

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE NO. 6

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

CORRECTED PROOF

At Wollongbar on Friday 11 September 2015

The Committee met at 10.00 a.m.

PRESENT

The Hon. P. Green (Chair)

The Hon. L. Amato

The Hon. C. Cusack

The Hon. G. J. Donnelly

The Hon. S. G Farlow

Dr J. Kaye

The Hon. D. Mookhey

CHAIR: It is great to be in Wollongbar. I welcome the first hearing of the General Purpose Standing Committee No. 6 inquiry into Vocational education and training [VET] 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. I acknowledge the people of the Bundjalung nation, who are the traditional custodians of this land and pay my respects to the elders past and present. I also extend that respect to other Aboriginals who may be here today and who may be listening.

Today is the first of seven hearings we plan to hold for this inquiry. We will hear today from a panel of four TAFE teachers from the North Coast Institute: Mark Jewell, Greg Holihan, Dave Carey and Graham Armstrong. We will also take evidence from representatives of two local training providers—Joseph Anthonyysz and Kristen Clarke from SAE Southern Region; and Jeff Green from All Excavations Training.

Before we commence, I will make some brief comments about the proceedings today. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives who may be present that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence and the hearing. I urge all witnesses to be careful about any comments they make to the media or to others outside the evidence they give as such comments would not be protected by parliamentary privilege if a person decided to take an action for defamation. The guidelines for the broadcast of proceedings are available through the secretariat.

We may ask witnesses to provide further evidence. If they do not have certain documents or wish to take a question on notice, they will be given 21 days to provide an answer to that question. The secretariat will help. The Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. I therefore request that all witnesses focus on the issues raised by the inquiry's terms of reference and avoid naming individuals unnecessarily. I advise members in the public gallery that if they want to hand a question to a witness representing them, messages should be delivered through the Committee staff to witnesses. Finally, could everyone turn off their mobile phones or switch them to silent for the duration of the hearing.

MARK JEWELL, Disability Consultant, TAFE NSW North Coast Institute, and

DAVE CAREY, Part-Time Casual Teacher, TAFE NSW North Coast Institute, and

GREG HOLIHAN, Head Teacher, TAFE NSW North Coast Institute, affirmed and examined:

GRAHAM ARMSTRONG, Head Teacher, TAFE NSW North Coast Institute; sworn and examined

CHAIR: Would anyone like to take the opportunity to make a short opening statement? We are here so a short opening statement is appropriate. If anyone has a long, written statement, we will table it.

CHAIR: Would anyone like to make an opening statement? If you have a written statement we will table it if it gets too long.

Mr JEWELL: First, thank you for the opportunity to participate directly in democracy. It is a great chance to speak about the direct impact of the policy on the lives of TAFE students and industry and teachers. We appreciate you coming up here and taking the trouble. Lying in bed at 3.00 a.m. last night, as one often does before a kind of scary and intimidating session like this one, I was thinking about how I could best make a relevant contribution. I have trawled through the many submissions that you have received. I think most of the issues and the data has been covered in them. It is hard to add anything to that which has already been added. I guess my best contribution is basically to speak about a view from the coalface, which is the campus Wollongbar where I work. Also, because I am a disability consultant, I cover six other campuses from the Queensland border through to Casino.

A TAFE campus is community. Wollongbar has been my community for 20 years. I was here when the doors opened, when it was brand new campus, and I have seen the evolution of things over more time than that. I have basically worked for TAFE in four different decades. I started at TAFE in 1989 when the Scott review was probably the first review that looked at rationalisation and changing TAFE to a more competitive model. At that time one of the big outcomes was the women's unit was disbanded. I have experienced all of the changes that have happened in TAFE during that period of time. A TAFE campus is a very committed place. It is a lovely place to work. The people I work with here are great because they are absolutely committed to the success of students no matter their background. No matter what struggles or disabilities or other issues they face in their lives—whether they are returning to work from an injury or from a long time out of the workplace—they are all absolutely committed to students being successful and the success of their industries and the prosperity of their community. It is a beautiful place to work.

I would have to say without overstating or overdramatising it, this year has been probably more chaotic than I could have imagined because of the implementation of such significant change. The sense of despair from many of our staff because of constant budget cuts, restructuring and administrative difficulties has been quite tangible and evident. The introduction of Smart and Skilled with its complexities and confusing rules and processes is kind of difficult to entangle from some of the other processes. There is the \$600 million Educational Business System [EBS] process, which is a student learning management system. I am sure it is an extremely powerful database but it has a very esoteric language and it has been very difficult for our administrative staff to learn how to use it properly. The result of that has been that students have not been able to be enrolled. Students who have not completed courses have actually gotten completion results and students that have completed courses have not been able to get their completion results.

It has been an incredibly frustrating time for our customers and our students. TAFE has taken the blame for a system that has basically been imposed on us. If it was not for the hard work and perseverance of our administrative staff and our teachers we would be far more chaotic than we have been. It might be a cynical comment, but it has been frequently repeated that the changes in TAFE must have been purposely constructed to dismantle the organisation. That is the sort of environment we have been feeling and been working in.

CHAIR: I will ask you to conclude because I want the members to have time to ask questions so that we can make sure we get the evidence we need. Would you like to make a final comment?

Mr JEWELL: Just in terms of the practical implications of that, with the Smart and Skilled funding changes our delivery hours have been cut up to 60 per cent. That means there is 40 per cent less face-to-face

time for a lot of our students. Teachers have to rush when doing chalk and talk, which loses a lot of students that really have trouble when attending the lesson. It does not work well for many of our students with disabilities who really need much more face-to-face individualised instruction to be successful. I will conclude with those remarks.

The Hon. GREG DONNELLY: Thank you coming along this morning and providing us with an opportunity to ask you some questions regarding learning reform. You have probably had a chance to look at the terms of reference of this inquiry. What we are trying to examine is very broad. Because we have limited time, could you each in a couple of minutes explain the impact that you have seen on this campus during the rolling out of the Smart and Skilled reforms? You have been here while it is happening so you have had some experience. It is still evolving, if I can use that word, but could you each give us an overview of your experience?

Mr JEWELL: As to the impact on this campus, there are days here where you could shoot shotgun on the campus and not hit a student.

Dr JOHN KAYE: Not that you would do that.

Mr JEWELL: Not that you would do that, but sometimes I just remark on the change in our enrolments. There are times that are quite busy, but there are other days where the enrolments seem to have significantly suffered. Some of our sections are doing well and have attracted lots of student, but some of our sections have really struggled in terms of enrolments.

Mr CAREY: I would like to answer that question by reading my prepared statement, which answers your question.

The Hon. GREG DONNELLY: That is fine.

Mr CAREY: I have hard copies here so I am happy to pass them around.

CHAIR: We will table the document. Maybe you can draw a couple of conclusions. I am mindful that members may have other questions.

Mr CAREY: It will not take that much time. Some issues identified by me and my colleagues over the past 12 months—

CHAIR: If you have hard copies the secretariat will pass them around while you are talking. That would be helpful.

Mr CAREY: Very good. I have some issues that I have identified mainly through observations by my colleagues and myself. I have collated them together. The first issue is that some students have been disadvantaged by the high fees they have to pay. TAFE has for a long time been the second chance education for people. When a person is told that for them to retrain in a new field to get a better job the fee will be over \$8,000 their usual response is, "No chance." This is happening on a regular basis. We are missing out on a motivated and capable cohort of mature-aged students. The second issue is the threat to quality of course delivery. The new funding model is putting course delivery under pressure, and the quality of education is likely to diminish. When a teaching section has to risk-manage running a course by reducing the delivery to 60 per cent of normal delivery hours then the delivery will not be as good as it has been in the past.

The Hon. GREG DONNELLY: Is there evidence that the delivery time for some courses that you are familiar with has been reduced by up to 60 per cent?

Mr CAREY: No, it has been reduced to 60 per cent. The next issue is the demoralising effect on teaching staff. The constant changes introduced are all to do with doing more and getting paid less. When directed to teach a unit in a manner and time that is not in the best interests of the student cohort it puts one's professionalism in jeopardy. If TAFE loses qualified and experienced teachers they will be difficult to replace in this existing environment. Now what about the employers? They are frustrated. They no longer have a pool of motivated and well-trained, qualified persons keen to take on job offers.

I often get employers contact me when they want new employees. We have been providing them with trained workers for years. When they cannot find what they want from TAFE it affects our reputation as the lead training provider—in many areas, the only training provider. Following from these issues, this could lead to a diminishing ability for a teaching section to exist. They have fewer students. They get less funding. The reputation of quality education has been tarnished. They would no longer have the best staff available and so eventually they will shut the section down. They will get rid of all the resources and that option for future students will no longer exist. Students and employers are left high and dry and the skilled workforce is reduced.

Some changes need to be made soon. They are: reduce fees for students who want to retrain, upskill or want to return to work, for example, after having a family; change the funding model to registered training organisations [RTOs] so that realistic and quality planned delivery can be provided to all students for the duration of the course; and keep incentives in place that preserve the quality of the staff required to continue TAFE as the lead training provider.

The Hon. DANIEL MOOKHEY: Mr Armstrong, are you able to give us information about the effects that Smart and Skilled has had on the parts of TAFE which you are responsible for at this campus?

