



# Submission to Productivity Commission Response to the Interim Report - National Agreement for Skills and Workforce Development

By Community Colleges Australia  
17 July 2020

## 1. Introduction

The Australian Government's Productivity Commission has been commissioned to examine how well Australian, state and territory governments have achieved their goals for the vocational education and training (VET) system, as set out in the National Agreement for Skills and Workforce Development (hereafter NASWD), and the suitability of this agreement for the future.<sup>1</sup>

The Commission released an interim report on 5 June 2020, and has requested responses.<sup>2</sup> This response comes from Community Colleges Australia (CCA), a peak organisation that represents Australia's not-for-profit (NFP) adult and community education (ACE) providers (see Section 12 below for a description of CCA). This submission addresses the following:

- Australia's adult and community education sector, information included to ensure that the Commission understands our sector's strengths and capabilities (section 2);
- vulnerable and disadvantaged Australian consumers, with particular reference to the Productivity Commission's ground-breaking 2008 work on the needs of Australia's financial consumers – and the applicability of the definitions established at that time for Australia's current VET environment (section 3);
- vulnerable and disadvantaged VET students (section 4);
- regional and rural VET students (section 5);
- contestable community service obligations (section 6);
- lifelong learning, VET and community education providers (section 7);

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<sup>1</sup> See <https://www.pc.gov.au/inquiries/current/skills-workforce-agreement#draft>.

<sup>2</sup> See <https://www.pc.gov.au/inquiries/current/skills-workforce-agreement/interim>.

- foundation skills (section 8);
- recognition for Australia’s community education providers (section 9);
- the role of TAFE (section 10);
- the challenges of online learning in VET (section 11); and
- description of Community Colleges Australia (section 12).

This submission from CCA comes at a time of radical economic, social, health and community uncertainty because of the impacts of the Coronavirus pandemic. Unemployment in Australia has risen significantly, and there is no doubt that Australia has entered a recession, the depths and duration of which are likely to be both profound and long-lasting.<sup>3</sup>

This submission focusses on the needs of vulnerable and disadvantaged groups, including Indigenous Australians, people with a disability, people from non-English speaking backgrounds, people from lower socio-economic backgrounds and residents of regional, rural and remote areas. CCA focuses on these groups for three reasons – as they are more likely to:

- participate in and benefit from VET than other groups;
- be among those Australians most susceptible to health and medical problems during a time of pandemic;
- experience unemployment and economic challenges arising from the current environment; and
- participate in greater percentages in education and training delivered by Australia’s NFP community education providers.

## Summary of Recommendations

*Community Colleges Australia recommends that the Productivity Commission:*

### Recognise and acknowledge

- The unique role that Australia’s not-for-profit adult and community education providers play in delivering foundation skills and VET to high percentages of Australia’s most vulnerable and disadvantaged learners, including the achievements in lifting unemployed learners into employment;
- The importance of VET as a means of engaging and training Indigenous Australians, people from non-English speaking backgrounds, people with a disability, people from lower socio-economic backgrounds, and regional, rural and remote residents;
- That VET plays a more significant role in regional, rural and remote Australia, and in outer metropolitan areas;
- The evidence that the “marketisation” of Australian VET has not resulted in increased equity or learning quality, and in many cases has done just the opposite; and
- The challenges and difficulties of implementing online learning in VET, given that it is not a lower-cost means of delivery.

### Remove from consideration

- The recommendation to subject community service obligations to market testing and contestability.

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<sup>3</sup> Australian number of unemployed people passed one million in June: “The jobless rate would be almost 12 per cent but for the exclusion of 230,000 people who were considered employed in June but did not work one hour as they are being supported by the government’s JobKeeper program, while 370,000 people have left the jobs market. Source: <https://www.smh.com.au/politics/federal/almost-1-million-australians-unemployed-abs-20200716-p55cio.html>, 16 July 2020.

## 2. Australia's Adult and Community Education Sector in Perspective

According to the National Centre for Vocational Education Research (NCVER), there are more than 400 not-for-profit community education training providers in Australia.<sup>4</sup> Of the 4.1 million students enrolled in Australian vocational education and training (VET) in 2018, 481,200 (11.8% of the total) studied with a not-for-profit community education provider. This was an increase of 2.7% on the previous year – 2017.<sup>5</sup>

In addition to community providers, Australian VET students enrolled in TAFE (777,100 students, representing 19.1% of the total); university providers (69,200 students, 1.7%); school providers (105,100 students, 2.6%); enterprise providers (116,600 students, 2.9%); and private for-profit providers (2.1 million students, 71.3%).<sup>6</sup> This means that community education provider student numbers represented more than half of TAFE numbers, despite the extensive publicity given to TAFE in decision-making and national discussions.

In addition to the formal adult and community education (ACE) training providers, more than 2000 other ACE providers in Australia deliver personal interest learning and other courses.<sup>7</sup>

*VET Students who enrol with community education providers consistently show the greatest increase into employment of any provider type:* 16.8% of community education VET training graduates moved from unemployment to employment in 2018 as a result of their training, compared to 10.1% of TAFE graduates (which is also the national average), 9.5% of private for-profit training providers, and 7.9% of university VET providers. Compared to other VET provider types, community education graduates were also the most satisfied with assessment, the most satisfied with the overall quality of training and the most willing to recommend their training. Of those employed after training, more community education graduates found the training relevant to their current job and received at least one job-related benefit.<sup>8</sup>

Student learning is the most important core business of Australia's adult and community education providers. They provide this learning through place-based or locally focused activities, making them unusually responsive to the communities, in which they are deeply embedded. ACE providers also:

- offer inclusive learning environments and practices;
- provide opportunities for engagement and re-engagement in community life, learning and work through the delivery of programs and activities;
- are not-for-profit, community-based and community governed through volunteer boards;
- provide formal, non-formal and informal learning opportunities, including foundation skills learning;

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<sup>4</sup> Source: National Centre for Vocational Education Research, *Total VET Students and Courses 2018*, <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/total-vet-students-and-courses-2018>.

<sup>5</sup> Also see <https://cca.edu.au/who-we-are/communityeducation/>.

<sup>6</sup> Totals add to more than 100% due to some students enrolling in more than one provider type.

<sup>7</sup> Source: Adult Learning Australia, *Australia ACE Environmental Scan Research Project 2017*, [https://ala.asn.au/wp-content/uploads/2017/10/Australian-ACE-Report-2017\\_WEB.pdf](https://ala.asn.au/wp-content/uploads/2017/10/Australian-ACE-Report-2017_WEB.pdf).

<sup>8</sup> Source: National Centre for Vocational Education Research, *VET Student Outcomes 2019 report*, December 2019, <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/vet-student-outcomes-2019>.

- provide opportunity for engagement in accredited VET modules or qualifications, either independently or in partnership with another training provider; and
- provide skills that enable health and wellbeing, engagement in recreational pursuits and increased civic participation as well as skills for work.<sup>9</sup>

### 3. Vulnerable and Disadvantaged Consumers

Australia's not-for-profit adult and community education providers have developed a special ability to reach and engage with vulnerable and disadvantaged VET consumers. The next section of this submission details how VET provides a very important pathway for vulnerable and disadvantaged learners to achieve post-secondary education qualifications and thus enhance their abilities to participate in a competitive modern job market. It is important to consider the education and training experiences of vulnerable and disadvantaged consumers in any re-working of the National Skills and Workforce Development Agreement.

