



The Role of Community Education in Australian Regional and Rural Economic Development

7 February 2017

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About Community Colleges Australia

Community Colleges Australia (CCA) is the peak national body that represents community-owned, not-for-profit education and training providers.

Our vision is for dynamic and vibrant communities, informed and empowered through learning. CCA is committed to assisting its members sustain and grow, enhancing education opportunities through choice for all Australians. CCA promotes learning innovation for all Australians by delivery that engages with and belongs to communities, focussing especially on vulnerable and disadvantaged learners. Our members are long-established community learning organisations located in metropolitan, regional and rural locations. They are well-placed to focus on student welfare and committed to employment outcomes for, and personal development of, individuals.

CCA works to increase awareness of the community education sector and its place in the economic and social fabric of our Australia. The majority of CCA members are Registered Training Organisations (RTOs) for vocational education and training (VET).

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1. Introduction and Key Findings

This paper examines the role that community education organisations play in regional and rural Australia through providing accredited vocational education and training (VET).¹ Although there are many good examples of community education regional development partnerships around Australia, there is little consistency in the approaches, little understanding of the models that have developed, and little knowledge of how to build on these experiences to enhance Australian regional and rural economic development. This paper concludes that it is time for a significant investigation into these approaches, supporting pilot and other projects that will assist community providers in regional and rural Australia.

VET is particularly important in rural and regional Australia, because of the economic and business structure of most regional and rural areas. Regional and rural VET participation rates are at least 50% higher than in metropolitan areas. A much larger percentage of regional and rural VET students also study lower level qualifications: Certificate III and below – just those qualifications that community education providers excel in, with their focus on vulnerable and disadvantaged learners. Because the Commonwealth Government's VET loans programs – the now-closed VET FEE-HELP and the new VET Student Loans – operate for Diploma and Advanced Diploma (and not Certificates I to IV), it is likely that rural and regional providers have received little benefit and are unlikely to receive much in future.

In 2015, there were 468 community education Registered Training Organisations (RTOs), the majority in Victoria and New South Wales, the two states with the greatest amount of community-provided VET.² Although the national percentage of VET students enrolled with community providers sits at around 5%, regional and rural VET delivery by community providers is at least double that amount: 10% nationally and greater than 20% in Victoria, making community providers a significant national force in non-metropolitan Australia.

Regional and rural Australia provides the major source of Australia's export earnings, accounting for 67% of the value of exports, and playing a critical role in the tourism industry. However, distance and geographic isolation in regional and rural Australia results in reduced access to services such as health, education and transport; generally lower incomes; and a vulnerable employment base. Especially impacted are young people, who have much higher levels of unemployment and under-employment than in the major cities.

The Regional Australia Institute states that, "Achieving more equitable education outcomes across regional Australia is our nation's greatest challenge in realising the potential of regional Australia.... This is not just the right thing to do, it is central to the future of our economy."³ Community education providers can become the "passing gear" of regional and rural VET, operating as important "education investment vehicles" that re-invest their financial surplus in their communities, accelerating new programs and increasing quality and reach.⁴ Thus community education providers have the capacity to make a significant

¹ Community education providers also provide a deep range of pre-vocational learning, personal learning, leisure and lifestyle courses.

² Community education providers are all not-for-profit (NFP) organisations, although they may have a variety of different names, such as community colleges WEAs (previously Workers Educational Association), community learning centres, Learn Local providers (Victoria), neighbourhood houses and more.

³ See <http://www.regionalaustralia.org.au/home/2015/11/human-capital/>.

⁴ See "What is the difference between for-profit and not-for-profit groups?" <http://www.ourconsumerplace.com.au/consumer/helpsheet?id=3443>. Contrast this to for-profit VET

contribution to local and regional economic development, a resource insufficiently utilised by Commonwealth, state and territory governments.

2. Recommendations

Community Colleges Australia recommends that the Commonwealth, state and territory governments:

1. Set up pilot funding programs that enable community education providers to fulfil their potential as important “investment vehicles” in promoting economic development in regional and rural Australia, through developing “passing gear” innovations that meet the unique non-metropolitan skills development needs.
2. Increase funding for community education organisations for “community service obligation” (CSO) activities that serve vulnerable and disadvantaged learners.
3. Provide infrastructure funding that will enable community education providers – and their students and staff – to modernise physical facilities and to provide high-quality digital connectivity, to bridging the “digital divide” that impacts so many rural areas.
4. Utilise regional and rural community education providers to do what they do best: engage with vulnerable and disadvantaged Australians, especially young people, supporting a system of traineeships and pathways to jobs and other learning.
5. Develop a coordinated national-state-territory policy statement on the value and place of adult and community education, updating the 2008 Ministerial statement, a statement that acknowledges the complementary role that community providers play.
6. Acknowledge the importance and value by funding proper professional development and staff training for community sector providers, with particular attention to the training needs of staff working for regional and rural providers.
7. Examine all VET funding programs to ensure that community providers are not disadvantaged by regulations, short time-frames and limited horizons (such as one-year) funding cycles.
8. Request the National Centre for Vocational Education Research to collect and publish data on regional and rural student outcomes and provider comparisons.
9. Provide funding to Community Colleges Australia to undertake research studies on:
 - the economic development activities of Australian regional and rural community education organisations – to categorise existing models and develop a national strategy to utilise the community education sector in regional economic development; and
 - collating and modelling how regional and rural adult and community education organisations host and sponsor “special assistance” and other forms of alternative secondary schools.

3. Community Education: The “Passing Gear” of Regional and Rural VET

Community education providers have the potential to become the “passing gear” of regional and rural Australian VET: organisations that accelerate new ideas and programs. This

providers, many of which distribute all of their profits as dividends to private owners. This often means that their profits gained in delivering VET in rural and regional Australia, including profits from government-funded activities like the New South Wales “Smart and Skilled” program, are delivered to private shareholders who are not resident in the communities.

concept is adapted from American educator and philanthropist Paul Ylvisaker, who described organisations that are “uniquely suited to propel society beyond its fixed and safe positions toward enduring long-term social change.”⁵

Community education providers in rural and regional Australia have unique advantages to undertake this role:

1. Our sector’s history permits our organisations to be strategic in their flexibility to employ a wide range of tools. We are not bound by government structures in the way that TAFEs are, nor are we beholden to private shareholders to make profit in the way that for-profit providers must.⁶
2. Our sector can play a strategic role because we have the freedom to take considered risks.
3. Our sector can exercise strategic influence because of our historic commitment to investing in our communities and responding to the needs of vulnerable and disadvantaged Australians, including a major commitment to foundation skills.⁷ We do this through small class sizes, focussing on personal support, creating connections to and collaboration with local non-government organisations, social services and employers.

Examples of how community education providers have created unique and innovative “Passing Gear” approaches to regional and rural economic development are listed in Appendix A.

The community VET sector matters. It is a precious resource that, if it were to disappear, would be irreplaceable – especially in regional and rural Australia. If there were not 2,500 adult and community education providers (almost 20% of them RTOs) in Australia, no-one would (re-)create them, with all their diversity, accessibility, volunteer commitment and proximity to their communities.

The absence of an Australian national policy on community education particularly affects regional and rural community providers. The adult and community sector (known as “ACE”) last had a “Ministerial Statement” issued in December 2008 by the Ministerial Council for Vocation and Technical Education.⁸ That statement confirmed the “value of ACE in developing social capital, building community capacity, encouraging social participation and enhancing social cohesion.” The statement also described how the sector can respond to industrial, demographic and technological changes in Australia, including important contributions to skills and workforce development – and thus to productivity.

There is very little in the 2008 Ministerial Statement that does not apply today. But the world of post-school education has changed rapidly in the past nine years, the post-GFC period. Australia needs a national policy statement that articulates the new realities of vocational education and training, given our rapidly changing economy in the post-mining boom period. This statement must include the complementary nature of community providers to TAFE and

⁵ See Rip Rapson, <http://kresge.org/library/philanthropy-crossroads>; and Ylvisaker, <http://pfc.ca/wp-content/uploads/2015/02/small-can-be-effective.pdf>.

⁶ Most community providers receive substantial amounts of state or territory government funding.

⁷ Adapted from Rip Rapson, <http://kresge.org/library/philanthropy-crossroads>.

⁸ See http://cca.edu.au/wordpress/wp-content/uploads/2016/06/Ministerial_Declaration_on_Adult_Community_Education_2008.pdf.

the private for-profit VET sector, as well as the role in educating young people, and providing services to the National Disability Insurance Scheme (NDIS) and other programs.

In short: a national policy on community education is required to underpin the important role that community VET providers can play, in order to fulfil their potential of becoming the “passing gear” in regional and rural Australia.

4. Education in Regional and Rural Australia: Our Greatest Challenge

Education is essential to economic and social sustainability, “the groundwork on which much of our economic and social well being is built.... the key to increasing economic efficiency and social consistency.” Improving educational access and outcomes are desperately important to regional and rural Australia.⁹ The Regional Australia Institute states:

Achieving more equitable education outcomes across regional Australia is *our nation’s greatest challenge* in realising the potential of regional Australia.... [While] some of Australia’s smallest Heartland regions are achieving very strong education outcomes ... too many places struggle to achieve the basic education levels every place needs to compete in today’s economy. Can Australia lift education performance in lower performing regions and deliver a consistent, equitable basic education to all Australians? This is not just the right thing to do, it is central to the future of our economy.¹⁰

The Institute also projects optimism: “Poor outcomes in some regions should not be viewed as an inevitable result of location.... The strong outcomes for some rural and remote communities demonstrate that competitive human capital can be developed in all parts of Australia.”¹¹

5. Creating Social Capital through Community-Provided VET

Community education organisations are well-known for their ability to create “social capital”, defined by the OECD as “networks together with shared norms, values and understandings that facilitate co-operation within or among groups.”¹²

⁹ “Education is the most powerful weapon you can use to change the world,” said Nelson Mandela. See <http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/education-for-sustainable-development/education-for-sustainable-development/> and “The role of education in economic development: A theoretical perspective,” by Ilhan Ozturk, https://mpira.ub.uni-muenchen.de/9023/1/MPRA_paper_9023.pdf.

