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

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DANDENONG

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DAY THREE

Continued from 25/10/11 at Traralgon
DR VEENKER: Good morning, ladies and gentlemen. Gerald Burke and I welcome you to this session. We greatly value the opportunity to have some time with you this morning so that we can get some feedback as to your reactions to the report that has been released recently.

What we would like to do is structure the session this morning in two parts, really. The first part is that we have some colleagues from the ESC here with us, who Gerald will formally introduce, who will provide a brief overview of the report. After that, there will be an opportunity to ask some questions of clarification that you might have as far as that particular report is concerned.

The second part, the part that Gerald and I will be involved in, is the feedback part and what we want to do there is, we have given people the opportunity to present a verbal submission and we have four registrations of that, so people will be able to provide a verbal submission and ask some questions and participate in discussion. We will also be asking you respond to the report, first in a general sense and then, with your indulgence, perhaps try and tease out some themes that we would like to explore a little further.

The status of this consultation, of course, is that it is a public consultation so it is important for us to be able to provide the feedback to the minister and the government, that it is recorded accurately and hence we do ask you to perhaps move to the microphone and state your name when you are asking questions or making comments about the report. It would be helpful for Gerald and I if you also were able to share with us the part of the VET sector that you are particularly interested in.

I noticed, looking at the registration of people who have come here this morning, there is quite a diversity in the room, and that's terrific. We also have friends from Skills Victoria with us as well as ESC, and because of the recent changes that have occurred and have been announced regarding the VET sector on the fees and charges, we have David Clements from Skills Victoria.

Before we move into the formal part of the consultation, we have invited David to just say a few words about those changes - this is quite independent from the feedback and consultation that Gerald and I will be participating in - but you may have some areas that you would like to know a little bit more about and again, David has consented to be with us for the remainder of this session and will be available to answer individual questions after the session as well.

David, we might start now with you and then we will move on. So thank you for that.

MR CLEMENTS: Thank you, Peter. As Peter said, my name is David Clements, from Skills Victoria. I'm assuming that most people in the room
have heard about or are aware of the changes that were announced I think the week before last about changes to VET fees and funding. Is that fair to say?

Without going through those in detail, government announced some changes for seven industry groups to the weighting that applies to the funding rate for those industry groups. They announced some changes to the TAFE differential, which again I think some of you, if not all of you, would be familiar with, that concept that applies to a number of the larger TAFE organisations. They also announced the cessation, if you like, of some special arrangements that surrounded apprenticeship fees, both tuition fees and funding rates for apprentices, that had been in place from the previous government. The other thing that they announced was the removal of minimum and maximum caps, as they applied to student tuition fees.

There are fact sheets on this, I won't go through this in great detail. If anyone doesn't have a fact sheet about it and would like to have one, I am happy to get your details and make sure you get them soon.

Just by way of context, I think it is fair to say that certainly the announcement of these changes occurred prior to the commencement of the public consultations on the ESC's report and certainly Gerald and Peter were very keen, and I think rightly so, that, as Peter said in the introduction, to have somebody from Skills Victoria here to put it in a little bit of context.

I think also quite understandably so, a number of people have said, "How come government is coming out and making changes now when they're on the cusp of this rather large and already publicly-advised consultation process?" Two things I want to say about that.

Government has obviously come out and made a decision on the changes on the basis of a number of things and I think it was announced in the media again and people saw it, but it is largely around the fact that government is investing an enormous amount of money in Vocational Education and Training this year and they envisage for next year as well, certainly far more significant than had been previously anticipated and certainly has been previously expended by other governments.

So government responded in a way that they felt made it possible for them to continue to ensure that the investment in VET was able to continue at the significant level that it has been in previous years, or in recent years.

The other thing is, just to make the observation that I think there's something in the order of 43 recommendations contained in the ESC's report and whilst the announcement that government made certainly tried to make the point that, in general, the changes that have been made are broadly consistent with what the
Essentials Services Commission is recommending and what people will be responding to during the public consultation process, make the very obvious point, I think, that it is by no means a wholesome or a complete response to the very, very wide range of recommendations and findings that the ESC has made, and nor is it a response to the report that Gerald and Peter are going to be putting to government at the end of this consultation process, basically giving government people's feedback on the ESC report and on other matters to do with the fees and funding for the VET sector.

Minister Hall, the Minister for Higher Education and Skills, has recently committed to certainly making sure that the report that Gerald and Peter provide to the government on this consultation process is a public one so that people can have an opportunity to see what government was advised of and obviously in due course government's response to those findings as well.

I think that kind of covers off the main thing that I wanted to make the point of. As Peter said, I'm going to hang around for the end of the session. If people have any particular sort of questions specifically about the changes that were announced a couple of weeks ago, I am more than happy to speak to you at the end of the session, and I think that's probably preferable rather than sort of take time up now on dealing with those things, when we still have a very wide range of matters for Gerald and Peter to hear your views on over the next couple of hours.

But certainly following that, I'm more than happy to be here and talk to people about any points of concern or issues that you might want to raise with me on those already announced changes. Any sort of immediate questions before we hand back to the main speakers? Great, I might speak to you later on.

DR VEENKER: Thanks, David, and the formal part of the consultation commences now. Can I say that if you have a contribution to make, we will welcome it. Gerald and I are keen to hear from everybody, and of course there is also an opportunity for you to make your comments online. So if you leave this session and there are things that you have thought of at a later time and you wish to expand on those, we urge you to put in a written submission to us as well.

Our timetable is that we will be reporting back by the end of November. So if you have thoughts, put them in. There are 43 recommendations, which is a lot, but we hope we can cluster some of those into main themes as well. So I call on my co-chair, Gerald, to introduce the ESC part of the consultation.

PROF BURKE: Just a brief word of introduction. Angelina Garces and Linda Duncan have been part of the team with Dr Ron Ben-David, the head of the Essential Services Commission, in doing this review over the last six months or
so and they have been engaged in the consultations that were involved and the review of the submissions for the development of the framework of the report, so they are hands-on with it and they are available now to present and then to interact with you about it.

That will be the end of their session and it will be then an interaction between Peter and me and you, your views on it. As Peter just said, we do welcome your views because that is what we have to pass on to Minister Hall. The views that you put today will be recorded so we have access to exactly that, if we haven't taken it down on the way.

As Peter said, if you can make an online submission, it also helps to get your exact and more considered thoughts. One of the things that is very important, I think, is opinions are fine, but if you can have your opinion backed up with some actual precise information, preferably verifiable information, about things that you feel strongly about, it is that sort of thing that can, I think, be drawn to the attention of the minister and prove useful. We all have stories to tell, wishes to make and so on, but that would be helpful.

Linda is going to speak to the review of the recommendations, the summary of the recommendations, and Angelina and Linda are going to handle the questions.

MS DUNCAN: Good morning, everyone. As Peter and Gerald said, I'm going to go fairly quickly through a summary of the report's recommendations. I appreciate that it is quite quick, so I hope that you are somewhat familiar with what we have said. But if there are any questions for clarification, Angelina and I are happy to take those at the end.

