

**SUBMISSION TO THE PRODUCTIVITY COMMISSION ON  
THE NATIONAL AGREEMENT FOR SKILLS AND WORKFORCE DEVELOPMENT**

## Introduction

This Submission has been prepared by the Alliance of First Nations' Independent Education and Training Providers (the Alliance) and is based on the Alliance Proposal presented to the Commonwealth Government on 13 August 2019 attached to our earlier submission and referred to in the Interim Report as submission 63.

The Alliance currently consists of four entities:

- Tauondi Aboriginal College (founded 1973 and headquarters Adelaide South Australia)
- Co-operative for Aborigines Ltd trading as Tranby National Indigenous Adult Education and Training (founded 1957 headquarters Glebe NSW)
- NAISDA Ltd (founded 1976 headquarters Kariong NSW)
- Institute for Aboriginal Development (Campus closed in Administration) (founded 1969 headquarters Alice Springs NT)

The Alliance is intending to seek membership of Coalition of Peaks with representation on the Joint Council of Closing the Gap as a peak body for National Indigenous owned Registered Training Organisations (IRTOs).

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*INFORMATION REQUEST — ROLE OF COMPETITION IN THE VET MARKET PAGE 94*

- *What role should competition play in meeting users' needs, including the quantity, type and quality, and regional accessibility of VET services?*
- *How should the efficiency of the VET market be measured?*
- *What is the appropriate (and exclusive) role of public providers, and why?*
- *Are additional consumer protection arrangements required to support a well-functioning VET market? What are the costs and benefits of different models of consumer protection established by governments, including ombudsman's' offices?*

### Question 1

***What role should competition play in meeting users' needs, including the quantity, type and quality, and regional accessibility of VET services?***

Competition is important for providing informed choice in the Indigenous education market place. Indigenous learners are not personally charged for their vocational education and training. Indigenous (Aboriginal and Torres Strait Islanders (ATSI)) learners are in many cases unable to self fund their own VET courses due to inter-generational welfare dependence. The Alliance is deeply concerned that the changes incurred by the NAWSD has resulted in Indigenous learners in regional

remote and very remote falling even further behind the non-Indigenous learners. Unlike the majority of non-Indigenous VET students, there is no price signal in the form of an upfront cost or student debt. It is therefore important that high quality services are provided that are transparently costed and benchmarked.

The market for Indigenous learners is less than 3% of the Australian population and therefore is extremely thin. Indigenous learners also have lower completion rates than non-Indigenous learners and a greater need for foundation skills due to historically poor numeracy and literacy skills.

Indigenous owned Registered Training Organisations (IRTOs) are private (Indigenous) not for profit organisations that have been established by Indigenous communities to meet their communities VET needs. Prior to NAWSD, IRTOs were fully funded by government as there were (and are) only limited and inadequate funds available from philanthropic sources.

Therefore, the type and quality and regional accessibility of VET services are crucially important to Indigenous learners. IRTOs are focused on providing a culturally appropriate learning environment with strong pastoral and mentoring support for Indigenous learners. IRTOs were able to take into account Indigenous learner's cultural obligations that could pull them from their education with little notice and in some instances for months at a time. IRTOs were originally able to allow students to return and complete their course without penalty to the IRTO or the student. The thin market results in there being a small number of specialist IRTOs that historically drew Indigenous learners from all over Australia.

State Governments appear to be pushing a policy of "mainstreaming" Indigenous VET learners into TAFE and TAFE like courses at universities. This is theoretically cheap if the courses are not fully costed and cross subsidies and community support obligations (CSOs) are excluded. In reality, if the TAFE and the TAFE like university outcomes are fully costed they are actually in dollar terms expensive and with poor engagement and completion results. Alliance members are confident if their costs were benchmarked against the equivalent cost categories in TAFE and TAFE like university courses IRTOs would be highly competitive. Specialised IRTOs focus on the most appropriate **type** of courses, with **quality** outcomes provided by specialists and regional accessibility and are currently operating on a per student basis with no funding for other fixed and variable costs.

VET is not part of Closing the Gap so there is no incentive to actively address poor quality outcomes compared to the **quantity** of Indigenous learners pushed to enrol in unsuitable TAFE courses that they fail to complete.

### **Efficiency of the Indigenous VET market**

Members of the Alliance of First Nations' Independent Education and Training Providers (the Alliance) have found that they are treated as quasi-public/private providers for the purposes of competition by State Governments. Funding is provided by State Governments on the basis that that Indigenous owned Registered Training Organisations (IRTOs) that they are private organisations and funding is provided on a per student basis and does not include ongoing capital and salaries/wages costs.

