



Outdoor Recreation Industry Council of NSW (ORIC) Submission to IPART Pricing VET under Smart and Skilled other industries Issues Paper April 2013

The Outdoor Recreation Industry Council of NSW Inc. is the State peak body for Outdoor Recreation, representing to the community, industries and levels of government, the views and needs of outdoor recreation and tourism operators, educators, leaders, as well as organisations that support leadership.

We at ORIC represent the outdoor recreation and education sector and our sector currently have a chronic staff and skill shortage in NSW. Our industry currently is experiencing a shortage of qualified VET trained graduates and the smart and skilled reforms may exacerbate these shortages if outdoor recreation does not make it onto the skills list at an appropriately funded rate.

Response to Question 4.

With reference to method 1 (map costs to industry groupings):

How should we deal with 'outlier' courses and qualifications, where the costs are significantly above or below the base price?

We would disagree with the use of an average cost per course based on industry areas as this has the potential to inaccurately cluster industries together.

Outdoor Recreation is an industry area that would be an outlier course in the sport and recreation models sighted on page 36 table 4.2. of the IPART issues paper. A simple example of this disparity can be drawn from the national hours listed for outdoor recreation certificate III are between 717 and 1000 and this compared to the national hours for the certificate III in fitness is 350, hence immediately there is a 160-270% disparity for this model using a base price presumption with one variable being nominal hours.

A second disparity using this model that is not easily captured using a base model is the Outdoor Recreation training package also has very prescriptive student to teacher assessment ratios and contexts for assessment that drive the cost of delivery, an example would be abseiling units of competency where teaching and delivery ratios for teaching are maximum one teacher to eight students (1:8) and this ratio then falls to one assessor to two (1:2) student for assessments at based on the risk, complexity and the environment. If this is applied to fitness the normal class ratio is 15 students to one teacher for assessment (1:15). This extremely high teacher to student ratio would not be reflected in an "efficient" number of students per group as per the IPART Issues paper page 33.

Clearly from this example industry groupings would need to be very closely analysed to determine these outlier courses as a base funding would eliminate a course like outdoor recreation from being able to be delivered if it received an average or base level funding as that of fitness.

If this model were adapted than we would suggest:

1. A consultation process be held by State Training Services with each industry skills council and peak state bodies in order to determine any outlier courses and exceptional areas like outdoor recreation that require higher base funding and or course hours form the industry groupings.
2. These courses be allocated a base funding that enables there effective delivery independently to the average cost for that industry

An industry that can speak with a united voice is more powerful than the individual

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Response to Question 4. (Continued)

How should we set a base price for a part-qualification, short course or skill set?

ORIC believe that skill sets or part qualifications should be determined by the national hours assigned to that skills set with a dollar per hour rate determined by a methodology of student to teacher ratio, reasonable material and consumable costs and a model that allows for variables for particular industries or training package rules.

An example in the SIS10 training packaging rules would be SISOCAY304A "Assessment must ensure the safe guiding of groups on multiple canyoning trips in locations that reflect local conditions and are of sufficient breadth and duration to demonstrate competency and consistency of performance". In order to assess this subject the environment is remote and often group sizes are limited in national parks, it must be assessed multiple times and the ratio of students to teacher cannot exceed 1:2.

In any base price model there must be a mechanism for individual costing of skill sets that do not fit the model to ensure that skill sets are not lost or abandoned by RTO's as they are not appropriately

If this model were adapted than we would suggest:

1. A consultation process be held by State Training Services with each industry skills council and peak state bodies in order to determine any outlier courses and exceptional areas like outdoor recreation that require higher base funding and or course hours form the industry groupings.

How should the methodology take account of different modes of delivery (ie, classroom based and flexible delivery)?

ORIC believe that the funding should be the same for all modes of delivery

How can any adverse effects arising from base prices that reflect an average cost within an industry group be addressed (eg, service quality implications)?