First of all, for those who aren't familiar with the Essential Services Commission, we are the independent economic regulator in Victoria. Traditionally, we have a role in relation to the energy, gas, water, transport sectors and through our work in those areas, we have developed some expertise in pricing, funding and fee arrangements, and that is how we were asked to be involved in this review and to undertake this review of VET fee and funding arrangements.

As you know, the background to our review: in 2008, or around 2008, there were significant reforms that happened for the VET sector. These were changing from a capped number of places to an uncapped number, based on eligibility criteria, and also increasing the contestability between public and private providers.

These reforms, I guess, started off what we call the VET market and our role was to look at whether the fee and funding arrangements are efficient, given
the context of that market, and whether that market is working well. We were also given the government's objectives in relation to the VET sector and asked to look at it in the context of those objectives.

This review was really fairly short, it started on 4 May and went for five months. During that time, we received a number of submissions, we held two public forums, one in Bendigo and one in Melbourne, and we also visited a number of training providers.

Unusually for the commission, our process often involves the release of a draft and then further submissions before we produce a final report to government. But in this case, we just had time to produce one report that went to government and now essentially the feedback that we would have got from a draft report is now going to Peter and Gerald. So there is still an opportunity to comment.

As economists, and that is what the ESC's background is, as I said, we look at the market and efficiency of that market and for the market in the fee and funding structure to be working efficiently, we should have the price, and that is the price that a training provider is willing to provide training for. What a provider must be paid in order to deliver training should be equal to the amount they receive through the fee and the subsidy.

What we found is that in the VET sector, this condition was not being satisfied at the moment. For the market to work, there needed to be removal of some of the constraints, particularly relating to the fees, greater transparency about training quality and better information, and better information available to students, employers, government and training providers about how the market is operating.

There are 43 recommendations. I will just go through them and try and group them in the main areas that you might be interested in. With regard to eligibility and the Victorian Training Guarantee, it would have been nice if we could recommend that the government should provide training to anybody who wants training, no matter what they want training in and how often they want training. But in the government's context of the budget, that is not a realistic aim and in fact the commission was asked, in our terms of reference, to make our recommendations prudent in the context of the state budget.

So with that in mind, budget constraints will always mean that there are some students who are winners, some who get training and some who don't. Under the previous system, perhaps the winners were those who received one of the limited number of government places and the losers were those who came in too late after they had all been allocated. So now we just have a different group.
When we did our review, we found that there were some areas of the VTG that were perhaps working against the government's objectives and that there could be improvements to better align the objectives and the VTG. For example, we said that students with outdated qualifications, the government may wish to consider a form of subsidy for those students wishing to undertake training at the same level, and we said in our report that after seven years, a student should have access to a partial subsidy to undertake training at the same level and after 15 years, a full subsidy.

Exactly what those years are, whether it is seven, 15, 10, five, I guess is something for you to provide feedback on, but what we felt was important is the principle of a partial subsidy, so somewhere between the full fee and the government subsidised student. It's the principle to us more than the exact number of years.

For the VTG, we said that the VCE and VCAL should not be taken into account when considering whether a student is upskilling or not, that the VCE or VCAL are separate to the VET process, and also that apprentices and trainees should be really considered the same as other students and not be given special treatment.

With regard to eligibility exemptions, this is something we heard quite a bit about when we went around and consulted with training providers and in submissions and we really felt that eligibility exemptions are designed to assist students who cannot afford to pay full fees, basically, who aren't eligible for government subsidised places but can't afford a full fee.

So the issue was about more income and unemployment and we felt that the Commonwealth Government was perhaps in a better position to be able to assess these issues than the State Government and that the State Government should talk to the Commonwealth about whether they may be able to have a role in administering an exemption system that is more targeted to assisting those with income or employment issues.

In the meantime, Skills Victoria, we thought, could provide additional guidance to training providers on what they were trying to achieve with their eligibility exemption process, who exactly they were trying to help. Exemptions should be allocated twice a year, we think, in line with the peak enrolment periods, from what we understand, and that exemption places be based on market share of the training providers in the previous year and that exemptions be allocated based on a value rather than a specific number of places.

We recognise that the cost to a government of a diploma student is likely to be
a lot higher than a cert II or cert III and allocating exemptions based on value will give the providers more flexibility to tailor it to the students.

As I said at the start, there are constraints, we felt, that stopped the market from working efficiently and among these were the minimum and maximum and annual category caps, and we felt these should be removed. However, the maximum hourly tuition fee, we felt, should be retained, particularly where there is insufficient competition. Where there is a lot of competition amongst providers for students and sufficient competition to keep prices down, there could be scope to remove that maximum hourly rate in those areas. But we recognise that in some areas, there will unlikely be ever sufficient competition to keep prices low, and that may be in specific sectors or particular regions.

We thought that it was quite hard for students to be able to understand now at the start or looking on a web site what their tuition fees should be. Partly, this is a result of the minimum and maximum, but also we felt that there could be better disclosure, both of full fee for service tuition fees and tuition fees for government-subsidised students.

The last one there, "Maximum hourly tuition fees should be indexed annually," that means maybe they're indexed by the CPI or by some other index and that they increase automatically each year in line with that index.

With regard to concessions, again as with exemptions, this is really about assisting students who have income issues and that the Commonwealth Government is perhaps in a better place to be able to assess this than the State Government, and that the Commonwealth Government could have a greater responsibility administering these concessions.

In the meantime, we felt that the concession fees should be calculated as a percentage of the maximum hourly rate rather than a set minimum for each course category, and by that we just mean that the concession fee paid by a student would increase or decrease, vary, in line with the number of hours that they enrolled in, the same as a student paying a non-concession rate.

That may be, for example, a concession student has a 50 per cent or a 75 per cent discount on the tuition fee. Exactly what that is, whether it is 50, 75, 10, wasn't for us to determine. What we are putting out there is the principle that this is the way that concessions should be determined, and this is also to help simplify it so students can look and can understand what they might be paying.

Also in relation to concessions, providers should be fully reimbursed for the concession fees that they forego and that concessions perhaps should be reconsidered where there is already access to VET FEE-HELP for students,
and this is because VET FEE-HELP is already a mechanism designed to assist those who do not have high enough income to pay these fees, and so therefore the need for concessions is reduced.

With regard to VET FEE-HELP, we recognise this is a Commonwealth Government scheme, but thought that the State Government could consult with the Commonwealth to improve the flexibility of the scheme and make it more tailored for a VET program rather than higher education, and also that it could be extended to vocational graduate certificate and graduate diplomas and certificate IV qualifications, and if not certificate IV qualifications, then potentially just nominated certificate III or certificate IV qualifications.

With regard to funding, we felt there should be a cost and pricing review undertaken to realign or better align the funding rates and the weightings to the actual costs incurred by training providers. We understand that the current rates are based on historical data and that a cost and pricing review could lead to a better alignment of the costs. As for the fees, the funding rates be indexed annually, that they increase.

