with the actual IPART process. I had no problems with the opportunity to approach the people who were running the inquiries in that they would take phone calls and things like that. That side of it was good. The outcome for our stream—the heavy vehicle, agricultural and mobile equipment section—was extremely good. As to the allocation of funding, we were probably one of the highest trades funded. Again I am not sure whether that was just the squeaky wheel syndrome working there. We did not have a lot of problems with that process. It has been the after-effect of how things have become disproportionate from there which has really concerned us.

The Hon. SCOTT FARLOW: What do you mean by "disproportionate"?

Mr MANNING: Basically post-Smart and Skilled we have been left with a situation now—and again this probably leads back to some of those other questions—where we are extremely concerned that the face-to-face training will be less in the future or we will be even forced to pay more as an employer and/or have delivery methods that are not suitable for our trades. The other big concern that has come out of it is through lack of funding—and I suppose "funding" is the key word here—it appears that our future training might be based just wholly and solely on the dollars that the particular institute has to fund.

We have seen it in other institutes already and when we, industry, did a lot of work to get a fair amount of money to train our apprentices through Smart and Skilled through the funding that IPART recommended, it is extremely disappointing to see that somewhere like 49 per cent of those dollars—so out of the approximately \$16,000 for an apprentice to train over the three years in funding that IPART recommended, to see 49 per cent of that be taken up by the bricks and mortar of the institute to then have to try to keep the institute going has become a real concern to us.

To go back to your original question, as far as I am concerned, IPART did a good job, but I think that the institutes have all seemed to do different things to meet the budget restraints that they must now have, which obviously I am not privy to, that the knock-on effect is going to be that it is going to affect the quality of training to our apprentices. From my point of view, it is serious enough that we have already flagged that with our general managers and people like that within the business to see again—leading back to what I mentioned before—what our contingency is going to be in the future, because it is very concerning.

CHAIR: Mr Manning, our time is almost up. Can you please clarify your comment about the bills? You said one presents this and one presents that—is that because of the loading of disability that might be on that or have you done any sort of cross-checking?

Mr MANNING: All I have seen is we have had apprentices in the same year approach us with, "Here is what my—for want of a better word—fee is that I have to pay versus somebody else over here." Same year, done exactly the same stuff—

CHAIR: And you have done nothing to cross-reference that?

Mr MANNING: We have asked the question on how we reconcile it but nothing has really come back to us on how to reconcile that.

CHAIR: I do not know a business that would give money away for free, so it seems strange you would not cross-reference it. I will take it on board but I am wondering if it has to do with the subsidy make-up and the loadings.

Mr MANNING: I am not sure.

CHAIR: Because I do know that there are certain loadings about that. Could you also clarify your comments about Independent Pricing and Regulatory Tribunal [IPART]? If IPART is out with their methodology, the long-term impact of that could be quite substantial down the track on what you actually need in terms of hours, costings and stuff like that.

Mr MANNING: In our case IPART used the Victorian model which, in discussion, we put them onto, of funding for nominal hours. In our case we did not have a problem with the nominal hours or anything like that because it was coming out of the Victorian model.

CHAIR: We heard from the electrical trades that that modelling may be wrong for them.

Mr MANNING: And it could well be.

CHAIR: I thank you for your time, your expertise and your wisdom in this matter. The Committee appreciates that you have so much knowledge on this issue. If you have taken any questions on notice—I know Dr Kaye asked you to take a question on notice—you have 21 days to provide the answer. The Committee secretariat can help you with that. If other members realise they want to ask you a question, we will put them on notice in the next 24 hours.

Mr MANNING: That is fine.

CHAIR: Thanks for presenting today. It is very important.

Mr MANNING: Thanks for the opportunity. I think it is good.

(The witness withdrew)

PAT FORWARD, Federal TAFE Secretary, Deputy Federal Secretary, Australian Education Union, affirmed and examined:

DANIEL WALLACE, Secretary, Newcastle Trades Hall Council, sworn and examined:

CHAIR: Thank you for your submission. It was very comprehensive and helpful. Would either of you like to make an opening statement?

Mr WALLACE: I would just like to give the Committee a brief understanding of the role of the Newcastle trades hall within the region. We have been involved with education matters dating back for some time. I think our unions started working together in 1869 in the region. TAFE first started about seven years later within the region. The trades hall along with the community fought a campaign for 27 years to deliver a university, and that was on the basis that working class kids had access to higher education in this region. It was argued against from Sydney that it would lower the standard of teaching. What you can see as time has gone on is that we have got a really good institution here that is world recognised as being at the forefront of innovation.

The other thing that I think is important to note is that, if you have a look within the courses that are delivered by TAFE, there are 25 unions affiliated to the Newcastle trades hall and the alignment of the courses is very similar to the alignment of the coverage in the unions that we represent. As of today we represent 66,000 workers in the region. We look forward to affiliation with the United Services Union [USU], which is about to affiliate, to take the workforce in the region that are union members that are covered by Newcastle Trades Hall Council to 71,000. Thank you.

The Hon. GREG DONNELLY: One of the big concerns that we are hearing back from people in the community engaging with TAFE is the uncertainty of the future. Reform is working its way through but people are not quite sure where the end point is going to be. The Government in this State has set a track to go down, but exactly where it is going to end up we are not quite sure. I am wondering—and both of you can answer this separately—if we stay on the track that has been laid out, where is it likely to end up? I am starting with the assumption which I think has been taken around the State and that is that TAFE is very important as an institution in the State of New South Wales.

Ms FORWARD: From my perspective the best way to answer that is that in fact New South Wales is probably one of the luckiest States in the country. The reforms that this Government is implementing in New South Wales are in fact part of a suite of reforms which all States and Territories have been required to sign up to through the national agreement which is the major funding agreement for all vocational education and training around the country. What makes New South Wales I think most fortunate is that there are a number of States and Territories—in particular now Victoria, South Australia and Queensland—where exactly the same sorts of reforms which are anticipated and now being implemented through Smart and Skilled have already been rolled out in the other States and so we can see, if you like, what the future will be like as the reform process unfolds.

I think most people are aware, for example, that in that process Victoria was an advance State, if you like. It anticipated lots of the reforms which were subsequently included in the national agreement in 2012 and in fact started to progressively implement Smart and Skilled style reforms in 2008 in that State, with what I think most people now acknowledge have been devastating consequences not just for the TAFE system—because in some senses I do not think that is the most important point—but with devastating consequences for young people in Victoria and for employers and others who use the VET system. Effectively what has happened in Victoria is that the public TAFE system has been destroyed. It has been cast in the role of a minority provider where its funding and its resourcing have been progressively removed over time, making it very, very difficult for it to function as a provider.

Look then across the border at South Australia. It was also one of the first States to implement following the signing of the national agreement in 2012. South Australia was in fact the first State after that signing to implement its Skills for All policy and with exactly the same consequences. The key lesson for us in South Australia is that it took Victoria three or four years to do what it did to its TAFE system but the consequences in South Australia were much more immediate and much more dramatic. You saw, for example, an opening up of funding where the competitive allocation went from about 30 per cent in 2011 to 80 per cent in 2012—in a six-month period—with quite devastating consequences for training in that State.

Queensland is probably the most recent and, again, had a fairly rapid decline from 2013 to 2014. Queensland has become the third of those States—Victoria, South Australia and now Queensland—where the TAFE system has become effectively a minority provider. It is sitting at around about 38 per cent on 2014 figures.

The Hon. GREG DONNELLY: And that percentage is of the total training market?

Ms FORWARD: Yes.

Dr JOHN KAYE: Is it student numbers or hours?

Ms FORWARD: It is on both measures—on the measure both of student numbers and of hours of delivery in each case. The figures are a little bit different in comparative terms, but it is on both measures in those three States. I want to emphasise as strongly as I can that the reforms that are being rolled out in this State are exactly the same reforms as have been rolled out across the country and I think that is why I say that New South Wales has an advantage over those States because it has, I think, advisedly, gone later and taken time. But there is no question in my mind that the lessons of implementation in those other States have not been taken on board in New South Wales.

CHAIR: Because it has happened in other States, do you think that that is part of that COAG agreement?

Ms FORWARD: In the 2012 National Agreement for Skills and Workforce Development and the attached National Partnership Agreement on Skills Reform it is absolutely the case that States were required to sign up to a process of the implementation of a national entitlement which is effectively Smart and Skilled in your State, and also the implementation of VET FEE-HELP—those are the two. There were a range of other components of it, but in terms of the skills reform process those are the two biggest ones. There is the student identifier and a couple of others. But all States and Territories had to sign up to that agreement in order to get Commonwealth funding. It was a condition of them getting what is roughly a third of their total recurrent budget through that national agreement. It was a requirement that they sign up to implement that reform process. So, yes, it was part of the COAG process.

The Hon. GREG DONNELLY: Mr Wallace, I was wondering, with respect to the work you do with unions, speaking to the secretaries and those in the industries which do a lot of training, what stance are you getting about the reform and where it is heading?

Mr WALLACE: I have had experience being a union organiser with the Australian Manufacturing Workers Union [AMWU] for about 10 or 11 years prior to taking on this role 12 months ago. I have done a boilermaking apprenticeship through TAFE and worked within the existing fabrication industry in Newcastle and also in mining. One of the things that I have experienced in negotiating enterprise bargaining agreements [EBAs] on some of the major construction projects that we have had is that they are normally conducted in a profit orientated environment. Discussions from representatives of employees have always been about how we maximise the number of apprenticeships and how we make sure their training opportunities do not just align to one particular job—that they actually have skills that they can take elsewhere. We have seen an example where the Federal Government provided an apprentice traineeship centre at WesTrac as part of a Federal Government grant.

When that company hit a downturn a few years back, when there was an audit conducted by the Australian Manufacturing Workers Union, they noticed that although they were third year apprentices, they would not have met the first year standard at an existing TAFE facility. That meant that when those workers lost their jobs, they were not able to pick up the same wages because they were not at that training level. The other thing that we have seen with the Air Warfare Destroyer project, which is a billion-dollar project in Newcastle, was the competition to build the workforce to solely work on particular parts of the project rather than have the skills they can have for life.

Your question went to community confidence. I think the issue is that when you are dealing with companies that are determined to make profit, the community sees that TAFE has always been an independent not driven by profit but driven by educational outcomes to benefit the community. I think that status—particularly this year—has really fallen. It has been to the detriment of Smart and Skilled and the rollout of the computer program at the start of the year. We received a number of complaints from people who had lost all

records of their last year of education and training. They had problems filling out registration forms online. If you are a parent looking for an opportunity, like my father did for me when I left school at year 10—I started an apprenticeship course at a local TAFE and the Government had set up the opportunity to get a bus that would take you to TAFE. After six months, if you could not get a job, you could enrol to do the second year of your course and that would give you an advantage to pick up a trade, which it did, but the opportunities for this area seem to be a bit different.

If you go to the website and look up manufacturing and engineering online, the only course you can do online in that area is to be a welding supervisor, which is high-end level. When we negotiated the contract to build the new coal loader, they could not fit into an enterprise agreement because they were on wages that were greater than doctors and surgeons in the region. It is a high-end specific trade in that area. If you look to construction, the only occupation for construction was a clerk of works and one other as well. There are not a lot of opportunities for people to have a look. The confidence of a person looking at that deteriorates. Also, if you looked at things like the link for students' rights and responsibilities—because you have asked questions why am I being charged this fee while another apprentice is being charged a different fee—the link does not work. It does not take you anywhere. It is a computer error that has been there for—

Dr JOHN KAYE: It is a TAFE website?

Mr WALLACE: Yes, the TAFE website, NSW online. If you explore consumer rights protections, that link does not work either, but if you explore things like how to pay your fee, there are no problems at all and you go straight through to the area that you need. The big issue when you combine the computer side of it, the website is the identification of change. When you look to things that have happened within this area, I know, for example, with this TAFE—and there are other examples in the region—courses have been changed. If you try to organise transport as a young adult, it is not just that people are worried about the quality of the education and training and getting access to the campus, it is the quality of the parents' lives having to get kids to TAFE when there is no public transport. For instance how often and what effect it will have on their income if they cannot work overtime. The course costs are a major issue. I am sure the Committee has seen some figures where the course costs have gone through the roof.

The thing that is concerning is that we do not know what the future holds. If you look to the Hamilton campus, we had an example where the Hunter Business Chamber seems to have had a lot of consultation with the Government and TAFE on these matters, whereas the Newcastle Trades Hall Council has received no consultation on any of this at any time, even though we represent a large group of the workers in the industry. In the last 12 months, the Hunt Development Corporation sold off the port and the Hunter Business Chamber was there. The Hunter Business Chamber moved into the TAFE facility. The Premier visited the TAFE facility to talk about TAFE and Newcastle and to get confidence back into people within the region and the TAFE sign was taken down and replaced by a Hunter Business Chamber sign at the Hunter campus in the heart of Newcastle.

It was raised in the local paper and it was said that the Hunter Business Chamber had moved in 12 months ago. It was alleged that they had access to rooms to be able to provide training. When it was asked what is the fair process, if have you a TAFE that is built to achieve outcomes for children, when you open it up to different providers within the market to see who can get the best outcome, how do you align that to get the best outcome for TAFE and education? We cannot determine whether there has been any market testing to give the Hunter Business Chamber 400 square metres of space and what the conditions would be. We cannot determine anything other than there was a commercial-in-confidence business arrangement between the Hunter Business Chamber and TAFE about them moving in.

CHAIR: Do you have a concluding comment?