CCA emphasises the challenges of these learners because we do not feel that they have been sufficiently acknowledged or in the Commission's Interim report.

Elizabeth Shearer has described the challenges for consumers, which is very applicable for VET learners who frequently have a wide choice of learning opportunities:

Consumers in a modern market economy often experience information asymmetry and a significant imbalance of bargaining power. They have limited freedom to choose the conditions upon which they contract to purchase goods and services. Even sophisticated consumers, who can read and understand the fine print, have little opportunity to change it.<sup>10</sup>

The Productivity Commission considered the matter the special needs of vulnerable and disadvantaged consumers in its 2008 review of Australia's consumer policy framework, a process which led directly to the passage and implementation of Australia's *National Consumer Credit Protection Act 2009*.<sup>11</sup>

The Productivity Commission's *Review of Australia's Consumer Policy Framework* sets out clear definitions of "vulnerable" and "disadvantage" Australian consumers, definitions that continue to resonate and apply 12 years later (see p. 295):

Disadvantage can be seen as reflecting a set of individual traits — such as poverty, low education, disability, or poor English proficiency — that increase the risk of a consumer experiencing detriment or/and intensify the adverse consequences of that detriment. Disadvantage is typically persistent and hard to change, particularly through consumer policy. Vulnerability is a broader term relating to a particular susceptibility of consumers to detriment based on both their personal characteristics (including, but not limited to disadvantage) and the specific context in which they find

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<sup>9</sup> Source: *Adult and Community Education in Australia*, Adult Learning Australia, [https://ala.asn.au/wp-content/uploads/2011/02/State-of-Ace\\_Final.pdf](https://ala.asn.au/wp-content/uploads/2011/02/State-of-Ace_Final.pdf).

<sup>10</sup> Elizabeth Shearer, November 2010, "Consumer Protection Laws: Access to Justice for Vulnerable Consumers", p. 1, <http://managingjustice.com.au/wp-content/uploads/2010/12/LawAsia-paper-Nov-2010.pdf>.

<sup>11</sup> Productivity Commission 2008, *Review of Australia's Consumer Policy Framework*, Volume 2, Productivity Commission Inquiry Report No 45, 30 April 2008, Canberra, accessed at <http://www.pc.gov.au/inquiries/completed/consumer-policy/report>. Subsequent quotations in the text are all from this Report.

Details of the Act can be found at [http://www8.austlii.edu.au/cgi-bin/viewdb/au/legis/cth/num\\_act/nccpa2009377/](http://www8.austlii.edu.au/cgi-bin/viewdb/au/legis/cth/num_act/nccpa2009377/).

themselves (market features, product qualities, the nature of the transaction, the regulatory environment).

Disadvantage and vulnerability often overlap, but they can be distinct. For instance, in markets where the quality of services is hard to discern and convey to consumers, many will be vulnerable, despite not being disadvantaged. Conversely, for straightforward purchases, it is possible that someone who might be categorised as disadvantaged would not be particularly vulnerable, much of the time — many people on low incomes are very careful and astute consumers and have learned strategies that reduce future susceptibility in a repeat situation.

Who are these vulnerable and disadvantaged Australians? A large number of young people (25 or younger) and older Australians (older than 65) may be vulnerable, but may not particularly be disadvantaged economically or socially. Vulnerable groups at great risk of high disadvantage include Indigenous Australians; people from lower socio-economic backgrounds; people with poor telecommunications access – the “deepening digital divide” (up to 15% of all Australians)<sup>12</sup>; rural, regional and remote residents<sup>13</sup>; and people whose native language is not English.

The Commission’s 2008 report concluded that there are larger numbers of vulnerable and disadvantaged consumers than ever before. It examined how:

Consumers themselves are changing. As a result of better education and greater access to information and guidance through the Internet, many are now more able to judge the merits of even complex products and services. But the increasing complexity of markets and demographic changes — such as population ageing and the greater proportion of consumers from non-English speaking backgrounds — may have simultaneously increased the pool of vulnerable and disadvantaged consumers at risk of suffering detriment. So too may have the increasing market participation of young people. (p. 7)

The Commission’s Report also noted the difficulty that some consumers have in making decisions, particularly relevant to recent Australian VET experience:

The ability to make well-informed decisions can also be impaired by the circumstances under which the decision is made.... There are situations in which most consumers will be vulnerable to poor decision-making.... Time constraints may also limit the ability of consumers to fully inform themselves, with constraints sometimes being imposed by ‘high pressure’ sales techniques. (p. 34)

The Report further noted:

In addition to achieving important social justice objectives, intervention on behalf of vulnerable and disadvantaged consumers can also improve the confidence with

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<sup>12</sup> See “Australia’s digital divide is not going away”, *The Conversation*, 29 March 2018, <https://theconversation.com/australias-digital-divide-is-not-going-away-91834>; “Digital divide’: 2.5 million Australians with no internet connection,” by Fergus Hunter, *Sydney Morning Herald*, 27 March 2020, <https://www.smh.com.au/politics/federal/digital-divide-2-5-million-australians-isolated-with-no-internet-connection-20200327-p54egn.html>.

<sup>13</sup> See [http://ruralhealth.org.au/documents/publicseminars/2013\\_Sep/Joint-report.pdf](http://ruralhealth.org.au/documents/publicseminars/2013_Sep/Joint-report.pdf); <https://aifs.gov.au/publications/family-matters/issue-37/regional-disadvantage-and-unemployment>; <https://theconversation.com/unravelling-why-geography-is-australias-biggest-silent-killer-23238>; and <http://www.regionalaustralia.org.au/home/2015/11/human-capital/>.

which these consumers interact with suppliers, encouraging greater market participation and enhancing overall efficiency. (p. 35)

On the basis of this evidence – including the Productivity Commission’s own extensive research in the past – CCA strongly believes that the policies of Australian Commonwealth, state and territory governments need to provide significant guidance and (at times direct) intervention for government-funded VET services provided to vulnerable and disadvantaged consumers. The best way to do this is to ensure that these services are provided by government-run organisations (i.e. TAFE) and community-based not-for-profit providers.

