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**REVIEW OF VOCATIONAL EDUCATION AND TRAINING (VET)
FEES AND FUNDING ARRANGEMENTS
PUBLIC FEEDBACK SESSIONS**

**DR P. VEENKER
PROF GERALD BURKE
MR N. CHIAM**

COLAC

12.41 PM, MONDAY, 24 OCTOBER 2011

DR VEENKER: Good afternoon, ladies and gentlemen. Thank you very much for taking the time to come to this important consultation. I must say it's very nice for us to be in regional Victoria, particularly in Colac. It's a wonderful facility here and we hope that this afternoon will be a productive session, a session where we actually talk about the reforms that have been suggested in the recent report. Gerald and myself - this is Gerald over here - are part of the expert panel which is seeking feedback from yourselves that we can pass on to the minister and to the government and that is really in stage 2 of the report.

10 The ESC, of course, have written the report up to stage 1, it's in two volumes. We have representation here and Linda from the ESC will be giving a presentation and overview about the report and what's in the report which will help the focus on the recommendations. We also have representation from Skills Victoria. I am pleased to welcome Nick and I will invite Nick in a moment to also make some comments about the recent changes that were announced.

20 So really this afternoon after we have spoken a little bit about the recent changes, the main part of the afternoon for us is to hear the overview from the ESC about the report and then the important part for the expert panel - Gerald and I - will be to hear your views which includes the opportunity for further submissions, to hear those and to hear your feedback on the particular report. The formalities and the structure of the meeting was such that as this is a public meeting you are being recorded and, therefore, we urge you to actually use the microphones when you are engaged in conversation about this matter with us and there will be an overall record of the meeting available to those who have registered as being present today. That's an important piece of information that we need to provide accurate feedback in our report. We will be reporting back to the minister towards the middle of November.

30 We will go over some of this a bit later on again but I thought it would be appropriate perhaps to start with a brief comment from Skills Victoria and I'll hand over to Nick.

35 MR CHIAM: Thank you very much, Peter. As you know I am from Skills Victoria in Melbourne, I'm the director of tertiary education and policy. Some of you will know, if you've been following the press, there have been changes that have been announced for 2012 to fees and funding for the VET system. The government, in response to the growth rate we've seen under the introduction of the Victorian Training Guarantee in 2011 has taken the decision to act now on a number of fee and funding settings in order for them to be able to implement it from 1 January. The government is considering the ESC's report, including this process, so I just wanted to take two minutes just to point you to some of the changes to be introduced to distinguish between the two

processes that are going on and are expected and then to invited you to have a conversation with me, to ask me any questions. At the end, after the session with Peter and Gerald, is over I will be making myself available to answer any questions that people have directly on the changes for 2012.

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So, firstly, in terms of the changes, there's a change in the hourly rate that's paid to large TAFEs, predominantly metropolitan TAFEs. That will mean that the differentials, so the higher hourly rate that's paid to TAFEs or scheduled to be paid to TAFEs in 2012 is reduced. That varies across qualification levels in terms of the amount but the proportion, where there is a difference, is reduced by 25 per cent. So the largest proportional (indistinct) the largest changes at termination levels and there is no change at diploma (indistinct)

15 The other changes are to the waitings that are applied to specific industries. Those waiting lists are reduced based on those industries that have been identified by Skills Victoria and the government as being of highest growth rates that were seen in 2011 up to 440 per cent growth in some of the courses and some of the industries and so the government has reduced the waiting list for training in those industries.

20

The third change is in relation to student fees. Student fees have been subject to two forms of caps essentially. One of those forms is remaining which is the hourly cap. The second form of cap is a maximum annual and minimum annual cap that applies. Additionally, the government has decided to remove from 1 January 2012 the second lot of student fee caps, those that apply annually to student fees. About 20 per cent of students currently studying in 2011 are expected to reach - it's actually based on 2010 numbers - but approximately 20 per cent of students are anticipated to be reaching the annual cap in their formal study. There is a small proportion at lower levels, a high proportion at higher levels. Based on that, it would be expected - given that students are already at the annual cap - they may impact on those students in the annual review decision for providers as to the hourly tuition fee that's charged by the clients.

35 Finally, there are a couple of other announcements that have come with the recent changes. There were unpublished fees for apprenticeships and funding rates for apprenticeships in 2012; the government has published those rates. They are to bring apprenticeship fees and fundings rates in line with traineeship fees. So those of you that are involved in organisations or industries that have trainees and apprentices, essentially the treatment is the same under this regime.

45 Finally, the government has confirmed that the current concession that was introduced at the start of February 2011, or as diplomas and employment study at TAFE institutes is to continue in 2012. So they're the announcements and

changes that have been made for 2012. You will see if you've read the ESC report that the government has chosen to take actions that are largely consistent with directions proposed in the ESC report. It is not an acceptance of the ESC report. The government is still to consider the full range of recommendations
5 across the course of this process, which involves consultation with Peter and Gerald, who have kindly agreed undertake it on behalf of government, but also into consideration of the budget for 2012-13 when the funding regime committed by the previous government to (indistinct)

10 For that reason I think it's important to understand in terms of timing, certainly some of the conversations we've had with TAFEs and other stakeholders, they have indicated their concern about the relationship between the two processes. From the government's perspective, these are two different processes. One is of a full range of recommendations that both touch on possible changes with
15 possible limitation in the short run, but also much longer-term reforms to student entitlements in Victoria.

For that reason, the government has not made any formal response to the ESC's report to date and that would not be expected to come until after this process
20 has been made. They're the brief points I wanted to make. As I said, if you want to take time at the end of this consultation to ask me any specific questions about the changes that are being made, I'd be happy to do so. But until that point, I will hand it back to Peter and Gerald.

25 DR VEENKER: Thank you, Nick, and thank you for the invitation to ask questions at the conclusion of our process here as far as the consultation is concerned. I'd like to hand over to Gerald Burke. Before I do, just a reminder to everyone, as you do ask a question, if you could please identify who you are which helps us with our record-keeping and where you're from would be
30 helpful as well. So I'll hand over to Gerald Burke to introduce the ESC part of the presentation.

PROF BURKE: As you know, the report was done by the Essential Services Commission by a team which included Linda Duncan and Angelina Garces
35 who are here with us today. They're going to give a short overview of the background and the thinking in the way in which the report was put together. We'll proceed for 10 or 15 minutes on that and then there will be time for questions about the way the ESC report is put together and then they will leave and we will get on to the discussion of your views on the report and its
40 recommendations.

MS DUNCAN: Sorry, we have PowerPoint slides, so we'll just load them up. It might be easier for you to follow. Okay, so thanks for having Angelina and I
45 along today. I've only got 10 to 15 minutes, so if you've seen the length of the report, this will be a fairly high-level presentation, so at the end, there is time to

have some clarification of anything I've said if it has been a bit confusing.

5 Firstly about the Essential Services Commission, if you haven't heard of the Essential Services Commission, we are Victoria's independent economic regulator. Traditionally we look at the gas, energy, water, transport sectors and through those sectors, we have developed some expertise in price and funding arrangements and funding models and that's how we've come to be asked to do a review of VET fee and funding arrangements.

10 As background to our review, there were as you know the reforms in 2008 which introduced more of a market system with an uncapped number of student places, introduced eligibility criteria and made the market more contestable between private providers and TAFEs, so that's the basis on which we started our review and looking really at that market and to see whether it
15 was working.

We received our terms of reference on 4 May, so a quick process of only five months. During that time, we held public consultations, visited a number of training providers; we held public forums in Melbourne and Bendigo and we
20 received over 60 submissions. Unusually I guess for us, we didn't have time to produce a draft report. Normally the commission would release an issues paper, take submissions and release a draft report on what we thought and get feedback before we produced a final, so in this process there was only time for just one report and essentially now your feedback is going to the expert panel
25 instead of us, so we're interested to see the process and hear what people have to say.