With regard to the TAFE and non-TAFE differential, we felt that they should be converged over the next four-year funding agreement. However, in doing that, there is scope to review the governance arrangements and funding arrangements of the publicly-owned providers to determine if they do incur additional costs by virtue of being a publicly owned and, if they do, whether there is scope to fund them separately in relation to those additional costs.

With regard to thin markets - by thin markets we mean where there is not a lot of competition or not a lot of demand - these may be in relation to specific courses or to geographic locations, and really those issues should be dealt with separately to the fee and funding structure. So you have one fee and funding structure and then if there are additional issues with regard to location or specific courses that the government wants to target, then that be done separately to the rest of the system.

With regard to higher needs learners, we did hear that there are additional costs with regard to higher needs learners, but it was difficult for anybody to articulate what those costs are or to quantify and also to define who a higher needs learner student is. We felt that there were quite a few different perceptions of a higher needs learner and that the cost and pricing review we are recommending should look into what the additional costs are and then, if there are higher costs or what they are, be able to fund it more appropriately.

As economists, we might like to think that the market will work perfectly by itself. But if that doesn't happen, then the government may wish to step in to intervene to address what we call market failures, and this may be areas such as...
addressing skills shortages or improving participation by particular student cohorts. If that is the case, that they should be more targeted such as targeted incentive payments to particular students to enrol in particular courses or to enrol in training at all.

The market will not work as efficiently as it could without good information to inform the decision making. We felt that there could be improved information, data could be collected on the training being offered and the training being undertaken, and that is in relation to both subsidised and full fee students. At the moment, there seems to be more data on the subsidised fee, but the extent of the full fee market is not as well known. In fact, it is the two together that produce the skills, so it is important to understand the market as a whole.

Information could be improved in relation to training quality and also with career paths, employment opportunities and skills shortage areas, and that is to help students make informed decisions about where they should undertake training and where they will get the most benefit. Also, information on the Victorian Training Guarantee could be improved so that students fully understand the consequences of their training decisions and what the VTG means for them.

Our final area of recommendations was about independent market oversight, and we felt an independent body should be responsible for monitoring and providing advice on pricing and competition issues to the government. That body would be looking at tuition fees paid by government-subsidised students as well as full fee-paying students, changes in trends in course enrolments and this could be by subject, by region and particular cohorts, and also look at the entry and exit of providers.

That information would just be provided to government to help government make appropriate policy choices with regard to fees, concessions and subsidy levels. It wouldn't be the role of the independent oversight body to be making those policy decisions. That is very brief, so if there are questions.

MS STUCKENSCHMIDT: In relation to recommendation 4.5, which is treating trainees and apprentices consistent with the other VTG, and I can understand that in fees and funding, with regard to eligibility, though, currently apprenticeships are exempt. Is it your intention that particularly adult apprentices would not necessarily qualify under the VTG if they've got a certificate III already? So they're going to now take up an apprenticeship as an adult, but they would not longer be eligible?

MS GARCES: In making that recommendation, it was about the principle around consistency. So I guess we kind of left it open for the government to interpret which way you went. So it was about asking the government really, I
guess, to articulate what its policy was for why apprenticeships were being treated differently.

As a policy decision, if they still think that there is a case for that, then articulate that and make that clear. Our recommendation was around reconsidering whether or not there were strong arguments for whether they should be treated consistently or not.

MR HALL: I've got some points to raise, I am not quite sure whether we wait to the end to raise the points or whether we jump in early.

DR VEENKER: Start now and we can take it up again later, if you want. So you may as well start now.

MR HALL: My name is Anthony Hall, I am an employer. I represent a group of employers, the Victorian Outdoor Providers Network. Currently, there have been cuts in funding for the recreation industry which I believe, having read the reports, has been led by statistics and analysis, particularly from the fitness industry, which has meant that there has been an oversupply of staff, et cetera.

However, from the outdoor recreation industry, we are experiencing extreme shortages of staff. The weighting of funding was 1.1, it's now going to 0.8, and we're going to see a decreased number of people going into these courses. Not only that, Swinburne University cut out their outdoor recreation course at the end of last year, due to financial not viability; Cairns TAFE cut out their course a year or so before that.

We do not have recreation courses in TAFE anywhere above Lithgow in the northern parts of Australia. There are very few providers that are now going into providing outdoor recreation. We are struggling as employers. My company alone puts through 10,000 students a year. The outdoor recreation industry has about $120 million worth of turnover per year, and we are struggling to get staff.

On top of this, the purchasing guide, new training package for recreation, is due next year. The purchasing guide, I believe, is going to decrease hours in the outdoor recreation industry. We are going to get less staff, less qualified staff, and TAFEs and people like that not wanting to put these courses out.

These people are taking students from secondary schools, tertiary institutions, into the outdoors on safety issues, and we're not getting good staff and we're not getting enough staff, with funding cuts. Did the ESC look at a sub-sector in recreation, fitness versus outdoor recreation?

MS GARCES: No. What I should say is, and I can't comment on the changes
that were made to funding rates by the government recently, our report did not recommend specific changes to funding rates, which is why I say no, we didn't actually look at the actual costs of delivering different courses or whether the weightings themselves are appropriate.

What we did say was that those weightings have been in place for a long time, they were based on historic cost data that was basically TAFE-based, it didn't really take into account other providers, and what we recommended was that there needed to be a price and cost review that would allow government to then review those weightings and come to a view about whether they were appropriate or not. I mean, that is what our report said, so I can't really comment on the recent changes.

MR HALL: Can we make a recommendation that we look at subsectors within particular industries?

PROF BURKE: That is something for us and it is also something to take up with David.

MR HALL: I certainly will.

PROF BURKE: But I think you raise that with us.

MS GARCES: I guess it's probably also worth noting that part of the framework that we were thinking about, if there were issues around not being able to get enough students into particular courses and stuff, that is where that targeted assistance that Linda was talking about might come in.

The other point I might make: in terms of those weightings, they are quite broad, I mean the industry categories are quite broad, and within any particular weighting you're probably going to have some courses that are getting a weighting that is over the odds and some that are under, because those categories are really broad and they do cover a wide number of courses.

MR HALL: Yes. Likewise, when we are looking at employees, et cetera, we fall under recreation as such and one of the companies in the Victorian Outdoor Providers Network gets around about 10 to 15 per cent of their staff from overseas, because we simply do not have enough staff. So within the census, et cetera, there is no category that says Outdoor Recreation. So we certainly struggle not getting noticed within those categories. If we can address the subcategories, then we can be noticed a little bit more and those staffing shortages will be seen.

PROF BURKE: We have had heard that, too. We have noted that, too. More people have arranged to make submissions before we have the general
discussion.

MS SHELDON: I'm Elena Sheldon and I'm the manager of the Springvale Learning and Activity Centre. We are a local organisation that previously used to be known as ACE providers or Adult Community Education Providers. We did put in a written submission for the commission and I read the report and there are some recommendations there that are very positive for us, but there's a couple of things that I wanted to raise on behalf of our organisation and probably to some extent on behalf of the adult community education sector and particularly providers in the City of Greater Dandenong.