Mr WALLACE: The question is where is TAFE going? We have no standards to deal with those issues at the moment. If we have standards, they are not being enforced. What will the standards be for registered training organisations or for-profit organisations getting into bed with TAFE and those providing services without proper market testing and what is the availability for the region? We have seen one example and the response is, "We are not answering those questions. It is commercial-in-confidence". How can people have confidence of open and transparent relationships in the future?

CHAIR: Thank you. I want to return to the computer issue, which you have mentioned, Ms Forward, in your submission. On page 8 of 13 you state:

To support its Smart and Skilled policy, the NSW Government implemented a new software system, known as 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 even 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.

Do you want to make a comment on that? It is pretty damning.

Ms FORWARD: I understand you will be speaking directly to some of my New South Wales colleagues next week. I think that is the best way to deal with that. What I can say is the extent of what I think can only be described as an absolute debacle of the implementation—

CHAIR: It sounds like a dog's breakfast.

Ms FORWARD: —was that even in the national office we were contacted by students, including a number of students with significant disabilities. They were actually involved in studying and they knew they were going to be charged but they were unable to get any indication from the colleges what they were being charged.

CHAIR: We will take that up with your colleagues. We received similar evidence last week. Your submission raised it well. The other point is the school-based apprenticeship scheme. Do you want to make a comment about that?

Ms FORWARD: Again, I think my New South Wales colleagues will be in a better position to answer that.

Dr JOHN KAYE: If I could be helpful, the submission from which you are reading is from the NSW Teachers Federation, which is about the details of the Victorian market. Ms Forward is better questioned on matters to do with the national issues.

The Hon. CATHERINE CUSACK: Did you make a submission?

CHAIR: I have got a submission for this particular person that is numbered 147 on my running sheet.

The Hon. CATHERINE CUSACK: I am just asking, is there a submission?

CHAIR: It is a joint submission.

Dr JOHN KAYE: I might return to an answer you gave to Mr Donnelly, Ms Forward, where you specifically talked about the Victorian training market. The predecessor of the current Minister for Skills said at the time of the establishment of Smart and Skilled, "This is not Victoria. It is a very different design to Victoria." Could you comment on that statement? Is this a different design to Victoria?

Ms FORWARD: I think the best response I can make to that is that New South Wales, admittedly somewhat later than a number of the other States, but along with every other State in the country, was required to sign up to the 2012 national agreement. The key architecture of that agreement is what was rolled out in anticipation of some of the reforms in Victoria, but the key architecture of that agreement has been replicated across the country, including in New South Wales under Smart and Skilled. The State of New South Wales was required to implement the reforms that are now Smart and Skilled in order to access the Commonwealth component of the national agreement funding.

Dr JOHN KAYE: With respect to the Smart and Skilled component, there is no difference in its fundamental design to Victoria, South Australia or Queensland?

Ms FORWARD: There is no difference in the design of Smart and Skilled, Skills for All, Victorian Training Guarantee, and at the moment I cannot recall what it was called in Queensland. The components of that are a national entitlement from Certificate I to III. Certificate IV in all cases remains an uncertain area, and an agreement that the States could access VET FEE-HELP.

Dr JOHN KAYE: Income contingent loans.

Ms FORWARD: Income contingent loans for diplomas and advanced diplomas.

Dr JOHN KAYE: To concentrate for a minute on the Smart and Skilled component of that and Certificate I to III, in the design of the New South Wales Smart and Skilled market, is there anything in that design which would stop New South Wales following the same path that saw TAFE in South Australia and Victoria collapse in respect of its market share?

Ms FORWARD: No, because it is the same system. In each case across the country the design is the same. What is different is the way in which the States tinker, if you like, with subsidies for particular industry areas, a determination of what is a skills shortage. They tinker around the edges as each of the States have done, often with quite devastating consequences. In South Australia and Victoria—tinkering might be pejorative—the same attempts to finesse, if you like, what is pretty much a difficult system to finesse is undertaken. What New South Wales is doing in respect of trying to finesse, if you like, what is funded or what is given subsidy and what is not is exactly what each of the other States have done.

Dr JOHN KAYE: Other States had skills lists. Other States had prices.

Ms FORWARD: That is right. Each of the States around the country had a second tier. So you have got the Australian Skills Quality Authority, which regulates, but all States and Territories had to sign up to the national agreement, which requires them to do certain things in order to get their funds, and then each State has established another level of architecture, if you like, around how it finesses or manages its own system.

Dr JOHN KAYE: Those are very similar to what we have done in New South Wales, the skills list and the way of allocating entitlements?

Ms FORWARD: What proportion, which areas.

Dr JOHN KAYE: Our analysis is that in the first full year of operation of Smart and Skilled, 23 per cent of the total vocational education and training budget went into a contestable market. In the second year, the year we are currently in, 33 per cent went into a contestable market. Is that consistent with experience elsewhere?

Ms FORWARD: Yes, because what happens is that increasingly a greater proportion of the market share or the funding directly is shifted to the private sector. It is allocated by government around certain criteria.

Dr JOHN KAYE: We could expect in New South Wales for that 23 and 33 per cent to be an arithmetic progression towards a much lower number, based on experience in other States?

Ms FORWARD: Absolutely, because that is the purpose of the reform.

Dr JOHN KAYE: The second tier of the 2012 national partnership and national agreement was the income contingent loans that you mentioned before. Can you briefly explain to us why the Australian Education Union has been so concerned about income contingent loans and VET FEE-HELP? Can you give us a couple of sentences on why you have been so opposed to it?

Ms FORWARD: VET FEE-HELP is like a poor cousin of the Higher Education Contribution Scheme [HECS] system, which was introduced in the late 1980s as most or some of us may remember. HECS was introduced at the time in the context of a very big and robust community debate about what it meant in terms of a really quite significant shift away from free education to students paying a component of their tuition in universities. VET FEE-HELP was introduced initially just at the end of the Howard Government era but was signed into legislation in the early part of the Rudd-Gillard Government. There was no debate or discussion at that time; it was simply introduced. In 2008, which was the first year of operation of the VET FEE-HELP system, \$25 million was borrowed by students. This year, according to the Federal Minister, it is likely to reach \$4 billion.

Dr JOHN KAYE: That means \$4 billion of debt being held predominantly by people from not very wealthy backgrounds?

Ms FORWARD: Absolutely. The debt is financed by the Commonwealth, by government, and then it is to be repaid in the future by students. The major concern we have is that in comparison with the higher education system, fees in the VET system are completely unregulated. It means that the only limit on what a provider can charge a student for a VET qualification is the approximately \$95,000 lifetime limit that students have on their loans. Over a lifetime at the moment a student can borrow up to \$95,000 in loans. Unlike the higher education sector, fees are not regulated in vocational education. The only fees in VET that are regulated are those which attract a part subsidy, which in fact has not occurred so much in New South Wales but has partly occurred in Victoria.

If you want a back of the envelope comparison, the average cost—I say "average" because it is charged in tiers in higher education—of a three-year full-time undergraduate degree in universities is about \$25,000. That is what students under the HECS scheme borrow in order to do their degrees. We are now seeing across the country students being charged for their VET FEE-HELP qualifications, diplomas and advanced diplomas in some cases \$30,000, \$40,000 and \$50,000.

Dr JOHN KAYE: For a shorter qualification?

Ms FORWARD: In some cases it is for qualifications where the duration of learning is, as we have heard, over weekends and over weeks but in many cases it is for less than six months.

Dr JOHN KAYE: Simon Birmingham, who I think is still the Minister, has implemented a series of reforms particularly around the VET FEE-HELP area. With the Smart and Skilled and the income contingent loans do you think this situation is solvable by putting more layers of regulation around it or do you think there is something fundamentally wrong with the architecture—with the fundamental idea of students bearing the cost of markets for provision—and should this Committee in your opinion recommend something totally different?

Ms FORWARD: I think that it is not resolvable by regulation. The issue here is that once you open up the market so rapidly you are forever playing a catch-up game around trying to rein it back in again. What has happened is that that extraordinary opening up of public funds both through the State-based subsidy system and in a much more troubling way—well, I do not know whether it is more troubling. The VET FEE-HELP debt is on track in the Minister's own words to be close to \$4 billion this year, through this reckoning. The total VET budget across the country this year is about \$6 billion. What we are seeing is a massive shift. That means it is being shifted in the end for students to pay.

In higher education the doubtful debt—the debt which is effectively written off—is around about 20 per cent. Current estimates on the VET FEE-HELP are that it is around about 40 per cent. Even if our concern was only about the prudence of how you use government funding, you would have to be concerned with what is an alarming growth and a huge shift in the way in which the sector is organised. Can it be dealt with through regulation? I think all of the evidence at the moment is that it cannot because what has happened is the sector has been opened up in an extraordinarily rapid way and everything that governments are trying to do is to rein it back in.

Dr JOHN KAYE: Mr Wallace, I apologise I did not get to you. I had some very interesting questions for you, which will go on notice.

The Hon. CATHERINE CUSACK: In terms of the industrial arrangements in the training sector, your union represents TAFE teachers. Are the teachers in the non-TAFE area represented by a union?

Ms FORWARD: In strictly legal terms they would be covered by the Independent Education Union.

The Hon. CATHERINE CUSACK: Are there union members in the non-government sector?

Ms FORWARD: It is difficult for me to say. The impression that I get, just based on what I see and what I know, it is not a unionised sector. It is a relatively new sector. The private sector has replaced at last count around 4,500 providers. That sector is growing very rapidly. As far as I am aware it is not a highly unionised sector.

The Hon. CATHERINE CUSACK: Is there an award that covers them?

Ms FORWARD: It is the modern award. Sorry, what I should say is that there is a modern award which is the underpinning award for workers in that sector.

The Hon. CATHERINE CUSACK: But that is different to the TAFE award?

Ms FORWARD: No, it is the underpinning award for workers in the sector. Then there are a series of agreements and so on within TAFE institutes around the different States and Territories for which that same award is the underpinning award.

The Hon. CATHERINE CUSACK: The joint submission expressed concern about a loss of students with disability from TAFE, but the institutions that we have been to have indicated that the number of enrolments identifying themselves as disabled has been increasing.

Ms FORWARD: In the institutes?

Dr JOHN KAYE: One institute.

The Hon. CATHERINE CUSACK: Two: Lismore and Wollongbar said the same thing.

Dr JOHN KAYE: It is the same institute.

The Hon. CATHERINE CUSACK: Okay. How do you explain that discrepancy? The sense is that people identifying themselves as having disability become fee exempt and the numbers have increased, not decreased.

Ms FORWARD: In one of the institutes? I am sorry, I am just not familiar with that one.

The Hon. CATHERINE CUSACK: Are you saying it has decreased nationally or in New South Wales?

Ms FORWARD: My understanding is that the joint submission refers specifically to New South Wales.

Dr JOHN KAYE: That is based on budget papers.

Ms FORWARD: Yes.

The Hon. CATHERINE CUSACK: That might be a question for your colleague, perhaps. A lot of your comments have related to the national Council of Australian Governments agreement on training. Do you fundamentally disagree with the goals of that agreement and the concept of having a private training sector?

Ms FORWARD: If you look at the National Agreement for Skills and Workforce Development it has a number of goals. Many of them go to the question of a high-quality national system. The goals are expressed in a range of different ways. I certainly have no difficulty at all with the idea that Australia needs a high-quality national Vocational Education and Training system. My concern is more around some of the settings in the agreement which go to, for example, the national entitlement and the income contingent loans.

The Hon. CATHERINE CUSACK: One of the targets was to double the number of higher level qualification completions, diploma and advanced diplomas nationally between 2009 and 2020. Would you not agree that you would need to expand the sector, including private providers, if you would have any hope of achieving a goal like that?

Ms FORWARD: No, I do not agree with that. I think it is a commendable goal.

The Hon. CATHERINE CUSACK: What would you suggest would be the better way to achieve that goal?

Ms FORWARD: To invest in the public system. As we know, it is a longer term investment in infrastructure, expertise and so on. I think in answer to the question of how you would achieve a massive expansion of the system, you only need to look back at the last 10 or 15 years to see the way in which TAFE

expanded incrementally over a period of time and was able to meet the needs of industry and the needs of employers and students. It has a history of being able to do that. In a sense you could argue that it does not really matter where the effort goes. At the end of the day if governments want to expand the training system, increase qualifications and improve the workforce and so forth they need to invest, there has to be money.

The Hon. CATHERINE CUSACK: I am just trying to envisage doubling the number of qualifications without calling on the private sector to play a role.

Ms FORWARD: There is a range of—

The Hon. CATHERINE CUSACK: That answers my question. Thank you. Mr Wallace, I ask about the nature of the employment base in the Hunter area. You referred earlier to lobbying for a university so that students could have access to higher education as well. I think that TAFE and university work reasonably closely together here because after getting your academic qualification you then need some certificates to allow you to start. Is it fair to say that in other parts of Australia a graduate's salary from university will be higher but in the Hunter, because of the importance of the mining industry, trade qualifications can result in higher starting salaries than graduates receive?

Mr WALLACE: My view would be in this particular region the union movement has played a really good role in making sure that apprentices and tradespeople have access to training. Where unions have not participated too well is in the white collar sector of the community within the region, so there has not been that force on going and getting extra qualifications. There has not been time away from employment to be able to go and enrol in courses and those sorts of things. I know you mentioned doubling of the numbers. A lot of it comes down to the simple measures about having an employer that is actually driving that training and investment in white collar staff to be able to move up or at least planning forward for blue collar staff to base their training around how they could advance into the office environment. I think a lot of people in those roles have been underrepresented and that would be the reason why the industry, although it recognises—

The Hon. CATHERINE CUSACK: I am quite interested in starting salaries and the effect that might be having on what young people in the Hunter envisage as their careers. If you have not had a chance to look at the starting salaries, that is fine.