¹⁰ See <http://www.regionalaustralia.org.au/home/2015/11/human-capital/>.

¹¹ See <http://www.regionalaustralia.org.au/wp-content/uploads/Insights-for-Competitive-Regions-Human-Capital-FINAL-20150810.pdf>.

¹² See “What is social capital?”, OECD, <https://www.oecd.org/insights/37966934.pdf>.

Adult Learning Australia describes the connection between social capital and Australian adult and community education (ACE):

Robert Putnam, the sociologist most closely associated with theories of social capital, makes the important distinction between bonding capital, that is, links with like people, and bridging social capital; links with people from different backgrounds.... Bridging capital ... is closely associated with social cohesion. Adult education is a significant builder of bridging social capital.¹³

Harvard professor Putnam speaks highly of the importance of “community-based education” in creating social capital.¹⁴ The Centre for Rural and Regional Innovation at the University of Queensland has connected VET, social capital and regional Australia, noting that vocational education and training mobilises “social capital, as well as human, environmental, cultural and built (that is, physical) capital in regional Australia. These various types of capital are core requirements for sustainable regional development.”¹⁵

This “capital-building” potential was acknowledged by the Australian Government in May 2009, when the Government set up a \$100 million “Investing in Community Education and Training program”, as the third element of a \$500 million Teaching and Learning Capital Fund for Vocational Education and Training. The fund offered not-for-profit community education and training providers small capital grants (\$50,000 to \$250,000) to assist with minor construction, refurbishment and the purchase of equipment; and larger grants (\$250,000 to \$1.5 million) for major capital infrastructure developments or upgrades.¹⁶ The initiative was set up to:

Stimulate the economy by supporting jobs, whilst also investing in skilling Australia for a productive future. The initiative recognises the unique value of community education and training and its role in providing thousands of Australians with pathways into further education and training or employment. This is the first time the Australian Government has made a major capital investment directly into the community education sector.¹⁷

Unfortunately, it was also the last time. With funds from this program, community education organisations made important facilities investments in about 200 locations, the majority in regional and rural areas. The investments from this time have continued to pay significant community benefits to the communities. This experience shows that community education organisations have the capacity to become true regional investment vehicles. CCA believes that it is time to reconstitute a similar program for community providers.

¹³ See Adult Learning Australia, “Adult Learning and Civic Participation”, <https://ala.asn.au/civic-participation/>.

¹⁴ See Robert Putnam’s speech, entitled “Education, Diversity, Social Cohesion and ‘Social Capital’”, Dublin, Ireland, 18 March 2004, [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=EDU/EC/MIN\(2004\)5&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=EDU/EC/MIN(2004)5&docLanguage=En)

Also see Mark Smith on Putnam and informal education at <http://infed.org/mobi/robert-putnam-social-capital-and-civic-community/>

¹⁵ See http://library.bsl.org.au/jspui/bitstream/1/749/1/Building_learning_communities.pdf, p. 4.

¹⁶ See Julia Gillard MP, Minister for Education press release, “Investing in community education and training for tomorrow,” Australian Government Department of Employment, Education and Workplace Relations, 20 May 2009, <https://ala.asn.au/images/document/Infrastructure%20Funding%20release.pdf>.

¹⁷ See Julia Gillard, “Investing in community education and training for tomorrow.”

6. The Geography of Community VET Providers

In 2015 about 4.5 million vocational education and training (VET) students enrolled with 4277 Australian providers (including 468 community providers). Not-for-profit community education providers delivered training to 205,700 students (4.5% of the national total), with private for-profit providers (3,012,100 students, two-thirds of the total) and TAFE/government-owned providers (932,300, 20.5% of the total) delivering the majority of the courses. See Table 1 below.

Despite extensive political and media attention that is given to state and territory TAFE systems, community education providers had almost one-quarter the number of students that TAFE providers had in 2015 (205,700/932,300).

Table 1: Breakdown of Australian VET Students by Provider, in 2015

Provider type	Number	Percentage (%)
Private for-profit	3,012,100	66.3
TAFE and government	932,300	20.5
Community providers	205,700	4.5
Schools	150,600	3.3
Enterprise providers	112,800	2.5
Universities	81,900	1.8
More than one provider type	47,300	1.0
Total	4,542,600	100

Source: National Centre for Vocational Education Research (NCVER)¹⁸

Australian community education activity is greatest in Victoria (59% of all community providers) and New South Wales (18% of community providers). The breakdown of the 468 community education VET providers in 2015 (by head office location) is shown below.

Table 2: Australian Community Education Registered Training Organisations in 2015

State/territory	Number of Providers	% of national total
New South Wales	84	17.9
Victoria	277	59.2
Queensland	32	6.8
South Australia	35	7.5
Western Australia	15	3.2
Tasmania	7	1.5
Northern Territory	5	1.1
Australian Capital Territory	14	3.0
Total	468	100

Source: NCVER¹⁹

The number of community providers in each state also reflects the community education student numbers. In 2015, Victorian (35%) and New South Wales (24%) providers had the

¹⁸ See <https://www.ncver.edu.au/publications/publications/all-publications/2874>.

¹⁹ See https://www.ncver.edu.au/_data/assets/pdf_file/0031/59584/Total-VET-students-and-courses-2015.pdf.

greatest number of VET students, followed by Western Australia (14%), Tasmania (8%) and Queensland (6%). (See Table 3 below.)

Table 3: Students by provider type and the state or territory where the training was delivered, 2015 ('000)

Provider type	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Over-seas	Other	Total
TAFE	364.7	203.4	112.1	75.7	105.5	22.6	3.6	18.9	24.9	0.9	932.3
University	0.6	53.3	9.2	0.1	0.4	0.9	13.6	0.0	3.8	0.0	81.9
School	71.5	14.9	55.1	1.1	2.3	1.3	0.7	3.6	-	0.0	150.6
Community education	49.7	72.6	12.4	9.2	29.4	15.8	10.0	6.6	-	0.0	205.7
Enterprise provider	28.6	12.7	40.0	9.0	18.0	1.6	1.6	1.2	0.1	0.2	112.8
Private for-profit	816.7	756.7	846.3	145.2	321.6	29.6	28.1	53.4	5.6	8.9	3,012.1
attending more than one provider	6.3	4.1	20.5	4.8	7.3	3.5	0.0	0.0	-	0.7	47.3
Total students	1,338.2	1,117.6	1,095.6	245.2	484.5	75.3	57.6	83.7	34.3	10.7	4,542.6

Source: NCVER²⁰

The community education sector's share of government-funded VET is slightly greater than the share of overall VET delivery. As Table 4 below shows, in 2015 some 5% of students enrolled with community providers.

Table 4: Government-funded VET students by provider type, 2015

Provider type	Total	Percentage (%)
TAFE	944,300	59.1
Community providers	80,300	5.0
Private for-profit	554,300	34.7
Attending more than one provider	19,000	1.2
Total	1,597,800	100

Source: NCVER²¹

7. Community Education in Regional and Rural Australia

Although the percentage of VET students enrolled with community providers sits around 5%, based on national and state government figures CCA estimates that the regional and rural VET delivery by community providers is much higher: approximately twice that amount, including up to 10% in New South Wales and 20% in Victoria.²²

Adult Learning Australia reports:

One quarter (25%) of Victorians live in rural and regional Victoria, yet 44% of delivery by community-based adult education providers registered with the Victorian ACFE

²⁰ Source: <https://www.ncver.edu.au/publications/publications/all-publications/2874>.

²¹ See <https://www.ncver.edu.au/publications/publications/all-publications/2872>.

²² See NSW Department of Industry 2015; and https://ala.asn.au/wp-content/uploads/2011/02/regional-research-report_WEB.pdf

Board in 2011 occurred in regional and rural Victoria and approximately half of the 312 providers are based in a rural and regional community.

Around one quarter (27%) of the residents of NSW live in regional and rural NSW, yet close to three quarters (72%) of NSW government funded Community College delivery was in regional and rural NSW. There are twice as many regional and rural Community Colleges (31) as metropolitan colleges (15) contracted to the NSW government.

Around one quarter (27%) of the residents of South Australia live in rural and regional areas, yet 30% of accredited and 59% of non-accredited ACE activity occurs in regional and rural areas.²³

The connection to employment outcomes in regional and rural Australia is a natural fit for community education providers. Recent data from the National Centre for Vocational Education Research shows the importance of the community education sector to employment outcomes, given that so many community education students come from disadvantaged backgrounds and use the training to move into employment. Community education providers topped all categories (TAFE, private for-profit, university), with almost half (48.9%) of graduates employed at the end of the training that had not been employed prior to commencing their study. Students who have studied VET courses with community education providers rate their experience very highly:

- Graduates were highly satisfied (87.1%) with the overall quality of their training, second only to TAFE graduates (at 87.7%); and
- A record 92.7% of graduates (the most of any category) would recommend community training providers: more than TAFE (92.3%), universities (90.6%) and private training providers (89.6%).²⁴

8. The Population of Regional, Rural and Remote Australia

The ARIA classification (“Accessibility/Remoteness Index of Australia”) groups Australia into five geographic categories:

- major cities (example - Sydney)
- inner regional (example – Bendigo)
- outer regional (example – Mackay)
- remote (example – Alice Springs)
- very remote (example – Tennant Creek)²⁵

Within this context, Newcastle and Wollongong (NSW) and Geelong (VIC) are classified as major cities (see Table 5 below). However, for the purposes of educational accessibility and community functioning, because of accessibility issues CCA regards only Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra as “major cities” or “metropolitan” areas, and places all other Australian locations as “non-metropolitan” (thus the “regional” numbers

²³ See https://ala.asn.au/wp-content/uploads/2011/02/regional-research-report_WEB.pdf

²⁴ See NCVET, <https://www.ncver.edu.au/publications/publications/all-publications/total-vet-graduate-outcomes-2016>.