One of the questions, probably, before I start is about the seven to 15 years time for our date of qualifications and that is more of a question and whether I was confused by what the ladies were saying, whether it is a confirmed figure or whether there will be still discussions about how old the qualifications might be before they lapse.

DR VEENKER: It is a matter of principle at this stage.

MS SHELDON: So they will be further on?

DR VEENKER: Yes, further discussion.

MS SHELDON: Further discussions about it.

PROF BURKE: We will report your views on the need for changes in that area, but of course what happens is up to the minister and the government.

MS SHELDON: On behalf of the sector, what we see usually, the adult community education sector is usually seen as a stepdaughter of the government. As we see, there's quite a bit of work being done for the private second, for the TAFE and publicly-owned sector. The adult community education provider takes very little market share. Mind you, though, over 90 per cent of the market share is made of hard to reach, difficult, whatever you wish to qualify, learners.

With regards to the City of Greater Dandenong, where 56 per cent of the population were born overseas, and there are some other statistics, the eligibility criteria of prior qualification that people carry from overseas creates an immense barrier and it is not only to further training and employment, it's over all participation rates, when people come to us from Bangladesh or whichever country you wish to choose with degrees in something that is completely non-applicable. That is something that is lacking in all these reports, but the issue of overseas qualifications is quite burning, particularly in adult education.
Another issue is about exemptions, being allocated a market share, that's going back to my previous point, having the sector, adult community education, with very little market share but all of that share is made of difficult and probably people who would otherwise qualify for an exemption (indistinct) only one that is hard to achieve.

This report recognises that the review should be undertaken for TAFE and CAE and publicly-owned providers to identify the additional costs of them being public providers. There is as much additional costs in being a community owned and run training provider - I'm not going into numbers - but I think maybe the commission would like to consider to include community-owned providers in that review to see what sort of additional costs may be involved.

PROF BURKE: Thank you very much. That's on record. You are making a particular point about the ACE providers and I think that is worthwhile, the sort of thing that we encourage everybody to do, to actually give the fine detail of the problem. As I said, if it's a specific comment, specific information, the more it would carry weight when we are able to report it. Peter, do you want to open up the discussion.

DR VEENKER: Perhaps people might like to give an initial response to the two volumes. There are 43 recommendations there. You can comment on the individual recommendations later on, if you like, or perhaps now. If you have an initial response, that would be good, and then perhaps we will tease out some of the areas that were picked up earlier with that presentation or areas that perhaps Gerald and I would welcome your feedback on.

Are there any general comments about the report, the thrust of the report, the overall ideas that are expressed in it? We're happy to hear about that now. Perhaps we could pick that up as a summary then about the overall report.

What about some themes, like the eligibility question that was raised in the report and it was alluded to in the earlier presentation, how do you feel about some of those recommendations, both positive and negative, because what Gerald and I would really like to get a feel for is what do you think are good ideas, what are the things you might have some reservations about, some feeling about timelines, what are your particular priorities in terms of some of these directions that are being flagged? That's the sort of feedback that we are particularly interested in.

MS HUGGINS: Anne Huggins, from GippsTAFE. The issue of eligibility has had an extreme effect in our local TAFE area. We go from Chadstone through to Traralgon. Eligibility, for example, for vertical streaming might be
all very well, but if a government is wishing to ensure that we have an efficient and economic environment that encourages cross-skilling, we have had lots of examples where students may want to change from one industry to another. For example, someone might have a diploma in children's services and they may find the physical work of children's services is beyond them and they will move into administration and they might have to start off with a low-level qual, they are finding that really difficult to change from a diploma in children's services down to, say, a cert III in bus admin.

In the nursing game, for example, they might already have a BA and they may come to the nursing profession, yet they then have to find the eligibility, they then have to find say $5000 to have that funded. They may well be eligible for a VET FEE-HELP, but certainly not at the cert IV below level down.

So eligibility has really had a major impact on, I think, the government's agenda of trying to skill, it's like a vertical skilling, across sector areas, and I think it has to be reviewed.

DR VEENKER: Thank you.

PROF BURKE: Again, if you can provide us with some specific examples of that.

MS HUGGINS: Thank you for that. I think that's a story. I don't have the stats at hand to be able to say how that has affected us.

PROF BURKE: If people at GippsTAFE can do that, that is very helpful.

MS HUGGINS: We will have a look, perhaps. I will have to take that back to our management area.

DR VEENKER: Any other comments about this area? Is there general agreement that the sort of comments that we have just heard is the experience that you're having or you are endorsing that? Our thanks for that.

PROF BURKE: I presume people support the idea of VCE and VCAL. I haven't heard any opposition to VCE and VCAL not counting. I'm sort of putting a leading question there in a sense, but what about the seven and 14 years or the principle?

MS HUGGINS: Me, I have a degree, et cetera, from many years ago that would (indistinct) from wanting to change. But I certainly think we need some sort of guidance in relation to whether it is 10 years, seven years or whatever it is, but that principle really has to be looked at. Because if I wanted to change from the teaching profession or my original degree in business, if I then wanted
to go over to management and do a diploma of management, I don't meet the eligibility criteria.

PROF BURKE: I am just being provocative now. What if they said, "But you have had your degree and you have a very good income and therefore you can afford to pay fees for your VET course"?

MS HUGGINS: I'm not commenting.

MS BROWN: I was thinking about that. I'm Kirsty Brown. Both on the eligibility and on the exemptions, I have actually got a case study where we had a person who has a degree and she was unable for medical reasons to continue in that profession, but she was then ineligible to come back and do a cert III, except we used our one exemption for the year to actually get her through, and I think that's the sort of thing.

As you were saying in the Greater Dandenong area, the eligibility and especially with overseas qualifications, I know it's also worked back on whether they have had it mapped and whether it is going to be viable in Australia, is certainly one of the things that we look at now, but I think that's a huge thing.

PROF BURKE: The reason for being provocative about that is that we do know the government's budget is not unlimited and indeed the context is the government at the moment, I don't think, is in a position to remove all the eligibility restrictions. So it is a question of which, why, what's the reason for supporting. So the more that you can put concrete support behind a view, the better.

MS BROWN: Yes. One of the other things I'm thinking is that even if we do have degree, if we haven't worked in that area for a certain number of time, would we actually be able to get a job without qualifications? So that actually changes things. I think some sort of time span is actually a very good and positive step.

MR STAAF: Good morning, everyone, I'm Mark Staaf, I'm from the Australian Nursing Federation and I'm also a member of the Community Services and Health Industry Training Board and I also sit on the Victorian Trades Hall Council VET committee. These issues that people have been speaking about this morning, I support.

Just in relation to recency and eligibility around how long people should hold a qualification for, and there's certainly nuances in this around health, there are recency of practice issues around health and where things fit in training packages around the cert IV diploma, advanced diploma level for nursing, and
to some extent the lower level cert III qualifications in aged care and some of the health assistant roles.

If you haven't practised nursing especially within five years, your qualification is deemed lapsed and you have to upskill. But if you have remained in practice that whole time, your qualification is deemed still relevant. So I think those sort of principles should apply across VET widely, and especially people that have completed apprenticeships and other sorts of training programs, traineeships and certificate I through to VI.