IRTOs are in direct competition with TAFE and there is a clear conflict of interest with State Government funding and TAFE courses that needs to be recognised. Commonwealth funding for Indigenous students is provided at a higher level than non-Indigenous students and there is a major incentive for these funds to be directed to TAFE and TAFE like university courses from specialist IRTOs.

The State Government employees in a number of instances have asked for commercial information and data, intellectual property and unpaid assistance from IRTOs to assist TAFE to provide competing courses for Indigenous learners. The Alliance is concerned that in the private sector this same behaviour would be unthinkable as it would be anti-competitive behaviour. State Government public servants do not seem to be conscious that in private enterprise their behaviour would be in breach of the Australian Competition and Consumer Law (ACCL). The Australian Competition and Consumer Commission (ACCC) will not intervene as their power does not extend to State Government Departments. It does in some situations apply to incorporated State owned entity (SOE) but in the experience of Alliance members the ACCC will not even contact the SOE because of the ACCC does not wish to become involved in Commonwealth – State matters.

The Indigenous VET market should operate on a level financial playing field where IRTOs funding covers the same categories of fixed and variable costs as their TAFE and TAFE-like university counterparts. IRTOs do not have access to student fees over and above government funded places. State Government has until recently only funded students from within their own State leaving Indigenous learners from other States without access to specialist IRTOs.

State Government does not fund capital works and maintenance, staff costs, and other fixed and variable costs. The result is that during the term that NAWSD has been in operation IRTOs have been progressively driven out of the VET market by State Government funding policies. At present Tauondi who provides specialist Indigenous apprenticeship training has no ongoing student funding and is currently retrenching its staff. Tranby has no guaranteed student funding beyond 31 December 2020. Another Alliance member, The Institute for Aboriginal Development (IAD) which has operated in Alice Springs for over 50 years, is now in administration.

An efficient market cannot operate if competitors control the availability of funding of their competition. An efficient market cannot operate if one competitor:

- has Government funding for annual fixed and variable costs;
- is not required to complete high cost contestable grant applications and meet the associated reporting standards;
- has potential cross subsidies in fees from non-Indigenous students;
- can set policy by “mainstreaming” Indigenous learners into the courses they provide; and
- is not accountable for higher overall costs to Government and poorer educational outcomes.

Efficiency in the VET market for services to Indigenous learners requires the following:

- The Skills List for Indigenous VET courses for Indigenous learners should be determined by the Elders (not by Centrelink or public servants) as the Elders know what VET is required in their local communities – there has been a long history of Centrelink and Government requiring courses that will not assist Indigenous Australians to be employed in their local area for example Certificate III for Indigenous learners who actually require Foundation literacy and numeracy skills;
- Access to small scale culturally appropriate IRTOs particularly for remote and regional Indigenous learners to improve the likelihood of VET success – TAFE and universities are overwhelming for many Indigenous learners leading to engagement and completion rates being poor and VET funds for Indigenous learners being wasted.
- Indigenous VET funding needs to allow for Indigenous learners, who, for cultural and personal reasons are not able to complete their course in the usual timeframe. IRTO funding needs to be adjusted to allow Indigenous learners to complete their course over a period of

time that suits them without the IRTO or the learner being “punished” for absences caused for cultural reasons.

- IRTOs require funding for fixed and variable costs in addition to payments per student in the equivalent categories to their State Government counterparts. IRTOs provide a key public service and have no capacity to charge Indigenous learners in a similar manner to private RTOs.
- IRTOs need to be able to have funding for students on a national basis as they provide highly specialised training for Indigenous learners that is usually only available in one State. Indigenous Australians make up less than 3% of the Australian population and to achieve economies of scale it is necessary to draw Indigenous students from around Australia.
- Mentoring and pastoral support which in the Alliance member’s experience increases the completion rate of Indigenous learners.

### **The Role of Public Providers**

Public providers have a financial advantage over IRTOs because the State Government covers their fixed and variable costs. Public providers are normally only required where there is a gap in the market and the service cannot be provided at a reasonable price. The ***National Agreement for Skills and Workforce Development Interim Report of the Productivity Commission (Interim Report)*** states at page 92 in Box 2.4

*CSOs typically occur when:*

*... a government specifically requires a public enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sector to generally undertake, or which it would only do commercially at higher prices. (IC 1997, p. 7)*

We note the various State Government’s have indicated that they provide a Community Service Obligation (CSO) for an array of different and often unspecified reasons. The ***Interim Report*** states at page 170:

*“Public providers’ responsibility for delivering community service obligations (CSOs) is often cited as a reason to limit the scope of contestability. However, a lack of clarity about these CSOs and a lack of transparency about the allocation of funds raises the question of whether uncontested public delivery of services is an efficient or effective way of meeting customers’ needs (section 6.5). “*