²⁵ See <http://www.abs.gov.au/websitedbs/d3310114.nsf/home/remoteness+structure> and <http://www.aihw.gov.au/rural-health-remoteness-classifications/>. A sixth category of “off-shore, migratory and shipping” is “migratory” and not mapped.

are effectively slightly higher than shown below). Thus the definition of “regional and rural” roughly encompasses more than seven million people, and about one-third of Australia’s population. This is also the definition used by the Regional Australia Institute.²⁶

The table also shows that there are very different population structures between Australia’s Indigenous (Aboriginal and Torres Strait Islander) population and its non-Indigenous population: almost two-thirds of the 690,000 Indigenous Australians live in regional or remote locations. This is almost the inverse of the non-Indigenous population, where two-thirds are living in major cities.

Table 5: Regional Breakdown of National and Indigenous Australian Population, 2011

	Indigenous %	Indigenous number	Non-Indigenous %	Total Australian %
Major cities	34.8	233,100	71.3	70.2
Inner regional	22.0	147,700	18.3	18.4
Outer regional	21.8	146,100	8.7	9.1
Remote	7.7	51,300	1.2	1.4
Very remote	13.7	96,100	0.5	0.9

Source: Australian Bureau of Statistics estimates as of 30 June 2011.²⁷

Although Indigenous Australians make up about 3% of Australia’s population, they are proportionately over-represented outside the major cities: while Indigenous people comprise only 1% of the population in major cities, they are 3% in inner regional areas, 6% in outer regional areas, 15% in remote areas and 49% in very remote areas.²⁸ This has important implications for the delivery of education services in regional and rural Australia.²⁹

9. The Economy of Regional and Rural Australia

The economy of regional and rural Australia is crucial to the country’s future, especially in certain industries. Regional and rural Australia:

- provides the major source of Australia’s export earnings, accounting for 67% of the value of Australia’s exports; and
- plays a critical role in the Australian tourism industry, making a direct contribution to Australia’s Gross Domestic Product (GDP) of \$35 billion annually, with some 45% of tourism expenditure occurring in areas outside of Australia’s capital cities.³⁰

The rural sector and farm-dependent economy includes 12% of total GDP, 14% of exports, 17% of employment, 60% of the land mass, and between half and two-thirds of water use. In addition, mining accounts for 9% of GDP, 35% of exports, and 2.2% of employment.³¹

²⁶ See <http://www.regionalaustralia.org.au/home/what-is-regional-australia/>.

²⁷ See <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3238.0.55.001>.

²⁸ See <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3238.0.55.001> and Baxter *et al*, <https://aifs.gov.au/publications/families-regional-rural-and-remote-australia>.

²⁹ Community providers deliver a wide and creative range of services to Indigenous Australians. See Appendix A for details of the ACE Community Colleges (Lismore) “Licensed and On the Road” Aboriginal driver education.

³⁰ Source: Regional Universities Network, http://www.run.edu.au/cb_pages/regional_australia.php.

³¹ See: <http://www.smartcompany.com.au/business-advice/innovation/38323-why-a-rural-failure-could-ruin-the-australian-economy/>.

The Australian Regional Universities Network states that regional Australia:

Holds the keys to a sustainable future for Australia. It is where solutions can be found to key national and global challenges such as: food security, biodiversity, climate change, water solutions, preservation of Indigenous cultures and Indigenous economic development, and social inclusion.³²

These opportunities are consistent with innovation pioneer Catherine Caruana-McManus' identification of Australian "industries of the future", of which four are primarily rural and regional: Agtech (food security and technology); tourism; new energy sources; and environmental and green technology.³³

But all is not rosy in regional and rural Australia, a part of the country where distance and isolation lead to reduced access to services such as health, education and transport; generally lower incomes; and a much more vulnerable employment base.³⁴

The geographic remoteness of regional and rural Australia also results in reduced access to services, including doctors, employment services, telecommunication services, Centrelink, banks and other financial institutions, disability services, family assistance offices and Medicare. See Table 6 below. Although remoteness is clearly not the only factor – single parent households correlate highly – distance from a major city has a strong direct correlation with difficulty in accessing services.

Table 6: Percentages of Families with Difficulty Accessing Services by Remoteness

Type of household	% Major Cities	% Inner Regional	% Outer Regional
Couple-parent families	19	27	40
Lone-parent families	29	31	43
Couples without children living with them	16	23	36

Source: Australian Institute of Family Studies, based on the General Social Survey 2006 (GSS 2006)³⁵

A number of key indicators show the economic weakness of regional and rural Australia:

- 24 regional local government areas (LGAs) have no high performing high school students;
- The welfare dependency average in local government areas (LGAs) in regional Australia is 30%, compared to a metropolitan average of 19%; and
- Only 6 of the 100 most "technologically ready" Australian LGAs are regional.³⁶

More important are the long-term macro-economic trends. While Australia's Gross Domestic Product continues to increase substantially in capital cities, especially Sydney and Melbourne, it has been lagging outside of the capital cities. During the 2014/15 financial

³² Source: http://www.run.edu.au/cb_pages/regional_australia.php.

³³ Source: Presentation by Catherine Caruana-McManus at the ACPET Conference, 25 August 2016, Hobart, Tasmania.

³⁴ See http://ruralhealth.org.au/documents/publicseminars/2013_Sep/Joint-report.pdf.

³⁵ See <https://aifs.gov.au/publications/families-regional-rural-and-remote-australia>.

³⁶ Source: <http://www.regionalaustralia.org.au/home/2015/11/human-capital/>.

year, the GDP per capita fell (went negative) in regional New South Wales, Victoria, Queensland and South Australia.³⁷

10. Young People and Regional and Rural Australia

Figures compiled by the Mitchell Institute show the particular challenges facing rural and regional young people and their reduced access to education: “compared to metropolitan students, [they] attend school less frequently, [are] less likely to go to university and more likely to drop out if they enrol.”³⁸

How has the employment of young people fared in the last ten years? In Australia, we call it the “Global Financial Crisis” (GFC), but Americans call it “The Great Recession”.³⁹ The differences in terminology indicates the relative severity of the financial meltdown in 2008 and 2009.⁴⁰

So while Australia missed the recession (the only developed country in the world not to fall into a technical recession), not every Australian did. Among the worst off were young people, especially young people living in regional or rural Australia.

As Greg Jericho writes in *The Guardian Australia*, “Australia didn’t have a ‘great recession’? Tell that to young people”. He illustrates with two sets of figures: “In March 2008, a record high 65.1% of those aged 15 to 24 were employed. By July 2016, it was just 58.8%. By contrast the fall in the percentage of those employed aged over 25 was just 0.7% points.”⁴¹ The 2016 publication *Investing in Youth - Australia* by the OECD also provides a detailed examination of Australian youth unemployment.⁴²

In other words: adult Australian employment did not suffer much during the GFC, but young people’s employment did, and young people’s unemployment has not recovered.

The result for regional and rural Australia is harsher yet. The report *Australia’s Youth Unemployment Hotspots Snapshots* from the Brotherhood of St Laurence shows that although there has been improvement in the overall rate of youth unemployment, the national figures mask the reality that clusters of high youth unemployment persist – stubbornly and unevenly – across the country, especially in many rural and regional locations. Their analysis identifies 20 regional areas with high youth unemployment rates: Mount Isa (reaching 28 percent), Hunter Valley, Wide Bay (QLD), Cairns, Southeast

³⁷ See <https://www.sgsep.com.au/publications/gdp-major-capital-city-2014-2015>; <http://www.theage.com.au/victoria/sgs-economics-melbourne-booms-while-regional-victoria-sinks-20160213-gmtj4k.html>; and <http://www.smh.com.au/comment/the-big-cities-strike-back-why-sydney-and-melbourne-are-closer-than-you-think-20160415-go7o9b.html>.

³⁸ See <http://www.mitchellinstitute.org.au/fact-sheets/young-people-in-rural-and-remote-communities-frequently-missing-out/>.

³⁹ See <http://www.federalreservehistory.org/Events/DetailView/58> and <https://www.lowyinstitute.org/issues/global-financial-crisis>.

⁴⁰ See <http://www.cbsnews.com/news/how-australia-ducked-the-crisis/>; <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2011/Economic-Roundup-Issue-2/Report/Part-1-Reasons-for-resilience>; and <https://www.theguardian.com/commentisfree/2013/aug/28/australia-global-economic-crisis>.

⁴¹ See <https://www.theguardian.com/commentisfree/2016/sep/15/australia-didnt-have-a-great-recession-tell-that-to-young-people>.

⁴² See <http://www.oecd.org/social/investing-in-youth-australia-9789264257498-en.htm>.

