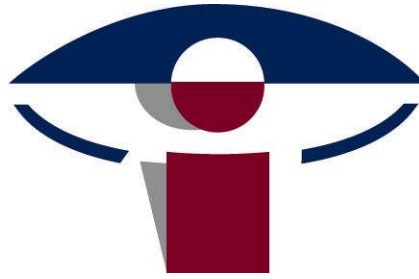


Victorian TAFE
Association



Response

Securing Jobs for Your Future – Skills for Victoria

Implementation Review 2010

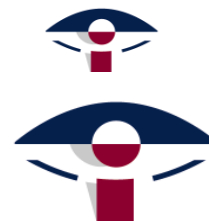
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VTA RESPONSE TO *SECURING JOBS FOR YOUR FUTURE – SKILLS FOR VICTORIA* IMPLEMENTATION REVIEW 2010

EXECUTIVE SUMMARY

Victorian TAFE providers are acutely aware of the critical contribution VET makes to Victoria's economic growth by building individuals' skill levels, capacities to work, and the achievement of the Government's four goals described in the policy statement *Securing Jobs for Your Future - Skills for Victoria*:

1. Increasing the number of people undertaking training in the areas and at the levels where skills are needed for Victoria's economic and social development;
2. Developing a training system that engages more effectively with individuals and businesses and is easier to navigate;
3. Ensuring Victoria's skills system is responsive to the changing needs of Victoria's industry and workforce; and
4. Creating a culture of lifelong skills development.

VTA members' comments principally reflect experiences in providing VET as part of *Skills Deepening* and *Skills for Growth* programs. Some inferences may be made to the full implementation of *Securing Jobs for Your Future* in 2011 based on experiences in 2009 and 2010. VTA has not attempted to draw any trends from the limited data but have raised twenty-four areas for improvement throughout the response and eleven recommendations.

The strengths of the policy lie in the potential to provide access to government funded places to many more Victorians currently without post-secondary qualifications and young people taking important steps to make the transition to the workforce. Many TAFE providers have seen this fundamental policy shift as an opportunity to reflect on current business plans and improve business strategies.

Early indications are that the volume of enrolments, as measured by student contact hours (SCH) has increased in 2010 but it is too early to be drawing firm conclusions from the data. It is critical that enrolment data is forensically examined to identify the patterns of enrolments including among people needing support to raise language, literacy and numeracy skills, people with disabilities and from disadvantaged backgrounds, women, young people particularly in apprenticeships and traineeships and to analyse these by SES and local government areas. Clear pictures may emerge related to geographic and economic variables. However, VTA recommends the eligibility criteria is immediately reviewed to ensure skills are matching industry needs and are not inadvertently disadvantaging any equity groups.



Securing Jobs for Your Future has introduced fundamental reforms to VET in Victoria. At this point in time it appears the training system overall is not engaging more effectively than prior to July 1, 2009 with individuals and businesses in relation to areas attracting contestable funding. The negative feedback from industry to VTA members regarding the Skills for Growth initiative warrants a review of the most appropriate strategies to engage with industry. For anyone not immersed in VET, the new skills system is undoubtedly more complex for the intended beneficiaries and the providers.

In order to achieve the policy goals of Victoria's new skills system it is imperative that more Victorians can gain access, and not be denied access at affordable costs, to VET.

Victorian TAFE Association looks forward to ongoing dialogue with DIIRD on the matters raised in this response.



RECOMMENDATIONS

The Victorian TAFE Association makes 11 recommendations.

Recommendation 1: That the Auditor-General undertakes a forensic analysis of enrolment data across the Victorian VET sector including TAFE and other RTOs that are major providers of the Skills Deepening qualifications.

Recommendation 2: DIIRD commissions a student destination study of 2010 graduates from Skills Deepening qualifications to identify as a minimum employment and education pathways.

Recommendation 3: Eligibility criteria for government subsidised training is limited only to citizenship and residency criteria.

Recommendation 4: Fee concession for tuition fees is available across all categories of qualifications.

Recommendation 5: Skills Victoria in conjunction with the Victorian Association of TAFE Business Managers and VTA review the reporting arrangements to identify efficiencies for providers and Skills Victoria that will contribute to achieving the goals of the reforms.

Recommendation 6: Government of Victoria to argue for the Commonwealth to redesign VET FEE-HELP to meet the needs of the VET market with a view to significant streamlining.

Recommendation 7: Funding for and management of future public information campaigns for the Victorian Training Guarantee, as it relates to public VET provision, to be distributed to TAFE providers.

Recommendation 8: Remove quasi-market arrangements including fee caps.

Recommendation 9: Tighten the regulation of RTOs to ensure training delivery is high quality and that training participation and assessment is marketed and delivered, as is broadly reflective of reasonable parameters for the qualification being delivered.

Recommendation 10: Victorian Government to adopt governance arrangements for TAFE advocated by the VTA that ensures continued high engagement with industry and they are consistent with open market and competitive neutrality principles.

Recommendation 11: VRQA is immediately empowered to investigate cases brought to its attention of RTOs offering truncated delivery of qualifications compared to the requirements of the Victorian Government Purchasing Guides.



PROPOSED POLICY IMPROVEMENTS

In the event some of the recommendations are not accepted, VTA has proposed some strategies for policy improvements.

Proposed policy improvements to enhance access to VET:

1. Allow all people with disabilities to enrol in qualifications at any level with government funding support irrespective of current qualifications held.
2. Funding framework for the provision of reasonable adjustments to fees for people with intellectual disabilities to return to levels pre July 1, 2009.
3. Exempt from eligibility criteria around qualifications, all training for volunteers in emergency services and other essential services for Victorian communities.
4. All apprentice (traditional trades and traineeships) enrolments will not be subject to eligibility criteria beyond the apprentices holding evidence of relevant residency or citizenship.
5. Recategorise all pre-apprenticeship programs as Foundation.
6. Re-categorise the CAVSS and Course in Concurrent Studies as Foundation.
7. Review the eligibility criteria for VCAL and VCE graduates over 20 years of age.
8. Where enrolments span fee categories, tuition fees are calculated based only on the category with the highest qualification.

Proposed policy improvements to enhance ensure the right skills in areas where they are needed:

9. All international qualifications are excluded from the determination of eligibility for government subsidised funding.
10. All domestic higher education qualifications issued before the introduction of the Australian Qualifications Framework be excluded from the determination of eligibility for government subsidised funding for VET qualifications.
11. All Australian VET qualifications issued prior to the introduction of the Australian Qualifications Framework be excluded from the determination of eligibility for government subsidised funding.
12. In occupations experiencing skills shortages, as publicised by the Victorian Skills Commission and Skills Australia Skilled



Occupations List, government subsidised funding is available for qualifications described as Skills Deepening.

13. Revise policy levers to allow for government subsidised funding for a second qualification at the same level in recognised skills shortage areas.

