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**Community Colleges Australia**

**Inequality in Australia: What  
can vocational education and  
training do to address it?**

**AVETRA**

**28 April 2022**



# This Presentation

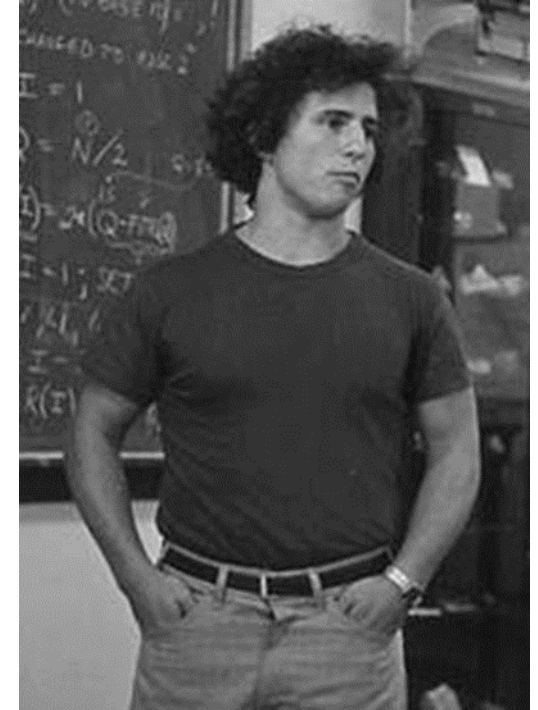
1. Why am I here?
2. Review of wealth inequality in USA and Australia
3. Our “billionaires” present moment
3. Does inequality of wealth matter?
4. Australians believe that education matters
5. A VET inequality “fail” through bad policy settings
6. Indigenous participation in VET
7. Post-secondary education employment outcomes compared
8. Return on investment for VET
9. Regional and rural VET
10. Australian Adult and Community Education (ACE)
11. ACE providers reach vulnerable and disadvantaged students
12. Youth unemployment
13. How to Enable VET to Achieve its Capacity to Make Australia a More Equal and Just Society

# What

“We should never separate the lives we live from the words we speak. To me, the most important goal is to live a life consistent with the values I hold dear and to act on what I believe in.”

- Paul Wellstone, *The Conscience of a Liberal: Reclaiming the Compassionate Agenda*

(University of Minnesota Press, Minneapolis, 2001, p. ix)



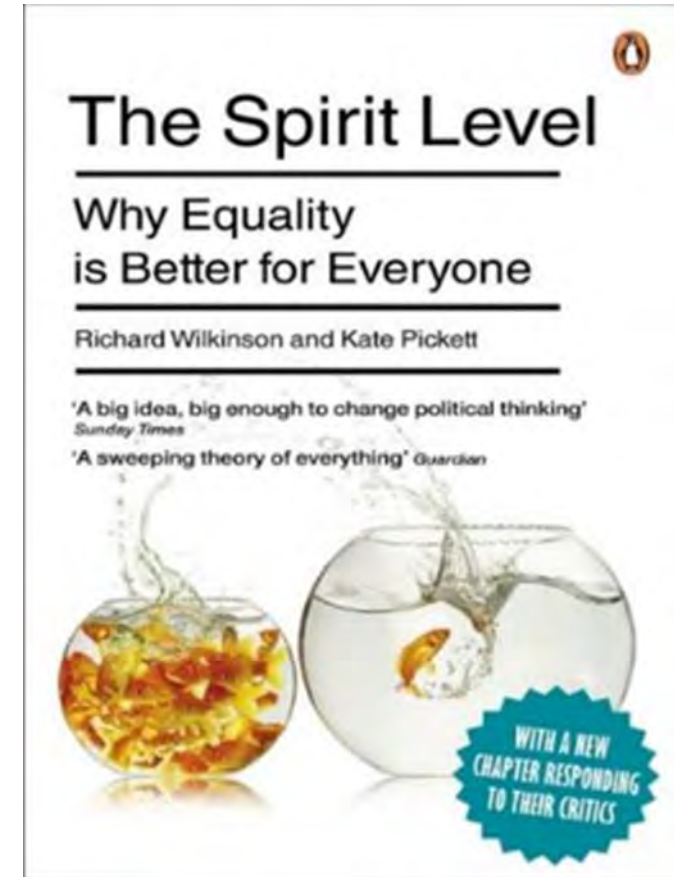
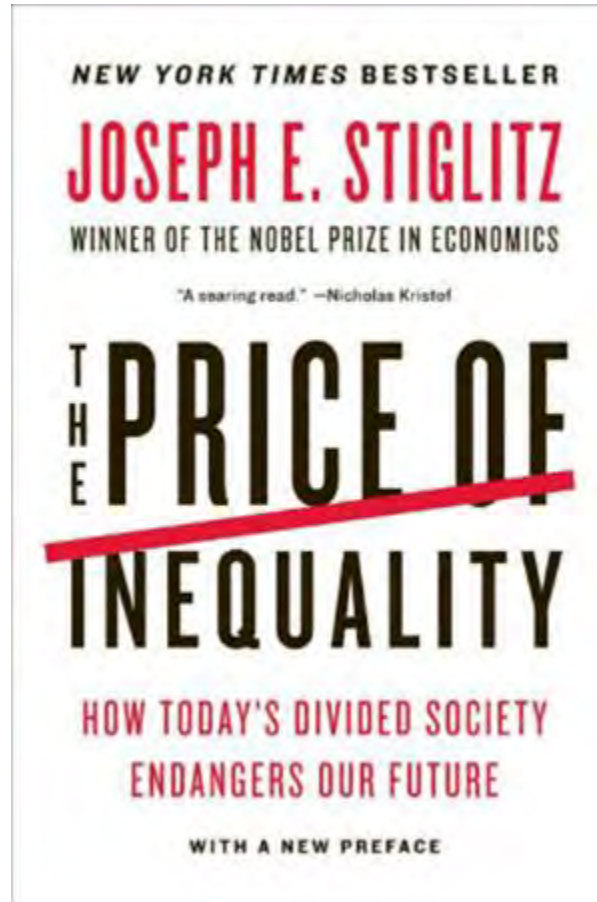
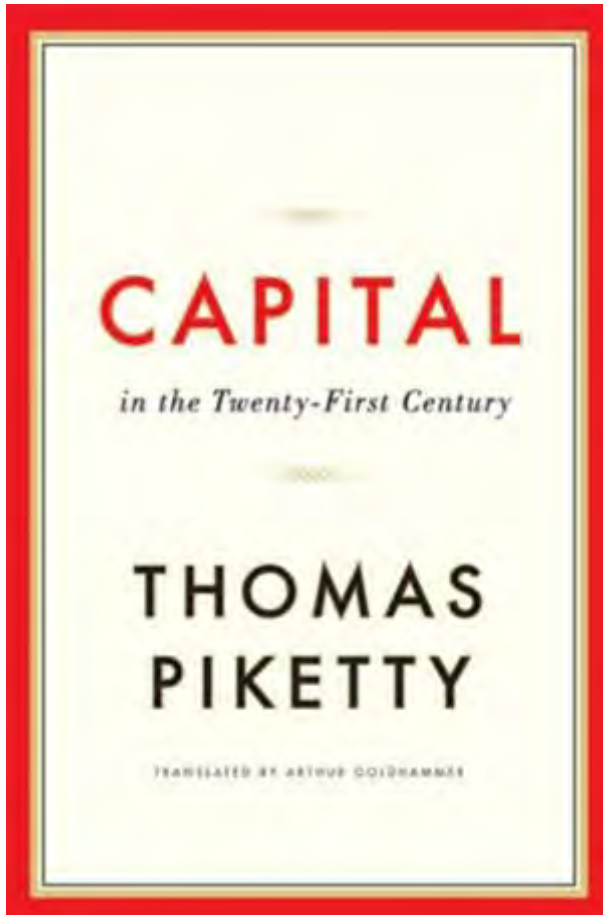
Senator Paul Wellstone (1944-2002)