ORIC believe that prior to the average cost a thorough and comprehensive consultation phase must be undertaken to identify whole or part courses where this may arise.

ORIC also believe that there should be a clear mechanism, formula and process for variations within these base prices for identified skill areas that meet State, local or Industry needs that would result in a higher or lower base price. This mechanism and process could be based on an RTO request for higher funding +/- 10% and then a clear process and evidence for them to justify this differential based on a set range of criteria.

This could then be verified from an identified list based on the consultation process be held by State Training Services with each industry skills council and peak state bodies in order to determine any outlier courses and exceptional areas like outdoor recreation that require higher base funding and or course hours form the industry groupings.

If this methodology was adopted then this would allow for evidence based funding changes verified by industry experts not RTO's seeking additional funding.

Question 5. With reference to method 2 (map costs to UoC):

What would be the best way to group UoCs?

ORIC believe that the methodology of broadly grouping of UOC's into areas such as sport and recreation is too simplistic and would be totally destructive to our industry, outdoor recreation.

In your recommendations for costing you must include in your methodology a mechanism to clearly identify outlier courses, areas or clusters of units

ORIC also believe that there should be a clear mechanism, formula and process for variations within a base price model for identified skill areas that meet State, local or Industry needs that would result in a higher or lower base price for units of competency.

This could then be verified from an identified list based on the consultation process be held by State Training Services with each industry skills council and peak state bodies in order to determine any outlier skill sets, units of competency and exceptional areas like outdoor recreation that require higher base funding and or course hours from the industry groupings.

If this methodology was adopted then this would allow for evidence based funding changes verified by industry experts not RTO's seeking additional funding

How should the methodology take account of different modes of delivery (ie, classroom based and flexible delivery)?

ORIC believe that the funding should be the same for all modes of delivery

6 What student groups are more costly to train, and why? What additional costs are associated with providing training for these students?

Outdoor Recreation is costs more to train than other sport and recreation qualifications for the following reasons:

1. Student to teacher assessment ratios and contexts for assessment that drive the cost of delivery, an example would be abseiling units of competency where teaching and delivery ratios for teaching are maximum one teacher to eight students (1:8) and this ratio then falls to one assessor to two (1:2) student for assessments and based on the risk, complexity and the environment. Risk in this setting is due to a cliff based activity and effective classroom management of student numbers.
2. Some training package rules directly affect the costs as they require RTO's to assess multiple times in remote settings with small student to teacher ratios. An example in the SIS10 training packaging rules would be SISOCAY304A "Assessment must ensure the safe guiding of groups on multiple canyoning trips in locations that reflect local conditions and are of sufficient breadth and duration to demonstrate competency and consistency of performance". In order to assess this subject the environment is remote and often group sizes are limited in national parks, it must be assessed multiple times and the ratio of students to teacher cannot exceed 1:2. This is a major cost driver for outdoor recreation as the time for assessment of a cohort becomes very large and when this is multiplied by time it takes to prepare the assessments, undertake the assessments and provide opportunities for reassessment the costs are extremely large.
3. The level of risk associated with a skill based unit may also impact the cost of training and assessment. If the competency has a high level of practical or complex skills that must be demonstrated and the student must be satisfactory in each criteria then RTO's must assess all components. Multiple Outdoor Recreation units of competence have a large consequence if undertaken incorrectly . Hence the time it takes for appropriate skill progression for students to enable them to be deemed safe prior to a point where RTO's can assess them and minimise risk is large, hence the costs are larger.

7 Regarding thin markets:

– What training markets are likely to have low levels of demand and high operating costs (these markets may be defined geographically, by occupation or demographically)?

Outdoor Recreation is a perfect example of an occupation where there is a small specialised market with high job vacancies and high employer demand. However the 2012 Draft Service Skills Australia Escan indicates that employment in this sector has been steadily increasing (p24)

The 2012 Draft Service Skills Australia Escan (p42) also note that Industry sources state the declining availability of outdoor recreation courses due to the expense associated with their delivery. (VET Reforms Victoria.