As economists, we approached this in terms of looking at the market and an efficient market would be for the price, and that is, for a training provider, the
30 price that the training provider is willing to offer training for. So that should be equal to what the student pays, plus the government subsidy should be combined with what the training provider is wanting to receive in order to offer that training. We looked at this market and thought, really, it could be working a lot better in terms of achieving the government's objectives. For example,
35 there are a number of constraints on the market and there could be a lot better price disclosure.

There's also information that could be improved in terms of training quality, better information to each of the people involved or stakeholders involved in
40 that market, being students, the employees, the providers and the government, so that was really the framework with which we approached this. We made a number of recommendations, 43 to be exact, and I'll just run through fairly briefly in each of the areas what they were.

45 For eligibility, in regards to eligibility, whilst ideally it might be good to say

that the government would be able to fund anybody for training, that's not within the budget constraints and in fact our terms of reference specifically asked us to make recommendations that were prudent in the context of the state budget, so we took that into consideration. So where there are budget
5 constraints necessarily create some winners and some losers, one could say perhaps that under the previous system, the winners were the students who got in and were able to secure one of the limited number of places before they had all been allocated, and the losers were those who tried to come in a bit later after they had all been allocated.

10 Some areas of the VTG though we thought may have been working against the government's objectives and therefore we've recommended that the government consider revising the VTG in regard to outdated qualifications and we've said after seven years, consider a partial subsidy, and 15 years, enable
15 them to have a full subsidy. Exactly what those number of years is something that I think is part of this feedback process, so don't get too hung up on those years. It was more the concept of the subsidy and the partial subsidy that we were trying to advocate for.

20 We also said that VCE and VCAL shouldn't be considered or taken into account when determining upskilling and that apprentices and trainees should be treated the same as other students, rather than given special treatment. For exemptions, which is something we had quite a bit of feedback on when we went out and spoke to people, the process that they were being allocated under.
25 Ideally and in the long term, we think eligibility issues are really about helping those people who can't afford to pay full fees. So in a sense, that was an income, unemployment, employment-type issue and in these things we think the Commonwealth government has more expertise and is in a much better position to be able to judge those things. So we've said to the state government
30 that it should talk to the Commonwealth government about how it might be able to help administer a better, more targeted approach to assisting those who are ineligible.

In the meantime, we thought that the better way of allocating exemptions
35 would be for Skills Victoria to allocate them directly to students, rather than leaving it for providers to choose, but we recognise that that also creates some difficulties in terms of administration and if the system were to continue being allocated by providers, we would recommend that better guidance be given to providers on how they allocate the exemptions; that the objectives of that
40 exemption process be clarified; that exemption places are allocated to providers twice a year; that allocations are based on the provider's market share in the previous year and also that providers are allocated a value of training, rather than a specific number of places. So that recognises that a diploma, for
45 example, might be worth more than cert II or cert III.

In relation to tuition fees, we said remove the minimum and maximum category fees and the annual cap, require providers to publish both the full fee for service that's charged and the tuition fee for government subsidised students and that's really about making the market work better by providing information to students. At the moment, we think it's quite difficult for students to be able to calculate and compare prices between providers and that's partly due to the difficulty of minimum and maximums. We did say, however, to maintain the maximum hourly tuition rate, so it's not a complete free-for-all on prices. In some cases in some areas down the track, there could be sufficient competition that that maximum hourly rate could be removed in relation to those more competitive courses and we think tuition fees should be indexed annually moving forward.

With regard to concessions and VET FEE-HELP, as I said before, we thought that the Commonwealth government was in a better position to be able to judge income and employment issues. It has Centrelink, Job Services Australia. It has a better handle of what individuals' positions are and that there may be scope for it to have a greater role in administering concessions.

In the meantime, we think concession fees, rather than being set at a specific amount for different course levels, that they should be set at just a percentage of the maximum hourly rate, that providers should be fully reimbursed for the concessions that they forego and that continuing concessions, where students had access to VET FEE-HELP, should be something that's given greater consideration.

With regards to VET FEE-HELP help, we realise that's a Commonwealth government policy but suggested that the state government might talk to the Commonwealth government more about improving the flexibility. We understand there are some difficulties that providers have had in administering that scheme and having access to that scheme. We also thought there was merit in extending it to graduate certificate, graduate diploma and certificate IV qualifications and that these things should be discussed further with the Commonwealth.

With regard to funding, the first thing we thought was to undertake a cost and pricing review to really understand better and align better the funding rates with the actual cost to providers. Moving forward, they should be indexed annually and also that TAFE and non-TAFE base rates be converged over the four-year funding agreement. However, we did say that the role of the public providers should be reviewed in terms of their governance and funding arrangements and that if there were additional costs in relation to public providers, that they should be funded separately outside of the system so there wasn't a distortion between the two provider types.

With regard to thin markets, in thin markets we realise they're in two areas, either geographic by location or by course type. We said really that these should be dealt with outside the basic fee and funding model and should be funded separately by providing incentive payments to students to undertake areas of skills shortage or particular course types. With regard to high needs learners, we thought that there wasn't actually a clear definition of what a high needs learner was and it was very hard to find out exactly what additional costs were associated with high needs learners. Whilst we heard the message when we went out to stakeholders that there are additional costs with high needs learners, it's difficult until that cost review is undertaken to find out what they are and what's the best way of funding those costs, or funding the providers to provide those extra services to higher needs.

Whilst as economists we might want the market to work perfectly on its own, we recognise that this isn't always going to be the case and that we might want to, or the government might want to address some market failures and we mean by things such as addressing skill shortages areas, or encouraging certain student cohorts to undertake training. We have said that they would be addressed separately to the basic fee and funding model, that they would be better addressed through incentive payments, so payments to students. If they are from a student cohorts, that we want a greater involvement and participation in VET, or, as I said, there are some examples at the moment of incentive payments to students to undertake training in skill shortage areas and we consider that this is the clearest way - most efficient way to fund those.

As I said at the start, we think there is scope to improve the information available to market participants and that this would help the market work more efficiently. We think data should be collected on students' training that is being offered and also the training that is being undertaken and that's in relation to both subsidised students and full fees students, so the government gets a complete picture of the training. That can help identify areas of under or over supply and policy can be considered accordingly.

We thought information should be improved regarding training quality and particularly about post-study outcomes and student satisfaction measures, to help students make informed choices about where they study; to help students make informed choices about what they study. We thought that greater information on career paths, employment good opportunities and skill shortages areas would be of assistance and also there could be further information made available on the operation of the Victorian Training Guarantee, particularly what the implications are for a student undertaking training now for future subsidised training.

Our final area of recommendation was that an independent body should monitor and provide advice to the government on what's happening in the

market and particularly on pricing and the level of competition, so that body should be monitoring the tuition fees that are being paid, changes in trends and course enrolments and the number of providers that are providing particular courses and also operating in particular areas and locations. Importantly, this
5 body would just be responsible for providing advice to government on how the market is operating. It would still be a government decision about the level of tuition fees or concessions or subsidy levels as these are policy issues. In a nutshell, that's the areas of our recommendation so if there's any questions I'd be - - -

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PROF BURKE: Thank you, Linda. The idea is to have questions particularly about interpretation and so on for the report the ESC has made. Comments on the recommendations or any other aspects of the report is something that Linda and Angelina will take up and report to the minister, but particular questions on
15 the report, et cetera, now.

