

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

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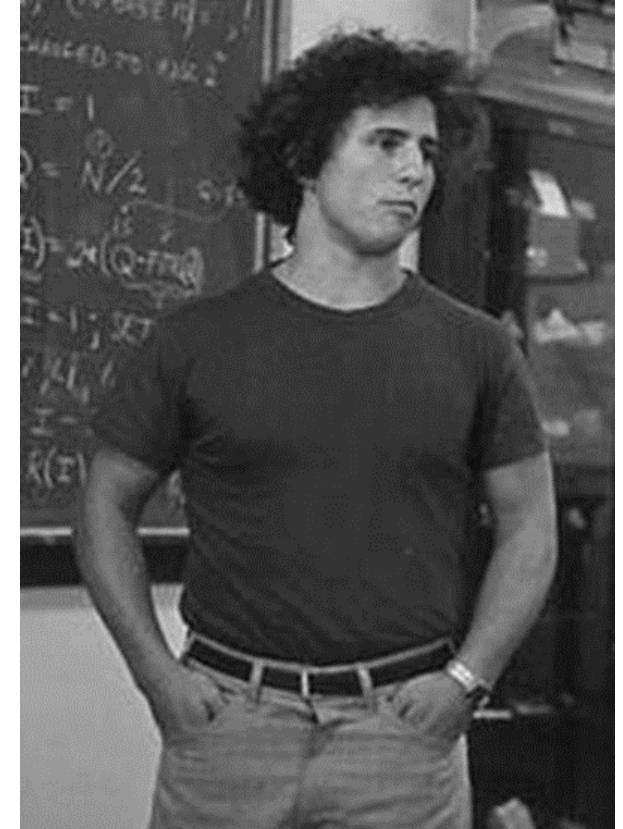
# This Presentation

1. Dedication and purpose
2. Wealth inequality in USA & Australia
3. The “billionaires” present moment
4. Does inequality of wealth matter?
5. Australians believe that education matters
6. VET FEE-HELP inequality “fail” through poor policy