If they have been working in their area that is relevant to their skill-set, that qualification should be deemed current because they are actively engaged in their sector and through continuous work roles, they maintain their competency to practise because the employer usually requires them to upskill when things change around programs or technology changes, the employer often requires those people to upskill so they are competent, so the employer can tick off that those people are competent. I think that is one area that already ticks that one off.

In relation to funding and the qualification levels, in relation to who gets criteria from the funding perspective and where you set people at 0.8 to 1.2, I noticed that community services are set at 0.8 and all of the people that I engage in within the community services sector around child care, aged care and community care roles indicate to me through all the demographic surveys I have looked at and what Skills Australia talk about is that that is an area for growth into the future and that it's an area where they are saying there is going to be a skills need and all the demographers say there is going to be more need for people in aged care and community services, so it surprises me it is pitched so low.

One of other things in the community services sector, especially the aged care sector at the cert III level, is the programs that industry has with some RTOs and training providers that tend to want to tick and flick people through programs without delivering its content and think that people can come out after four weeks of training with a qualification. It just astounds me they are being fully funded for it and those students, on graduation, are utterly useless to the sector. So that all needs to be taken into account, in our opinion, in this review.

PROF BURKE: When you say that about those people being "utterly useless"?

MR STAAF: They are not work ready at the end of their sign-off.

PROF BURKE: All I'm just saying is that we have had that sort of comment
before, but it needs to get beyond anecdote, it needs to be documented.

MR STAAF: I think if this commission had a look at what the Productivity Commission had to say around the review of the aged care sector, it is well and truly documented by the Productivity Commission that it's inadequate and the documentation and evidence has been presented to them and it's on the public record that it is not right.

DR VEENKER: Mark, thank you for that overview of your particular industry. Just picking up a couple of those threads: am I reading too much into one of your statements where you talked about the level of weighting? So would you be supporting a funding and weighting review, as was recommended by the ESC?

MR STAAF: As a part in the recommendation to put community services at only 0.8, and this also supports Anthony's comments around recreation.

DR VEENKER: The categories, yes.

MR STAAF: Those categories, I think, need a bit more investigation and perhaps some follow-up with those industries to actually see if it is right. Some of them might be right, but I just think on first glance - and today is the first time I have had an in-depth look at the report, I must say, I hadn't seen it before - it was surprising that it was there.

DR VEENKER: The other point you touched on was a quality-related issue.

MR STAAF: Absolutely.

DR VEENKER: About outputs, and I see people nodding about that. Do you want to explore that a bit further?

MR STAAF: I sit on some other committees with the Department of Education and Early Childhood Development around some of those programs for child care workers and also it comes back to the Community Services and Health Training Board responsibilities, where we talk about this stuff, and some of the outcomes for students in those courses are concerning to the industry when they get there. I will call it practice ready, but I don't think they are work ready, however you want to say it.

They have come through a training program and the way the training packages are set up, a student has to be competent in an element or a unit of competence and then they get a pass or fail, so they are either competent or not yet competent in those units. A number of people report anecdotally that those units aren't always delivered, and there needs to be some work done around
how they are priced and how much time should be allocated when they are
being taught.

I am always surprised, because I am often asked to sit on Industry Skills
5 Council reviews of training packages, and people (indistinct) qualifications or
new units of competence to fit into a skills set or a training package
qualification, but they don't give consideration - and this is what I always say at
those review times - someone has to teach this. How is it going to be taught
and what are you asking the student to have as an outcome, because they have
to be assessed on that?

So some work needs to be at the TPACK level to make sure they are packaged
properly so they can actually be taught properly. People in this room are part
of those people that actually have to go and teach it. All those things, I think,
are really important and it's sort of not part of your brief - - -

DR VEEKNER: But we can report on it in a general sense.

MR STAAF: I think in a general sense all of those things need to be taken
into consideration because you can't set the benchmark higher than can be
achieved, and of course you're not going to have a quality outcome if it can't be
taught. So it all comes back to how it is packaged and what on earth is in the
qualification, and that's about engaging with industry so industry can tell the
education sector what we need in our training to have the workers we want that
are work ready when we get there, and I don't think the dialogue between
industry and the education sector is as robust as it should be so those
mechanisms work.

MR CURTIS: We feel as though, and we have heard from industry and stuff
like that, that there needs to be more funding allocated to auditors and perhaps
Skills Vic have cut back on the budget or the allocation for the funding of both
public and private training organisations. With audits being undertaken, I think
there needs to be more industry specific people undertaking the audits rather
than just processes and looking at how things get conducted.

DR VEEKNER: So you're Luke?


DR VEEKNER: Luke, are you commenting there about in particular the
quality audit process?

MR CURTIS: I'm commenting on the actual auditing processes of training
organisations, both public and private.
PROF BURKE: Can you tell us about your field of industry?

MR CURTIS: We mainly do building construction.

DR VEENKER: What about the comment that was made earlier about there could be some improvement in the dialogue between industry and the providers and the VET system, for that matter? Do you want to comment on that?

MR CURTIS: I just think the more you can get industry (indistinct) with the delivery and the following up and seeing what's happening, I think we'll get better Q&A across the whole board.

MR BOWDEN: My name is Terrance Bowden, I'm an independent operator in VET. I have worked with industry training boards, I have also worked with Skills Victoria, so I just put that on the table.

In terms of eligibility, and I think it is a recommendation in the report as well, there needs to be better market information to individuals in the community, and that's sort of referring to your point earlier, that the policy of upskilling and the eligibility for government-funded training based on upskilling means that the individual choosing to enrol in a particular course at a particular level, they need to be aware of what the effect of that is.

In other words, there is an opportunity lost perhaps in a decision to do a particular level of program, and I think the market information to make the market operate as well as it can, there's a great need to inform individuals in the community to have a more active role in choosing what training they do and where they do it at. That would be just my comment.

I think this is a very complex arena and the government came out with a program with a very simple message to the community, which was, "If you're upskilling, you are eligible for a government-funded place," and I think that worked, that's a good, simple message. It gets very complicated the more eligibility tries to be refined and then defined for a particular market sector or a particular industry or particular cohort of people, it becomes less of a market-driven thing.

I just emphasise that the amount of information that needs to be out there in the marketplace so that individuals making a choice to do a particular program at a particular provider are fully aware of the implications of their decision.

DR VEENKER: Is it fair to say that the comment there is about making the choice about what course you do so the information upfront, but also the effects that it might have as far as the VTG is concerned?
MR BOWDEN: That's right.

DR VEENKER: Is that really what you are targeting?

MR BOWDEN: Yes, in terms of their eligibility for future choices, they may like to know.

PROF BURKE: We can take that also in more general terms as supporting the recommendations on much more provision of information and much more information about the quality of providers.

MR BOWDEN: That's right, in terms of information about outcomes of providers, not in terms of a comment, but in actual terms of what providers are getting, what outcomes and employment outcomes, et cetera.

PROF BURKE: You're a private RTO?

MR BOWDEN: I'm a consultant.