IRTOs provide highly specialised educational services to Indigenous Australians in a culturally sensitive environment. Stephen Joyce in ***Strengthening Skills: Expert Review of Australia’s Vocational Education and Training System***, 2019 Department of the Prime Minister and Cabinet (the Joyce Review) in Chapter 8 “Improving outcomes for Aboriginal and Torres Strait Islander Peoples and disadvantaged Australians” noted there were high level of access to VET (TAFE) by Indigenous people but the outcomes were poor with only 25% completing their course. Joyce did not have access to existing IRTOs and as a result did not have information available to him showing the higher rates of completion in IRTOs. Joyce drew on

his New Zealand experience with similar organisations to IRTOs for his view that specialised Indigenous owned entities often provided better outcomes.

The Alliance is of the view that if CSOs were available on a contestable basis in the same categories of funding as CSOs to TAFE for VET services to ATSI, IRTOs could create a fairer market for those services with better results for Indigenous learners and Government.

State based CSOs would however still not address the problem of the need for the availability of IRTO courses to Indigenous learners on a national rather than State basis.

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*.INFORMATION REQUEST – CAREER GUIDANCE FOR STUDENTS PAGE 36*

*What changes could be made to ensure school students have appropriate career information and advice?*

A lack of culturally competent career education is a barrier to the Indigenous community. Career advice is needed to ensure advice is received about possible career pathways, employment into their first job, and the adaptability to navigate future opportunities and transitions including upskilling and retraining.

Whilst the Joyce Review identified a lack of clear and useful information on vocational careers for new entrants, the problem is further exacerbated for Indigenous people who can identify no clear culturally competent Indigenous careers or VET advice contact. Aboriginal People and Torres Strait Islanders will not aspire for a VET career if they have little or no understanding of the options available to them.

Currently, the low employment rate of Indigenous Australians contributes to economic deprivation and exacerbates social exclusion. In 2016, ABS statistics showed non-Indigenous people were 1.4 times more likely to be employed than Indigenous people, with an employment disparity of 26%, between Indigenous (49%) and non-Indigenous (75%) Australians. There are many significant factors which impede Indigenous peoples' equitable access to employment, including location, language, racism and socio-economic factors of education and opportunity. Increasing employment rates is key to reducing Indigenous disadvantage and addressing systemic inequalities. However, any attempts to bridge this disparity without addressing the gap in socio-cultural support mechanisms for Indigenous adults will be unable to create sustainable change. Addressing this disparity requires culturally appropriate methods that are holistic in their approach and focus on strengthening individual's leadership capacities, upskilling and providing mentoring support that helps Indigenous adults reach their career dreams.

Tranby has recently applied for National Careers Institute grant funding to address the gap in specialised Indigenous Careers support and targeted VET to meet this gap in the market.

*If a new principles-based agreement was negotiated in line with interim recommendation 2.2:*

- *how should it consider other educational sectors, informal training and non-government funded training?*
- *what other mechanisms to facilitate reform and improve accountability would best complement an agreement?*

#### INTERIM RECOMMENDATION 2.2 — A NEW PRINCIPLES-BASED AGREEMENT

Australian, State and Territory governments should negotiate a new, principles-based intergovernmental agreement. Such an agreement should commit governments to developing an efficient, competitive market driven by the informed choices of students and employers. The agreement's principles should include:

- centring policy on the consumer, including information provision for informed choice
- equitable access
- recognition of fiscal sustainability and the stability of funding
- transparency about where funding is allocated, including detailed information on course subsidies, costs and the size and nature of funding to public providers
- efficient pricing and delivery
- designing incentives to increase the likelihood of eliciting training
- competitive neutrality between public and private provision
- neutral, but not equivalent, treatment of the VET and higher education sectors.

Indigenous VET funding is not covered by Closing the Gap and remains a Commonwealth Government blind spot. There are targets for Indigenous school education, university education and jobs. There is no target for Indigenous VET. Indigenous VET falls between the cracks, the National Indigenous Australians Agency (NIAA) is not focused on VET as it is not part of Closing the Gap. The Department of Educational Skills and Training has shown genuine support and interest but it is hamstrung when attempting to provide assistance to IRTOs without the interest or support of NIAA.

NIAA currently has no formal strategy to support Indigenous VET or IRTOs. Alliance members have met with NIAA officers and received correspondence from them. Even though the Alliance has repeatedly provided our Proposal to NIAA (attached to submission 63) it is clear that NIAA officers have deliberately refused to even read the Alliance proposals for IRTOs. An example of the failure to read the Alliance Proposal is correspondence suggesting that IRTOs requiring funding for interstate students should apply for funding with the individual State governments. The Alliance Proposal explained in some detail that funding for interstate students was not available. As an example, many Tranby qualifications are not on other States Skills lists and Tranby has no offices in other States, having historically provided services on a national basis, making Tranby ineligible for funding. The Alliance members were exasperated by the NIAA response and asked the NIAA officer responsible if he had read the Alliance Proposal. He simply repeated response was that he had "seen it" – when it

was sitting on the table in front of him. It was clear no-one at NIAA read it possibly because it was not within KPIs for any NIAA officer as Indigenous VET is not directly covered by Closing the Gap.

