

CHAPTER 10

TRAINING

1. We have defined training as post-compulsory vocational education and training (VET) that provides people with the skills and knowledge required by enterprises and industries. Public sector technical and further education (TAFE) colleges deliver about 85 per cent of VET. Other registered training organisations (RTOs), which include schools, community organisations, enterprises and industry bodies, provide the remainder.

OVERVIEW OF INDIGENOUS PEOPLE IN TRAINING

Indigenous Training Outcomes

2. The poor employment outcomes of Indigenous training graduates compared to non-Indigenous graduates are evident from Table 10-1. It sets out the labour force status of TAFE graduates in the three years to 1998, and indicates that only 50 per cent of Indigenous graduates of 1998 were employed at 30 May 1999, compared with about 74 per cent of non-Indigenous graduates. Moreover, the employment gap between Indigenous and other VET graduates appears to be widening.

Table 10-1 LABOUR FORCE STATUS OF TAFE GRADUATES, 1996 TO 1998 ^(a)

Status at 30 May in the year following graduation	Indigenous			Non-Indigenous		
	1996 %	1997 %	1998 %	1996 %	1997 %	1998 %
Employed	51.7	49.2	50.4	71.2	73.3	74.1
Unemployed	21.9	22.3	20.9	15.0	13.9	12.9
Not in labour force	26.3	28.3	28.6	13.6	12.8	13.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

(a) Based on National Centre for Vocational Education Research (NCVER) Graduate Destination Survey data.

Source: NCVER published in Chris Robinson and Paul Hughes, *Creating a Sense of Place: Indigenous peoples in vocational education and training*, NCVER, 1999, p37.

3. Table 10-2 indicates that unemployment rates for 20-24 year old Indigenous holders of basic VET qualifications are worse than for non-Indigenous people, particularly in rural and remote areas. The Supporting Material for this Report provides more detail on these unemployment patterns.

Table 10-2 UNEMPLOYMENT RATES FOR 20-24 YEAR OLD VET GRADUATES (BASIC QUALIFICATIONS), 1996 ^(a)

	Indigenous	Non-Indigenous
	%	%
Capital city	22.3	11.6
Other urban centres ^(b)	22.0	14.9
Rural and remote centres ^(c)	25.0	10.6
All Australia	22.2	12.8

(a) Based on data taken from the 1996 ABS Census of Population and Housing. CDEP participation is treated as employment.

(b) Urban centres of 1000 or more people, other than capital cities.

(c) Localities between 200 and 999 people.

Source: Department of Education Training and Youth Affairs (DETYA), *The School to Work Transition of Indigenous Australians: A review of the Literature and Statistical Analysis*, 1998, pp143-144, Table 22c.

4. The reasons for these post-training employment outcomes are complex. But contributing factors are that Indigenous people, relative to other Australians:

- (i) enjoy less access to ongoing lifelong learning;
- (ii) have poor English literacy and numeracy skills;
- (iii) develop less association with training that comes with paid work;
- (iv) experience geographical and social isolation; and
- (v) have poor living standards and low life expectancy.

Profile of Indigenous Students

5. In 1996, the VET participation rate of Indigenous people exceeded their population share (2.4 per cent of total enrolments¹ compared with 2.1 per cent of the 1996 Census population), and enrolments have grown strongly since then.

6. However, this participation rate masks other qualitative aspects of Indigenous involvement in training. Given our focus on outcomes, it is pertinent that Indigenous people are:

¹ Refer to the Supporting Material for this Report, and NCVET published by Chris Robinson and Paul Hughes, *Creating a sense of place: Indigenous peoples in vocational education and training*, NCVET, 1999.

- (i) more likely to enrol in lower level or preparatory courses — in 1998, the proportion of Indigenous students enrolled in Australian Qualifications Framework (AQF) Certificates I and II was 35.1 per cent, compared to 19.4 per cent of other students;
- (ii) more likely to enrol in TAFE multi-field education² and the ‘arts, humanities and social sciences’ fields of study — in 1998, 33 per cent of Indigenous enrolments were in TAFE multi-field education compared to 18.5 per cent of other students;
- (iii) less likely to enrol in ‘business, administration and economics’ (12.9 per cent of Indigenous enrolments compared with 20 per cent), ‘engineering and surveying’ (8.5 per cent compared with 14 per cent) and ‘services, hospitality and transportation’ (7.6 per cent compared to 11.4 per cent); and
- (iv) less likely to pass a course than non-Indigenous students — about 49 per cent of 1998 Indigenous enrolments resulted in a pass, compared to about 59 per cent of other students.

7. There is a widely held perception among Indigenous people that much of the training delivered to them in the past has been ineffective and has not led to employment. Such training has reduced their incentive to undertake further training.

INDICATORS AND NEEDS

Training Outcomes of Indigenous People

8. We concluded that the simplest way to measure the relative need of Indigenous people for training, recognising the limitations of available data, was to use an indicator based on the proportion of Indigenous people aged 15 and over with VET qualifications (of any level).

