

The issues on which we particularly seek comment from stakeholders are highlighted throughout this paper. For convenience, these issues (and the page on which they appear) are also listed below:

- 1 Do you agree with our proposed approach for developing a methodology to determine prices, student fees and government subsidies for government-funded VET? Do you think this approach will lead to arrangements that ensure students and government make an appropriate contribution to the efficient costs of providing VET courses, qualifications and part-qualifications? 26

TAFE Western agrees with the proposed approach and believe it will lead to arrangements that ensure students and government make an appropriate contribution to the costs of VET provision.

- 2 Are our proposed assessment criteria for the review reasonable and consistent with our terms of reference? 26

The assessment criteria appear reasonable given the terms of reference. We note you have identified VET cost categories and sources of information that will inform views on efficient costs; an explanation or definition to clarify your understanding of 'efficient costs' of training provision will be useful.

- 3 Which of the 2 possible methods for determining a base price for courses and qualifications that reflects efficient costs do you prefer (map costs to industry groupings or map costs to Unit of Competency (UoC))? 40
 - Have we identified all the advantages and disadvantages of each method? 40
 - Is there another approach that we should consider to set base prices? 40

TAFE Western's preference is for costs to be mapped to UoC. We believe this enables more accurate costing and will ensure that where more expensive units that are required in some industries these will be provided.

The industry grouping mapping would be too broad and possibly provide an incentive to deliver the cheaper UoC to the detriment of industries requiring other more expensive UoC.

- 4 With reference to method 1 (map costs to industry groupings): 40
 - How should we deal with 'outlier' courses and qualifications, where the costs are significantly above or below the base price? 40
 - How should we set a base price for a part-qualification, short course or skill set? 40
 - How should the methodology take account of different modes of delivery (ie, classroom based and flexible delivery)? 40
 - How can any adverse effects arising from base prices that reflect an **average** cost within an industry group be addressed (eg, service quality implications)? 40

5 With reference to method 2 (map costs to UoC): 40

- What would be the best way to group UoCs? 40

UoC could be grouped into cost bands possibly from least expensive to more expensive

- How should the methodology take account of different modes of delivery (ie, classroom based and flexible delivery)? 40

There is often an assumption that flexible delivery is a cheaper delivery option than Face to Face delivery. In our experience this is not necessarily the case where equipment and support staff are provided as part of the flexible delivery model. TAFE Western has invested in mobile learning units (which include mobile mining and heavy vehicle driving simulators, trailers to transport earth moving, childrens services, welding, construction and nursing equipment among others) to take the training to remote and isolated students. Flexible learning for TAFE Western is about equity and access to training rather than a cost cutting approach.

The methodology should attempt to explore the objectives for the flexible delivery rather than assuming it might be more 'efficient' or cheaper. It could consider whether the delivery approach is appropriate given the access opportunities for the students.

6 What student groups are more costly to train, and why? What additional costs are associated with providing training for these students? 41

The following student groups are more costly to train:

- Rural and remote - additional costs of travelling staff and equipment across large geographical areas; No public transport is available in these regions and often people have limited or no access to transport and accommodation in larger centres
- Aboriginal students - require additional support services of specialised Aboriginal staff, modifications to learning resources, access to learner support
- Disadvantaged groups generally – single parents, unemployed persons, people with inter-generational unemployment, parents and children with family breakdown, Aboriginal communities, people with poor health, limited access to government services generally (often due to remoteness or other disadvantage) – these students generally take longer to achieve qualifications and positive outcomes of training; additional resources in support staff, learner support, counselling services and additional teaching time are some of the associated costs.
- disabled students - require support staff , facilities modifications and specialised equipment
- Young learners and early school leavers - require literacy and numeracy support, support with commitment to training and a career aspiration
- Students with limited schooling – basic skills support, tutorial support, learning support
- Mature students – support with learning and confidence, job seeking skills
- Small classes either because of regional and remote or specialised learning – lower student to teacher ratio
- Students in correctional centres – training staff in security for the centre, travelling staff and equipment into the centres, TAFE Western has 9 correctional centres in its region and is well aware that VET training in these centres is high cost but critical in supporting people.
- Humanitarian refugees and CALDB – additional support for learning,

language and counselling

7 Regarding thin markets: 42

- 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)? 42

Training markets include:

- Opal cutting
- Aboriginal Funeral Industry (Sorry Business)
- Aboriginal Languages
- Laboratory Assistants
- Dental
- Those in remote and isolated communities
- Young learners (early school leavers) in smaller regional areas
- Trade training generally in regional areas for all but the largest towns

Delivering training where equipment is not located on site represents a significant expense.

- 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? 42

That sounds reasonable but it depends upon what costs are included in the cost per student. In some circumstances it might simply be the cost of a lower student teacher ratio in others it may be travel and accommodation costs, costs for technology and additional support staff.