State Government has de-funded IRTOs around Australia and sought to mainstream Indigenous learners into TAFE.

It would appear that the costs of TAFE are treated as sunk costs. Mainstreaming Indigenous learners into TAFE is treated by State Government as a "cheap" alternative. If the Indigenous VET courses were compared on a fully costed basis the Alliance is confident that IRTOs are more cost effective and provide more successful outcomes. The Alliance is concerned that the funding cuts at a State level are resulting in the closure of IRTOs leaving Indigenous learners with training that is actually more expensive to Government if properly costed and cross subsidisation was taken into account. TAFE does not meet Indigenous learners specialised needs and result in approximately only 25% of Indigenous students completing their TAFE course. The Alliance is deeply concerned that State mainstreaming of Indigenous VET is reducing competition in the Indigenous VET marketplace. If IRTO funding is left to State Governments the public sector will succeed in driving competing IRTOs out of business.

The Alliance recommends that responsibility for Indigenous VET funding should be the direct responsibility of Commonwealth Department of Educational Skills and Training (DEST). This would address the problem of the lack of focus and support caused by Indigenous VET not being included in Closing the Gap. IRTOs are a small part of VET but a crucial part of improving Indigenous VET outcomes. Focused DEST IRTO responsibility and support would:

- Meet the Joyce Review recommendations for encouraging and supporting IRTOs;
- Reduce the impact of State Government and TAFE conflicts of interest and anti-competitive behaviour in relation to IRTOs;
- Achieve national economies of scale for specialised IRTOs;
- Improve financial transparency, fiscal sustainability and stability of funding;
- Allow for targeted VET support to Indigenous learners in remote and regional Australia in conjunction with local Elders.

We note that TAFE and TAFE like university courses are provided at a high cost to Government in competition with IRTOs who are being forced to withdraw from the market due to State based funding restrictions. IRTOs are non-profit VET service providers who have historically operated with Government funding up to the introduction of NAWSD. The Alliance is of the view that its members can service the thin Indigenous learner market as well as regional and remote Indigenous markets. The Alliance is of the view that IRTOs are better value for money and provide better student outcomes than TAFE. IRTOs have done this in the past and given the opportunity the Alliance believes the IRTO model can do so again.

- *What are useful ways of defining and measuring the skills shortages (and surpluses) relevant to the VET sector?*
  - *What factors are causing an apparently persistent shortage of skilled workers in some occupations, despite these occupations being a priority for government support?*
  - *To what extent are skills forecasts based on future industry growth a useful and reliable basis for providing course subsidies?*
  - *In what circumstances do skills shortages justify course and employer subsidies and at what level of granularity?*
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Many employers have targets for the employment of Aboriginal People and Torres Strait Islanders (ATSI). These employment targets often require ATSI to have VET accreditation for example Certificate III, or trade qualifications. Indigenous Australians in regional and remote often require Foundations Skills at Certificate I and II before they can progress to Certificate II or apprenticeships. State Governments rarely distinguish between Indigenous and non-Indigenous learners and provide limited funding for Foundational skills. NSW Smart and Skilled no longer has a dedicated Aboriginal Training Unit focusing on Indigenous VET learners or Indigenous strategy. It was closed down approximately 4 years ago.

The Alliance is of the view that the skills list issued on a State by State basis do not reflect the needs of Indigenous learners, often forcing them into courses where there are no jobs in their local area. The Alliance strongly believes that a separate Regional Indigenous skills list in consultation with the Elders should be established for Indigenous learners specifically those in remote rural and regional areas.

The Alliance believes that a specialised skills list for Indigenous learners in remote rural and regional areas would improve the attractiveness of VET courses. An Indigenous regional and remote skills list would also improve Indigenous learners and engagement and completion if there is a clear career pathway in their local area.

Government VET funding is highly focused on school leavers. The Alliance believes that the shortage of skilled ATSI needs to be addressed across the full Indigenous cohort which comprise four distinct groups, the subject of Tranby's National Career Grant Application:

Career Entry - particularly, school leavers and young people. Focusing on professional development, mentoring and career pathway mapping to assist people find the accredited training and professional skills (e.g. resume writing & time management plans) necessary to support career confidence and growth.