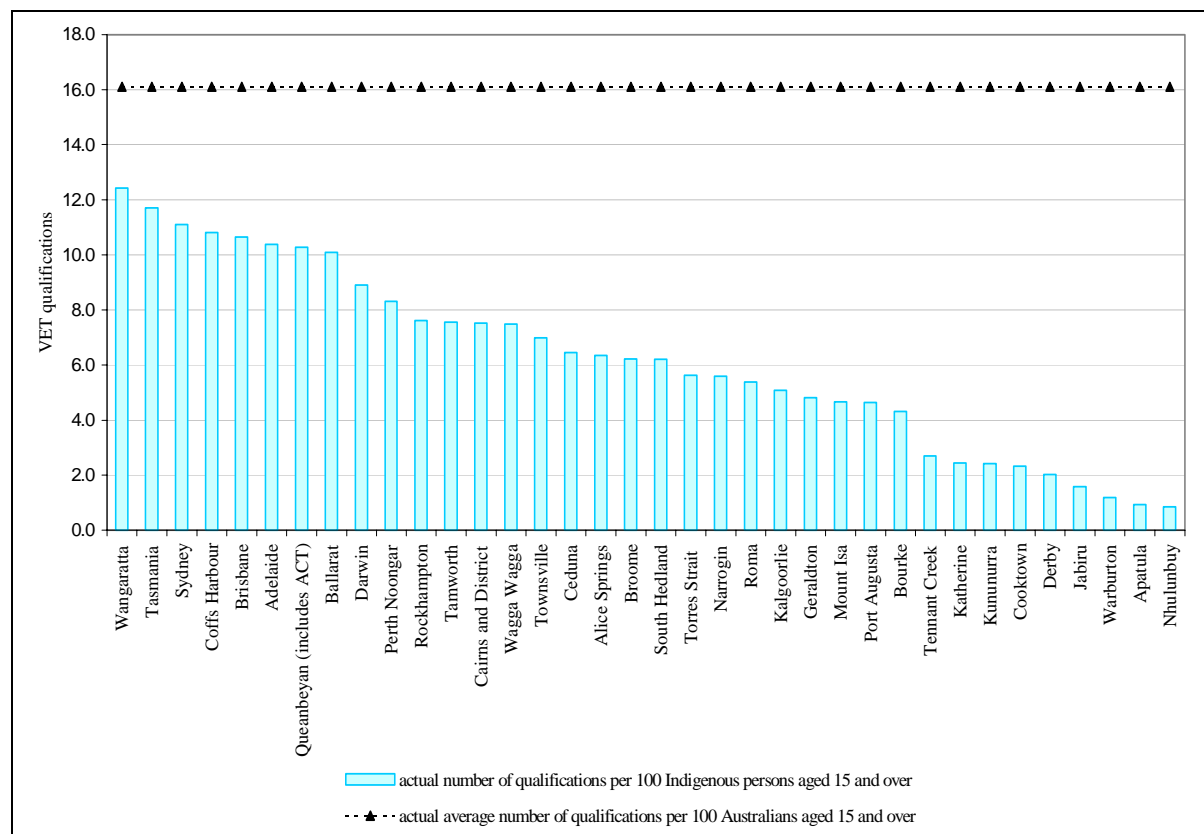
9. Census data allowed us to compare, for each ATSI region:
- (i) the average number of VET qualifications (of any sort) held per 100 Indigenous persons aged 15 years and over; with
 - (ii) the Australian average number of VET qualifications held per 100 persons aged 15 and over.

10. The results of this comparison are in Figure 10-1. It shows that: more Indigenous people with VET qualifications are to be found in highly populated urban and

² TAFE multi-field is an area of VET activity that includes many general and preparatory courses which provide a foundation for further study in more specifically vocational fields.

rural regions; and that Indigenous people are much less likely to have a VET qualification (of any sort) than Australian people in general, especially if they live in remote regions.

Figure 10-1 VET QUALIFICATIONS PER 100 PERSONS AGED 15 AND OVER, 1996



Source: CGC calculations based on ABS 1996 Census of Population and Housing.

11. *A simple measure of need.* An illustrative measure of unmet Indigenous need for training in each ATSIC region can be estimated from Figure 10-1. This measure is the difference between the number of VET qualifications per 100 Indigenous persons aged 15 and over, and the number of qualifications they would have held if they achieved the same average qualification rate as all Australians.

12. The measure is shown in Figure 10-2 which indicates that, on average, the lowest levels of Indigenous need for training are in the capital cities and other heavily populated regions along the east coast. The highest average levels of need are located in the more remote regions where lack of access to training is greatest.

13. Figure 10-3 is an illustrative measure of total unmet Indigenous need for training in each region, based on the qualification rates set out in Figure 10-2 and regional populations³. It shows how the size of regional populations dominates the measure of total