MR PIPER: Thank you, Gerald. Joe Piper, CEO South West TAFE. I thank you for your presentation. I've got a couple of questions on the report, the process. You mentioned in your introduction - and, I think, Nick, you as well -
20 that it seems to be a rather short process to what is the normal expected process of the Victorian government. So the question I've got is that if the Essential Services Commission see it so fit that they don't need to go seeking comment, feedback, on an issues paper and then presenting a final set of
25 recommendations as a package, do you believe that the report and the recommendations as they have been presented is currently flawed? I preface that in saying that within the report, the Essential Services Commission indicate that on certain issues you are vague, and we would suggest in relation to community service obligations, that would be correct, and we would be
30 more than comfortable and willing to provide advice on that, as I'm sure most other organisations and stakeholders would be.

So within the body of the report, there's a whole range of issues that need points of clarification. To release those recommendations, without going back for consultation and clarification to me would mean that there were some sort
35 of time issues in relation to this. I'm asking you a question: do you believe that the process that has been undertaken is therefore flawed?

MS GARCES: I'll answer that question. I don't think the process was flawed. We did put out an issues paper which initially sought comments and views
40 from stakeholders.

MR PIPER: That's right.

MS GARCES: The terms of reference for the report were quite tight and I
45 think the government recognised that and part of the process now, in terms of

having this expert panel was to then take what we said in the report and test that further.

5 MR PIPER: Okay. My next question is do you believe that you have been compromised by a number of the recommendations being implemented or partially implemented prior to the full recommendation suite being considered?

10 MS GARCES: I can't comment on that because again that was a decision made by government and it's government policy. All we can comment on is what's in the report. I take your point that there were a number of aspects I think in the report where we said that you would need to undertake further analysis - - -

15 MR PIPER: Absolutely.

20 MS GARCES: - - - and we only had the five months, so we didn't have time to do a detailed cost analysis that you might have done analysis. I take your point too about the community service obligations; we were clear that we thought that there needed to be a review of the role of public provider and then how you might appropriately fund that.

25 I guess we always took the view that part of this report was always going to be a principle based report and so to some extent you can divorce it from the actual numbers because what we're saying, as a principle, the fair funding mechanism, if you've opened it up to other providers, shouldn't have distortions there in terms of what you're paying those providers, so separate out the CSO funding from the specific funding for - - -

30 MR PIPER: That can be a principle, yes.

35 MS GARCES: I guess that's kind of the approach that we took, that a lot of our recommendations were probably around principles and then you would have to do follow-up work or the government would have to do follow-up work in terms of the specific quantum around how you would actually address those issues. Personally I don't think that our report has been compromised. I think our recommendations stand on the basis of the analysis and the stakeholder consultation that we undertook.

40 MR PIPER: Did you view the recommendations being presented as a suite of recommendations?

45 MS GARCES: I think we took the view that there are some elements - I mean, it is a suite and we have a broad strategic direction that is reflected in the report, but there are recommendations that you could take out and do in the shorter term. I think there's a table at the back of the report that kind of tries to

set out a bit of the short term, medium term, longer term, and that there are elements that you could now without compromising the longer-term strategic direction.

5 PROF BURKE: Any further questions to Linda or Angelina?

MR PIPER: If I could put a further question: has the Essential Services Commission now completed their brief?

10 MS GARCES: Yes. We're attending a number of these forums to explain our report but essentially we've presented the report to the minister.

PROF BURKE: All right. Thank you very much, Linda and Angelina.

15 MS GARCES: Thank you for having us.

PROF BURKE: We'll go on now to the responses to the report. We're now going to ask for comments on particular recommendations but as previously arranged, we'd like to have a submission to start with. Otway Community
20 College, Jan Healey has come to make a presentation now for the next few minutes or so. Then we will go more broadly on to the report and we might check off some of the particular things such as eligibility criteria, fees, concessions, funding, indexation. It may not be possible to get through those things but there is an opportunity to make an online submission too in this
25 regard. It's also very valuable for us to hear your exact views on it, rather than our interpretation of what is given verbally. So we would ask now Jan to present on behalf of the Otway Community College.

MS HEALEY: Thank you very much. I'm Jan Healey. I'm at the Otway
30 Community College based here in Colac. I've just got a few, almost random thoughts I think as I went through. The time frames, as everybody is aware - to try and digest the amount of data that's been presented and to try and take everything in has been fairly difficult.

35 I don't believe that the question of student eligibility for the subsidised funded places has been adequately addressed. We're totally in agreement with the suggestion that VCE, VCAL and VET are completed at school, not be taken into account in determining upskilling. That's a great starting point. Previously that only applied for those under 20 and to have it applied to
40 everyone would be very beneficial. We've had a number of students this year in 2011 for whom that caused some difficulties.

Recommendations 4.9 and 4.10 don't go far enough. The question of the
45 out-of-date qualifications being able to be catered for by some sort of subsidy of a qualification that's an equivalent level to that that's already held is just not

sufficient. The qualifications already held are quite often old diploma, advanced diploma, even degree-level qualifications, and people returning to study later in life need to start at the bottom, so they may well need a certificate II qualification to get the base-level skills in an alternative career change mode.

Part of it is the rapid changes in technology within all industries that require retraining and so you're talking quite basic skill levels and we have people with quite high-level qualifications but where they need to go back to is certificate II in business to get the basic computer skills because they simply still don't have them. The idea that everybody has got basic computer skills, especially in country areas, where we still have areas with no reliable Internet access, the idea that people have developed these skills at home through their own interest is just not there.

The ageing population and the need to work for more years will also continue to impact on and require arrangements for retraining for people and many of those will be impacted by these prior qualification levels as well. The cost and pricing recommendation in 6.2 is probably overdue and I applaud the idea of that review, but it's disappointing to see that there's no comment at all on the cash flow issues caused by the currently monthly in arrears payment process. I know that a number of suggestions were made about that, including such things as some sort of up-front payment in January based on previous years' enrolments.

The need for clarity of information for potential users of the VET system is most important and it's good to see it recognised in the recommendations. The whole complexity of the system, it's hard enough for us as providers to get our heads around it and we work in the area, but how anyone coming new into the system and the idea that they would undertake a VET qualification and expected to get their head around all of the implications of what they might do in terms of their study program is a bit beyond me.

There are instances of students undertaking courses and ending up with a certificate III or a certificate IV with no real career outcomes, no job prospects because of it, but which impact on their eligibility for government subsidised training places in more useful qualifications. Some of those - and I think particularly of things like certificate III in active volunteering - they're useful qualifications in themselves but because it's classed as a VET qualification, there's no job outcome for active volunteering. The sheer name of the qualification says that. It's not a paid position but it cuts you out then of getting a government subsidised place in aged care, for instance, with real job outcomes. So there are merits in the classification of some courses and whether in fact they should still be a foundation skills course which then encourages people to undertake that level of training but it doesn't cut them out

of other things.

5 With the cost and pricing review, I'm pleased to see the recommendations and I would like to see close attention to the issues of thin markets, the needs of
10 different learner cohorts and also the needs of not-for-profit private providers as a separate category, particularly the A sector of which we are one. The private providers seem to end up all in one; it's sort of TAFE or private provider and there's actually a whole third group in there of the not-for-profit private provider, the A sector. There may be others who are in the same sort of
15 situation also, not for profit. It's another whole group who try and provide a wide diversity of courses, particularly the rural areas, and are trying to cater for the whole cohort of disadvantaged learners in many cases, also thin markets, so we are compounded with a whole range of issues in terms of pricing, about which the review needs to examine. So we'll look forward to that with
20 considerable interest and we'll have plenty to say if we have the opportunity. I think that's where I'd like to stop. I'd be very, very interested to hear what everybody has to say. Thank you.

