

Refocusing VET in Victoria

Welcome Address to VTA State Conference

Friday 18 May 2012



2012-13 Budget: Refocusing VET in Victoria

Action is needed now to refocus VET to ensure the system remains:

- high quality
- industry-driven
- sustainable for Victorian taxpayers



- **Pre skills-reform**
~ \$800m a year
- **Original provision 2011-12**
~ \$900m
- **Expected expenditure 2011-12**
\$1.3bn
- **Future provision 2012-13+**
\$1.2 bn

* Note: 2011-12 and 2012-13 figures are estimates only. No definitive level of expenditure can be given due to the demand driven nature of the system.

Five key challenges facing the VET system

To ensure the sustainability of government subsidised VET

To extract the maximum public benefit from our investment in training

To support industry to engage more directly with VET providers

To provide stronger oversight of price and quality to assist consumer choice

To support a strong public provider network in a contestable market

ESC and VCEC review findings

Need for greater competitive neutrality, market oversight and price deregulation in the funding of training delivery.

Key recommendations of the reviews have been:

- Remove differentiated subsidies for TAFEs compared with other providers over time
- Provide a clearer articulation of the role of publicly owned training providers and provide funding for specific community service obligations where agreed with government (VCEC recommending this funding be contestable)
- Transition TAFEs to a more corporatised model;
- Uncap fees for students over time where there is shown to be sufficient competition in the market
- Increase consumer access to price and performance information for both TAFEs and non-TAFE providers

Through the 2012-13 Budget, the Government is accepting a number of these recommendations for immediate implementation, including loadings to maximise learning opportunities for;

- Young people
- Indigenous learners, and
- Regional Victorians

Industry driven quality VET

Stronger monitoring and compliance checks

- More rigorous and independent financial assessment and demonstrated capability to deliver quality courses
- Upfront course fee disclosure and performance against quality measures
- VET market monitoring unit, rapid response team and peer review mechanism

Better consumer information

- One-stop-shop website
- Electronic Marketplace, and
- New quality metrics, including industry ratings and industry-moderated assessment will be trialled
- Regional Market Facilitation Managers

A stronger, direct Industry voice

- Industry ITABs will no longer receive government funding. Instead, Government will work with each industry from June 2012 to identify preferred consultation arrangements.
- New arrangements include an Industry Skills Consultative Committee and Annual Industry Skills Conference

Additional support for critical and niche skills needs

- New \$6 million a year Industry Transition and Specialist Training Initiative to address critical skills needs and respond to large-scale company closures.
- No new eligibility exemptions past 2012

Refocusing VET – Eligibility, subsidies and fees

***Refocusing VET* introduces changes to**

- Eligibility for government subsidised training under the Victorian Training Guarantee
- Levels of government subsidy for accredited training courses
- Student fees and concessions

Implementation timing, generally ...

- The changes apply for new commencements from 1 July 2012
- The changes apply for all students from 1 January 2013

Refocusing VET – Eligibility

The *Victorian Training Guarantee* continues to provide access to a subsidised training place for eligible Victorians, with eligibility expanded in some cases

Maintaining opportunity

People currently able to access the VTG will continue to be eligible if they are:

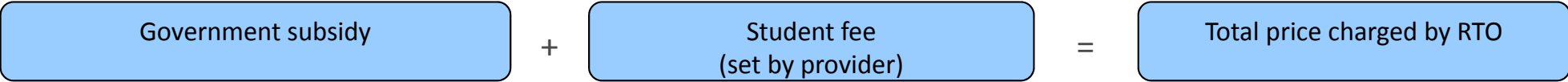
- under 20 years of age
- 20 years and older and ‘upskilling’ by undertaking a course at a higher level than their existing qualification
- undertaking a Foundation Skills course
- undertaking an apprenticeship
- special provisions for asylum seekers and single and teenage parents

Expanding eligibility

- Victorians of any age whose highest qualification is VCE/VCAL will now be able access a training place at **Certificate II**, as well as higher levels
- ‘Zero fee’ training places for vulnerable young people with a history of living in the care of the State, to be delivered through selected providers

Victoria’s training entitlement continues to exceed the minimum national entitlement agreed by COAG on 13 April 2012

Refocusing VET – Subsidies



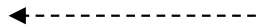
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Scheduled Hours

(Maximum number of hours that can be scheduled for each qualification)

X

Qualification level

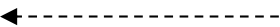


- Higher hourly rates for Foundation courses and Apprenticeships
- Lower hourly rates for Diploma and above courses and for lower level Certificates where direct vocational benefit is lower

X

Weighting

(based on public value)



- Public value based on:
- value to the economy (jobs or productivity)
 - extent to which government investment is required to stimulate delivery of, and participation in, training to meet industry needs

X

Cohort loading

(low SES youth, Indigenous, regional students)

Refocusing VET – Subsidies (cont.)

