



Impact of Skills Reform on Adult and Community Education (ACE) Providers

Background

Victoria's Adult and Community Education (ACE) sector is made up of approximately 300 not for profit community based providers of adult education registered with the ACFE Board. These include neighbourhood houses, community learning centres, ACE centres and community colleges. Approximately 250 provide pre-accredited training with approximately 100 also providing accredited VET programs.

Victoria's experiment with demand-driven individual choice in VET has had a devastating impact on ACE providers and the long-term survival of the sector is not assured. Attempts to increase procedural regulation to reign in corrupting and rogue operators has had unintended adverse effects on ACE providers and the vulnerable learners they specialise in educating.

Impact on the sector

1. Since 2008, there has been a 27% drop in ACE providers delivering government funded training across the state (about 90 providers).
2. Consequently a number of rural communities have lost either their provider of entry level VET or pre-accredited training or both. TAFE, the public provider, is not always offering out-reach in these communities.
3. Enrolments in pre-accredited pathways programs aimed at disadvantaged learners have dropped 25% since 2008 (Victorian Training Market Quarterly Report, Q2, 2013).

ACE Organisations are Unique

ACE Organisations have a unique delivery model; particularly effective in meeting the needs of equity groups. It is the only provider type that has, historically, been able to maintain a long term presence in remote communities across the state. Its model is fundamentally different to that of a Private RTO.

TAFE Learners	Private RTOs Learners	ACE Learners
21% unemployed	28% unemployed	32% unemployed
14% not in the labour force	5% not in the labour force	29% not in the labour force
8% with a disability	6% with a disability	22% with a disability
33% did not complete Year 12 or equivalent VET study	34% did not complete Year 12 or equivalent VET study	48% did not complete Year 12 or equivalent VET study

From Table 1.16: Government subsidised enrolments (AQF1+), summary of selected characteristics within provider type, VTM Qtrly Rpt, Q2, 2013)

Private RTOs	ACE RTOs
<ul style="list-style-type: none"> • Profit focused and driven 	<ul style="list-style-type: none"> • Not for profit
<ul style="list-style-type: none"> • Responsible to Owner/s, Director/s, and shareholders 	<ul style="list-style-type: none"> • Responsible to a Committee and a membership representing the local community
<ul style="list-style-type: none"> • Targets niche training to large areas 	<ul style="list-style-type: none"> • Responds to local community needs
<ul style="list-style-type: none"> • Industry focus (Often specific industry) 	<ul style="list-style-type: none"> • Learner focused
<ul style="list-style-type: none"> • High volume and formal training methodology 	<ul style="list-style-type: none"> • Flexible and accommodating to learner needs and issues
<ul style="list-style-type: none"> • Access to private financing, equity and bank loans 	<ul style="list-style-type: none"> • Limited access to capital; especially if in council premises
<ul style="list-style-type: none"> • Limited access to teachers, high level of self-paced and assessment only delivery 	<ul style="list-style-type: none"> • Small classes with committed teachers, additional learning and educational assistance provided face-to-face
<ul style="list-style-type: none"> • Mostly capable students. Often delivering to those in work and in industry settings 	<ul style="list-style-type: none"> • Mostly low socio economic, retrenched, more mature, disabled, CALD, unemployed students
<ul style="list-style-type: none"> • High percentage of income spent on marketing 	<ul style="list-style-type: none"> • Student recruitment through outreach and word of mouth
<ul style="list-style-type: none"> • Accredited courses only 	<ul style="list-style-type: none"> • Pre accredited (and entry level accredited)
<ul style="list-style-type: none"> • Often deliver Skills Building & Deepening courses 	<ul style="list-style-type: none"> • Mostly delivering Foundation Skills courses and entry level VET
<ul style="list-style-type: none"> • VET Delivery only 	<ul style="list-style-type: none"> • VET offered amongst a range of social supports & services (childcare, counselling, health & wellbeing courses, informal groups, a 'meeting place').



Skills Reform for ACE Organisations

The Victorian Government is treating ACE RTOs as identical to Private RTOs, which has created anomalies including:

- The training market operations division of HESG has limited understanding of the complexities of an ACE RTO business. The division focusses on “input measures” rather than “quality assessments and training outcomes” which is the traditional measure of a learner’s competency in VET.
- Payment timings and changes impact heavily on a sector that cannot attract business loans to manage cash flows highs and lows.
- VRQA Compliance costs have risen dramatically e.g. annual fees will increase by almost 600% and re-registration by 286%. The ACE model of a broad range of training packages on scope to facilitate business need across a range of skills in a small locality with small classes will be hard hit.
- Indiscriminate and immediate changes to course structures and pricing has left many vulnerable and predominantly young, disengaged learners disadvantaged. ACE provider students are poorer and harder to engage in education at the higher fees.
- Whilst ACE Providers are consistently doing more for less e.g. delivering 109% of the contact hours’ year-to-date 2014 c.f. 2013 but receiving only 86% of the funding, not-for-profit does not mean “loss”. Restructuring and reducing staff is not sustainable beyond a certain point for any organisation, particularly ones whose learners require more assistance, not less, to become capable of taking their place in the Victorian job economy.
- The current “market” based approach favours RTOs, private and public, who operate in areas with high population densities and engaging ‘standard’ students. Accessing these markets enables operations on lower margins per student, utilising high volume class numbers, which distorts the provision of VET throughout Victoria.

It is the view of the Victorian ACE Peaks that the market has failed for ACE students because regional/rural locations and/or the demographics of our students means that there is effectively no market which would support current funding arrangements. In addition, ACE providers are now employing, pro rata, more administration staff than teachers.

Whilst the Victorian Government rightly seeks more workers with greater skills entering the job market, education is more than an economic output. Taking the additional time to ensure all Victorians have work opportunities through learning and increased social skills, including in industries which may be more important in regional areas, e.g. tourism and hospitality, should also be seen as a critical output for Government and one which will reduce costs in other Government portfolios.

Recommendations:

The Victorian ACE Peaks are seeking from the Government the following commitments in the 2014 election:

- 1) To specifically outline the separate and complimentary roles of the Public system, not for profit providers and private for profit providers.
- 2) Introduce from 2015 some form of “community social / service obligation” fund (other than the existing standard loadings for indigenous/regional/disabled learners) for providers who work with students who require substantial additional educational time;
- 3) Quarantine future Foundation Skills funding applications for ACE and TAFE providers only;
- 4) Review the Skills List by regions and ensure that in regional Victoria where key industries are those which receive extremely low student contact hour fees, that ‘in situ’ ACE providers be given additional funding to assist the local employers and industries to have the opportunities to train their staff.