20 PROF BURKE: Thank you very much, Jan. I think that's raised issues that others will want to take up too. It would be also good, since you've written it down, if you'd put it online as well; that would be valuable. I think I can say that we have a meeting with the ACE providers the other day and I think it's fair to say that quite a number of those issues were raised by them. You've added some dimensions to it to what was raised there, so thank you. Perhaps
25 what we'll do now is throw it open. There are no boundaries on what you raise first and where we go with it, then towards the end we'll try and pull back to make sure we've covered some of the major themes, areas, of eligibility, fees, funding, transparency, the possibility of a new body to oversight cost levels and fee levels. Joe?

30 MR PIPER: Thanks again, Gerald. Thank you, Peter. A couple of opening comments: one is to say I don't envy your position. I'm happy to be on the public record to say that I think the process announced that perhaps was going to have some credibility has been a little bit lost in some other announcements
35 that may have gazumped some of the good quality debate that could have been had.

I'll start by saying that the South West Institute has reviewed the
40 43 recommendations and did so as a collective management and staff association, ie unions, arrangement. As a collective group, we have identified those recommendations of the 43 that we believe will strengthen the sector. We believe there are 32 recommendations that will actually add some strength to the sector, based around the lacking of reference within either the ESC report or the subsequent actions required due to fiscal policy which is the lack
45 of reference to quality.

So we believe there are 32; one we believe is a little bit confusing and requires further clarification, and 10 of which we believe were in fact what you would regard as some sort of deal breakers for the VET sector to go forward. Of
5 those 10, we believe that to date, the actions required to be implemented, both in fees and funding, has gazumped eight of those 10 that we believed were somewhat deal breakers at the end of the day. We will provide to your review a written submission with those in it.

10 DR VEENKER: We'd appreciate that.

MR PIPER: Yes. With our institute colleagues here today - we had a staff meeting last Friday, I'm not exactly sure of the numbers but there was around about 120 to 130 staff, so I feel as though I'm speaking with the support of the
15 institute on the issues that I will now raise with you. In relation to section 4, the recommendations, we believe recommendations 4.1, 4.2, 4.3 and 4.4 can be agreed with. We would look forward to having some worthwhile debate in relation to how that can be achieved.

20 4.5, the recommendation which indicates that the government should treat trainees and apprentices consistently with other students under the VTG, we do not believe that to be an appropriate recommendation, in that contrary to that, the eligibility exemption for apprentices still remains and should remain
25 regardless of any previous qualifications, because you are talking with people that have actually gained employment, so we don't believe that recommendation can stand as it's been put. However, the way in which it's currently being implemented, regardless of any fee issue or funding issues, is appropriate.

30 We believe recommendation 4.6 can be again lived with. However, 4.7, we believe whilst it's a recommendation that I'm sure someone could suggest that if you were not eligible for a place, then we're going to ask you to fill out some form of survey or whatever due to due to a peak enrolment, in the reality of the situation, I would say we don't believe that's appropriate because our
35 experience in a peak enrolment period where someone whose aspirations have been dampened by being told they're ineligible for a government subsidised place is not highly likely to want to fill out a survey, unless you want a survey - it depends on what type of survey you're looking at, Peter.

40 4.8, 4.9 and 4.10 we believe can be lived with. However, the recommendation in relationship to 4.9, which was the years of currency in that subsidised training place could be offered and the recommendation is between 7 and 5.

45 There's more to it than just a year based. We believe, first of all, the 7 and 15 is not appropriate. We, even through the Victorian TAFE Association, have

had some discussion around about 5 and 10. But also we must take into consideration that at times competencies within qualifications may be, in fact, be quickly out of date and obsolete, so there's some other issues that need to be taken and sort through in that area, and are happy to have that debate.

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The recommendation 4.11 in exemptions and where they go in eligibility, we believe that under 4.11, we don't agree with that, that we do believe it should stay with the government provider. 4.12, where it's indicated it be administered by providers, exemptions be allocated twice a year, again reflecting peak enrolment periods, that can be certainly agreed to. We believe that is most appropriate because people need to know and know fairly quickly, and our experience with the exemption processes through eligibility have been that they have been somewhat problematic and that, in fact, we were waiting some three to four months to get a notification, where we had a list of students waiting. In some cases, again we take the punt and actually put them into classes and took the risk of not getting funding for - under a thing, which seems to be lacking in this report, called customer service.

The recommendation 4.13, that available funding should be allocated based on market share, I don't believe that takes in any regional issues, where there may be new and emerging industries in regional communities that require some specific rather quick action to be taken regarding qualifications and based upon a market share of training means that you may as well line up all the exemptions straight into the CBD. We don't believe that's appropriate for regional Victoria.

Under 14.4, defined number of places based on value, we agree with that. Whilst that's a recommendation for an ESC, although not followed through with written advice, that is the current way in which our institute and institutes have been given direction they can operate. So it's a volume of hours based on a formula, although I'm waiting to see that published.

Recommendation 4.15, a bit confused under 4.15, where it's indicated, "As soon as practicable, the government should remove the VTG's exemption arrangements and replace them with better targeted concession arrangements." Whilst we may be able to do something in that regard, eligibility exemptions and targeted concessions technically are two different things and they combine them into that one recommendation, so I think clarification in regard to that. We're either exempt from eligibility arrangements or we have a concession because of our inability to pay, and let's not muck around with which way they are, we'll only confuse the marketplace further.

Recommendation 5.1 and 5.2 can be lived with. Recommendation 5.3, where the government should adjust the maximum tuition fees for apprentices and trainees with the aim of creating consistency and alignment with a fee structure

that reflects public and private benefits based on qualification level, the reality of the situation is that most first-year apprentices or trainees, because their wage is well below that of the poverty line do have access to concessions. Again, I'm not sure that that will achieve anything and I make comment in relationship to a three-tier pipeline approach in a moment.

The recommendation 5.4, maximum hourly tuition fee should be retained only while there is limited competition in the VET sector. Over time in area courses the greater competition can be varied. That is a recipe for disaster. One of the main thrusts of this report talks about product disclosure and product disclosure cannot be achieved when it's got a variable, to the extent that the removal, which has been done under 5.6 - and I'll move directly to that - where the maximum/minimum category fees and the annual cap should be removed, whilst we would agree that the maximum cap can be removed and those institutions who deem themselves - or those providers who deem themselves worthy of a higher fee can test the marketplace, the opposite, which will be to have no fees for some providers, who will go to the marketplace with that strategy will actually be the drive to the lowest denominator and will take down the quality of which already is questionable in relationship to our current VET provision.

PROF BURKE: Sorry, just going back, you started on 5.4 - - -

MR PIPER: I missed 5.5.

PROF BURKE: Yes, but just back on 5.4, I took you saying at that start of that about a recipe for disaster. Could you just repeat - - -

MR PIPER: If you look at 5.4, where it says, "The maximum hourly tuition rate should be retained only while there is limited competition in the VET sector," whose opinion? Who?

PROF BURKE: I think the opinion is his recommendation for the independent body that's going to assess the competition.

MR PIPER: I'm happy to go on a public record, so I thought the independent body may have been something like the VSC. The Victorian Schools Commission might have a roll somewhere in here, although they've also been silent right throughout this. Over time - if I can stay with that, Gerald - in area courses where greater competition provisions can be verified, the maximum hourly rate should be increased and eventually removed. I'm not sure that is in line with 5.6 but - - -

PROF BURKE: 5.6 is only about the whole of course fee and the annual maximum - you do several courses for the one cap. He's saying stick to the

hourly rate. He's only referring to hourly rates at 5.4, I think.