Clear examples of services for vulnerable and disadvantaged learners include essential foundation skills and other adult basic education programs including digital skills and employability. Support for this view (quoted by the 2008 Productivity Commission Report) comes from Eastern Access Community Health, which stated that, “Well-informed consumers are largely absent from the markets in which low income, disadvantaged and vulnerable consumers participate.” (p. 295)

A July 2016 United Kingdom government report (the *Post-16 Skills Plan*) also provides extensive support for this view.<sup>14</sup> Gavin Moodie has reported that:

The panel estimated that at least 30% of government funding for English vocational education is allocated to private providers. But there was a strong view that public funds should not be allocated in this way ... publicly subsidised technical education should be delivered under not-for-profit arrangements and that new government funding should be ‘prioritised towards colleges and training providers who intend to reinvest all surpluses into education infrastructure’.<sup>15</sup>

The report continued:

Given what appears to be the highly unusual nature of this arrangement compared to other countries and the high costs associated with offering world-class technical education, we see a strong case for public funding for education and training to be restricted to institutions where surpluses are reinvested into the country’s education infrastructure.<sup>16</sup>

#### **4. Vulnerable and Disadvantaged VET Students**

According to Tom Karmel and Patrick Lim, “the distribution of VET students is over-represented among groups of lower socioeconomic status, while the distribution of higher education students is under-represented in this group.” In addition, low SES students are particularly clustered in VET Certificates I and II, with higher SES students most prominent studying at Diploma level.<sup>17</sup>

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<sup>14</sup> See <https://www.gov.uk/government/publications/post-16-skills-plan-and-independent-report-on-technical-education>

<sup>15</sup> Gavin Moodie, “What Australia can learn from England’s plan for vocational education”, 22 July 2016, *The Conversation*, <https://theconversation.com/what-australia-can-learn-from-englands-plan-for-vocational-education-62418>.

<sup>16</sup> Quoted by Gavin Moodie, <https://theconversation.com/what-australia-can-learn-from-englands-plan-for-vocational-education-62418>.

<sup>17</sup> Source: Tom Karmel and Patrick Lim, *Socioeconomic disadvantage and participation in tertiary education: preliminary thoughts*, National Centre for Vocational Education Research, 2013, [https://www.ncver.edu.au/\\_data/assets/file/0024/9393/socioeconomic-disadvantage-2612.pdf](https://www.ncver.edu.au/_data/assets/file/0024/9393/socioeconomic-disadvantage-2612.pdf).



Table 1 (below) compares 2018 Australian enrolment percentages for specific vulnerable and disadvantaged groups across the university sector (column 1), all vocational education and training (VET) students (column 2) and sub-set of not-for-profit community education provider VET students (column 3).

*The results show a distinct pattern of how most VET students are, on balance, a much more disadvantaged group than university students. Of VET students, community education students are further much more disadvantaged.*

In comparison to university students, twice as many community education students are “low SES” (in the bottom quarter - 25%); have a disability; or live in regional, rural and remote areas. In addition, community education providers enrol four times as many Indigenous learners and more than seven times as many people from non-English speaking backgrounds. Although data on the number of adults aged 45+ is not easily available for university enrolments, that information has been included for total VET enrolments and community education students. The clear conclusion from so many adult enrolments in the community education sector is that sector provides one of the most efficient ways to engage Australian adults who might otherwise be marginalised.

**Table 1: Australian University, VET and Community Education Student Cohorts: Equity Group Percentages Compared, 2018**

| <b>Student Group</b>            | <b>University student enrolment proportions (%)</b> | <b>Total VET students program enrolments (%)</b> | <b>Community Education provider students program enrolments (%)</b> |
|---------------------------------|---|--|---|
| Low SES (bottom 25%)            | 17.0  | 28.2   | 34.6  |
| Students with a disability      | 7.3   | 8.0  | 16.0  |
| Indigenous                      | 1.9   | 5.9  | 7.6   |
| Regional and rural              | 19.8  | 31.2   | 36.6  |
| Remote and very remote          | 0.8   | 2.6  | 2.1   |
| Non-English speaking background | 3.4   | 24.1   | 25.3  |
| Adults aged 45+                 | n/a   | 15.9   | 25.3  |

**Table notes:**

1. For definitions of each student group, see Appendix A below.
2. Figures exclude “not known” respondents, where students have not reported the data.
3. “Low SES” represents the bottom quarter (25%) of students. In the case of VET and Community Education provider student enrolments, this figure is an estimate extrapolated from VET students in the bottom “quintile” (20%).
4. Table sources:
  - University: Paul Koshy, *Equity Student Participation in Australian Higher Education: 2013 – 2018*. National Centre for Student Equity in Higher Education (NCSEHE), Curtin University, Perth, 2019, Table 3, p. 7, [https://www.ncsehe.edu.au/wp-content/uploads/2019/12/NCSEHE-Equity-Student-Briefing-Note\\_2013-18\\_Accessible\\_Final.pdf](https://www.ncsehe.edu.au/wp-content/uploads/2019/12/NCSEHE-Equity-Student-Briefing-Note_2013-18_Accessible_Final.pdf)
  - Total VET and Community Providers: National Centre for Vocational Education Research (NCVER), *Total VET students and courses 2018*, Adelaide, 6 September 2019, <https://www.ncver.edu.au/research-and-statistics/data/all-data/total-vet-students-and-courses-2018-data-slicer>.

## 5. Regional and Rural VET Students

As this submission details below, VET is far more important to regional, rural and remote Australians than to those living in metropolitan areas, with VET participation rates on average more than 50% greater in non-metropolitan areas. This is especially pronounced in NSW, but is evident in all states and territories. CCA does not believe that the Productivity Commission's Interim Report sufficiently takes this fact into account, and generally ignores the geography of VET delivery, which includes the needs residents of outer metropolitan areas, particularly outer suburbs of Sydney and Melbourne. CCA believes that this is a mistake. CCA has made this point in three of its reports:

- *Community Education Providers and Western Sydney Regional Economic Development*, May 2019<sup>18</sup>
- *The Role of New South Wales Community Education Providers in Regional and Rural Economic Development*, January 2018<sup>19</sup>
- *The Role of Community Education in Australian Regional and Rural Economic Development - research, policy and recommendations to the Commonwealth, state and territory governments*, February 2017<sup>20</sup>

We extract from some of these reports below.

VET participation rates are also not uniform across Australia, according the figures in Table 2 below: Victoria, New South Wales and South Australian rates run much higher than Queensland, Western Australia and Northern Territory, particularly notable in inner and outer regional areas.

**Table 2: Australian VET Participation by Location and State/Territory**

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

**Table 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 (released October 2014).<sup>21</sup>

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.”<sup>22</sup> This has long-term impacts on their educational achievement levels, as well as the nature of which VET courses are in greatest demand.

<sup>18</sup> Available at <https://cca.edu.au/home/western-sydney-regional-economic-development-report-summary/>.

<sup>19</sup> Available at <https://cca.edu.au/home/nsw-regional-and-rural-economic-development-report-summary/>.

<sup>20</sup> Available at <https://cca.edu.au/wp-content/uploads/2017/02/The-Role-of-Community-Education-in-Regional-and-Rural-Economic-Development-7February2017.pdf>.

<sup>21</sup> See <http://phidu.torrens.edu.au/current/graphs/sha-aust/remoteness/aust/education.html>.

<sup>22</sup> 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> and



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.<sup>23</sup>

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.”<sup>24</sup> 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.”<sup>25</sup>

In addition, Indigenous Australians live in regional and rural Australia in greater percentages than their share of the Australian population (3%). Indigenous Australians also participate in vocational education and training in much greater percentages than non-Indigenous Australians. In a 2015 report, the Productivity Commission stated:

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.<sup>26</sup>

Indigenous participation in VET runs more than double that of non-Indigenous participation (see Table 1 above), and approximately one-half that of non-Indigenous participation in universities.<sup>27</sup>

The differences shown in the tables above are even more pronounced when examining the figures from Government-funded VET. For instance, in New South Wales (see Table 3 below), the most recent NCVET data (2018) shows that community education providers outperform both TAFE and private for-profit providers in just about every category of disadvantage and vulnerability except non-English speaking background. The majority of

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<https://www.yacvic.org.au/assets/Documents/SUB-YACVic-submission-to-Victorian-VET-Review-April-2015.pdf>.