Mr ARMSTRONG: Absolutely. I am responsible for the automotive trades on this campus, which primarily means I am responsible for apprentices and trainees as my main business and also prevocational areas leading into apprenticeships. Smart and Skilled is first and foremost for me, obviously. I do not think we have seen the full onset of where we are going to end up at this point in time. We are not through that evolution just yet with the funding. First and foremost for me is the prevocational area. To me, that has sort of been forgotten about. The funding in and around the foundation skills where we can bring in early school leaves and job seekers, that is where we are falling short at this point.

The reform in and around our apprenticeship and trainees, in the pricing structure that the Independent Pricing and Regulatory Tribunal [IPART] came up with I do not believe they have looked at it in a broad picture. In my belief, that should be directly aligned to delivery strategies and delivery models. What I mean by that is the price for us to go on the job and service that particular client should be one price, but to deliver in a face-to-face environment with this infrastructure and campus-based delivery should be a separate entity.

Dr JOHN KAYE: Which one of those two should be greater?

Mr ARMSTRONG: I believe obviously with our campus infrastructure it should be greater.

The Hon. DANIEL MOOKHEY: Mr Hoilhan, I ask the same question of you.

Mr HOLIHAN: I will identify two problems that I see with it. One is that it appears to be penalising people that have higher order qualifications that may want to retrain. For example, if they have a degree or a certificate IV and no longer can find employment in that vocation and they want to retrain they are not able to come and retrain unless they pay very expensive fees that people are struggling with in rural areas to meet. The other problem I have identified with it is that I do not like the way the funding comes through in three payments. Normally there is an initial start-up payment, a midpoint payment and a completion payment.

I particularly find that a difficult payment system when you are talking about certificate II level students because I am training students and getting them to a point where they are getting full-time employment, but I am being penalised because they are dropping out of the course because they have got a full-time job. I am doing what I am here to do; I am here to train people to get better employment opportunities but then I do not get the payments because they have gone and got themselves a job. So I am training them to a level prior to them finishing that course but I have set up a program based on X amount of dollars. They are getting jobs—great for everybody. Then I do not get the final payment. To me, that is penalising you for doing a good job.

The Hon. GREG DONNELLY: That is because the payment structure now is around the completion of a credentialed course.

Mr HOLIHAN: It is in three parts.

The Hon. GREG DONNELLY: Yes.

Mr HOLIHAN: Yes, that is right.

The Hon. DANIEL MOOKHEY: So the risk is being transferred to you.

Mr HOLIHAN: Correct.

The Hon. DANIEL MOOKHEY: Is it right for us to infer, on the basis of the evidence just given, that the big problems that are being spotted are, firstly, that the effect of prohibitively high levels of fees are deterring people from enrolment and, secondly, the way in which the payment itself is modelled is not reflective of the actual cost, does not allow you to do other things that you previously did do and you carry the risk anyway?

Mr JEWELL: That is well summarised. The fact that we have 30,000 fewer students is probably a good bit of evidence that students are finding the fees—

The Hon. CATHERINE CUSACK: Point of order: If he is going to rephrase the evidence, it related to the cost of retraining.

The Hon. DANIEL MOOKHEY: I was not attempting to rephrase it. I was just making sure—

The Hon. CATHERINE CUSACK: You did rephrase it in the first point and you rephrased it inaccurately.

CHAIR: There is no point of order. But I think the Hon. Daniel Mookhey has taken the point.

The Hon. DANIEL MOOKHEY: Going back to the specifics about the impact on this campus and the specifics about enrolment on the campus against the wider community, do you have a sense at all—tell me if you cannot answer this—that the people who are not enrolling are going to private providers or are they just not participating in education whatsoever?

Mr JEWELL: I do not really have any evidence but my sense is the cost is the same wherever they go in terms of the providers but they are just not getting training.

The Hon. DANIEL MOOKHEY: Not getting trained in the areas that they are interested in.

Mr CAREY: We are not getting training in areas where we have a need because those people inquiring have other backgrounds. Maybe they have worked for 10 years; maybe they have had a family, they come back and say, "I'd like now to do something different. I want to change my career. I'd like to go to university but the fee you are charging me is so prohibitive I just can't enrol". I had that yesterday. A student was going to travel 2½ hours once a week, over 12 months, and I had to get the person in the front office to say, "You better ring her and tell her it's going to cost her \$8,000. I don't think she understands."

The Hon. GREG DONNELLY: Once again, if you cannot answer the question just say so, but I would appreciate observations if you have any. With respect to dealing with and I use the words "compete with" the private providers, can you give us any firsthand examples of how that actually plays out in practice? Do the private providers locally advertise their courses and TAFE then has to advertise its courses? The competition that is developing, can you explain what that entails? Do you have any observations or experiences?

Mr JEWELL: There are lots of competing advertising constantly going on on radio and television and in the newspapers. The private providers typically compete in the areas that are low cost to provide. They do not require facilities particularly.

The Hon. GREG DONNELLY: Would you like to give some examples?

Mr JEWELL: Community services, child studies, information technology, hospitality, some of those areas where you can use existing facilities and that sort of thing. In those areas the competition is brisk. In the trade areas, probably less so, but the other guys could respond to that better than I can.

Mr ARMSTRONG: Obviously with the contestable funding there is opposition out there, for sure, or competition, however you want to put it. I do not believe at this point it has affected my business. I concentrate on what industry want and I focus on their needs and I am hoping the rest takes care of itself.

Mr HOLIHAN: I believe that, yes, there is advertising competition but I also believe that private providers are going into the workplaces almost if you like with sales pitches and trying to gain clientele through negotiation of sales and what they can do for them.

The Hon. GREG DONNELLY: Are you aware of any instances where you have had, for example, or you have example of knowledge of where TAFE may have been a provider of training in the past locally here and that has been terminated because in a sense you have been gazumped by a private provider who has come in and pitched or made an offer or put a position which appeared to be more attractive to the employer? Have you had any instances of those?

Mr CAREY: I have had employers contact us and ask us can we deliver and what will be the cost, and we have provided that information but we did not get the job. So obviously there are other providers who have been probably able to provide a different type of quote which they have accepted. In the field I work in that is not a common thing but I am sure that in some of the areas that Mr Jewell mentioned earlier about community services and hospitality you can see by the advertisements on paper and television that there is a higher amount of competition for those type of courses.

Mr JEWELL: This is a bit of a tangent and Greg could speak to this better than I can. We have dropped courses and popular courses where we had lots of trainees. One of the areas is arboriculture, which is basically tree trimming. We had over a hundred trainees here I believe and the institute made the decision that because of the expense of the course we needed to drop it even though there was industry demand.

CHAIR: Are you aware of why students perhaps drop out of a course at any stage? Do you have any evidence? Is it cost? Is it life issues? Is it accessibility and transport? Do you have any evidence that you could table?

Mr JEWELL: I had a student drop out this week because of transport costs. Coming to Wollongbar is quite expensive, and because a lot of the trade areas are taught here they need to get here but it is expensive. We have students sometimes who have to make the decision between catching a bus and eating. There will be times when part of our programs are giving them breakfast so you know they can come up and actually eat. There is an issue that was raised by one of the administration staff with me that basically said that students under the age of 18 have to be doing 20 hours a week to obtain free bus travel. Because of the Smart and Skilled funding we do not have many courses that run 20 hours. We cannot afford to; they are discounted down to much lower hours. So the students are ineligible to get transport subsidies. There is quite a lot of evidence that those are major barriers to participating.

Dr JOHN KAYE: My first question is to you, Mr Jewell, as a disability consultant. Can you describe briefly to the Committee the impact of the changes, both Smart and Skilled and those that came before it, on opportunities for students with a variety of different kinds of disability to receive course adjustment and to be able to study and participate in TAFE?

Mr JEWELL: I think this institute has been much kinder to social justice and disability issues, not necessarily outreach issues because they did make their outreach unit redundant. But in terms of disability, probably the major disadvantage right now again is the discounting of course hours. If students who come here—probably 15 per cent of our clientele are defined as having a disability—

Dr JOHN KAYE: Fifteen per cent.

Mr JEWELL: Yes, 4,000 or 5,000 students. My case load currently in terms of Smart and Skilled, in the semester before Smart and Skilled—my numbers have actually gone up because of Smart and Skilled. The reason for that is TAFE offers course exemptions. A lot of providers in the community know what we do so they refer them to courses because we have exemptions and support, even though the courses may not be appropriate for them. But the major problem we are having right now is the discounting of hours which forces teachers teaching training packages to have to do a lot of chalk and talk, which means you stand up, talk as quickly as you can in terms of getting through the material in the time you have allotted to you, which is a poor teaching technique. I have students come to me and say after 15 minutes, "I'm gone."

Dr JOHN KAYE: I have two other questions. Is the 15 per cent disability loading in Smart and Skilled adequate for students—

Mr JEWELL: No.

Dr JOHN KAYE: —for example with a hearing disability?

Mr JEWELL: If it were not for the community service obligation enhancements that TAFE got along with the Smart and Skilled money I would not have a job. I would not be here presenting to you and we would not have any money to support students. Fifteen per cent comes nowhere close. For example, the average cost of supporting a student in this institution is probably around \$2,000. A 15 per cent loading on a \$2,000 course is \$300.