Proposed policy improvements to build businesses' confidence in the new skills system:

14. All qualifications undertaken under a formal contract of training should be eligible for funding.
15. All qualifications for trades on the Skills in Need list to be eligible for funding.
16. Change the eligibility criteria to allow student entitlement to accredited training up to the age 25 years.
17. All retrenched workers to be eligible to receive government subsidised training in the 12 months following retrenchment regardless of existing qualifications.
18. Review the specific needs of retrenched workers as a cohort within *Securing Jobs for Your Future* with particular reference to enhancing Skill Up as the appropriate response.
19. Targeted communications strategy for all employers with a history of recruiting apprentices.
20. In consultation with industry and training providers completely revamp the Skills for Growth program.

Proposed policy improvements to address financial disadvantage:

21. Where certificate IV qualifications are nested in diploma qualifications, Skills Victoria secures agreement from the Commonwealth to allow VET FEE-HELP to be available for the nested qualification.
22. Skills Victoria in conjunction with VTA to undertake a review of the qualifications listed as Foundation.
23. Skills Victoria in conjunction with the Victorian Association of TAFE Business Managers and VTA review the reporting arrangements to identify efficiencies for providers and Skills Victoria that will contribute to achieving the goals of the reforms.
24. Restore funding from student contribution and government funding for Skills Deepening qualifications to levels before July 1, 2009.



VTA RESPONSE TO *SECURING JOBS FOR YOUR FUTURE – SKILLS FOR VICTORIA* IMPLEMENTATION REVIEW 2010

INTRODUCTION

The Victorian TAFE Association (VTA) appreciates the opportunity to respond to the independent review commissioned by the Victorian Government to monitor the implementation of the *Securing Jobs for Your Future – Skills for Victoria* policy reforms.

Membership of the Victorian TAFE Association (VTA) includes all Victorian stand-alone TAFE providers, four multi-sector universities, the Centre for Adult Education (CAE) and AMES. TAFE provides vocational education and training (VET) to around 395,000 individuals annually and employs over 10,300 effective full time staff.

Victorian TAFE providers are acutely aware of the critical contribution VET makes to building individuals' skill levels, capacities to work and Victoria's economic growth. VTA in this response comments on behalf of members on the progress towards achieving the Government's four goals described in the policy statement *Securing Jobs for Your Future - Skills for Victoria*:

1. Increasing the number of people undertaking training in the areas and at the levels where skills are needed for Victoria's economic and social development;
2. Developing a training system that engages more effectively with individuals and businesses and is easier to navigate;
3. Ensuring Victoria's skills system is responsive to the changing needs of Victoria's industry and workforce; and
4. Creating a culture of lifelong skills development.

VTA in this response draws on qualitative and quantitative data from members, organisations and persons with an interest in VET in Victoria. VTA has interviewed stakeholders and convened focus groups on specific issues including a workshop with CEOs of TAFE organisations. VTA members may respond individually to the Implementation Review to highlight areas of particular interest to their organisations.

VTA continues to hold the view originally articulated in the VTA response to the discussion paper in 2008 'Securing our future economic prosperity - Discussion Paper on Skills Reform', that educational achievement is directly linked to an individual's future economic prosperity and the prosperity of their community. This view underpins the following response.

QUESTIONS AND ANSWERS

In order to achieve the policy goals of Victoria's new skills system it is imperative that more Victorians can gain access to VET. The Victorian



Training Guarantee (*Skills for Life*) is the policy platform promoted as ensuring greater numbers of Victorians have access to government subsidised VET. Funding models based on student entitlement have been proposed in the past and indeed is a cornerstone of the recommendations of the Bradley Review¹ being progressively considered and adopted by the Australian Government. This is the first time that Victoria has taken the bold step to move from a model of purchasing training from providers to a student entitlement model albeit tempered by eligibility criteria relating to age and existing educational qualifications.

To date, the student entitlement (demand driven) model has only been applied to a proportion of VET including training described in *Securing Jobs for Your Future* as *Skills Deepening* and to training linked to the *Skills for Growth* initiative and aspects of funding provided through COAG arrangements. VTA members' comments principally reflect experiences in providing VET as part of *Skills Deepening* and *Skills for Growth* programs. Some inferences may be made to the full implementation of *Securing Jobs for Your Future* in 2011 based on experiences in 2009 and 2010.

As the policy implementation has unfolded in the latter half of 2009 and the early months of 2010, there have been media reports and information provided in various public forums describing the outcomes in terms of student enrolments. On the one hand there have been reports describing the significantly reduced enrolments in areas targeted by the policy reforms (diplomas) while others have used aggregate enrolment data as evidence of the success of the reforms. The success of the reforms contained in the policy cannot be measured merely on the basis of aggregate data across the State.

The key answers that need to be drawn from any data in the period following implementation of the reforms are linked directly to the policy goals:

Is there evidence that more Victorians are undertaking training in areas where skills are needed?

Is the training system engaging more effectively with individuals and businesses and easier to navigate?

Is the skills system responsive to changing needs of industry and Victoria's workforce?

Is there evidence that the policy creates a culture of lifelong skills development?

Data provided to VTA shows that, overall, enrolled hours in Skills Deepening programs in 2010 (year-to-date) is reaching around 80% of 2009 enrolled hours. Some TAFE providers have indicated that traditionally in the order of a further 8%-10% of enrolments in Diploma/Advanced Diploma qualifications can be expected throughout the remainder of the year. If this proves correct actual annual enrolments in Skills Deepening qualifications may be 10%-12% below 2008/2009 levels. Some TAFE providers are citing dramatic downward shifts in Skills Deepening enrolments in 2010 (year-to-date) and others

¹ Bradley, D et al, *Review of Higher Education*, Final Report, Australian Government, December 2008



movements upwards. Why would this be? What are the characteristics of the communities served by different providers that may give clues to the shifting patterns in enrolments under the new policy agenda?

Clearly aggregate data cannot be relied on to tell the story of the success of the policy. The data needs to be interrogated more fully to begin to answer the questions above. As an example 12 VTA members advise that while in many instances enrolled hours have increased, the number of hours enrolled per person has also increased. Fewer people are enrolling in more hours per head. Where the policy intent is to have more Victorians engaged in VET, the data at this stage is suggesting a lower student base studying on average longer hours. This observation is more evident among metropolitan TAFE providers than regional providers.

That said, evaluation of the implementation of the policy is not just about the numbers of enrolled students. Qualitative data also has a part to play. The following commentary focuses on access to VET, the impact of changed eligibility criteria, assuring quality outcomes and financial impacts on TAFE providers.