# Today's Purpose

1. Reinforce the importance of tackling Australian inequality through education and training.
2. Australia's VET system needs more resources and reform: too focussed on private profit and not enough on social and economic outcomes.
3. Australian VET is one of our greatest equalisers.
4. The not-for-profit adult and community education (ACE) sector is an under-utilised resource.



# The “Economic Moment”: Concern for Growing Inequality





# Martin Place, Sydney 2017 – Homelessness Protests



# The Top 1% vs the Rest



"Today the top 1 percent earn a higher share of our national income than any year since 1928." – Senator Ted Cruz, 20 January 2015, citing Prof Emmanuel Saez, Univ of California, Berkeley (<https://www.youtube.com/watch?v=QFKfWnzs30c>)



# Wealth this Week

The New York Times

## A Billionaires' World

The world's richest person didn't like Twitter. So he's buying it.

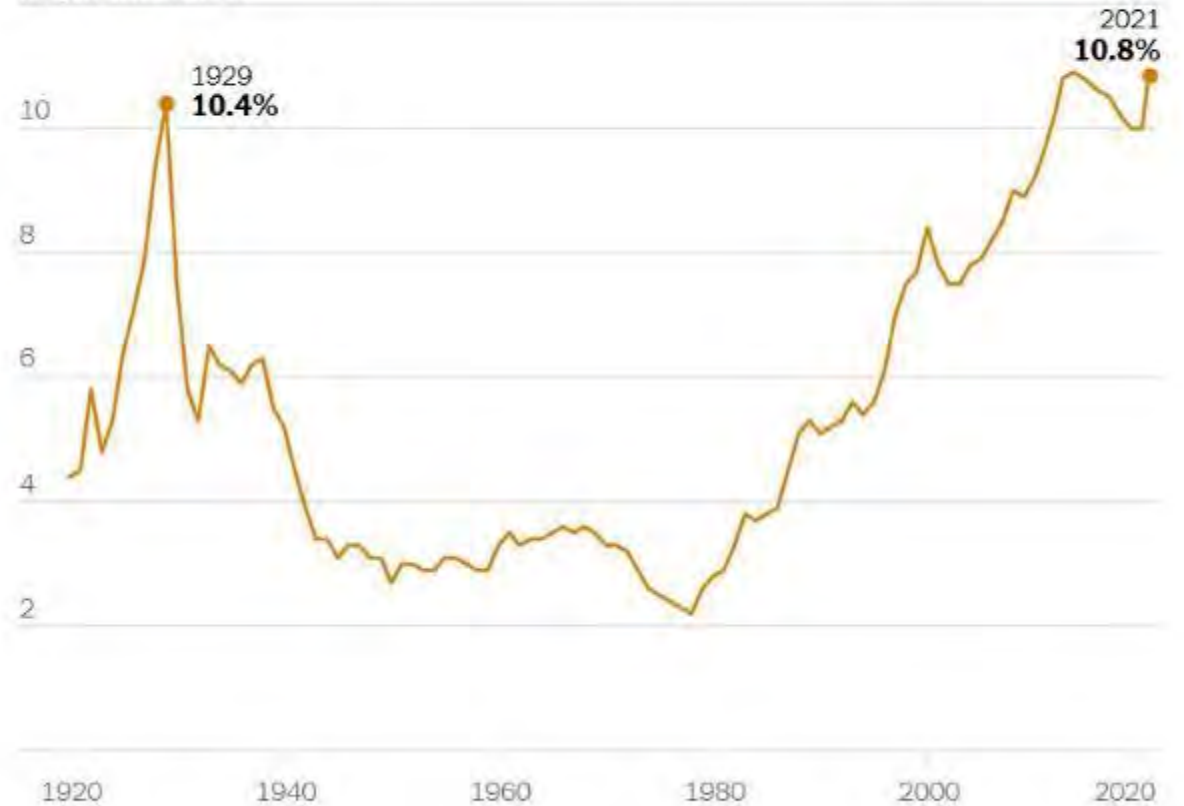
Give this article



Elon Musk Pool photo by Patrick Pleul

### Share of wealth in the U.S. owned by the top 0.01% of households

12% of total wealth



Source: Emmanuel Saez and Gabriel Zucman · By The New York Times



# Australian 2022 Federal Election

**AUSTRALIA VOTES** Keep up with the latest from the campaign trail in our federal election live blog

## How the United Australia Party's massive campaign budget could influence the federal election

7.30 / By Peter McCutcheon