PROF BURKE: I was going to say because some RTOs are hesitant about the extra detail about extra information such as student engagement or employer engagement, without greater information about the context in which they are making the provision. So, yes, they're in favour of extra information, but they want to be sure it is not information that is going to be misused. I don't know whether that is an issue that has come up with you or the people you consult with?

MR BOWDEN: No.

DR VEENKER: Any other comments about the report's suggestion about greater transparency, overall greater transparency? Is that generally endorsed? I suppose the other feeling that I get, talking to some people before the meeting, was greater transparency, fine, but you do want consultation about how that might happen. Is that a fair assessment, too, in terms of what information is out there or what is useful to students, prospective students, and what is useful to the industry as a whole?

The other comment that was made about higher needs learners, and you referred to that before and it's terrific that we did hear a little bit about that this morning, what is your reaction to that in terms of definitional issues and some of the cost imposts that might be associated with delivery for that particular cohort or student, any comments about that? I thought you touched on that earlier in your verbal submission, but can we explore that a bit more in terms of what you're thinking is.
MS SHELDON: That is in our written submission and we didn't tick it so it should be available on the web site. There's a story that I've got to tell. We have started with one particular community group of African background, I'm not going into the details. We got engaged with about eight women of that particular background and we were looking at their learning needs - not that at higher level, just generally. None of them could fill in an enrolment form without help, none of them had any idea what employability skills might be. They all had certificate III in children's services and about five of them currently are doing diplomas, and they come to us with their homework and they haven't got a clue what it's all about. Nevertheless, they still do it and they complete.

We used to call them in our world, in a bit of a cynical manner, productivity places victims, and there are still these people around. People of culturally and linguistically diverse backgrounds who are not fantastically confident and who are not going to work through the abundance of information how a market might work, they may still not be able to make sense of it, they are going to take on an opportunity that is marketed in the shopping centre or in any other way and they're going to lose in the long term.

In terms of the cost implications, at the moment the system works that the weighting is determined by how expensive or not expensive it is to deliver in those areas. I sort of support the comment made by Mark from the Nursing Federation earlier, how come community services measures 0.8? But that's okay. It doesn't take into account how much it costs particular students.

If you look at the students who are looking for vocational outcomes and have major literacy issues, whether English first language or whether it's just an Australian-born person with some literacy issues, what is the cost of delivery of a vocational outcome for that particular learner and who the provider is and whether that provider can enrol into courses and what's the cost of that enterprise.

The outcome can only be achieved in a small group and how to make it economically viable for a provider working in a small group effectively training in two or three different courses to deliver one vocational outcome, that is not taken into account. There has been some work done by - I'm sort of not prepared to this extent - but it is called National Council for Equity in VET, there has been some work done about hard-to-reach learners and cost implications and there has been some pilot funding put out there.

From my experience working over 10 years with culturally and linguistically diverse people and for the last three years delivering training, pilots are not going to help. It is going to be a consistent funding model that is not going to put pressure on the provider to deliver brilliant outcome for a pilot and then
going back to the old pressures of working with hard-to-reach learners.

So I think to summarise all of that: it is not only the cost of delivering particular areas, it is the cost of learners as well. It has been talked about for a number of years and it's very difficult to achieve any definition of hard-to-reach learners, because each provider or group of providers in different areas will have their own issues, like us, for example, in the City of Greater Dandenong. But it has to be somehow worked on and that's probably one of the disappointing things, that there's no concrete thing for us again in this report. So I go back to my colleagues now and say, "This is what we're going to do."

Another issue is about workplace literacy and how lower level qualifications - and I am talking certs 1 to - not so much 1, but maybe II, III, which effectively are workplace literacy qualifications - when we talk to industries and someone has got a cert II or cert III, no employer is expecting these people to come and be able to do the job; what they are expecting is for them to be able to understand and communicate and work out their way and maybe go and train higher.

That's probably well beyond your brief, but that is not touched in the system, so there's literacy and there is vocational, so they sit separately. There has been a report by industry business councils, No More Excuses, if you just Google, you'll find it, it has been published not so long ago, where a lot of business councils commented on particular literacy issues in their particular industries, which now becomes a bit of - like when I read it from the side, it feels like it's going to be an epidemic, and when you look at these eight women all qualified, never are going to be able to get jobs, but they have all passed their diplomas.

DR VEENKER: Thank you for sharing that with us.

MR SIMMONS: Andrew Simmons, from South East LLEN. First of all going back to what Mark was saying before, we as a LLEN can probably tell you who some of the tick and flicks are. It is not something that we would ever publish, it's not for us to accredit people, but we get phone calls on a regular basis asking us to go and promote their courses to schools and those sorts of things, which we just blanket say no to everybody.

As far as talking about people who have got these quals that can't then work in an industry, there is a teacher at one of the local AIMS providers here and she has tracked about 200 of her ex-students who have gone through, so all cold refugee backgrounds or refugee-like. Out of 200 of them, they have all gone on to do diploma or VET cert III, cert IVs, and for of them are working within the industry of study.
So there's certainly some informal studies that are there, but some funding for longitudinal study into that sort of stuff would be something that I think is certainly needed. One of the other things that we're looking at at the moment is we know that there's two main factors that people will be looking at when they are looking at a course option, and that's the price and the duration of study, and by removing a minimum requirement of fees is actually going to make that differentiation even greater with students going into tick and flick schools. So that's something that we need to be aware of.

PROF BURKE: Do you want to say a little bit more? You're opposing or you are not in favour of removing the minimum fee?

MR SIMMONS: Correct. Personal opinion, not the LLEN's opinion, but yes.

MR STAAF: Just to make a bit more comment about the higher needs learner. I have been involved with the Victorian Trades Hall Council, their committee in a program that they were running on marginalised people, and that program looked at trying to get people that had been in trouble with the law or had been in youth detention, were probably on the workforce scrapheap, I suppose, and getting them engaged in apprenticeships and training. The amount of time and effort it took to get those people over the line - they all got there, they were supported, but the problem they had was trying to find people that met the criteria of higher needs to get into programs. So that's one sort of aspect that I think worked well with those marginalised people.

The other one I can talk about with some expertise is health, and especially in relation to people that work in residential aged care or community aged care or community care for that matter at the certificate III level and have opportunity to upskill to a nursing qualification at the cert IV level at this time, but from 2012 cert IV will not be available in nursing, it will all be diploma.

There was some Commonwealth funding available for employers to convert their cert III workers into enrolled nurses and that was all very good and people had to go through a VET assess process around numeracy and literacy, and at that point it's demonstrated that those people are higher needs learners because they don't have numeracy and literacy skills, which to some extent has prompted the Community Services and Health Industry Skills Council to go on and they are currently formulating a foundation skills training package and that should be available by mid-2012, there's work being done on that now.

So they are suggesting that people that want to go into health and community services work, if they're from a disadvantaged background, would need to complete what is called a foundation skills training program first to give them the prerequisite to be able to do anything in Health and Community Services,
which is probably well and truly needed. So that's being addressed at that level.