ACCESS

On the surface, the policy does have the potential to increase access to VET by offering guaranteed government funding subsidisation, yet the experiences of VTA members are that the eligibility criteria are limiting access to some important groups of people:

People with Disabilities

VTA members report that 2010 (year-to-date) some 2449 individuals identifying as having a disability have enrolled in government funded programs (excluding Skills Deepening) while holding equivalent or higher qualifications to the qualification currently enrolled. Thinking forward to 2011, and assuming such enrolment patterns are at least maintained, a substantial proportion of these people will be ineligible for government funding support. As an estimate, if one provider's example can be deemed representative of the TAFE sector, approximately 75% or around 1830 Victorians with disabilities will be faced with paying full fees for study. Access to VET by Victorians capable of participating in the workforce but disadvantaged as a result of a disability is critical to Victoria's economic and social development. TAFE Disability Liaison Officers provide many examples where people with disabilities may take rather circuitous routes to finding employment outcomes in many cases involving multi-qualifications at the same level. Statistically people with disabilities have higher levels of unemployment (8.6% compared with 5.0% for people without disabilities)² and in the TAFE sector examples are available where individuals with a disability complete qualifications, and due to not finding work in their qualified field, enrol in a different course. Entry level qualifications in a new career pathway may of necessity be the same

2

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Previousproducts/1301.0Feature%20Article142006?opendocument&tabname=Summary&prodno=1301.0&issue=2006&num=&view=>



level as qualifications already held. As pointed out in the National Disability Strategy Consultation Report prepared by the National People with Disabilities and Carer Council 2009 'SHUT OUT: The Experience of People with Disabilities and their Families in Australia', people with disabilities face ongoing discrimination in the workplace and changed qualification pathways are not solely related to poor career planning in the past.

Another example includes the qualifications needed for interpreters. In this example the qualified interpreter requires dual qualifications to practise; a Diploma Auslan and a Diploma Interpreting. Under the policy reforms the graduates of the Diploma Auslan cannot be eligible for government funding to complete the Diploma Interpreting. The full fee for the latter course acts as a disincentive and, according to the Centre for Excellence for students who are deaf or hard of hearing, it is expected skills shortages for qualified interpreters will worsen. The Centre also offers niche training in the Certificate IV Training and Assessment for Auslan teachers of deaf people. Most people who undertake this training already hold a bachelor degree in education (LOTE) to understand the linguistics of Auslan which is a requirement as an Auslan teacher. Consequently they are ineligible to receive government funding to support their enrolment at TAFE and receive an appropriate qualification to enable deaf students to gain a sustainable and realistic employment outcome.

The new policy framework funds 2 times the hours for delivery for the provision of reasonable adjustments for people with intellectual disabilities (unlike pre July 1, 2009 when 2-4 times was allowed). These learners need more time to acquire a broad range of other reasonable skills, such as:

- adaption of verbal and recorded materials
- creation of targeted exercises
- use of reinforcement and feedback
- pacing, timing and chunking of materials/methodologies
- provision of ongoing assistance
- recording of accuracy data
- rate data
- use of appropriate behaviour management strategies
- assessment event modification.

Volunteers

Volunteers undertake training to build skills to provide essential emergency services to Victorian communities (CFA, SES, Coast Guard and others). It has been brought to VTA's attention that the vast majority of these volunteers will not be able to gain government funding support to undertake training³ because of higher qualifications held. It appears incongruous that these people should have to pay full fees to act as volunteers in emergency services areas. VTA suspects that this identified problem extends beyond the emergency services sector. Similar examples can be drawn from areas where additional skilling is driven by compliance requirements such as in the health and community services sector.

³ For example, Certificate III Asset Maintenance, First Aid, Chainsaw Operations



VTA believes this is an unintended consequence of the implementation of the policy framework.

Women as students

Data provided to VTA indicates that in the Skills Deepening category, enrolments of women over the age of 20 years as a proportion of total enrolments in that category has declined in 2010 (year-to-date) compared to 2009. While no firm conclusions can be drawn from this data, VTA is concerned that the policy reforms may be having a negative impact on enrolments by women over the age of 20. This cohort typically includes women wishing to return to the workforce. Information provided to VTA shows decreasing enrolments in 2010 year-to-date compared to 2009, between 3% and 8%, by women in this category in three of the four multi-sector universities. Among stand alone regional and metropolitan TAFE providers there has been a mixture of outcomes.

The following case study highlights the impact of the changed eligibility criteria on engagement with VET in higher order paraprofessional qualifications by one woman.

Case Study Chris⁴:

Chris is a woman currently in receipt of a Centrelink payment. Chris completed a Higher Diploma of Teaching and qualified as a teacher approximately 39 years ago. She has had several long term engagements in teaching since that time but about 18 years ago started to make positive steps to changing her career into the Health and Community Care sector.

Chris undertook study in this area and completed a Certificate III in Home and Community Care (H&CC). During the last five years Chris decided to upgrade her qualifications to a Certificate IV in H&CC. Chris started a course but due to family circumstances she was unable to continue with these studies. Two years ago she went back into the H&CC workforce but found the employment conditions poor and decided her best career path was to return to study, complete a qualification and move into the area of H&CC Case Management. However her socio-economic circumstances mean Chris has a very limited budget for the purposes of study.

Chris's career objectives are driven by her desire to use her substantial experience in the H&CC sector, achieve a less precarious employment situation and move away from a reliance on Centrelink and renew her currency in the workforce.

Chris applied to enrol in a Diploma qualification at a metropolitan TAFE provider in 2009. Chris was accepted for admission to her selected course. She completed the relevant paperwork but when the enrolment officer noted her original Higher Diploma of Teaching she was advised she would not be eligible for a government subsidised place and the course fee would be several thousand dollars. The Income Contingent Loan option to assist with fees was explained to her but due to her

⁴ The name of the person within the case study has been altered for confidentiality reasons.



current financial and personal circumstances, Chris was unwilling to commit herself to such a level of debt.

Chris is looking to upgrade her skills and qualification levels and to go into an occupation that is experiencing skill shortages but she is effectively precluded from doing so on the basis of a qualification achieved nearly forty years ago in a different industry.

Many other anecdotal examples have been provided to VTA where applicants for Skills Deepening courses have walked away from enrolling when their previous higher qualifications, often gained over a decade ago, have excluded them from access to government subsidised training. This issue will be explored later in this paper.

VTA proposes that the data regarding enrolments by women over the age of 20 in Skills Deepening programs, is diagnosed to identify any patterns of disengagement (2008, 2009 and 2010) based on SES characteristics and focus groups convened to identify reasons for disengagement.

Apprentice Enrolments

The three-way investment of time and money by employers, employees and Government in training for apprentices has been in place over decades in traditional trades and in more modern times under traineeship arrangements. The importance of apprenticeships in providing skills for industry and business into the future has been heightened in the stimulus arrangements put in place by State and Federal governments in Australia as the global economic crisis bit in 2008/09. Government funded policy initiatives outside the specific stimulus measures have also sent a strong message that apprentice training cannot be allowed to falter.

Securing Jobs for Your Future also emphasises the important of apprentice training to Victoria through the tuition fee structures. However, the financial impact on individuals entering apprenticeships over the age of 20 years and on businesses engaging older apprentices is yet to be tested. VTA members advise that in 2009 5420 enrolled apprentices indicated holding an equivalent or higher qualification to the apprenticeship qualification. In 2010 the year-to-date figure is 3245. One metropolitan TAFE provider estimated in 2009 only 16% of 589 apprentices with equivalent or higher qualifications were under 20 years of age. The remainder, approximately 495 individuals, would not be eligible for government subsidised training when the reforms are fully implemented in 2011. In this scenario the apprentice or the business would be facing full tuition fees for the apprenticeship/traineeship training and the costs may cause businesses to rethink the employment of apprentices. The costs for full fee paying apprenticeships are yet to be confirmed by TAFE providers however they are likely to be substantially higher and could be in the order of 250%.