<sup>23</sup> Source: Skills Australia, <http://www.rdasdney.org.au/imagesDB/wysiwyg/discussionpaper-creatingnewdirectionforVET-hr.pdf>, pp. 32-33.

<sup>24</sup> Source: [http://library.bsl.org.au/jspui/bitstream/1/749/1/Building\\_learning\\_communities.pdf](http://library.bsl.org.au/jspui/bitstream/1/749/1/Building_learning_communities.pdf), p. 6.

<sup>25</sup> See “Recommendations”, p. 80, <https://www.humanrights.gov.au/our-work/rights-and-freedoms/projects/rural-and-remote-education-inquiry>.

<sup>26</sup> 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.”

<sup>27</sup> Also see NCVET, *Indigenous VET participation, completion and outcomes: change over the past decade*, 2017, <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/indigenous-vet-participation-completion-and-outcomes-change-over-the-past-decade>.

these differences are extremely significant, especially older workers (more than double), people with a disability (double to triple), and regional/rural/remote (double).

**Table 3: Comparison of NSW Community Education, TAFE and Private for-profit Student Percentages by Provider Type by Vulnerability/Disadvantage**

| Category                                   | Community Education (student %) | TAFE and govt (student %) | Private for-Profit and other providers (student %) |
|--|---------------------------------|---------------------------|--|
| <b>Aged 45+</b>                            | 41.9                            | 18.8                      | 19.3   |
| <b>With a disability</b>                   | 18.7                            | 11.9                      | 7.2  |
| <b>Indigenous</b>                          | 12.6                            | 9.4                       | 6.4  |
| <b>Non-English speaking background</b>     | 10.8                            | 21.3                      | 11.2   |
| <b>Rural regional and remote</b>           | 68.3                            | 35.3                      | 29.5   |
| <b>Socio-economic disadvantage (SEIFA)</b> | 65.5                            | 51.2                      | 52.4   |
| <b>Female</b>                              | 58.1                            | 51.4                      | 48.7   |

Table source: *Government-funded students and courses 2018*, NCVET, July 2019<sup>28</sup>

## 6. Contestable Community Service Obligations

### 6.1 Productivity Commission Recommendations

The Productivity Commission Interim report has made a number of recommendations. CCA wishes to focus on one of them, that of community service obligations (hereafter abbreviated as “CSO”), which we believe to be seriously mis-judged with potentially very bad consequences for Australian training and learners. The Commission has recommended:

- “Supporting effective competition in service delivery by establishing clear, contestable community service obligations.” (Report, p. 2)
- “If there are additional community service obligations, public provision is not necessarily the only or best option.... which should be subject to market testing and contestability rather than simply earmarked for TAFEs.” (p. 31)
- “Community service obligations should be subject to market testing and contestability.” (p. 169)

CCA strongly believes that the policies of Commonwealth, state and territory governments need to provide significant guidance and (at times direct) intervention for government-funded VET services for vulnerable and disadvantaged consumers. The best way to do this is to ensure that these services are provided by government-run organisations (i.e. TAFE) and community not-for-profit providers. CCA also strongly believes VET CSOs should continue to be limited to public (TAFE) and community providers.

For-profit higher education and for-profit VET providers consistently have been and will continue to be driven by a “bottom line” approach of profitability, preferably as high as possible. Based on the results of the publicly-listed for profit providers, the for-profit VET sector appears to sustain profit margins of around 30%, according to a report by Serena Yu and Damian Oliver.<sup>29</sup> CCA maintains that such profitability is inconsistent with the provision

<sup>28</sup> Available at <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/government-funded-students-and-courses-2018>.

<sup>29</sup> Source: *The Capture of Public Wealth by the For-Profit VET Sector: A Report Prepared for the Australian Education Union*, by Serena Yu and Damian Oliver, Workplace Research Centre, University of Sydney Business

of CSO funding and basic educational service delivery to vulnerable and disadvantaged Australians.

## 6.2 Australian VET Community Service Obligations

Generally, CSOs are government requirements for service providers to engage in non-commercial activities to promote affordability and access objectives.

Community service obligations in Australian VET have a long history. The New South Wales Government, for instance, provides these solely through community education and TAFE providers through the Smart and Skilled program. The NSW Adult and Community Education (ACE) CSO was re-named the “ACE Program” in mid-2019, and is described below:

Funding of the ACE Program is granted to approved ACE Providers to deliver training and support that cannot be effectively addressed through Smart and Skilled programs. The ACE Program provides funding towards training up to and including Certificate III level.

The ACE Program is designed to target Disadvantaged Students across NSW, and students in Regional and Remote Communities in NSW that experience significant barriers to training and employment. Where there are barriers to accessing Smart and Skilled Entitlement training, ACE funding can be used to provide intensive support to assist eligible students to overcome these barriers. The ACE Program is a pathway program to help students access further training under Smart and Skilled, get a job or advance their careers.

The ACE Program will also offer support to small business owners and their staff by providing fully subsidised accredited and non-accredited training in targeted courses in information technology, business services or foundation skills. This category is referred to as Targeted Skills for Small Business (TSB).<sup>30</sup>

A number of community education CSO case studies have been posted on the CCA website.<sup>31</sup>

## 6.2 Issues with For-Profit VET Providers

The Australian Tertiary Education Quality and Standards Agency published (April 2016) an analysis of the different costing structures between public universities, non-university not-for-profit providers (NFP), non-university for-profit providers (FP) and TAFEs delivering university education.<sup>32</sup> While the Australian tertiary education sector is different from the VET sector, there are many commonalities, and a large number of organisations that provide services in both sectors. Thus the tertiary education experience is a valuable comparison to VET. The study TEQSA found that:

While for-profit (FP) providers only accounted for 4% of all students enrolled in higher education and 3.2% of all revenue of the sector, they achieved considerably better operating margins than other types of provider. The median level of operating margin

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School, January 2015, available at [https://issuu.com/aeufederal/docs/autumn\\_2015](https://issuu.com/aeufederal/docs/autumn_2015) and <https://search.informit.com.au/documentSummary;dn=905163868321899;res=IELAPA;type=pdf>

<sup>30</sup> See “ACE Program 2020-2021”, available at [https://www.training.nsw.gov.au/ace/ace\\_program.html](https://www.training.nsw.gov.au/ace/ace_program.html)

<sup>31</sup> View through this link: <https://cca.edu.au/resources/#casestudies>.