Mr WALLACE: I have seen starting salaries on construction projects for a labourer's first time in the industry that are more than that of people who have graduated from university with degrees. There is no doubt about that within the region.

The Hon. CATHERINE CUSACK: And the mining industry.

Mr WALLACE: Not just mining, it could be construction, manufacturing and different workplaces. It depends on the emphasis of the company and how much it wants that role fulfilled and what level of skill they would like it performed at.

The Hon. CATHERINE CUSACK: This region seems unique to me. Normally people go to university to get higher incomes but perhaps that is not the case in the Hunter.

Mr WALLACE: It is not just here. If you look at areas like Forster and the Great Lakes there is no university within the region. They come to an area like Newcastle or even Ourimbah campus to study and receive their full qualifications. But no work is available for them in that area and they end up back in their locality with a degree. That is where it flows on to debt obligations and things like that, having that figure of 40 per cent. We have seen that that bad debt obligation has led to a global financial crisis. You would hate to have it lead to an education crisis if that 40 per cent of money is taken out of education, particularly for regional areas like that. You really want to make sure that the stories go away of people enrolling for courses and being told, "If you earn \$50,000 a year you are going to be able to pay back this sort of money so why do you not sign up for it? Here is a free iPad to go about your training."

The Hon. CATHERINE CUSACK: What did you mean when you said that 40 per cent of money had gone out of education?

Mr WALLACE: Look at the sorts of figures that have been put out about the debt since its introduction. It has been around \$4 billion and nearly 40 per cent of that may not be repaid because they may

not ever achieve the \$50,000 threshold, or whatever threshold is set in the future, and they may not need to pay back that debt.

The Hon. CATHERINE CUSACK: What did you mean when you said that 40 per cent was coming out of funding for education?

Mr WALLACE: The 40 per cent in dollars that is paid to private training firms.

The Hon. CATHERINE CUSACK: So you are saying—

Dr JOHN KAYE: Point of order: I would like to hear the witness's answer.

CHAIR: Order! There is no point of order. The Hon. Catherine Cusack is trying to ascertain—

The Hon. SCOTT FARLOW: She is seeking clarification.

CHAIR: I think it is about full cost recovery of the course. There is a 40 per cent loss.

Mr WALLACE: Yes.

CHAIR: The Hon. Catherine Cusack is asking whether that comes out of education.

Mr WALLACE: If 40 per cent of VET loans is wiped because people cannot meet that debt it means that that money has not served the purpose for which it was designed, that is, to educate people so that they are in a position where they can earn an income and work in an occupation. Obviously those two things have not been achieved so the money has to go somewhere outside education.

The Hon. CATHERINE CUSACK: You said that TAFE degrees or TAFE certifications are now costing \$20,000?

Ms FORWARD: No, \$30,000 or \$40,000.

The Hon. CATHERINE CUSACK: Are many of them only six-month courses?

Ms FORWARD: Yes.

The Hon. CATHERINE CUSACK: Would you provide the Committee with some examples in New South Wales?

Mr WALLACE: I have some here in New South Wales. Air-conditioning and refrigeration mechanic has increased from \$104 to \$7,176, an increase of 69 per cent; enrolled nurse from \$104 to \$4,276; and a beauty salon manager from \$104 to \$3,616. When I did my apprenticeship I turned up with that cash in my wallet, paid to do the TAFE course and got a receipt. Under this scenario there is no way that someone aged 17 or even 25 will be able to turn up with \$3,000 or \$4,000 cash and pay these fees upfront.

The Hon. CATHERINE CUSACK: Do you have any examples of the higher end courses—the \$30,000 courses?

Mr WALLACE: You are looking at combined courses over the years.

The Hon. CATHERINE CUSACK: A six-month course that costs \$30,000 is the example that I am looking for.

Mr WALLACE: I do not have any specifics. I have heard about that but I would suggest that training arrangements around the Avoca area on the Central Coast should be closely looked in order to obtain that information. I understand that more of the VET loans have come out of that area than any other place in New South Wales. I understand that for-profit organisations are working tirelessly and knocking on doors to make sure that that is the case in that area.

CHAIR: Order! I remind members and witnesses to be careful when mentioning company names and the names of individuals.

Dr JOHN KAYE: He did not.

The Hon. SCOTT FARLOW: I do not think this witness has done that.

Mr WALLACE: Avoca is a suburb on the Central Coast.

The Hon. CATHERINE CUSACK: Are you aware of examples in other States of a \$30,000 fee for a qualification that takes six months to obtain?

Ms FORWARD: When you asked the question again you referred to them as higher education qualifications. The diplomas and advanced diplomas that are being peddled in the system across the country at the moment, including New South Wales are, in fact, are vocational qualifications.

The Hon. SCOTT FARLOW: I know you do not have them at hand but would you provide the Committee with information about those on notice?

Ms FORWARD: I may be able to. I also suggest, given that New South Wales is one of the biggest users of VET FEE-HELP—and we are talking about huge numbers of qualifications that are being funded through the VET FEE-HELP system—that that question would best be put to the Federal Government. I understand that today the National Centre for Vocational Education Research [NCVER] has released one of the first publications that deals with the operation of VET FEE-HELP. I think it would be of interest to everyone in the community to have a rigorous look at what is being charged or what students are being charged for diplomas and advanced diplomas. The Government is funding these qualifications indirectly.

The Hon. SCOTT FARLOW: We are looking for the evidence.

The Hon. CATHERINE CUSACK: I am trying to find out what examples caused you to give that evidence. The Committee has not heard that evidence before. Could you give us the examples?

CHAIR: Take that question on notice.

Ms FORWARD: Yes.

Dr JOHN KAYE: Careers Australia is one.

CHAIR: Members might want to ask you further questions which will be sent to you later. Thank you for your time today and thank you for the evidence that you have given, which helps in providing the education needs of young people and adults in the future.

(The witnesses withdrew)

(Luncheon adjournment)

MARIE LARKINGS, Associate Director and General Manager, Teaching and Learning, TAFE NSW Hunter Institute, sworn and examined:

CHAIR: I welcome Marie Larkings from TAFE NSW Hunter Institute. Do you have an opening statement?

Ms LARKINGS: On behalf of Hunter TAFE I have one and am grateful for the opportunity to address this Committee. Hunter TAFE remains committed to delivering quality training that meets the needs of our wide range of customers—including industry, our community and individual learners—through partnerships and collaboration. This year, under Smart and Skilled we have endeavoured to continue to provide excellent training that meets the needs of the region we principally serve, in some cases going well beyond our regional boundaries. The new policy framework has presented some challenges for Hunter TAFE, but we are committed to working within that regulatory framework and the parameters of our contract to continue to deliver and be a high-quality provider of relevant training and skills for the economy.

CHAIR: Thank you. Before we start, I acknowledge Ms Christine Warrington is an apology and we send her our best wishes to get better as I hear she is a bit crook.

The Hon. GREG DONNELLY: Could you describe the challenges you mentioned, in a generic sense, of working within the parameters—the words you specifically used?

Ms LARKINGS: One of the challenges we have faced has been around the pricing, the IPART-determined regulatory pricing for our course qualifications. In some cases that has been very easy for us to work within, but in some of our more high-cost delivery areas it has been a challenge to be able to deliver the quality of training required for our industry.

The Hon. GREG DONNELLY: I am sure you have more to say on that, but can you give us some examples of the higher costs that are challenging?

Ms LARKINGS: Some of our trade areas where we deliver apprenticeships and students have things like metal fabrication—things with high delivery costs and also high safety issues where we need to make sure we are delivering to an appropriate number of students. We cannot change too much how we deliver because, based on industry standards, there is industry expectation that our courses meet their standards. There is a challenge in being able to deliver within the price that has been set by IPART.

The Hon. GREG DONNELLY: Can I press you further on that? What does that mean in practice with respect to offering those courses, either existing courses this year or those you are looking to deliver next year? What is the manifestation of this?

Ms LARKINGS: Some of that might mean that we have had to change the way we deliver. We might have to look at more flexible options, perhaps providing students with extra resources and possibly less face-to-face class time to meet that demand, delivering more in the workplace, increasing the number of students in our groups—there is a whole range of delivery options open to us—introducing online courses. Some of it allows us to be innovative; it is not necessarily all negative but it has been a challenge in some areas to deliver in the same way as the past.

The Hon. GREG DONNELLY: From the senior position you hold looking at Newcastle and the Hunter, have you seen a growth in the number of RTOs in the last 12 months or so? Has the effect of the Smart and Skilled reform been more private providers coming into the domain of offering training?

Ms LARKINGS: I could not specifically tell you numbers of RTOs in the region, I suppose because some of it was dependent on who gained a contract. In some areas we feel there has been an increase in competition, but I could not tell you exactly which RTOs are in that space—perhaps in some of the business services areas where things are delivered principally online and are less expensive to run. In some areas we have not noticed too much difference in the competition prior to this because we have maintained a good market share under our contract and so we have still been able to continue to deliver a large amount of training to our traditional customers. I cannot say the impact has been significant or across the board, but there might be some areas where it has.

The Hon. GREG DONNELLY: I move to the relationship you have with the private sector and industry. What approach do you take to working directly with employers in the delivery of training, on their site and more generally? Do you have memorandums of understanding with employers? Please give us an insight into those relationships.

Ms LARKINGS: We have come from an industry breakfast this morning with all the businesses on the Central Coast; that is one way of engaging. We also hold industry forums and some feedback we got from industry was that our head teachers are constantly engaging with industry about how they can help with workforce planning and providing training. Then, as you say, there is the actual delivery of training in the workplace for apprentices. We have lots of memorandums of understanding with a wide range of industries across all industry areas and extremely close relationships with industry because lots of TAFE vocational courses rely on work placement.

Our students in areas like aged care and child care are in the workplace and are embedded in the industry all the time. Those students are not in the workplaces as workers but to achieve competency through practical experience that employers are partnering with us to offer. Across all industry areas we have a wide range of ways we relate, and then there are more formal industry forums. We have an alumni office for ex-students that keeps us connected with students who go on to become employers and the people who send their students to us. We have a broad range of strategies for connecting with industry.

The Hon. GREG DONNELLY: Obviously, the preparations and thoughts for the next academic year are well and truly before us with 2016 not that far away. Can you give us an insight into your general planning for next year, including the changes you are making and your particular concerns? Can you give us an overview?

Ms LARKINGS: We only have this year under our contract to look at as our history in a new environment, but we know the courses we have successfully offered this year and we are planning to offer those next year. You would be aware of several recently media releases about reviews already happening to Smart and Skilled that will particularly influence our delivery in areas like disability and aged care. Some of the other releases imply that it will open up some areas to students who may not have come to us this year. In light of some of the more recent reviews, we would have an opportunity to expand our delivery because some students who did not get a place this year, under the new reforms, will be entitled to a place next year. They might have some higher level qualifications that perhaps were not entitled under the 2015 rules but might be under the 2016 rules.

The Hon. GREG DONNELLY: Do you have any feedback for the Committee on the issue of the IPART process and the striking of the fee regime, particularly with respect to your dealings with employers and industry about fees? Do you know what has been said about the fee structure by industry, employers who supplement or pay fees, and students?

Ms LARKINGS: The changes to the trainee and apprentice area are probably where we get the most feedback from employers about the increase to their fees. Some employers were not ready for fees to be paid upfront now it is a course price as opposed to a traditional instalment plan through a semester or staged approach. There has been some direct impact on businesses that pay fees for apprentices and trainees and for apprentices and trainees who traditionally are not high-income earners. Anecdotally, we have had feedback from employers and students that some of it has been difficult to manage.

CHAIR: What opportunities are you taking in terms of online access? We have heard about online access in evidence.

Ms LARKINGS: We have a platform that Hunter TAFE uses to deliver a lot of courses fully online. We also use a lot of blended approaches, which we have done for many years, where students might study a lot of theory online and then come in for evening workshops, connected sessions on the internet through platforms. We use all the social media technologies like Facebook with tutors and teachers facilitating learning online. We have some courses fully online and everything in between.

CHAIR: Can you give us some numbers approximately so we get an idea?

Ms LARKINGS: I would have to take that on notice.

CHAIR: Is it hundreds, thousands?

Ms LARKINGS: I would rather get back to you on that.

CHAIR: Do you know how many students you have across your campuses up here?

Ms LARKINGS: At the moment?

CHAIR: Yes.

Ms LARKINGS: I could not tell you exactly. I would rather take that on notice.

CHAIR: Is it 5,000, 10,000?

Ms LARKINGS: Students across the whole of Hunter TAFE?

CHAIR: Yes.

Ms LARKINGS: Tens of thousands.

CHAIR: At Lismore I think it was about 50,000.

Ms LARKINGS: We would be similar.

CHAIR: One thing we have heard is that TAFE teachers are concerned that they are being pushed and pushed to fit more in fewer hours. We have just heard that the same is happening in the electrical trades area. Eventually the students have to literally go outside those hours to complete other stuff. Do you have a comment about that and what is your view? Does that need addressing?