VTA believes this is not the Government's intention given the high importance the government places on apprentice training.



Pre-apprenticeship Programs

Pre-apprenticeship programs are very important entry points into VET, typically traditional trade areas, particularly for people with poor educational achievements and disadvantaged backgrounds. Pre-apprenticeship programs are also an important pipeline to apprenticeship positions. Over 1200 people aged over 20 years of age have enrolled in pre-apprenticeship programs (Certificate II) in Victorian TAFE providers in 2010 while holding equivalent or higher qualifications – primarily VCE/VCAL (equivalent to Certificate II). In 2010 they have been able to access government subsidised training as the eligibility criteria around prior qualifications does not currently apply to these enrolments. If this was 2011, all would be ineligible and it is highly unlikely they would be engaged in VET⁵.

Pre-apprenticeship programs are valued by industry and an important stepping stone to skills development and employment not just for young people under the age of twenty. Other Government policy initiatives are encouraging mature people to re-skill and retrain to meet skills shortages. The eligibility criteria based on age and current qualifications presents a potential barrier to skills development via a pre-apprenticeship pathway.

Further Education

Although the implementation of *Securing Jobs for Your Future* has not yet impacted on participation in further education programs VTA would like to comment on the potential impact of the policy in 2011. Further Education includes courses listed within the Foundations Skills Category and in addition the following courses which are classified in the Skills Creation category:

- Course in Concurrent Study
- Course in Applied Vocational Study Skills (CAVSS)
- Victorian Certificate of Applied Learning (Intermediate)
- Victorian Certificate of Applied Learning (Senior)
- Victorian Certificate of Education
- Victorian Certificate of Education (Adults)

In a paper to Skills Victoria by the Further Education Network “TAFE: Further Education Issues in Relation to the Victorian Skills Reform Agenda”, significant benefits of Skills Reform for the Further Education sector and their clients are identified:

- increased training places and increased funding;
- reduced fees for Foundation level courses;
- eligibility criteria for foundation courses defined with no barriers to accessing courses in the Foundation Skills category on the basis of prior qualification or age.

⁵ RMIT estimates as many as 10-15% of the current cohort of students enrolled in pre-apprenticeship qualifications would be ineligible for government subsidised funding under the proposed 2011 funding arrangements.



However, the paper identifies seemingly *inadvertent consequences* with the introduction of the five skills categories, the different fee schedule for each and the requirement to move up the qualifications scale to be eligible for a government subsidy. These challenges include:

- The charging of fees for concurrent study courses such as 21731VIC Course in Concurrent Study and 51844 The Course in Applied Vocational Study Skills;
- Increased costs, particularly for those students on concessions undertaking dual awards such as English as a Second Language and a vocational course, due to the fact that these courses are classified in different categories students are liable for two or three sets of fees;
- Eligibility issues that are brought about for those undertaking VCE/VCAL. From 2011 students must move up the qualification scale to be eligible for a government subsidised place unless they are under 20 or undertaking a course in the Foundation Category. This could be a challenge for students over 20 who wish to undertake a VCE or VCAL (Intermediate or Senior) and have already completed a Certificate II;
- Misunderstanding of the nature of courses classified as Skills Creation (CAVSS, VCAL Intermediate and VCAL Senior) rather than as Foundation;
- The Adult Community & Further Education industry group has been characterised by low module completion rates and the issue of low Module Load Completion Rates (MLCR) has become more pertinent with the introduction of payment by participation on a monthly basis. This has the potential to encourage providers to consider their strategic business interests and move out of courses with consistent low MLCR. Such a solution may not be in the spirit of the Federal Government's Social Inclusion policy and the Victorian Government's 'A Fairer Victoria'.

VTA refers the Reviewers to this paper for a detailed description of the impact of the new skills system on Further Education programs that contribute to building literacy and numeracy skills necessary for transitions into further study and employment.

Economic and Social Disadvantage

Engagement of Victorians from economically and socially disadvantaged backgrounds in education impacts positively on communities' social wellbeing and economic prosperity. The TAFE sector is the provider of choice in many instances for people re-engaging with education and training.

VTA has sought to identify how price sensitive people are to changed tuition fee structures. Some information may be gleaned from unique visits to the fees and charges sections of TAFE providers' websites January 2009 and 2010 (critical time for student decisions). Where the IT systems were able to identify visits to the fees and charges section of the website and the enquirer requested no further information, five metropolitan TAFE providers indicated noticeable increases in exit rates. It may be inferred the level of tuition fees in 2010 compared to 2009 may have been a barrier to progressing an enquiry to undertake training.



VTA members have been able to provide anecdotal examples where people interested in enrolling in education and training in diploma qualifications do not proceed with their enrolment citing the fees as the major barrier. The following comments have been received by VTA:

‘General aversion to taking on VET FEE-HELP debt because of existing debts’ (regional area, applicants for Alcohol and Other Drugs diploma)

‘Person already over the income threshold and will have to pay back VET FEE-HELP straight away and cannot manage that on top of existing debt.’ (regional area, applicants for community services diploma)

‘Fee for service cost prohibitive’ (regional area, applicants for youth work diploma and children’s services diploma)

VTA interviewed one woman who looked to gain a qualification in what had become her career and passion, Events Management, and she echoed the sentiments in the comments above. VTA accepts that the policy gives the provider the flexibility to set the tuition fees within a defined range but TAFE providers as full service providers have found that there are few opportunities to charge fees less than the maximum defined.

A theme of discussions on the response to the new skills system by businesses is that skills sets and not full qualifications are sought. The employee may be required to undertake training in units of competency selected from qualifications classified in different categories: foundation, Skills Creation, Skills Building and Skills Deepening. When the enrolment included more than one category there is the potential to incur two sets of tuition fees. In the interests of equity this needs to be reviewed.

VTA is concerned that significant numbers of disadvantaged individuals and businesses are being disenfranchised from participating in VET at TAFE providers because of the tuition fee structures. VTA has undertaken a rudimentary calculation that TAFE providers would forego \$12.5m of tuition fees income if a tuition fee concession was allowable for enrolments in qualifications categorised as Skills Deepening. VTA believes this would be a worthwhile investment by the Victorian Government to reimburse this amount to TAFE providers if the outcome is to open pathways to VET to many economically and socially disadvantaged Victorians wanting to return to study and/or improve their employment prospects and will contribute to the achievement of the policy goal of increasing the number of people undertaking training where skills are needed.

VTA would argue that there is a strategic imperative to minimise barriers for groups such as mature age students seeking to undertake pre-apprenticeship, those transitioning from jobs in declining industries or mothers re-entering the workforce.