Certainly in relation to the nursing requirement for people to swap across from a cert III to a cert IV and deal with the higher needs around numeracy and literacy, the regulatory authority, the Australian Health Practitioners Regulation Agency that register nurses at the end of their training qualification, require that anyone who comes from a non-English speaking background or internationally meets an academic IOLT of 7 to be able to register and therein becomes another high level of need because the RTO, to pay for each occasion provider that has got them across the line to meet, VET assess, the numeracy and literacy, are then compounded with the IOLT level and those students have to pay up to $3000 to meet their IOLT, and they have to be efficient in four levels of the assessment in one sitting. Therein lies the problem, most people can't get a 7, and for all the effort and time, they still can't reach register and work in the sector.

PROF BURKE: They can get certificate IIIs without registering?

MR STAAF: You can get a certificate III without that requirement, but this is about the upskill and the higher needs. I just wanted to give you one example of where it becomes problematic.

PROF BURKE: Peter, fees have been mentioned before, the removal of the minimum fee, there's a maximum fee, hourly fee still retained. Would anyone like to make any further comment in relation to that?

MS FANTASIA: Louise, from Haley College, just a small private RTO. I have found that using the nominal hour dollars to calculate the fees and charges is just so confusing, not only I think for the RTOs themselves but also for the students. I do agree you have a minimum and maximum, but as I have noticed, everybody is going to be starting to undercut each other and everybody is just doing everything at the minimum rates.

For instance, everybody is advertising their diploma levels at 375 and that's like okay, "Who really gets a diploma at $375 and it's quality training?" But I think using the hourly rate, you are recommending that it stays in, that is correct?

DR VEENKER: We are not recommending anything. We are listening to you, your reaction to the recommendations, and we will be passing that on. You have registered reservations with us, so I have noted that.

MS FANTASIA: Yes, I just think it's confusing.
DR VEENKER: No, that's good.

PROF BURKE: It's confusing, but you are also, I think, suggesting them.

MS FANTASIA: The minimum and maximum?

PROF BURKE: Yes, you're making a comment about them as well.

MS FANTASIA: Yes. I don't know what the answer is.

PROF BURKE: But you're talking about the consequences.

MS FANTASIA: Yes. I just think that it's going to be everybody undercutting everybody else and are you really getting quality training.

PROF BURKE: You are from a private provider?

MS FANTASIA: Private RTO, Haley College.

PROF BURKE: What do you deliver, what sort of courses?

MS FANTASIA: I was going to talk to Mark a bit later, but aged care, business, HAC and hospitality. It's not a large scope, but it is enough as it is. I just thought even back in 2009-2010, when they had the hourly rates and then you had to determine what the hours were for the program, then multiply it by whatever the hourly rate was, it was just confusing, I thought.

DR VEENKER: Thank you for that.

MR BOWDEN: I'm not sure if the point was made, something happened that was unexpected when the fees were introduced, a minimum and maximum, and there were a number of RTOs who used the practice of discounting or reimbursing a fee to students, in other words, charging zero fee, to capture market share. I don't know that that was anticipated when that was brought in, and I think that's the comment, I wanted to reiterate what you're saying.

Again, where the individual makes a choice in this business and they choose, I think the notion when the VTG came in was that government was going to support up to 70 per cent, or whatever the nominal fee was, and then there would be a contribution from the individual who is benefitting from this in the long term and they will make a contribution as well.

DR VEENKER: That's right.

MR BOWDEN: So I would argue that there really should be student fees, that
would be my point.

PROF BURKE: You argue there should be?

MR BOWDEN: Yes.

PROF BURKE: And you're in favour of - - -

MR BOWDEN: Less the individual's contribution.

PROF BURKE: - - - you're in favour of retaining a minimum?

MR BOWDEN: I would be, yes.

DR VEENKER: Thanks for clarifying the other point, too. Any comments at all about the recommendation referring to closing the gap between TAFEs and non-TAFEs? Any comments about that? Are you supportive of that type of principle? I see some nodding. You're supporting that?

PROF BURKE: Anybody from a TAFE who supports that? That is the distinction, isn't it, where you're coming from.

MR CURTIS: Our rate has been the same for 10 years.

MR STAAF: Could I just make a comment again about that. This is from an industry board perspective where this issue has been talked about, and I think I can talk about it from that perspective. I understand that there are differences within TAFEs and there's concern within TAFEs that they require higher funding because they provide other services as opposed to RTOs, and also there's concern around the requirement for them to pay industry wages, if you like, and they are set by the AEU and other unions within that sector that have a higher demand on it and they also have lively support services and other needs and they say that they take more to operate.

I think the reports that I have seen, there's only about two TAFEs in the state that actually can make money out of the fees and out of the 18, two seem to be profitable and 16 don't. So clearly it is not right as it is, but it's the only comment I'll make.

PROF BURKE: Just while we are on fees, the concession arrangements. At the moment, or up until this year, if you do a foundation course, the minimum fee is $50 and that's for the whole course and if you're a concession student, you get that for $50. Now, that $50 has been maintained under the new system, it is like 185, I think, for a traineeship, and so on, I haven't got the exact figures. There's details in volume 2 on this.
The recommendation in the report is that in future, concession fees should not be a set fee, they should be made a percentage of the whole course fee. They give an illustration in volume 2, it's page 89, if the fees were set at 50 per cent. As I was saying earlier, the concession was set at 50 per cent, but they said it could be 70, could be 80.

The principle that the concession not be a set fee but be a percentage of the hours that you have taken by the rate per hour, anyone like to comment on that change in principle, without knowing what it would be? But it would certainly mean that some people would pay a very low fee if they do a small number of hours; people who did a high number of hours could have a large amount to pay.

MS SHELDON: I'm not sure whether it's good or bad. It sounds like a good idea and it does make sense that the concession is a percentage of something. The difficulty for me to have a personal opinion whether it's good or bad is that, okay, we will be calculating our concessions based on hours, we will have some formulas, da da da da.

So at the moment, my hard-to-reach disadvantaged learners are concession holders or otherwise in a financial hardship situation. They know that the course is $50 and they may know it's $50 and they go and choose between the providers and they choose on a number of different criteria they have in their lives.

If it's more market pressures on the student to make decisions where the cost is involved, not necessarily the decision is going to be made within their best interests for the vocational and employment outcome in the long term. That's probably where I am not sure whether it's good or bad.

MS FANTASIA: Could I just ask, how did you come about the percentage that have you put in here?

PROF BURKE: We didn't. That is the Essential Services Commission, we're not them. We are just getting your feedback on their report.

DR VEENKER: We want to know whether you think it's a good idea or it's worth exploring.

PROF BURKE: We don't necessarily subscribe to a for or against any of them, that's not our job; our job is to hear your feedback.

MS SHELDON: So they determined a percentage that they thought - - -
DR VEENKER: They suggested that.

PROF BURKE: They suggested that, but they haven't said what it should be.

5 MS SHELDON: I thought they had.

PROF BURKE: No, that's an example. They are suggesting a principle, that the concession fee should be a percentage of the total fee that is charged for regular students.