Ms LARKINGS: There are some courses particularly where there is regulatory things like electrical where there is a lot of feedback from the industry that they have to be trained in a specific way, that there might not be as many options for coming up with a flexible way to do it but there might be in other areas. So I think in some ways, as I said, some of the IPART pricing is challenging us to try to deliver within it. For some areas it is quite possible to deliver more flexibly in more theory-based areas, but those very practical, technical areas where students safety and the regulatory nature of what they do is so critical, it is not always easy to deliver that online. They might be able to deliver parts of it online but there are some challenges.

CHAIR: Can you take it on notice whether there is any evidence of students basically quitting because the pressure is too great because of that situation?

Ms LARKINGS: I am not aware of any but I could certainly take on notice to find that out.

Dr JOHN KAYE: Thank you for being here today and stepping into the breach. Picking up the line of questioning by the Chair with respect to what we saw this morning at Belmont TAFE with technology, eight hours and seven hours and possibly down to five hours next year to meet the amount of money left behind. Are you aware of other courses around the Hunter TAFE of similar things happening, where there is a similar cut in hours of delivering a course?

Ms LARKINGS: There would be some course delivery that has reduced their hours, yes, in other areas.

Dr JOHN KAYE: I imagine you would be concerned about the implications for both the education outcomes but also for the capacity and project technology for the safety first units for students and safety in the workplaces they go into?

Ms LARKINGS: Yes, I would be concerned about that. I suppose we are looking at it as an organisation how we can look at our total business model that does not necessarily look at reducing our delivery any further, because that is not necessarily the only savings we could make.

Dr JOHN KAYE: It has been suggested to us that the Hunter Institute takes about 40 per cent of the course income, the entitlement income, and feeds it back into undoubtedly worthwhile things, but that leaves a \$14,000 course with only \$8,000 for delivering so there is a reduced amount of money available. Can I ask you about your operational base funding? Would you say your operational base funding is inadequate to the task?

Ms LARKINGS: I will have to take that on notice. I would not feel comfortable answering that.

Dr JOHN KAYE: Do you know how much operational base funding you have?

Ms LARKINGS: I do not know the exact figure right now.

Dr JOHN KAYE: Can you give us that on notice as well?

Ms LARKINGS: On notice, yes, absolutely.

Dr JOHN KAYE: Is there any security about the operational base funding? That is to say, do you know what it will be next year or the year after and the year after that?

Ms LARKINGS: I do not know. No, we have not been given any security about that that I am aware of.

Dr JOHN KAYE: Has it changed?

Ms LARKINGS: This is the first year.

Dr JOHN KAYE: This is the first year. I realise that that question was not going to go very far. On the issue of operational base funding, the 40 per cent plus that Hunter Institute takes out of other Smart and Skilled funds they get goes to the same part that the operational base funding goes into.

Ms LARKINGS: What we have to do is run our total business on the funding that we are given through our Smart and Skilled, through our operational base funding and any other funding that we receive obviously from the State Government. I am not necessarily agreeing that 40 per cent of the Smart and Skilled money is what is going to the rest of our costs. I would have to again look at our total budget and the percentage of our total budget.

Dr JOHN KAYE: In the case of electrical trades at Belmont, my notes suggest that it was 40 per cent of their Smart and Skilled going to the institute, and I have heard similar figures around New South Wales of about 40 per cent. That is the same purpose to which the operational base funding goes, which is the Hunter Institute.

Ms LARKINGS: Yes.

Dr JOHN KAYE: If you a student with an identified disability you get a 15 per cent loading. Is that number adequate?

Ms LARKINGS: We have had a larger funding base prior to this year to run our support services for students.

Dr JOHN KAYE: Is that another way of saying that the amount you got this year—

Ms LARKINGS: Is less, given that it is based on a per head of student in a completely different formula, we would anticipate we will get less money in than we have previously to run those support services.

Dr JOHN KAYE: But you also get community service obligation payments.

Ms LARKINGS: Which helps. Yes, we do.

Dr JOHN KAYE: Can you take on notice the total amount of money that comes from the 15 per cent and the total amount of money that comes from the community service obligation and let us know how that compares to the amount of money you had for disability adjustment and disability services in previous years?

Can you make a comparison—not an exact comparison—between how many hours of part-time casual teaching you had this year versus how many hours of part-time casual teaching you had in say 2010?

Ms LARKINGS: No. I would not have those numbers in front of me. I would have to take that on notice also.

Dr JOHN KAYE: Would you accept that that number has fallen dramatically?

Ms LARKINGS: I accept it has fallen, yes.

Dr JOHN KAYE: Why has it fallen dramatically?

Ms LARKINGS: We have had a real shift in our delivery in terms of, as we have talked about, online and flexible delivery which often require less teaching hours. This year we would have—there has also been a dip in the economy and some of the reasons our enrolments would be less are not just due to issues like Smart and Skilled. There are significant fewer apprentices across the State and certainly the Hunter has experienced a real dip in manufacturing and several other industrial areas. So we have fewer students in some areas purely because that is the cycle of the economy and our workforce. Some of it is due to that, some may be due to Smart and Skilled and some might be due to differences in delivery patterns.

Dr JOHN KAYE: Would you be able to give me the part-time and casual figures for the past say 10 years so we can look at how that correlates?

Ms LARKINGS: If I can.

CHAIR: You can take that on notice and do the best you can with that but I would ask that you add the particular skill sets along that so we can see the changing tides.

Ms LARKINGS: Some areas will have increased their part-time hours significantly.

The Hon. CATHERINE CUSACK: There is in the media a suggestion that the Belmont campus of TAFE will be sold. Is that correct?

Dr JOHN KAYE: Point of order: That statement is completely untrue. What I said was that half of the campus, by a document I had from Cabinet in confidence, was up for sale and that posed specific threats to the future of Belmont campus.

The Hon. CATHERINE CUSACK: It is a big story here and the students we have been talking to are terribly confused and upset because they think their campus is closing.

CHAIR: Order! I ask the member to reframe the question because I think you can do that effectively without impugning the member.

The Hon. CATHERINE CUSACK: Is the Belmont campus of TAFE being sold?

Ms LARKINGS: The leaked document talked about the western side of the campus, which is the old primary school, which has not been inhabited by students since 2007, I believe, or 2008.

The Hon. CATHERINE CUSACK: What would be the effect on students at Belmont TAFE?

Ms LARKINGS: There would be no impact on students. There is no student delivery on that side of the campus.

The Hon. CATHERINE CUSACK: So the students really have nothing to worry about?

Ms LARKINGS: That section of the campus is completely vacant.

The Hon. CATHERINE CUSACK: Outrageous scare campaign.

Dr JOHN KAYE: Point of order: The interjection from the Hon. Catherine Cusack was out of order.

CHAIR: Order! I chair the meeting. Interjections are disorderly at all times, but I am not calling the Hon. Catherine Cusack to order on that matter at this time.

The Hon. CATHERINE CUSACK: Those students were very upset.

The Hon. LOU AMATO: Why would that misleading information be forwarded on to the students and some of the teachers for no apparent reason?

Dr JOHN KAYE: What misleading information?

The Hon. LOU AMATO: Obviously it is not going to be sold.

CHAIR: Order! You do not reply to that. You just ask your questions.

The Hon. LOU AMATO: Obviously the students are upset and they are saying that part of it will be sold off, which you have just informed us is part of a school that has not been used since 2007 and it will have no effect on the students. Obviously the students are concerned for no apparent reason.

Ms LARKINGS: Yes.

The Hon. LOU AMATO: With regard to the courses, do you find that fewer students are enrolling in some courses? They are dropping in numbers.

Ms LARKINGS: Yes. There are some that we have had less enrolments this year and there are other courses where we have had an increase in enrolments.

The Hon. LOU AMATO: What courses are in decline and perhaps for what reason?

Ms LARKINGS: As I said, some of our apprentice areas are down because, again, we do not employ apprentices. That is industry driven. We supply them the training to match that, and there are some definite dips in manufacturing and some of the related industries to mining, some of those related industries that were booming in the mining boom have now dropped off. So they have dropped but they have come off a very big boom time also. Some of our foundation courses for learners have also dropped. Some of our literacy and numeracy courses, but then there are areas like aged care where we have run significant extra groups because the demand is so high for those courses and the employment outcomes are there. So there is a bit of a shift in the full profile that we offer.

The Hon. LOU AMATO: I asked the students at Belmont how many of them believe that school let them down. They come to TAFE and obviously their literacy is down and so on. I would say probably 80 per cent of them put their hands up. Do you believe that school in some way is failing students and they are not up to the same standard as what it was years ago?

Ms LARKINGS: I am not really qualified to comment on whether school is failing our students, but what I can say is that TAFE provides an opportunity, a second chance for students who have not had a successful outcome with schools. It is critical that we are able to continue to deliver to those students because for some students school has not been a good and positive experience for a multitude of reasons. Whether the school has failed them or for a lot of them it is about other issues in their life, we are dealing with young people and I think that TAFE has a part to play in that.

The Hon. LOU AMATO: I just asked them the question and they all knew.

The Hon. SCOTT FARLOW: This area is one that has had a dramatic change in the composition of the economy over the past 20 years or so. What role has TAFE played in retraining people for new jobs in this region?

Ms LARKINGS: I think we have been integral to contributing to the Hunter economy and we still work, we are still experiencing lots of retrenchments. They are announced regularly, in Forcacs and certain other industries most recently. We work closely with any industry like that to see what retraining we can offer for their staff, reskilling or upskilling for them to get other work in other areas. So we partner where we can. We

have always accessed funding that is available. We are looking currently at offering partial qualifications under the Smart and Skilled contract that might help people to realign themselves to a new industry. I think there are huge opportunities in the community services, aged care and disability area for people to retrain where there is actually work, and some of the new tweaks to Smart and Skilled will perhaps allow more people to take up that training with the B-waiver approach because certainly the Central Coast and the Hunter have a lot of employment opportunities in that space.

The Hon. SCOTT FARLOW: As part of the enterprising bargaining information TAFE NSW published data that shows from 2004 to 2013 pure classroom-based delivery dropped by 33 per cent while over the same period online delivery increased by 24 per cent and workplace delivery increased by 17 per cent. From your perspective, what does this tell you about the needs of people in that environment, both students and employers?

Ms LARKINGS: We are dealing with a digital generation that come to us having used computers and electronic media for their learning in schools so we have to be changing our traditional patterns to meet that need. Also some employers want their students to stay on the job and we need to go out to them. Where that is appropriate that is what we do. There are still certain areas where they want to send their apprentice to TAFE. That is a mix; it is not 100 per cent. The same with online; a lot of that is around blended. They will do some of their delivery online and students do not want to necessarily attend a campus all the time. It is a mix and we have to listen to that.

The Hon. SCOTT FARLOW: We have heard quite a bit of evidence both in the Hunter and on the North Coast about the tyranny of distance effectively and the difficulties of getting to TAFE. From your perspective do you see that online delivery is helping to address concerns about the difficulties for some in being able to get to a TAFE campus?

Ms LARKINGS: Yes, and it is just not distance; it is even about cost of transport for some more disadvantaged groups. Yes, it does help that, or they may only attend once a month, so it is the cost of transport. For some people petrol or a bus fare can be an obstacle or block to them getting an education. Yes, it helps in alleviating, for the right learner, some of those things.

The Hon. CATHERINE CUSACK: It makes it more accessible?

Ms LARKINGS: Yes.

CHAIR: Thank you for your evidence today. It has been very helpful and will certainly contribute to our report. Once again please send our best wishes to the director. I hope she is feeling better. You have 21 days to reply to any questions you have taken on notice; Committee members might have further questions on notice for you. Again thank you for your evidence.

Ms LARKINGS: Thank you for the opportunity.

(The witness withdrew)

DUNCAN PASSMORE, Chief Executive Officer, Passmores College,

JOHN COYLE, Director, Hunternet Group Training Company, sworn and examined,

KAREN KEARNS, Chief Executive Officer and Director of Studies, International Child Care College, and

LEISA HARRISON, Senior Manager, Essential Skills Training and Recruitment, affirmed and examined:

CHAIR: I have some written opening statements that have been tabled. Would any of you like to make a brief verbal opening statement?

Mr COYLE: Thank you for this opportunity today. My role is also deputy chairman of the Industry Advisory Council for Hunter TAFE, a role I have held for more than 10 years. I am also a director of the Hunternet Group Training Company, which is a not-for-profit subsidiary of the Hunternet Cooperative Company, a role I have held for 12 years, and I was formerly the managing director of that company as well. Our organisation is a partner with TAFE and has been for a decade and our business is focused on managing apprentices and trainees for the manufacturing/engineering industry in the Hunter and on the Central Coast. It is involved with the rail, mining, defence and shipping industries. I have also been an employer of apprentices prior to that.

Ms HARRISON: At this stage will I bring up things that may be are not addressed in the terms of reference or introduce ourselves and what we do?

CHAIR: Whatever you would like to say. You have a clear shot at it for two minutes.

Ms HARRISON: We are a private registered training organisation [RTO] specialising in community services in the Hunter. We have been registered for five years now, with many of our staff working with other RTOs over the past 15 to 20 years. In the last five years especially we have seen a lot of change in the vocational education and training sector, especially in terms of access to funding for a lot of the community services organisations core training. One of the big things we have found when speaking to our customers are the changes in funding and employer incentives in relation to traineeships and the effect that has had on their businesses in terms of upskilling their staff and bringing new people into the industry. I can fill that in a bit further on as well. Also, we have been quite vocal from the beginning with respect to Smart and Skilled and the impacts that has had on private RTOs, especially in the Hunter, so we are happy to give some more information on that as well.

CHAIR: Any further comments?