**Proposed policy improvements to enhance access to VET:**

1. Allow all people with disabilities to enrol in qualifications at any level with government funding support irrespective of current qualifications held.
2. Funding framework for the provision of reasonable adjustments to fees for people with intellectual disabilities to return to levels pre July 1, 2009.
3. Exempt from eligibility criteria around qualifications, all training for volunteers in emergency services and other essential services for Victorian communities.
4. All apprentice (traditional trades and traineeships) enrolments will not be subject to eligibility criteria beyond the apprentices holding evidence of relevant residency or citizenship.
5. Recategorise all pre-apprenticeship programs as Foundation.
6. Re-categorise the CAVSS and Course in Concurrent Studies as Foundation.
7. Review the eligibility criteria for VCAL and VCE graduates over 20 years of age.
8. Where enrolments span fee categories, tuition fees are calculated based only on the category with the highest qualification.

ELIGIBILITY CRITERIA

Earlier comments in this response have referred to the impact of the changed eligibility criteria on access to government subsidised VET for some learner cohorts. Prior to July 1 2009, government subsidised training was accessible provided residency or citizenship requirements were met. In the transition period July 2009 to the current time, access to funding under the new policy arrangements has been subject to more stringent eligibility requirements including age and prior qualifications.

As implementation of the new policy arrangements progressed, situations have arisen that deserve further consideration and may indicate changes to the eligibility criteria are warranted.



Prior Qualifications

Whenever there needs to be an equitable allocation of unlimited resources parameters must be established to ensure the best outcomes are achieved. To this end the policy framework has linked eligibility to government subsidised training to the existence of prior qualifications therefore allocating government funds where no qualifications are held or if the learner is looking to progress to a higher Australian Qualifications Framework qualification than already achieved. One question has been raised in many VTA forums around the relevance and currency of qualifications presented by TAFE applicants. The example provided in the earlier case study referred to Chris the holder of a teaching diploma some 39 years ago. Chris wanted to gain knowledge and skills to pursue her desire to work in an area of skills shortage in the health and community services sector. She had long ago decided not to continue in her first career choice as a school teacher. Other examples provided to VTA include people with higher order accounting and business qualifications where the skill base has changed so that the qualifications are outdated and even irrelevant in terms of getting a job in the 21st century. The introduction of GST and computerised accounting systems have significantly changed the underpinning skills and knowledge required by industry to competently perform as a bookkeeper/paraprofessional in the accounting field. Digital technologies have impacted in all spheres of work.

In some occupations there is a requirement to hold firstly a higher qualification as a requirement for admission to a VET qualification or to gain skills in licensed occupations. For example a qualified tradesperson with Certificate III in Automotive has to achieve competencies from the Certificate II in Automotive Mechanical (Air Conditioning) so as to gain the licence to service automotive air conditioning. Qualified tradespeople wanting to offer services to support government environmental initiatives to install solar hot water and power systems, will need to pay for fees for this training as the competencies required fall within the same qualification structure as existing qualifications. An earlier example applies to Auslan practitioners.

The blanket application of eligibility to government subsidised training linked to qualifications deserves review. VTA is of the strong view that the eligibility for government subsidised training to be limited to residency and citizenship. In the event our recommendation 3 is not accepted, VTA suggests as a minimum the eligibility criteria allow for:

- All international qualifications are excluded from the determination of eligibility for government subsidised funding;
- All domestic higher education qualifications issued before the introduction of the Australian Qualifications Framework be excluded from the determination of eligibility for government subsidised funding for VET qualifications;
- All Australian VET qualifications issued prior to the introduction of the Australian Qualifications Framework be excluded from the determination of eligibility for government subsidised funding;
- In occupations experiencing skills shortages, as publicised by the Victorian Skills Commission or Skills Australia Skilled Occupation List, government subsidised funding is available for qualifications described as Skills Deepening.



- All training required for accreditation linked to government 'green' initiatives are exempt from eligibility criteria related to prior qualifications.

Training to meet skills shortages

Two of the goals for the new skills system are to ensure Victorian businesses have workers with the right skills to the right level. Before July 1, 2009, training was purchased by the Victorian Skills Commission following the agreement of performance outcomes with each TAFE provider. Typically these agreements targeted delivery to certain industries and age cohorts and to target areas of economic need. The new skills system is based on a student entitlement (demand driven model). The VTA remains unconvinced that market forces alone will provide Victoria with the skills base necessary to meet industry needs. Already VTA members report growth in diploma enrolments in areas not designated as skills shortages area; ICT, Business, the Arts and Sport and Recreation. Typically people plan career choices based on their passions and talents without forensic investigation of the employment market in their chosen field. At the Commonwealth level models have been proposed that include a proportion of targeted purchased training and a proportion of training funded on the basis of demand. This Review presents an opportunity to examine enrolment data since the introduction of the new skills system to identify the degree to which training is occurring in areas of recognised skills shortages.

VTA endorses the Government's intention to increase the number of students in training and to encourage lifelong skill development but is disappointed that the Government chooses only to subsidise training where linear qualification pathways are being pursued. Lifelong skill development involves the ongoing acquisition of knowledge or skills. Skills Australia's Workforce Futures paper found that "almost half of the workforce changes their employer every three years, and many people change not just their employer but also their industry and occupation."⁶ Further, "the structural change that is occurring in many enterprises, particularly the 'flattening' of organisational structures, is removing traditional career pathways that see people progress in a linear manner from entry level positions through to supervisory and finally managerial roles. Satisfactory career pathways may be forged through lateral moves that would see workers, for example, moving from technical to administrative roles or vice versa. The opportunity to broaden skills or change career directions within an enterprise or to change work locations also represent career-changes, and growth, for younger workers."⁷

Lifelong skill development may include linear pathways in accredited VET training but equally it needs to be flexible and responsive to workforce changes and may be horizontal or tangential. Taking what may appear to be a step back, or sideways, before taking a step forward (non-linear pathways) in the qualification hierarchy is also a legitimate learning pathway leading to workforce participation and or increased individual workplace productivity. An example from the automotive industry is where multi-skilled workers are

⁶ Workforce Futures: Papers to Promote Discussion Towards an Australian Workforce Development Strategy (2009), Skills Australia, page 6

⁷ Workforce Development Strategy: A Green Paper for Consultation, CPSISC March 2010



preferred. A qualified worker with a Certificate II in Automotive (Mechanical Tyre Fitting Repair Light or Heavy) would build complementary skills in Exhaust Fitting or Steering and Suspension. These skills sets are drawn from a Certificate II qualification and the employer facing full tuition fees as part of the new skills system may choose not to support the additional learning.

To build a culture of lifelong skills development and Victoria's skills base needs recognition of the importance of government funding to relevant, related learning. Owners and operators of small and medium sized businesses are typically qualified in their area of industry specialisation, such as farmers with Diploma/Bachelor Degree qualifications, but need specific business acumen in vocational skills such as computerised accounting and business management. The Certificate IV in Business is a valuable complementary qualification for operators of small to medium sized businesses yet under the eligibility criteria above, government subsidised training is unlikely to be available to this cohort.

