Training Providers Forum 2012

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Keynote Address

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Director General
Department of Training and Workforce Development
Reform Agenda on Skills and Workforce Development
National Partnership on Skills Reform

Introduction

• National Partnership on Skills Reform (Skills Reform NP) signed by First Ministers on 13 April 2012 at COAG.

• Replaces the outgoing NP Productivity Places Program (PPP).
Funding under the Skills Reform NP

- Total funding of $180m over five years.
- Funding reduction in comparison with current levels of NP PPP funding for 2011-12.
- $75m shortfall over the next three years.
- Funding returns to around the previous PPP levels in 2015/16.
Term and content of the Skills Reform NP

- Commences on 1 July 2012 and in place for five years until 30 June 2017.

- Commonwealth wants a range of ambitious new reform initiatives to be implemented.

- In addition, the Skills Reform NP specifies States need to lift overall completions, higher level qualification completions and completions across identified target groups.

- 65% of funding tied to achievement of set reform milestones and 35% training delivery targets.
Structural reforms

- Entitlement model (Training guarantee)
- Income contingent loans (similar to Higher Educations Contribution Scheme – HECS)
- Transparency measures including MySkills, USI
- RTO quality
- Support to public training providers
Commonwealth / State funding split

- Approximately 70% of the total recurrent funding for training comes from the State (excludes capital and infrastructure)
Entitlement model

• In 2011, NOUS Group contracted by the Department to undertake modelling to develop student centred training entitlement.

• In September 2011, consultation with stakeholders seeking their views on a broad range of issues related to the concept of a training entitlement.

• Consultants proposed four different designs, with a recommendation on the preferred model.
Entitlement model: Definition

A training entitlement based demand-driven funding VET model places the student at the centre of resource allocation decisions.
Entitlement model: Working Group

Working Group consisted the following:

- Dr Ruth Shean, Director General
- Mr Simon Walker, Executive Director, Policy Planning and Innovation
- Ms Penny Bird, Executive Director, Service Resource Management
- Mr Graham Thompson, A/Executive Director, Corporate and Governance
- Mr Phil de Garis, Executive Director, Education and Training International
- Ms Sue Lapham, Executive Director, Service Delivery
- Ms Brenda Micale, Director, Policy Planning and Research
- Ms Liz Harris, Managing Director, Challenger Institute of Technology
- Mr Larry Davies, Board Member ACPET and CEO of Directions
- Mr Warren Hill, A/Director, Intergovernmental Relations, Department of the Premier and Cabinet
- Mr Sean Cameron, Director, Department of Treasury
- Mr Rod Whithear, Department of Treasury
- Mr Mark Burford, Principal, Nous Group
- Ms Simonne Wood, Consultant, Nous Group
Elements of the entitlement design

1. Key features: Eligibility criteria for the entitlement design and associated policy rationale
2. Estimated influence on student demand: Two growth scenarios (restrained and moderate growth) are considered against the base case and the labour demand for qualified workers.
3. Estimated impact on State budget.
Criteria for comparison of the designs

a) Increase in VET participation
b) Support for the State’s strategic priorities
c) Ease of communication and administration
d) Affordability for government
Logic tree for entitlement design I

1. Does the applicant meet the citizenship / residency requirements?
   - Yes: Eligible for a government subsidised place
   - No: Not eligible for a government subsidised place

2. Is the applicant applying for a VET qualification up to and including Certificate III, Foundation skills, Apprenticeship or Traineeship?
   - Yes: Eligible for a government subsidised place
   - No: Not eligible for a government subsidised place

3. Is the applicant applying for a VET qualification at Certificate IV or above?
   - Yes: Eligible for a government subsidised place
   - No: Not eligible for a government subsidised place

4. 90-95% subsidy
   - Eligible for a government subsidised place

5. 80-85% subsidy
   - Eligible for a government subsidised place
Logic tree for entitlement design II