Mr PASSMORE: Yes. I would like to make the comment that dealing with small providers together with large providers is totally impractical. Small providers in general have by far a greater completion rate and by far a greater success rate. Outcome rate as in terms of employment, many of them have been closed down, are being closed down and will continue to be closed down because of the onerous requirements that may be practical for large providers and may take up 2 per cent of their earnings would sometimes take up 20 per cent of the earnings of small providers and I do not think that small providers have been consulted sufficiently in this. I am hoping that under terms of reference paragraph (g) I can be questioned about VET Fee Help and their accreditation process, notwithstanding that they are Federal matters but the impact at State level is absolutely substantial. Thank you.

The Hon. GREG DONNELLY: Thank you all for coming along this afternoon. Given the limited time I would like to address a question to all of you and provide all of you an opportunity to answer it in the way you see fit. I will then ask some follow-up questions if necessary. With respect to the introduction of Smart and Skilled, it has happened, we have completed almost the first 12 months and the planning and work for 2016 is underway. This is the second hearing of the inquiry and we have heard evidence from students, TAFE teachers, providers, et cetera. From your point of view could you explain how you are finding the new reform, how it is going and express any concerns you have about it? Once you have done that, you can comment on any other matters relating to the terms of reference. Perhaps we will start with Mr Coyle.

Mr COYLE: The biggest challenges we face with Smart and Skilled are on a couple of fronts. One is the fees particularly for diplomas, with fees are now in the order of \$12,000 compared to maybe \$2,000 some

years ago; difficulties with enrolling for students and employers themselves. It has been quite an issue. Beyond that, the challenges we face are declining numbers of apprentices in the industries that we serve related to manufacturing. That is in turn a consequence of the slowdown in investment in the mining industry but it has flowed right through to other industries such as shipping, rail and defence; a lot of those are government-funded and that is where a lot of jobs have gone from. Apprentice group training companies—and we are not for profit—actually pursue apprenticeships to get apprentices. In the past large government organisations and large companies would have training schools for apprentices; they are all gone.

Right now is quite a difficult time and it has had a big impact on our own funding and our own profitability. We have some 200 members within the cooperative—it is a cooperative-based model—and wherever they can they put their apprentices into our organisation. We have big changes to the cost of supplying trades for our students. It is quite high for the TAFE and the challenge of keeping new technology up to date in those industries with a high cost delivery is quite significant also. We also have the challenge of on-the-job learning and online learning to transfer from what is a hands-on industry; we have to have a high investment yield to support them. We have caught up on that and we have caught up on the slowdown in the industry and the loss of jobs. So it is quite a difficult time in the region from our point of view.

The Hon. GREG DONNELLY: Thank you for that.

Ms KEARNS: Our situation is probably slightly unique. My college is a niche provider of children's services. We have been registered for around 18 years. Last year we were invited by the Australian Skills Quality Authority [ASQA] to be a self-regulating RTO so that put us up in the top 11 per cent of RTOs in the country. We have never had a complaint and our completion rate has always been around 95 per cent. Last year we had around 300 trainees and we have been providing traineeship training for many years. Two months before the Smart and Skilled announcement was made State Training in Newcastle rang us and said, "Can you take some extra funding? We have got this spare money and we are happy with the work you do so can you take an extra 30 trainees?" We said, "Yes."

When Smart and Skilled was announced International Child Care College were not offered a contract. We had, as I said, over 300 trainees. We had been invited to have more trainees. I write textbooks for children's services—four of them—and I am just completing the fourth edition. Those textbooks have won two awards. They are used by 90 per cent of private and public RTOs delivering children's services and they are also used by universities. We also write assessment materials which we have sold to over 110 RTOs including TAFE. We also sell other resources. When we got our rating back for Smart and Skilled my organisation was given a "D" for resources.

The Hon. GREG DONNELLY: What does that mean?

Ms KEARNS: That means that they deemed my college not to have sufficient resources to deliver Smart and Skilled. This is the college where the person writes the textbooks that 90 per cent of all Australian RTOs use in children's services. This is the organisation where 110 other RTOs use our assessment materials. This is the organisation that for the last eight years has won the Hunter region children services training of the year award. So that tells you something about the Smart and Skilled debacle. We went to State Training and spoke directly with David Collins and he had a panel of his henchmen around him. They were not able to give us any answers. They said an algorithm was used and in my opinion the algorithm was fatally flawed. If you look at the distribution of the contracts—

The Hon. GREG DONNELLY: Is this the algorithm that produced the D outcome?

Ms KEARNS: Yes, so when we applied for Smart and Skilled it was like a SurveyMonkey really. It had questions and you just had to put in numbers: "How many students do you have currently?" And it had questions like: "What is the total number of years experience of your trainers in 2012?" We are a small college. I might have had 10 trainers, so that might have been 100 years. But TAFE would have put theirs in and theirs probably would have been three million years—I do not know. What was the point of that sort of question? They asked the same question about admin staff: "How many combined years of experience?" They did not ask about completion rate. They did not ask me the mode of delivery. So they were dividing up funding based on what? There was no sense of, "If you deliver this way or that way, the cost is different." As we have just heard the last person say, the way in which you deliver training affects the cost of training. They asked none of those questions. They did not ask for any evidence at all. And when people complained about that, that was an afterthought: "Oh, yes—we will run around and collect evidence from people."

One of the things we had to do when we were signing the application was sign on the dotted line to say that you have sufficient resources and you have been delivering this course for at least 12 months. The day after people were given their allocations, two very large training providers rang my college and bought our resources. They had never delivered children's services before and they had no resources, yet they were given a contract. So in my opinion—and it is only my opinion—I believe that the Smart and Skilled was determined by the size of the organisation. Prior to Smart and Skilled there were about 340 RTOs on the approved providers list [APL]. That was reduced by almost half.

In my opinion the aim was to reduce the administrative cost. In children's services in the Hunter region, most of the providers that got funding through that program were from out of town, so they were from Victoria, Riverina, Goulburn, Brisbane and Sydney. So here we were offering a fantastic program, we had demonstrated that we were a quality provider, we had demonstrated that we had quality resources, and we were knocked out. We have since been reinstated. We simply got an email saying, "Here is your allocation." We were not given any reason.

The Hon. GREG DONNELLY: When was this?

Ms KEARNS: A couple of weeks ago.

The Hon. GREG DONNELLY: Without cutting you off, that is a good outcome I suppose at the end of all of that—

Ms KEARNS: Well—

The Hon. GREG DONNELLY: You have raised a great deal there, but I have two more witnesses. We can come back to that.

Ms HARRISON: For us, we did get a contract, but again I agree with Karen that the application process was not sufficient. It did not ask for any examples to prove how you performed in the past or if you have been successful in certain areas of delivery—for example, jobseekers and that sort of stuff and what your outcomes were with that. When we got our allocation we originally thought it was a mistake—that there was a computer issue—being based in Newcastle and all of our completion rates being mainly in Newcastle. State Training Services has that data because we report on that every time we do a claim. We got \$30,000 in the Riverina and that was it. So for us to be able to do face-to-face—and \$30,000 would only get you about five or six students—it was not cost-effective, so we have been unable to use that.

When we applied, we applied statewide—that is because we have a large statewide customer that we wanted to be able to offer traineeships, as we have done in the past, to all of their areas. We have been able to keep that relationship, thankfully, but we have had to do all of the new entrant trainees on a fee-for-service basis, which has really reduced our income and made it difficult for us to be able to maintain that quality—even though we have, but it has been a big detriment to our business. We, like Karen, have been given extra allocations a short time ago.

The Hon. GREG DONNELLY: In relatively recent times?

Ms HARRISON: Yes. It would have been two or three weeks ago, I think, or maybe a little bit longer. That was \$30,000 in each of the regions that we applied for, which is great, but again that is maybe four or five students that that will deliver to in each region. We have been able to shift some of the money around to the areas that we actually use it but that still does not leave enough that we would be able to maintain what we have done in previous years and be able to offer those services that we have not in past years. So it has been a big detriment to our organisation.

The Hon. GREG DONNELLY: Mr Passmore, are there any comments you would like to make about particular impacts and effects?

Mr PASSMORE: I cannot really comment on Smart and Skilled because we had not applied for funds at all and it does not really affect us. We are only a small provider. But in terms of some of these areas, I have mentioned the grouping of large with small—it does not work.

The Hon. GREG DONNELLY: Do you know that that is happening or is it your observation that that appears to be what is happening? Is that just your sense of how it is being done?

Mr PASSMORE: Absolutely. I am a chartered accountant and a forensic accountant. Without the details available to me, it would appear that approaching half a billion dollars of VET fee funding has gone to certain organisations based on people who did not complete courses. I have offered Senator Birmingham as a chartered accountant myself to research my area or suggested that a firm of chartered accountants research it. We are the only people who are really trained in auditing. You are dealing with over a billion dollars worth of funding that has gone to three colleges in the last five years who have completion rates way less than 50 per cent. It is a real problem. I have offered my services. I believe a firm of accountants would charge in the region of \$100,000 for their research. I am prepared to offer that research myself. I have the experience, I have the knowledge and I would do it free of charge—and I will travel anywhere in the country.

The Hon. GREG DONNELLY: We will take it. Sorry.

Mr PASSMORE: Okay. I know this is going out of it, but I would love to also talk about industry participation. The reality now is there is more industry participation required. I have a good working relationship with many industry people and professional people in this town and in greater Newcastle. I will tell you exactly what they say, and I quote: "Duncan, I do not want to deal with this crap. You write out what you want us to say and we will sign it." That is what industry say. They are too busy. When they are told that every single exercise we give we have to get someone in industry to say, "Yes, that is good," they are not interested. This is a real problem.

I know I say things and my board has said, "Please don't be too whatever." I am 75 years of age. I could not give a bugger what anybody thinks of me, but it has been a debacle. We have been operating since 1982. We are the longest serving family college in the country. Our employment rates are the highest or equal highest in the country. Our completion rates are the highest or equal highest in the country. In an October report there was great pleasure in announcing that the completion rate for diploma courses has gone up from 43 to 46 per cent. Hoorah!

Dr JOHN KAYE: Mr Passmore, when you say, "It has been a debacle," you are talking about the contingent loan arrangements with the Commonwealth? You are not in Smart and Skilled so you are not talking about it.

Mr PASSMORE: I am not talking about State funding.

Dr JOHN KAYE: What is the "it" in your statement, "It has been a debacle?" I can see about 10 debacles here, so I am just trying to work out which one.

The Hon. GREG DONNELLY: He is being forensic with his questioning, okay?

The Hon. SCOTT FARLOW: He will not charge you \$100,000 for it either.

Mr PASSMORE: That is an excellent question. Okay. I was the idiot who 22 years ago as the director of the Australian Council of Independent Business Colleges suggested that business colleges should be accredited. I was the one who saw State and Federal Ministers of Education with this recommendation.

Dr JOHN KAYE: If I may, I need a specific noun to go with "it" in your statement, "It has been a debacle."

Mr PASSMORE: Okay—the accreditation process.

Dr JOHN KAYE: Is that Commonwealth accreditation—the Australian Skills Quality Authority [ASQA] process?

Mr PASSMORE: Yes, the ASQA process.

CHAIR: Thank you for telling us what you really think. That is good.

Mr PASSMORE: I get a little bit passionate.

CHAIR: Now we have a clarification of what "it" was, that is great. I have a general question: Do you think the fact that we have changed ministers in the last couple of months has made it so you have got extra funding or is there some other factor such as that there was an inquiry called? Do you have any suspicions or was it that you have actually reapplied to get extra funds?

Ms HARRISON: No. We never applied.

Ms KEARNS: We did not reapply either.

Ms HARRISON: No. They just contacted the RTOs and said, "We are going to give you this now." My general opinion is that when Adrian Piccoli was in charge it was stonewalled. Every time we sent something, it was always his receptionist or whoever and it never went any further—we never got a response or anything. When it changed over, that is when we saw a bit of change—not that it was necessarily really appropriate. It was more of a bandaid effect, if anything.

CHAIR: That is exactly my point. Certainly your outcome in other things would be reflective even of the sort of approach that I get.

Ms KEARNS: I see a difference now in that Mr Piccoli kept referring to the Smart and Skilled allocation as being free funding for RTOs—"Oh, we are going to fund your business." I do not see it that way. I have a contract with a government department to provide a service. It is a commercial contract. It is not a freebie. We work very hard with the money that we are given on behalf of the students to train those students. Mr Piccoli appeared not to understand that very fundamental thing. I think one of the other issues that needs to be looked at is that if a government department wishes to do business in a commercial playing field with business then they need to act in a professional and businesslike manner. As far as I am concerned, they do not do that—State Training Services in particular.

I will give you an example. We did not get an allocation for Smart and Skilled. However, the students that rolled over into this year who were enrolled last year had to pay the difference, so they paid an admin fee. Then when Smart and Skilled came in they were told they had to pay the difference between the old fee and the new fee. I personally felt that that was almost illegal, because they had signed a contract with the department saying, "This is the fee." And suddenly they had to pay a new fee. And for some students that was about \$3,000. I said to the students, "You need to complain to your local member about this. We cannot do anything about it. We have been directed to give you this bill." So the department did get a complaint and the complaint said they objected at having to pay this fee set by State Training Services. State Training Services came out and said to me, "We have got a complaint against you." And I said, "Can I see it?" And when I read it, the complaint was not to me, the complaint was to the Government: "The fee that you are charging is not fair." And they said, "Oh, I suppose you could look at it that way." I said, "Well, I did not set the fee; You did."