We at ORIC do not want NSW State Training Services to ignore our sector because we have high training and operating costs. We as a peak body see that Outdoor Recreation should be identified as a specialised course that requires the highest level of funding to ensure there is an appropriate pool of qualified staff who obtain the appropriate skill sets for their community, industry and economy.

– Should we test for a thin market by using the difference between the cost per student and the base price (plus loadings) expressed as a percentage?

ORIC believe that there should be a clear mechanism, formula and process for variations within a base price model for identified skill areas that meet State, local or Industry needs that would result in a higher or lower base price for units of competency, skill set or whole qualification.

This could then be verified from an identified list based on the consultation process be held by State Training Services with each industry skills council and peak state bodies in order to determine any outlier skill sets, units of competency and exceptional areas like outdoor recreation that require higher base funding and or course hours from the industry groupings.

If this methodology was adopted then this would allow for evidence based funding changes verified by industry experts not RTO's seeking additional funding

– If so, what is the appropriate threshold of cost in excess of the base price (plus loadings) do you think is appropriate?

– What other test should we consider?

ORIC believe that the methodology developed must be flexible enough to allow the appropriate amount of funding to deliver an effective course by RTO's.

ORIC also believe that there should be a clear mechanism, formula and process for variations within these base prices for identified skill areas that meet State, local or Industry needs that would result in a higher or lower base price. This mechanism and process could be based on an RTO request for higher funding +/- 10% and then a clear process and evidence for them to justify this differential based on a set range of criteria.

This could then be verified from an identified list based on the consultation process be held by State Training Services with each industry skills council and peak state bodies in order to determine any outlier courses and exceptional areas like outdoor recreation that require higher base funding and or course hours from the industry groupings.

If this methodology was adopted then this would allow for evidence based funding changes verified by industry experts not RTO's seeking additional funding.

We at ORIC also understand that funding is limited so we also suggest a possible cap of places or positions based on previous data and or the consultation suggested above.

9 What is the effect of the level of student fees on students' participation in

VET, eg to what extent do the current fees influence participation? What

effect might a hypothetical doubling of fees have?

And

10 What is the impact of any capacity to pay and/or credit constraints faced by

students or prospective students?

Outdoor Recreation has a high rate of casual employment and a lower pay rate than many other industries. Staff are also typically much younger (Source: Service Skills Australia Environmental Scan).

Many employers require staff that have 4 or more skill sets, and since the training package typically only requires students to complete 2 or 3 skill sets to get their qualification, students have to pay extra fees to get extra skill sets to be employable (for example, a student completing a cert3 in outdoor recreation might get bushwalking, canoeing and top rope climbing skill sets, but their employer requires these three PLUS high ropes and abseiling skill sets, so the student has to pay an extra fee for these courses.) Since the student has already completed a full certificate, they are typically ineligible for any government subsidies to complete this training and have to pay full commercial rates for this training. And because of the very high teacher to student ratios for this course (1:2 for some skill areas on assessments that take up to 8 hours) the cost of delivery for outdoor recreation skill sets is very expensive and students are highly unlikely to be able to afford this. Further, because students in outdoor recreation are typically quite young, and are employed in low paying jobs after completion, the willingness and ability to pay for this training is low.

Certificate 3 and 4 in Outdoor Recreation in NSW has been subsidised in the past, and without this government funding support Outdoor recreation course costs are likely to not simply double, but potentially increase by a factor of 10, putting the course well out of reach of most students in the first place, and making it highly unlikely (even if they could pay for it up front or receive credit/loans) that those students will recoup the costs of their training once employed.

References:

1. 2012 Sport Recreation and Fitness , Environmental Scan. Service Skills Australia. 2013. Australia.
2. Pricing VET under Smart and Skilled, Other Industries Issues Paper, April 2013. Independent Pricing and Regulatory Tribunal of New South Wales 2013. Australia.