

**SUBMISSION TO THE EXPERT PANEL
FEEDBACK TO THE ESSENTIAL SERVICES COMMISSION REPORT ON THE
VOCATIONAL EDUCATION AND TRAINING FEE AND FUNDING REVIEW
November 2011**

Background to Community Colleges Australia

Community Colleges Australia (CCA) is the national peak body representing not-for-profit community owned providers of adult and youth education, training and learning in a local environment.

Membership comprises long established learning organisations located in metropolitan, regional and rural locations. The colleges offer socially inclusive and progressive learning environments with a focus on student welfare and a commitment to employment outcomes and personal development of individuals. Colleges work with students and industry to develop flexible education options to ensure appropriate vocational pathways and learning actions.

CCA is committed to assisting members grow their business and thereby to enhance the learning opportunities for all Australians through all stages of their adult lives. CCA promotes 'real education for today's Australians' by delivery that engages and belongs to local communities. Our vision is for Australia to achieve more dynamic and vibrant communities, informed and empowered through learning.

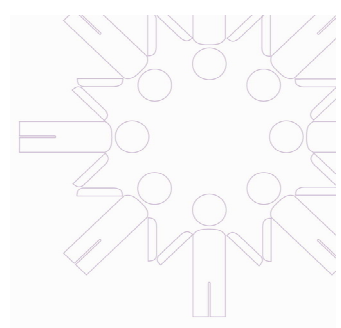
Introduction

As CCA previously advised in our submission to the Essential Services Commission (ESC), CCA members in Victoria¹ have embraced the changes to VET funding which have been introduced in Victoria over the past 18 months. However, in identifying the opportunities that contestable funding brings, CCA considers that for the new regime to operate effectively, it should have consistent fee structures that appropriately reflect the range of levels of VET training and very similar funding conditions for all providers of VET training, whether it is the public provider or private (commercial or NFP) providers who are undertaking the delivery of the vocational training. In general, CCA therefore welcomes a number of the ESC recommendations.

Due to the nature of our members business activities, where as community-embedded learning organisations the colleges have not only a broad scope of training packages, but also accommodate training levels that range from VCAL/VCE, foundations courses (supplemented by career counselling in many instances), and VET certificates through to advanced diploma level we consider it important that the expert panel recognise the unique needs of the NFP sector. As well as offering skilling courses that assist industry, employers and regular individuals within the member's local delivery environment, community college members play a key, sometimes unique role in delivering learning opportunities to students who are from disadvantaged groups or lower socio-economic households or require a "second-chance" education environment.

1. A list of current CCA members who deliver training in the state of Victoria are identified at the end of this report.





CCA observes that whilst this submission is focussed on our members and the impact the recommendations may have, we are keenly aware of the need to focus on the final stakeholders in the context of VET; namely the student. We emphasise the need to ensure that all Victorians (including SME employers and hard to reach learners) benefit from a system that is as clear, fair, transparent and accountable as possible for all.

Overview

CCA notes that there are 43 comprehensive recommendations identified by the ESC. In the same format as their report, we will comment on the points identified by chapter topic. CCA is providing feedback to the Expert Panel on those areas where members have been most effected or are most passionate.

Eligibility for a government subsidised training place

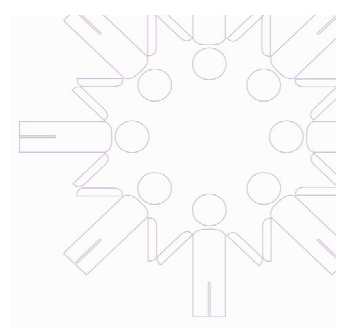
Members of CCA, have been working under the new training funding system for between 10 and 24 months, and now show evidence that more students are enrolling at their colleges and more students are completing. As a measure of success from an economic perspective, we would acknowledge that the changes have assisted the majority of our members. However, CCA concurs with recommendation 4.1 that a clearer picture of student data is required and urge all governments to develop a national student ID as a matter of priority.

At the 2011 CCA conference held between the 2nd-4th November, many speakers (both internal and external to the VET sector) made reference to the need for better marketing around VET. Recommendation 4.2 which discussed the improvement of information availability is essential. Too many students and too many employers have limited awareness of training that is available and the possible assistance that may be accessible for skilling either their workforces or themselves.