Posted Thu 7 Apr 2022 at 4:12pm, updated Thu 7 Apr 2022 at 11:57pm



UAP ad, *SMH*,  
27 April 2022,  
p. 11

## Palmer to splash \$40 million on UAP advertising during election campaign

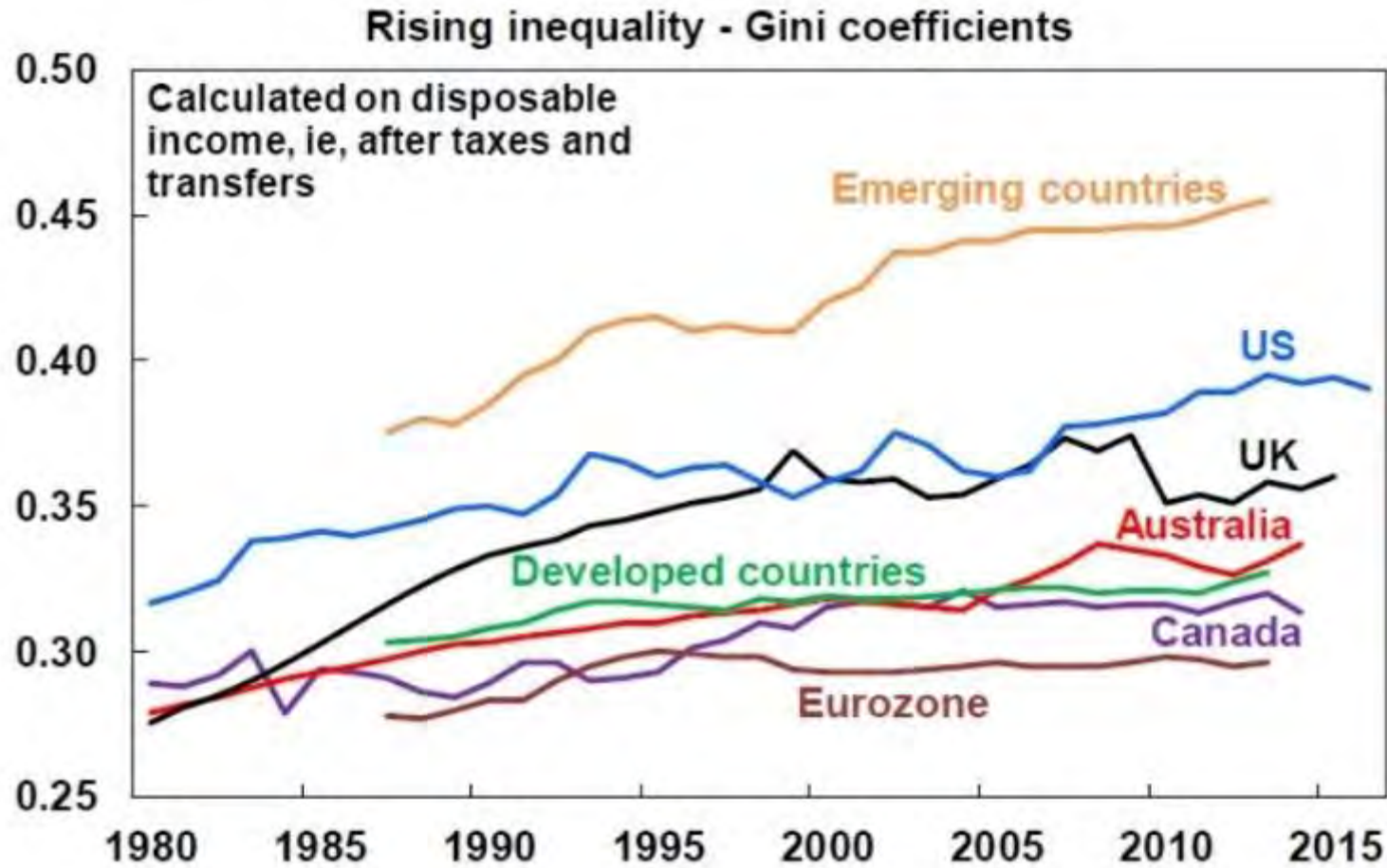


By Lisa Visentin  
April 7, 2022 — 6:34pm

      37 View all

Clive Palmer has pledged to spend at least \$40 million on an advertising blitz for his United Australia Party over the next five weeks, as he seeks to shape the Senate's balance of power in the next Parliament.

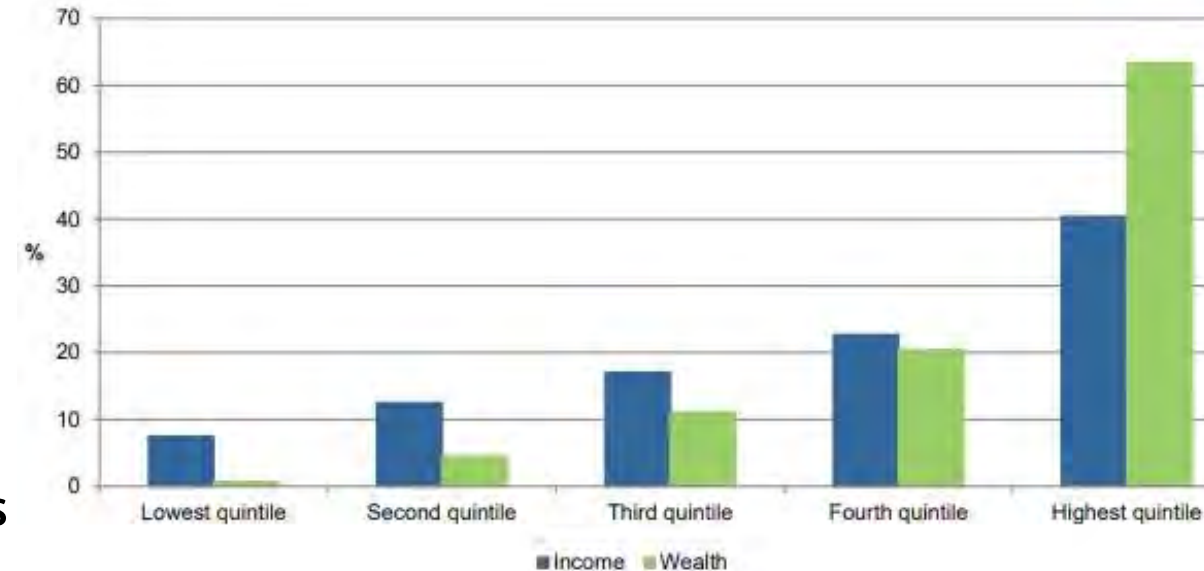
# Inequality in Australia Compared



Source: OECD, Standardised World Income Inequality Database, AMP Capital

# Wealth in Australia

- The poorest 40% of Australian households have effectively no wealth at all.
- Many have negative net wealth because of debts.
- Wealthiest 10% of households have > half the wealth.
- Top 1% of households alone has at least 15% of wealth.
- The top 10% and especially the top 1% – is getting cumulatively richer, not only relative to poor households but also in relation to the next 50%.
- *Two fault lines are widening – between the bottom 40% and the rest, and between the top 10% and the 50% in the middle.*
- *Wealth is unequally distributed in Australia by city, suburb and region.*