Course subsidy levels to apply equally to TAFEs and non-TAFE providers

Subsidy Band (selected examples)	Subsidy range per hour of training delivery \$	Distribution of courses			Enrolment shares, 2011	
		Number (Total = 1056)	%	Cumulative %	% Non- TAFE	% TAFE
Band A (e.g. apprenticeships)	>\$10	193	18	18	18	82
Band B (e.g. foundation skills, Cert III Aged Care)	\$7.50-\$10	345	33	51	38	62
Band C (e.g. Diploma of Children's Services)	\$5-7	334	32	83	43	57
Band D (e.g. Diploma of Graphic Design, Diploma of Events)	\$2-4.50	154	15	98	61	39
Band E (e.g. Diploma of Fitness, Cert II in Process Manufacturing)	<\$2	30	3	100	84	16

- All apprenticeship subsidy levels have increased
- Over half of all courses fall into Bands A and B, attracting a subsidy at \$7.50 per hour or greater
- 21 per cent of courses (> 220 courses) have a higher subsidy than the current small TAFE rate
- In 2011, TAFEs accounted for 82% of Band A enrolments

Refocused VET –Subsidies (cont.)

Loadings to support students most in need of additional assistance

Regional training

- Five per cent loading to government funded training delivered in a non-metropolitan area
- Available to both TAFE and non-TAFE providers (replacing the current TAFE regional loading)
- Does not apply to online and distance delivery

Better targeted support for young and Indigenous students

- 1.3 loading for young person aged 15 to 19 who has not completed VCE or VCAL **and** is from a low SES background
- 1.5 loading for training an Indigenous Victorian
- The loadings will now apply as a multiplier of the course subsidy

Targeted support for RPL

- Funding rate for RPL 100 per cent of published subsidy price for a course or unit in Subsidy Band A
- Funding rate reduced to 50 per cent of published subsidy price for a course or unit in Bands B – E (except for other designated courses where qualifications are required to meet occupational licensing standard)
- From 1 July 2012, government funding not available for RPL in foundation level
- From 1 July 2012, same student fee arrangements as other delivery (see next slide)
- From 1 January 2013, stronger requirements to be met to claim RPL subsidy

Refocusing VET – Fees

Deregulated fees

- Maximum hourly cap on student fees removed
- Providers to set their own fees
- Providers required to disclose fees upfront
- **Market monitoring unit** to watch for cases of uncompetitive fees

Concessions

- Remain for eligible low-income earners up to Certificate IV
- New concession fee equivalent to 20 per cent of the course fee that would have been charged if not eligible for a concession, government contribute forgone revenue, up to a benchmark
- Government will publish **benchmark prices**, initially based on 2012 subsidy + maximum student fee
- Concession places for 15-24 year olds at diploma and advanced diploma cease from 1 July 2012, current students arrangements continue until complete course

VET FEE HELP

- Asking for greater contribution from those who benefit most from training
- VET FEE HELP loans continue to be available at Diploma and Advanced Diploma levels where provider registered with Commonwealth

A Strong TAFE sector

“The government has committed an additional \$1.033 billion over the next four years to support a strong, sustainable and efficient vocational education and training system that equips Victorians with the skills and capabilities essential for a rewarding life as part of a globally competitive workforce.

A strong public training provider network will continue to be a vital feature of this system. Our TAFEs and dual-sector universities are highly valued by Victorian learners and businesses. They will continue to play a critical role in delivering training that meets the needs of their communities.

In particular, government will continue to support the TAFEs to:

- lead the development of high-quality and innovative curriculum, teaching practices and assessment, including for learners with complex learning needs**
- build on their strengths in exporting education services interstate and overseas**
- foster participation in higher level qualifications and in higher education through clear pathways, strong partnerships with universities and other higher education providers and through higher education delivery within the TAFE**
- be efficient and able to effectively compete in a demand-driven, contestable training system, including by applying technology to improve access to and the efficiency of education and training delivery.”**

Source: *Refocusing Vocational Training in Victoria* (to be released in 2012-13 Budget)

What is changing for TAFEs

Revised subsidy arrangements

- From 1 July for new commencements and 1 January 2013 for all students, the TAFE hourly rate differential will no longer apply
- Over 220 courses (21% all courses) will attract a higher subsidy than existing small TAFE rates, even more when benchmarked against large TAFE rates
- Areas of TAFE delivery strength including trades training and specialised/in shortage occupations remain strongly supported under the revised subsidy arrangements

TAFE capital and specific programs

- Other specific TAFE capital and specific programs will continue to be subject to negotiated service and asset strategies and subject to annual Budget reviews
- To further support TAFEs, the 2012-13 Budget also makes provision of or a state co-contribution of up to \$25 million for high priority regional TAFE capital works. The Victorian Government is seeking further contributions from the Commonwealth. (through the Education Investment Fund's regional funding round)

Reducing red tape

- Reporting requirements will be streamlined where possible to reduce red tape and compliance burdens.
- Improved TAFE governance arrangements