7. Indigenous participation in VET
8. Regional and rural VET
9. Australian Adult and Community Education (ACE)
10. Conclusion: 6 ways for VET to make Australia a more equal and just society

“We all do better,  
when we all do  
better.”

Senator Paul  
Wellstone

September 1999



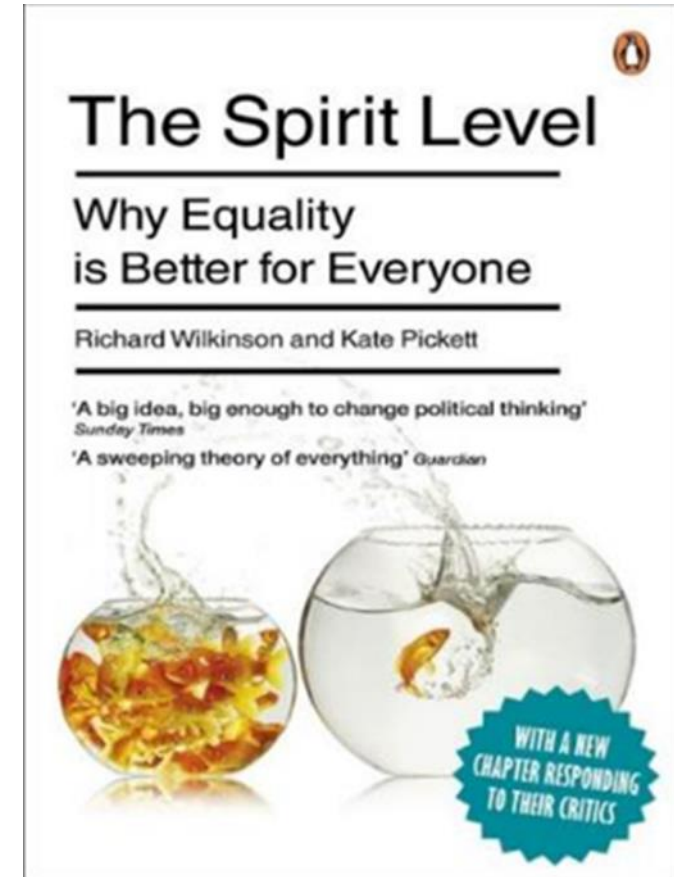
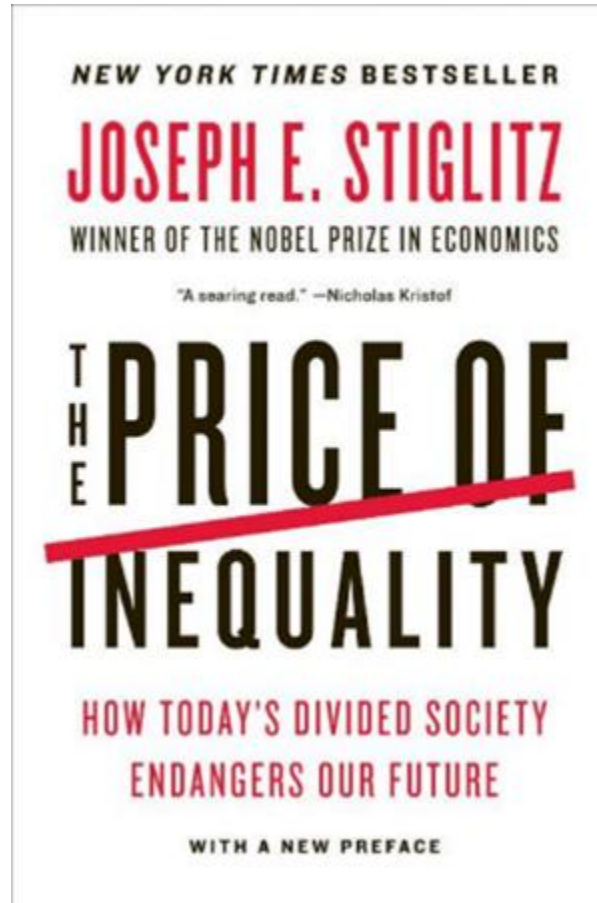
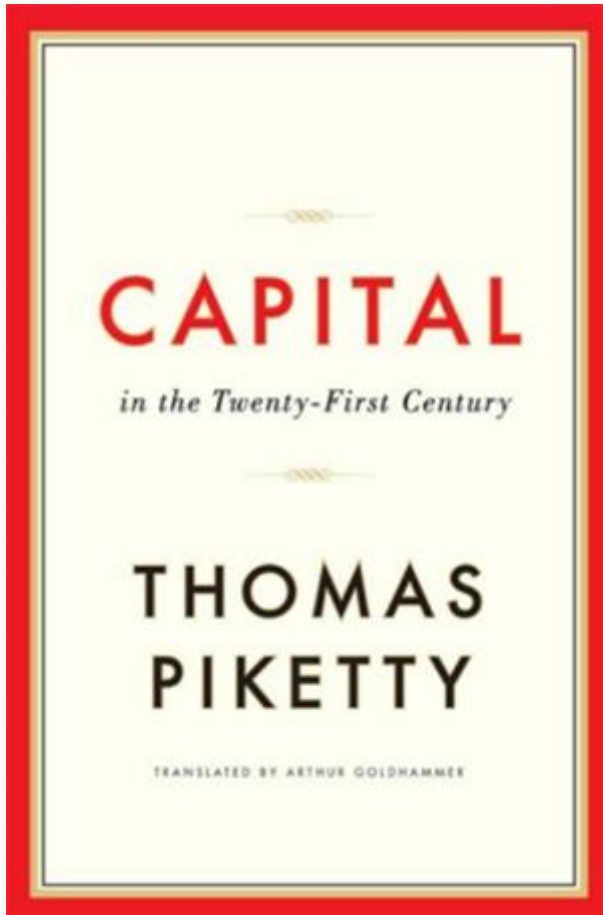
Senator Paul Wellstone (1944-2002)