- If so, what is the appropriate threshold of cost in excess of the base price (plus loadings) do you think is appropriate? 42

The use of simple thresholds will tend to encourage behaviour from RTO's where they will fall just above the threshold to be able to access the additional payment for a thin market.

TAFE Western believes there may be a range of costs covering the various thin markets. Training is delivered at locations where there is no training college or building, this requires travelling staff and equipment; a mobile fleet is required. Some thin markets might be serviced by face to face, mobile or online delivery; this impacts the cost and definition of the thin market. Seasonal changes impact the ability to service some thin markets – roads are often closed for extended periods in remote areas following rain. Specialised off road vehicles, satellite equipment and specially trained staff are costs of servicing some thin markets.

- What other test should we consider? 42

Student outcomes and progress through programs in thin markets

The delivery model being used and how it equates to that of a robust market

Mixed delivery methods where there is the capacity to combine the 'thin market' students on occasion with other cohorts via online delivery or other models.

8 How should the price and fee arrangements take account of the Government's training priorities when sharing base prices between student fees and government subsidies?

Should the arrangements also consider the private and public net benefits that may be realised when a student undertakes VET?

Yes we agree the private and public benefits could also be considered. This will include public matters such as reduction in incarceration rates and reduction in crime, improvement in health and social wellbeing in communities. It also includes greater income earning capacity; this is of course contingent on the access to those labour markets – not always the case for remote and isolated people in NSW.

What alternative approach or criteria should be used to decide how the efficient costs of VET should be shared between students and taxpayers? 46

Consideration might be given to means tests on income.

- 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? 53

It might have the impact of a down turn in training demand initially but we expect it will recover in part as there is no alternative for people to access training. We are concerned about the potential ongoing impact of such a decision on low income people who are not entitled to concessions but could be described as 'working poor'

Significant fee increases are likely to significantly raise people's expectations of what they will receive as part of the training experience and where it will lead them in the end following a 'significant investment' on their part.

- 10** What is the impact of any capacity to pay and/or credit constraints faced by students or prospective students? 53

As mentioned above TAFE Western is concerned for people on lower incomes not entitled to concessions who are not able to commit to the costs of training. These people are disadvantaged by a system that does not account for their capacity to pay the fee.

- 11** How could the approach to sharing base prices between student fees and government subsidy take account of any positive externalities associated with the provision of VET? 53

This might include the consideration of factors such as

- Decrease in crime and incarceration;
- retaining young people in communities;
- social inclusion of rural and remote;
- improvement in health, mental health,
- increased school attendance by children;
- break in the cycle of intergenerational unemployment

- 12** Do any other characteristics of the VET sector warrant additional government subsidy of the costs of VET provision? 54

In certain areas – regional and remote – the contribution of the VET sector to community capacity building through sustainability and resilience.

- 13** What is the appropriate relativity between student fees for VET and student contributions for university study? 57

While it could be argued that higher VET fees may make university appear more attractive to a student, TAFE Western are of the view outcomes for the student are more important to consider. With low incomes for families and poorer high school

outcomes regional and remote students often do not have access to university as the ATAR, travel and accommodation costs put it out of the reach of them and their families.

VET is often a pathway to employment and higher education for these people. Students should be equally able to access VET regardless of where they reside in NSW. The student contribution may be important given the capacity to pay but it is not really in competition with university in many rural areas.

14 Which of these options do you think best meets the assessment criteria for this review: 58

- the student fee (and government subsidy) is an increasing percentage of the base price, depending on qualification level or 58
- the student fee (and government subsidy) is the same percentage of the base price for all qualification levels areas. 58

Are there any other options that better meet these criteria? 58

Could consideration be given to the capacity to pay for the student?

15 What criteria do you think we should use to decide on the additional contribution that should be made by students undertaking a subsequent qualification?

- Whatever approach is decided upon it needs to be able to be readily explained to potential students.
- As a general principle it is appropriate for students to pay a higher amount for a higher qualification where it increases their capacity to pay.
- However there is a need to be conscious of the price sensitivity in disadvantaged communities – pricing in areas where people will be unable to participate if it is too high; also consider whether the experience for people in these communities equates to that of people in large metropolitan areas eg access to similar facilities and equipment or a lower standard
- Younger people - people up to the age of 25 might need a few options if they have limited income earning capacity
- If an entitlement hasn't previously been used (eg if training has previously been paid for by the student either under the current system or the new one)
- Industrial and structural changes – retraining, injury/return to work – may need incentives to train for new job roles
- Relationship of entitlement in relation to completions/progress – what are the implications for students who change courses midstream?
- The potential disadvantage of TAFE NSW students who have a training record that can be accessed state-wide; these students will not be able to avoid their training record being reviewed by other TAFE NSW RTO's. Once the national USI is implemented this situation will eventually change but there will be a significant period of time before there are established USI records.
- For subsequent enrolments, where expectation of joint contribution, VET Fee loan system may be required to allow people to pay the fees

Could these criteria be the basis of a fee setting rule? 59

16 What evidence is there on the benefits of part-qualifications?

In our experience industry in a range of areas regularly seek additional skills for employees. With regulatory changes or upgrading to job roles people are often seeking just a skills set.

