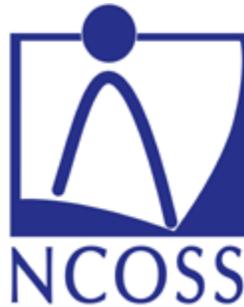


**Council of Social Service of NSW  
(NCOSS)**  
**Submission to IPART**  
***Pricing VET under Smart and Skilled  
(Draft Report)***



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## 1. Introduction

The Council of Social Service of NSW (NCOSS) is the peak body for the not-for-profit community sector in New South Wales. NCOSS provides independent and informed policy advice, and plays a key coordination and leadership role for the sector. We work on behalf of disadvantaged people and communities towards achieving social justice in NSW.

NCOSS appreciates the opportunity to provide this submission on IPART's draft report *Pricing VET under Smart and Skilled*.

The divide between Australia's rich and poor is growing, contributing to entrenched disadvantage for some sectors of the community. Access to high quality and appropriately delivered vocational education and training provides a pathway to employment and an opportunity to break the cycle of disadvantage.

In the past the VET sector, and TAFE in particular, has played an important role in supporting those with additional needs and/or those who are at most risk of disengagement – such as people with disabilities, people who are homeless, and those with mental health or drug and alcohol issues – to participate in learning and training opportunities.

Not only does this contribute to a stronger and more productive economy, it improves individual, family and community wellbeing. There needs to be fundamental recognition of the important role played by the VET sector in achieving these social policy outcomes, in line with the State Government's 2021 goals. This recognition needs to be embedded in the approach to the pricing and funding of VET.

NCOSS is concerned that when the component parts of IPART's proposed funding model are considered as a whole, it is likely that people who are disadvantaged will be worse off. They will not be able to access alternative pathways to learning that better match their circumstances and need; they will face higher fees; and they will not get the same level of support – if indeed they get any support - to assist them undertake and complete their training. This is not a desirable outcome.

## **2. Key issues**

### **2.1 The key role played by VET in breaking the cycle of disadvantage**

VET plays a critical role in providing disadvantaged and vulnerable members of the community with the opportunity to develop and/or enhance their skills and find meaningful employment.

As the draft IPART report acknowledges, VET students in NSW have relatively low levels of social and economic advantage, with approximately half identified as being in the lowest two quintiles for relative socio-economic disadvantage; education and occupational status; and access to economic resources. As well the proportion of Government funded VET students from identified equity groups (Indigenous, disability, non-English speaking background) is higher in NSW than it is for the rest of Australia's VET system, and significantly higher than for the higher education sector generally.

This highlights that for those who are less well-off and in cohorts more likely to experience barriers to their full participation in the community, VET is a more accessible, affordable means of acquiring vocational skills and qualifications. It can mean the difference between entrenched unemployment and poverty, or the chance to train, gain experience and find meaningful work.

NCOSS is concerned that the draft report does not recognise the central role played by VET in this regard, nor does it adequately spell out how this role and focus will be maintained. In particular, the proposal to categorise those students with additional needs into 'high cost learners' whose needs will be met via loadings and (in some instances) CSOs is high level and vague. This is further discussed below.

### **2.2 Loadings to account for high cost learners**

NCOSS has concerns regarding the approach taken to identify 10% of the base price as the appropriate loading to meet additional costs arising from the student location or additional needs.

This quantum appears to have been arrived at by comparing loadings applied to similar programs in NSW and other jurisdictions. But it is not clear what definitions have been

used by IPART and whether such comparisons are like-for-like, ie. how do the 'special needs' and job seeker categories in the Strategic Skills program, or the Student Disadvantage category in the Victorian system compare to and align with the three categories of Higher Cost students identified by IPART? For example, what definition of 'disability' has been used by IPART and how does this align with the definition used by the NSW Department of Education and Communities or at the Commonwealth level?

For some of the schemes cited, applicable loadings range as high as 30-50%, presumably in recognition that within a broad category, there will be different gradations of student need resulting in higher levels of resourcing (and cost) to deliver training to the required standard.

Some evidence-based analysis of the type and level of resourcing required to deliver quality training to the different cohorts of 'high cost' learners in the current VET system, and the efficient costs involved, would assist in determining an appropriate loading.

How the loading is to be used by RTOs and what entitlements or additional resources an individual 'high cost' learner will be able to purchase or will be guaranteed is unclear. Further consideration and discussion of this aspect of the Scheme in the final Report would assist in clarifying how vulnerable and disadvantaged learners will be supported to achieve desired outcomes.