CHAIR: What would you suggest?

Mr JEWELL: We have had a lot of success in this institute in terms of dependency reduction, particularly around helping people with disabilities get jobs. When I started here 20 years ago a person with a disability could not get a job. Now we have 200 disabled apprentices who are out there working.

CHAIR: I just want to focus. We are talking about disability and the 15 per cent loading. What would you suggest that loading would realistically be?

Mr JEWELL: I think what we need are budgets—there is no average per student.

CHAIR: It is not one size fits all.

Dr JOHN KAYE: Are you saying it needs to be specific to the disability?

Mr JEWELL: Specific to the disability, and we have always had allocated budgets that were allocated to the institute that we could then negotiate with individuals about the type of support. For some it might be very little and for other students it might be several thousand dollars.

Dr JOHN KAYE: My next question is 9999 or 949.

Mr JEWELL: Learner support.

Dr JOHN KAYE: The learner support course has disappeared from most institutes. What impact has that had on your work?

Mr JEWELL: That is why my caseload is so big, I think. The 9999 learner support was the subject we enrolled students in if they had literacy problems or numeracy problems or coming back to education. Our general education section could actually provide tutorial support to students in the trade areas or in our tertiary preparation areas or anything, laying the foundations so they could articulate into higher level courses. With Smart and Skilled that was eliminated in the institute. So the default then, because I still had a budget, was many students who might have been supported with learner support funding have now become students with disabilities, I think, which is one of the reasons my caseload has gone up.

Dr JOHN KAYE: My next question is to Mr Carey and to Mr Armstrong and it has to do with the expression Mr Jewell used, which was the discounting of hours, the shortening of face-to-face hours. My question is specific to both of you. You are both in occupations where there are significant occupational health and safety risks. Can you describe briefly for the Committee what the consequences of shortened face-to-face hours are both in your training but also for the people you produce and go out into the workforce?

Mr CAREY: When you look at being asked to deliver a program in fewer hours what happens is you will take the theory type work, bundle it up into delivery materials, say to the students you need to work through these, you may get a chance to get some help, and you need to complete these assessments and then we shift the main delivery hour to the practical skill component, which usually has the work health and safety aspect embedded in it and it is not something that we take shortcuts on.

Dr JOHN KAYE: So other things have to suffer to maintain the welfare of work health and safety aspects of it.

Mr CAREY: Yes. The material that we pass to students to work on their own, it will be technical information. It is information they have to read individually, take away and work on, and the end result is instead of having it delivered, explained, questioned back and forth in a normal teaching way, it ends up with it being not as interesting, it is not maybe as related to the context.

Dr JOHN KAYE: And it affects their educational outcomes?

CHAIR: Could we say it is pushed learning?

Mr CAREY: Pushed learning, yes.

CHAIR: Basically you have to learn and get out and move on.

Mr CAREY: Yes, and it is fine for those people who have considerable skills. But if they are lacking high-level reading, comprehension and writing skills, like someone who is at a certificate IV level might have, when they are doing a certificate III level course, then they are going to find it difficult.

Dr JOHN KAYE: Mr Armstrong, can you respond to this? In your area has there been a shortening of face-to-face contact hours?

Mr ARMSTRONG: In my area that has not been the case.

Dr JOHN KAYE: Okay.

Mr ARMSTRONG: We have not gone down a path.

Dr JOHN KAYE: How have you avoided that?

Mr ARMSTRONG: Basically I have utilised partnerships with industry a lot and drawn on industry feedback. So my face-to-face classroom time has not changed.

Dr JOHN KAYE: So it remains the same.

Mr ARMSTRONG: But it falls short when I have a learner who needs that additional support. That is where we fall short. But at this point in time my face-to-face classroom time has not changed.

Dr JOHN KAYE: So over the last two years what have you lost in terms of support for those students who need additional support because they have diverse learning styles?

Mr ARMSTRONG: The ability to be able to bring that second person in to concentrate on those particular diverse areas.

Dr JOHN KAYE: So the second person you would have brought in, where are they now? Have they lost their job?

Mr ARMSTRONG: I do not know.

Dr JOHN KAYE: So you just do not have those resources?

Mr ARMSTRONG: That is where Mark Jewell and I would work together.

Dr JOHN KAYE: So you saying that there just are not the resources at Wollongbar TAFE to bring in that additional person; is that what you are saying?

Mr ARMSTRONG: Yes, it is getting less and less.

CHAIR: Previously when you did bring in that additional person, who were they, what qualifications did they have and where did they come from? Were they from another department?

Mr JEWELL: Quite often they came from general education.

Mr ARMSTRONG: Yes.

CHAIR: So they would assist you. Is the pool of hours the same? Or has that reduced, on top of the 60 to 40 issue?

Mr JEWELL: One of the changes with Smart and Skilled is the competition and the need to actually fund marketing. Currently I think that of every dollar from Smart and Skilled 47 per cent goes to pay for administrative overheads, including marketing. So courses have had to be reduced to 60 per cent of previous contact hours because of the need to fund the overheads out of the Smart and Skilled dollars.

CHAIR: So the other 53 per cent goes to delivery?

Mr JEWELL: Yes, it goes to delivery—to the teaching sections.

CHAIR: So if you need a second person, that comes out of that pool of funding—that 53 per cent?

Mr ARMSTRONG: Yes.

Mr JEWELL: There is community service obligation money that comes in separately, which recognises the infrastructure we have to support. The fact is that most disadvantaged people come to TAFE for the second-chance education—90 per cent of all people in post-secondary education with disabilities come to TAFE. So that money basically keeps us afloat.

Dr JOHN KAYE: Mr Holihan, I have a question for you. I image that you were responsible for the arboriculture course, is that correct? Was that course in your section?

Mr HOLIHAN: Yes, that is correct.

Dr JOHN KAYE: Mr Jewell told us that the arboriculture course was not allowed to run because it was "too expensive". Can you explain to the Committee what happened to the arboriculture course and why it was not able to be run even though there was demand for arboriculture? Here on the North Coast there is clearly a social demand for arboriculture.

Mr HOLIHAN: Yes, sure. When Smart and Skilled came in the North Coast Institute of TAFE decided not to tender for arboriculture. The decision was made because arboriculture was running at a loss. Every head teacher is expected to maintain a budget. There were quite a few reasons why it ran at a loss. The first thing I would say is that I believe the Independent Pricing and Regulatory Tribunal [IPART] got the pricing of that course horribly wrong. It is fairly simple to explain why. Because arboriculture is such a high-risk industry—and I do not know if everyone understands what an arborist does; but if I have a young person up a tree attached by a rope and using a chainsaw then obviously that is high risk—we generally work on an eight to one student-teacher ratio for arboriculture.

When the funding comes with a student then obviously the more students you have the more you can cover your costs. Unfortunately, the problem is that when I am working on an eight to one student-teacher ratio and I am getting less funding for an arborist than I would, say, for a certificate III horticulturalist then I cannot cover my costs. Historically we have run deficits. We were very successful in training people. In fact in 2013 we probably had about 120 students enrolled. But the more students we enrolled the more we went into debt.

Dr JOHN KAYE: Were all those students finding employment as arborists, or at least the majority of them?

Mr HOLIHAN: I cannot give you a firm statistic. But out of the six or seven horticulture disciplines I look after the employment outcomes for arboriculture would have been by far the best.

Dr JOHN KAYE: How far short of financially viable, if I can use that expression, were you? I am just asking for a rough figure here. Was it a couple of thousand dollars per student or a couple of hundred dollars per student?

Mr HOLIHAN: I believe the IPART price for that course should be double what it is.

Dr JOHN KAYE: Was it a certificate III or a certificate IV course?

Mr HOLIHAN: We delivered certificate II, certificate III and diploma courses.

Dr JOHN KAYE: What were the student fees for those courses? Do you want to take that on notice and get back to us on that?

Mr HOLIHAN: Yes, I will take that on notice. There are different ways to enrol—for example, traineeship et cetera. So I will take that on notice.

Dr JOHN KAYE: If you could give us a more detailed answer in writing, that would be useful.

CHAIR: Just for some consistency and for context, was the IPART decision-making process on other courses also out in terms of making a realistic expectation of what a course costs? Or is this the only example of where it was way off?

Mr HOLIHAN: In my experience, and I cannot comment on other vocations, that was the one that really stuck out the most.

CHAIR: We only have a few minutes left. Mr Armstrong, you spoke about pre-vocation courses. I gather that is moving someone through school through the process, and then by the time they get out of school they are qualified? Or do they come into a new course at TAFE?

Mr ARMSTRONG: They become a lot more employable and work ready. The situation may that may someone leaves school in year 12 with no pathway. They come to us through a pre-vocational program, and we get them to a point where they become work ready and really employable. Generally speaking, I would say that around 70 per cent of the apprentices we get today come through a pre-vocational pathway.

CHAIR: I note today that the Minister has talked about the idea of "try before you buy". We are trying to address the dropout rate for courses. Do you have a view on whether that is a good initiative? If kids could "try before they buy", rather than burning the whole of course finances by dropping out, which of course is a loss for the next student who could have bought in, maybe the dropout rates would reduce.

The Hon. CATHERINE CUSACK: Mr Chair, you might need to explain a bit more what that is. Not everyone would have heard of this.