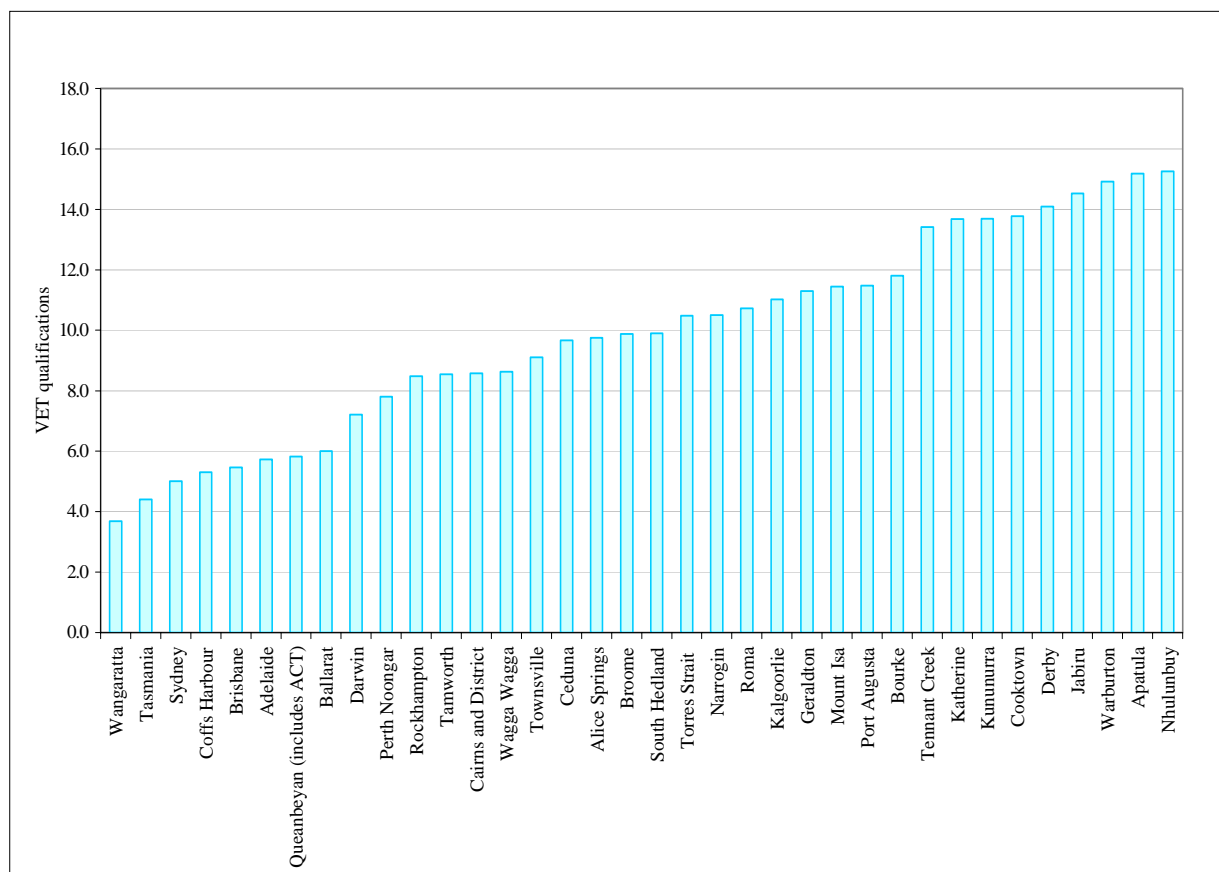
³ Estimated by multiplying the population of each region by the unmet training need set out in Figure 10-2 (that is, the gap in Figure 10-1).

need. In general, Figure 10-3 indicates that total need is highest in the most populous regions on the east coast, and lowest in the least populous regions.

14. **Outcomes from multi-field course enrolments.** We have also looked at the relationship between Indigenous enrolments resulting in a pass and TAFE multi-field education enrolments by Indigenous students. There is some positive correlation between them. ATSI regions with higher than average Indigenous enrolments resulting in a pass are more likely to have higher proportions of enrolments in multi-field education.

15. This implies that, although training courses are being passed, such passes are not sufficient by themselves to increase employment prospects.