Tasmania, Mid North Coast of NSW, Barossa-Yorke (SA), New England and Northwest NSW, Townsville and a large number of others.⁴³

The higher unemployment rates of young people, along with the lower socio-economic levels, in regional and rural Australia have important implications for VET outcomes. Recent NCVET research points out that:

- "Learners from disadvantaged backgrounds who enrol in VET are less likely to complete by comparison with their non-disadvantaged peers; and
- Employment status before starting the VET course, not actually completing the course, is a key factor in determining employment outcomes post-VET."⁴⁴

Young People in School

Keeping young people in some form of formal education is a high priority for Australia's future, with rural and regional Australians missing out. As the Australian Bureau of Statistics states:

Within Australia, Year 12 attainment is regarded as a key factor in the formal development of an individual's skills and knowledge. Those with Year 12 have a greater likelihood of continuing with further study, particularly in higher education, as well as entering into the workforce. Year 12 attainment contributes to the development of a skilled workforce, and in turn, to ongoing economic development and improved living conditions. In 2010, young adults (20-24 years) were more likely to have attained Year 12 if they lived in Major Cities (81%) compared with Inner or Outer Regional Areas (67%) and Remote or Very Remote Areas (64%).⁴⁵

The Mitchell Institute at Victoria University has summarised the educational attainment of young people (by age 19) in the following figure. The patterns are clear:

- Females do better than males.
- While young people in the ACT do best, those in Tasmania and the Northern Territory do worst, significantly so.
- The more remote you live, the worse your education, on a straight line downwards: educational attainment is directly related to location, with "major cities" at the top, followed by inner regional locations, outer regional, remote and finally very remote.
- The higher your "SES" (socio-economic status), the higher your education; the lower your SES, the lower your education.
- Indigenous Australians rank significantly below non-Indigenous Australians.⁴⁶

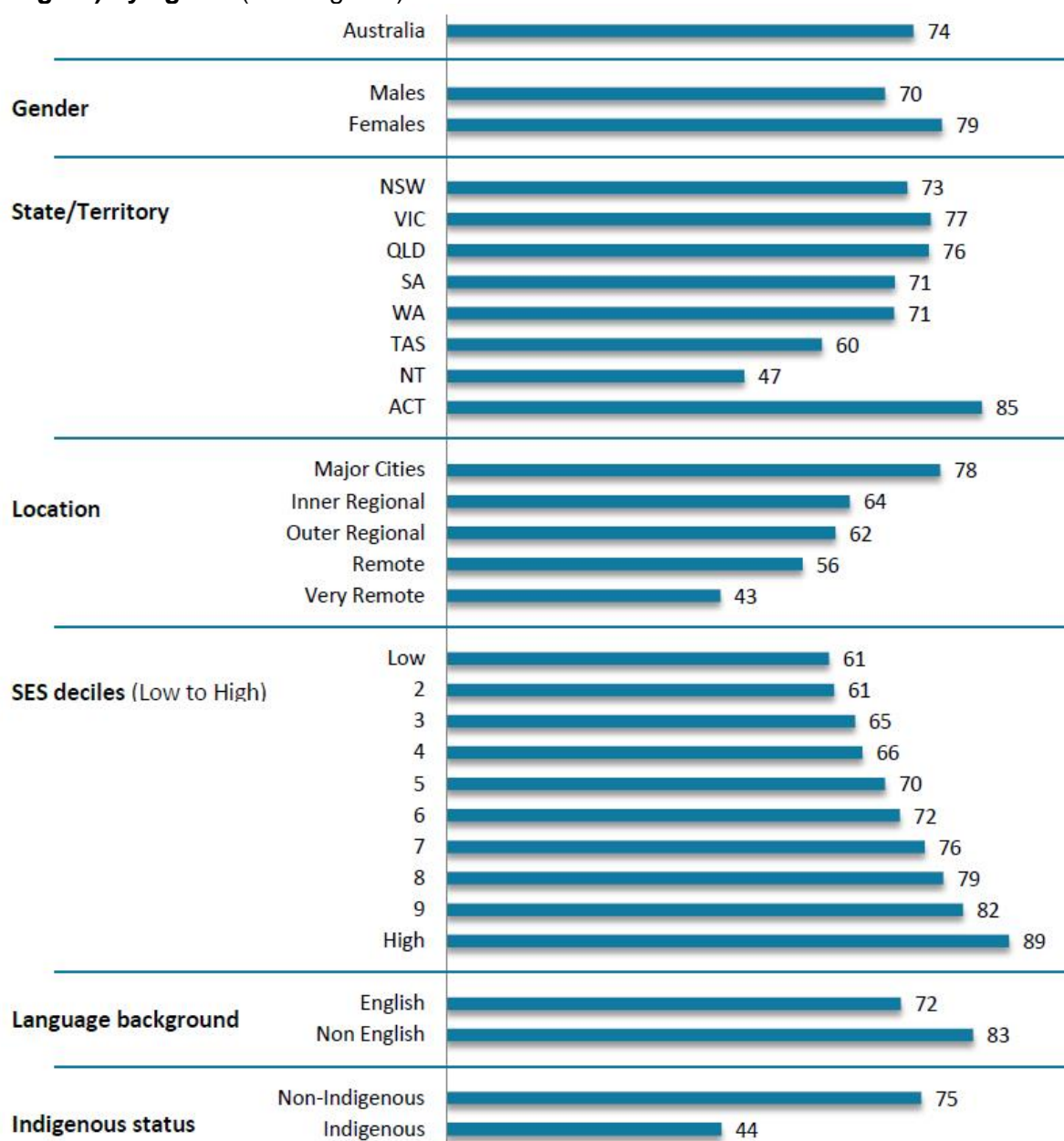
⁴³ *Australia's Youth Unemployment Hotspots Snapshot*, Brotherhood of St Laurence, March 2016, http://library.bsl.org.au/jspui/bitstream/1/9004/1/BSL_Aust_youth_unemployment_hotspots_Mar2016.pdf.

⁴⁴ See McVicar and Tabasso, <https://www.ncver.edu.au/publications/publications/all-publications/the-impact-of-disadvantage-on-vet-completion-and-employment-gaps>.

⁴⁵ Source: Australian Bureau of Statistics, 2011 <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features40Mar+2011>. Also see <http://www.mitchellinstitute.org.au/fact-sheets/senior-school-years-school-completion-uneven-across-australia/>.

⁴⁶ See <http://www.mitchellinstitute.org.au/fact-sheets/senior-school-years-school-completion-uneven-across-australia/>.

Figure 1: Percentage of young people completing year 12 or equivalent (Certificate III or higher) by age 19 (2015 figures)



(Source of Figure 1: Educational opportunity in Australia 2015, Centre for International Research on Education Systems at Victoria University, for the Mitchell Institute.⁴⁷)

In addition to these figures, there are marked rural and regional differences in the ATAR (university entry scores): 62.3% of students in major cities completed an ATAR in 2009, compared to 44% in regional areas and only 27.7% in remote areas.⁴⁸

The post-school experiences of rural, regional and remote young people continue to compound the disadvantage, facing greater vulnerability in the transition from school to

⁴⁷ Reproduced from <http://www.mitchellinstitute.org.au/fact-sheets/senior-school-years-school-completion-uneven-across-australia/>.

⁴⁸ Lamb et al, http://research.acer.edu.au/cgi/viewcontent.cgi?article=1228&context=research_conference.

further study and work. In 2011, about six months after leaving school, young people who were still looking for work or in part-time work only were:

- 13.4% in major cities;
- 21.7% in provincial cities;
- 19.8% in provincial centres;
- 23.0% per cent in large towns;
- 18.4% in small towns and rural areas; and
- 19.3% per cent in remote areas.⁴⁹

University Qualifications in Regional and Rural Australia

Levels of educational qualifications differ significantly between Australia's capital cities and rural and regional Australia, with the differential increasing the further people live from major cities. Of Australians aged between 25 and 64 in 2011, 31% of major city residents held bachelors degrees or above, compared to 18% of residents in inner regional areas, 15% in outer regional areas and 12% in remote areas. Encouragingly, the rate of growth of higher education qualifications was slightly higher in regional and rural Australia than in the capital cities in the five year period leading to 2011 – indicating a strong desire of non-metropolitan residents for further education.⁵⁰

Low levels of university commencement reflect the crucial barriers that face young people in rural and regional Australia. With only a few exceptions (small cities with regional university campuses), it is impossible to live at home while studying on campus, greatly adding to the economic, social and psychological costs of study. Online distance study is usually a poor choice for entering university students, given the fact that one in five Australian students leave their course during their first year of study.⁵¹ The drop-out rate for Australian university students studying via online (distance) mode is significantly greater than for on-campus students.⁵² Academic research studies consistently show that, "In spite of the growth in online learning, high dropout rates have been of concern to many organisations and higher education institutions."⁵³

There is a strong perception that university study is less relevant in regional and rural Australia: aside from the costs, fewer rural jobs demand a university degree, and opportunities for those with degrees to use their training are often limited. This in turn becomes ingrained in attitudes towards higher education, with lower expectations in turn producing lower educational attainment.⁵⁴ For regional and rural Australian university students, the first year drop-out rates are consistently higher and completion rates consistently lower than the rates of metropolitan students. Of the nine worst-performing universities in drop-out rates, only one is located in a major capital city (Murdoch). The

⁴⁹ Source: http://research.acer.edu.au/cgi/viewcontent.cgi?article=1228&context=research_conference.

⁵⁰ See <http://www.run.edu.au/resources/Regional%20Australia.pdf>. The results of Australia's 2016 Census are not yet available.

⁵¹ About one-third of these students change courses or institutions, but just over two-thirds drop out entirely. See <http://www.smh.com.au/data-point/university-census-date-arrives-one-in-five-students-quit-by-first-year-20140329-35pv4.html>.

⁵² See <http://www.irrodl.org/index.php/irrodl/article/view/1647/3448> and <https://theconversation.com/online-learning-can-work-if-universities-just-rethink-the-design-of-their-courses-50848>.

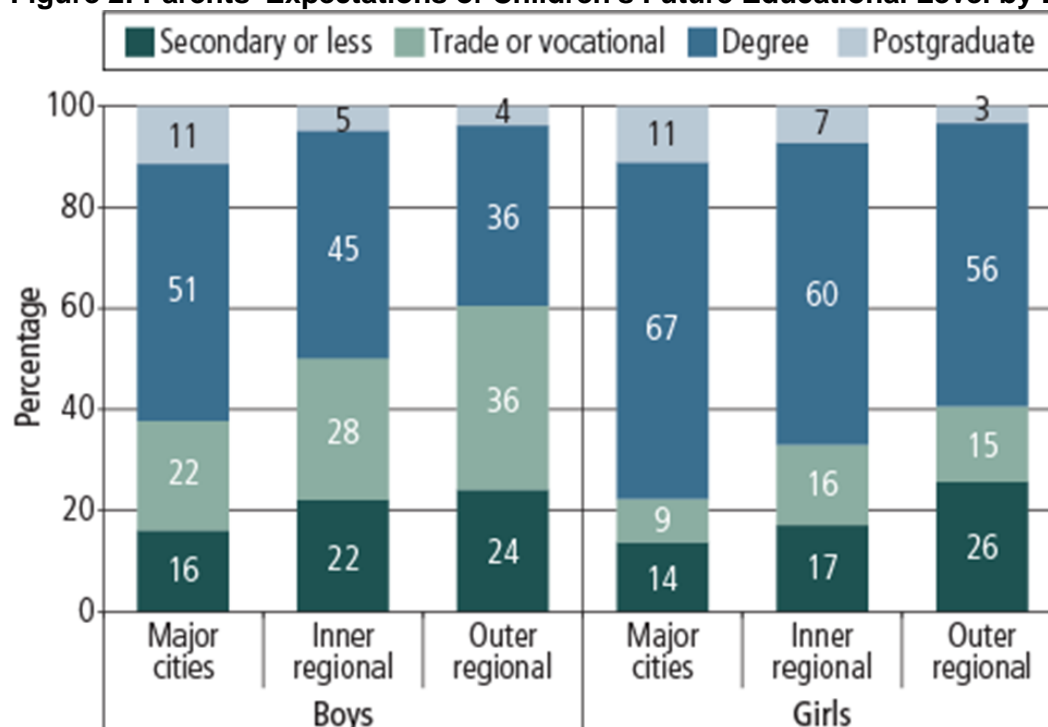
⁵³ See Park and Choi, http://www.ifets.info/journals/12_4/18.pdf.