CHAIR: I am just saying that it is one initiative.

Mr JEWELL: We do have a lot of "try before you buy" type things that we try to do already. We have the TAFE delivered Vocational Education and Training [TVET] program. Quite often we will bring in high school kids from year 10 and let them try a number of the different courses we have so they can make an informed choice about what they like and what they have an aptitude for. In disability it is the same—we try to let people have a look at everything so they make sure they pick something that is really going to suit them. It also breaks the ice of coming here to TAFE. It is a new place for them and it is not as rigid as school. A lot of students feel really comfortable coming here.

CHAIR: So that is the TVET program, and by the time they get out of high school they can actually go down a pathway without that.

Mr ARMSTRONG: Just to tack onto that answer, it is probably another reason why we do have non-completions of our certificate III and certificate IV courses—because it is not the right fit. A pre-vocational pathway certainly allows students to identify for themselves whether or not this is for them and whether it is what they want to do.

The Hon. LOU AMATO: Mr Armstrong, I understand these things could be a problem with regard to student dropout rates. Would you say that the industry is also changing and that a lot of students are not interested in going into trades? What I find in the metropolitan area is that in the last couple of years fewer students want to get into the trades—such as automotive, auto-electrical, panel beating, horticulture, plumbing

and all sorts of other trades. Do you find that sort of problem up this way as well? Do you think perhaps it could have something to do with career advisers at school or the way that society is going?

Mr ARMSTRONG: I do agree with that, absolutely. To come back to my last point, it is in that pre-vocational area where we are falling short. It is in that area where students can identify a career path that suits them, because if they do progress into a certificate III and come out of year 12 with no experience then at that point they go, "Wow, this is not for me." You then end up with a non-completion.

The Hon. LOU AMATO: So if students could start in year 9 or year 10 then they would probably have a better understanding of the trade, rather than waiting until they are in year 11 or year 12?

Mr ARMSTRONG: I think year 11 and year 12 is probably the ideal, to be honest. I think year 9 and year 10 is probably a bit too young.

The Hon. LOU AMATO: Do you find there are fewer people wanting to get into the trades? It seems to be a problem down in Sydney.

Mr ARMSTRONG: Probably not so much up here.

The Hon. LOU AMATO: I am just trying to get a comparison between the problems in the city versus the problems in the coastal and regional areas.

Mr HOLIHAN: I do believe there are fewer people wanting to get into trades. I see it as a very complex problem. For me, I think it stems back many years to schools saying to students that they must stay until they are year 12. I do believe that the reputation of trades has been lowered. Most parents are pushing their kids to go to university, and a lot of kids probably are not at that level. I personally believe that when we had the school certificate system and kids were allowed to leave at year 10 the apprenticeship system was more attractive.

The Hon. LOU AMATO: That is what I was trying to get to. Perhaps for some of these students allowing them to leave at year 10 and go into a trade at that point in time might be better for them. Obviously not everybody is at a level of being able to go to university.

Mr HOLIHAN: The other reason I would say that is true is that when you are an apprentice obviously for the first couple of years your wages are fairly low. The older the individual is the harder it is to live on that money. So if a young person takes up an apprenticeship—

The Hon. LOU AMATO: It is also more expensive for the employer the older the apprentice is.

Mr HOLIHAN: If an apprentice begins an apprenticeship at 15 then it is more than likely that they are still living at home with their parents. So at the age of 15 or 16 that low pay is something they can manage. But when kids go into apprenticeships at the age of 19 or 20 and they want to move out of home they find that kind of pay rate unworkable—they cannot live on it. At the age of 15 most kids are living at home and those rates are probably fine for that type of situation. It is a very complex societal problem, but that is what I believe.

The Hon. LOU AMATO: Thank you. It makes perfect sense.

The Hon. CATHERINE CUSACK: Mr Jewell, am I correct in understanding that your student numbers have increased in terms of students with a disability?

Mr JEWELL: I think, with the fee increases, and the changes in the way exemptions are given, that students formerly who may have enrolled and had an exemption for some other reason if they are no longer eligible will actually come and disclose their disability. So I think a lot of disability consultants are finding the reason the demand is going up is that a person has some record of having a disability—such as a back injury—which previously they may not have disclosed but now, because of the increase in fees, they disclose so they can get an exemption.

The Hon. CATHERINE CUSACK: Can you give us some figures in terms of what your enrolments were and what they are now?

Mr JEWELL: I tried to actually get that data for you because I thought you would be interested in it. I approach the North Coast Institute about it. They said they were unable to release our current enrolment data. So you might actually be able to ask the executive members what the enrolment data looks like when you meet them.

The Hon. CATHERINE CUSACK: Through you, Mr Chair, perhaps we could seek that information from the North Coast Institute.

CHAIR: Yes.

The Hon. CATHERINE CUSACK: You mentioned it is around 15 per cent of enrolments.

Mr JEWELL: The last time I saw the data, we had around 40,000 or 45,000 students and around 7,000 or 8,000 people who ticked the enrolment box that they had a disability.

Dr JOHN KAYE: That is North Coast data?

Mr JEWELL: That is North Coast data.

The Hon. CATHERINE CUSACK: You said some students are choosing between getting the bus here and being able to eat. How many students are in that situation?

Mr JEWELL: This is an area of high disadvantage. The rationalisation of some of the entry-level courses and courses for youth at risk mean that sometimes they have to travel to the campus where the courses are actually offered. The numbers are large. We have a partnership around disadvantaged kids with the YWCA. The YWCA is able to support the transport and we support the training part of hospitality.

The Hon. CATHERINE CUSACK: In terms of the students you said are choosing between eating and transport, how many are there and how have you become aware of this situation? I think you mentioned that you are feeding them here. You said, "We are having to feed them".

Mr JEWELL: I could not give you an exact number, but it is a regular issue we come up with. I arrange with our canteen quite often if I know that a kid is not eating and will not come, then I say we will pay for their breakfast.

The Hon. CATHERINE CUSACK: What I am trying to understand is, in terms of the concessions policy and income support and exemptions, if people are so poor that they cannot eat because they are catching a bus to TAFE, something has gone terribly wrong in our income support system. I am trying to drill into who these people are because they are obviously not getting their entitlements and I wonder how we can help them become aware of those. When people are told the course fee is \$8,000, for example, but there is no information about their options to explore, the information is not getting through to people and that is what I am worried about.

Mr JEWELL: I cannot give you a number, but it is not an uncommon issue where we have young people—

The Hon. CATHERINE CUSACK: Have you had someone say, "I have to choose between catching a bus and eating"?

Mr JEWELL: I had someone say that just a week ago.

The Hon. SCOTT FARLOW: You said you were supporting them with meals from the canteen. Can you tell us what account that goes to?

Mr JEWELL: I pay for it out of my disability budget.

The Hon. SCOTT FARLOW: Can we see how much of your budget goes towards that?

Mr JEWELL: No, I do not think so but there are courses that we offer where breakfast is part of the course.

The Hon. SCOTT FARLOW: What courses are those?

Mr JEWELL: They are typically youth at risk courses, so courses for young disadvantaged people like the courses we do with the YWCA. But—

The Hon. CATHERINE CUSACK: I thought people with a disability were fee exempt.

Dr JOHN KAYE: Point of order: Can Mr Jewell finish his answer please?

CHAIR: I think it is dialogue, not rudeness, because we are trying to process new information. Mr Jewell, have you finished answering the question?

Mr JEWELL: Maybe.

The Hon. CATHERINE CUSACK: I do not understand because I thought students with disability were fee exempt.

Mr JEWELL: Yes, they are fee exempt but they still have to pay for their transport.

The Hon. CATHERINE CUSACK: So how is Smart and Skilled causing them not to be able to eat and to have to choose between their transport and eating?

Mr JEWELL: Smart and Skilled has less to do with that. I am basically saying that a barrier to enrolment is transport costs. One of your terms of reference was barriers to enrolments and course completion—

The Hon. CATHERINE CUSACK: Is this something that has always been the case?

Mr JEWELL: It has always been the case.

The Hon. LOU AMATO: We are just trying to get transparency, that is all, so we can identify the problems.

The Hon. CATHERINE CUSACK: Mr Carey, you said a student was travelling 2½ hours to Wollongbar.

Mr CAREY: That was her intention.

The Hon. CATHERINE CUSACK: Was she retraining?

Mr CAREY: Yes.

The Hon. CATHERINE CUSACK: Can you give us the details of what she was aspiring to do and where she comes from?

Mr CAREY: She comes from Coffs Harbour. She wanted to come to Wollongbar and do a Certificate III in laboratory skills. She wanted to retrain in this area. She was interested in the area and could see that there is a career pathway by working her way up through a Certificate IV and diploma. She had previous qualifications—I am not sure how far back but I think a number of years—as she had done a diploma of natural therapies or massage, one of those, which was not what she wanted to do as is understandable for lots of people when they first choose something. Because of that existing diploma, even though she is registered with Centrelink, it was still going to cost her \$8,000.

The Hon. CATHERINE CUSACK: Was she going to commute from Coffs Harbour?

Mr CAREY: Yes, she had another person who is enrolling and they were going to share the travelling. Now probably what will happen, if she cannot go, I dare say I will lose the other student who was on a benefit—I am not sure which one—and was not up for a huge fee.