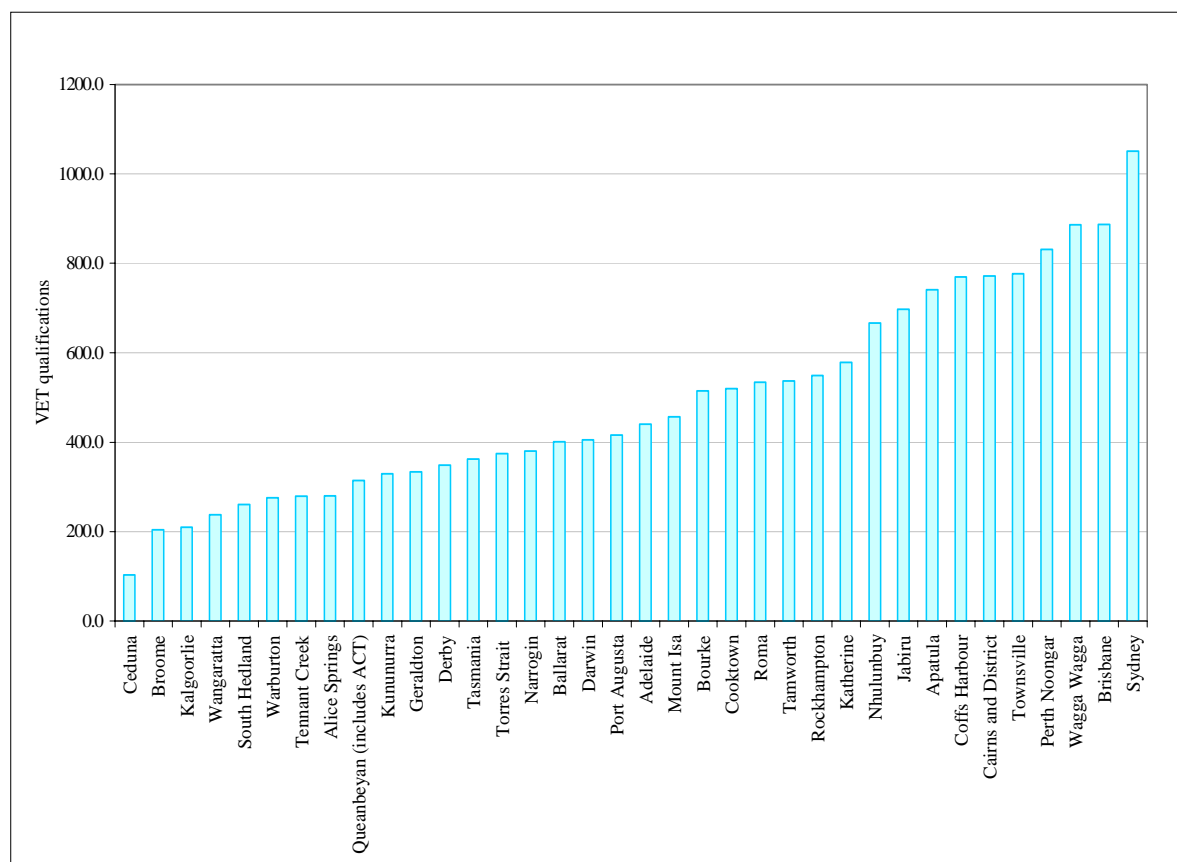
Figure 10-2 ILLUSTRATIVE UNMET NEED FOR TRAINING PER 100 INDIGENOUS PERSONS AGED 15 AND OVER, 1996



Note: For each region, unmet need for training per 100 Indigenous persons is the difference between the number of VET qualifications per 100 Australians aged 15 and over and the number per 100 Indigenous persons aged 15 and over.

Source: CGC calculations based on ABS 1996 Census of Population and Housing.

Figure 10-3 ILLUSTRATIVE TOTAL UNMET INDIGENOUS NEED FOR TRAINING, 1996



Note: For each region, total unmet Indigenous need for training is the difference between the expected number of VET qualifications held by Indigenous persons aged 15 and over (based on the Australian average qualification rate) and the actual number of VET qualifications held by Indigenous persons aged 15 and over.

Source: CGC calculations based on ABS 1996 Census of Population and Housing.

Training Demand by Indigenous People

16. We have also calculated indicators of potential demand for training services. The results are in the volume of Supporting Material. In general, they confirm that potential demand for VET by Indigenous people is greatest where most Indigenous people live. Specifically, potential Indigenous demand for training is highest in ATSI regions that include capital cities or are located along the east coast, and lowest in remote regions. Actual Indigenous VET enrolments closely reflect potential demand.

Needs and Outcomes

17. **While Indigenous participation in training is high, the quality of VET qualifications attained by Indigenous students is relatively poor and of limited use in securing a competitive advantage in the job market (where such markets exist).**

18. Based on the indicators we have measured, the depth of Indigenous need for training appears greatest in the remote regions, and least in the urbanised regions.