# Presentation 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 & not enough on social and community outcomes.
3. Australian VET is one of our greatest equalisers.
4. Improvements in wealth & income inequality will assist women.
5. The not-for-profit adult and community education (ACE) sector – is under-utilised.



# The “Economic Moment”: Concern for Growing Inequality

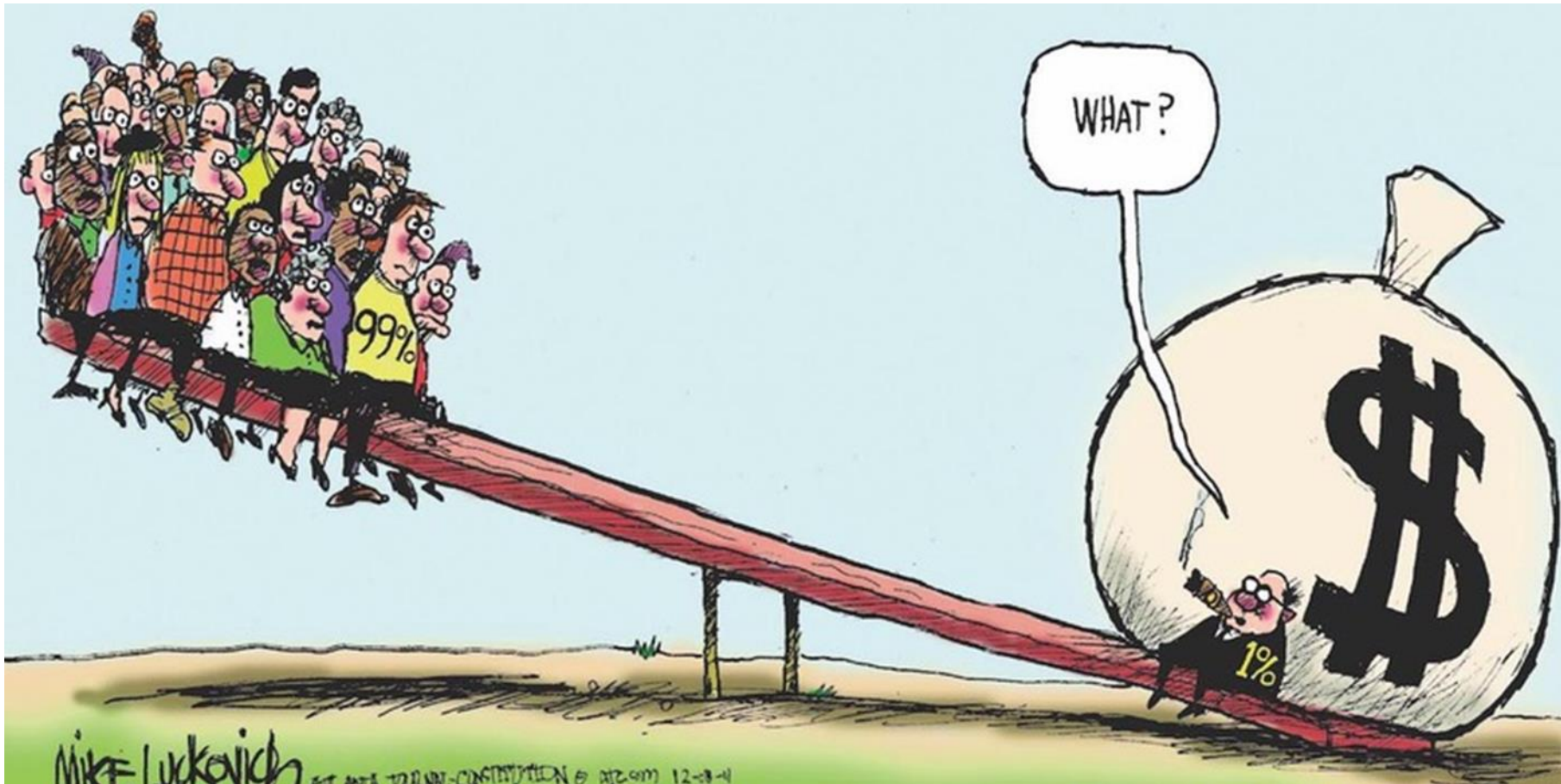




# Martin Place, Sydney 2017 – Homelessness Protests



# The Top 1% vs the Rest



"Today the top 1% 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=QFKfWnzn30c>)



# Distribution of Wealth

The New York Times

## *A Billionaires' World*

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

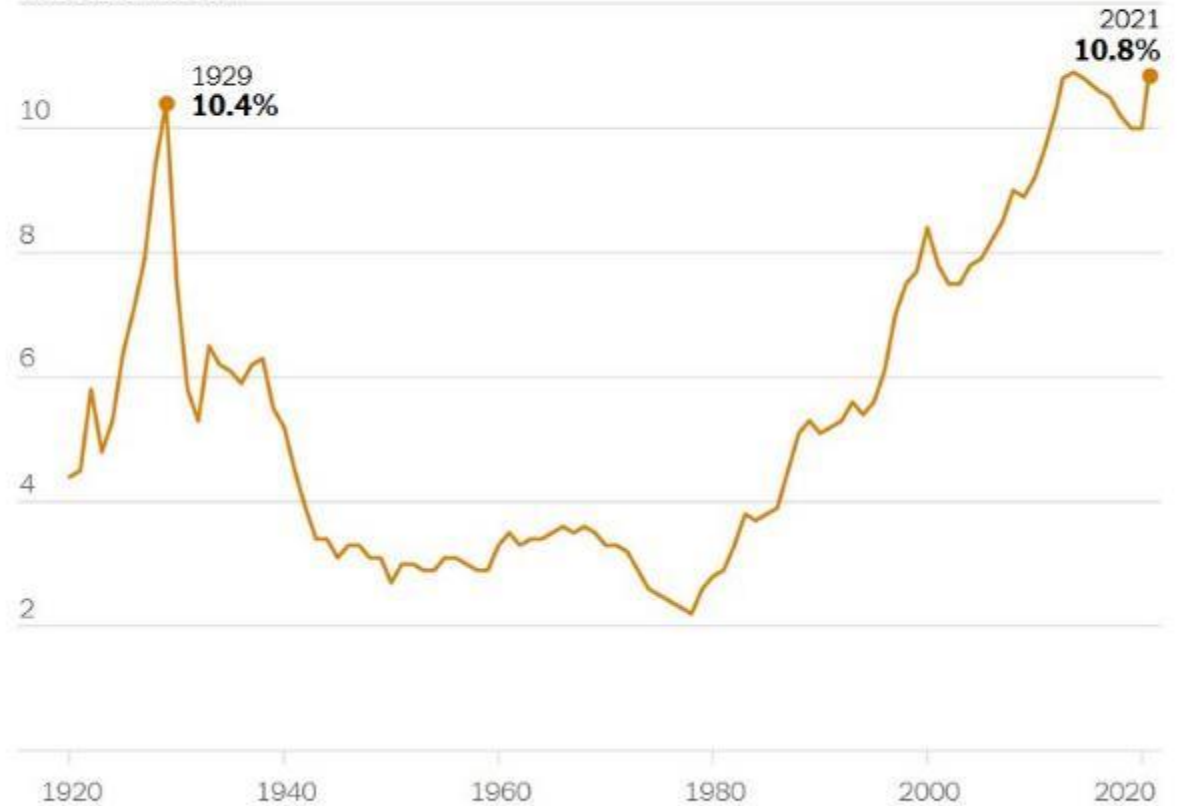
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Elon Musk Pool photo by Patrick Pleul

## 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

*The New York Times*, 26 April 2022, by David Leonhardt; <https://www.nytimes.com/2022/04/26/briefing/elon-musk-twitter-sale.html>