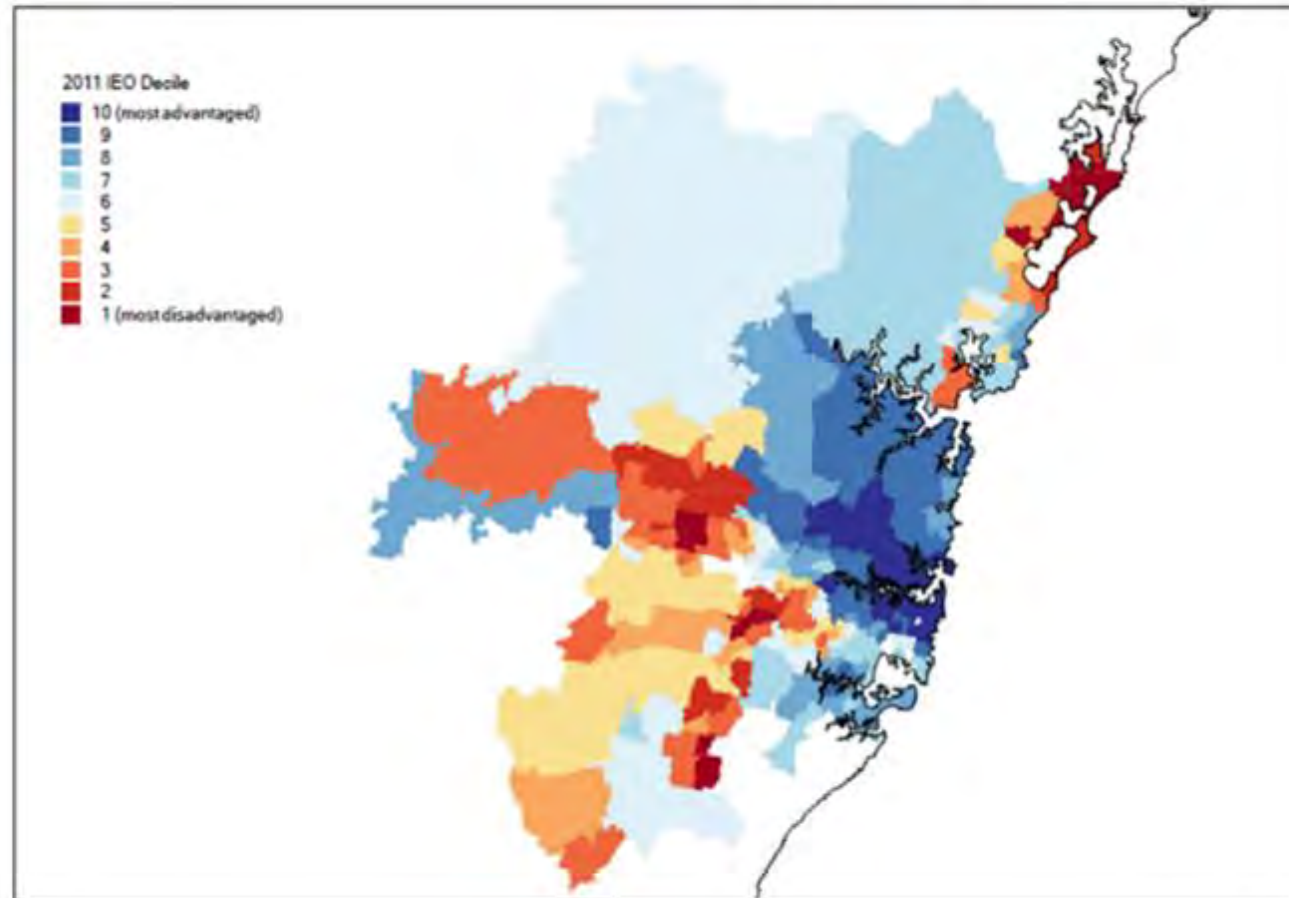


# Socio-Economic Indexes for Areas (SEIFA) - Sydney



2011 SEIFA

Index of Education and Occupation - SA2s in Greater Sydney



Based on SA2 - ASGS 2011  
Source: ABS  
© Commonwealth of Australia, 2013

# Why Does Inequality of Wealth Matter?

Increasing economic inequality:

- inhibits economic growth
- destroys social cohesion
- undermines democracy
- exacerbates social problems, including the management of COVID-19 and other health problems
- offends the idea of a just society by upending the belief in Australia as “the land of the fair go”

Source: Widening Fault Lines: COVID-19's Effect on Wealth Inequality, Dr Christopher Sheil, 24 March 2022, <https://www.internationalaffairs.org.au/australianoutlook/widening-fault-lines-covid-19s-effect-on-wealth-inequality/>



“Australia will receive a bigger economic growth dividend in the long-run by spending on education than offering an equivalent amount of money on a tax cut to business.”

- 60% of Australian economists “agreed” or “strongly agreed”

([http://esacentral.org.au/news/19310/spend-on-education-or-business-tax-cuts/?type\\_fr=452](http://esacentral.org.au/news/19310/spend-on-education-or-business-tax-cuts/?type_fr=452))



ESA | The Economic Society  
of Australia



# VET Disaster at Work: VET FEE-HELP Case Study

- Public borrowing for VET FEE-HELP (VFH) increased from \$26 million in 2009 to more than \$2.9 billion in 2015. This became a VET inequality public policy “fail”.
- A large proportion of VFH loans will not be repaid.
- A large proportion of VFH loans went to courses with no links to industry needs or student employment outcomes.
- The scheme dulled price signals ... no upfront costs led to the perception that courses were free, and some providers promoted the courses as free.
- The cost of VFH courses bore little relationship to the true (efficient) cost of delivery.

Course	Average tuition fee per full time VFH student	NSW Smart and Skilled Qualification Price
Diploma of Salon Management	\$32,941	\$6,330
Diploma of Project Management	\$29,065	\$6,490
Diploma of Marketing	\$28,596	\$5,800
Diploma of Events	\$14,567	\$8,980
Diploma of Accounting	\$13,659	\$6,570

Source: *Redesigning VET FEE-HELP: Discussion Paper*, April 2016, <https://docs.education.gov.au/node/40661>, pp. 15-17; Australian Skills Quality Authority.

# VET FEE-HELP Impact on Disadvantaged Students

VET is NOT necessarily a force for inequality, if the policy settings are wrong.

Under VFH, *disadvantaged students accrued higher fees/debts compared to non-disadvantaged students*, particularly Indigenous and low socio-economic status students.

**2015 Mean Tuition Fee**

Characteristic	Face-to-face	Online	Mixed-mode	Mean annual tuition fee
Indigenous	\$20,448	\$19,875	\$18,007	<b>\$19,977</b>
Non-Indigenous	\$12,972	\$16,515	\$12,042	<b>\$14,328</b>
Quintile 1 (low SES)	\$15,153	\$18,127	\$12,970	<b>\$16,193</b>
Quintile 5 (high SES)	\$11,555	\$15,114	\$11,151	<b>\$12,835</b>

Source: *Redesigning VET FEE-HELP: Discussion Paper*, April 2016, <https://docs.education.gov.au/node/40661>, p. 18.

# Valuing Education as an Investment and Not a Commodity

*Why is the Australian VET sector a “market”, but not the higher education or schools sectors?*

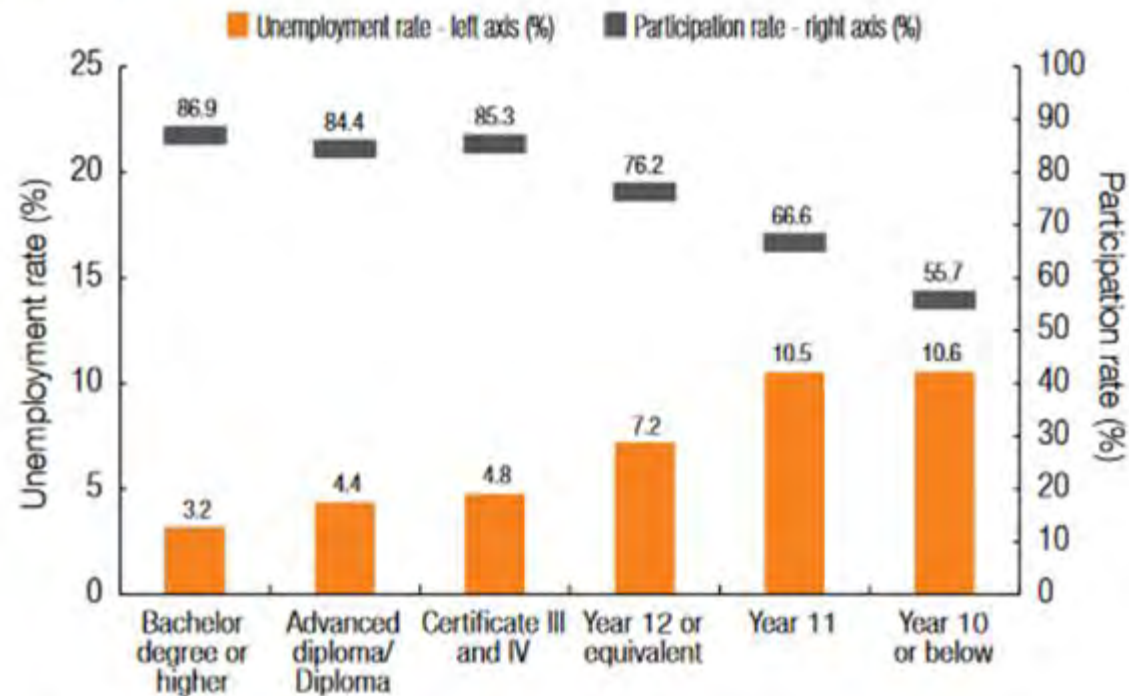
- **71.9%** of VET students enrol in private for-profit providers, **20.1%** TAFE/govt, **9.8%** ACE, **1.8%** universities, **2.8%** schools & **2.4%** enterprise providers (2020 data, NCVER 2021)
- 5% of higher education students enrol in private for-profit institutions
- Almost no primary or secondary students enrol in for-profit providers