For government subsidies to work comprehensively throughout Victoria and effectively for all individuals and groups, people deserve to receive clear advice on the choice that is available for undertaking VET studies through a range of providers, types of training and with subsidised places. Whilst marketing could be considered as a cost impost for the Victorian Government, CCA believes it would offer an effective Return on Investment, as the subsidised training places are likely to be better understood and therefore better utilised if quality information has been provided to allow learners and employers to make better informed decisions.

Regarding recommendation 4.3, CCA would caution that not all students are equal and there is a clear need for simplified information to be available for specific groups of learners who need extra assistance to identify not only the consequences of their training choices but may also be initially overwhelmed by the complexities of subsidised places. These learners include disengaged youth, migrants, indigenous, older persons wishing to rejoin the work force and disadvantaged households. Some of these potential students have a degree of nervousness when requested to attend government agencies and we would strongly suggest that NFP community embedded education providers can play a key role in assisting these persons with appropriate training options and accessing subsidised places.





The ESC recommendation 4.4 may coincide/overlap with the possible MySkills website regarding the publishing of information. Whilst not fully opposed to the concept of publishing training information, CCA has reservations about how and what data may be provided if there is not also explanations to explain the statistics. We also consider this to be separate from the need for government to work with industry to identify over and under supply of skills training.

CCA is concerned about the implications of recommendation 4.7 as whilst our members would be keen to have the VTG expanded to groups who currently cannot access it, a survey to be undertaken in the next 6 months is likely to place a significant burden on RTOs at a time when many need to allow staff to take leave after what has been a significant period of change and high amount of administration duties throughout 2011. However, recommendations 4.8, 4.9 and 4.10 are to be commended and CCA and its members fully endorse the thinking that the ESC has shown in regard to them. It is essential that students (generally youth) who have undertaken VCE, VCAL or VET do not get stopped from receiving a government subsidy to go on and undertake further valuable training. We do however seek clarification that 4.8 will also apply to those VET providers who have been delivering VCE or VCAL to students as part of the re-engagement into learning programs (and not just registered schools).

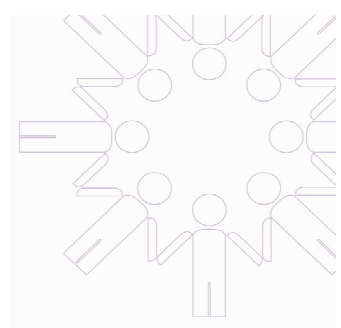
With recommendations 4.9 and 4.10 whilst CCA agrees with the thinking, we would suggest that the timelines should be adjusted. There is considerable research in existence highlighting that people now often have between 3-6 careers over their working life so updating and skilling into new qualifications are likely to occur more frequently than 7 - 15 years. We would recommend partial subsidies to be offered on qualifications that are between 5 and 10 years old and full subsidy to any learner with a qualification greater than 10 years old.

Regarding the recommendations relating to exemptions (4.11 - 4.15) CCA re-affirms its statement from its submission to the ESC. Specifically, CCA notes an opportunity for alternative methods in allocating exemptions needs to be undertaken. The Government should be taking into consideration demographics, local industry, socio economic status rather than merely hours of training delivered when applying exemptions. Members of CCA consider other ways to allocate the exemptions could be for the exemption to be applied to an individual student, or against a priority skills list (taking into consideration regional differences). CCA notes that the government had allocated an additional \$10M in a recent funding year for additional exemptions and that there appeared to be no scientific basis to those exemptions. However, if the eligibility criteria for the VTG were to be amended and extended then there may be no need for exemptions.

Tuition Fees

CCA notes that a number of the recommendations made by the ESC in chapter 5 of their report have already been implemented by the Victorian Government (Skills Victoria Factsheet October 2011) and so have little to add at this time. We acknowledge, however, that there is potential with the removal of minimum fees for a "race to the bottom" in terms of quality because of opportunistic providers. Charging a nominal fee forms a symbolic commitment by the client/student and assists in acknowledging the value of a training course. It also helps to instinctively maintain a person's individual pursuit for a VET certificate (or skill set) because of their own (however minimal) financial contribution.





We would also note in regard to this chapter that VET FEE HELP has not been a program that NFP community-embedded education providers have found useful. Recommendation 5.10 will need to be fully explored with all RTO types (public, private, NFP) given an opportunity to outline the onerous compliance and reporting expectations and significant improvements that will need to be made before our members consider applying for it again.

