

Refocusing vocational training – government subsidies



In recent years the Victorian vocational education and training (VET) system has changed significantly through the introduction of an individual entitlement to a subsidised training place, and the opening of the market to competition between providers. The government is retaining and strengthening these market fundamentals, to ensure that businesses and students continue to have choice over what and where they study. At the same time, the government is implementing new arrangements to improve quality; improve system responsiveness to the needs of industry; focus investment in areas of greatest public benefit; and ensure sustainability of the system into the future.

In order to continue an individual entitlement to a training place, ensuring that the cost of such access remains sustainable for Victoria, the government is focusing its investment on where it is most needed and where there is the greatest public benefit. More than 220 courses will receive increased hourly subsidies, including all courses undertaken as part of an apprenticeship. Other courses, where there is evidence the government subsidy has been too high or where there are indications of a comparatively lower return to the economy and students, will receive lower subsidies.

What's staying the same?

The government will continue to provide a level of subsidy for any training undertaken by eligible Victorians with a Registered Training Organisation contracted to deliver government-subsidised training.

Subsidy rates for students enrolled and commenced in training before 1 July 2012 will remain unchanged until 1 January 2013. Subsidies for any part of a course these students seek to undertake after 1 January 2013 will be at the new levels (outlined below). Existing students who enrol in a new course from 1 July 2012 will also be subject to the new subsidy arrangements.

What's changing?

From 1 July 2012 for new commencements, and 1 January 2013 for all enrolments, the level of government subsidy provided for delivery of training is changing.

New course subsidy rates

The new course subsidy levels will range from under \$2 to over \$10 per hour of training.

To determine the subsidy level payable for an hour of training delivery in each course, two factors have been multiplied. These two factors are a benchmark hourly rate for the level of qualification and a weighting for the course.

Under the new arrangements, higher benchmark hourly rates have been attributed to foundation and apprenticeship qualifications, and lower rates to diplomas and above (where income contingent student loans are available) and to lower-level certificates where direct vocational benefit is lower.

The subsidy weighting for each course reflects an assessment of their current 'public value'—with courses of greatest public value receiving the highest level of subsidy, and courses of lowest public value the least.

The public value of courses has been assessed on the basis of its value to the economy (in terms of jobs or productivity) and the extent to which government investment is required to stimulate delivery of, and participation in, this training to meet industry needs.

The table below outlines the range of subsidy paid, grouped into five bands based on subsidy levels.

Subsidy band	Subsidy range per hour of training delivery
Band A	>\$10
Band B	\$7.50–10
Band C	\$5–7
Band D	\$2–4.50
Band E	<\$2

Course subsidy levels will be published in Funded Courses reports and documents on the Skills Victoria Training System (SVTS) website and will be able to be accessed by funded providers

A new market monitoring unit will continuously monitor the impact of the revised subsidy levels on course provision and pricing across the State, ahead of a more comprehensive review of subsidy levels within two years. This will ensure government funding remains well targeted to areas of greatest public value and need.

Consistent subsidy rates for TAFE and non-TAFE providers

From 1 July 2012 for all new commencements, and from 1 January 2013 for all enrolments, both TAFE and non-TAFE providers will receive the same hourly course subsidy rate. There will no longer be higher hourly subsidy rates paid to TAFEs.

Currently all TAFEs and the TAFE divisions of universities also receive funding towards the cost of a number of activities, including:

- historical enterprise bargaining agreement outcomes;
- facilities maintenance; and
- regional provision.

From 1 January 2013, this supplementation will cease. Other specific payments to TAFE for capital and specific programs will be the subject of negotiated service and asset strategies, and subject to Budget outcome annually.

A new loading for training in regional areas

For commencements from 1 July 2012, a new 5 per cent loading will be applied to all subsidised training delivered in a non-metropolitan area.

This loading will be available to both TAFE and non-TAFE providers delivering training in regional Victoria. It will not apply to online and distance delivery.

Better targeted loadings for young people and Indigenous students

Subsidised providers currently receive a 1.3 weighting for training a young person aged 15 to 19 who does not hold a Year 12 certificate or equivalent, or a 1.5 weighting for training an Indigenous Victorian, if either weighting is higher than the industry weight the course would have received.

From 1 July 2012 for new commencements, and from 1 January 2013 for existing enrolments, these student loading will be used as a multiplier of the new course subsidy in determining the final price paid for government subsidised delivery of training.

From 1 January 2013, the 1.3 youth loading for new commencements will be more narrowly targeted for training of a young person aged 15 to 19 who has not completed VCE or VCAL and is from a low socio-economic status (SES) background. This will require a new approach to recording student SES status, to commence from 2013. It will provide more consistent funding for young people in schools and in VET.

Targeted support for Recognition of Prior Learning (RPL)

For new commencements from 1 July 2012, the funding rate for Recognition of Prior Learning (RPL) will be reduced to 50 per cent of the published subsidy price for a course or unit, except for courses in subsidy Band A or other designated courses where qualifications are required to meet occupational licensing standards.

The government will also set stronger requirements to be met by funded providers from 1 January 2013 to be eligible to claim a subsidy for reported RPL.

For new commencements from 1 July 2012, government funding will not be available for RPL in foundation courses. Foundation courses are primarily designed to develop the basic literacy and numeracy skills that students may be lacking to find work, perform their job or undertake further training. As such, there is little public benefit for a student to be accredited through an RPL process as possessing these foundation skills.

From 1 July 2012, students will also pay for RPL under the same fee arrangements applying to other delivery. Until now, students have only paid fees relating to the cost of the assessment and in some instances no fees.

New approach to concessions

The concessions scheme will be revised to ensure that student fees continue to be significantly lower for eligible concession card holders than for other students.

For all new commencements up to Cert IV from 1 July 2012, and from 1 January 2013 for all enrolments, up to Cert IV rather than a fixed maximum fee and government reimbursement, concession card students will pay 20 per cent of the course fee they would have been charged if they were not eligible for a concession and the government will continue to contribute to the revenue forgone by that provider (up to a benchmark).

For commencements from 1 July 2012, access to concession places for 15- to 24-year-olds who enrol in a diploma or advanced diploma course at a TAFE institute will cease. Since introduction of that policy around 9,600 young Victorians have taken advantage of the policy, almost double the 5,000 originally estimated. Students currently studying under these arrangements will continue to receive the concession (subject to continuing to hold an eligible concession card) until they complete their courses. Students studying at this level will continue to have access to income-contingent loans to meet the upfront costs of their course.

What does this mean for training providers?

Providers will need to consider or review their business model, including processes and revenue streams, to position themselves for the new arrangements.

What does this mean for students and/or employers?

In some instances providers may change their training offerings, leading to different course offerings being available locally. Changes to industry engagement arrangements (refer to the 'Industry driven VET' fact sheet) will assist in ensuring continued delivery of the training needed by industry that leads to jobs.

Where can I go for more information?

For further information on how the government is refocusing Victorian VET, including what it means for students and training providers, go to www.education.vic.gov.au/refocusingvet