# Education Matters in Australia

*Labour market outcomes by highest level of educational attainment, 2016 (%)*



Higher qualifications also generally lead to increased real wages. Some lower skilled occupations, though, also have relatively high pay, sometimes to compensate for unsociable working hours or difficult working conditions.

# VET – The Forgotten Middle Child of Education

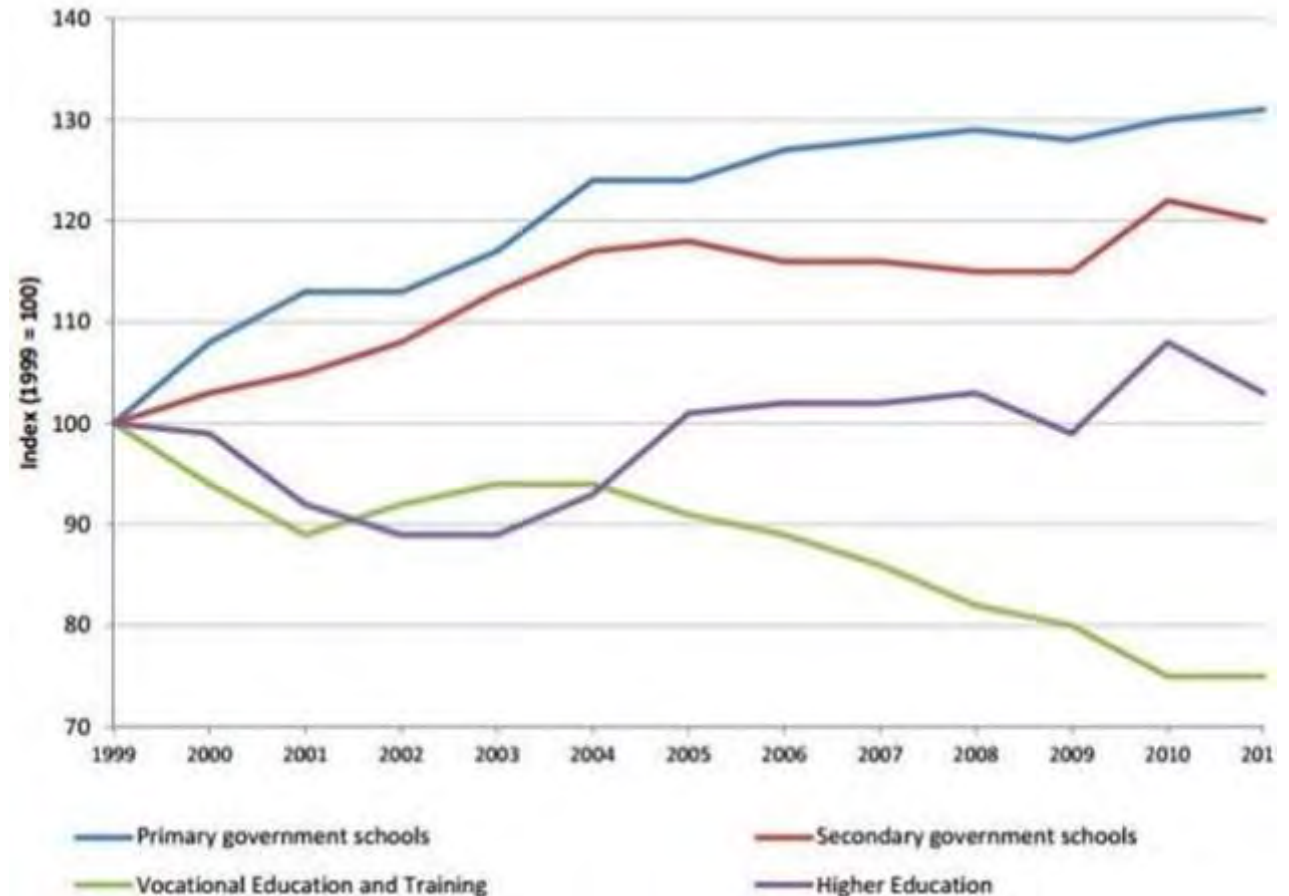
“Like a forgotten middle child, squeezed between schools - which tend to get a lot of policy attention, like the youngest child - and universities, which tend to get the prestige and status, like the oldest child. There is no doubt that the VET sector has a lower status in Australia.”

- CEDA

“Middle children are open to new ideas, patient, great innovators and team leaders, and excellent negotiators.”

- Dr Damian Oliver (formerly UTS, now National Skills Commission)

<https://vdc.edu.au/vdc-news/time-get-serious-national-vet-policy/>



Australian government education funding  
FTE indexed to 1999

# Indigenous Participation in VET

## Indigenous VET participation rate, 15-64 year olds (%)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Indigenous	17.4	18.4	18.8	18.8	18.6	20.3	20.9	20.9	19.5	19.9	18.7
Non-Indigenous	9.2	9.5	9.9	10.0	9.8	10.5	11.0	11.5	11.1	10.6	9.3
All Australians	11.3	11.3	11.2	11.2	11.1	11.6	12.1	12.4	11.7	11.2	9.9