⁵⁴ See http://ruralhealth.org.au/documents/publicseminars/2013_Sep/Joint-report.pdf, p. 7.

reverse is also true, in that only one of the ten top-performing public universities is located outside a major capital city (University of Wollongong).⁵⁵

Figure 2 below shows the expectations of parents for their children's future education, by gender and location, as reported by parents of children aged eight to nine years. Not surprisingly, the expectations are highest – for both boys and girls – in the major cities. There is also a very significant gender gap, with the educational expectations of girls significantly higher than boys. Boys are expected to participate in VET (“trade or vocational”) at much higher (almost double) rates, with VET expectations increasing with remoteness.

Figure 2: Parents' Expectations of Children's Future Educational Level by Location



Source: *Growing Up in Australia: The Longitudinal Study of Australian Children (LSAC)*, Australian Institute of Family Studies, March 2011.⁵⁶

11. VET in Regional and Rural Australia

Because of the economic and business structure of most regional and rural areas, VET is usually seen as more relevant to future careers and more actively undertaken. NCVET research concludes that, “it is likely that the lower educational and skill base in rural and

⁵⁵ See *Completion Rates of Higher Education Students: Cohort Analysis, 2005-2014*, Australian Government Department of Education and Training, January 2017, <https://docs.education.gov.au/node/41841>. Also see Liz Burke (2017), <http://www.news.com.au/finance/work/careers/nation-of-dropouts-university-completion-rates-drop-to-a-new-low/news-story/1265f4d9872db263694aaa74f815c432>.

⁵⁶ See <https://aifs.gov.au/publications/families-regional-rural-and-remote-australia>.

remote Australia means the marginal impact of vocational education and training programs is greater than in metropolitan areas.”⁵⁷

VET participation runs about 50% higher outside of metropolitan areas, with higher education (university) participation in regional areas at rates half or less. These figures are consistent with the evident decline in secondary school participation (age 16 above) as remoteness increases. (See Table 7 below.)

Table 7: Educational Participation by Regional Classification

Indicator	Metro %	Inner regional %	Outer regional %	Remote %	Very remote %
Participation in VET	7.4	10.7	11.2	11.9	10.4
Secondary School participation age 16	81.2	77.0	73.9	65.6	52.3
Higher ed participation of school leavers	36.7	20.1	16.1	13.1	4.3
Left school year 10 or below	30.8	41.5	42.3	41.2	50.3

Source: Compiled by PHIDU based on data from the National Centre for Vocational Education Research, 2012; and the ABS Estimated Resident Population, 30 June 2012.⁵⁸

VET participation rates are also not uniform across Australia (see Table 8 below): Victoria, New South Wales and South Australian rates run higher than in Queensland, Western Australia and Northern Territory, particularly notable in inner and outer regional areas.

⁵⁷ Source: Kilpatrick, Sue and Bell, Rowena (1998) *Vocational Education and Training in Rural and Remote Australia*, National Centre for Vocational Education Research, Adelaide, https://www.ncver.edu.au/_data/assets/file/0014/3209/200.pdf.

⁵⁸ See <http://phidu.torrens.edu.au/current/graphs/sha-aust/remoteness/aust/education.html>.

Table 8: Australian VET Participation by State/Territory

Indicator	Metro %	Inner regional %	Outer regional %	Remote %	Very remote %
NSW	6.3	11.9	14.6	15.4	18.5
VIC	10.3	13.9	16.6	19.8	-
QLD	5.9	7.8	7.9	8.4	10.4
SA	8.2	10.8	12.5	13.5	12.9
WA	6.1	7.5	10.8	12.1	9.6
TAS	-	8.6	10.6	13.4	14.6
NT	-	-	8.6	13.2	9.9
Australia	7.4	10.7	11.2	11.9	10.4

Compiled by PHIDU based on data from the National Centre for Vocational Education Research, 2012; and the ABS Estimated Resident Population, 30 June 2012. (released October 2014)⁵⁹

The Youth Affairs Council of Victoria notes that rural and regional students “are more likely to be dealing with socio-economic and educational disadvantage, so tend to go into VET with relatively low levels of previous qualification and are more likely to take Certificate courses at junior levels.”⁶⁰ This has long-term impacts on their educational achievement levels, as well as the type of VET courses are in greatest demand.

A 2010 Skills Australia report also refers to the type of VET undertaken in regional and rural Australia:

Approximately 45 per cent of VET students are in regional, rural and remote Australia, compared to 20 per cent of higher education students. The qualifications being studied by VET students also suggest the sector plays a role in laying the foundations for an educational pathway in the regions. Lower level qualifications (Certificate III and below) are a feature of the qualification profile of VET students especially in the outer regions and remote areas. Higher level studies of Certificate IV and above are a more marked characteristic of those enrolled in major cities.⁶¹

The flexibility and practicality of vocational education and training has meant that the sector “has responded particularly well to the broader social issues especially apparent in regional centres, such as an ageing population and the growing number of retirees.”⁶² Nevertheless, as the Australian Human Rights Commission has pointed out, rural distance and lack of accessibility often means that, “There are still too few opportunities for secondary-aged students to participate in vocational education and training courses of relevance to the industries and businesses in their local areas.”⁶³

⁵⁹ See <http://phidu.torrens.edu.au/current/graphs/sha-aust/remoteness/aust/education.html>.

⁶⁰ Source: Youth Affairs Council of Victoria, <http://www.yacvic.org.au/policy-publications/publications-listed-by-policy-area/27-education-and-training/414-vet-and-young-victorians>.

⁶¹ Source: Skills Australia, <http://www.rdasdney.org.au/imagesDB/wysiwyg/discussionpaper-creatingnewdirectionforVET-hr.pdf>, pp. 32-33.

⁶² Source: http://library.bsl.org.au/jspui/bitstream/1/749/1/Building_learning_communities.pdf, p. 6.

⁶³ See “Recommendations”, p. 80, <https://www.humanrights.gov.au/our-work/rights-and-freedoms/projects/rural-and-remote-education-inquiry>.

As noted in the section on regional and rural demographics, Indigenous Australians live in regional and rural Australia in greater percentages than their share of the Australian population (3%). In addition, Indigenous Australians also participate in vocational education and training in greater percentages. The Productivity Commission reports:

Nationally, the participation rate in government funded VET for Aboriginal and Torres Strait Islander people aged 15–64 years was 17.4 per cent in 2013, compared with 16.9 per cent in 2009 and 15.1 per cent in 2004. The participation rate for the non-Indigenous population aged 15–64 years was 8.9 per cent in 2013, compared with 7.5 per cent in 2009 and 7.0 per cent in 2004.⁶⁴

While the experience of regional and rural VET is different from the metropolitan areas, it is hard to obtain data that examines student outcomes and provider types and sizes by geographical area. While the NCVET has this data, publishing and tracking it annually will assist policy-makers and the VET sector generally to monitor the performance of VET by geographic classification, and not just on a national and state/territory basis.

12. Flexible Learning and the “Digital Divide”

As a response to the challenge of increasing accessibility of VET outside of major cities, delivering VET via online (distance/flexible) modes to rural and regional learners holds many challenges, some of which are described above in the discussion of higher education.

Availability of proper broadband access and suitable computer equipment at home can be challenging for many disadvantaged rural and regional learners, with less competition (fewer ISPs), substantially higher costs and poorer service – despite the growth of the National Broadband Network (NBN).⁶⁵ The NBN does not appear to have lived up to its early promise, with Australians continuing “to experience low speeds and high prices relative to other countries,” according to the Technology Policy Institute.⁶⁶ While almost all Australians believe that the Internet is an essential service, only about one in five believe that the NBN will be able to supply it.⁶⁷

Australia has a well-documented “digital divide”, with almost three million Australians not online.⁶⁸ While this divide is narrowing, “important divisions persist, and there are clear disparities between different groups in their use of the internet.”⁶⁹ Not all Australians have proper online access. Some stark figures tell the story:

⁶⁴ Source: Productivity Commission, <http://www.pc.gov.au/research/ongoing/report-on-government-services/indigenous-compendium-2015>, pp. 5.5-5.6. The report also notes that “These student participation data are not age standardised, so the younger age profile of the Aboriginal and Torres Strait Islander population relative to all Australians is likely to affect the results.”

⁶⁵ See Ogle and Musolino, <http://accan.org.au/our-work/research/1257-connectivity-costs>; and Curtin, http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publications_Archive/CIB/cib0102/02CIB01.

⁶⁶ See Sorensen and Medina, https://techpolicyinstitute.org/press_release/australias-national-broadband-network-failed-to-deliver/.

⁶⁷ See Lewis, <https://www.theguardian.com/commentisfree/2016/oct/06/the-unravelling-nbn-how-turnbull-failed-to-download-the-nations-network-solution>.