The Hon. CATHERINE CUSACK: What career did they want?

Mr CAREY: It would be a laboratory attendant. They did not say which type of laboratory, but I do get people who think they would like to get a job in a laboratory maybe in a mining town where they can earn some money. I have constantly had students over the years plan to do this.

The Hon. CATHERINE CUSACK: The Government is particularly trying to target school leavers so that they can get a start and get a job, and that is where the focus is. Do you support having the Skills List and using that as part of a strategy?

Mr CAREY: Yes, laboratory skills is on the Skills List, a targeted priority.

The Hon. CATHERINE CUSACK: For someone who lives in Coffs Harbour, which is more than 2½ hours away, to have qualifications and commute every day—

Mr CAREY: No, they were not going to commute every day. We have the course running over more weeks. To accommodate employers who send their students, we run the course one day a week. Over 12 months that is usually around 41 weeks of the year.

The Hon. SCOTT FARLOW: Mr Armstrong, picking up on your evidence with regard to face-to-face teaching, I was interested in how you had structured that in partnership with industry to complement your full face-to-face teaching hours and partnering with industry. Is that on-the-job training?

Mr ARMSTRONG: Partly, yes.

The Hon. SCOTT FARLOW: How did you forge that partnership with industry?

Mr ARMSTRONG: Because that was what they asked for.

The Hon. SCOTT FARLOW: Had industry wanted that as part of the program?

Mr ARMSTRONG: In my case, yes.

The Hon. SCOTT FARLOW: Is industry increasingly asking for on-the-job training like that as well as face-to-face teaching in classrooms?

Mr ARMSTRONG: In our region and in my backyard, in my discipline area, there is a blended approach. I have some guys who want classroom-based, lockstep, teacher-led and other guys who want more of a blended compromise.

The Hon. SCOTT FARLOW: When you say "guys", is that a student choice or what you are hearing industry wants in terms of the sorts of candidates?

Mr ARMSTRONG: It is in consultation with employers and students.

The Hon. SCOTT FARLOW: So getting the mix right for the job market and what the students want to get out of their training?

Mr ARMSTRONG: That is right.

The Hon. SCOTT FARLOW: Mr Holihan, I am interested in the arboriculture course and the decision of the North Coast Institute not to tender for the course. To your knowledge, had any private providers tendered for that course?

Mr HOLIHAN: I believe there is one in this area, yes.

The Hon. SCOTT FARLOW: Is that provider close by or is the course for the whole North Coast region?

Mr HOLIHAN: I do not know, but I can take that on notice. I believe it was a business based in South East Queensland.

The Hon. SCOTT FARLOW: Not actually in New South Wales?

Mr HOLIHAN: I do not believe so.

CHAIR: We are down eight seconds, if the Government is happy to move on.

The Hon. SCOTT FARLOW: I am happy to move on.

CHAIR: In light of the time, if anyone has a question to put on notice, I am happy to take it now. I have one question to put on notice: Have you had any feedback that Certificate II is not working for businesses and they are saying that students with this level are not work-ready?

The Hon. DANIEL MOOKHEY: Picking up on the line of questioning about transport issues for people with disability, do you have any figures on the effect of transport accessibility on completion rates? You can take the question on notice, but I would like to know whether transport is a factor for the completion of courses.

CHAIR: That question will be taken on notice.

The Hon. CATHERINE CUSACK: I was interested in what Mr Armstrong suggested needs to be addressed in terms of pre-vocational. Can you suggest where we can get more information about that?

CHAIR: That is also a question on notice.

The Hon. CATHERINE CUSACK: Unless you can tell us where to direct the question.

Mr ARMSTRONG: I will take it on notice and then I can give you an accurate response.

CHAIR: I thank you for your time and evidence, which has been most helpful. We know the system is changing and we have to make sure we get it right, particularly for regional and rural areas dealing with issues of isolation, access and vulnerabilities which are influenced by transport and access opportunities. If there is any real blessing in life it is training someone and seeing them succeed. For the questions taken on notice, you have 21 days to respond and the secretariat will be helpful if required.

Dr JOHN KAYE: And we can lodge questions on notice.

CHAIR: There may be questions that come to members' minds and if so we will get them to you.

(The witnesses withdrew)

JOSEPH ANTHONYSZ, Chief Executive Officer, SAE QANTM Creative Media Institute Southern Region, which is part of Navitas Ltd and the southern region includes Australia and other parts of Asia-Pacific, affirmed and examined:

KRISTEN CLARKE, National VET Manager, SAE QANTM Creative Media Institute, and

JEFF GREEN, General Manager, All Excavations Training, sworn and examined:

CHAIR: Would any of you like to make an opening statement?

Mr ANTHONYSZ: I would be happy to make a brief opening statement. Thank you for the opportunity to appear before you. I will give a brief context of who we are and I have tabled a document, which I see you have, which will hopefully provide some talking points. We are a proud dual-sector institute providing both VET and higher education courses. We are a private for-profit institute proudly providing sustainable quality and accessible education. SAE is part of the Navitas Group, which is a very large ASX listed company exclusively focused on education.

It provides education across a range of institutes such as SAE, and it also partners with universities. It provides university education, English language, migrant education and many other services and training. Navitas believes that an innovative, diverse, globally connected public and private tertiary education and training sector is critical to Australia's future prosperity, intellectual capital and social cohesion. I will keep it short and stop there.

Mr GREEN: My name is Jeff Green. I operate a number of training facilities delivering training in civil works and plant and machinery operation. I have had 30 years as an all-round machine operator in mining and civil works, from 200 tonne machines to minis—the last 15 years has involved more management and supervision. As I have had extensive experience in the industry, I know what is required to get a start and succeed in this industry. I have a unique way of training, so that persons develop required skills to gain employment. One example is: I am contracting to a local shire council to rehabilitate an old quarry site. In the process of carrying out this operation I involve trainees so that they get real hands-on practical experience on a live site and develop some job satisfaction. I believe that civil works and mining although having ups and downs will continue to grow in this country and therefore offer a future for persons motivated to enter the industry.

Partnering with quality RTOs such as North Coast TAFE so that these trainees can gain formal recognition is important for each person, but also the industry. More important is that the level of practical skills reached through this training is current, relevant and uniform across all RRI training organisations. This I feel will maintain credibility to the qualifications. As training is costly on earthmoving equipment many civil companies avoid this, mostly preferring experienced operators; therefore, new entrants find it difficult—that is, needing experience to get a job but needing a job to get experience. This is the gabbie grey area I am working on closing as much as possible and affordable. Thank you.

The Hon. DANIEL MOOKHEY: Thank you for taking the time to speak to the Committee this morning. We are very appreciative. Are the courses that you offer also offered at North Coast TAFE or any campus geographically located to your facilities?

Mr ANTHONYSZ: Are you asking that question of me?

The Hon. DANIEL MOOKHEY: All witnesses.

Mr GREEN: I operate with TAFE. I have an auspice or partnering arrangement with them. Part of the courses we deliver in certificate III have core units and the practical units. Some of the core units are delivered through a TAFE campus but mostly we deliver out on site.

Mr ANTHONYSZ: SAE Institute has two campuses: one in the Sydney CBD and one in Byron Bay, which is the original campus. Certainly some of our VET courses are offered by TAFEs in proximity.

The Hon. DANIEL MOOKHEY: So there are times where you are a competitor, or at least an alternative provider to TAFE as TAFE is to you, there are other courses that you do not offer, and there are also other courses not available at the TAFE that you essentially do offer?

Mr ANTHONYSZ: I think that is right. I am not sure about the exclusivity part of your summation. I know that certainly in the Byron area it is about what is offered and then what is run by TAFEs. That does change from time to time and I cannot with certainty confirm that.

The Hon. DANIEL MOOKHEY: Can you tell the Committee about your level of enrolments since the Smart and Skilled rollouts? I assume you participate in that?

Mr ANTHONYSZ: We do not participate in the Smart and Skilled scheme. We applied to last year but currently none of our students are accessing that scheme. All of our students choose to come to us and pay their fees directly.

The Hon. DANIEL MOOKHEY: If you do not wish to answer my next question that is fine. Do you have a sense as to why you were not included in Smart and Skilled?

Mr ANTHONYSZ: There were some reasons given. We did not feel that we were entirely clear on the reasons why SAE was excluded from the Smart and Skilled application, or the round last year. The reasons given were that there were a lot of providers in the areas that we offer and therefore we were primarily excluded on that basis. That is my understanding.

The Hon. DANIEL MOOKHEY: Do you intend to apply to the scheme again any time soon or not?

Mr ANTHONYSZ: I know the Smart and Skilled rounds are coming up. Yes, we do intend to put our hat in the ring so to speak. We do believe there is an equity issue and we think we owe it to our students who are studying courses that are attracting funding through Smart and Skilled at other providers, and we see no reason why that same level of funding should not be provided to those students at our institute.

The Hon. DANIEL MOOKHEY: Mr Green, do you participate in Smart and Skilled?