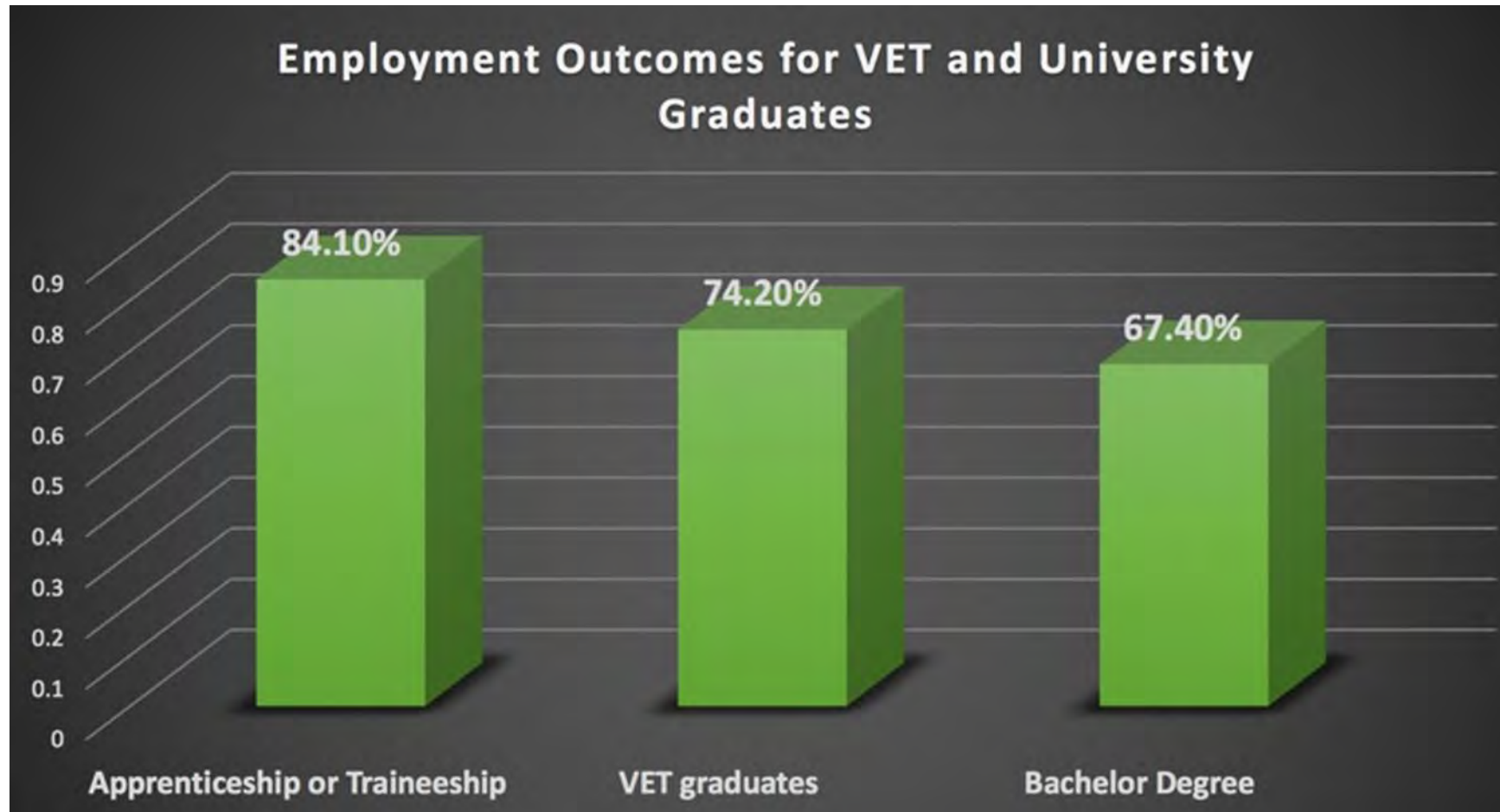
## Indigenous higher education participation rate, 15-64 year olds (%)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Indigenous	2.4	2.5	2.6	2.5	2.7	2.8	2.9	3.0	3.2	3.4	3.6
Non-Indigenous	5.3	5.3	5.4	5.4	5.5	5.8	5.9	6.1	6.4	6.6	6.7
All Australians	5.2	5.2	5.3	5.3	5.5	5.7	5.8	6.1	6.3	6.5	6.6

**Summary:** Indigenous Australians participate in VET at approximately double the rate of non-Indigenous Australians, but in higher education at about one-half the rate.

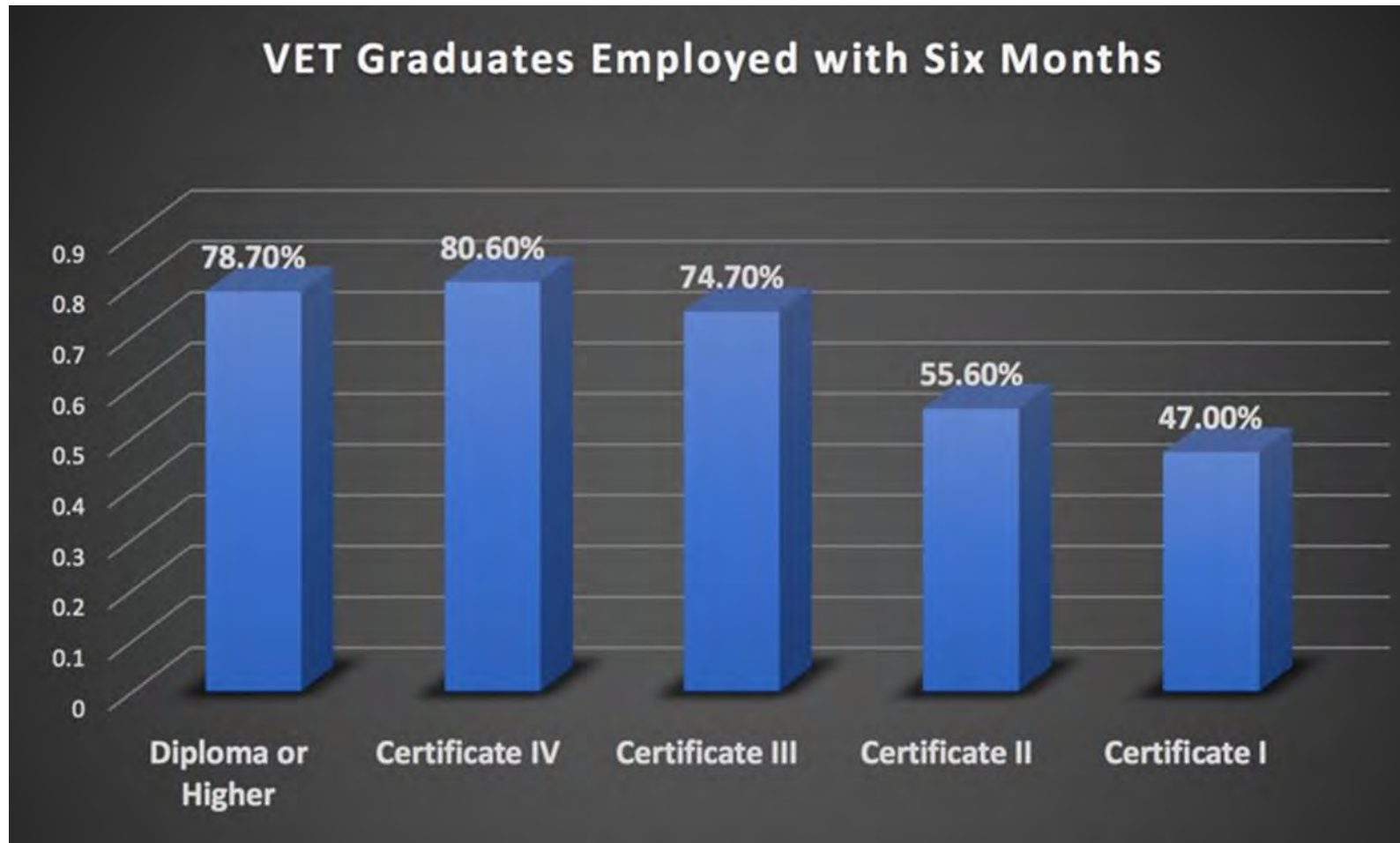


# VET and University Employment



Source: <https://compliantlearningresources.com.au/blog/great-news-strong-vocational-education-sector/>, based on <https://docs.employment.gov.au/system/files/doc/other/australianjobs2017.pdf>