# Australian 2022 Federal Election

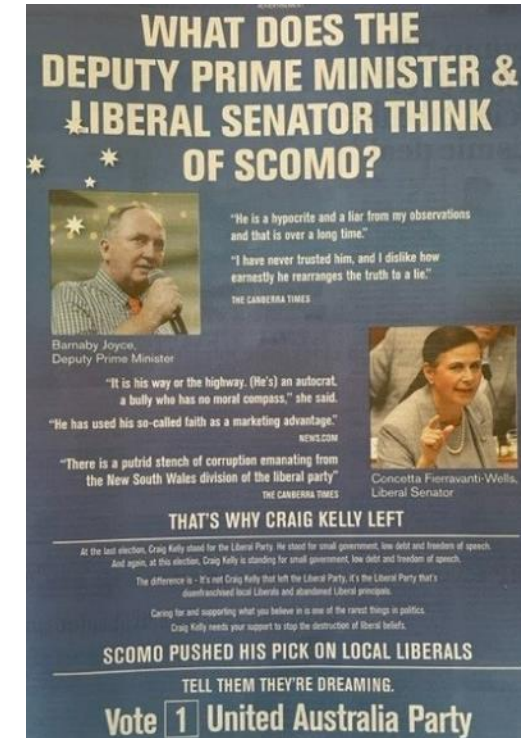
## AUSTRALIA VOTES

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

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



By Lisa Visentin

April 7, 2022 — 6:34pm

Save

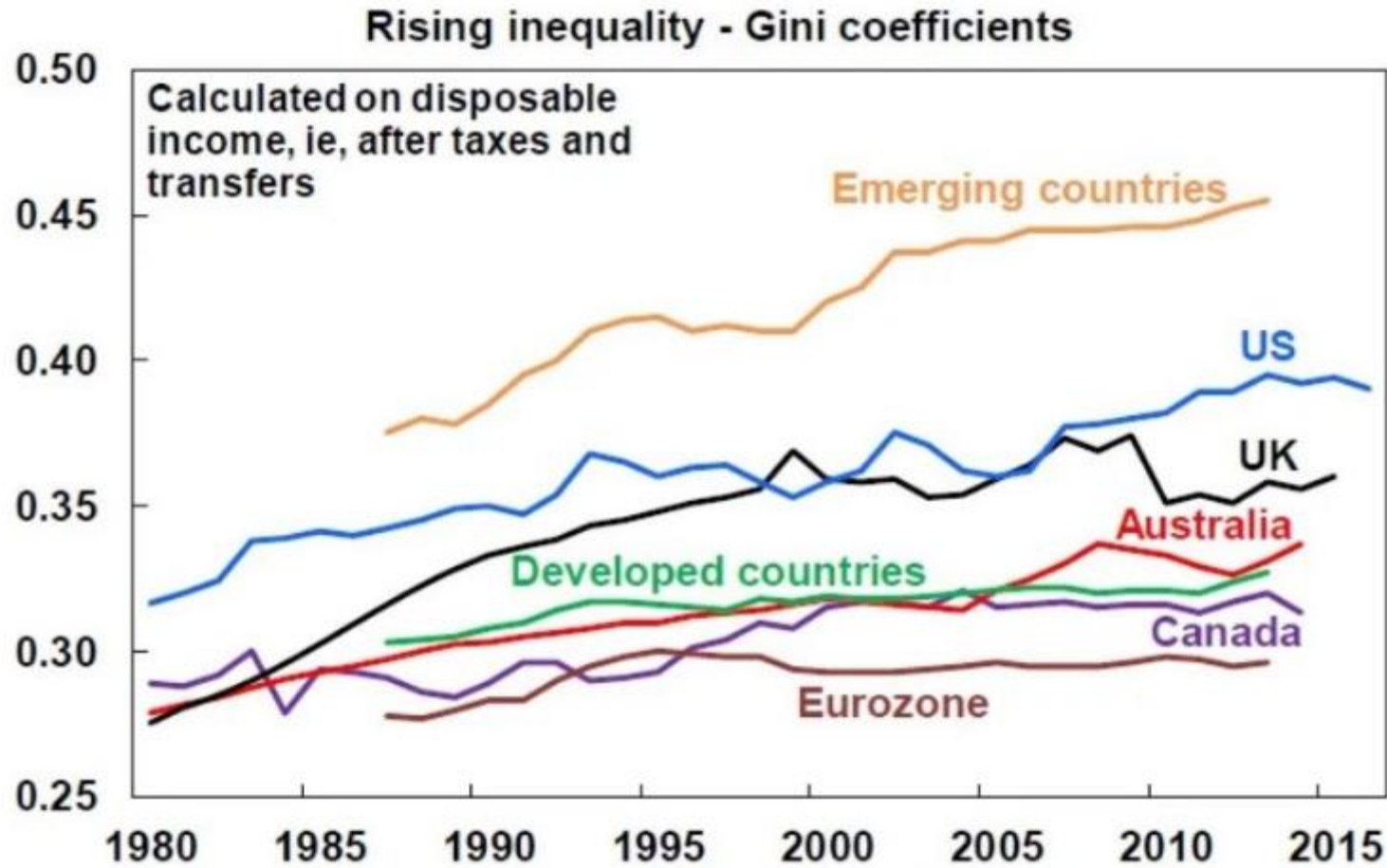
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Clive Palmer has pledged to spend at least \$40 million on an advertising blitz for his United Australia Party over the next five weeks, as he seeks to shape the Senate's balance of power in the next Parliament.