Mr GREEN: As a partner through North Coast TAFE. North Coast TAFE has Smart and Skilled, which has enabled huge amounts of people to participate in this type of training. It is very expensive to set-up—we have to buy earthmoving equipment, we have to find suitable sites—and quite expensive to run this equipment whilst we are doing the training, but because of Smart and Skilled in New South Wales we have been able to bring this to a lot of people. I have witnessed similar-type funding in other States; I have also seen how it has worked in those States. I believe that it has been open to some form of tick-and-flick type operations so that the level of training has not been uniform across the board. The way that Smart and Skilled is in New South Wales seems to have addressed this issue.

The Hon. DANIEL MOOKHEY: In a lot of the submissions to the Committee is a sense that the 12-month contract period for businesses or training organisations like yours, which would have relatively high capital investment costs required to buy the equipment, does not give enough certainty to be able to plan for the acquisition of such equipment. Mr Green, I ask the same question of you as well. For example, if you had to borrow to buy the equipment that you do how does that get risk assessed on the basis of your cashflow with the bank? Do you have any of those concerns?

Mr GREEN: The concern is definitely with the periods of the contracts. I would like to take this training to as many people who want to learn how to operate earthmoving equipment and move into this industry. We are currently expanding where we can take it to centres in New South Wales. For me to go to a bank and tell them that I want to set-up in six different areas and borrow the amount of funding that is available to buy six fleets of equipment to do this is quite a substantial sort of investment and the contract periods are something to consider, especially when you take something like this to a bank. From a business sense we have got to get a return, like any other business, to be able to stay afloat. I take it as far as I can possibly afford to take it within a 12-month period.

The Hon. DANIEL MOOKHEY: Do you have anything that you would add in answer to that question?

Mr ANTHONYSZ: SAE has very established campuses both in Sydney and Byron Bay. They are a significant investment for us and we take a long-term view. I guess our commitment is to continue in the market offering quality education. Whenever funding for students is limited that creates uncertainty. I think taking a

long-term view as a general principle is right for any sector. It enables us to plan and continue to provide outstanding facilities.

The Hon. GREG DONNELLY: Mr Green, you talked about your partnership with TAFE.

Mr GREEN: Yes.

The Hon. GREG DONNELLY: You run an enterprise but you partner with TAFE.

Mr GREEN: Yes.

The Hon. GREG DONNELLY: Can you explain what that means?

Mr GREEN: I am a contract training organisation, I am not an RTO. For me to be able to deliver formal qualifications I need to partner with an RTO that can deliver the formal qualifications. I would also like to add to that previous point that my contract with North Coast TAFE is longer than a 12-month period but there would be provision if something were to change within the arrangement with TAFE and Smart and Skilled for that to be reviewed if that were to happen.

The Hon. GREG DONNELLY: How long has your partnership arrangement with TAFE been in place?

Mr GREEN: About 12 months—so around about this time last year.

The Hon. GREG DONNELLY: How would you judge that relationship? Has it operated satisfactorily from your point of view or are there some issues that you think need to be addressed or refined?

Mr GREEN: There are some issues there because this is a unique area. Me being basically small business and TAFE being somewhat larger sometimes I find the understanding of the way that funding and/or payment affects small business—for us to keep being able to deliver in the way that we do then we need to ensure that payments are met at the time they should come in and so on.

The Hon. GREG DONNELLY: Was TAFE operating a course equivalent to what they are now offering in partnership with you before you entered into this arrangement with them or was this essentially a new initiative?

Mr GREEN: They did have it but it was more to do with third party evidence rather than the direct training that I deliver.

The Hon. GREG DONNELLY: SAE has the Sydney and Byron Bay sites. What are the primary considerations for the business in terms of scoping out and ultimately entering into a market? What are the key considerations that you take into account when looking at those possibilities?

Mr ANTHONYSZ: SAE Sydney was really first established in 1976 so I cannot testify as to what the considerations were at that time. In 2004 the Byron campus was opened. We see the creative media sector as hugely important to the economy and there are significant jobs. It is a growing sector of the economy; it is estimated to be approximately a \$33 billion sector of the economy. We see we can provide a really viable alternative training solution for that sector. Very much it is about looking at opportunities for growth and jobs—we believe they are linked—and that is why I believe it was first established in Byron Bay. Byron Bay is a mecca of the Arts community and there is lots of economic activity in the North Rivers around the Arts and cultural activity, which support our efforts in education in this area.

The Hon. GREG DONNELLY: What minimum number of students would you need to enrol in order to make an institute or a site viable? What would be the minimum number you would need to get the green light in order to proceed with an investment?

Mr ANTHONYSZ: I really would not be able to comment on that today. SAE's model is not aspiring to be thousands of students in one location. It is a niche area in which we provide education to—audio, film, animation, games design and design. Our campus is typically quite small compared with this wonderful premise

here. The Byron Bay facility sits on approximately five acres. We have capacity there for 500-plus students. That is a very viable location for us.

CHAIR: How many students do you have?

Mr ANTHONYSZ: Approximately 260 at the moment.

Dr JOHN KAYE: That is 260 here on the North Coast?

Mr ANTHONYSZ: That is right.

Dr JOHN KAYE: And 10,000 globally.

Mr ANTHONYSZ: More than 10,000 globally.

The Hon. DANIEL MOOKHEY: If you succeed in this Smart and Skilled funding round, is the predominant purpose of your participation to expand the size of the campus while providing places for new students, or do you think this would be a way in which you could defray the cost of existing students? Or is it a combination of the two?

Mr ANTHONYSZ: There is probably a mixture of both. SAE attracts students from a wide spectrum of our society. Although we are a private provider, many students are using VET FEE-HELP, for example, to pay their fees and they are incurring a debt that carries into their professional life. Those who are less fortunate—those from a lower socioeconomic background—would benefit greatly from not having to incur those debts while enjoying what a student enjoys in terms of government funding and attending a TAFE or another publicly funded institute.

The Hon. DANIEL MOOKHEY: Can you provide any information about your completion rates? We would like to get a sense of the private sector completion rates.

Mr ANTHONYSZ: I would be very happy to provide that information.

Ms CLARKE: Are you referring to the certificate III Smart and Skilled students or all of the VET students?

The Hon. DANIEL MOOKHEY: All of them.

Dr JOHN KAYE: Across each of the courses. How many students in your New South Wales operations have disabilities?

Mr ANTHONYSZ: I will take that question on notice. We certainly do have students with disabilities.

Dr JOHN KAYE: What support do you offer those students?

Mr ANTHONYSZ: Given the nature of what we teach, we have very small classes and we offer a lot of personal assistance to all students, and particularly those with disabilities. We have extensive support services for those with disabilities, including extra-curricular assistance. At times we have provided translation services and course material is provided in varying formats to suit different learning styles.

Dr JOHN KAYE: Will you provide on notice more detail about the adjustment support you provide?

Mr ANTHONYSZ: Certainly.

Dr JOHN KAYE: How many Aboriginal and Torres Strait Islander students do you have?

Mr ANTHONYSZ: I will take that question on notice.

Dr JOHN KAYE: Do you provide any form of fee relief for people with disability or people from an Aboriginal or Torres Strait Islander background?

Mr ANTHONYSZ: We certainly have a scholarship dedicated to those from an Aboriginal or Torres Strait Islander background. However, we do not offer any fee relief for those with disabilities.

Dr JOHN KAYE: Is that a scholarship for one person? How many students can access a scholarship in any one year?

Mr ANTHONYSZ: It varies from year to year, but we offer multiple scholarships each year.

Dr JOHN KAYE: You will provide more information on notice?

Mr ANTHONYSZ: Yes.

CHAIR: Would it be fair to say that if you were having a profitable year the next year you could offer more scholarships?

The Hon. CATHERINE CUSACK: Or if they could get some Smart and Skilled funding. That is the point.

CHAIR: There were 2,000 Smart and Skilled applications and only 400 got across the line.

Dr JOHN KAYE: I take it that I will be provided with the number of scholarships offered.

Mr ANTHONYSZ: Certainly.

Dr JOHN KAYE: And the number of Aboriginal and Torres Strait Islanders enrolled at various levels. What kind of fees do you charge and what profit do you make on those fees?

CHAIR: You can temper your answer given that the information might be confidential.

Mr ANTHONYSZ: In percentage terms?

CHAIR: If you choose.

Mr ANTHONYSZ: Figures are included with the pack I have provided to the Committee, and they are publicly available on Navitas as a whole. We do not generally make public comments about individual business units. That information provides gross revenue and EBITDA data, which is a measure of profit for the Navitas group.

Dr JOHN KAYE: Do you break that down by individual groups within Navitas?

Mr ANTHONYSZ: No. It is broken down by divisions. It is certainly available in Navitas' annual report. You could look at SAE as a division, which looks at our global operations. The other part of the question related to price points and tuition fees. Again, that information is publicly available. We are very transparent about our fees and we are very competitive.

Dr JOHN KAYE: What does your certificate III cost?

Ms CLARKE: At the moment we are redesigning the certificate III course.

Dr JOHN KAYE: What was the cost this year?

Ms CLARKE: We did not run it in New South Wales.

Dr JOHN KAYE: What did your diploma cost?

Mr ANTHONYSZ: It is approximately \$14,000 for a diploma.

Ms CLARKE: We have an opportunity in the Byron Bay region to redesign the course in technical production for indigenous youth and we are doing so.

Dr JOHN KAYE: That is excellent.

Ms CLARKE: That is why we are taking a step back.