A culture of lifelong skills development values learning to make career changes into new and emerging industries/occupations. The policy framework needs to be agile to recognise price-sensitive, thin markets and significant gender differentiation in aspiration that exists particularly in regional communities. If the Government is committed to a new skills system that creates a culture of lifelong skills development, funding must be provided under some circumstances where non-linear learning pathways align to workforce needs. Simply relying on some eligibility exemptions will make the new skills system inequitable, extremely administratively complex and subject to manipulation.

Proposed policy improvements to enhance ensure the right skills in areas where they are needed:

9. All international qualifications are excluded from the determination of eligibility for government subsidised funding.
10. All domestic higher education qualifications issued before the introduction of the Australian Qualifications Framework be excluded from the determination of eligibility for government subsidised funding for VET qualifications.
11. All Australian VET qualifications issued prior to the introduction of the Australian Qualifications Framework be excluded from the determination of eligibility for government subsidised funding.
12. In occupations experiencing skills shortages, as publicised by the Victorian Skills Commission and Skills Australia Skilled Occupations List, government subsidised funding is available for qualifications described as Skills Deepening.
13. Revise policy levers to allow for government subsidised funding for a second qualification at the same level in recognised skills shortage areas.



INDUSTRY PERSPECTIVES

This Review is charged to examine how the skills sector and industry are responding to the implementation of the reforms. VTA has consulted with the broad membership base to gain an understanding of businesses' responses to the implementation of the first stage of *Securing Jobs for Your Future*. TAFE business consultants, teachers and trainers are interacting with businesses on a daily basis and are well equipped to comment on the policy implementation. The perspectives here have been provided by TAFE personnel working directly with businesses; large, medium and small.

Apprentices/Trainees

VTA would like to reiterate comments made earlier regarding the impact on apprentice training. At present there has been little impact on apprentice enrolments and funding initiatives (eg for the training component for out-of-work apprentices and trainees) have been beneficial to maintaining the development of apprentices' skills. Businesses are concerned when eligibility criteria across the new skills system will be synchronised that they and apprentices over 20 years will not be able to afford tuition fees for apprentices over the age of 20 with equivalent or higher qualifications. There are concerns too that the message has not filtered down to businesses and that recruitment and selection processes of apprentices and trainees will be based on an assumption that the training will be funded by the Government and will attract a tuition fee based on recent cost experiences. This could also have a major detrimental effect on existing and proposed new mature aged workers in an industry.

TAFE business consultants have commented that small and medium sized enterprises are keen to start apprentices but their interest is tempered when the details of the eligibility criteria to apply in 2011 are explained. In an example provided to VTA there are instances where an industrial award states that an employer must pay the tuition fee⁸ and the employer may be faced with a decision to cancel the training agreement as the costs may be full fee for service. It is critical the systems are in place to provide employers with clear information to base business decisions about the recruitment of apprentices and trainees.

Retrenched Workers

The retrenched workers initiative has been criticised because it was introduced too late when courses had already commenced and there are examples where many courses were nearing completion. The program has not proven to be an effective option for many retrenched workers requiring a quick response to skills or re-skill to take up new employment opportunities. The time taken to get separation certificates for employees effectively countermands any quick response to retraining and/or re-employment. The

⁸ There are 30 Modern Awards with apprenticeship provisions and 16 with specific reference to tuition fees for apprentices. Building and Construction is an example.



Skills Up program has been suggested as being a more appropriate and effective response for retrenched workers as it provides better targeted training, short course and relevant assistance.

Skills for Growth

The Skills for Growth initiative is demonstrating that employers are keen to understand what might be available and respond positively to ideas to up-skill workers but the drawn-out and administratively burdensome processes are quashing initial interest. The Skills for Growth initiative is proving to be a good barometer of current and future implementation issues particularly regarding the reforms to eligibility requirements currently being rolled out for qualifications as Skills Deepening. The fundamental issue for employers is that funding is focused on full qualifications rather than skill sets, skill development and skill application. Feedback to VTA is that employers' expectations are raised regarding training that is either subsidised by Government or even free but after assessment many employees are ineligible for government subsidised training because employees hold equivalent or higher qualifications than those matching the skills needed. The actual costs to the employer cannot be justified when there is an expectation that 50% of employees (deemed in need of training) have to be undertaking training. Often those employees that the employer sees as the most valuable to engage in training are ineligible. Subsequently the employers choose not to fund the training and the up-skilling does not occur.

Advice to VTA is that the eligibility criteria linked to existing qualifications is proving to be both a bottleneck in the skills assessment process and a 'raw nerve' when it results in employees being ineligible for government subsidised training and employers being disappointed after investing their time in the process. Employer demand/need should have a decisive role in what skills level is appropriate and interpretation of the criteria. Across the State TAFE providers are receiving feedback that businesses aren't engaging with Skills for Growth because 'it is all too hard'⁹.

Employers' expectations are dashed once eligibility is decided. This creates a negative rather than positive experience for businesses and particularly small and medium sized enterprises opinions of the Victorian training sector. If Victoria is to have a demand driven system it has to be cognisant of the realities of the workplace. As mentioned earlier, lateral learning pathways are as legitimate as vertical approaches to grow workforce productivity and business success.

⁹Collective response from participants in focus group considering industry perspectives and CEO Workshop May 6, 2009

**Proposed policy improvements to build businesses' confidence in the new skills system:**

14. All qualifications undertaken under a formal contract of training should be eligible for funding.
15. All qualifications for trades on the Skills in Need list to be Eligible for funding.
16. Change the eligibility criteria to allow student entitlement to accredited training up to the age 25 years.
17. All retrenched workers to be eligible to receive government subsidised training in the 12 months following retrenchment regardless of existing qualifications.
18. Review the specific needs of retrenched workers as a cohort within *Securing Jobs for Your Future* with particular reference to enhancing Skill Up as the appropriate response.
19. Targeted communications strategy for all employers with a history of recruiting apprentices.
20. In consultation with industry and training providers completely revamp the Skills for Growth program.

QUALITY OUTCOMES

Quality processes, structures and outcomes are fundamental to achieving each of the four goals articulated in the policy statement *Securing Jobs for Your Future*. VTA maintains the new skills system in Victoria is not fully developed to confidently say that processes and structures are in place to support quality outcomes. TAFE providers have consistently questioned why the Government's extensive public media campaign to promote the new skills system did not adequately focus on the capabilities of providers. The campaign focus on the piece of paper (qualification) while stimulating interest in vocational qualifications left TAFE providers to unravel the policy rules and provide options to meet the needs of individuals and businesses.

VTA is concerned that the opening of the VET market in Victoria may encourage delivery practices that will not lead to the quality outcomes required. VTA has received from members many examples of marketing materials for VET qualifications in the Skills Deepening category where the training delivery is very truncated compared to the nominal hours agreed by the Government for funding purposes. An example is the delivery of a Diploma of Project Management in 5 days. Specific examples have also been received where the delivery is not occurring in learning environments simulating workplace settings or using equipment to industry standards. TAFE providers have provided anecdotal information that students from other registered training organisations (RTOs) regularly access libraries because of



an absence of such facilities at the RTO. VTA would be pleased to provide specific examples to the Review if requested and has previously forwarded examples to the Victorian Qualifications and Regulation Authority for discussion. VTA acknowledges recent actions by the Government to strengthen regulatory requirements for registered training organisations. That said, it would be remiss not to mention VTA concerns in the context of this response.