10 MS SHELDON: So under Skills Vic, they actually stipulate who the concession fees apply to under whatever card is applicable?

PROF BURKE: Yes. For example, if you've got a health card, you're eligible for all these conditions, a Commonwealth Health Card.

15 MS SHELDON: So that is exactly what this is directed to?

PROF BURKE: Yes.

20 MS SHELDON: With JSAs, for instance, if you've got somebody who is unemployed, at the moment the JSAs are paying for that student to do the course, my understanding is sometimes they end up not paying anything for the course based on what the RTOs agreed to, even though the student has a concession card. So I just wondered how that goes with things.

DR VEENKER: I don't know that answer. I will note that, though.

MS SHELDON: Has anybody else experienced that?

30 MS FANTASIA: On the Skills Vic web site there is like a process, it's all described (indistinct).

MS SHELDON: I understand that.

35 MS STUCKENSCHMIDT: You're talking about the negotiation between - - -

MS SHELDON: The JSAs.

40 MS STUCKENSCHMIDT: And the RTOs and that fee in order to (indistinct)

MS SHELDON: Correct, that's what I was talking about.

45 DR VEENKER: There was a recommendation there about an independent body in the longer term to look at the market situation and whether to declare a
market or not and also to look at benchmark pricing, pricing being defined as per the report. Any comments about that, the need for that? Do you see it as a good idea?

5 MS STUCKENSCHMIDT: I was going to say, it's a bit hard to know until you see their recommendations. But if they are not going to look at differentiation of delivery models, so whether it's online or on campus or alike, it's going to be very hard and particularly at this point in time with the opening up and tripling and quadrupling of RTOs in the market, which I suppose is driving, as a journalist said, it's a race to the bottom, which isn't necessarily reflective of the costs incurred, but more a fact of other people obviously trying to get market share and then hoping that they can increase it and then presumably over time increase it again.

10 So I think it is a bit hard to know, without really knowing what they're going to be looking at. If they are just looking at what are RTOs charging out there in the marketplace, it is not necessarily reflective of what the cost is or what burden is on there. I think unless we've got more knowledge around what requirements that body is specifically addressing, it's a bit hard to comment on. It could be good but it could also be something that is just more reflective of a market share at that particular point in time because competition has been opened up.

15 PROF BURKE: Could I just add that Ron Ben-David, the head of the Essential Services Commission, when he had presented the early ones we had, he did put his recommendation about transparency on quality and quality issues as something that had to be proceeded with, whether any of the other recommendations weren't carried forward. He said from the feedback that he had been getting that he accepted the view that that was essential, that there be improvements in that regard.

20 DR VEENKER: Are there any other comments or are we pretty much done? Do you want to comment some more about the outdoor area? I know you were very extensive, I got notes about that, but I thought you might have wanted to just follow up outdoor education, the category.

25 MR HALL: Yes, definitely. Certainly the quality and people talking about tick and flick TAFEs, et cetera, that they do occur and certainly in the health industry, as with the outdoor recreation industry, quality is absolutely essential. They're looking at, or our industry looks at, cert IV as a base rate to take a group of students into the outdoors unassisted for several days, which is what we do. We would like to have that up to a diploma level. We can't get enough diploma level people out there to work.

30 So even at cert IV, we're getting people coming out of TAFEs who are
underdone and we have a huge amount of responsibility, with a group of 20 students to one person to take them into the outdoors. So they are given an enormous amount of responsibility and we are finding that - as an employer, I take on some responsibility of having to do extra training, no doubt. Once they come in, they have to know our procedures, et cetera, and so we do extra training. However, there are basics which some students are not coming out of TAFEs with.

As I said with the outdoor recreation industry, the new guide coming out soon and they are looking at decreasing hours, is going to exacerbate any problems. Certainly I agree that quality is going to be a major issue for everyone, and ourselves included.

MR BOWDEN: Just to comment on the setting up of an independent body, I would really strongly support that and I think it is specifically looking at the prices, it's not about what sort of training delivery gets funded or what doesn't. But if it's looking at the market operation, and I think Victoria is the initial market in Australia for doing this VET market competition or competitive VET market, I think it's a good idea to set up an independent body, independent of the public administrators who are there to process the system.

There are a lot of lobby groups and a lot of industry and already a lot of advisory and consultation arrangements to put pressure on the administrators to look after one particular sector or not. So I just really strongly support it as a market pricing mechanism.

DR VEENKER: As a longer term structural change in the system?

MR BOWDEN: Absolutely, yes, I think to set up a competitive marketplace. The other thing is that the pricing mechanism is not understood how it comes to be 0.8 and 1.2 and 1.1, there's lots of historical reasons for that and even in Victoria, it has a unique categorisation of industries, it's not a national categorisation. So there's a lot of evolution that has led to it being the way it is now and I think to have an independent voice look at that from an economic market point of view, not from a training point of view or anything else, I think that would be a very good thing.

PROF BURKE: Just another couple of things which you may not want to talk about at all. Funding in arrears, has that created problems? I know it has with some people. Do you want to make any comment on it or put an online comment or something in relation to that?

The other thing is I don't think everybody has noticed but they do recommend annual indexation of both fees and government funding. That is something that the universities have managed to get from the Commonwealth at a pretty well
full funding rate, with a bit of discount for productivity. It adds certainty to your annual funding if indexation is built in and so I think it passes by because they don't say much about it and they mainly emphasise the productivity. They are talking about annual indexation and I don't know whether there's any comment about that. It might be something that you have a think about, on further reflection.

If you are making a submission, which would be good because the more that you can document the issues that you have raised, the more effective it can be for being used in a report, that would be good. If you are doing that and it relates to a particular recommendation, if you haven't done so, do look at volume 2, which has got more detail in support of each recommendation. There is a broad discussion in volume 1 plus the list of recommendations, but the actual supporting argument for each recommendation is in volume 2. So if there is a particular one that is of concern to you, do look at their detailed reasons for arriving at that conclusion.

DR VEENKER: Can I say a big thank you to everyone. Gerald and I recognise that you are very busy people and we have welcomed the feedback and the messages that we have heard this morning. We have got our notes and of course our transcript, so we'll be working through those.

It was nice to hear the particular cohorts of students that you service in Greater Dandenong and in this area, it was nice to hear from different parts of the VET sector, to hear some of the special industry groups and some of the suggestions that flowed from that, we found that of great value.

Also picking up your reaction to some of the themes that came out of the report really will guide us in terms of providing the feedback and is valuable. I think we all want a system that is responsive and that students can navigate and can make good decisions and you, as providers, are able to feel comfortable in that particular system.

The ESC has spent six months and a lot of thought putting out those 43 recommendations. The online opportunity for you to comment further is something that we would welcome as well, Gerald and I. Wendy is managing that particular web site and we will provide that information. If you provide that information, we would welcome it, so I urge you to do that.

We will be reporting to Minister Hall at the end of the November, so it's not that far away. So thanks again. We are meeting all stakeholders and we have got further consultations in regional Victoria as well. So thank you very much.

AT 11.40 AM THE MEETING CONCLUDED