Dr JOHN KAYE: How much of your revenue comes via VET FEE-HELP?

Mr ANTHONYSZ: I am happy to say that the majority of Australian citizens use FEE-HELP and VET FEE-HELP to make payments.

Dr JOHN KAYE: Do you know how much VET FEE-HELP debt is accumulated each year from your New South Wales operations?

Mr ANTHONYSZ: I have an approximate figure, but I am happy to provide a specific level of funding.

CHAIR: Do students normally pay monthly, yearly or when they qualify? Do they get student loans or is there a Higher Education Contribution Scheme [HECS] system?

Mr ANTHONYSZ: VET FEE-HELP and FEE-HELP are similar to HECS. It is a Commonwealth Government loan scheme and the debt is paid back through the tax system. It works in almost the same way that HECS operates. However, there is one significant disadvantage with FEE-HELP and VET FEE-HELP versus HECS; that is, the Commonwealth Government imposes on the student a 20 per cent fee. For example, if a course costs \$10,000, a student can access VET FEE-HELP or FEE-HELP to pay that \$10,000 to the institute at which they are studying. They will then incur a \$12,000 debt with the Commonwealth.

Dr JOHN KAYE: How many teachers, assessors and trainers do you employ?

Mr ANTHONYSZ: I would be delighted to provide specific data on notice. However, we proudly have a very low student to teacher ratio.

Dr JOHN KAYE: But what is your ratio of trainers to teachers and assessors to teachers?

The Hon. CATHERINE CUSACK: It is in the report. There are 250 students to 70 staff.

Dr JOHN KAYE: Thank you for helping, Ms Cusack. But I want to know the number of trainers versus qualified teachers.

CHAIR: You can take that question on notice.

Dr JOHN KAYE: Please take that question on notice.

Mr ANTHONYSZ: I will.

Dr JOHN KAYE: Were you not accepted into Smart and Skilled or were you included but not given a cap? Do you understand the difference?

Mr ANTHONYSZ: No, I do not.

Dr JOHN KAYE: We were told yesterday by Mr Collins—who I understand makes the ultimate decision—that a number of training organisations were accepted into Smart and Skilled but then were given a zero cap; that is, they were given no entitlements. Were you accepted and given a zero cap, or were you not accepted?

Mr ANTHONYSZ: I do not know. I do not think we were accepted into Smart and Skilled on the basis that multiple groups were providing similar courses.

CHAIR: Do you do any certificate II courses or lower qualifications?

Mr ANTHONYSZ: No.

CHAIR: Is there any reason for that?

Mr ANTHONYSZ: Mainly because we are excluded from funding. There is a great deal of funding for certificate level courses, and without having access to that level of funding we are unable to compete.

CHAIR: One of the comments I am hearing from businesses is that certificate II graduates are not work-ready. It is no good sending them out with a certificate II qualification when they really need certificate III and above. Do you have an opinion on that?

Mr GREEN: My problem is with the Australian Skills Quality Authority [ASQA]. It states that for me to deem a person competent, they may be 18 years of age. If that is the case, there is a gap between year 12s and ASQA. You can drive a car at 17, but you cannot operate a bobcat until you are 18 according to the unit of competency. Although, having said that, some of the best operators I have seen have come through a family business and they are only 16 years old. These guys are switched on and they can do the job. I question whether there is some availability to access the younger age groups for that.

CHAIR: What about work readiness? What is your finding?

Mr GREEN: The people come in with no real self-esteem and no motivation to search for a job. We present the course as a work site, and after they have completed it they have self-esteem and they have more confidence. Whether they get a job in this industry or in another industry is irrelevant. I would just like to see them in some employment. They will not all be suited to this industry; in fact, probably only about 40 to 50 per cent would be suited and to take it on. The others will search out other jobs. As far as work readiness goes, we train them on site to become entry-level ready.

CHAIR: We hear that private for-profit trainers take the cream off the top and leave the rest for TAFE. Do you have a comment about that?

Mr ANTHONYSZ: SAE has a proud, open admissions policy. If "cream" means academic—

CHAIR: I mean profitable courses.

Mr ANTHONYSZ: We would be delighted to offer a broader range of VET courses in the disciplines we offer if students were able to attract the same level of funding that they do at TAFE.

Dr JOHN KAYE: Public funding for fine arts courses was scrapped about two years ago. Did you see an increase in your enrolments when that happened?

Mr ANTHONYSZ: I cannot associate an increase in enrolments to any specific item. However, it is fair to say that over the past 10 years, and certainly in the past two years, SAE has enjoyed year-to-year growth in new commencing student enrolments.

Dr JOHN KAYE: Do you think you were a beneficiary of the Government's decision not to include fine arts courses in the skill lists? That would make the cost of doing a fine arts course at the North Coast Institute about \$13,000.

Mr ANTHONYSZ: I do not believe so. But SAE would not describe its discipline as "fine arts". A fine arts course traditionally involves studio-based painting, sculpture et cetera. Ours is much more digital arts. While there is a blurring of the lines, I think there is a considerable difference between fine arts and creative media.

Dr JOHN KAYE: Is it not true that the Kingscliff TAFE offered digital arts courses?

Mr ANTHONYSZ: That is entirely plausible.

The Hon. SCOTT FARLOW: What does that have to do with the price of fish?

Dr JOHN KAYE: I do not need to answer that question. I am trying to understand whether SAE was a beneficiary of the Government's decision to take fine arts off the skills list, or not to put it on the skills list.

Mr ANTHONYSZ: I do not understand.

CHAIR: I note that in your submission you mention regional challenges. That is one of the reasons the Committee is here. The submission says that the regional challenges are:

- No NBN/limited connectivity
- Cost of living & affordable housing
- Perception of regional education centres
- Employment opportunities
- Affordable student accommodation
- Infrastructure
- Traffic

Mr ANTHONYSZ: Yes, to name a few.

CHAIR: How can this inquiry help to address some of those issues?

Mr ANTHONYSZ: I am talking from a personal perspective, as I live in Bangalow. We have chosen a regional centre as SAE Southern. To give that some context, SAE Southern covers all of Australia and New Zealand, Indonesia and Singapore, and the Cape Town head office. The most important way to address those regional challenges is to look at the cost of education. We would strongly advocate for a wider inclusion of private providers in any scheme that funds education. We believe students ought to be able to choose where they attend. We believe a student attending SAE ought to attract the same level of funding as a student at a TAFE institute studying the same course. That would certainly help.

Affordability is a big issue in the Byron Bay area. Transport costs are higher. The cost of housing is very high. Food and entertainment are expensive. Many students tell me that it costs more to live in Byron Bay than in Sydney. If the debt they incur to study with us were reduced, that would help them not only now but in the future.

CHAIR: Thank you.

The Hon. CATHERINE CUSACK: When students say it costs more to live in Byron Bay than in Sydney, a big component of that would be the transport, wouldn't it?

Mr ANTHONYSZ: That is right.

The Hon. CATHERINE CUSACK: I live at Lennox Head. I was fortunate enough to see the facility not long after it opened. I am at an advantage as I do not think my colleagues understand quite how fantastic that facility is. Would you tell the Committee how much was invested in the construction?

Mr ANTHONYSZ: I do not know. I was not working for the organisation at the time. The facility was a multimillion-dollar capital investment by SAE. For us to replace that today—not the buildings but the leasehold—would be over \$10 million. If we were to build the buildings it would be a \$20 million to \$30 million capital investment.

The Hon. CATHERINE CUSACK: How many sound studios does the facility have?

Mr ANTHONYSZ: It has approximately 14. They range in size. They include one of Australia's premier recording spaces, at the highest professional level—much higher, in fact, than a lot of commercial recording studios.

The Hon. CATHERINE CUSACK: Would you give some examples of the artists who come to record at your studios?

The Hon. GREG DONNELLY: Drop some names, if you like.

The Hon. CATHERINE CUSACK: I think people need to understand the quality of this facility.

Mr ANTHONYSZ: It is world class in Byron Bay and in Sydney. In Sydney we recently moved into a facility in the central business district, in Wynyard Green. It was a considerable capital investment to do so. The

facilities are outstanding. I do not like to drop names. We like to keep a low profile. I do not think the celebrity factor matters. We get some of Australia's best recording artists through our facilities. They engage with students. We are not a professional recording facility. We do not offer—

The Hon. CATHERINE CUSACK: Sorry to interrupt. I am trying to give people a flavour of the opportunities that your students have.

Mr ANTHONYSZ: I appreciate that. I can point to an activity we had in Sydney. At an industry engagement evening we had the chief executive of Good Design Australia, as well as Ash Grunwald, for example.

The Hon. CATHERINE CUSACK: You track your students' outcomes. Unfortunately, other institutions do not provide as much tracking. Would you like to talk about the outcomes you achieve for your students?

Ms CLARKE: I would, because I am involved in curriculum design. We have a rigorous approach to continuous improvement, based on student feedback. We have just finished industry engagement across all disciplines, purely for vocational education programs [VET]. The learning outcomes are really important for us because it is about building self-esteem. Large numbers of our cohort are disaffected learners. They come into a creative field where they finally have the opportunity to engage.

The Hon. CATHERINE CUSACK: That is the nature of that industry, isn't it?