MR PIPER: I would have to suggest on product disclosure and confusion in the marketplace, 5.4 would create some disquiet, but that's our opinion. 5.7, where concession fees should be based on a maximum hourly rate, that is specified percentage to a maximum tuition, the provider should be free to compete on price and charge all students below the maximum hours specified. We quite never got what was trying to be said there, so if you could provide some advice to us. That was the only one that we were unsure about.

PROF BURKE: In the report it gives the example - let me just take one figure, the foundation courses, the concession fee is \$50 for it. If you removed a maximum fee for a foundation course and people could do a longer-hour course and you base it simply on the maximum hourly fees, the total amount to be paid might increase and he say the concession fees should not be \$50 as such, it should be a percentage of the total of all the fees for all the hours that you've done. He's got a table showing, if the concession was 50 per cent, how much you pay, and the example of 50 per cent - a lot of people pay more but what the rate should be set at would be something to be investigated. Some people look as though they pay more out of that. I think that's a fair interpretation of what - someone would pay more than the current concession fees, so it's not just a single low set fee for a concession, it would vary.

MR PIPER: I'm happy to say that I'd like to see some modelling done on that.

PROF BURKE: There is an example in the report, so I could find it afterwards, but it's a page showing what people would pay more, what would possibly pay less under it.

MR PIPER: 5.8, where the government should reconsider need for concessions, where students have access to FEE-HELP, two issues: one is that its current policy - I believe our minister got elected on that policy but we certainly don't support that and I think the VET FEE-HELP needs actually to be bedded down a long time before we start playing with it; it's still not accepted practice.

The 5.9, where the Victorian government should commence negotiating with the Commonwealth government about the Commonwealth assuming responsibility for the administration and concession arrangements, after two years of working with the Commonwealth government, any VET FEE-HELP, I plead that that doesn't go any further.

That was 5.9. Going back over the page to 5.10 and 5.11, we believe that certainly the Victorian and Commonwealth government should consult with providers to improve the flexibility of VET FEE-HELP arrangements. We

certainly agree with that one. The Victorian government should consult with the Commonwealth of VET FEE-HELP's vocational and graduate diploma students, again I believe that's in the right direction in intent, under which VET FEE-HELP, certainly at (indistinct) 5 and 6 and above that would promote.

5 However, 5.12, where the Victorian government should consult with the Commonwealth about extending VET FEE-HELP for certificate IV qualifications subsidised at full fee or alternatively nominated IIIs and IVs we would not agree with. We do not believe that appropriate.

10 The government should, under 13, reimburse concessions and actual fees charged for non-concessional students; we agree. 6.1, we would agree. 6.2, a costs and pricing review be undertaken, I think that's critical, and again no indexation for the last three years. One would argue that the fees have already been reduced by 10 per cent or thereabouts over the last three years anyway.

15 6.3, we would agree. 6.4, again based on outputs, that is a logical approach that taxpayers would expect. We would agree with that, although causing some transitional issues, but nevertheless; 6.5, again the cost and pricing review recommendations should include an assessment of cost structures faced by training providers. Again we would agree with that.

20 6.6, whilst payment in arrears should be retained, I do believe that cash flow issues need to seriously be considered in relation to the first six months of any financial year, and in this case we're still operating on a calendar year. The administrative processes in many cases and the systems that are currently in place would need to be absolutely in pristine condition for institutes or any other provider to be able to maintain their cash flows in the initial aspect of any one year. What's happening under the arrangements that have currently been put in place on funding and a different set of weightings, we are now going into our third tier of the pipeline and we have three tiers; we have the first tier

25 which is pre-implementation of the full VTG, we have the current students who are enrolled and ongoing which will be next year our second and third-year apprentices and others that are in the middle or studying part-time with us, but now we get to a third tier. Now, that is a major complex issue in relation to the systems which manage our results and our linking with the Victorian training system and therefore our payments, so cash flow must be a serious

30 consideration on 6.6.

35 6.7, the cost and pricing review should attempt to identify the spread of costs associated with teaching students different capabilities and disengaged learners, I think it is essential to validate that. The issue of thin markets should be addressed, we would argue with that.

40

45 Going over the page to 6.9, where the gap in base funding between TAFE and non-TAFE providers should progressively close over the next four-year period, we would disagree with that. Whilst the current arrangements put in place by

Skills Victoria addresses that issue in relation to - and they use the word "metros" and "non-metros". It's not actually that, it's actually where your turnover is over half a million dollars, so I think we have to get the terminology right. But what it is we don't believe that can be substantiated, not without
5 some very clear understanding of what community service obligations are undertaken by not-for-profit organisations, and I include our ACE sector and other appropriate private providers in that where necessary, particularly in some cases, our group training companies. I don't believe that can be a long-term substantiation. There are a number of other things that sit inside
10 that.

In the report, and I believe it's on page 24, number 9, where they've actually identified within the Essential Services Commission report that they are vague on this issue, to be vague on an issue and come out with a recommendation,
15 that seems to have been accepted and implemented is somewhat, I think, to the VET sector of Victoria problematical.

Recommendation 6.10, again there are three components of this recommendation. The (i) component, which is to provide a clearer articulation
20 of the role of publicly owned training providers - and that's within your review - that would be agreed. (iii), where it says, "Consider whether direct funding should be provided to fund any community service obligation met by public providers," again, as I've indicated, that would certainly need to happen in relation to 6.9 above. However, point (ii) which says, "Consider how funding and corporate arrangements might be changed to promote greater transparency and accountability of funds," doesn't seem to fit into that, although again, so
25 long as that is for all of the funded providers within the Victorian training system. So I think not all of those - one has got "publicly owned training providers" - I don't think you can just agree or not agree to that particular recommendation. One is talking about publicly owned and the other, which in
30 my mind, points (i) and (iii) - or that of our institute, point (ii) - I think is the entire Victorian funded training system, not just those that are publicly owned.

Recommendation 7, again, a market oversight body - now, this is a body that is
35 an independent market oversight body and declares a market. Now, unless I'm terribly wrong, there are industry skills councils, ITABs, Victorian Skills Commission and a number of other bodies that should be monitoring, watching and controlling the market. If their power has been stripped by the Victorian Training Guarantee implementation, then we need to look at what we've set up,
40 not just create another body, because I believe, as does our institute, that that's the role of those various bodies, government instrumentalities.

I know I've taken some time here. Recommendations 7.2, 7.3, 7.4 and 7.5 can
45 be certainly lived with. Ultimately, however, under 7.2, "All providers operating within Victoria should be required to publish the full price of the

course," and we're get into full public disclosure, the very discussion, Gerald, that we just had in relation to the various prices and whether or not this one has got a full concession rate or this one has not got a concession rate, this is the maximum fee, take the three-pipeline processes now for, in our case,
5 400 accredited courses that we offer within the south-west, add that to the various funding sources of each one of those courses which now will be different within the pipeline, add that to a variety of weightings - I have customer service staff with 20 years of experience that are struggling with this. I don't think some poor punter is going to get this.

10 I'm going to give an example here and I'll go on public record as having said this: I was spoken to quite severely last Friday evening by a person I've known for a long time who is a volunteer at our institute who took three students with English as a second language - they are all eligible for funding - to our
15 enrolment centre and it took one and a quarter hours to enrol three students into three extensions to their current courses by the amount of paperwork and forms and affidavits and visas. I know this story, because the person is my wife, and I can tell you, it was an embarrassment. To enrol in our sector, it has taken
20 10 minutes, and it's now from 10 minutes to what is now over an hour. The complexities are getting more and more, and the cost of providing customer service to those poor punters who want to enter the Victorian VET system now is, in my opinion, beyond even defensible arrangements.