<sup>32</sup> “Key financial metrics on Australia’s higher education sector; Selected insights, April 2016”, Tertiary Education Quality and Standards Agency, <http://www.teqsa.gov.au/sites/default/files/publication-documents/KeyFinMetrics042016.pdf>.

for FP providers at 11.9% was twice that of universities (6.1%) and well in excess of NFP providers (1.9%) and TAFE (-3.8%). The distribution of operating results shows that maximum operating result for FP providers was 50.7% compared to 15.2% for universities. In addition the de-identified data presented shows that a very significant majority of institutions with operating margins in excess 15% were FP providers.<sup>33</sup>

The National Tertiary Education Union (NTEU) has concluded:

This data provides further evidence against the usual rationale given for extending direct public teaching subsidies for Commonwealth-supported places through the Commonwealth Grants Scheme (CGS) to private for-profit (FP) providers, as is current government policy. They would not appear, based on this analysis, to be operating at competitive disadvantage given proportionately higher profit margins.

The private for-profit (FP) providers are able to achieve these profit margins by keeping employee costs low through the use of very few (and in some cases no) senior academics and an over reliance on insecure forms of employment to ensure maximum flexibility. While this approach might be healthy for the financial bottom line, it is no basis on which to develop a world class higher education sector.<sup>34</sup>

From CCA's perspective, this point is clear: *For-profit higher education and for-profit VET providers consistently have been and will continue to be driven by a "bottom line" approach of profitability, preferably as high as possible.*<sup>35</sup> CCA maintains that such profitability is inconsistent with the provision of community service obligation funding and basic educational service delivery to vulnerable and disadvantaged Australians. In the VET sector, these services should continue to be provided by government (TAFE) and community education providers. Further support for this statement can be found at in publications by Philip Toner and John Quiggin.<sup>36</sup>

In making its CSO recommendations, CCA is concerned that the Productivity Commission has ignored its own Reforms to Human Services inquiry, which used the badly designed VET FEE-HELP program as a case study of major policy failure, and pointed out the importance of good government stewardship:

In the VET system, reforms were not accompanied by adequate safeguards or oversight of providers. In 2012, the Australian Government expanded the VET FEE

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<sup>33</sup> Summary provided by Paul Kniest, the National Tertiary Education Union (NTEU), 12 April 2016; for more details see <http://www.nteu.org.au/article/For-Profit-Higher-Education-Providers-Earn-Big-Profits-but-Pay-Low-Employee-Benefits-18493>.

<sup>34</sup> Paul Kniest, National Tertiary Education Union (NTEU), 12 April 2016, <http://www.nteu.org.au/article/For-Profit-Higher-Education-Providers-Earn-Big-Profits-but-Pay-Low-Employee-Benefits-18493>.

<sup>35</sup> This point has been proven many times by the extraordinary profitability that some private for-profit VET providers made through the VET FEE-HELP scheme; see <http://www.news.com.au/finance/money/costs/this-is-a-blatant-ripoff-of-the-taxpayer-training-colleges-facing-audit-of-predatory-pricing/news-story/b82f5b31b12ccc58755939fbfdb6d66d>; <http://www.smh.com.au/business/thousands-of-students-caught-up-in-major-college-collapse-20160210-gmqt8x.html>; and <http://www.aeufederal.org.au/application/files/9614/3315/0486/WRCAEU2015.pdf>.

<sup>36</sup> "How Economics Explains Failure of the Publicly Funded Privately Delivered Training Market," by Philip Toner, Centre for the Study of Higher Education, University of Melbourne, 3 August 2018, [https://melbourne-cshe.unimelb.edu.au/data/assets/pdf\\_file/0006/2845779/Phillip-Toner-finaldocx.pdf](https://melbourne-cshe.unimelb.edu.au/data/assets/pdf_file/0006/2845779/Phillip-Toner-finaldocx.pdf); "Why the profit motive fails in education," by John Quiggin, *The Conversation*, 10 December, 2019, <https://theconversation.com/why-the-profit-motive-fails-in-education-128091>; and "Vocational education policy is failing, and it's not hard to see why," by John Quiggin, *Inside Story*, 28 February 2018, <http://insidestory.org.au/vocational-education-policy-is-failing-and-its-not-hard-to-see-why/>.

HELP scheme. The reforms provided access to VET FEE HELP loans for students undertaking some courses at VET providers that did not have credit transfer arrangements with a higher education institution.

As a result, there was a sharp increase in the number of (mainly full fee) students. This led to students accumulating large debts that many are unlikely to ever repay. Some private providers aggressively marketed their courses, emphasising to students that they would not have to pay upfront, and in some cases offering inducements (such as 'free' laptops). Thousands of students signed up for courses that they had little prospect of completing. Better oversight of providers, combined with quality standards and improved information, could have avoided some of these issues.<sup>37</sup>

Commenting on the Human Services Report, ACOSS CEO Dr Cassandra Goldie said:

The Productivity Commission believes that both not-for-profit and for-profit providers should be involved in the delivery of human services. Not-for-profits are focussed on their mission, and often service remote localities and work with the most complex clients. They usually reinvest surpluses in service delivery, ensuring that funds invested remain in the service system. These are just some of the ways that not-for-profits add value to the services they deliver.

On the other hand, we know that for-profit providers are focussed on making a profit, and will prioritise services that generate the highest profits. They also take vital money out of the service system through dividends to shareholders.

We need to put people at the heart of how we determine what services are needed, and how we design the services that will be delivered. We don't need more competition to achieve that.<sup>38</sup>

CCA also points to the Australian National Audit Office Report on VET FEE-HELP (2016), which described at great length the difficulties of engaging for-profit providers in VET delivery.<sup>39</sup>

CCA wishes to reinforce the points made by Dr Goldie: For-profit VET providers avoid the high needs vulnerable and disadvantaged learners. Why? Because they take extra time and resources, and that's hard to do when you want to make a good profit.

The introduction of "marketisation" (privatisation) competition into VET was meant to increase quality, responsiveness, efficiency, access and more equitable outcomes. However, the market approach to VET has not achieved equity goals. In addition, the proliferation of private Registered Training Organisations (RTOs) – more than 3000, many of them with misleading business names so that they pretend to be like TAFE or community providers – can create extensive confusion among learners. These numbers led the Commonwealth's expert VET reviewer, Stephen Joyce, to write of how employers complained about "a bewildering array" of RTOs, group training organisations and "State and Territory agents queuing up to help ... [with] current and future apprentices and trainees."<sup>40</sup>

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<sup>37</sup> See <https://www.pc.gov.au/inquiries/completed/human-services/reforms/report>.

<sup>38</sup> Source: [https://www.acoss.org.au/media-releases/?media\\_release=more-competition-brings-significant-risks-to-human-services](https://www.acoss.org.au/media-releases/?media_release=more-competition-brings-significant-risks-to-human-services).

<sup>39</sup> See "Administration of the VET FEE-HELP Scheme," Australian National Audit Office, 20 December 2016, <https://www.anao.gov.au/work/performance-audit/administration-vet-fee-help-scheme>.