Ms CLARKE: It is huge. I came from another provider. Coming to SAE, I have noticed that the number of students at the high end of the spectrum is a result that is repeated across the disciplines. I am very passionate about good facilitation and design so that students come out with skills that are transferrable.

The Hon. CATHERINE CUSACK: Three-quarters of your graduates get jobs in the industry within six months, as I understand it.

Ms CLARKE: I cannot talk to those figures.

The Hon. CATHERINE CUSACK: Would you take the question on notice?

Mr ANTHONYSZ: Certainly.

The Hon. CATHERINE CUSACK: I want to focus on our region, because the Committee has come here to look at regional issues. The arts and music are big on the North Coast. You partner with Bluesfest. It is a clean industry. I understand that education is now the second biggest employer on the North Coast. You are bringing people to our region and creating jobs in our region.

I am stunned that you did not receive allocations under Smart and Skilled. Smart and Skilled places would give disadvantaged people in our community a choice. Clearly, they do not have that choice at the moment. Perhaps international students can study at your institute but local students cannot because we will not fund them. Is that the situation in a nutshell?

Mr ANTHONYSZ: That is right. We have seen growth in the VET course offering at Byron Bay. Thirty per cent of our students are enrolled in VET programs, as opposed to higher education programs.

The Hon. SCOTT FARLOW: Is that just on the North Coast?

Mr ANTHONYSZ: That is just on the Byron Bay campus. It is a higher number of VET students, as a percentage, than in any of our metropolitan campuses. VET courses are increasingly important to regional areas. There would certainly be an opportunity for SAE to provide a wider range of courses to a broader range of people if we were eligible to participate in Smart and Skilled.

You talked about international students. There is significant benefit to the community from that export income coming into this region, not just in tuition fees, which help to sustain our business, but also in accommodation, local services and people visiting. We know that a high proportion of the tourism sector is driven by friends and family visiting international students.

We are very proud of the role we play in the local community. We strongly support local community activity. For example, we supported filmmakers in a New South Wales Government funded project through Screenworks, which promotes the film and screen industry in the Northern Rivers. The project focused on artists with disabilities. One of those artists is a student at our Byron Bay campus. The two filmmakers who were awarded a grant from the New South Wales Government are alumni. They were international students who have since chosen to become citizens and contribute to this society. We are very proud of that.

We see ourselves as being very much part of the creative arts industry in Byron Bay. We partner with Bluesfest, as you mentioned. We also partner with Secret Sounds, which runs the Splendour in the Grass festival, Laneway and other festivals. We are embedded in the creative industries here. We support them, and that is recognised. We see training as essential to develop the necessary skills in a changing environment, such as digitisation of our content. Content development is what we train in, across film, television, radio, games or publishing. Essentially, we teach creative media.

The Hon. CATHERINE CUSACK: Thank you for what you do.

The Hon. SCOTT FARLOW: Mr Green, I am interested in your business and what you were doing prior to Smart and Skilled. Did you have a partnership with TAFE before that?

Mr GREEN: Prior to Smart and Skilled I did not, no. I was operating as a private training contractor to numerous registered training organisations that offered the right units. I did that straight out of the industry. My role before this training was to set up and manage a greenfield site on Groote Eylandt, for an Indigenous corporation there. It involved buying the machinery, setting up workshops, obtaining contracts with BHP and building roads on the island, then encouraging the Indigenous community to take over and run it within their own funding.

The Hon. SCOTT FARLOW: So you were contracted to businesses to provide training on their behalf?

Mr GREEN: That is correct, and/or doing contracting myself.

The Hon. SCOTT FARLOW: Has it been a year since you started working with TAFE?

Mr GREEN: Yes.

The Hon. SCOTT FARLOW: Working directly with TAFE students, are you seeing any development in job placements for students and the success of those placements?

Mr GREEN: Absolutely. Approximately 200 people have come through. I do not have all the figures but there is about 40 per cent employment.

The Hon. SCOTT FARLOW: That is very interesting. Yesterday the Committee had a briefing on the quality control that is undertaken in Smart and Skilled. Has that been applied to your training operation yet? Has the quality of your training services been verified?

Mr GREEN: The quality is in the results. We are getting the results. I am passionate about people learning skills, not just being set loose with a unit of competency but being unable to operate machinery. I do not end the training once they have gained competency. I invite them back to practice. The bottom line is that they are learning to operate machinery, and people who have been operating machinery in the industry for 40 years tell me they are still learning. The more time they can spend on the machinery the better. I do not shut the door to any of the people who come through the course. I invite them back to practise any time they can, until they get a job or until they feel comfortable with their standard. I set a very high level. When somebody shows great initiative I take them on as a trainee myself. I look at each group that comes through as a workforce and I try to get them to the level where they can be employed.

The Hon. SCOTT FARLOW: How significant is Smart and Skilled to your business? Can you measure its effect as a percentage of the amount of business you are doing?

Mr GREEN: It is significant. This is an expensive industry to train in. The cost of the operation of the training centres is borne by me. There is a huge cost in diesel. Without Smart and Skilled, people would have to fund it themselves. Industry does not want to pay for people to do courses. It wants the result—skilled people—but industry is concentrating on getting the job done. Industry looks for experienced operators rather than trainees.

The Hon. SCOTT FARLOW: This is effectively the bridge to get people from—

Mr GREEN: This is it. The gap that probably really needs to be looked at here is the work experience model. It is available, but there is not any real funding behind that; it is basically that if you are engaged in a work experience operation then you have things like your insurance paid for. But there is no way that there is any more funding available there for extra time on machinery.

The Hon. SCOTT FARLOW: Are you doing any partnerships with industry in order to try to achieve that?

Mr GREEN: Absolutely. I was born and bred in Tweed Heads, I know a lot of local contractors and I work with local quarry operators and I am constantly picking out people that I call a high achiever in our courses to put forward to these operators. Also, the highway corridor that has gained a lot of notoriety lately; of course, it is a huge investment and therefore creating a lot of jobs and we are talking to these people every day about the advancement of these trainees and what level they can take them on and give them employment in these operations.

The Hon. CATHERINE CUSACK: Are they taking them on?

Mr GREEN: Yes they are. I guess it is because of the level that we are getting them to in the training. Traditionally you cannot afford to just have a machine running for the purposes of training; I use the smallest machinery I can possibly use to try and minimise the amount of overheads, but still, none of it comes to nothing. If I can get them to a level that I call entry-level ready then we put them towards an organisation—it could be any of the organisations that are running on the highway corridor—and it is more about safety around machinery and at least one minimum skill on a machine that will get them employment. From there they can go on and gain other skills.

CHAIR: Thank you for your evidence on that. I realise the risk when a business takes on a trainee and the trainee breaks their particular bit of equipment, you not only lose there but you lose time because the trainee comes back the next day ready to go but, unfortunately, your whole profit margin can be blown out in one day.

Mr GREEN: Yes, absolutely.

The Hon. LOU AMATO: What is the reason they have to be 18 to operate a machine? You can operate a car at that age and obviously you can kill someone on the road. Why a machine? Are you aware of what the reason is?

Mr GREEN: No, I do not know the reason behind it.

CHAIR: We will look into that because I wanted to address that matter. We have taken it on and it is part of the report. If you want to take that on notice that will help us clarify that issue.

Mr GREEN: I will try and find that out for you.

CHAIR: We will try and address that in another area.

The Hon. DANIEL MOOKHEY: Can I ask a question on notice? I would be interested in anything you would like to put down that the Smart and Skilled criteria should be, any suggestions about what is not currently being encompassed that should be encompassed. That would be really useful. The other thing: getting new curriculum design, given that your industry is a very fast-changing industry, the speed of getting the curriculum recognised under the ASQA Standards of Courses but then having that standard flow down into the Smart and Skilled as well. We would be interested to hear if you have any suggestions on how that process can work.

The Hon. SCOTT FARLOW: If I can add a question on notice as well? Mr Holihan raised previously an issue in terms of the payment cycle in terms of Smart and Skilled: the commencement, mid-point and completion. I am interested to hear from Mr Green as to how that applies to him and his views on that and also to SAE in terms of what they would view that as—somebody who is not part of Smart and Skilled but how they would view the operation of that.

CHAIR: Do not be overwhelmed. These wonderful ladies called the committee secretariat help us out—there are some men also down in Sydney but we brought the best-looking ones with us.

The Hon. CATHERINE CUSACK: And this is a wonderful committee of men but there is a woman.

CHAIR: There are lots of women behind the scenes who absolutely control all this. On behalf of the inquiry I thank you for what you have done. I note that you have taken some questions on notice. You have 21 days to answer those and we may fire some more questions to you via the committee. As I said, the secretariat is there to help you and they will make sure that you stay online with those.

I want to put a formal thank you to our tour host here, Kerry Bowtell, for what she has done to allow us to be able to do this today. I also acknowledge all those beautiful chocolates and cakes that have been prepared by the students, I believe. On behalf of the inquiry, thank you again for what you do. At the end of the day this inquiry is not about who is doing the best job, because I think any educator really aims to do the best job; it is about just making sure that it is fair playing field and that everyone can get access to an area of their talent or their desire for their dream. I thank you for the part that you play in that education outcome.

(The witnesses withdrew)

(The Committee adjourned at 12.05 p.m.)