⁶⁸ See Thomas *et al*, *Measuring Australia's Digital Divide*, <https://digitalinclusionindex.org.au/wp-content/uploads/2016/08/Australian-Digital-Inclusion-Index-2016.pdf>.

⁶⁹ See Ewing, <https://theconversation.com/australias-digital-divide-is-narrowing-but-getting-deeper-55232>.

- While 88% of households in our major cities have access, this falls to 82% in inner regional locations, and 79% in outer regional, remote and very remote areas.
- While 94% of ACT households have an internet connection, only 82% of Tasmanian and South Australian households have access.
- While two thirds of low-income households have access, 98% of the highest-income households have an internet connection.
- Of the lowest-income households, 44% have a tablet in the home, compared to 76% of the highest-income households. The mean (average) number of devices used to access the internet in the lowest-income households is four compared to seven in the highest: this is an important factor because “these devices enable individuals in the household to access the internet simultaneously.”
- Australians with more education use the internet more: 96% of those with bachelor degrees or higher use the internet, compared 77% for those with Year 12 or below (a large proportion of rural and regional VET students).
- Use of the internet by employed Australians is 93%, but only 70% for unemployed people.⁷⁰

In addition to accessibility issues, research on flexible learning in VET for the NCVER has identified:

- the need for training of teachers and students to maximise the benefits of technology and issues of individual learning styles;
- a lack of training opportunities in the areas of both communications and advanced technologies;
- a lack of accessible technical support;
- how independent learning through flexible delivery requires certain learning capabilities; and
- the need for high-quality online resources.⁷¹

The real costs of distance/online delivery are usually much greater than realised:

Resource allocation and performance indicators for vocational education and training do not fully recognise the infrastructure and development cost of flexible delivery. Teacher/ trainer employment terms and conditions do not adequately take into account the tasks required by flexible delivery.⁷²

The recent Australian Government Department of Education and Training *Redesigning VET FEE-HELP: Discussion Paper* showed that of the low completion rates for VET FEE-HELP funded courses, the lowest completion rates were for online courses: only 7% in 2013 and 2014.⁷³ The discussion paper notes that setting up online VET courses consistently constituted part of a strategy aimed at “reduc[ing] costs associated with teaching staff, rent and equipment”, and clearly meant a reduction in educational quality as well.⁷⁴ Although the badly designed VET FEE-HELP scheme was unique in its operation, the very low online learning success rates of those with those loans does indicate particular challenges to expanding online VET. To do it well, online is not an inexpensive option.

⁷⁰ See Ewing, <https://theconversation.com/australias-digital-divide-is-narrowing-but-getting-deeper-55232>.

⁷¹ See Kilpatrick and Bell, https://www.ncver.edu.au/_data/assets/file/0014/3209/200.pdf.

⁷² See Kilpatrick and Bell, https://www.ncver.edu.au/_data/assets/file/0014/3209/200.pdf.

⁷³ Source: <https://docs.education.gov.au/documents/redesigning-vet-fee-help-discussion-paper>, pp.19-20.

⁷⁴ Source: <https://docs.education.gov.au/documents/redesigning-vet-fee-help-discussion-paper>, p. 22.

13. Challenges of Regional and Rural VET

The final section of this paper discusses the many challenges involved with delivering VET in regional and rural Australia. There is a strong demand for up-to-date recent research that examines the experience of rural/regional VET delivery and VET students. The rapid recent changes in VET funding on national, state and territory levels – such as the commencement of the Commonwealth's VET Student Loans program – has made understanding the situation and developing proper responses even more complicated.

Rural and regional Australia has consistently faced significant economic and demographic challenges and changes, including the impact of crippling droughts, a mining “boom” (and its aftermath), and an increasingly globalised Australian economy. Consistent patterns include “shrinking rural economies, high youth unemployment and a drift to the city by the rural disenchanted.”⁷⁵

A literature review of factors impacting rural and regional VET identifies that:

- “At times, training providers from beyond the local community [were] seen as lacking necessary local knowledge or the commitment to meeting community ... needs.”
- Many believe that the open training market has “generated an unhealthy degree of competition between various providers.”
- A great deal of rural VET addresses “the specific needs of existing workers in enterprises and small business owners, especially equipping farmers with the “skills they needed to manage their diverse small businesses and compete ... successfully in new global markets.”
- “Local councils in rural areas are often major employers and create a significant demand for training.”⁷⁶ As a result, local council amalgamations, with a consequent reduction of local staff, clearly can have an impact on local demand for training.⁷⁷
- Rural and regional Australia has a limited tradition of formal vocational education and training. With the exception of mining and agricultural extension, the industries which dominate non-metropolitan Australia do not have a tradition of formal VET.
- Even though a larger proportion of the non-metropolitan population is employed in small business compared to metropolitan Australia, “small business employees are less likely to participate in formal VET. Many businesses and families have no confidence in their ability to be informed and effective as 'consumers' of VET. Many individuals have low self-confidence as learners.... [that] relate to previous negative experiences of schooling and low education levels.”
- Adult and community education providers are important in providing bridging programs in rural communities.⁷⁸

Other issues facing rural and regional VET provision are:

1. “Thin markets” and unproductive competition

⁷⁵ See Blom and Clayton,

http://www.avetra.org.au/Conference_Archives/2004/documents/PA050BlomClayton.PDF.

⁷⁶ See http://www.avetra.org.au/Conference_Archives/2004/documents/PA050BlomClayton.PDF.

⁷⁷ See Regional Development Australia Northern Inland, http://www.rdani.org.au/files/pages/our-region/current-regional-issues/the-economic-impacts-of-local-government-amalgamations/Economic_Impacts_of_Local_Government_Amalgamations.pdf.

⁷⁸ See TAFE Directors Australia, http://www.tda.edu.au/resources/TDA_Regional_TAFE_Position_Paper.pdf.

2. Impact of “contestable” funding
3. VET Student loans will not assist providers
4. Resourcing and costs
5. Quality and availability of trainers and assessors

13.1 “Thin Markets” and Unproductive Competition

“Thin markets” in VET are “those in which the actual and potential number of learners (meaning low demand) may be too small to attract training providers. Thin markets occur in some occupational areas, industry areas and geographic regions (particularly in rural and remote locations) and can overlap.”⁷⁹ Thin markets have an inefficient spread of resources and expertise, with the result that the most vulnerable courses in rural and regional locations are those that are low-profit and low-demand, but not necessarily the least important.⁸⁰

Kilpatrick and Bell have pointed out that:

There is a lack of variety and diversity of training programs offered in smaller centres. Policy initiatives which foster competition at the expense of cooperation, such as user choice, can have negative consequences in small or thin rural markets. A lack of industry diversity in individual locations limits the range of work placements for training, especially vocational education and training in schools. The capacity of the predominant small business sector to host trainees is limited by economic factors and business training infrastructure. The move of businesses and government operations away from small communities reduces workplace training and assessment opportunities. Small, scattered rural and remote businesses lack bargaining power when procuring training from providers. Small private providers in rural and remote areas can be deterred by the high infrastructure costs imposed by accreditation and competitive tendering.⁸¹

13.2 Impact of Contestable VET Funding

The age of “contestable funding” (“marketisation” or “privatisation”) for VET has increasingly disadvantaged community education providers, making it harder and harder for them to survive. No less than the self-described “Queen of Capitalism”, Business Council of Australia Chief Executive Jennifer Westcott, has said:

We can’t just say let the market work, because it doesn’t always work for everybody.... It doesn’t often work for disadvantaged people, it doesn’t work in certain locations [and] it doesn’t work for emerging skills. Whenever you hear people say, “Let the market just run,” you say: to what end and what purpose? Market reform has to be about outcomes, not fads.⁸²

⁷⁹ See Ferrier *et al*, https://www.ncver.edu.au/_data/assets/file/0019/5644/nr06006p.pdf, pp. 9, 32.

⁸⁰ See TDA, http://www.tda.edu.au/resources/TDA_Regional_TAFE_Position_Paper.pdf.

⁸¹ See https://www.ncver.edu.au/_data/assets/file/0014/3209/200.pdf.

⁸² See John Ross, The Australian, 14 September 2014, www.theaustralian.com.au/...market-doesnt-work-for-everybody.../e6d377dcb76447.

And it's not just Jennifer Westcott. Jenny Lambert, of the Australian Chamber of Commerce and Industry, has described the National Partnership Agreement on Skills Reform - which obliged the states and territories to pursue open market policies - as an "abomination".⁸³

The marketisation/privatisation of VET has created an unbalanced system, one that has relied in large part on VET FEE-HELP as a key driver, and effectively pushed VET students to the private for-profit sector away from both TAFE and the community sector. As Quentin Dempster wrote in March 2016:

What started as a bipartisan Commonwealth strategy to privatise vocational education and training (VET) by enhancing skills through a dynamic competitive market, has ended with allegations of corruption and malfeasance. Worse than that, it has resulted in the deskilling of Australia and \$3 billion in dubious VET loans, part of an estimated \$13 billion blowout in all unrecoverable student loans to 2017.... In 2012 the ... government gulled the states and territories into defunding their TAFEs with the offer of uncapped Commonwealth money via student loans, in return for making their TAFE systems "contestable".⁸⁴

Here is the exact wording of the 2012 *National Partnership Agreement on Skills Reform*:

Jurisdictions recognise that the introduction or further strengthening of an entitlement will also require a suite of supporting reforms - such as the expansion of the Commonwealth's income contingent loan scheme to improve the accessibility of higher level qualifications and strategies to support public providers to adapt to the particular circumstances of their local training markets, including an environment of greater competition and contestability.⁸⁵

CCA strongly believes that it is time for Australia to value vocational education and training as an investment and not as a commodity.⁸⁶

13.3 VET Student Loans Will Not Assist Providers

With the billions of dollars supplied through the now-discredited and recently abolished VET FEE-HELP program, how much of it advantaged learners in regional and rural Australia? The short answer is "not much" – particularly because VET FEE-HELP loans primarily supported Diploma and Advanced Diplomas.⁸⁷ As this paper noted above, the majority of regional and rural VET learners in Australia study at Certificate III and below, so the regional and rural VET providers mostly missed out on this source of funding.