25 DR VEENKER: Just a point of clarification, you're saying the pipeline effects that you identify will - - -

MR PIPER: The pipeline effect will, from a product disclosure point of view, be near impossible to actually - - -

30 DR VEENKER: But in terms of the principle and how you work that down at a level of drilling down in terms of what you disclose is an issue. Is that what you're telling us?

35 MR PIPER: Yes, Peter, I am. The hardest point is that we in the Victorian VET system - and again as a board member of the implementation of a new student management solution which is a \$100 million project, the ability ever to have an e-learning or e-student arrangement in our sector, where someone can actually get online and enrol in a course and pay for a course and be allocated to a course is now so far problematic, I could never see it happening
40 in my lifetime. Maybe I've just gone on a little bit too long, but I do thank you for the opportunity to speak on behalf of what I hope is our institute.

45 PROF BURKE: Thank you very much and there's a considerable amount of detail that we've got from that. We appreciate that and we understand that you're going to provide a written submission as well. So can we throw it then

perhaps more broadly open.

DR VEENKER: Are there other members present - - -

5 PROF BURKE: You don't have to go through all the recommendations.

DR VEENKER: You don't have to go through the recommendations. There may be some reactions to themes in the report or reaction to what was presented earlier that you'd like to verbally record. Would you mind, please, coming up and speaking to - it would be easier there. We'll be able to record it properly and be able to act on it then.

MR MacDONALD: Peter MacDonald, CEO, Otway Community College. I mean, I think, there's two things that I'd like to add to that and there's two words there and one is minimum and quality. I think I go along with Joe around the minimum fees and the impact it may have on quality of provision. Already the Productivity Commission at the federal level has received from particularly the aged care industry concerns about the level of training that's being provided to the aged care sector. I think those two things need to a lot of work done in those areas, around what it would mean to scrap minimum fees and what the impact would be on the quality of the training that's provided.

DR VEENKER: In terms of quality, did you want to expand on how that might be addressed further in the future? Any suggestions?

MR MacDONALD: I don't think I have that long. I mean, whatever review is undertaken of the provision - I mean, already we've seen - and had this discussion with Joe about the proliferation in certain areas of VET providers and how that's managed. The capacity of those providers to provide a quality training solution for people who enrol I think is an issue that needs to be addressed and how it is addressed and what sort of body is put in place to look at that and oversee those, while they're talking about an independent body, how it's reviewed and how that's tackled I'm not sure, but it is, to my mind, an issue that needs to be addressed, because I think the sector - particularly in rural areas and regional areas, we rely on provision of quality education. We're in thin markets, we need people to feel comfortable that they're getting quality education. I think when you dilute that in whatever way, it makes it more difficult for people to make those decisions about their education.

40 PROF BURKE: Thank you. Other comments or questions people might have?

MR SCHACK: Michael Schack from South West TAFE and also represent the National Tertiary Education Union, but just commenting on the comments there on quality and also the removal of the disparity between TAFE and

non-TAFE providers and the reference to the community obligations, which Joe has said is a bit vague, but I guess in terms of quality the people that I represent are general staff members who work in libraries, student counselling, office staff, customer service, which Joe has spoken about, which is a large component of the operation and certain monetary obligations as well, to remove that extra funding to TAFE would seem to be, firstly, discounting the value of those services and to question whether they're necessary.

DR VEENKER: Thank you. In terms of the overall - just following up, Michael - in terms of the overall transparency that's suggested in the report, what's your reaction to that - about disclosure to potential students.

MR SCHACK: Well, as a principal, I think that's not a bad thing. If you're signing up for something, it's always wise to know what you're signing up for.

DR VEENKER: That might include also tabling the range of additional services that may be available in a public institution.

MR SCHACK: Possibly, yes, indeed.

PROF BURKE: If I could just mention - Linda didn't say it before but (indistinct) made reference to quality as a stand-alone issue and he did say in more than one forum that even if all the other recommendations in the report were ignored, the ones on better reporting on the quality of the training was fundamental and he was not engaging in the issues about the regulator as such, but in terms of information on student engagement and student outcomes and student employment destinations and so on, those sorts of things that have to be provided by all providers, that in the 7 recommendations, particularly 7.3, I think, so just in terms of the (indistinct) but of course the report is there now for everybody's reaction to it.

DR VEENKER: I'd also - yes.

MS WATERS: Thank you. Liz Waters, manager of the Centre for Business Hospitality and Service Skills at South West TAFE. If I could just make a comment in regard to the changing in provision of funding between TAFE and non-TAFE providers and elucidate a point in regard to quality of training and to do that, to tell a short story in regard to an industry area in hospitality, where recently I had one of our main industry operators talking about trying to employ a new staff member.

In the interview process, this particular staff member had presented extremely well, spoken very well, talked about what they'd done. At the end of the interview process, the employer asked them to demonstrate a skill, a skill that in this particular industry is absolutely vital and they should have been able to

step straight up and do that. The person's response was, "I'm sorry, what did you want me to do?" The employer repeated the question and that person had absolutely no idea how to perform that skill. They had been trained fully on the job using paper-based training materials, which is - - -

5

PROF BURKE: Sorry, off the job?

DR VEENKER: On the job, was it?

10 MS WATERS: On the job.

PROF BURKE: On the job.

15 MS WATERS: Completely on the job, using paper-based training materials and so they learnt what needed to be learned to do that particular job in that particular workplace. They did not learn broader skills in the broader knowledge that would allow them to further their career in that particular industry. I rest my case.

20 PROF BURKE: Thank you. So could I just follow that up. Are you suggesting then that a competency may have been claimed and perhaps even assessed but wasn't able to demonstrate.

25 MS WATERS: They could not demonstrate it, yes, because clearly that person did not have the skills and did not have the knowledge that was required in that particular area.

PROF BURKE: Have you got suggestions about how that can be addressed - - -

30

MS WATERS: Certainly. In terms of learning those particular skills and knowledge, you need to be able to have access to a broad range of both equipment and teaching staff who are able to further that knowledge, rather than just what is done in one particular workplace in order to perform the job in that particular workplace.

35

PROF BURKE: Sorry, just - - -

40 MR PIPER: May I raise one issue that hasn't been tackled within the pricing differential and one that ultimately got rolled up into why that pricing differential was (indistinct) or culminated in the first place, and that's disability support. Currently within South West Institute we have - I'm going to get this wrong but I'll clarify it in my report - I think it's 878 students that are being supported in some form or another through a disability support program, be it
45 physical or in some cases mental. So where does this come into this? Where

does that come into it, because that's a cost that I believe under the current arrangements some large institutes will now have great difficulty providing.

5 PROF BURKE: Just to take the recommendation of the report though, in the assessment of the costs and the review of that, they do suggest the high-needs learners' estimate of that was - at the moment the only extra funding is for indigenous, corrections, young people under 20 who haven't got VCE and Auslan.

10 MR PIPER: There needs to be a review of that obviously said in the report, "We're going to have a review of that."

PROF BURKE: Yes.

15 MR PIPER: One may have thought a review might have taken place before you cut it, but anyway, that's a comment and it doesn't need to be recorded.

20 DR VEENKER: But you're suggesting to us that the area of higher needs students, you feel it's a bit underdeveloped as far as the report is concerned and that further work needs to be done on it.

25 MR PIPER: Yes, further work does need to be done, and I think at the end of the day - I don't believe, Peter, that anyone in this room would say that we would be opposed to a fair, equitable, transparent process. Once that's been outlined and there is general agreement, then we live by that. We frame our budgets around that and we prepare our annual plans and our initiatives, all of which now are somewhat problematic.

30 PROF BURKE: Could I just ask a question back to Liz.

MS WATERS: Certainly.