# Inequality in Australia Compared

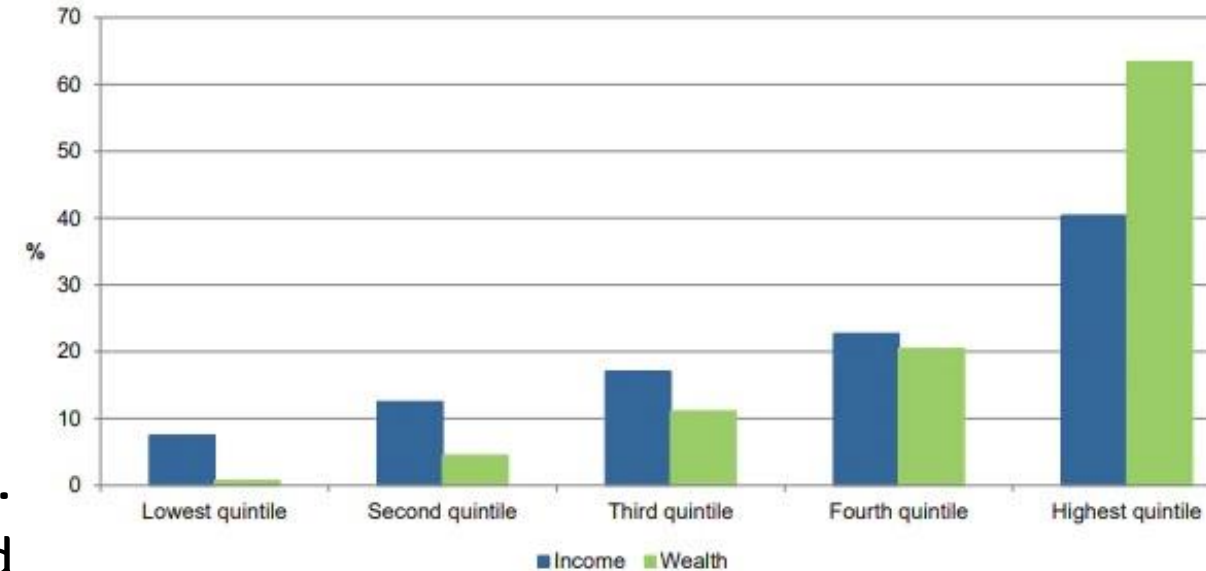


Source: OECD, Standardised World Income Inequality Database, AMP Capital

# 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 > half the wealth.
- Top 1% of households has at least 15% of wealth.
- The top 10% and especially the top 1% – is getting richer, both relative to poor households AND to next 50%.
- Two fault lines 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.

*The Wealth of the Nation: Current data on the distribution of wealth in Australia*, by Christopher Sheil & Frank Stilwell, June 2016, <http://evatt.org.au/papers/wealth-nation>