Will the new VET Student Loans program – which commenced on 1 January 2017 – assist regional and rural providers? The answer again is "not much". Only certain Diplomas,

⁸³ See John Ross, *The Australian*, 14 September 2014, www.theaustralian.com.au/...market-doesnt-work-for-everybody.../e6d377dcb76447.

⁸⁴ See Quentin Dempster, "The bipartisan catastrophe that's wasting billions in taxpayer dollars," *The Sydney Morning Herald*, 25 March 2016, <http://www.smh.com.au/national/the-bipartisan-catastrophe-thats-wasting-billions-in-taxpayer-dollars-20160324-gnqe4g.html>.

⁸⁵ See page 23, Schedule 3 of *National Partnership Agreement on Skills Reform* (2012), Council of Australian Governments, https://docs.education.gov.au/system/files/doc/other/skills-reform_np.pdf.

⁸⁶ See <http://cca.edu.au/make-education-an-investment-not-a-commodity-cca-in-the-sydney-morning-herald/>.

⁸⁷ There was a limited trial of VET FEE-HELP for Certificate IV qualifications, which ceased on 31 December 2016. See <https://www.education.gov.au/trial-extend-vet-fee-help-certain-certificate-iv-qualifications>.

Advanced Diplomas, Graduate Certificates and Graduate Diplomas are eligible for the new scheme.⁸⁸ So the flow of funds from VET Student Loans will again primarily advantage providers in metropolitan areas, and at best only a small handful of community education providers in any location.⁸⁹

13.4 Resourcing and Costs

The distance from capital cities to rural and regional Australian locations increases the costs of training, a factor not fully acknowledged by government funding programs. Kilpatrick and Bell comment:

The cost of delivering and accessing education and training (including assessment) in rural and remote Australia is greater than in metropolitan areas. Vocational education and training funding policy should address issues of access and equity by consideration of both supply and demand side issues. Higher delivery costs per student/contact hour are not fully recognised in national and state resource allocation models.⁹⁰

In addition, TAFE Directors Australia notes:

Current funding models that link funding to student/teaching hour ratios do not, in general, sufficiently take into account the increased costs of regional and remote delivery, provision of educational delivery technology or higher costs associated with recruiting and retaining qualified staff. Nor do they allow for sufficient differentiation ... between larger regional population centres and small, remote or rural communities. Regional loadings go only a small way in addressing the cost implications of supporting delivery.⁹¹

13.5 Quality and Availability of Training Personnel

The distances to many rural and regional locations impacts both the quality and availability of trainers and assessors:

Trainers and assessors working in rural and remote locations require a broader range of skills than those in metropolitan areas in order to cope with flexible delivery and a more diverse teaching load. There is a need for professional development, especially as few adult educators in remote locations hold formal qualifications in adult education. Trainers need to understand clients' existing skills and their needs in order to be credible; metropolitan trainers and providers coming into rural and remote areas often lack this understanding. Insecurity of the training market and difficulties of

⁸⁸ See <https://docs.education.gov.au/node/41951>.

⁸⁹ Some 48 not-for-profit (NFP) providers were enrolled in VET FEE-HELP in 2015, and of those 48 only 5 were "traditional" community VET providers, which used less than \$500,000 in VET FEE-HELP loans that year. (Many of the others are NFP industry associations, religious institutions or single-purpose training organisations.) In other words, the overwhelming majority of the 468 or so community education RTOs have not been able to access VET FEE-HELP and are unlikely to utilise VET Student Loans.

⁹⁰ See https://www.ncver.edu.au/_data/assets/file/0014/3209/200.pdf.

⁹¹ See TDA, http://www.tda.edu.au/resources/TDA_Regional_TAFE_Position_Paper.pdf.

isolation make acquisition and retention of quality teaching staff difficult in rural areas.⁹²

Recruit[ing] and retain[ing] suitably qualified and experienced staff is limited, when compared with metropolitan areas, and becomes more limited as the distance from major centres increases.... Subsidies such as district allowances ... only [go] a small way to address the perceived and actual social, career, and economic disadvantages of living in a regional or remote location.⁹³

The issues of trainer and assessor quality and availability – including the need for ongoing professional development – are particularly acute for community education providers, which do not have access to large internal training programs like staff in state government-funded TAFE institutes. While there are some state government professional development grants for the community VET sector, these are not close to sufficient to meet the needs, and particularly so for the regional and rural providers whose staff must usually travel long distances for any in-person training activities and events.

⁹² See Kilpatrick and Bell, https://www.ncver.edu.au/_data/assets/file/0014/3209/200.pdf.

⁹³ See TDA, http://www.tda.edu.au/resources/TDA_Regional_TAFE_Position_Paper.pdf.

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Appendix A: Community Education “Passing Gear” Examples of Regional and Rural Economic Development Projects

This projects detailed in this list are all examples of how Australian community education organisations are undertaking unique and innovative “Passing Gear” regional economic and social development programs. Included in the list are projects and innovations from both large and small providers from Lake Macquarie NSW, South Coast of NSW, Hamilton VIC, Kiama NSW, Byron NSW, Wagga Wagga NSW, Coffs Harbour NSW, Tamworth NSW, NSW Central Coast, Lismore NSW, Goulburn NSW, along with “special assistance” school examples in New South Wales and Victoria.

The Business Growth Centre as an Economic Development Strategy

The Business Growth Centre in Gateshead NSW operates as both the economic development strategy for the City of Lake Macquarie (south of Newcastle) as well as a community-based RTO. It offers six business qualifications (from Certificate III to Diploma) specifically aimed at business owners, managers and employees, and combines that with:

- Business incubator, with 10 offices and 12 light industrial units for start-up and growth phase businesses.
- Business development, non-accredited business related workshops and facilitation of business plans.
- Business advisory service for business intenders, start-ups and established businesses.
- Business networking, running the Lake Macquarie Business Network and Lake Macquarie Women in Business Network.
- Lake Macquarie Business Excellence Awards, which commenced in July 2012 and held annually.⁹⁴

South Coast Colleges Integrates Rural Economic Development Planning with Learning

In 2013, South Coast Colleges (NSW) worked with the Milton-Ulladulla business community to develop a regional economic development plan. The College created a regional plan that addresses the challenges seasonal tourism brings to a district. As part of the process, 25 people completed a Certificate IV in Frontline Management, with the underlying project being the creation of a regional plan. Using that activity as a pilot, South Coast Colleges repeated the exercise in 2014 in Narooma and Moruya. In 2014, the College took 27 people through Certificate III in Tourism, resulting in the creation of the Milton-Ulladulla Comedy festival. This event addresses “off-season” economic issues and received multiple awards. The festival continued in 2015 and is now bi-annual with a festival planned for 2017.⁹⁵

In 2015 South Coast Colleges worked with Bega Valley Shire Council and Cruise Eden to train students to address the increase in tourism numbers due to the cruise liners now docking in Eden. The College subsequently put 10 students through Certificate IV in New Small Business, creating the Batemans Bay Fringe Festival.

⁹⁴ See <http://www.businessgrowthcentre.org.au/>.

⁹⁵ See <http://eaec.edu.au/workforce-development-milton-ulladulla-region/> and <http://ulladullirious.com.au/>.

Southern Grampians Employment Skills Community Learning Partnership

Over a two-year period, Southern Grampians Adult Education (SGAE, Hamilton VIC) partnered with Southern Grampians Shire Economic Development and Tourism Unit, South West Institute of TAFE (Hamilton), Glenelg Southern Grampians Local Learning and Employment Network and the Australian Industry Group to establish the CLP Southern Grampians Employment Skills. The project worked to assist in the development of a skilled workforce able to meet the needs and ancillary demands of the new and emerging plantation timber, mineral sands, wind farm and associated transport industries. The project used a tiered model of development that brought together education providers, employment agencies, skilled and unskilled workers to support the needs of these new and emerging industries. Subsequent to the Employment Skills project, SGAE has become a full member of the Hamilton Regional Business Association (HRBA), and is closely involved in local campaigns and projects.⁹⁶

Kiama Community College Develops Employment Skills

Kiama Community College (NSW) has created an employability program that develops young people who are at risk of becoming long term unemployed, to provide digital services to businesses. The three phases of the program are:

- A “foundation skills” training phase builds employability and capacity to undertake digital tasks to a professional standard;
- In the “employment” phase, students are paid to undertake digital tasks for business clients under the mentorship of a digital marketing expert; and
- During the “transition” phase, the program provides further digital workplace experience through either work placement or brokered employment.

Case management is provided throughout the 20 week program to work through participants’ whole of life issues that may hamper their employment prospects.⁹⁷

Byron Community College Specialises in Sustainability for Educators

Byron Community College (NSW) is leading a proposed collaborative Byron Precinct Design and Development, with local government, industry and other educational institutions. The college has made a major impact on sustainability, developing an acclaimed publication, *Sustainability for Educators: A Toolkit of Learning Activities and Resources*, as well as offering Certificate III and Certificate IV in Permaculture, along with Certificate III in Horticulture.⁹⁸

Riverina Community College Empowers Rural Women

Riverina Community College has made a strong commitment to the cause of empowering rural Australian women through its “Get Set: Enhancing Wellbeing Amongst Rural Women” project, that aims to help rural women thrive in their communities. A series of workshops will be provided across six rural communities in NSW. Topics will include mental health, economic wellbeing and internet/computer skills. “Get Set” will also celebrate rural women

⁹⁶ See <http://sgae.vic.edu.au/> and <http://www.hrba.com.au/>.

⁹⁷ See <http://www.kiama-h.schools.nsw.edu.au/news/nextgen-business-program-with-kiama-community-college> and <http://kcc.nsw.edu.au/>.