CHAIR: Thank you for that evidence. I want to ask about how we get better completion rates. Mr Passmore talks about 90 per cent and you talk about 95 per cent, which is fantastic. Do you put completion rates down to face-to-face personal service, mentoring and coaching? What is the secret of keeping people in a course to completion?

Ms KEARNS: We deliver traineeships, so our students are in the field, working full-time. I put it down to having a very good relationship with our employers. We hold breakfasts or dinners which we invite them to attend, we listen to what they have to say and we are very responsive. If they ring and they have a concern or a complaint, we will go straight out and sort it out. We ask them to sign a contract with us that says we have a tripartite approach so that if there is a concern for the student then we, the student and the employer will get together, and the same for any issue. There is no: "I'll deal with this here," and, "I'll deal with this here." It is very open. We are very responsive and we do provide a lot of support for students with additional learning needs. We are not funded for that anymore, so we do that of our own accord. So I think that is why.

Mr COYLE: We have very high completion rates. In the first instance of the course, when we sign up an apprentice with an employer, we sign for the duration of the apprenticeship. Only in the case of hardship or failure on the apprentice's part can that relationship be broken. Secondly, we move our apprentices around to our different companies to make sure they get the full training quota. We have very strong pastoral care, a close connection and real commitment to safety.

Mr PASSMORE: I have personally interviewed every student applicant since 1983. I insist that a school leaver must attend with a parent or support adult. I do not allow them to enrol for a period of two weeks from the time of the interview, and I make sure that they understand the high workload, which is greater than a Higher School Certificate workload. As a result we get committed people who are expecting to work hard. They get a bit of a shock the first month or so, but then we skill them and we teach them with memory training and various other things, but it is because we are selective who we get. We do not go to any shopping centres or do house calls or anything like that just to build up numbers. If we do not see a real outcome for a person, we will not take them on. The exception to this has been some mentally impaired people. With the agreement of parents and specialists that they will never be able to complete it but it would be to their advantage to attend, we have taken on such people.

Dr JOHN KAYE: There have been a number of concerns raised about Smart and Skilled and the way the market operates. Can we try to untangle this a bit? One thing is the specific design feature of Smart and Skilled, which Ms Kearns you negotiate because in your opening statement that you tabled with us, it appears that you like competition, you are pro market, but you do not think this particular market is very fair. The second issue is that this is a market in which you all fit into the smaller end of the scale. Am I correct in saying you are all not-for-profit?

Ms KEARNS: No.

Dr JOHN KAYE: You are all for-profit. So there is a family-scale operation versus a corporate-scale operation competing in a market and there are the profit issues. Then there is the issue that competition is bad for small players. Take supermarkets for example. Wherever you go competition wipes out small players. Look at the disappearance of the small players in retail. Which of those are we talking about here? For example, Ms Kearns, do you think a better designed market would be terrific, provided it delivered for you?

Ms KEARNS: We have competed very successfully in the market. At our peak last year, we had 350 trainees. That was more than TAFE had.

Dr JOHN KAYE: How were you funded for that?

Ms KEARNS: That was through the APL, the approved providers' list.

Dr JOHN KAYE: But you were getting money specifically from Government. It was not competition, you were being paid by Government to deliver a certain outcome?

Ms KEARNS: It was competition, because it is user choice. We had around 130 employers who chose us as their training provider as opposed to other providers in the region.

Dr JOHN KAYE: Where were you getting your money from? From Government or—

Ms KEARNS: The funding for the fees came from the Government, but we also have—my business also has another arm. As I said, I write textbooks, so we get a very large income from that. We write resources. I structured the business so that we are not solely reliant on providing only training that is funded, so we have tried to diversify.

Dr JOHN KAYE: What about your business, Ms Harrison? Do you just think it is a bad feature of the market design?

Ms HARRISON: It is not in equity between the two.

Dr JOHN KAYE: In equity with?

Ms HARRISON: Between the larger registered training organisations [RTOs] and the smaller RTOs. For example, being community services, a lot of them do not have big budgets for training, so they rely on funded training to upskill and bring new staff into the industry. So, yes, we might get the majority of our income from funding from different sources, but that is because people in the community services industry do not have the money to put themselves through the training like some of the bigger organisations such as mining and stuff like that. So, for us, on the APL, it was a lot better than what is Smart and Skilled. Smart and Skilled was supposed to open competition and make it more fair.

Dr JOHN KAYE: You prefer the less competitive model?

Ms HARRISON: We have no problem with the competition.

Dr JOHN KAYE: You say that, but the APL structure was an approved provider that got funding from the Government. If you have got the students, you got the funding. You were not competing against each other?

Ms HARRISON: You are still competing for the customers, though.

Dr JOHN KAYE: Yes, but you were not competing for the entitlements, which is what happened under Smart and Skilled, and you did not do particularly well.

Ms HARRISON: Well that was—you can—I do not know how to explain that.

Dr JOHN KAYE: I will come back to you then.

CHAIR: You can take that on notice. It is a difficult question that probably needs some thought.

Dr JOHN KAYE: Yes, I am happy for you to take that on notice. Mr Coyle?

Mr COYLE: We are in a different situation. We are not competing for funding as an RTO. We have point apprentices, and we have to fight to get those apprentices, and then funding comes automatically with those programs.

Dr JOHN KAYE: Can I ask one quick question with the leave of the Opposition; you will like the question. You posit here that this is all Mr Piccoli's fault; Mr Barilaro is a wonderful man.

Ms HARRISON: I did not say it was all—

Dr JOHN KAYE: You are kind of saying once Mr Piccoli—

The Hon. CATHERINE CUSACK: I cannot give leave for that.

Dr JOHN KAYE: Can I briefly ask the question?

CHAIR: Order! Time is up.

Dr JOHN KAYE: You would have liked the question, but, there you go, you lost your chance. You would have really liked the question, but that is the Liberals for you; they never want to defend The Nationals.

The Hon. LOU AMATO: I want to ask a question to each of the organisations. Why do these students come to your providers rather than TAFE, for instance? Give an example.

Ms HARRISON: We are quite flexible. Some of the bigger organisations prefer the onsite training. We come into their organisations and provide the onsite training. Our trainers go above and beyond. In Sydney we have a lot of training where English is a second language. It is a big barrier and our trainers will spend hours and hours with these students getting them through to where they need to be.

The Hon. LOU AMATO: So more foreign students come to you?

Ms HARRISON: No, there just seems to be—home care is a big employer for us in Sydney and that is the demographic of workers; English is a second language. We have had a good relationship with them. Like I said, it is the support that we offer and the completion rates get us repeat business with them. They have other RTOs knocking down their door all the time competing for their business, but we provide the quality business to them, and that is why they keep coming back to us.

CHAIR: Anyone else? Mr Coyle?

Mr COYLE: All our apprentices are with TAFE. We have a memorandum of understanding [MOU] with TAFE, so they are our sole provider.

The Hon. LOU AMATO: You mentioned earlier on that fewer students are entering some of the trades. I understand that outside influence is affecting manufacturing and sheet metal work and so forth. Obviously we are not as competitive as we once were. Are there any other sectors of the industry that are also dropping?

Mr COYLE: The areas we focus on are rail, and most of the contracts that were rolling stock and passenger cars are now sent overseas, so that was a big industry, a big employer. The ship building industry, Forgacs, are completing their last big projects and there is virtually no other work there. The floating dock is gone already, so that business has gone away. We have lost one aluminium smelter. The investment in the power industry and power stations has been cut to a bare minimum and, of course, the mining industry and all its associated support services has dropped dramatically, so all of those have had a major impact on the traditional metal-based engineering skills. It is quite serious.

The Hon. LOU AMATO: Yes, it is a shame. Some employers believe that a TAFE qualification is more—let us say it is a brand that they recognise rather than a private provider. What do you have to say about that? You can all answer in turn.

Mr PASSMORE: May I comment on that?

The Hon. LOU AMATO: Yes, certainly.

Mr PASSMORE: I would say just the opposite. For example, on the way in here I got a call from someone saying we desperately need someone to work for us. I had to say, sorry, but our graduates finished their training last week. They are going for six weeks on-the-job training. All of them are committed to people who intend to employ them. So this person was too late. About 40 per cent of employers who come to us cannot get our students. I think that TAFE is labouring under intense pressure. I think a lot of the teachers are fantastic, but the laborious part around it—I have on my phone one of our trainers who trains for TAFE and for us who made the statement for Senator Birmingham, "Once I have finished complying with all of the training I have got to do, all the communication for the students, et cetera, I would love time to teach them something."

Ms HARRISON: We have definitely built ourselves a reputation in Newcastle. We have had people who have used TAFE in the past and said that they will not go back, that they will use us. For us, it is continuing to build our reputation, and we have a strong one in Newcastle in community services. We have always got employers recommending people in other organisations and new students wanting to get into the industry come to us. We have phone calls every day.

Ms KEARNS: I would say the same. We have built our reputation, and I have said in my statement, I am fed up—and I think it does not contribute to the situation—to keep having a them-and-us attitude. There is a place for a publicly well-funded TAFE system in New South Wales. There is absolutely no doubt in my mind about that, but there is also a place for good quality private RTOs, just as there are private and public schools. We would not be able to educate our children if we did not have a private sector. We cannot educate our adults unless we have a private and public sector that meet high standards. I think we need to move on from them versus us. I have no issue about competing in an open market with public providers. I think if we all adopted that attitude we would be far better off.

The Hon. LOU AMATO: We have heard that other private providers are not necessarily up to standards.

Ms KEARNS: Some of them are not, but some TAFEs are not either.

Mr COYLE: Can I just add that TAFE is the leading provider in our industry. It is to do with the high cost of delivery of the trades. We have a very strong association with industry in our segment and work closely together, so there is no problem there.

The Hon. SCOTT FARLOW: To that point, could you tell us a little bit about your relationship with TAFE and the conduit, in a sense, with industry and TAFE? We were at Belmont. We heard stories today about some of the high costs of training. We were looking at some of the equipment and that TAFE were claiming

private providers did not provide the same quality of equipment. Perhaps in your industry you would say that is correct. Can you tell us how you have utilised that relationship with TAFE?

Mr COYLE: Part of my role is to provide a linkage between industry and TAFE in our particular industry, and there has been a strong association. It is true, there is equipment here that is not up to date, there is investment, and in some cases we can work with industry and use their equipment for training of other apprentices and so forth. There is a strong relationship between many of the teachers and industry in the trade as well. We have an MOU with TAFE, so all our training comes via TAFE and that has worked well with us. We have a good relationship with the State training services as well.

The Hon. SCOTT FARLOW: Picking up from Mr Amato's point, we have heard quite a negative line regarding private providers from some, particularly within TAFE, and I appreciate your comments about ending the "us versus them" dynamic. To that point, why is it that students and organisations choose you even when the costs may be much higher than TAFE?

Ms KEARNS: Our cost is not higher. If we have fee-paying students, we make sure that the costs compete with the public sector, so we do not charge huge amounts of money for courses. We charge what we see as fair and reasonable, and our fees are no higher than TAFE fees, and they never have been. There are providers who charge a lot more and I cannot speak for them. But people choose us because we deliver a high-quality service.

The Hon. CATHERINE CUSACK: Can I break in there because we are about out of time. The algorithm you refer to, has that ever been published?

Ms KEARNS: No, they refused to provide any information.

The Hon. CATHERINE CUSACK: Who refused to provide it?

Ms KEARNS: David Collins and his two superiors. I wrote to both of them and said I would like to know. They just said it was not available and they would not discuss it.

The Hon. CATHERINE CUSACK: For the benefit of evidence to our inquiry, do you believe that it should have been published and that there should have been a better feedback session and greater transparency around that decision-making?

Ms KEARNS: Yes, I believe so. If that were my business and my money was being spent that way I think I would be in bankruptcy court. I was horrified at the way that public money was allocated and distributed.

The Hon. CATHERINE CUSACK: When those decisions are made what would be a good system for people to be able to access the information, including feedback about their own proposal and the transparency around the whole arrangement?

Ms KEARNS: I think they should have published the criteria. One of the opening statements on the application forms said, "We wish to choose the best of the best". We had just been chosen by the Australian Skills Quality Authority [ASQA] to be self-regulated. I consider we were the best of the best. We were overlooked. How did they determine the best of the best?

The Hon. CATHERINE CUSACK: If we have an opportunity to make recommendations could you give us some specific thoughts on what you would like to see? For example, is there a number that you can call where a person answers the phone and helps you?

Ms KEARNS: Nothing. It is all a one-way street.

The Hon. CATHERINE CUSACK: Would it be a good idea to have a contact number?

Ms KEARNS: Yes. And it would be a good idea to say what they are looking for. You do not just say, "I want the best of the best". What does that mean? Do you look at completion rates; do you look at the groups of students you have; do you look at the types of courses that you have; do you look at delivery modes? They did not look at any of those things.

The Hon. CATHERINE CUSACK: They were not asked in the first place.

Ms KEARNS: No. How did they choose? Nobody knows.

Mr PASSMORE: In both the accreditation process and the VET FEE-HELP process at no stage is there any question or inquiry into completion rates, into the history of the organisation or successful outcomes. At no stage.

The Hon. CATHERINE CUSACK: As organisations are you required to report employment outcomes to anybody?

Ms HARRISON: Not employment but completion rates we are.

The Hon. CATHERINE CUSACK: We really have no information about our training system?

Ms HARRISON: And we were never asked either.