Return to Career - with a focus on women returning to the workforce. This target area will be offered accredited VET training opportunities, leadership skills and capacity building through non-accredited training, as well as industry mentoring and culturally relevant career advice.



Change in Career - open to all adults who have been in a career for more than 3 years, to assist them to develop their new career pathway, providing them with VET courses and mentoring to gain the upskilling required for career change. These skills will include both accredited and non- accredited education programs and training.

Career Progression - supporting people in casual, part time, entry level and established positions to retrain and enhance their skills to attain fulltime employment or management and leadership roles.

The Alliance members are dependent on adequate reliable funding with targeted support from the Commonwealth Government to address the shortage of skilled ATSI.

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INFORMATION REQUEST — SIMPLIFICATION OF SUBSIDY GROUPINGS PAGE 40

*In judging the relative merits of alternatives in option 6.1:*

- *how should subsidy groupings be simplified?*
  - *what criteria should be used to bundle courses and set subsidy rates?*
  - *what are the trade-offs between the greater simplicity of adopting nationally consistent subsidies and the reduced discretion for jurisdictions?*
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OPTION 6.1 — SCOPE FOR MORE NATIONALLY-CONSISTENT COURSE SUBSIDIES

Australian, State and Territory governments should consider:

- adopting a nationally consistent set of course subsidies, based on the efficient cost of delivery for groups of similar courses, with loadings to address higher delivery costs in some locations and to some student groups (as in the Joyce Review); or
- simplifying the large number of different subsidy rates for courses but otherwise leaving jurisdictions to set their own subsidy rates and their allocation.

The Alliance believes that subsidies should be simplified and transparent in relation to Indigenous learners. Alliance members are more readily available and experienced in working on country, in some cases working with their own Indigenous group. The Alliance believes it is crucial if costs are to be managed that IRTOs operate on a national basis and not on a State by State basis due to the extremely thin specialised nature of the market for Indigenous learners.

At a minimum, the Alliance believes that IRTOs should be able to enter the market for the provision of CSOs for Indigenous VET services that cannot be provided on a commercial basis supported by fee paying students. The Alliance believes its members can provide high quality culturally appropriate services at a competitive price to TAFE if the same categories of Government funding were available.

The Alliance is currently working on a program of regional and remote on-country courses, consistent with the recommendations in the Joyce Review. The Alliance believes that consistent with the Joyce Review these IRTO led on-country programs would help to address the key problems faced by Indigenous learners in relation Language, Literacy, Numeracy and Digital Literacy (LLND). The lack of even basic funding for IRTOs has made progress difficult and the loss of IAD has been a

major blow to the NT community. Tauondi in Adelaide at the time of writing has no ongoing funding and Tranby's funding does not extend beyond 31 December 2020.

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*INFORMATION REQUEST — IMPLEMENTING NEW SUPPORT ARRANGEMENTS FOR TRADE APPRENTICESHIPS PAGE 43*

*In assessing the merits of option 6.5:*

*does the nature and size of the 'apprenticeship problem' merit new policy measures?*

*how significant is 'poaching' as a problem that would justify industry levies?*

*how effective are levies in increasing apprenticeships?*

*are there other reasons for using industry levies?*

*how would the problems of administrative complexity for some existing levies be addressed?*

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Some Alliance members have historically provided apprentice training for Indigenous learners. The Alliance would ask that it be noted that there is currently no State Government funding since 30 June 2020 for Tauondi. Tauondi has traditionally been the main provider of Indigenous apprenticeship training.

The Alliance supports the Joyce Review findings that Indigenous Learners are more likely to complete their course successfully if it is undertaken in an Indigenous owned culturally appropriate training facility. This cannot occur if State Governments continue down the path of defunding IRTOs.

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*INFORMATION REQUEST — ASSESSING STREAMLINING OPTIONS PAGE 44*

*In assessing the policy alternatives in option 7.1:*

*what are their relative costs and benefits?*

*are there alternative ways to encourage governments to coordinate or streamline their employer incentive programs?*

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**OPTION 7.1 — BETTER COORDINATING AND STREAMLINING INFORMATION ON APPRENTICESHIP INCENTIVES**

To better coordinate and streamline information on their multiple apprenticeship incentives, Australian, State and Territory governments could implement one or more of the following options:

- task the Australian Apprenticeship Support Network to assist employers in determining their eligibility for benefits offered by both the Australian and relevant State or Territory governments
- publish clearer information on all incentive payments that employers in each jurisdiction may be eligible for
- strictly delineate the roles and responsibilities for managing apprenticeship supports.

OPTION 7.1 — BETTER COORDINATING AND STREAMLINING INFORMATION ON APPRENTICESHIP INCENTIVES

OPTION 7.2 — STREAMLINING TRADE APPRENTICESHIP INCENTIVES

In considering how to streamline trade apprenticeship incentives, the Australian Government could consider extending eligibility for trade apprenticeship incentives to all workers, regardless of their tenure with the employer.