### **2.3 Categories of high cost learners to whom loadings will apply**

The draft report indicates that the three categories proposed as the basis for identification of 'high cost' learners (students who are Aboriginal or Torres Strait Islander, have a disability or who are long term unemployed) have been selected 'for practical purposes' on the basis that:

- Students in these categories increase training costs in a fairly consistent manner' and
- Students in these categories can be easily identified so eligibility can be easily determined by the RTO and verified by Government.

NCOSS understands the need for administrative simplicity, but does not consider that this should be the sole criteria for determining categories of need. Some analysis of the current population of students with additional needs should be undertaken, with a view to ensuring that any proposed approach to categorisation for loading purposes does not exclude groups who are currently benefitting from support and who would otherwise not be able to undertake training. To exclude such people would seem to NCOSS to defeat the purpose of the reforms.

It also needs to be recognised that students who fall within the proposed categories, or indeed fit into any broad categories, are not an homogenous group. For example, one long term unemployed person may also be dealing with homelessness or mental health issues, another may not. One student with a disability may have a high degree of independence and/or a strong network of support, another may not.

Allowing for some recognition of difference within any broad categorisation will enable support and resources to be more appropriately targeted.

## **2.4 Arrangements for thin markets and CSOs**

The draft report identifies that the cost of providing support for students with disability and ATSI students, along with outreach services, should be captured through CSOs (p.42) – which are seen as the mechanism by which VET services will be delivered to ‘thin markets’. It identifies a thin market as one where the costs of supplying the market are above those covered by the base price and loadings.

The report recognises that there are likely to be a number of markets for which services cannot be provided under the base prices and loadings and that the Government will need to decide which of these markets it wants to provide CSOs for.

NCOSS’ concern is that the supports currently available for people with disability, Aboriginal and Torres Strait Islander people and others who are disadvantaged which assist them to participate in mainstream training will not necessarily be available under the proposed new arrangements. Such ‘thin markets’ will be competing with other ‘thin markets’ for resources and may be considered more costly, complex to deliver and/ or less likely to result in completed qualifications consistent with the skills list.

Will private providers have to comply with the Disability Discrimination Act and provide equitable access to courses for people with disability? How will this requirement be reflected in the funding model?

It also appears that a regional or locational approach may be taken, meaning that some areas could receive these supports while others miss out. Certainly some geographic areas do experience greater socio economic disadvantage than others. However people experiencing disadvantage can live anywhere in NSW and are not necessarily clustered in particular locations. These people should have the same opportunity to access the educational and training opportunities they need to improve their circumstances.

## 2.5 Concession student fees

NCOSS supports the approach by IPART to not set concession fees as a fixed percentage of the standard fee, given the exorbitant fee increases this would entail. However under the proposed pricing model, the majority of VET students would experience price increases, including those entitled to concessions.

NCOSS believes that any increase in fees will potentially pose a huge barrier for disadvantaged groups. For an unemployed person struggling to survive on Newstart allowance and coping with an array of rising costs for daily living, even a seemingly small rise could serve as a deterrent to taking up VET.

IPART's analysis does not indicate what fee levels 'concessional' students currently pay and how many will be worse off under the proposed arrangements. One example illustrating the difference between fee levels depending on length of time taken to complete the course is given. This does not provide sufficient information to enable extrapolation to all concession students.

It is also unclear whether IPART's proposed approach would mean that exemptions from fees that currently apply to Aboriginal and Torres Strait Islander students and students with a disability would continue to apply; and whether existing fee exempt courses would continue to be offered. If these arrangements were removed, the impacts for relevant target groups would be significant.

For those who are most disadvantaged, undertaking a foundation course or participating in an outreach program can provide a pathway back into learning and a tentative step towards re-engaging with the education system. Often the course itself is not the important factor – it is the re-engagement process and the opportunity this provides to gradually progress to other more vocationally oriented programs. For this reason NCOSS' view is that foundation and outreach courses should be provided at no cost for identified disadvantaged students.

The proposed fee increases for apprentices and trainees – even if phased in or capped as suggested – are onerous and would risk closing off what has been a viable career path for many young people who disengage from school early. This has the potential to open up other less desirable pathways – unemployment, further disengagement, the risk of homelessness, etc.

NCOSS urges reconsideration of the level of fee increases proposed for apprentices and trainees to avoid such unintended consequences.