⁹⁸ See <https://www.byroncollege.org.au/> and <https://www.byroncollege.org.au/sustainability-educators>.

by having local female heroes speak at each workshop – assisted by funded from the Aussie Farmers Foundation.⁹⁹

Coffs Coast Community College Business Incubator “Six Degrees”

Coffs Coast Community College (Coffs Harbour NSW) is collaborating with Coffs Harbour Council in establishing “6 degrees”, a space where people can come to work, share, collaborate and receive inspiration from other like-minded people. This has resulted in a community of local entrepreneurs, freelancers and collaborators, and digital spaces for established businesses in two locations – the Coffs Harbour CBD and the Coffs Harbour Technology Park.¹⁰⁰

Tamworth Community College Supports New England’s Regional Economic Development

Tamworth Community College (NSW) has been working with Tamworth Regional Council’s Investment and Growth Department to meet the higher education needs of the local community. There is no university in Tamworth, and Tamworth Community College (TCC) has created formal articulation agreements with both the University of Newcastle and University of New England that recognise the College’s Diploma of Leadership and Management as a pathway to a Bachelor of Business and/or Bachelor of Commerce. Completion of the TCC Diploma course is the equivalent of up to one third of a student’s degree, bringing more tertiary education opportunities to the Tamworth region.¹⁰¹

Central Coast Community College – Integrating Regional Development with Post-Secondary Education

The Central Coast Community College (CCCC) is co-located at the Ourimbah education precinct, along with the Regional Development Australia Central Coast (RDACC) office, the local University of Newcastle Campus and TAFE NSW Hunter Institute Ourimbah campus. CCCC is working with the Dean of the University of Newcastle campus and the CEO of RDACC on creating a full spectrum of training and education - from community programs and Certificate I through to post-graduate qualifications, catering for the future skills required by local industry and business. An industry forum to be held on campus early in 2017.¹⁰²

Unique Senior Secondary School Education through Special Assistance and “Alesco” Schools

The Alesco (Latin for “growth and maturity” or “I am growing”) schools provide young people who are unable to find success in traditional educational models the opportunity to learn, grow and achieve success: smaller, more supportive environments, more relaxed and non-institutional. These are “special assistance” senior high schools operated and managed by

⁹⁹ See <http://www.aussiefarmersfoundation.org.au/2016-grassroots-grants-announced/> and <http://www.riverinacc.edu.au/>.

¹⁰⁰ See <https://sixdegreescoworking.com/>.

¹⁰¹ See <http://www.northerndailyleader.com.au/story/4316434/uni-pathways-surge/>; <http://www.tamworth.nsw.edu.au/>; and <http://www.tamworth.nsw.gov.au/Economic-Development/default.aspx>.

¹⁰² See <https://cccc.nsw.edu.au/>; <https://www.newcastle.edu.au/about-uon/our-environments/our-campus-and-locations/central-coast/about>; and <http://www.rdacc.org.au/>.

Australian adult and community education organisations, catering for senior high school students with special needs. They operate mostly in regional locations, such as those run by:

- WEA Hunter, including four campuses – Newcastle, Raymond Terrace, Tuncurry and Cessnock¹⁰³
- Albury-Wodonga “Indie School”, Wodonga, Victoria and Albury, NSW¹⁰⁴
- Albury-Wodonga Community College, “Too Cool for School”¹⁰⁵
- Tuggerah Lakes Community College - TLK Alesco School¹⁰⁶
- WEA Illawarra, Wollongong – Alesco Illawarra¹⁰⁷
- Port Macquarie Community College – Nautilus Senior College¹⁰⁸
- Western College, Dubbo NSW – Western College Alesco Learning Centre¹⁰⁹
- Robinson College, Broken Hill NSW¹¹⁰
- Skillset Senior College, Bathurst NSW¹¹¹
- Coffs Coast Community College, Coffs Harbour¹¹²
- Advance Community College, Rosebud, Victoria¹¹³

ACE Community Colleges Indigenous Driving Skills

The award-winning “Licensed and On the Road” program was established by the ACE Community Colleges (Lismore NSW) in 2005 in response to the high level of driving offences and road crashes experienced in the Aboriginal Communities on the North Coast. The program consists of free driving lessons for Aboriginal people to attain their P licence, and access to Learner Driver Knowledge Courses to assist them to attain the LLN skills to successfully pass the RMS Learner Driver Knowledge Test and gain their “L” licence. The program is run against accredited units of competency from the Foundation Skills training packages and from a driving unit in the Horticulture training package. The Senior Driving instructor is an Aboriginal Elder from Casino and the College has facilitated the training of a number of other Indigenous people to become qualified driving instructors.¹¹⁴

Goulburn Community College – A New Rural Community Education Start-Up

More than eight years after the closure of the Southern Region Community College, Goulburn Community College (NSW) opened its doors, offering adult and community education programs and services to the NSW Southern Tablelands.¹¹⁵

¹⁰³ See <https://www.weahunter.edu.au/alesco-senior-college>.

¹⁰⁴ See <https://www.awcc.edu.au/IndieSchool.aspx>

¹⁰⁵ See <http://2c4s.org.au/>.

¹⁰⁶ See <http://tlkalesco.nsw.edu.au/index.html>.

¹⁰⁷ See <https://www.alescoillawarra.nsw.edu.au/alesco/>.

¹⁰⁸ See <http://www.nsc.edu.au/>; opens January 2017.

¹⁰⁹ See <http://westerncollegealesco.nsw.edu.au/about/>.

¹¹⁰ See <http://www.robinsoncollege.nsw.edu.au/>.

¹¹¹ See <http://skillsetseniorcollege.nsw.edu.au/>.

¹¹² See <https://coffscollege.nsw.edu.au/>; opens January 2017.

¹¹³ See <http://advance.vic.edu.au/>.

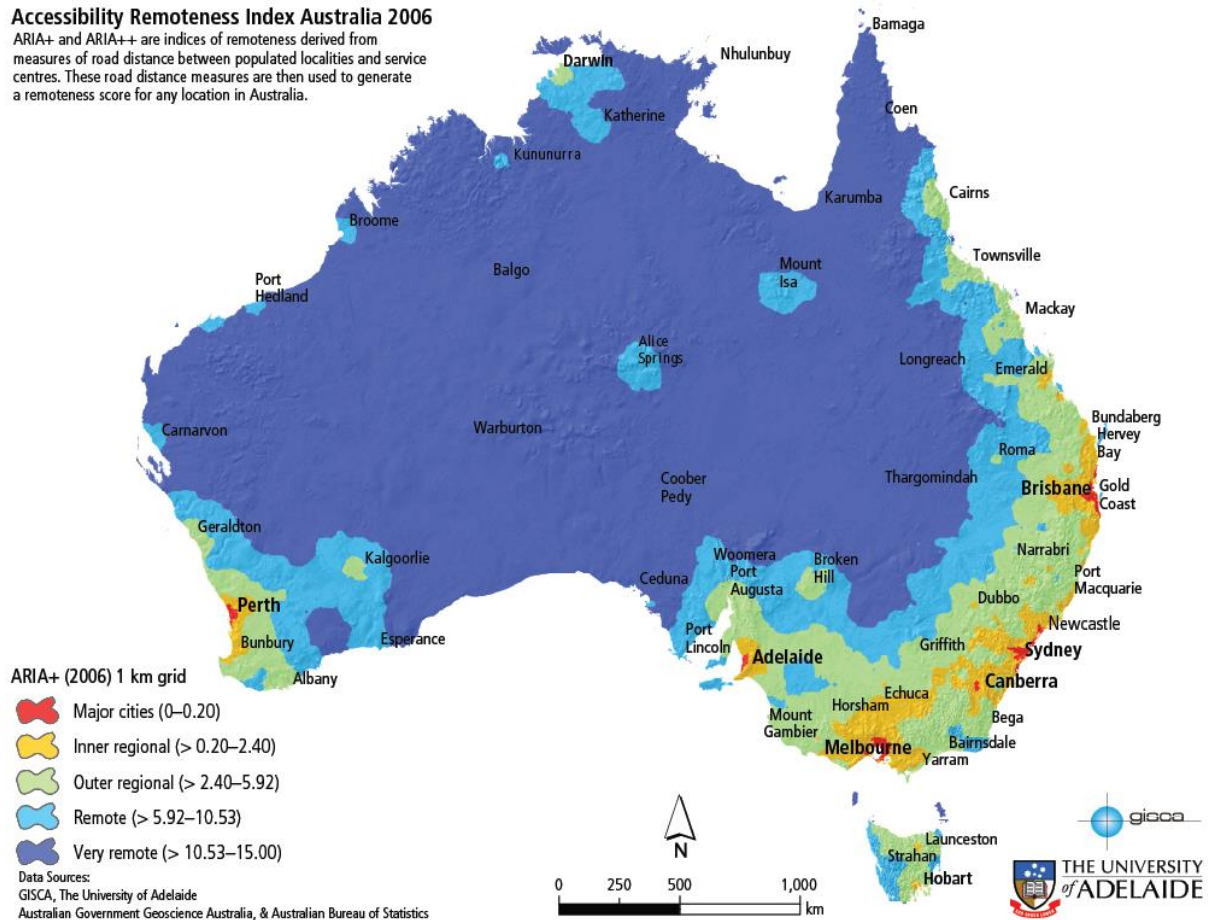
¹¹⁴ See <https://www.acecolleges.edu.au/community/aboriginal-driver-education-program/>.

¹¹⁵ See <https://goulburncommunitycollege.com.au/> and <http://www.goulburnpost.com.au/story/3335790/community-college-coming-soon/>.

Appendix B: Remoteness Map of Australia

Accessibility Remoteness Index Australia 2006

ARIA+ and ARIA++ are indices of remoteness derived from measures of road distance between populated localities and service centres. These road distance measures are then used to generate a remoteness score for any location in Australia.



Source: Australian Government Department of Health

(www.health.gov.au/internet/publications/publishing.nsf/Content/ARIA-Review-Report-2011~ARIA-Review-Report-2011-2~ARIA-Review-Report-2011-2-2-3) and University of Adelaide (https://www.adelaide.edu.au/apmrc/research/projects/category/about_aria.html).



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