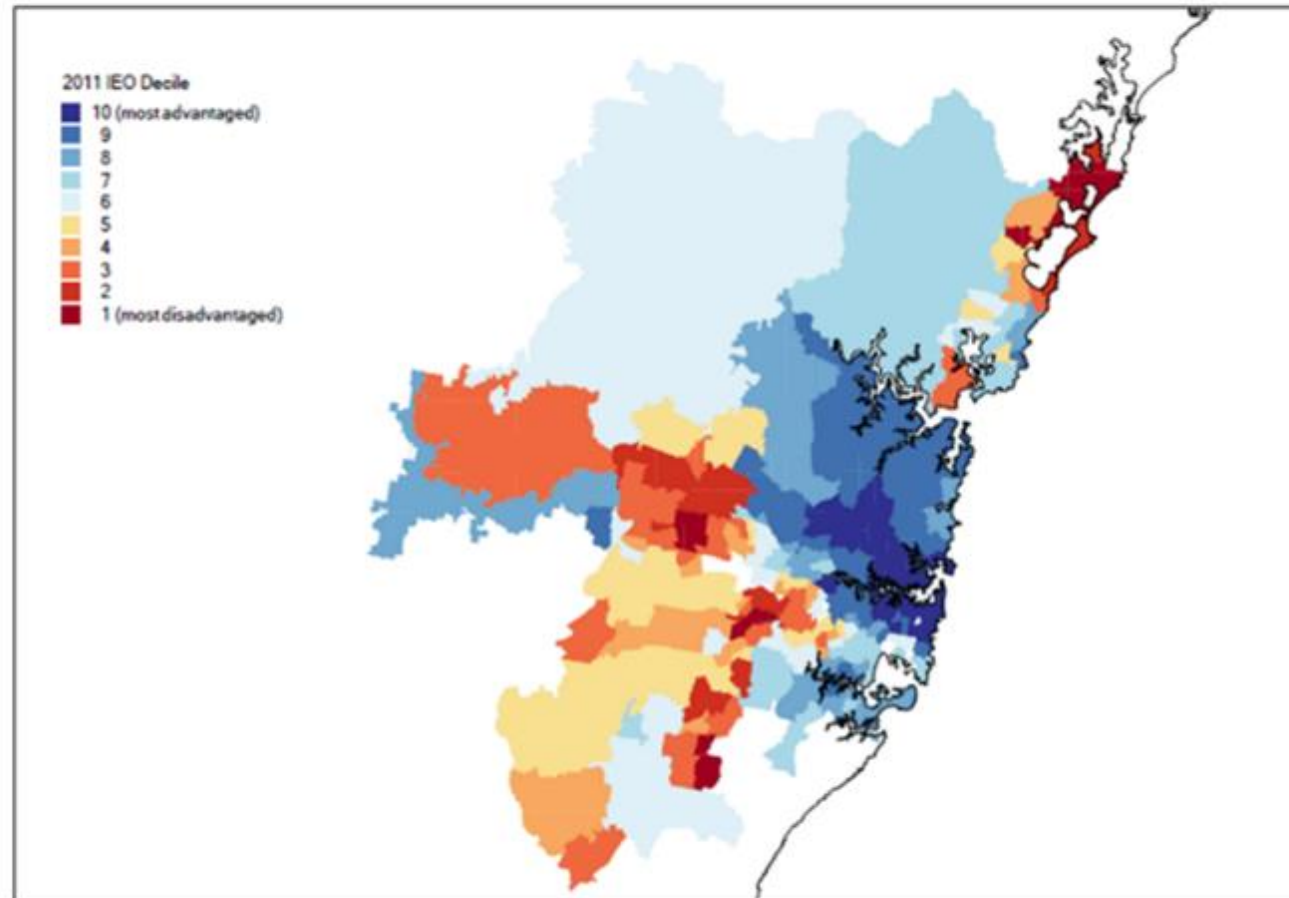


# Socio-Economic Indexes for Areas (SEIFA) - Sydney



2011 SEIFA

Index of Education and Occupation - SA2s in Greater Sydney



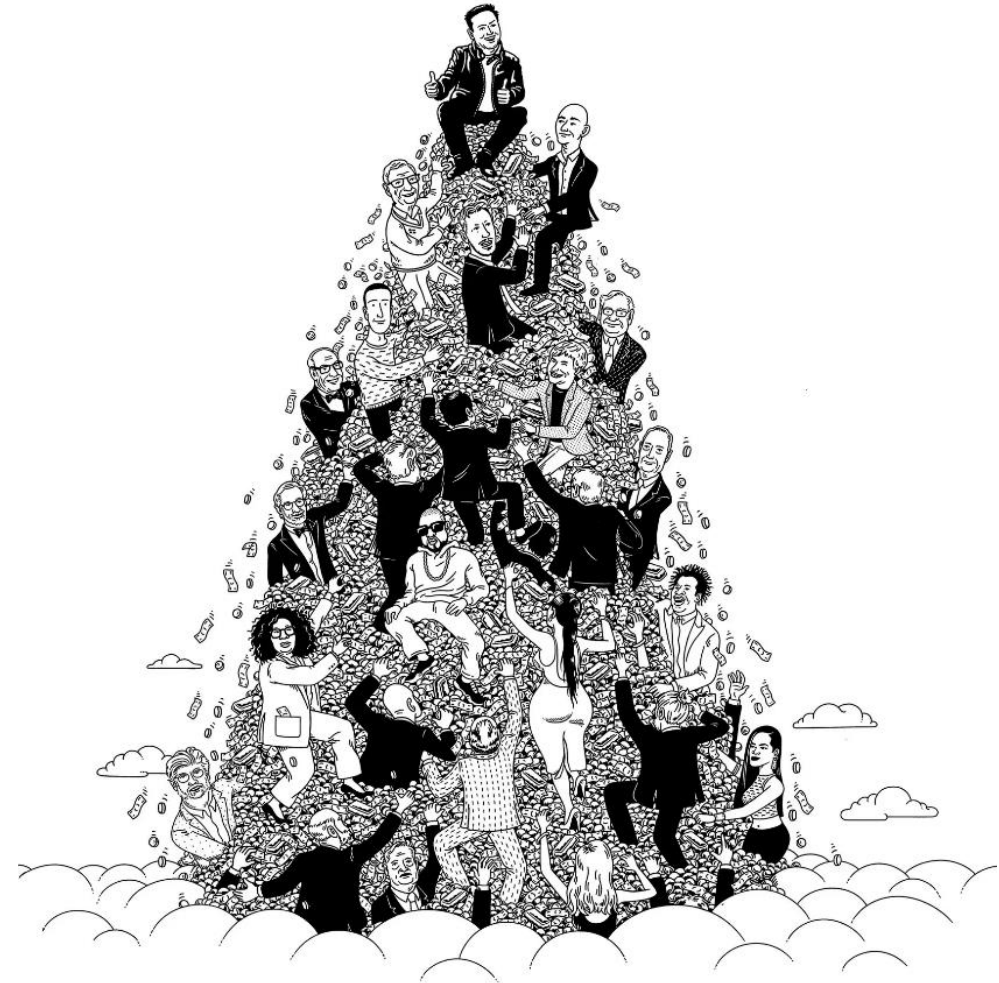


# Why Does Inequality of Wealth Matter?

Increasing economic inequality:

- destroys social cohesion
- undermines democracy
- inhibits economic growth
- exacerbates social problems, including COVID-19 management 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))

# 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<br>VFH student | NSW Smart and Skilled Qualification<br>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, *Indigenous and disadvantaged – low socio-economic status – students accrued higher fees/debts compared to non-Indigenous & non-disadvantaged 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>         |



# VET & ACE Out-Performs Universities

| Student Group              | University student enrolment proportions (%) | Total VET students program enrolments (%) | Community Education provider VET students program enrolments (%) |
|----------------------------|--|---|--|
| Low SES (bottom 25%)       | 17.0   | 28.2                                      | <b>34.6</b>  |
| Students With a Disability | 7.3  | 8.0                                       | <b>16.0</b>  |
| Indigenous                 | 1.9  | 5.9                                       | <b>7.6</b>   |
| Regional & Rural           | 19.8   | 31.2                                      | <b>36.6</b>  |
| Remote & Very Remote       | 0.8  | 2.6                                       | <b>2.1</b>   |
| Non-English Speaking       | 3.4  | 24.1                                      | <b>25.3</b>  |
| Aged 45+                   | n/a  | 15.9                                      | <b>25.3</b>  |

Table notes available in *The Role of Adult and Community Education Providers in Sustaining Australian Democracy: A Discussion Paper*, 9 January 2020, by Dr Don Perlcut; <https://cca.edu.au/wp-content/uploads/2020/01/Role-of-adult-and-community-education-in-sustaining-Australian-democracy-and-supporting-civil-society-Jan2020.pdf>

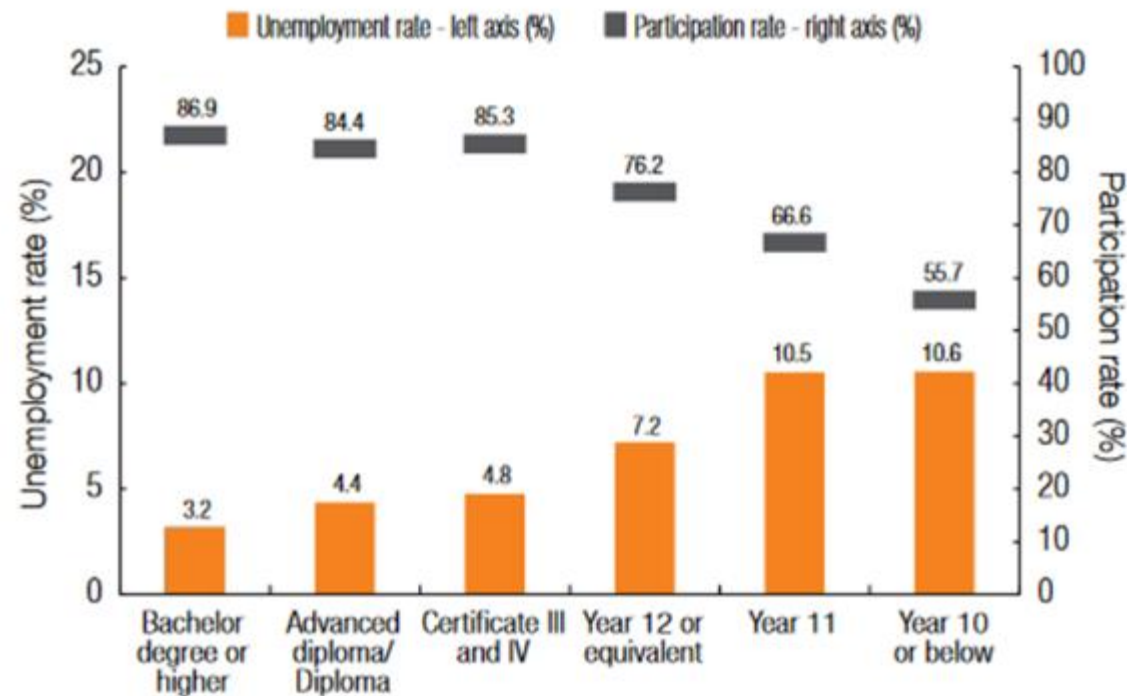
## Why is the Australian VET sector a “market”, but not higher education or school sectors?

- **74.1%** of VET students enrol in private for-profit providers, **18.1%** TAFE/govt, **10.5%** ACE, **1.8%** universities, **2.7%** schools & **2.5%** enterprise providers (2021 data, NCVET 2022)
- 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.