TRAINING PROVISION

The Vocational Education and Training System

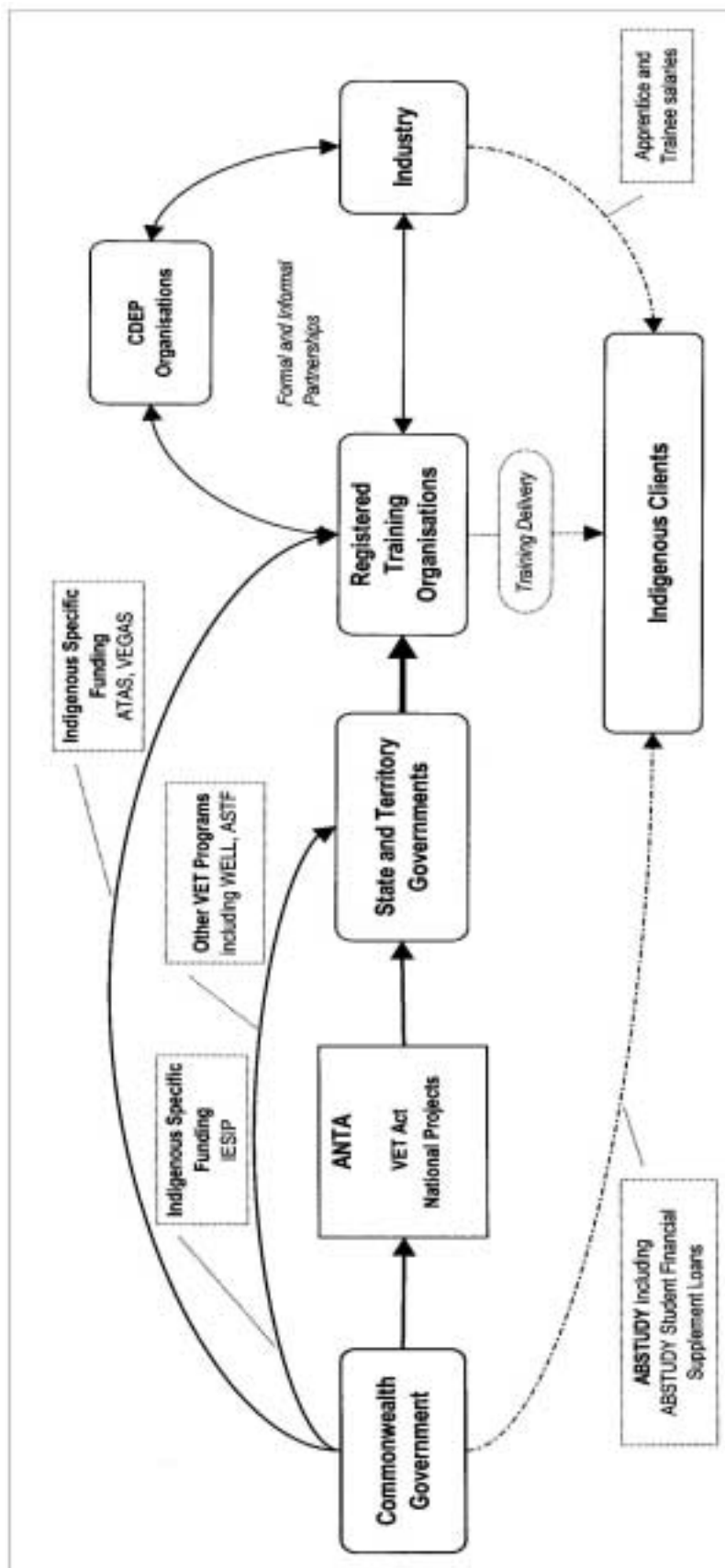
19. VET is essentially a partnership between the Commonwealth and the States, put into effect through the Australian National Training Authority (ANTA) Agreement which sets out the roles and responsibilities for each party, and establishes a major role for industry. The Commonwealth and State Ministers for VET meet as the ANTA Ministerial Council to decide on national policy issues and oversee ANTA and associated funding arrangements.

20. Under these arrangements, States fund about two thirds of total VET provision and have responsibility for its administration and delivery. They also have responsibility for State-level planning, regulation of training providers, the apprenticeship and traineeship system, allocation of funds to TAFE Colleges and other RTOs, and setting fees and charges. The RTOs have formal and informal partnerships with industry and, sometimes, with CDEP organisations. States also fund some Indigenous-specific projects.

21. The Commonwealth plays a major role in collaboration with ANTA, the States and industry in shaping the policies for the VET system. It also directly funds some VET programs such as employer incentives for New Apprenticeships.

22. An outline of the funding flows to Indigenous clients of the VET system is in Figure 10-4.

Figure 10-4 THE VET SYSTEM — FUNDING FLOWS TO INDIGENOUS CLIENTS



Strategic Framework

23. Much strategic work is being done to raise Indigenous people's VET outcomes. *A Bridge to the Future — Australia's National Strategy for Vocational Education and Training 1998 - 2003* sets out the national strategic direction established by the Ministerial Council on Employment, Education, Training and Youth Affairs (MCEETYA) for training services. One of the objectives is to achieve equitable outcomes in VET for all Australians, including Indigenous Australians. The strategy identifies two key approaches⁴.

- (i) *A Social Justice Framework* seeks to improve outcomes by ensuring that unfair economic, social, attitudinal, legislative and administrative factors are minimised.
- (ii) *Managing Diversity* advocates flexibility and partnerships to ensure teaching, training, learning and assessment account for differences in client groups.

24. *Partners in a Learning Culture*⁵ is the National Strategy for Aboriginal and Torres Strait Islander People in VET for 2000-2005. It complements *A Bridge to the Future* and MCEETYA's National Aboriginal and Torres Strait Islander Education Policy. It also recognises the importance of State Aboriginal and Torres Strait Islander VET strategies and plans. The objectives of the 2000-2005 National Strategy are:

- (i) to increase involvement of Indigenous people in decision making about policy, planning, resources and delivery;
- (ii) to achieve participation in VET for Indigenous people that is equal to the participation rate of the rest of the Australian community;
- (iii) to achieve increased culturally appropriate and flexibly delivered training, including use of information technology, for Indigenous people; and
- (iv) to develop closer links between VET outcomes for Indigenous people, and industry and employment.

25. An Implementation Plan to support the National Strategy is being developed to improve Indigenous VET outcomes, and State Training Authorities will be asked to report in their annual VET plans on progress towards achieving the objectives in the plan.

26. Under the National Strategy, each State is required to prepare an annual VET Plan which responds to National Priorities, reports on progress and gives activity tables that include the total amount of training to be provided. The planned profile of delivery to

⁴ ANTA, *Achieving Equitable Outcomes*, supporting paper to *A Bridge to the Future*.

⁵ ANTA, *Partners in a Learning Culture — Australia's National Aboriginal and Torres Strait Islander Strategy for vocational education and training 2000-2005*.

Indigenous people is considered in these State planning processes. Each State's Plan must be approved by the Ministerial Council.