TAFE providers are questioning how to maintain the integrity of diploma qualifications with decreased funding and the entry into the market of cheap courses such as described above. The Victorian Government in partnership with TAFE providers must protect the TAFE name for public providers of VET in Victoria and TAFE's reputation for providing quality training outcomes that equip people for participation in the workforce.

Caution needs to be exercised in creating a demand driven structure for domestic provision of VET following the recent well publicised problems in the international education market where market forces apply. The diminution of public perceptions of the quality of VET qualifications cannot be tolerated.

FINANCIAL IMPACTS

TAFE providers have identified a variety of ways the implementation of the new skills system has negatively impacted on providers' operations and with the potential, in terms of the funding regime for Skills Deepening qualifications, to threaten the viability of public provision.

A consistent message in this response is that the changes to the tuition fee structures for qualifications described at Skills Deepening are putting financial stresses on individuals and businesses. There is a growing sense among TAFE CEOs that the abolition of the tuition fee concession for these qualifications is disenfranchising particular equity groups from engaging in VET. Examples have been provided earlier and VTA recommends that a fee concession for tuition fees is available across all categories of qualifications. Two additional examples are provided in this section highlighting financial disadvantage to student enrolling in diplomas with nested certificates and those undertaking some preparatory programs. Impacts on TAFE providers operations will also be discussed.

VET-FEE HELP and Preparatory Qualifications

The introduction of an income contingent loan scheme, VET FEE-HELP, has been taken up by around 23% of students in Skills Deepening qualifications but VTA has been advised that enrolment patterns in Skills Deepening qualifications have changed since July 1, 2009 so that now students are only enrolling in part of a year, rather than a full year, to manage costs of VET. VTA has received repeated comments from members of the public and TAFE personnel that people are debt averse, especially from lower SES cohorts. These comments are not limited to regional areas or metropolitan Melbourne.

VET FEE-HELP is not fit-for-purpose for the VET sector being based on the higher education model FEE-HELP and associated higher education's



structures to organise learning. The Victorian VET sector has met the challenge over the past decade to transform work practices to provide increasingly flexible delivery arrangements including on-campus and workplace based models. VET FEE-HELP with stringent, inflexible bureaucratic requirements has diminished the flexibility available to students.

The introduction of VET FEE-HELP is an example of policy on the run where at the time of implementation of the policy agreement had not been reached with the Commonwealth on processes and procedures and legislative arrangements were not finalised. TAFE providers and potential users of VET FEE-HELP were confused and frustrated trying to navigate the complexities of VET FEE-HELP. VTA is concerned that the current VET FEE-HELP rules discriminate against students enrolling in Skills Deepening qualifications where a Certificate IV is nested in the qualification as they cannot get VET FEE-HELP for that component of the study program.

A number of courses which prepare students for further vocational or higher education study are not deemed to be 'foundation skills' courses. Victoria University for example, currently delivers programs such as the Diploma Liberal Arts, Diploma Further Education and Certificate IV Liberal Arts as courses preparing students for further vocational or higher education study. Students who have completed these preparatory courses risk being deemed ineligible for a government funded place to undertake subsequent vocationally focussed certificate and diploma programs. Furthermore, a number of students continue to concurrently enrol in both foundation skills courses (e.g. Certificate II in ESL) and other certificate based program (e.g. Certificate III in Aged Care). Under the previous student fee arrangements, a single capped fee per enrolment period was in place. While the new fee system puts a ceiling on student contributions (albeit at a higher rate) the new caps are calculated by skills category. So in instances where students will incur fees for programs in two different categories (e.g. Skills Creation and Skills Building) they will concurrently pay fees for both, each of which now has a separate fee cap. Paying fees up to multiple caps results in higher costs for students and serves as a disincentive for students to undertake dedicated foundation skills programs.

TAFE Systems

Implementation of *Securing Jobs for Your Future* has required wholesale change to TAFE systems: ICT, finance, student data management, enrolment and communications as examples. In 2009 VTA provided advice to Skills Victoria estimating the start up costs for implementing the policy reforms to be in the vicinity of \$20m. VTA now believes this was a conservative view. In 2010 VTA estimates the recurrent annual costs of implementation of the policy reforms to be \$8.5m – a considerable burden to be borne largely to comply with reporting and recording requirements in a contestable funding environment. VTA asked TAFEs to provide a measure of the time taken to process a typical enrolment pre-July 1 2009 and in 2010. The latter date was chosen to allow for some settling-in time for new systems and procedures in the second part of 2009. TAFEs consistently reported that the enrolment time had increased by 50%. Immeasurable is the time invested to educate and inform staff of processes and procedures to implement the new skill system and their roles in managing client interactions including explaining and justifying changes to the public.



Reduced income for Diploma/Advanced Diploma delivery

The introduction of the new student contribution and government contribution arrangements under Skills Reform has led to a situation where TAFE institutions earn less income to deliver courses at the Diploma/Advanced Diploma level. Under the pre-Skills Reform funding system and fees policy, TAFEs levied students \$1.37 per student contact hour (SCH) and received \$9.43 per SCH from Government. Student contributions were capped, however, at a maximum of \$877 annually (\$1.37 x 640 hours). This meant that if a student was enrolled in a program beyond 640 hours, TAFE institutes would only receive the Government contribution of \$9.46 for each hour of delivery beyond the 640 hours. The vast majority of Diploma and Advanced Diploma courses are delivered over more than 640 SCH. A more accurate average is 1000 SCH.

Under the new Skills Reform funding arrangements, TAFEs now levy students a much higher contribution – up to \$3.25 per SCH to a maximum of \$2000 for Diploma/Advanced Diploma qualifications. Given this \$2000 cap, TAFEs receive the full student contribution for the first 615 SCHs of delivery. Beyond that point where student contributions cease, as under the pre-Skills Reform system, TAFEs only earn the Government contribution for delivery. Student contributions now make up a much larger proportion of the income TAFEs receive for delivery of Diploma/Advanced Diploma programs. This disadvantages TAFEs when fee caps result in student contributions ceasing for delivery beyond 615 hours and a lesser Government contribution is the only source of income.

The two tables below prepared by Victoria University demonstrate the effect that this has on TAFE income using the example of the delivery of a 1000 hour Diploma program. Table 1 shows the income generated by TAFEs under the pre-Skills Reform student contribution and government funding model. Table 2 shows the current situation under Skills Reform.