The Hon. SCOTT FARLOW: Do you have comprehensive figures on that yourselves?

Mr PASSMORE: Absolutely.

The Hon. CATHERINE CUSACK: Would you mind providing some of that information to our Committee? It would be good to have a template on that.

Mr PASSMORE: Do you mean all of us?

The Hon. CATHERINE CUSACK: Yes, it would be very valuable. How many of your students are under the age of 19?

Ms HARRISON: A lot of ours are employment based in our organisation and they are more mature aged.

The Hon. CATHERINE CUSACK: How many are under 25?

Ms HARRISON: If you are looking at under 25 you are probably only looking at maybe 10 per cent for us.

Ms KEARNS: For us it would be probably about 30 per cent because you have to be 18 to work in children's services anyway.

Mr PASSMORE: In our case it would be about 60 per cent.

Mr COYLE: We have school-based apprentices and school-based trainees. Some apprentices leave school in their fourth year of high school and some go through to full matriculation, so there is a good spread.

The Hon. CATHERINE CUSACK: When child care students get employment placements do they count towards the ratio in the child care centre, and how does that compare with other States?

Ms KEARNS: Trainees are not included in the staff to child ratio. There has to be a full-time person in the room with them so, no, they are not counted in the ratios.

The Hon. CATHERINE CUSACK: And when they begin on probation?

Ms KEARNS: When they commence work, yes. If they have a certificate III and they are employed as an educator in a service then they are included.

CHAIR: I thank you for your evidence. You provide very good customer service and a good experience in your areas. I love the spirit that is not about us versus them. At the end of the day this inquiry is about getting the best education outcomes for all people who need it—whether it be pathways or a bridge to a new career, which we will see more of, and whether that be into aged care or other sectors under the National

Disability Insurance Scheme. It is about providing an opportunity for our kids and mature aged students to find a pathway to build upon what they have to give in their lives. It has been very helpful. I notice you have been given a bit of homework. You have 21 days to reply to questions on notice. The secretariat will help you if you need assistance and we may put a couple of other things on notice given your evidence today. Thank you once again.

(The witnesses withdrew)

MICHAEL DYER, Teacher, Electrical Trades, TAFE NSW Hunter Institute, Muswellbrook campus,

MARK POWELL, Teacher, Commercial Cookery, TAFE NSW Hunter Institute, Hamilton campus, and

TERRI QUINLAN, Part-time IT Teacher and TVET Coordinator, TAFE NSW Hunter Institute, sworn and examined:

TIM ANDREWS, TAFE Counsellor, TAFE NSW Hunter Institute, Kurri Kurri and Cessnock campuses, affirmed and examined:

CHAIR: Thank you. We will allow you to each make a two-minute statement opening. Please make a concluding statement at the bell. If you have more to say we will table the remainder of your statements.

Mr ANDREWS: Speaking personally, I have five children, all with a proud history of public education in State schools. My eldest daughter has just graduated from her first university degree and she plans to pursue postgraduate studies in the near future. My second eldest daughter is currently in her second year of her first university degree. I have three other younger children—my son and my two youngest daughters—all currently enrolled in a State primary school. The future for my three youngest children looks very bleak indeed, especially in regard to their education and training. With the push by Government for more and more privatisation, more and more user pays and more and more "marketization" my three youngest children face the dire prospect of being able to afford neither university nor TAFE fees and costs. They thus face a future, through no fault of their own, of joining the growing ranks of the working poor. This prospect both alarms and frightens me. Especially when it is considered that they are the few amongst the many just like them.

Speaking professionally, I have worked as a TAFE counsellor full-time since 1992. TAFE counsellors are comparable with our school counselling colleagues in the State school system. We provide a similar role, except we also add career counselling to our responsibilities. TAFE counsellors provide a unique and professional service across this State. About eight out of 10 or 80 per cent of TAFE counsellors across New South Wales are registered psychologists like me. Nobody else in TAFE has the skills, knowledge, expertise, experience and qualifications required to do our job. Hunter TAFE counselling is presently under review for change management. The proposed model for TAFE counselling in the Hunter cuts the staff budget by 60 per cent. In addition, the proposed model seeks to be another step in the pathway of deprofessionalising and dumbing down our role. It seeks to employ less qualified people and take from us the responsibilities for educational and personal counselling, limiting our job to careers counselling only. This takes the quality out of TAFE counselling, making it a pale imitation of what it has been for 70 years.

CHAIR: Thank you. We will table the rest of that statement.

Ms QUINLAN: We need to remember that not all Vocational Education and Training students that we are talking about here are trainees or apprentices or employees that employers have elected to upskill or retrain. Not all students we are talking about are employment-based students. In fact, in my 21 years as a casual teacher in the Hunter Institute I can say that the vast majority of my students are individuals who have elected to pursue training for a variety of reasons and have chosen to come to TAFE because it has always been affordable, accessible and equitable with a very strong student support system.

Mr POWELL: I first walked on to this campus when I was a very young man. I was trained by TAFE. I am chef of 35 years in the industry. After a workplace injury I needed to change my vocation. I was retrained as a trainer and assessor and I entered TAFE as a teacher, as an industry expert. Like I said, I have 35 years in this industry. I have seen the hospitality industry in this area grow to what it is now—to being one of the best in the world. Thanks to TAFE I also went on to university and I am the first member of my family to be tertiary trained. Before the current Government took office we were given the best facilities known in this country. We still have them, but now most of the time they sit idle. In 2011 our corridors were full, our classrooms were full and our teachers were full of energy to do their best. You said before about people from disadvantaged and disability backgrounds having access to education. I have taught blind students, I have taught deaf students, I have taught students who can hardly stand up—all with full support, but this all stopped. All of a sudden now we are left with empty classrooms, empty corridors.

I also said after 35 years in the industry I have built up very strong professional and personal contacts here in the Hunter Valley. The words have been echoed from the industry. It is an abomination of the destruction of TAFE. An absolute abomination. The TAFE courses have been cut. The skills that were passed on to me when I came on to this campus no longer exist. We are made to teach faster and quicker. The idea that you can teach online my trade or my guild, as it was known when I was first started, is yet again totally untrue. When the cuts first came in I went to the former member for Charlestown and asked him what could he do about TAFE. His answer was, "I would not waste my time on TAFE." That was the answer from a Liberal MP. Yet again, this is why I really welcome the opportunity to speak at this inquiry.

To speak at this meeting, yes, we are under parliamentary privilege, but I know it is career ending. I know that I will no longer be able to progress my career any further than being a classroom teacher. We are told to put up and shut up. I welcome all questions on the current computer system. The other thing I will add in my opening statement is under the current Government we are no longer teaching students; they are customers. We are no longer classified as teachers; we are agents and clients. The whole scope is changing. Yes, we do have to adapt to the opening world but the type of training that we provide here in the Hunter Valley, we are just about to export it to China. We are sending teachers into India, Pakistan and Indonesia, but what about training our local students?

Mr DYER: In 1998 I started as an electrical apprentice. I am a licenced electrician. I have been a TAFE teacher for 13 years. I fear for the future of my trade. At the start of this year 17.5 per cent of face-to-face teaching hours were cut from classroom delivery, so 864 hours of delivery is now made up of 720 hours of delivery, with more delivery online. We even teach one national unit, UEENEEE137A—document and apply measures to control risks and hazards in the electrical industry—which is blended learning mostly online. How sane is that?

The Hon. GREG DONNELLY: In the limited time available I will ask some general questions and then invite each of you to respond as you see fit. This is the first 12 months of Smart and Skilled being rolled out. We are looking ahead to next year which will be the second year of Smart and Skilled. As you are directly associated with TAFE, what has been the biggest impact of Smart and Skilled in its first 12 months? If it continues on its current course what do you believe will happen with Smart and Skilled over the course of the next 12 months?

Mr DYER: As I have said, 144 hours have been cut from the 864 hours of face-to-face course delivery. That is being reviewed constantly and further discussed for even more cuts from the remaining 720 hours. More and more content is being delivered online which means that students have to go home and teach themselves. I know that students are struggling with online delivery from what they have told me. They want to come to TAFE and they want face-to-face delivery. They do not want to have to go home, log onto a computer and teach themselves. Industry is also telling us that it wants to send its students to TAFE to have them trained and assessed. Last Friday a meeting was held with industry people and TAFE people. I was not at the meeting but I heard from the people who attended the meeting that someone from industry said there were 10 different sites and they wanted to be able to send their apprentices to TAFE to be trained and assessed. By the time they go out to each of these sites their apprentices might have changed sites and they would be chasing them around all day to do workplace delivery. That employer said that they wanted to send their apprentices to TAFE.

Other employers have also told me that they want to send their apprentices to TAFE. Yesterday I was at a presentation for AGL Macquarie for some graduating power station apprentices. The power station was paying a commercial rate to send its apprentices to Muswellbrook TAFE. Industry wants to send its students to TAFE. They want us to deliver like it was delivered when I was an apprentice. They do not want us to deliver online and they do not want us to cut hours, yet we have been forced to cut more and more hours and to deliver more and more online. As I have said, I fear for the future of my trade.

Mr POWELL: I also fear for the future of my trade. I echo the industry people that I come into day-to-day contact with either on social media or face to face or who ring me up and say, "Mark, what is happening?" I say, "You can blame the current Government for what is happening." Like I said, we were providing these opportunities. At the moment if you are an apprentice you can come to TAFE. Before the cuts I used to teach in a section that worked with non-trade, disabilities and internationals. We were overflowing with students. Like I said, all those students come from disadvantaged backgrounds. In one case a young girl presented herself for enrolment. She had bad body odour and her parents seemed to be protective of her. It was a very close family. I took her aside and I said, "What do you want to do?" She said, "I want to come to TAFE." We sat down and

helped her fill out the enrolment form. We wrapped her in support. Our teachers went well and truly above their call of duty to make sure that this student got the qualifications required. Then she got a job in a hospital. Now that was life changing. That is what TAFE does.

As for the brand of TAFE, all the people that I come in contact with say they do not want their people to go to private RTOs in my industry. They want them trained in the kitchens that we provide. Our kitchens were worth \$1 million each. We have the best equipment. I have heard a lot of different slogans passed around. I believe that we were the best of the best. We used to bounce around saying, "We are the best in the country, therefore, the best in the world." This was before 2011. We lost nearly 55 per cent of our teaching staff: I was lucky to survive. But since then it has been a case of bullying and put up or shut up. Our teachers are at breaking point. The current computer system we were given to harvest the money required under the new Smart and Skilled. I do not want to call it Smart and Skilled but that is the slogan that was put up. We came back in January and we said that we would get on with it. The system was written before the election. An article written by Anna Patty in the *Sydney Morning Herald* said that \$573 million was spent on the system. It does not work. We enter marks for students into the system one day. We check the next day and they have gone or they have been changed to a negative result.

CHAIR: Could you clarify the system?

Mr POWELL: The Student Administration and Learning Management [SALM], the Educational Business System [EBS], or whatever you want to call it.

CHAIR: The EBS?

Mr POWELL: The EBS. Our teachers are at breaking point. We have students who finished and should have graduated in the first semester. I have noticed that the people on my left are not taking the time to listen.

CHAIR: Order! It is not your job to make comments like that.

Mr POWELL: We have students who finished in the first six months this year. It is now October and they are still not complete. We enter the results in one day and we go back the next day and there is another result. Yesterday I heard a story that a student—thank God for the student's honesty—went back to the teacher and said, "I achieved competency in all these subjects." They had not even handed in their assignments so how could the results be there? Like I said, in March, \$573 million was spent on this new system to fix a system that was not even broken. All it is about is harvesting money. We have been here all day. Has anyone ever mentioned the word "andragogy" to you? It is called adult education. Adults come to us to further their careers and to prosper so they can get on with life. This country is being dumbed down. These are not comments from me; these are industry comments. It is getting dumber and dumber, thanks to the current Government.

Ms QUINLAN: Without a doubt the introduction of Smart and Skilled has had a detrimental impact across our institute. Prior to the rollout of Smart and Skilled our institute prepared for it by running a series of restructures across the institute which saw a significant loss of jobs both in full-time teaching and in support staff, as well as in part-time casual teachers where we cannot record the numbers because they just disappear into the ether—they do not get offered work. Once Smart and Skilled was introduced we saw a cut to courses. We cannot afford to run some courses. There is course compression across the board. I know an earlier witness referred to being able to make changes easier to some courses than to others but these changes were forced on us. I can tell you that in metal fabrication at Gosford the course is now being delivered in 16 weeks instead of 18 weeks with seven face-to-face delivery hours a week with apprentices rather than eight face-to-face delivery hours.

In business at Ourimbah a subject that used to be delivered in four hours a week face-to-face with students over 18 weeks is now being delivered in 1½ hours face-to-face with students, with one-hour of flexible delivery which means that teachers must sit in their office and wait for students to come and see them if they cannot help themselves. In work, health and safety course units, they used to have nine weeks to deliver. They now have 2.8 weeks to deliver. Courses that were run in 18 weeks have to be delivered in 15 weeks. That is not changing the content; what we are having to do is streamline our delivery.

CHAIR: Will you table that document?

Ms QUINLAN: Yes. These are notes that colleagues sent to me when I asked for information.

Dr JOHN KAYE: Do those notes identify your colleagues?

Ms QUINLAN: No, I have taken the names out.

The Hon. GREG DONNELLY: The information is very valuable.