<sup>40</sup> Source: *Strengthening Skills: Expert Review of Australia's Vocational Education and Training System*, by The Honourable Steven Joyce, Department of Prime Minister and Cabinet, 2019, p. 67,



One of the best examples of how the marketisation approach disadvantaged learners comes from research by Dr Don Zoellner, who examined Victoria and New South Wales after market approaches were adopted in those states. Dr Zoellner provided two detailed submissions to the Productivity Commission's inquiry in late 2019, one detailing the impact of VET marketisation in NSW and on detailing the impacts in Victoria.<sup>41</sup>

For instance, Dr Zoellner's research shows what while student enrolments decreased in all areas of Victoria between 2009 and 2017, the major impact was felt in outer regional areas (down 61.1%) and remote areas (down 80%). *The further students were located from the major city region the greater was the reduction of access to training rather than the promised benefits of the market.* In 2018, Victoria had 1014 RTOs: 88% in major cities, 10.8% in inner regions, 1.5% in outer regions and none in remote areas. Of the 777 private for-profit VET providers, only 65 (8.3%) were located outside major cities.<sup>42</sup> Clearly, given a choice, for-profit providers will take the "easy route". Enabling even more for-profit VET providers to obtain government funding is a recipe for long-term trouble.

About 95% of Australian university students enrol in 37 public universities, and legislation prevents any government funding going to for-profit primary and secondary schools.<sup>43</sup> So why is it that the VET sector should become even more "privatised" than it already is, when more than 70% of VET students already study with one of 3000+ private for-profit providers?<sup>44</sup>

## 7. Lifelong Learning, VET and Adult and Community Education Providers

The Commission's Interim report notes: "The VET sector also fills a variety of roles for the community as a whole. It offers foundation skills such as language, literacy, numeracy and digital literacy. It provides workforce entry-level and bridging courses. It facilitates the pursuit of learning for personal interest, personal development, and servicing regulatory requirements." (p. 72)

Australia's ACE sector continues to command a significant lead in providing a range of valuable lifelong learning opportunities, and ensures that participants have a way to move directly into accredited training. As Jennifer Aldred (Sydney Community College) recently wrote:

In my ACE organisation, operating primarily in inner and central Sydney, the vast majority of residents and workers are already work qualified, often to a high level and multiple times. Yet each year many hundreds of them enter our employment-related, non-accredited courses, whether in anticipation, or as a result, of the conditions that

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<https://pmc.gov.au/sites/default/files/publications/strengthening-skills-independent-review-australia-vets.pdf>.

<sup>41</sup> View Dr Zoellner's submissions at [https://www.pc.gov.au/\\_data/assets/pdf\\_file/0008/248597/sub004-skills-workforce-agreement-part1.pdf](https://www.pc.gov.au/_data/assets/pdf_file/0008/248597/sub004-skills-workforce-agreement-part1.pdf) [https://www.pc.gov.au/\\_data/assets/pdf\\_file/0010/248599/sub004-skills-workforce-agreement-part2.pdf](https://www.pc.gov.au/_data/assets/pdf_file/0010/248599/sub004-skills-workforce-agreement-part2.pdf).

<sup>42</sup> See <https://cca.edu.au/vet-markets-have-disadvantaged-regional-and-rural-australian-learners/>.

<sup>43</sup> Source: Universities Australia, *Data Snapshot 2019*, <https://www.universitiesaustralia.edu.au/wp-content/uploads/2019/06/Data-snapshot-2019-FINAL.pdf>. Regarding school funding, see: "We hear the same lazy myths about 'private schools', but the term is meaningless," by Colette Colman, ABC News, <https://www.abc.net.au/news/2018-02-14/independent-schools-not-private-and-not-always-rich/9421584>.

<sup>44</sup> Source: NCVER, July 2019, <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/total-vet-students-and-courses-2018>.



undermine employment. Indeed, the Australian Taxation Office recognises the contribution of the ACE sector in non-accredited skills learning and development in its guidelines to determine course GST applicability. Many thousands also enter our other non-accredited courses to explore opportunities during a lull in their career or when contemplating another one. To demonstrate the point, one student of our college, a qualified sociologist, became a jewellery maker after attending multiple courses in that skill. What she thought could be a ‘hobby’ became a business. She actively sells online. Another, an office worker, chose to enter art school and is now a practising sculptor. What she thought was an ‘interest’ in creative arts lessons became a new vocation. We need to dig deeper to know and understand the motivations of adult learners who look to ACE to develop new talents. The results can be surprising.<sup>45</sup>

CCA also notes the National Centre for Vocational Education Research’s (NCVER) recently released paper *Workforce-ready: challenges and opportunities for VET*, which includes a call to embrace “the concept of lifelong learning”, which is the core of ACE providers: “...lifelong learning is the key to successfully entering, navigating and changing jobs and careers.”<sup>46</sup>

## 8. Foundation Skills

ACE providers play a crucial role in foundation skills and adult literacy/numeracy, and teaching English as a second language. It is their core business. Ministerial ACE policy declarations from Victoria and South Australia (New South Wales will follow in August 2020) acknowledge the importance and role of the adult and community education sector in Australian education, training for employment and participation in society.<sup>47</sup>

The Victorian statement’s first goal is, “To engage and support adult learners who need to develop their core foundation skills for work, further study, and to participate in society as valued citizens.”<sup>48</sup> This reflects the last Commonwealth statement (2008) – now outdated but still relevant – which states, “Individuals who lack foundation skills, however, face serious limitations in their capacity to enter and survive in the modern workplace, let alone progress beyond low-skilled and low-paid employment,” and an outcome to achieve is that “the working age population have gaps in foundation skills levels reduced to enable effective educational, labour market and social participation.”<sup>49</sup>

The South Australian statement speaks of, “the broad scope of capability within this sector positions ACE as a fundamental part of the solution in lifting foundation skills, increasing social engagement and improving workforce participation.”<sup>50</sup>

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<sup>45</sup> Source: <https://cca.edu.au/workforce-ready-means-more-than-just-certification/>.

<sup>46</sup> See *Workforce-ready: challenges and opportunities for VET*, by Tabatha Griffin, NCVER, 2020, p. 11, [https://www.ncver.edu.au/data/assets/pdf\\_file/0030/9661008/Workforce-Ready\\_2020-NO-FRILLS\\_Discussion-Paper.pdf](https://www.ncver.edu.au/data/assets/pdf_file/0030/9661008/Workforce-Ready_2020-NO-FRILLS_Discussion-Paper.pdf).

<sup>47</sup> See <https://cca.edu.au/victorian-government-launches-ministerial-statement-on-the-future-of-adult-community-education/> and <https://cca.edu.au/south-australia-recognises-the-value-of-adult-and-community-education/>.

<sup>48</sup> See <https://www.education.vic.gov.au/Documents/training/learners/learnlocal/Future-ACE-2020-25-Ministerial-Statement.pdf>.

<sup>49</sup> See [http://cca.edu.au/wordpress/wp-content/uploads/2016/06/Ministerial\\_Declaration\\_on\\_Adult\\_Community\\_Education\\_2008.pdf](http://cca.edu.au/wordpress/wp-content/uploads/2016/06/Ministerial_Declaration_on_Adult_Community_Education_2008.pdf).

<sup>50</sup> See [http://www.tasc.sa.gov.au/DesktopModules/Bring2mind/DMX/Download.aspx?Command=Core\\_Download&EntryId=762&PortalId=5&TabId=1047](http://www.tasc.sa.gov.au/DesktopModules/Bring2mind/DMX/Download.aspx?Command=Core_Download&EntryId=762&PortalId=5&TabId=1047).