The Alliance believes that employers looking to hire Indigenous apprentices need clear information on incentive payments relating to Indigenous apprentices. Employers need information as to what assistance is available to fulfil their roles and responsibilities in managing Indigenous apprenticeships. Where employers are non-Indigenous, Alliance members may offer employer support services and training on specific employment requirements of Indigenous apprenticeships.

The Alliance strongly supports Tranby's National Career Grant Application that includes the provision of the following support:

Change in Career - open to all adults who have been in a career for more than 3 years, to assist them to develop their new career pathway, providing them with VET courses and mentoring to gain the upskilling required for career change. These skills will include both accredited and non-accredited education programs and training.

Career Progression - supporting people in casual, part time, entry level and established positions to retrain and enhance their skills to attain fulltime employment or management and leadership roles.

The Australian community should be encouraged to support the availability of apprenticeship training for all age groups – not just school leavers. Apprenticeship training for Indigenous learners could involve the progression from unskilled work to a trade or from an existing trade qualification to a new trade or as an extension to their existing qualification. Indigenous learners often come to IRTOs later in life than school leavers due to the need to improve their LLND skills post schooling. Indigenous learners may reside in a remote community with little opportunity for VET, or may lack self-confidence and self-esteem that leading them to believe they had little or no careers options available to them.

The Alliance would welcome the inclusion of Indigenous traineeships as a pathway to employment.

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*INFORMATION REQUEST — EMPLOYER INCENTIVES TARGETING DISADVANTAGED GROUPS PAGE 44*

*What are the benefits and costs of targeting disadvantaged groups for additional incentives at the Certificate II, and Certificate III and above qualification levels?*

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The Alliance would welcome additional incentives for employers to support Indigenous employees to undertake Certificate II and Certificate III. Indigenous adults in many cases have poor levels of

LLND skills and obtaining these skills later in life improves their likelihood of gainful employment and improved life outcomes. The Alliance does wish to emphasise that Foundation skills are crucial.

Alliance members have found that Centrelink and other private employment agencies seem to require people on unemployment benefits to undertake Certificate III courses to retain their welfare payments. This often results in people enrolling in courses with no intention of attending and completing the course. In some cases foundations skills at Certificate I and II are the appropriate level of training as potential employees do not have the LLND skills to undertake Certificate III. Enrolling Indigenous learners in Certificate III courses without adequate LLND skills translates to poor outcomes for the IRTO and can negatively impact further government funding and support.

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*. INFORMATION REQUEST — APPRENTICESHIP SUPPORT NETWORK SERVICE DELIVERY PAGE 45*

*In assessing the three options in option 7.3:*

*what types of information could the Australian Government provide to help State and Territory governments plan their service delivery?*

*what is the effectiveness of the joint contracting model in the Northern Territory and the feasibility of extending this model to other jurisdictions?*

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#### OPTION 7.3 — IMPROVING THE AUSTRALIAN APPRENTICESHIP SUPPORT NETWORK

The Australian Government could improve apprenticeship support services by:

- publishing more information on the scope of services that Australian Apprenticeship Support Network (AASN) providers are contracted to deliver
- evaluating the AASN contracts to assess how recently-revised arrangements have affected the efficiency of service provision and outcomes for users
- cooperating with State and Territory governments to jointly contract AASN providers to better align services with local needs, as is the practice in the Northern Territory.

The Alliance supports the AASN noting the need to provide specialised support for Indigenous apprentices and their employers and to ideally work in conjunction with IRTOs.

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*INFORMATION REQUEST — EVIDENCE ABOUT MENTORING AND PASTORAL SUPPORTS PAGE 47*

*How should pastoral and mentoring services be funded, delivered and designed, taking into account the continuity of funding, scale, and effectiveness in improving outcomes for students?*

*What should be their priority target groups?*

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The Alliance members are committed to ensuring that adult Indigenous students undertaking study in the VET sector, have access to pastoral care, support and mentoring services.

Examining the positive emotional, cultural and social factors associated with Indigenous learners in the VET sector is critical in determining what support mechanisms are needed. These support mechanisms, will allow Indigenous learners to build their confidence, will contribute to their self-motivation, resilience and academic success.

Indigenous RTOs should be funded to design culturally appropriate support services and deliver them. Funding spent on these services is more likely to result in positive learning outcomes that lift students from poverty and allow them to effectively transition into work.