# VET Employment Outcomes



Source: <https://compliantlearningresources.com.au/blog/great-news-strong-vocational-education-sector/>, based on <https://docs.employment.gov.au/system/files/doc/other/australianjobs2017.pdf>

# VET Return on Investment to Australian Society

Study	Methodology	Findings
Independent Economics 2013	Cost-benefit analysis to estimate the return of increased funding in VET	The committed 5.6% increase in funding was predicted to result in an <i>18% internal rate of return to the economy</i> .
Universities Australia and KPMG Econtech 2010	A system of five models to capture economic costs and benefits (see appendix A for details of the five models)	The internal rate of return for universities and the tertiary sector as a whole (university and VET) was <i>14% and 15% respectively</i> .

Source: Costs and benefits of education and training for the economy, business and individuals, NCVET, July 2016, <https://www.ncver.edu.au/publications/publications/all-publications/2873>, p. 12.

# VET Return on Investment to Australian Business

Study	Methodology used	Findings
Blandy <i>et al</i> 2000	Surveys (based on larger international examples) and a small number of in-depth case studies.	10% increase in training resulted in a <i>1% increase in productivity growth</i> . Training quantity and quality were positively associated with profitability.
Maglen, Hopkins and Burke 2001	Case studies	Increased productivity due to training was found in the manufacturing enterprises investigated. The footwear manufacturing industry showed <i>a return of \$58 for each dollar invested in training</i> , while the wire manufacturing industry showed <i>a return of \$190 for each dollar invested</i> . The methods used were, in the most part, ineffective in service-based industries.
Doucouliaagos and Sgro 2000	Seven case studies and a variety of statistical techniques depending on data availability	The return on investment <i>ranged from 30% to 7000%</i> .

Source: Costs and benefits of education and training for the economy, business and individuals, NCVER, July 2016, <https://www.ncver.edu.au/publications/publications/all-publications/2873>, p. 12.



# Importance of VET to Regional and Rural Australia

VET is important in rural and regional Australia: economic structures. Participation rates are at least 50% higher in rural and regional NSW:

- 6.3% metro
- 11.9% inner regional
- 14.6% outer regional
- 15.4% remote
- 18.5% very remote

A larger percentage of regional and rural VET students study lower level qualifications: Certificate III and below, just those qualifications offered by ACE.

*Regional and rural VET delivery by community providers* at least 10% nationally and more than 20% in Victoria, making community providers a significant national force in non-metropolitan Australia.

See [\*The Role of Community Education Providers in Regional and Rural Economic Development\*](#) (Community Colleges Australia, February 2017)



# Australian Adult and Community Education (ACE)

**The History:** NFP community-based learning links directly to 1913 ([WEA](#)) and even 1833 ([SMSA](#)).

**The Branding:** Often confused with TAFE and private for-profit providers.

**The Business:** Public perception of non-accredited adult education.

**The Numbers:** 400+ ACE training providers (RTOs), mostly located in Victoria & NSW; >2000 non-RTO ACE providers deliver pre-accredited, pre-vocational and personal interest learning.

**Students:** Of the 3.9 million VET students in 2020, **386,400 (9.8%)** studied with a not-for-profit ACE provider (decrease of 21% - 102,700 – on 2019, due to COVID-19 impact).

**Best Performance** of any VET sector at lifting unemployed people into employment: **12%** of NSW community education graduates moved from unemployment to employment in 2020.

**Aged Care:** Very important role in national [aged care training and workforce](#): 23% of Certificate III Individual support (Ageing) government-funded students in NSW, 19% in VIC, 13% nationally.





# Why are ACE Providers so Important to VET Equality

**Community support because of NFP status and mission** to do good: “Our mission is to positively transform the lives of individuals, families and communities.” (VERTO)

Build on local and regional strengths to create **pathways to jobs**

**Develop and sustain partnerships** between government, not-for-profit community and businesses

Small class sizes, personal and student support, **learner-centred**

**Collaborate** with other ACE providers, leveraging collective strengths

Flexible, agile and quick, employing wide range of tools & freedom to take risks

**Not bound by government structures** like TAFEs

Complement state & national programs to develop job skills, encourage economic development & enable citizen participation

**Collaborations** with government, NFPs, businesses, foundations and trusts

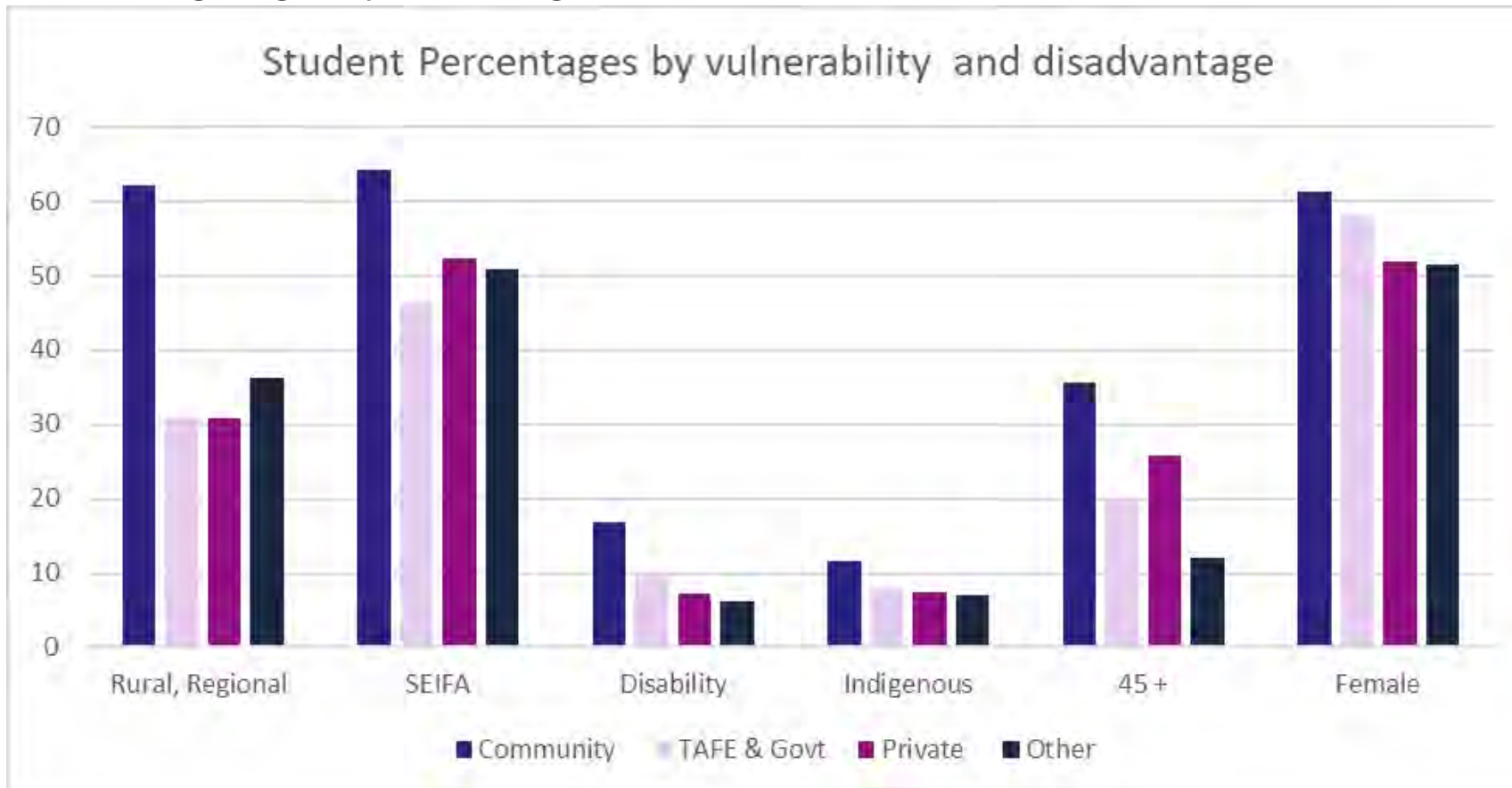
**Not beholden** to shareholders to make a profit