35 PROF BURKE: Earlier, since we synthesised the comments and not just reported the matter at an earlier meeting we had, it was put to us that there had been a growth of institutional based training in a number of areas, and I think automotive, hospitality and hairdressing were raised, in which with institutional based training, people were requiring a certificate III, but compared with an apprentice, they were doing a smaller number of hours, but they were certainly lacking the workplace experience, but some of them were
40 not adequate for a different sort of reason to the one that you were giving. This was raised by three different ITAB people at a meeting. So we're going to report that but I wonder, have you got any reaction to that comment that they were making to us?

45 MS WATERS: Yes, certainly. If you're training in a high skills area such as

hairdressing and cookery, we're talking about the difference between a hairdressing apprentice and a cookery apprentice, clearly full institution based delivery as a sole means of delivery is problematical because you're quite likely to end up with two effective cohorts of potential employees who have the same qualification, perhaps not necessarily the same set of skills that they're operating with. That can be perfectly well addressed in an institution based delivery model, so long as you incorporate in that institution based delivery model plenty of work experience contact. It's critical. It's absolutely essential. If the quality of the delivery that you are undertaking is high, that's exactly what you will do.

PROF BURKE: The implication was there had been substantial growth over the last year or so of the institution based ones, and they were asserting, I suppose, that the quality wasn't good enough. There was a number of them. I don't know the range at all but - - -

MS WATERS: I'd certainly say that in terms of what South West TAFE do for those two particular examples, given the amount of work placement that is incorporated in the institution based delivery models that we undertake, the level of quality is exceptionally good.

DR VEENKER: I know Joe has commented on this, but I'd be interested if there were other comments regarding the suggestion in the report about an independent body looking at overall - using the terminology in the report - the bench price-marking scenario and the market area, whether there are other comments along those lines at all.

MR MacDONALD: I was on the Geelong group where we used to get all the stats for the region that came out of the Skills Commission that identified every training area, who was in what market, how many apprentices, how many trainees, how many had dropped out. I would assume those bodies don't exist any more, do they, Joe, those advisory bodies, on a regional level, but they had access to all that material and published an annual document, didn't it?

MR PIPER: Yes, it did. I'm actually trying to think the name of it.

MR MacDONALD: I can't remember the name of it.

MR PIPER: Study Area Report.

MR MacDONALD: It went by catchment areas and they could identify, right down to LGAs, what was going on.

MR PIPER: If I could, Peter, I think there's confusion. There's two issues. One is: is there a body set up to provide advice to government in relation to

skills shortage areas; that's number 1, and in extension to that, that is the workforce requirements. Now, within the Barwon South West, there's a number of groups that are set up to do that. In the first instance, Barwon has a G21 which is a Geelong based organisation. In the south-west, we have the
5 Great South Coast Alliance. Those two bodies have come together where we are undertaking a project under the guise of Skills Victoria with implementation strategies around the Victorian tertiary education plan, and that is an attainment strategy. That work is currently under way. We're in the second phase of our project. We're actually identifying what are the emerging
10 skills needed within our region and at what level those skills are and we're dissecting what we call the task at hand; that is, to look at all the different aspects of our workforce, the qualification level, and particularly in this area right here, we've got very (indistinct) employment with no post year 9 qualifications. We've got a large cohort of disengaged youth. So they're some
15 of the things that we're working on.

That is about the need and it's about strategic planning. So if that's the case, then I would fully support the continuation of that. I'm an advocate for that process because I don't believe that you can really fully understand the needs of
20 a region from Spring Street, and I don't think they expect to either.

DR VEENKER: No.

MR PIPER: We work with Regional Development Victoria, and in the case of
25 the Barwon South West Attainment Strategy, with Regional Development Australia as well. So from that point of view, there's a whole group of bodies coming together and we work with the various ITABs and the industry skills councils regularly as well, so that's the brief. But if you're talking about a group, to say, "What's the market? What should the funding level be - - -"
30

DR VEENKER: The maturity of the market, the level of interaction on the market - - -

MR PIPER: It's going to be an interesting group, independent body. Are they
35 going to be quality, are they going to be demand driven or are they going to be a budgetary intermediate step?

MR MacDONALD: And how that market is tackled, because one of the
40 things - taking this local community - I know from a few years ago, the business area, training and business was not a targeted area because there was a lot of people doing business, there wasn't the industry, there wasn't enough jobs, but in the local area, people coming in doing business is a very good way, as Jan said previously, for people to re-enter the education and training system and look at moving into employment. But if that's deemed to be not a targeted
45 market area and is reduced, then the avenue for people who might want to

return to education and training and enter employment is taken away from them because it's not deemed to be an area that's marketable or it's not a targeted area.

5 MR PIPER: This targeted work - if I could - both to you, Peter, and to you, Gerald - is just one of the aspects that - our community service obligations. It fits under the banner. The amount of work that goes into any organisations adds value to its region and to be actually part of the economic success of the development of that region. You're not just the provider. You're not just
10 dealing with a purchaser for a product.

DR VEENKER: You're saying you're not just a retailer.

MR PIPER: We're not a retailer. I wasn't going to use that word but then a
15 retailer, the same thing - I'm sorry, but we're not. So you're asked and you work with governments to do this and at the end of the day, the economic strength of our region depends on how well we accept the fit inside of that and what work we do and what intelligence we bring and what intelligence we need. I just find it rather condescending this whole - - -

20

DR VEENKER: The links to Regional Development Victoria and the national bodies in terms of future development of this region drills down into the skill level needs of the future.

25 MR PIPER: Particularly in thin markets.

DR VEENKER: Yes, thank you.

MS HEALY: Can I just add on to that, taking on board Joe's comments
30 around the support for people with disabilities at TAFE, as a base provider here in Colac, we've been here about 30 years, we've always had quite a large cohort of people with disabilities, the other arm of our organisation is, in fact, disability-funded services and so we've got particular expertise in that area and we would have 30, 35 per cent of our students would be students with
35 disabilities, that as an ACE provider we get no additional money to help support them, but we try and manage.

So we are doing the best we can with no extra library, no student counselling service, it's not there, and the extra support that would be of benefit to that
40 cohort and especially to the disengaged young people - there are whole groups of students who are highly represented within our community that we look at and think, "Oh, we'd love to be able to do this. It just won't fit in the budget. We would like to be able to do this." We can identify the things we'd like to do but the budget constraints are such that they're just not there. So for us to go
45 up in the funding amounts that we get, so potentially we have a bit more to be

able in place some of those services would be just fantastic. I don't want to see Joe's share diminished, I don't want to see him not get that money, I just want to see us get it as well.

5 MR MacDONALD: I look at the longevity of our staff, particularly through the community options, and the staff are trainers, which they're employed do, which we get funding for, and probably most of them do probably five to 10 hours of counselling on top of their training. They're careers advisers. They're people who take people to Centrelink; they're Centrelink advisers. They're job
10 network advisers. They do all that sort of stuff, which fits within that amount of money that comes with the student. Now, if we didn't do that, part of the quality is we wouldn't get students coming back because they'd feel supported, but it also comes at a huge cost to the organisation to continue to support to do that and it comes at a huge cost for staff because they're dealing with
15 issues - you know, "We came here to train in business studies and we're counselling people who are unemployed, who have lost husbands, who have got all these issues going and this is the one place where they can come and talk about it."

20 MS HEALEY: The computer room doesn't operate without the box of tissues.

PROF BURKE: When we met with the ACE and ACVI group the other day - you're adding some more detail to that, which is very valuable for us to have to pass on.