Funding VET Delivery

From the perspective of CCA and its members, chapter 6 has a number of contentious recommendations. The first 5 recommendations suggest an approach to a market which CCA considers comprises a complexity beyond just 'supply and demand' cohorts. We are not certain that undertaking a cost and pricing review from a pure economic basis and perhaps significantly changing the student contact hour model is necessarily appropriate. It may be that rather than creating another/new system, that rates are based on and adjusted for equity issues and on factors such as regional and remote locations and weightings for socio-economic aspects.

The above point is particularly relevant for NFP community based providers, whose students often comprise learners from disadvantaged groups. There are significant costs incurred in training high need learners; often the recommended hours in a training package are much less than what will be undertaken with these learning groups. Whilst there is a small amount of additional funding available for some young persons, the labour intensity of providing learning for these groups is significantly more than is recognised in the current funding model. The current model also does not fully support disengaged youth who need great assistance in re-engaging at foundation levels and who require 'carefully managed coercion' to come to an educational institution, preferably within their local environs.

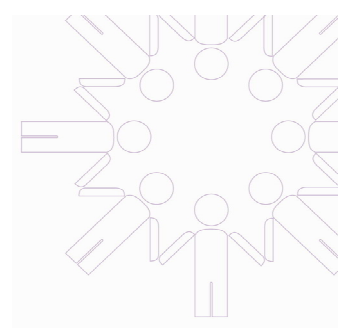
CCA is opposed to recommendation 6.6 and would be happy to discuss with the expert panel a funding model that has been prepared by one of our members which proposes a simple alternative model to the Skills Victoria current payments process. This alternative model has been prepared acknowledging that many community providers cannot access bank loans, that the data collection process continues to be non-customer friendly and that there is one specific period in the year when cash flow for non-government community-based RTO entities is critical.

CCA is pleased that the ESC has recognised that the historic notion of NFP providers being able to deliver training at considerably less dollars per hour than a public provider should be removed (recommendation 6.9). We believe this recommendation is fully in the spirit of contestable funding where all providers are treated equally on **base** funding issues.

A more competitive pricing model

CCA has no dispute with recommendations 7.1 and 7.2 provided that there is no increased financial burden from the introduction of an independent oversight body or course price publications. We consider recommendation 7.3 to be a similar statement to recommendation 4.4 and the awaited introduction of a Commonwealth MySkills website.





As stated in the introduction to the submission, CCA does not wish to lose sight of the key stakeholder in this discussion, namely the student. Therefore a transparent and fair dispute system is important but we are uncertain as to why and how industry should pay for an ombudsman style tribunal. We would wish a more detailed discussion take place in regard to this suggestion (recommendation 7.4).

Other Matters

CCA wishes to restate two key issues that we have not addressed through the specific recommendations. The historic capping of places was always perceived as restrictive on providers who identified students within their community who required, or would benefit from, training and/or (up)skilling and previously some (or all) of these potential learners may not have been able to be educated by the community provider where allocations were too few. Our members therefore wish to stress that they do not wish for a return to such a style of funding.

Similarly, in identifying that the new VET fees and funding model is designed to build contestability there are still specific 'disparities' which we are surprised the ESC has not specifically commented upon. CCA and its members were particularly disappointed that there has been no change in the concessions provided to TAFE for Diplomas and Advanced Diplomas. This seems to be the opposite to offering the student (and employer) a choice when it comes to training provision based on fees.

We conclude the submission by noting that overall CCA members have, whilst being challenged in the short-term with administrative changes and undertaking re-skilling of their own staff, embraced the VET Fee and Funding Model changes. Whilst there are still areas that our colleges are concerned by, including managing quality across providers and avoiding 'provider scams', the overall numbers of students undertaking training and skilling with CCA members has shown either static levels or increases over the past 12 months. We are currently working on sharing best practice and good stories across the network to assist smaller colleges benefit through measures and business activities that larger colleges have already introduced and to ensure that all colleges whether providing learning to students in metropolitan, regional or rural Victoria can enhance community learning participation in VET from the new fees and funding model.

List of CCA Members providing VET in Victoria

Albury Wodonga Community College

AMES

Bacchus Marsh Community College

CAE

Campaspe College of Adult Education-Echuca

CE Bendigo

Community College East Gippsland

Community College Gippsland

Djerriwarrh Employment & Education Service

Finding Futures

Jesuit Community College

Kyabram Community & Learning Centre

MADEC Community College

Otway Community College

Sandy Beach Centre

Southern Grampians Adult Education

The Centre

Upper Yarra Community House

Warrnambool Community College

WCIG

Wyndham Community & Education Centre