**Invest in local communities**, building human, social & economic capital



# ACE providers reach vulnerable and disadvantaged students

On almost all tracked measures of vulnerability and disadvantage, ACE providers consistently over-perform compared to TAFE, private for-profit and other VET providers, disproportionately catering for students from the most disadvantaged groups and regions.



## ACE SNAPSHOT

Government Funded VET in New South Wales 2020

### REGIONAL



**62.1%**

of students live in rural, regional and remote areas

### DISABILITY



**16.7%**

of students identify as having a disability

### SEIFA



**64.2%**

of students are socioeconomically disadvantaged

### INDIGENOUS



**11.5%**

of students are indigenous

### 45 PLUS



**35.5%**

of students are 45 or older

### FEMALE



**61.2%**

of students identify as female



# Youth Unemployment – the Biggest Challenge

## Youth Unemployment to June 2018

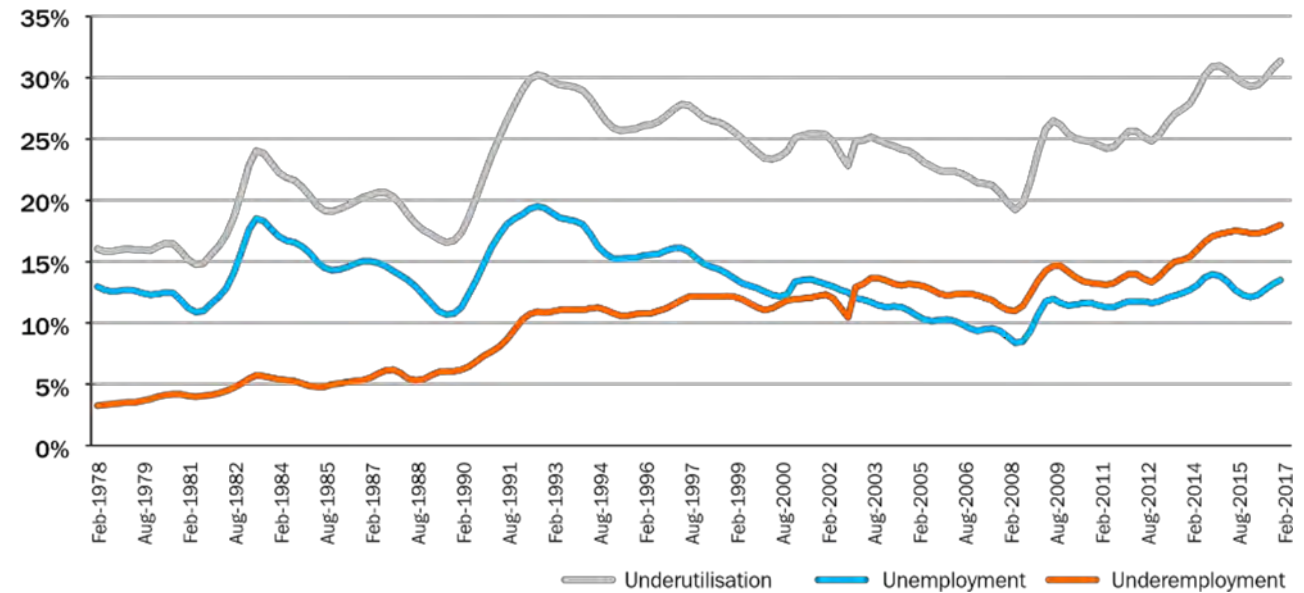
Figure 1: Unemployment rates (%) in Australia for different age groups, January 2000 – January 2018



Source: ABS 2018, Labour force, Australia, January 2018, cat. no. 6202.0, trend data

Source: An Unfair Australia? Mapping Youth Unemployment Hotspots, March 2018, Brotherhood of St Laurence, <http://library.bsl.org.au/showitem.php?handle=1/12012>

## Youth Under-employment to February 2017



Source: Brotherhood of St Laurence, [http://library.bsl.org.au/jspui/bitstream/1/9409/1/BSL\\_Generation\\_stalled\\_young\\_underemployed\\_2017.pdf](http://library.bsl.org.au/jspui/bitstream/1/9409/1/BSL_Generation_stalled_young_underemployed_2017.pdf)

# How to Enable VET to Achieve its Capacity to Make Australia a More Equal and Just Society



**Let's get serious about enabling VET** to make Australia a more equal and just society by:

- Creating **proper pathways**, from ACE to TAFE, and from VET to universities
- Developing **regional skills plans**, in both metropolitan and non-metropolitan areas, which keep social justice goals as a key priority, and consider the needs of disadvantaged learners
- Funding **foundation skills** – language, literacy, numeracy, digital and employability skills – properly, recognising the importance of skilled FS trainers and the special needs of adult basic education students, who may not fit into traditional VET teaching models: this includes national recruitment campaigns utilising the Reading Writing Hotline
- Ensuring **VET is properly funded** – [with 5.1% inflation to 31 March](#), chances are we are heading backwards – including proper physical facilities and digital connectivity for ACE providers
- Implementing a [national outreach program](#) to **re-engage** disadvantaged and vulnerable VET learners who have left training because of COVID-19 concerns, based on the Victorian Reconnect Program and the previous TAFE NSW Outreach program: this includes a major focus on student support and mentoring
- Renewing the **national-state-territory policy statement** on the value and place of ACE and its place in Australian skills and training, updating the 2008 Ministerial statement

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**28 April 2022**