Table 1: TAFE income generated for 1 student enrolled in a 1000 SCH Diploma Program (pre-Skills Reform)

	Student contribution	Government funding	
Delivery of 1 - 640 SCHs (full student fee)	\$877 (\$1.37 per SCH)	\$6054 (\$9.46 per SCH)	\$6912
Delivery of 640 – 1000 SCHs	\$0 (\$0.00 per SCH)	\$3406 (\$9.46 per SCH)	\$3395
TOTAL income for delivery of 1000 SCHs	\$877	\$9460	\$10,337



Table 2: TAFE income generated for 1 student enrolled in a 1000 SCH Diploma Program (under Skills Reform)

	Student contribution	Government funding	
Delivery of 1 - 615 SCHs (full student fee)	\$2000 (\$3.25 per SCH)	\$4662 (\$7.58 per SCH)	\$6662
Delivery of 615 – 1000 SCHs	\$0 (\$0.00 per SCH)	\$2918 (\$7.58 per SCH)	\$3395
TOTAL income for delivery of 1000 SCHs	\$2000	\$7580	\$9580

Under the student contribution and government funding arrangements that were in place prior to July 1, 2009, TAFEs received a total income of \$10,337 per student. Table 2 details the funding arrangements now in place under the new arrangements. Under this system, TAFEs receive \$9391 per student – \$757 less than was the case prior to July 1, 2009. The Government has been advised of this substantial decline in funding and has indicated that this is an unintended consequence of Skills Reform. To date, there has not been any communication about addressing this specific issue.

TAFE providers have individually undertaken modelling to estimate the individual effects of reduced funding for Skills Deepening diplomas. Typically the most significantly affected providers are those with high volumes of full time Diploma/Advanced Diploma students. One dual sector provider estimates a reduction in revenue in the vicinity of 5%-6% per annum as a result of changes to the student contribution and government funding arrangements for Skills Deepening qualifications.

VTA believes the long term effects of the changed income earned from Skills Deepening qualifications will impact on the financial viability of providers with training profiles skewed towards higher VET qualifications. This has occurred through no fault of their own. In fact these providers are well placed to make significant contributions to the policy goals to increase the number of Victorians holding diploma qualifications. The impact on areas of the policy reforms yet to be implemented (eg: Skills Building) have not been modelled by VTA.

Income from non-government sources

The Victorian guarantee of a funded place for eligible students has caused a shift of funding from fee-for-service funded places in diploma programs to government funded without any clear evidence of commensurate increases in fee-for-service income to maintain revenue levels. TAFE providers rely on non-government revenues to provide the full range of services and learning experiences to TAFE enrolled students. In mid 2009, Skills Victoria presented modelling indicating, based on 2007 enrolment data, 60,000 fee-for-service enrolments would become eligible for government funding under the new skills system and 53,000 government funded places in 2007 would be ineligible. This data was presented in a manner to suggest a positive impact



with a funding shift of 7000 enrolments from fee-for-service to government funded. This view is overly simplistic and the enrolment data does not universally suggest a growth in government funded enrolments and fee-for-service enrolments in 2010. To claw back net operating returns on fee-for-service enrolments now eligible for government funding requires income generation well in excess of government funded levels.

The implementation of the new skills system has brought to light another complication for TAFE providers negotiating fee-for-service arrangements with potential clients. The changed fee structures and eligibility criteria have made pricing practices extremely complex having to take into account the ages and qualifications of each participant and the specific skills sets needed by the client. Earlier comments by industry on the Skills for Growth program can be echoed here as broadly applicable to all non-government funded training.

Proposed policy improvements to address financial disadvantage:

21. Where certificate IV qualifications are nested in diploma qualifications, Skills Victoria secures agreement from the Commonwealth to allow VET FEE-HELP to be available for the nested qualification.
22. Skills Victoria in conjunction with VTA to undertake a review of the qualifications listed as Foundation.
23. Skills Victoria in conjunction with the Victorian Association of TAFE Business Managers and VTA review the reporting arrangements to identify efficiencies for providers and Skills Victoria that will contribute to achieving the goals of the reforms.
24. Restore funding from student contribution and government funding for Skills Deepening qualifications to levels before July 1, 2009.

CONCLUSION

In this response the VTA has attempted to use evidence where possible and as a proxy the combined experiences of CEOs implementing the Victorian Training Guarantee for Skills Deepening these past ten months. The strengths of the policy lie in the potential to provide access to government funded places to many more Victorians currently without post-secondary qualifications and young people taking important steps to make the transition to the workforce. Many TAFE providers have seen this fundamental policy shift as an opportunity to reflect on current business plans and implement their own reforms. VTA has not attempted to draw any trends from the limited data but have raised twenty-four areas for improvement and eleven recommendations.



Returning to the four goals of new skills system:

Is there evidence that more Victorians are undertaking training in areas where skills are needed?

It is critical that enrolment data is forensically examined to identify the patterns of enrolments among people needing support to raise literacy and numeracy skills, people with disabilities and from disadvantaged backgrounds, women, young people particularly in apprenticeships and traineeships and to analyse these by SES and local government areas. Clear pictures may emerge related to geographic and economic variables. However, the eligibility criteria needs to be reviewed to ensure skills are matching industry needs and offer a level of flexibility and VTA strongly recommends the introduction of concession tuition fees for health care card holders across the board.

Is the training system engaging more effectively with individuals and businesses and easier to navigate?

Securing Jobs for Your Future has introduced fundamental reforms to VET in Victoria. At this point in time the training system overall is not engaging more effectively than prior to July 1, 2009 with individuals and businesses in relation to areas attracting contestable funding. The negative feedback from industry regarding the Skills for Growth initiative warrants a review of the most appropriate strategies to engage with industry.

For TAFE, employers, students, potential students and parents the new skills system is undoubtedly more complex and is difficult to understand. TAFE providers have taken the brunt of public criticism about the changes despite investing extensively in professional development and promotional materials to explain the changes. VTA has observed that where communications with applicants were full and frequent there were fewer examples of applicants not taking up places. It does appear though that business is not finding the new skills system easy to navigate and more work needs to be done by in this area. VTA recommends that funding for and management of future public information campaigns for the Victorian Training Guarantee, as it relates to public VET provision, to be distributed to TAFE providers.

Is the skills system responsive to changing needs of industry and Victoria's workforce?

VTA remains unconvinced that the quasi-market model articulated in the Victorian Training Guarantee will meet the needs of industry to have the right skills at the right level at the right time. Already there is evidence of growth in diploma enrolments in areas of employment oversupply. For skills shortages to be addressed a mixed model with a proportion of targeted funding and a proportion of demand driven contestable funding may achieve the results needed. Quality outcomes require quality inputs.

Is there evidence that the policy creates a culture of lifelong skills development?

It is far too early to comment on whether there is any evidence of cultural change towards skills development as a lifelong quest. The policy lever is clearly the eligibility requirement that government subsidised funded is linked



to an individual aspiring to increasingly higher qualifications. As pointed out in this response, VTA's position is that the eligibility for government subsidised training be limited to residency and citizenship. In the event some of the recommendations are not accepted, VTA has proposed some strategies to offer flexibility in the eligibility criteria for non-linear skills development to attract some government funding.

VTA encourages the Government to engage with TAFE CEOs to ensure achievement of the policy goals and VTA is pleased to provide further information to the Review on the matters mentioned in this response.

David Williams
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May 2010