1. **Does the applicant meet the citizenship / residency requirements?**
   - **Yes**: Continue
   - **No**: Not eligible for a government subsidised place

2. **Is the applicant applying for a Priority 1 VET qualification, Foundation skills, Apprenticeship or Traineeship?**
   - **Yes**: Eligible for a government subsidised place
     - 90-95% subsidy
   - **No**: Continue

3. **Is the applicant applying for a Priority 2 or 3 VET qualification?**
   - **Yes**: Eligible for a government subsidised place
     - 80-85% subsidy
   - **No**: Continue

4. **Is the applicant applying for a non-Priority VET qualification?**
   - **Yes**: Eligible for a government subsidised place
     - 70-75% subsidy
Logic tree for entitlement design III

1. Does the applicant meet the citizenship / residency requirements?
   - No: Not eligible for a government subsidised place
   - Yes: Is the applicant applying for a VET qualification up to and including Certificate III, Priority 1, Foundation skills, Apprenticeship or Traineeship?
     - No: Not eligible for a government subsidised place
     - Yes: Eligible for a government subsidised place
       - 90-95% subsidy

2. Is the applicant applying for a non-Priority 1 qualification at Certificate IV or above?
   - No: Not eligible for a government subsidised place
   - Yes: Eligible for a government subsidised place
     - 80-85% subsidy
Logic tree for entitlement design IV

1. Does the applicant meet the citizenship / residency requirements?
   - Yes: Is the applicant applying for a Priority 1 VET qualification, Foundation skills, Apprenticeship or Traineeship?
     - Yes: Eligible for a government subsidised place
       - 90-95% subsidy
     - No: Not eligible for a government subsidised place

2. Is the applicant applying for a Priority 1 VET qualification, Foundation skills, Apprenticeship or Traineeship?
   - No: Is the applicant applying for a non-Priority 1 VET qualification at a higher level than their prior education attainment?
     - Yes: Eligible for a government subsidised place
       - 80-85% subsidy
     - No: Is the applicant applying for a VET qualification that does not meet the criteria above?
       - Yes: Not eligible for a government subsidised place
       - Full fee
Comparison assessment of designs

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<th>Entitlement design</th>
<th>Increase in VET participation</th>
<th>Support for the State’s strategic priorities</th>
<th>Ease of communication and administration</th>
<th>Affordability for government</th>
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Scale: ◯ = very poor, □ = average, ◼ = very strong
Preferred design

• The design will need to build on existing system strengths, including:
  
  • Apprenticeships and Traineeships
  
  • State Priority Occupation List (SPOL)
  
  • Higher level qualifications – Certificate IV and above
  
  • Foundation Skills
  
  • A well developed open and competitive training market
  
• Next step will be to shape a design that is simple to understand and navigate for all stakeholders.
Entitlement model

• Not an open ticket for anyone to do anything they want to do.
• Student centered, demand driven model that supports the State’s training priorities.
• Available for RTOs – public or private – meeting State based criteria.
Income contingent loans (ICLs)

- Enabling access to VET FEE-HELP.
- Available to Diploma and Advanced Diploma students.
- Fees and charges framework to be reconceptualised to suit the entitlement model and ICLs.
- Simplified operational arrangements to be negotiated with the Commonwealth.
Improved training outcomes

- Skills Reform NP focus on improved training outcomes.
  - Overall completions
  - Higher qualification completions
  - Indigenous training outcomes
  - Additional targets being negotiated. Disability? Regional / remote students?
- Improving qualification completions already in the Department’s policy reform agenda and aligns well with the State’s policy priorities.
- Higher level qualifications.
Challenges for the future

• Tight fiscal environment within the context of reduced GST.

• Increased demand for skilled workers.
Western Australia’s response

- Finalise the Implementation Plan
- Continued close consultation with Department of Treasury.
- Minister for Training and Workforce Development and the Premier being supportive of the training sector.
- Strong and meaningful collaboration with industry and stakeholders.
Any questions