A wealth of international evidence supports this importance; a United Nations report states that literacy is a transformational process that empowers individuals, broadens their critical thinking and provides them with the ability to act.<sup>51</sup> A person without basic literacy lacks real opportunities to engage effectively in the economy, with democratic institutions, to make choices, exercise his/her citizenship rights and act for a perceived common good. Other UN reports support these conclusions, which has been supported by Australian policy research by Jane Newton and others.<sup>52</sup>

Australia's not-for-profit community education providers continue to over-perform in delivering foundation skills; this must be an essential part of any national strategy to improve the country's job readiness, both in the current recession and as we proceed through it on the other side.<sup>53</sup>

## 9. Recognition for Australia's Community Education Providers

The Productivity Commission Interim report acknowledges that Australia's community education providers constitute a separate and identifiable group: "Community education providers, which often focus on the provision of foundation skills, are the next largest provider group" (p. 62). CCA notes, however, that the Commonwealth and state and territory governments have not updated the December 2008 Ministerial Statement on Adult and Community Education (ACE).<sup>54</sup> **CCA calls on the Commission to include this recommendation in its final report.**

The last national Statement – issued by the Ministerial Council for Vocation and Technical Education – confirmed the "value of ACE in developing social capital, building community capacity, encouraging social participation and enhancing social cohesion." The Statement described how the sector can respond to industrial, demographic and technological changes, 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 12 years. Australia needs a national policy statement that articulates the new realities of VET, given our rapidly changing economy, systematic underfunding of the VET sector, substantial damage to the VET "brand" by the VET FEE-HELP scandals, rapid expansion of international higher education and VET, and the exponential increase in the number and reach of private for-profit VET providers. This statement must include the capability of community providers to undertake a set of unique services as well as complement the activities of TAFE, the sector's role in educating young people, and providing services to the National Disability Insurance Scheme (NDIS) and other programs. The challenges facing Australian VET because of the impacts of the Coronavirus pandemic make this more important than ever.

There have been attempts by some to collapse community education providers with private for-profit VET providers – calling all of them "independent providers". CCA believes this is

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<sup>51</sup> See [http://www.unesco.org.pk/education/documents/ILD\\_2012/Notes\\_on\\_Literacy\\_and\\_Peace.pdf](http://www.unesco.org.pk/education/documents/ILD_2012/Notes_on_Literacy_and_Peace.pdf).

<sup>52</sup> See *Foundation skills policy contexts and measures of impact* by Jane Newton, NCVET, 2016, [https://www.ncver.edu.au/\\_data/assets/pdf\\_file/0018/83151/Foundation-skills-policy-contexts-and-measures-of-impact.pdf](https://www.ncver.edu.au/_data/assets/pdf_file/0018/83151/Foundation-skills-policy-contexts-and-measures-of-impact.pdf); and also *Exploring perspectives on adult language, literacy and numeracy* by Daniella Mayer, NCVET, 2016, [https://www.ncver.edu.au/\\_data/assets/pdf\\_file/0015/83121/Exploring-perspectives-on-ALLN.pdf](https://www.ncver.edu.au/_data/assets/pdf_file/0015/83121/Exploring-perspectives-on-ALLN.pdf).

<sup>53</sup> See [https://www.ncver.edu.au/\\_data/assets/pdf\\_file/0025/83572/Saliency-of-diversity-in-foundation-skills.pdf](https://www.ncver.edu.au/_data/assets/pdf_file/0025/83572/Saliency-of-diversity-in-foundation-skills.pdf).

<sup>54</sup> View the old statement here: [http://cca.edu.au/wordpress/wp-content/uploads/2016/06/Ministerial\\_Declaration\\_on\\_Adult\\_Community\\_Education\\_2008.pdf](http://cca.edu.au/wordpress/wp-content/uploads/2016/06/Ministerial_Declaration_on_Adult_Community_Education_2008.pdf).

wrong: doing so will result in confused and bad public policy outcomes, given that the very powerful differences in business plans, mission statements, governance structures, learner profiles and student engagement activities.

## **10. The Role of the TAFE**

The Commission's Interim report makes a number of statements about the role of TAFE. CCA wishes to make clear its approach to TAFE.

CCA recognises the shared values and important contributions that public technical and further education (TAFE) and community education providers undertake in promoting access and equity in Australian education and training. CCA has adopted a policy on "TAFE and Community Education", which details the importance of government VET funding and operations.<sup>55</sup>

The CCA policy recognises that "TAFE is both the largest provider and an anchor institution for equitable VET, playing a particularly important role in training apprentices; skilling regional, rural and remote Australian communities; and meeting the needs of special groups such as Indigenous Australians."

The CCA policy notes that community education providers and TAFE have many characteristics in common, given that both operate on a "social benefit" model. Both sectors aim to increase educational participation, work to develop skills as well as to build social capital and resilience within their communities, and are not motivated by providing a financial return to private investors.

## **11. The Challenges of Online Learning in VET**

The Productivity Commission's report notes: "The disruption of COVID 19 has thrown into sharper relief the potential for new platforms for learning, including the possibility for entirely online acquisition of some skills" (pp. 32 & 169). The report further notes:

The degree to which new platforms for learning are practical is only partly tested. For example, online delivery is not suitable for many courses (such as when competency in using equipment is an essential part of skills acquisition). Many students may prefer face to face contact.

The incremental costs of providing online services are generally significantly lower than physical delivery, there are significant opportunities for enhancements to productivity, flexibility and innovation. (p. 57)

Finally, the Interim report refers to "near zero pricing given that use of such courses by any one student does not limit its use by another" (p. 194).

CCA wishes to make a number comments on the Commission's statements. First of all, the questions relating to online learning are much broader than those of subsidies, pricing, costing and accreditation.

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<sup>55</sup> CCA's policy on TAFE is available here: <https://cca.edu.au/wp-content/uploads/2017/05/CCA-Policy-on-TAFE-and-Community-Education-11April2017.pdf>.

## 11.1 The Cost of Online Learning

This last statement in particular – “significantly lower costs” – is adamantly not correct: proper online learning is not less expensive than face-to-face learning, and requires extensive instructional design and detailed trainer, tutor and teacher engagement to produce effective learning. Australia is a world-wide leader in distance learning in the university sector, and has a great tradition to call upon without “reinventing the wheel”, however CCA believes that it is naïve and misguided to conclude that online learning is a panacea for VET teaching, particularly as a means to reduce cost.

Research on flexible learning in VET for the NCVET 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.<sup>56</sup>

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.<sup>57</sup>

The Australian Government’s *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.<sup>58</sup> The discussion paper notes that setting up online VET courses consistently constituted part of a strategy aimed at “reducing costs associated with teaching staff, rent and equipment”, and clearly meant a reduction in educational quality as well.<sup>59</sup> Although the badly designed VET FEE-HELP scheme was unique in its operation, the very low success rates with online learning of those with those loans indicates particular challenges to expanding online VET. To do it well, it is not an inexpensive option.

The real challenge for Australian VET – especially at the lower Certificate levels – is to properly “blend” online and other learning activities.