Is it appropriate to share the costs of part-qualifications between students and taxpayers in the same way as full qualifications?

If it is a skills set on the skills in demand list then a subsidy might be appropriate; if it is not on the skills in demand list then it should be full fee paying.

If not, what other approach would be appropriate? 59

17 How should the current annual fee for apprentices and new entrant trainees be converted to a fee per qualification?

Yes

Should a flat fee across all qualification levels be maintained for apprentices and new entrant trainees? 61

Not necessarily, it should depend upon the earning capacity for the relevant industry area and the cost of training being delivered.

18 How important are concession fee arrangements (rather than the availability of concession fees themselves) for providing equitable access to VET?

TAFE Western has a significant portion of Aboriginal students and believe people should show proof of Aboriginality; this should be audited and monitored to prevent any unethical conduct or rorts.

We are concerned about the behaviour of the 'centrelink' driver and the resultant non completion of qualifications by some students with a commitment to train based upon meeting conditions of their benefits. It can be very difficult to have people on concessions dropping out part way through a qualification so we would like consideration of an incentive for the student to complete the qualification eg concessions not available for the next 2 years if they do not complete; concession linked to the qualification and not to an annual system.

Alternatively a means tested access to a loans system – working poor. Eg higher level courses at Cert IV so concessions are not available at this level

Should concession fee arrangements be aligned with fee arrangements for other students? For example: 64

- Should concession fees be charged per qualification rather than per annum (or time served)? 64

Per qualification

- Should the level of the concession fee vary by level of qualification? 64

This can act as either an incentive or deterrent depending upon the circumstances of the student. The same level of concession fee regardless of qualification level may make higher levels more attractive. We want people who are disadvantaged to strive for higher level qualifications and improve their circumstances.

A contra view to this is that higher level courses attracting higher level charges (even if it is a concessional fee) may be perceived as a deterrent to undertake higher level qualifications.

TAFE Western is of the view that this may be an opportunity to consider income contingent loans.

- 19** How should government payments to Registered Training Organisations (RTOs) for delivering entitlement and purchased training be staged over the period required to complete the qualification or part-qualification? 65

CSO recognition payment should all occur up-front as there are significant start-up costs with initial travel, additional student support, foundation skills assessment development etc. Also recognises the additional risks associated with disadvantaged cohorts where there will be reduced retention and completion. An emphasis on the initial payments related to initial start-up and preparation to deliver.

- 20** How should student fee payments be staged over the period of study? 65

Students pay a greater proportion up front to demonstrate their commitment to completing the qualification.

- 21** Should the current payment arrangements under the Apprenticeship and Trainee Training Program (ATTP) and Strategic Skills Program (SSP) be maintained?

They should be amended to be consistent with Smart and Skilled payments and fees.

If so, should the staged payment of student fees also match these arrangements? 65

Yes

- 22** How often should the methodology for setting prices and fees for government-funded VET be reviewed or re-estimated to ensure that students and taxpayers both continue to contribute an appropriate share of the efficient costs of providing VET? 67

There will be a need

- For annual/bi-annual cost indexing against a VET industry index
- to be able to account for relative instability of industries, variability of the skills lists and areas of disadvantage

- 23** How should base prices, student fees and government subsidies be adjusted in between reviews?

Are RTOs able to still charge an additional fee for materials – eg a kit for Beauty Therapy students or will this model cover all costs of training delivery and no additional resources charges to be levied on students?

What is an appropriate inflator for base prices?

A VET specific cost index should be used for all fees and charges.

For student fees?

For government subsidies? 67

24 In the years following implementation of Smart and Skilled, would it be appropriate to set a range for the student fee, rather than a single student fee, for each qualification? 68

This might be appropriate but it is too early to say for sure just now. It may work to reduce complexity of UoC however if it resulted in delivery of quick easy and cheap UoC then it would perhaps be contrary to the goals of the system.

25 Do you support relaxing fee regulation in areas of the government-funded VET market where competition is considered effective? 68

We are not clear what you mean by 'competition is effective' me. How will you measure competition effectiveness, is it time for qualification completion; qualification cost; number of providers; or some other measure?

Will quality of training and assessment be part of the consideration so that a cheap delivery of a 'diploma in a week' won't influence the effective competition.

We may support this proposal if we can be clear of the definition and measures.