VOCATIONAL EDUCATION AND TRAINING SYSTEM ISSUES

27. The VET system is driven by a national agenda — the national market for training. The quantum of training provided by the system is largely based on a competitive tendering process. State delivery plans are based on providers' plans for delivery of student contact hours, and ANTA funding is based on the planned delivery profiles of the States.

28. The national training agenda is not targeted to meet the training needs of Indigenous people because it focuses on:

- (i) maximising total student contact hours — which effectively translates into a focus on the overall student population;
- (ii) big markets, where meeting and possibly exceeding training profile targets is more easily managed; and
- (iii) scale economies, so that cost effective delivery is attained.

29. The market driven focus of the VET system has less application to the needs of Indigenous people, especially in remote areas where mainstream training goals and delivery methods are less effective in meeting the special need and depth of need for training.

30. The VET system is a complex interaction between the Commonwealth, States, other RTOs, and industry. The training outcomes of Indigenous people would be improved if more effective planning and co-ordination were undertaken through stronger partnerships between the parties.

31. Indigenous training organisations have stressed that training should be tailored to local job markets and that there is a limit to the demand for trades and other skills in remote communities. Localised training is seen as important, partly for community development purposes — for example, targeted training to allow home and building maintenance to be carried out by Indigenous people would be ideal in many communities. However, there is little incentive in some communities for people to undertake training because, once completed, they simply go back to CDEP wages or Job Network allowances.

32. Training should not be provided just to increase participation rates. It is essential to focus on improving the outcomes of Indigenous people in training through courses structured to meet the needs and aspirations of their communities. It must be relevant to the local labour market (to the extent that it exists). To provide appropriate and relevant courses will need increased flexibility, a blend of bottom up and top down strategic approaches to VET delivery, and a shift in funding requirements and guidelines.

33. TAFEs, other RTOs and community organisations report the overwhelming paperwork involved with accessing funding, and claim that the numerous sources of funding and guidelines on its use can be intimidating for Indigenous communities.

Issues Requiring Targeted Responses

34. Our consultations confirmed the reasons outlined earlier for why Indigenous people, especially those in remote areas, do not access training in accordance with the depth of their needs. Overcoming these access issues requires flexibility in funding arrangements and strong links between service providers and Indigenous communities.

35. ***Partnerships and Indigenous involvement.*** Successful training outcomes depend in part on effective partnerships between funders, service providers and Indigenous training clients. We were told, for example, that the Victorian Aboriginal Education Association Incorporated and the Aboriginal Employment, Education and Training Committees used by Western Australian TAFE Colleges are effective in:

- (i) identifying issues concerning the training needs of Indigenous clients in their regions; and
- (ii) raising awareness and involvement in Indigenous training issues.

36. ***Training and CDEP.*** There are no explicit training funds in the oncost element of payments to CDEP organisations. Even in rural and remote areas where there is a poor labour market, employment opportunities still exist — community administrators, tradesmen, essential services officers, Indigenous health workers, teachers and school assistants. However, there is no community based training to assist potential employees to take up opportunities as they become available.

37. ***The proposed Indigenous Employment Policy/CDEP Trial.*** ATSIC and the Department of Employment Workplace Relations and Small Business (DEWRSB) are developing a trial in which 20-25 selected CDEP participants are to be provided pre-vocational and job readiness training, or job specific training and other employment assistance.

38. ***VET in Schools.*** VET in Schools programs are potentially of great value to Indigenous students in familiarising them with the work ethic and equipping them with useful vocational skills. The Commonwealth Taskforce on School to Work Transition for Indigenous Australians identified that multiple school to work pathways, with various access and re-entry points, were highly relevant to meeting the needs of Indigenous people.

39. Schools are not equipping Indigenous students with the literacy and numeracy skills necessary to undertake training courses outside schools. Training institutions said they had to provide Indigenous students with remedial literacy and numeracy education as integral elements of their training courses and, in so doing, were acting as surrogate secondary schools.

40. For whatever reason, it does appear that many Indigenous students prefer to finish their secondary education outside the normal school structure and are looking to the

training sector to provide it for them. This being the case, it is important that the VET system has sufficient flexibility, and is sufficiently funded, to provide the service.

PROGRAMS, FUNDING AND NEEDS

Commonwealth Mainstream Funding through ANTA

41. Commonwealth funds paid to the States through ANTA represent about a third of the total public funding for the VET system. They are supplementary to funds provided by the States and provide support for the provision of training places by both public and private sector VET providers. The Commonwealth also funds national projects and promotes a national identity for the VET system. A total of \$918.4 million was spent by the Commonwealth on recurrent and capital funding in 2000.

42. The ANTA Ministerial Council decides on the allocation of this funding to the States for recurrent and infrastructure purposes, and for National Projects (which may be managed by ANTA, DETYA, a State or another party). Since the inception of ANTA, funding has been allocated to the States primarily on a population share basis (15 to 64 year olds). The Commonwealth Minister, although chair of the ANTA Ministerial Council, has no power to direct the allocation of funds.

43. Most Commonwealth funding of training through ANTA is based on State plans for training delivery. States, in negotiating their activity contracts with ANTA, treat resource requirements for Indigenous and non-Indigenous students in a similar way. Indigenous needs are not specifically addressed in funding allocations. Other Commonwealth mainstream funding (like New Apprenticeships) is usually application based.