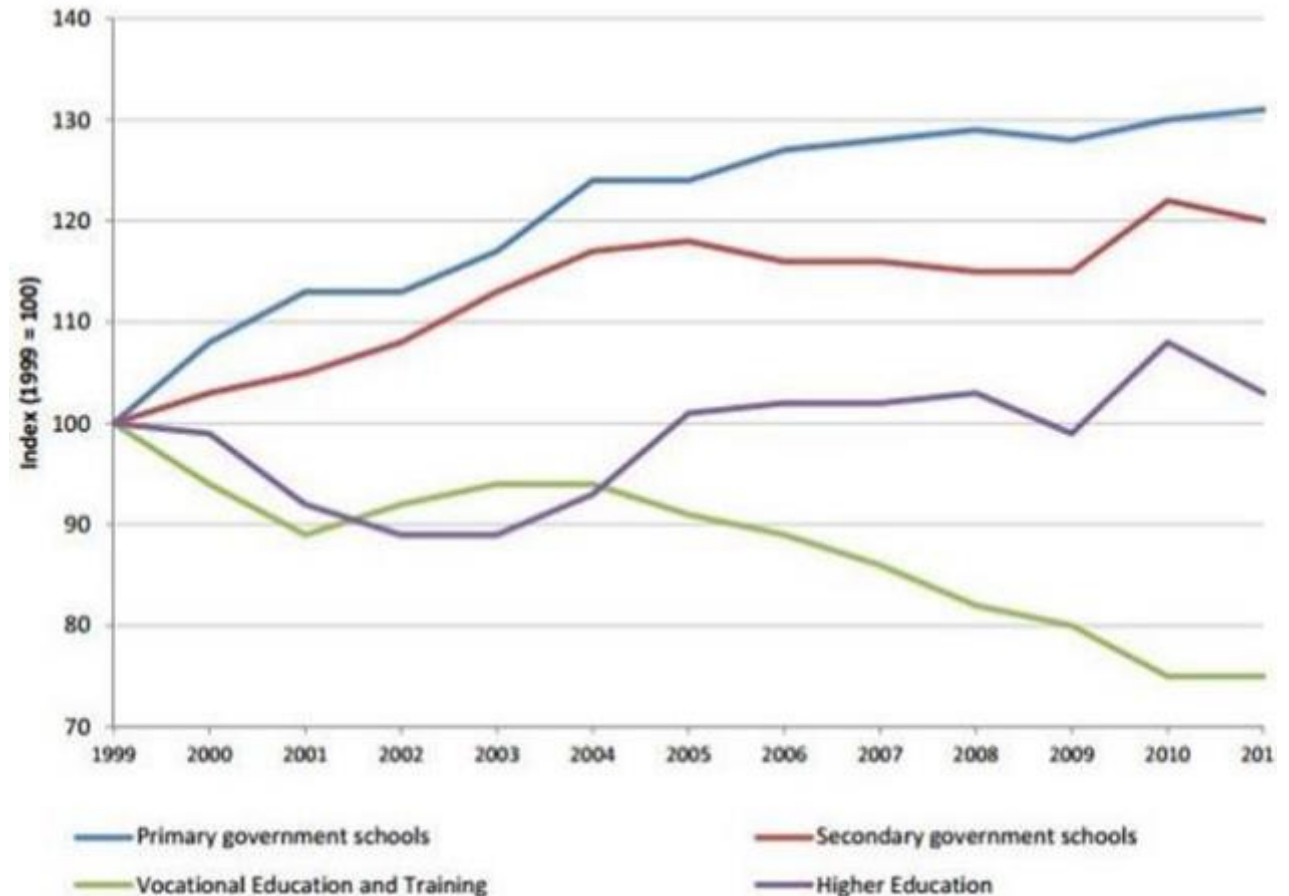
# VET – The Forgotten Middle Child of Education

“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, age 15-64 (%) (2015)

|                 |      |
|-----------------|------|
| Indigenous      | 18.7 |
| Non-Indigenous  | 9.3  |
| All Australians | 9.9  |

## Indigenous higher education participation rate, 15-64 (%) (2015)

|                 |     |
|-----------------|-----|
| Indigenous      | 3.6 |
| Non-Indigenous  | 6.7 |
| All Australians | 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.

# 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](#)).

**Students:** Of the 4.3 million VET students in 2021, **449,500 (10.5%)** studied with a not-for-profit ACE provider (increase > 2021 of 15.2%)

**Best Performance** of any VET sector *at engaging women* and vulnerable and disadvantaged students:

- First Nations
- People with a disability
- Migrants, refugees & people from non-English speaking background
- Lower socio-economic backgrounds (bottom 40% of wealth & income)
- Regional and rural residents
- Older (45+) learners
- lifting unemployed people into employment: example, **12%** ACE graduates moved from unemployment to employment in 2020, greatest increase

**Aged Care:** Very important role in national [aged care workforce training](#): 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)

**Place-based**, builds on local and regional strengths to create **pathways to jobs**

**Develop and sustain partnerships:** government, NFP & businesses, develop job skills, encourage economic devt & citizen participation

**Learner-centred**, small class sizes, personal and student support

**Collaboration** with ACE providers, leveraging collective strengths

**Flexible**, agile & quick, employ tools & freedom to take risks

**Not bound by government structures** like TAFEs

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

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





# 6 Ways for VET 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:

1. Create **proper pathways**, from ACE to TAFE, and from VET to universities.
2. Develop **regional skills plans**, in both metropolitan and non-metropolitan areas, which prioritise social justice goals and consider the needs of disadvantaged learners.
3. Fund *place-based* **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.
4. Ensure **VET is properly funded** – [with 5.1% inflation to 31 March](#) 2022, chances are VET funding is heading backwards – fund proper physical facilities and digital connectivity for ACE.
5. Implement 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, with a focus on student support and mentoring.
6. Renew the **national-state-territory policy statement** on the value and place of ACE and its place in Australian skills and training, to update the 2008 Ministerial statement.

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