In the experience of the Alliance members, Indigenous learners who have mentoring and pastoral support are more likely to be engaged in the learning process and more likely to complete their qualification. At present, Alliance members do not have the statistics readily available as we were not required to collate or keep that information. Alliance members note that this information may be available in the future subject to the adoption of the recommendations in the Indigenous Evaluation Strategy Productivity Commission Report and funding to establish IT programs and engage support staff with the skills to collect the required information.

The Alliance members keep statistics on engagement and completion rates, however, those statistics are not further broken down by students who do and don't have mentoring or pastoral support. Alliance members have been largely defunded and no funding or resources have been available to establish systems to collect data in electronic form. The inability of Alliance members to provide detailed statistical information in a form required by State Government has led to further excuses for defunding IRTOs. If the collection of statistics had been requested by State Government employees at the time and funding was available this information would have been collected as it is recognised by the IRTOs as a valuable resource.

The Indigenous Tutorial Assistance Scheme (ITAS) was in operation at Tranby for many years and was defunded several years ago (2015-2016) to the detriment of Indigenous learners nationally. From this time, Tranby was informed that ITAS would be available under the new Indigenous Advancement Strategy (IAS) funding, unfortunately, this proved to be incorrect and Tranby has not received ITAS funding since the program was dismantled. The negative impact of this on Indigenous learners nationally cannot be overstated. Having no Indigenous Tutorial System to support Indigenous learners unique and varied learning needs is a tragedy that detrimentally impacts on Indigenous learner outcomes and VET completions.

Engagement and completion rates fell significantly at Tranby and other organisations, without the ITAS program. The Alliance strongly recommends that ITAS be reintroduced and adequately funded to improve the likelihood of Indigenous Australians being able to successfully complete their VET course or Units of Competency to obtain gainful employment. Whilst the ITAS program has been discontinued in spite of its success, the Alliance believes that it was an extremely valuable program in increasing the rate of engagement, retention and completions.

Current Closing the Gap figures show that retention and engagement figures for Indigenous learners are not where the federal government would like them to be. Further support must be given to meet the needs of disadvantaged learners.

The Alliance members experience with mentoring, pastoral and tutorial support strongly indicates that this type of support would be of benefit to other disadvantaged VET learners as well.

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*INFORMATION REQUEST — INVESTMENT IN PUBLIC PROVISION PAGE 47*

*In feedback on interim recommendation 6.3, the Commission requests information on:*

*the funding, monitoring and outcomes delivered under community service obligations*

*any changes to funding models, or other actions, that governments should undertake to address any potential breach of competitive neutrality principles in relation to VET services*

*the funding mechanism (for example, training subsidies or block funding) best suited to efficient and effective service delivery in 'thin markets'*

*how future funding arrangements to promote national consistency should incorporate any additional (non-subsidy) funding to public providers, if at all.*

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The Alliance is of the view that CSOs should be contestable in the provision of services to Indigenous learners. IRTOs are non-profit service providers who have a long history of providing culturally competent VET services to Indigenous communities nationally.

NAWSD resulted in IRTOs funded on the same basis as private VET providers who had the capacity to charge student fees to meet their fixed and variable costs in addition to their per student subsidies. Alliance members do not charge Indigenous learners due to the historic levels of poverty and educational disengagement. These historical factors resulted in Indigenous learners being excluded from VET and higher education. Historical factors have resulted in a cohort of the Indigenous community being disengaged from post school education and employment opportunities.

Away From Base (AFB) funding is critical to Indigenous learners living in rural and remote locations as it improves educational access, by allowing learners to travel to an RTO interstate or within their state to complete their learning. Tranby utilises AFB funding to undertake mixed- mode delivery of courses offered in Block release at Tranby. Currently, NIAA administers this funding but prior to that it was overseen by the Department of Prime Minister and Cabinet. As Tranby is a national IRTO, we utilise AFB for our Indigenous students to travel from all around Australia to complete Diploma and Certificate IV level courses at Tranby on Block release. Unfortunately, with changes to the NSW State Government funding requirements in and around 2014-2015, Tranby lost ALL of our interstate students as NSW State Training Services would no longer fund students who undertook their study in NSW, they stated they must reside in NSW.

Tranby is a national Indigenous RTO, the NSW Smart and Skilled policy prevents interstate Indigenous learners from accessing Tranby's courses with NSW funding. As a result Tranby, sought to assist interstate students wishing to study at Tranby by approaching other State Training services outside of NSW.

Tranby recently had discussions with the Queensland Department of Employment, Small Business and Training in relation to Tranby accessing funding to provide VET training to Queensland waitlisted Indigenous applicants. Individual States require IRTOs to follow the funding access requirements in each State. State requirements include:

- having an office based in Queensland and
- having the specific courses on the Queensland Skills List
- having previously provided RTO courses in Queensland.