Commonwealth Mainstream Programs with Indigenous-specific Components

44. The Commonwealth is addressing some needs of young Indigenous people and improving service delivery approaches to Indigenous communities through Indigenous-specific components in three of its mainstream training programs.

- (i) The Indigenous Youth Partnership Strategy is providing \$5 million in 2000-01 for school-to-work transition.
- (ii) The Indigenous sub-component of the ANTA Infrastructure program provided \$4 million in 2000 to assist States meet the need for improved or additional training facilities and infrastructure for Indigenous people.
- (iii) The Indigenous component of the Small Business Professional Development Best Practice Program provides \$0.2 million.

45. Other programs such as the Workplace English Language and Literacy Program (WELL) and the Australian Student Traineeship Foundation (ASTF) are provided through separate Commonwealth-State agreements. These equity based programs are not targeted specifically at Indigenous people, but organisations focussing on training Indigenous people are eligible for funding.

46. Table 10-3 summarises the major VET programs administered by DETYA. It shows that most Commonwealth mainstream funding is directed to the States through ANTA. The next largest Commonwealth initiative is the New Apprenticeships program.

Table 10-3 COMMONWEALTH FUNDED MAINSTREAM VET PROGRAMS

	Estimated Actual 1999-00	Budget Estimate 2000-01
	\$'000	\$'000
Through ANTA		
Vocational Education and Training Funding Act	981 244	944 479
National Programs (section 11, ANTA Act)	43 070	42 696
Book Subsidy – TAFE	0	3 218
	1 024 314	990 393
Commonwealth		
New Apprenticeship Centres	88 957	63 069
Support for New Apprenticeships	354 325	369 428
New Apprenticeship Implementation	56 372	13 988
New Apprenticeship Workforce Development	0	8 900
New Apprenticeship Access Program	25 725	18 715
Workplace English Language and Literacy Program	11 823	11 869
Australian Student Traineeship Foundation	20 379	20 559
	557 581	506 528
Total mainstream	1 581 895	1 496 921

Source: DETYA Budget Statements, 2000. DETYA submission.

Commonwealth Indigenous-specific Programs

47. The Commonwealth's largest input to improve the VET outcomes of Indigenous people is through ABSTUDY, which was discussed in the Education Chapter. There is also a small amount of Commonwealth VET funding provided through Indigenous-specific training programs. In 1998-99, they included:

- (i) about \$26 million as the VET component of the Indigenous Education Strategic Initiatives Program (IESIP);

- (ii) about \$33 million through the Aboriginal Tutorial Assistance Scheme — part of the Indigenous Education Direct Assistance (IEDA) program; and
- (iii) about \$8 million through the Vocational and Educational Guidance for Aboriginals Scheme — also part of IEDA.

48. **ABSTUDY funding** is demand driven. The scheme provides a living allowance and a range of supplementary benefits to eligible Indigenous applicants. In December 2000, there were almost 48 000 ABSTUDY beneficiaries compared with about 52 000 in December 1999 and about 50 500 in December 1998. At June 1999, about 9 500 of these ABSTUDY beneficiaries were TAFE students and they were receiving about \$33 million per annum from this program. The ABSTUDY program was changed on 1 January 2000 to align it more closely with the Youth Allowance — unless the disadvantage addressed by the benefit is unique to, or disproportionately concentrated on Indigenous students⁶. The changes are discussed in the Education Chapter.

49. IESIP training funds are allocated on a per student basis, with different rates according to location (remote and non-remote) and sector (government or non-government). Thus, IESIP funding of Indigenous training broadly accounts for differential delivery costs — but it does not target Indigenous-specific needs for training. More detail on the IESIP program is provided in the Education Chapter.

50. IEDA funding is distributed across States primarily on the basis of Indigenous enrolment numbers, but with some loadings for remoteness.

51. ANTA also funds some Indigenous-specific programs, including Equity Projects and Infrastructure Programs. For example, ANTA's 2000-01 allocation of funds to Victoria is meeting some Indigenous needs for online training resources (\$0.15 million) and for Indigenous-managed training centres (\$1.2 million).

52. ***Dissatisfaction with the IESIP funding level and reporting requirement.*** The IESIP agreements require States to report on performance levels of Indigenous VET students. The nexus between funding and performance achievements has been strengthened by the Commonwealth for the 2001-2004 funding quadrennium. The IESIP performance measures include aspects of participation, completion and staffing levels. However, some States now think the reporting requirements do not measure outcomes of VET students and are excessive relative to the amount of funding received. States do not always take their priorities from the IESIP agreement, but use other sources such as Indigenous training strategies which focus on:

- (i) increasing participation and completion of higher level courses;
- (ii) linking transitions from school to employment;
- (iii) meeting the needs of Indigenous people in their communities;

⁶ Media Release K9509 of 23 September 1999 by Minister for Education, Training and Youth Affairs, *ATSIC Report is Wrong — ABSTUDY helps Indigenous students in Need.*

- (iv) encouraging strategic relationships between industry and Indigenous communities;
- (v) recognising cultural diversity;
- (vi) working from a community and building partnerships; and
- (vii) encouraging flexible delivery approaches.