25 MS O'DONOGHUE: Thank you. My name is Mary O'Donoghue. I'm with SkillsConnection. We've got a (indistinct) and we've also got a community based organisation (indistinct) we, too, along with ACE provide foundation skills training to a great cohort of disadvantaged and intellectually disabled and
30 physically disabled persons. Now, \$7.70 an hour for that training does not equate to what the trainers are putting into this and the comment made before about foundation skills funding might be reduced the number of times that they do the training.

35 To see someone go from not being able to read to embracing - investigating a unit of competency that they are so delighted to have achieved and they want to come back next year because they've got into the routine - for some people it's difficult to even get to school on time. They didn't learn that way back when. They didn't get the support in the special school or they didn't have an
40 integration aide when they were young, they didn't satisfy certain criteria, and they're a forgotten market. The way I see a lot of the trainees, everybody is well able to achieve and we're forgetting about the people who can't.

45 Now, some of these persons that we are training in hospitality actually have a place in our food aroma service, whereby we provide luncheons and catering

services to the community to a very standard. It's because we've engaged them in our certificate II and III hospitality that they are now members of the community - they're recognised members of the community. They are not coming to class and being spoonfed, they're actually using interactive
5 technology to help them achieve these competencies. They might not get through this year and then next year the funding thing raises its ugly head again. It's quite disheartening for our particular group of students and I think Angelique was the other lady, she made the comment, you know, "How much time?" As Peter said, we go to Centrelink, we talk about the domestic that
10 happened the day before. Quite often there are conflicts within the classroom. We have to be careful who we put in as students.

MS HEALEY: Yes, definitely.

15 MS O'DONOGHUE: They go home but we're still fixing up all their issues. We're referring them to counselling. We're bringing in advocates for them. "Could you please come to court with me on Monday because I've got a problem." I also manage the disability employment services program, whereby an outcome for a person in that program could be an activity in training.
20 There's a lot to be set up to have a person even come into a classroom, it's frightening, especially who have had a really bad experience in the school system and they don't want to be seen as an adult to have a disability or have a problem, so that's where we come in again; we have to do a lot of behind-the-scenes propping up of people. I'm not being disrespectful or
25 anything but it's just the money side of it restricts what - as Jan was saying - we'd really, really like to do.

MR MACDONALD: I think that's a clear delineation in some ways between - as Jan said, they're not-for-profit community based organisations and a private
30 RTO is that community - the work that's done and the support that's given to students, we just don't get them in the door and put them out the other end.

PROF BURKE: I know it takes time but the more that you, in fact, have to - the nature of the environment is that the more that you can document to show
35 those sorts of things, the better - perhaps they haven't been established. People should know but maybe they don't.

MR BELL: Dennis Bell from Community College Warrnambool.

40 DR VEENKER: Dennis, do you want to come forward and we can see you and we'll be able to record what you say too, which would be nice.

MR BELL: Just as to what has been said here really, whether you're in the TAFE sector or whether you're in the ACE sector or SkillsConnections, we're
45 primarily institution-based organisations. The problem that we all have at the

moment, we start talking about equality and what funding is available and everything, it gets back to a treasury exercise, but you look at the - how shall I put it? The other registered training organisations that turn up and deliver a cert III in aged care in five days and they're gone. The people have got the certificate and absolutely nothing. They can't get a job because it's not worth the paper it's written on. But they have a piece of paper that is a nationally recognised certificate. It cuts them out of any upskilling down the track.

At the moment we talk about the funding, we talk about quality. We need to be talking about how it is audited and the quality has to be audited. Unfortunately we have the situation where a lot of profit based RTOs are exactly that. Their first thought, their last thought and every other thought in the middle is how they can get the money as quick and as cheaply as possible. Now, there are some good ones as well. It's not a blanket thing, but it is one of the frustrations I think we all have about knowing a student that comes in and says, "I did this, I've got this certificate II," certificate III, whatever, and they say, "But I can't get a job because I can't do the work. Can you help me?" What can we do? We can't get the funding unless they're upskilling.

DR VEENKER: So do you think that some of the suggestions in the eligibility section of the recommendations would be helpful?

MR BELL: There definitely needs to be some exemptions in there for some things. We talked previously about some of the industries. I use all the time an old example in Warrnambool about - we had a textile industry. There was Fletcher Jones and there was the woollen mill. They're gone, yet there were people that I worked with at Fletcher Jones that had cert IIIs and IVs and diplomas in textiles. The moment they closed, what good were they? But under the current rules, they're not exempt.

DR VEENKER: So some of those recommendations regarding the ageing qualifications - - -

MR BELL: They're extremely important.

DR VEENKER: Whether we have seven years or five years, we can develop that.

MR BELL: But we should also have the overlying industry thing that now all of a sudden, qualifications in X industry are just exempted from the Skills Victoria (indistinct) because the world has changed. In the south-west, it is changing very quickly with the growth, that we hope continues, in turbines and blue gums and gas-fired electricity plants and things like that. The demand for workers has just changed so much in the last three, four years, and could change a hell of a lot more in the next five or 10. We need to be able to react

to it.

MR MacDONALD: I think anything to do with the exemptions and how that's modelled - I mean, this year at a meeting with Joe, the exemptions came out
5 and I said, "How many did we get?" and Joe got a few. We got one exemption allocated to our organisation for 1200 students enrolled.

MR BELL: At least it was fair.

10 MR MacDONALD: It's very difficult to decide who gets the money.

DR VEENKER: That did come up in the report.

MR BELL: But at least it was fair because we got one as well.

15

DR VEENKER: No, that is discussed in the report.

MR MacDONALD: So any modelling that's done on that - - -

20 MS HEALEY: The other thing is the other ACE provider whose cohort of students is largely youth, for whom exemptions are irrelevant and not applicable, and they also had one. They said, "Can I give it to you?" to me, because I had other people, and I said, "I think Skills Victoria would probably say no to that. I'd love to have it but I don't think it's going to work. I can't
25 enrol them through you into the course they want to do because you haven't got it on your - - -"

DR VEENKER: I understand the dilemma.

30 MS HEALEY: Yes, so she was going to have an exemption therefore that she couldn't use and yet there would be other people screaming out to use it, so just allocating it on a blanket basis of per provider doesn't necessarily work - with no consideration as to whether they actually have the capacity to deliver courses for which exemptions might be applicable - is another question again.

35

PROF BURKE: If someone hasn't had a chance and would really like to say something, just remember you can go to the online exercise. You actually have to tick the questionnaire to move on, but you can do that anyway, and there's scope for putting 250 words on every recommendation, but you don't need to
40 do all of them. You can just pick up the particular issues you want to. Again, it doesn't have to be a complete response but if there are things that you'd like to really make sure that we've understood what you're saying or you haven't had a chance to say it, please do so. Actually I was looking down the list; I think we've touched on quite a wide range and the fact that Joe went through
45 every recommendation has at least got every point in front of us. We do

appreciate that, Joe. We weren't complaining at all.

MR PIPER: Sorry, Gerald.

5 PROF BURKE: No - - -

DR VEENKER: You had spoken to your staff.

10 PROF BURKE: As you know, at one of our earlier meetings, it didn't get through that detail, so we appreciate it today.

DR VEENKER: It was an institutional response rather than a personal response.

15 PROF BURKE: So thank you very much. Is there anyone else who would really like to say something before we - - -

MR PIPER: Thanks for the opportunity.

20 PROF BURKE: We really want to thank you for what everybody said today because really, it has been very informative.

25 DR VEENKER: Yes, the range of issues you touched on, I understand those issues and the special challenges you have in Victoria and regional Victoria. I understand the messages that were conveyed to us today and we'll certainly be thinking about the report and how we can respond accordingly when we do make our final recommendations. So thank you for today.

30 **MATTER ADJOURNED AT 2.57 PM**
UNTIL TUESDAY, 25 OCTOBER 2011