Ms QUINLAN: Yes. On my foundation's skills and pathways with people trying to get back into the workforce or improve their educational skills so they can do further study, we used to deliver courses in 18 weeks and I would be given two hours a week to deliver my unit. We are now cut back to 10 weeks and I have 1½ hours. That means that our students are getting less time to practice and perfect. We are getting less time to show case studies and give people opportunities to learn and share off each other. We are forced simply to deliver the content as quickly as possible and let everyone have to go away and absorb everything themselves. We are finding that obviously there has been a significant increase in course costs and that has had a huge impact. Students cannot afford to come to TAFE. Even our students who are given smaller fees because they are on a Centrelink benefit are struggling to find that money.

I can provide direct costs of increases. For instance, I teach in information technology so last year a certificate IV and anything in information technology was \$570 for a six-month course. Now it a certificate IV will cost anywhere between \$7,310 up to \$10,000 for a six-month course. Our diplomas last year were \$757 for a six-month course and now we are looking at anything from \$10,000 to \$13,000 in a diploma in information technology for a six-month course. We do not recommend that these students come straight into a diploma. We very rarely will take them because they need to have some underpinning skills and knowledge so they are going to do a certificate IV before that.

With that increase in costs students are not coming. That means we do not run courses. That means we have less teaching available and that means we look to more restructures. I can see that next year we are going to have even more of a problem attracting students. We will see, as in the other States, that TAFE will lose a market share, TAFE will start shutting campuses and TAFE will start shedding more jobs. We will end up with a TAFE system that is being disabled and disappears.

Mr ANDREWS: Two very quick answers. The biggest impacts of Smart and Skilled this year, from my perspective, speaking professionally, we have lost half our students. Everywhere I go I hear a figure of 50 per cent so I think we have lost half our students. I looked at our counselling statistics a few weeks ago and counselling interviews in Hunter TAFE are down by 53 per cent this year. Speaking personally, after Christmas I will be unemployed for the first time in my life.

The Hon. SCOTT FARLOW: Have you been told that or is that your assumption?

Mr ANDREWS: My position is not in the model that has been proposed for next year. It has gone.

CHAIR: Mr Powell, I hear your passion from the commercial kitchen side of things. One of my good friends is in the same position. I dare say she would say that the Nowra TAFE rather than Hamilton TAFE is the best. However, I will have that debate later with her. She is concerned about that very issue—kids are being released with only half the experience. Industry is really upset that students have been ticked off and flicked, and TAFE has basically stated that they have completed all components when they have not. They have only half the experience as TAFE has not been in total control.

Mr POWELL: We used to deliver in 2½ years and we had first, second and third year. Now we basically have first and second year. I teach a restaurant class every week and basically they are showing us the skills that were taught them in the time that they were here. Everyone agrees that the skills are not as good as they were before. I have travelled the world but I have never lived anywhere other than the Hunter Valley and I can see why—it is God's country. We are truly unique here. I was lucky once to have a conversation with the great late Murray Tyrrell. We shared a glass of wine from a bottle worth \$5,000 and we toasted the fact that in our lifetime we have seen the industry develop to what it is now.

At the moment people constantly ask us for staff. TAFE is the number one provider of training in the Hunter Valley. We do try hard. It was quite an achievement for the unemployed people I used to work with. The certificate II courses used to go for 18 weeks and that has been cut back to nine weeks. We also used to offer to

unemployed people the opportunity to obtain in 12 months a certificate III in commercial cookery—the same qualification as that of a chef. Yet again that was axed altogether. People are being robbed of opportunities. I once had an opportunity to sit with a good friend of yours, Reverend the Hon. Fred Nile, and I appealed to him. I suppose this went out when he first came up with the idea of having this inquiry.

CHAIR: That is right; that is why we are having the inquiry.

Mr POWELL: I have had correspondence from Reverend the Hon. Fred Nile today and we are all hoping for the best outcome. The best outcome is that Smart and Skilled will be rolled back, and that the EBS that we have been subjected to will be rolled back.

Dr JOHN KAYE: Mr Dyer and Mr Powell, there have been suggestions that TAFE has fantastic equipment both in the electrical trades and commercial cookery sections. Mr Powell, you said there is \$1 million worth of equipment. Why would we not let private providers get access to your equipment?

Mr POWELL: It is not what industry wants. Industry wants these experts. At Hamilton TAFE we have two patissiers, pastry chefs, practising to represent this country. The Minister for Industry recently came for a photo opp. with these guys—I call them rock stars because every five minutes they are getting photographed. We do have the best of the best. They are tertiary trained. I teach people with learning difficulties, English as a second language—for about two years I taught nothing but international students. When I first had these students I used to joke, "Sorry, I only speak English and not very well." They all laughed but our language was food. You need passion to educate people.

Dr JOHN KAYE: You are saying that because with the superior quality of TAFE instruction it would not make sense.

Mr POWELL: No, of course not.

Dr JOHN KAYE: Mr Dyer, what is your response to the idea that private providers would get access to your facilities?

Mr DYER: Please do not call me a trainer; I have a university degree in adult education. Of the four people who work in the electrical section of Muswellbrook, two of us have a university degree in adult education and the other two have a diploma of training systems.

Dr JOHN KAYE: Mr Dyer, would there be safety concerns for somebody else coming in and using your equipment?

Mr DYER: There could be. We use our equipment every day and we are aware of the risk assessments we conduct every day in the room before we start the class. For other people to come into that environment, an environment they may not have presented in, they would have to make themselves aware of any risks in the room and make themselves familiar with our equipment. Our equipment is cutting edge. We teach PLCs, programmable logic controllers. We teach most of the mining apprentices in the Upper Hunter. I teach Rio Tinto's apprentices, Coal & Allied, BHP, Vale. I also teach AGL Macquarie apprentices. There is even a private training company at Rutherford that is also a group training company sponsoring apprentices and I know that in our stage three class, two of their apprentices attend TAFE. Even private training companies are sending their apprentices to TAFE.

Dr JOHN KAYE: Ms Quinlan, this Committee has heard on a number of occasions that there has been a decrease in the number of hours of part-time casual teachers since the advent of Smart and Skilled. You are a part-time casual teacher and you have been one for 21 years, I think you told us. Please tell us what you are hearing from your colleagues who are also part-time casual teachers. Has there been a general loss of hours?

Ms QUINLAN: Most definitely. Personally, this is the first time in 10 years that I have not attracted related duties hours.

Dr JOHN KAYE: That means you are getting fewer than 10 hours a week, does it?

Ms QUINLAN: I get fewer than 10 teaching hours a week, which means I am just paid to attend to teach the class. I have colleagues who have lost teaching work, who no longer work in TAFE. I have colleagues who are alongside me in the sectional halls who have reduced hours.

Dr JOHN KAYE: What does that mean?

Ms QUINLAN: A couple of those tried to pick up some clerical work. All of us have lost hours and we are finding that, in an effort to maintain a pool of casuals should there be a need to run extra courses or a permanent off sick, they are making our work hours smaller. For instance, I have two 1½ hour classes in a section on different days so I come to TAFE to teach a 1½ hour class and come home because they need to share the hours among the few casuals who are left. We reach a point where we have to decide whether it is financially viable for us and our family. You may not lose all your work but you may still have to choose to walk away from TAFE. I am fast approaching that point; I need to know what is going to happen next year, particularly given we hear we might not be running the TAFE delivered vocational education and training [TVET] courses that I currently have hours on.

Dr JOHN KAYE: Ms Quinlan, I understand the implications for you and other part-time casual teachers. What is the implication for TAFE of losing its part-time casual teachers?

Ms QUINLAN: They are losing a lot of institutional knowledge, but the important impact is the impact on students. It means that these teachers are not available on campus outside of class for students to have access to student support. It means there are fewer available people on campus to carry out the administrative work, particularly with the onerous SALM/EBS. That is falling increasingly to our permanent colleagues, who are increasingly stressed, or to casuals like me, who are putting in unpaid hours in order to keep up with the administrative side.

Dr JOHN KAYE: Mr Andrews, you are a TAFE counsellor which means your job is to advise students on what courses they should do.

Mr ANDREWS: That is part of it.

Dr JOHN KAYE: I ask a more philosophical question about markets. Am I correct in saying that when a student chooses a provider under Smart and Skilled, they are really having what is called a perceived good—that is to say, they are choosing a good without any experience of that good but on the basis of marketing, hearsay and so on? What is the impact on students of this increased consumer choice?

Mr ANDREWS: It is really the tyranny of choice; there is too much. We have heard from previous speakers that something like Smart and Skilled has led to a huge number of private RTOs entering the market. Marketing resources are easily accessible these days, especially online. If you look at the Hunter TAFE website you will see that even to the uninitiated it is a complex piece of information. Sometimes it takes a bit of nous and experience to surf that website. One of the TAFE counsellors' roles is to sit down with people and look at our TAFE courses on offer. We research the courses so as to help prospective students to make an informed choice so that when they enrol at TAFE they know they are doing the right course for the right reasons at the right time. People who do not access such a service as mine and just look at a plethora of information by themselves without professional guidance can easily be conned, so to speak.

Dr JOHN KAYE: They are not in a position to make a good choice?

Mr ANDREWS: Absolutely not and I emphasise the reasonableness of having a TAFE counsellor position to work with prospective students to help them make their choice.

The Hon. LOU AMATO: Mr Andrews, you have been a counsellor since 1992?

Mr ANDREWS: Absolutely.

The Hon. LOU AMATO: Have you noticed different trends in what students come to you with in the last 23 years? Do they have different concerns now?

Mr ANDREWS: Strangely enough, no. People are people. We hear about change, and that change is ever present, but people's needs remain the same. People have a hierarchy of needs that make them human. No, people's questions to me over the years have changed very little.

The Hon. LOU AMATO: Do people speak to you about financial problems they have?

Mr ANDREWS: All the time, yes.

The Hon. SCOTT FARLOW: Mr Powell, I want to pick up on some of your comments about the needs of industry. What have been the demands from industry for higher level courses? Do they want such courses?

Mr POWELL: Back in the day, pre-2011 when your Government came into power, we used to say to people on the day they finished their certificate III in commercial cookery, "Go upstairs and do a certificate IV in patisserie." We have one of the best patissiers in the country—I will not name him—so they would upskill in pastry. Once they finished pastry we would suggest they did a certificate IV in commercial cookery to give them the skills to run their own businesses and understand the more intricate dealings in our industry. Those opportunities have now been taken away from them; upskilling does not exist anymore. You now get a certificate III quicker than in the past and off you go. It is unbelievable that this has happened.

The Hon. SCOTT FARLOW: Did you find people got jobs once they had upskilled?

Mr POWELL: Of course they did. Even the people who had been unemployed and did our training were quickly placed into jobs. As I said, I have had 35 years in the industry and I know just about everyone in the Hunter Valley when it comes to my industry. We place people. All my students are given my mobile phone number so they can ring me and say, "I want a job. What can you do for me?" I say I will get on the phone and we get them work. At the moment our workload is so intense we do not have that opportunity anymore. My students only ring me because they are tired from trying to work out the inner workings of this new system or all excited saying, "I've got my qualification but I haven't even handed in my assignment!" AC means they have achieved competency. Either they have achieved competency or they have not achieved competency; it is pretty damn basic. We put the results into a computer and they change overnight.

The Hon. SCOTT FARLOW: In the past 10 years, what completion rates and placements have you seen? Could you provide figures of your graduates?

Mr POWELL: I would have to take that question on completions on notice. We have had two intakes this year. For our first intake at the beginning of the year we had over 100 students and we took 60 in mid-year, I think—so that is 160 apprentices this year. My line supervisors are here and I think we are truly into high 80 per cent when it comes to course completion. But we are putting them out there without the skills that they need.

I would like to see the draconian parliamentary gag order that was placed upon us by the current Government removed. I once raised this with Premier Mike Baird himself. I said, "Do you think it is fair that I could be terminated because of the fact that I am even speaking to you about this matter?" Mike Baird answered, "No, I do not think it is fair." Your own leader of your Government does not think what you are imposing upon us TAFE teachers is fair. I would like that draconian parliamentary gag order removed.

The Hon. CATHERINE CUSACK: What do you mean—

CHAIR: Order! I will clarify this issue. We did write to the Director of TAFE, I think, ensuring you were free to give evidence without fear or favour.

Mr POWELL: I was an acting head teacher two weeks ago for the first time ever and I do not think I will ever get the opportunity to do that again because my managers are in this room.

CHAIR: Order! If you have evidence of treatment to the contrary of that letter stating you can give evidence without fear or favour, please table any evidence.

Mr POWELL: I hope I can—this is a parliamentary inquiry, after all and I am doing it under parliamentary privilege. I have not named one person. I have given you a true account of the current situation.

CHAIR: My point is this: If you have been intimidated by any authority—

Mr POWELL: I have been sworn at, yelled at—

CHAIR: Order! Mr Powell, if you have any evidence of intimidation you should table such evidence—that is all I am saying.

Mr POWELL: At the moment it is only verbal evidence. Like I said, it is put up and shut up.

CHAIR: The Committee did what it could to ensure that, without fear or favour, you could appear before us today. I will now close the session as we are out of time. I thank all witnesses for giving evidence. It is important because you have a lot of experience. If you have taken questions on notice you have 21 days to provide answers and the secretariat will provide any help that is required. You may get further questions and, once again, you can ask the secretariat for any help you require. While we have been here today we have been hosted by Vicki Drew, who did a fantastic job of organising everything, Michelle van de Mortel and Sonia Liddiard. I thank them all for hosting us so well.

(The witnesses withdrew)

(The Committee adjourned at 3.30 p.m.)