53. ***Poor integration of mainstream and Indigenous-specific funding.*** Some training managers, especially in urban areas, report that too much is expected from Indigenous-specific funding which is often stretched further than intended. They argue that there should be less reliance on Indigenous-specific funding to address mainstream training issues, and better integration with mainstream programs.

54. Although progress is being made to address the training needs of Indigenous people through mainstream programs, there is still a tendency for VET providers to marginalise Indigenous people and limit services to those which can be funded solely from Indigenous-specific funds. Mainstream funding must be used to provide citizenship services. Service providers and policy makers need to ensure that mainstream VET is sensitive to the needs of Indigenous people. Inappropriate and insensitive delivery impacts on students' retention and completion rates, and ultimately their employment prospects.

55. Improved outcomes for Indigenous people depend on effective partnership arrangements between the funding agencies, RTOs, Industry and Indigenous communities. The aim should be to increase Indigenous influence over priorities, increase effectiveness of training associated with CDEP, reduce the complexity of the training system and take account of higher needs associated with training Indigenous people.

56. If the integration of mainstream and Indigenous-specific funding is to be enhanced, IESIP agreements should better take account of the priority needs identified in the Indigenous Training Strategic Plan for each State, and incorporate indicators to better measure the needs and outcomes of Indigenous people in VET.

57. Total Indigenous-specific funding for Indigenous people (IESIP, IEDA, and ANTA Indigenous-specific programs) is about \$67 million a year — representing about four per cent of total mainstream and Indigenous-specific funding on Indigenous training. Another \$33 million is spent in ABSTUDY but data on the comparable Youth Allowance expenditure for non-Indigenous students are not available. Commonwealth Indigenous-specific funding forms a small proportion of total training funding. Some of its distribution broadly takes account of differences in delivery costs and Indigenous enrolments (some components of IESIP, in particular), while other funding is application based (ABSTUDY and some components of IEDA).

58. **The use of training plans may in part help promote the integrated planning of mainstream and Indigenous-specific funding and the targeting of funding. If not, there is a risk of continuing marginalisation of Indigenous people in VET. The allocation of resources for the training of Indigenous people is primarily based on enrolments and service delivery costs, not the relative needs of Indigenous students.**

State Indigenous-specific Programs

59. Each State funds a variety of Indigenous-specific initiatives. New South Wales funds Employment and Career Development programs for Indigenous people in State and local government employment. Victoria has allocated \$10.5 million for Indigenous VET students in 2000-01 and funds an Aboriginal Education Association as an Industry Training Advisory Board. However, most State equity funding for training does not specifically target Indigenous students.

60. Some States have identified CDEP as a key client for Aboriginal VET services. For example, the focus in New South Wales is on flexible delivery training for CDEPs. In these circumstances, training includes both on the job and off the job provision.

High Delivery Costs

61. The specific training needs of Indigenous people influence the cost of training Indigenous students. For example, meeting the training needs of an Indigenous person living in the Nhulunbuy region would be more costly, on average, than meeting the training needs of an Indigenous resident of Sydney. But in both regions, the average cost of training for Indigenous students will be higher than for non-Indigenous students. The reasons for high delivery costs associated with Indigenous students are as follows.

- (i) *The number of Indigenous enrolments is high compared with the FTE equivalent.* The short term training focus of Indigenous students affects needs for counselling, tutoring and other services, which increases costs.
- (ii) *A high proportion of Indigenous students live in remote areas.* This impacts on teaching costs, particularly the costs of transportation and accommodation for teachers to travel to the students, or for students to travel to a service provider.
- (iii) *There may be cultural issues involved in the delivery of VET.* In remote areas, States report dropout rates of up to 75 per cent because students are unable to cope in unfamiliar surroundings or new social pressures. Flexible delivery, with the training provided on site, has reduced dropout rates to about 25 per cent in some cases, but it is costly.
- (iv) *Limited access to information technology* by Indigenous people in some communities means that there will be an ongoing requirement for funding such as that provided under the Regional Telecommunications Infrastructure Fund.

62. Funding allocations do not generally reflect the unmet needs of Indigenous people and the high costs of providing services to them, especially in the remote regions.

CONCLUSIONS

63. The main conclusions we have reached in relation to training are as follows.
- (i) While Indigenous participation in training is high, the quality of VET qualifications attained by Indigenous students is relatively poor and of limited use in securing a competitive advantage in the job market (where such markets exist).
 - (ii) The average need (depth of need) for training is greatest in the remote regions and least in the urbanised regions.
 - (iii) The market driven focus of the VET system has less application to the needs of Indigenous people, especially in remote areas where mainstream training goals and delivery methods are less effective in meeting the special need and depth of need for training.
 - (iv) The use of training plans may help promote the integrated planning of mainstream and Indigenous-specific funding and the targeting of funding. If not, there is a risk of continuing marginalisation of Indigenous people in VET. The allocation of total resources for the training of Indigenous people is primarily based on enrolments and service delivery costs, not the relative needs of Indigenous students.
 - (v) Funding allocations do not generally reflect the unmet needs of Indigenous people and the costs of providing services, especially in the remote regions.