This means specialist Indigenous courses are not available for Indigenous learners outside the IRTOs own State including 10578NAT Diploma of Applied Aboriginal Studies as Tranby is the only RTO that offers that course. Tranby previously undertook Block release so Queensland students have historically travelled to Tranby's campus in Sydney using AFB funding. As a result after over 60 years of providing training to interstate students, Tranby is ineligible to apply for Queensland funding and Queensland students can no longer access specialist Indigenous VET at Tranby..

Similar discussions were held with the Tasmanian and Western Australian Governments. Alliance members were given similar information, preventing Alliance members from providing Indigenous VET to students outside the IRTOs home state. State Governments prohibit Indigenous learners from accessing specialist courses held in culturally appropriate facilities at national IRTOs.

A previous application by Tranby to the Community Benefit Fund in Tasmania, to provide training to 25 Indigenous Tasmanians, in Tasmania for Tranby's Diploma of National Aboriginal and Torres Strait Islander Legal Advocacy Program was also rejected. The Community Benefit fund rejected the application for the same reasons as Queensland Department of Employment, Small Business and Training . Tranby advised the Community Benefit Fund that Tranby had been operating successfully nationally for over 60 years, the very nature of our courses are culturally specific VET courses for the Indigenous community. Tranby has graduated thousands of Indigenous students from the Tranby Block Release Programs over the years. Tasmania had no similar Indigenous RTOs nor did Tasmania have similar appropriate courses on their skills list. The 25 students who had applied to do the course with the support of their Elders therefore were not able to undertake culturally appropriate VET

The failure to provide culturally appropriate training in IRTOs specifically developed to support indigenous learners has directly resulted in the falling number of students from rural and remote regions. The falling numbers of remote and very remote Indigenous learners appears to the Alliance to be a direct result of defunding culturally appropriate learning facilities provided by specialist IRTOs and the attempt to mainstream Indigenous learners into a frightening and culturally alien Western education style environment.

The Alliance is aware of discussions about handing the responsibility of Away From Base funding to the State governments who current experience shows would not provide this funding to interstate students. National IRTOs will be disproportionately impacted by this as they offer Away From Base to students residing outside their States. Thus, a national approach to Away from Base would improve the engagement of Indigenous learners particularly those in regional remote and very remote areas requiring culturally appropriate learning from specialised IRTOs.

The Alliance has drawn the firm conclusion that IRTOs are unable to access funding from other States to provide VET courses to the hundreds of Indigenous learners on our current waiting lists that reside out of IRTOs home States.

## New developments in the VET sector

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*INFORMATION REQUEST — THE CHALLENGES OF ONLINE DELIVERY PAGE 48*

*What is the scope to increase the use of fully online delivery of VET, with what advantages, risks and policy challenges?*

*How should subsidy arrangements be configured for payments across jurisdictions for online delivery of services?*

*What subsidy, pricing and costing approaches are appropriate for services that have high fixed costs and low incremental costs?*

*To what degree could accreditation be separated from training?*

*What types of training are most suited to innovative models of training?*

*What actions would governments need to take to maximise the potential for the adoption of innovative delivery of training or new types of training?*

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A number of Alliance IRTO members have moved to online learning during the COVID closures. This presents challenges in that a number of Indigenous learners do not have access to laptops and IPADs and those items need to be provided. An additional if more intransigent difficulty is that the NBN and WIFI is simply unavailable in remote and very remote areas. The NBN and WIFI is often unreliable and the service patchy even in some capital cities.

Some Indigenous learners live in over-crowded conditions resulting in difficulties in focusing in on-training. Indigenous learners like many others have family commitments in the home which make online learning difficult if not impossible.

Many apprenticeship and Diploma level courses cannot be undertaken online due to the need to be trained in the use of tools, machinery or in a workplace.

Overall, regardless of the drawbacks of online learning in many cases it has allowed VET to continue. The change has opened up IRTO courses to Indigenous learners who because of the restrictions of State based funding had been prevented from undertaking IRTO courses.

The funding and creation of culturally appropriate IRTO online courses has been extremely valuable when due to COVID no other alternative was available.

On the issue of the separation of training and accreditation this is an issue under discussion by the Alliance for the provision of training in remote and regional areas. Training would be done on country, but accreditation may need to be undertaken in a manner within the IRTO that provides a cross check on the success of the training. The accreditation is an aspect that could potentially be done online for LLND courses taught on country. Tranby is currently transitioning the 10578NAT Diploma of Applied Aboriginal Studies to an entirely online format for Indigenous VET learners.

The Alliance members have not had reliable funding since the introduction of NAWSD due to the method of State based funding treating IRTOs as the private sector for funding purposes. The proposals for regional and remote funding are under development but the Alliance has not progressed further due to the present precarious and uncertain and erratic nature of State funding.