## 11.2 Many Australians Lack Internet Access

The assumption – often made by highly educated professionals who live in Australia’s capital cities – that all Australians can go online to access the education they need, is simply not correct. According to the Australian Digital Inclusion Index:

For the more than 2.5 million Australians who are still not online, the education, health, social and financial benefits of being connected remain out of reach. And we know that digital disadvantage coincides with other forms of social and economic

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<sup>56</sup> See Kilpatrick and Bell, [https://www.ncver.edu.au/\\_data/assets/file/0014/3209/200.pdf](https://www.ncver.edu.au/_data/assets/file/0014/3209/200.pdf).

<sup>57</sup> See Kilpatrick and Bell, [https://www.ncver.edu.au/\\_data/assets/file/0014/3209/200.pdf](https://www.ncver.edu.au/_data/assets/file/0014/3209/200.pdf).

<sup>58</sup> Source: <https://docs.education.gov.au/documents/redesigning-vet-fee-help-discussion-paper>, pp. 19-20.

<sup>59</sup> Source: <https://docs.education.gov.au/documents/redesigning-vet-fee-help-discussion-paper>, p. 22.

disadvantage, so those that can potentially benefit most from being connected are at greater risk of being left behind.<sup>60</sup>

Who are these 2.5 million Australians? They are disproportionately Indigenous, older, poorer, rural and less well-educated:

- almost 25% of *Indigenous households* lack internet access, compared to 15% of the general population;
- only 55% of *people aged 65 or more* use the internet, compared to the 86.5% national average; and
- *regional and rural* household access consistently lags 10% behind metropolitan areas;
- while 95% of top “quintile” – the one-fifth of most economically advantaged households – have internet access, only 69% of bottom quintile, *the most disadvantaged households*, do;
- *people with disabilities* often lack confidence and knowledge to access the internet;
- for *people from non-English speaking backgrounds*, 14% lack access, compared to a 13.5% national average; and
- for *people with lower formal education* (year 12 or below), only 79% access the internet, compared with 97% of people with a tertiary qualification.

These groups, not coincidentally, are also those best served by Australia’s not-for-profit adult and community education providers, as this submission details above.<sup>61</sup>

What about those 20% of Australian adults with low literacy, numeracy and digital problem-solving skills? They are often the least likely to reskill and upskill for a changing workforce; only Australia’s ACE sector conducts outreach and fully caters for their needs.<sup>62</sup>

*So much of Australian adult literacy and numeracy instruction takes place face-to-face, simply because low literacy inevitably coincides with poverty, reduced digital access and other challenges. These Australians are particularly disadvantaged during a Coronavirus social distancing regime, and must not be forgotten.*

The Australian Bureau of Statistics estimates our population at 25.6 million people. Since 80% of them are adults (roughly age 15+), *this means that more than 4 million adult Australians face literacy challenges* (20% of 80% of 25.6 million).<sup>63</sup>

## 12. 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. To make our vision a reality, CCA works to empower Australia’s community education sector by increasing the awareness of the sector and its place in the economic and social fabric of our nation. CCA advocates at all

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<sup>60</sup> Available at <https://digitalinclusionindex.org.au/about/about-digital-inclusion/>.

<sup>61</sup> Also see <https://cca.edu.au/wp-content/uploads/2019/09/Reaching-Vulnerable-and-Disadvantaged-Learners-Flyer-v2-for-print.pdf>.

<sup>62</sup> See [https://www.oecd.org/skills/piaac/Country%20note%20-%20Australia\\_final.pdf](https://www.oecd.org/skills/piaac/Country%20note%20-%20Australia_final.pdf) and <https://www.smh.com.au/education/one-fifth-of-australian-adults-have-limited-literacy-and-numeracy-oecd-20190214-p50xpo.html>.

<sup>63</sup> See <https://www.abs.gov.au/ausstats/abs@.nsf/0/1647509ef7e25faaca2568a900154b63?OpenDocument>.

levels of government on the value of the community education sector, and for our members' activities and programs.<sup>64</sup>

CCA assists its members to sustain and grow, promoting learning innovation, focussing especially on vulnerable and disadvantaged learners. They focus on student welfare and are strongly committed to employment outcomes for their learners.

Our members have been providing flexible and dynamic education and training opportunities to individuals, groups and businesses for a long time – in some instances more than 100 years. As well as operating in accredited VET, CCA members offer a range of other learning opportunities, including non-accredited training, lifestyle and lifelong and cultural learning courses – education for which they are historically well-known. These educational activities help build self-esteem, re-engage “missing” learners and create and sustain social and community networks, all of which help to reinforce and sustain the communities in which our members operate.

Our sector's history permits our members to be strategic and innovative in their flexibility to employ a wide range of tools. Our sector plays a strategic role because our members have the freedom to take considered risks. They are not bound by government structures in the way that TAFEs are, nor are they beholden to private shareholders to supply cash returns in the way of for-profit private providers.

Our members have an historic commitment to invest in their communities and respond to the needs of vulnerable and disadvantaged Australians, including a commitment to foundation skills. They do this through small class sizes, focussing on personal support, and creating connections to and collaborations with local non-government organisations, government agencies, social services and employers.

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<sup>64</sup> For more details see <https://cca.edu.au/who-we-are/about-us/>.



## Appendix A: Table 1 Student Cohort Definitions

The definitions have been sourced from Table 3, page 7 of Koshy, Paul (2019). *Equity Student Participation in Australian Higher Education: 2013 – 2018*. National Centre for Student Equity in Higher Education (NCSEHE), Perth: Curtin University, available at <https://www.ncsehe.edu.au/wp-content/uploads/2019/12/NCSEHE-Equity-Student-Briefing-Note-2013-18-Accessible-Final.pdf>.

The university data on disadvantaged and vulnerable students was originally designated in *A Fair Chance for All* and formally defined in *Equity and General Performance Indicators in Higher Education* (“the Martin Review”).

**Low socioeconomic status (Low SES) students:** Socioeconomic status (SES) is assigned to students on the basis of the Statistical Area 1 (SA1) in which they reside. SA1s have a population of between 200 to 800 people, averaging around 400. All SA1 areas are ranked nationally using the Australian Bureau of Statistics’ (ABS) estimates of the *Socio-Economic Index for Areas* (SEIFA) — *Index of Education and Occupation* (IEO). This is calculated using ABS census data (ABS, 2015). Low SES students reside in SA1s with the lowest quartile (25%) of the Australian population in this ranking. The 2011 census is used to define SES between 2013 and 2015 and the 2016 census for 2016 to 2018.

**Students with Disability:** Students self-report disability to their education provider, usually via a formal enrolment declaration.

**Indigenous students:** Students self-report as Indigenous to their education provider, either at the time of their enrolment or during their studies.

**Students from regional and rural areas:** Regional students are defined as having a permanent home address in an SA1 area that is classified as regional or rural using the Australian Statistical Geography Standard (ASGS).

**Students from a non-English speaking background (NESB):** A student is assigned NESB status if they are a domestic undergraduate student who arrived in Australia less than 10 years prior to the year in which the data were collected, and come from a country where the primary language spoken is not English. NESB students are often referred to as students from “culturally and linguistically diverse” backgrounds, or “CALD students.”

The NCVER definitions are consistent with the university definitions; see <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/total-vet-students-and-courses-2018>.