Community Education and National Reform

DISCUSSION PAPER

Australian Government
Department of Education, Science and Training

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Report prepared for DEST August 2006
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Introduction

The Ministers of Vocational Education and Training (VET) have been asked by the Council of Australian Governments (COAG) to report in November 2006 on how the vocational education and training system can be improved to meet the challenges of the next decade and beyond.

This discussion paper seeks to contribute to this process by addressing the following questions;

(i) What challenges does the National Reform Agenda pose for the VET sector?
(ii) What role does Community Education currently play in VET?
(iii) Where might Community Education fit in the coordinated response to National Reform?
(iv) What actions might governments take to achieve this?

Challenges

The ageing population means that, left unchecked, workforce participation levels will drop from 63.5% in 2006 to 56.3% in 2044 leaving fewer tax payers to support more retirees. By then 25% of the population will be over 65 (double current levels) whilst those in the 15-64 cohort will remain static[1].

At the same time international competition, particularly that from the emerging super economies of China and India is moving away from low skilled manufacturing based jobs, to higher skilled services and occupations. As Australian firms respond to these trends the workforce will need higher skills to implement the innovative and technological advances that will underpin future productivity growth.

In 2005 only about 60% of the working population had a formal post school qualification[2]. That is 4 million unqualified adult workers who are in danger of being left behind as skill requirements increase. This is compounded further by a projected decrease in demand for Certificate II level qualifications by employers.

1 Commonwealth Treasury, *Australia's Demographic Challenges*, Appendix
2 CEET, *The future labour market and qualifications in Australia*. August 2006

So the VET sector has the tripartite task of maintaining a core focus on Certificate III and trades training, encouraging participation in and providing high end VET training whilst also providing a safety net of entry level VET for unqualified adults.

The current estimate is that 2.47 million additional VET places will be required over the next decade at Certificate III or above, more than 240,000 higher level qualifications than the current system can provide[3]. In addition the safety net provision for unqualified adults will be substantial if workforce participation levels are to be maintained.

This will be doubly challenging because for many working adults not having a formal qualification hasn't presented a barrier to employment, and they have been largely contented to do training provided by the workplace.

At the same time only about half the investment by business and Industry in training is directed to the formal system[4], so the VET system has a branding and market share problem. Or looking at it more positively an opportunity to increase market penetration.

However, governments are unlikely to want to shoulder the burden of providing a higher qualified workforce alone. (After all businesses will profit from this and the private returns to individuals increase the higher the qualifications they have). So at a time when governments want to see a national focus on qualifications acquisition and skills deepening (where the qualification base grows faster than the labour market) they also want to encourage demonstrably reluctant businesses and individuals to pay for it.

This will be keenly felt by small businesses who (although they have adopted Traineeships as a way of providing some formal training for some of their workforce) have not traditionally invested large sums of their own money in workforce development.

Workers on low wages or supporting a family on a single income will need to be persuaded of the overwhelming benefits of completing formal training before they will contemplate paying for it.

The underlying issues for the VET system then are how to:

- Offer the qualifications in a way that appeals to individuals and business and demonstrates the positive impacts on productivity and future income.
- Engage adult workers and small business in ways that build the market share of formal training whilst getting them to pay for (part of) it.
- Engage people who are marginally attached to the labour force and provide them with the skills and qualifications to secure and retain full time employment.
- Gear up for extra demand for both low level and high level qualifications simultaneously

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3 CEET, Ibid

4 NCVER, *Employers' use and views of the VET system 2005*, Table 8

Other elements of the National Reform Agenda will deal with the tricky issues of later retirement, providing adequate childcare places, improving levels of health, removing low wage traps and managing welfare to work transitions.

Current role of Community Education

Not for profit community based providers of adult learning programs are currently unsung heroes of the VET sector. This is largely because they are either stigmatised for the non vocational fee for service programs they offer, or they are categorsied as Private Providers.

Viewed in total however, they make a significant contribution to the annual VET effort. In 2005 these organisations provided formal VET training to 256,101 students representing 15.6% of all VET students. Provided 906,855 subject enrolments and conducted 26,056,532 hours of VET training[5].

If Community Education were a State it would be a large rural one. In 2005 enrolling more students than Western Australia and South Australia combined and providing 7.5 million more training hours than the Northern Territory, Tasmania and ACT combined.

36.7% of Community provision was in rural and remote areas nearly double the VET average of 18.9%[6].

Community Education providers primarily operate at the flexible and engagement end of the VET spectrum. In 2005 for example there were 243,000 subject only enrolments, where individuals chose to study one or two units from a Training Package or other short VET programs. 94% of these students reported that they achieved the main reason for attending the training, the highest satisfaction level in the NCVER annual national survey.

Community Education also provided 123,000 Employment Skills and 68,000 Adult Literacy subject enrolments in 2005, offering 6.5 million hours of training in these “mixed field” areas.

Much of this community learning infrastructure is cross subsidised by high levels of fee for service activity and other programs funded by different government departments. Better still these organisations reinvest any margin they make to manage their own risks and achieve the wider community development goals they were established to achieve.

With over 1200 organisations making up the Community Education sector in Australia, 770 of whom are Registered Training Organisations (RTOs), the sector has unparalleled community linkages that should be leveraged in the reform process.

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5 NCVER unpublished data Attachment 1

6 Compares unpublished NCVER data with NCVER 2005 Student Outcomes data

Where could Community Education fit in the future?

In looking at how the VET market might be refined to meet the challenges of reform, one way to position Community Education would be as the outreach arm of the VET sector. So when governments buy VET from Community Education they would get more than just the qualification output, they get the qualification plus an engagement function.

Community Education can provide that engagement in a number of ways:

- Through easy access vocational programs taught in an adult setting
- Offering a national network of Adult Literacy and Employment Skills providers
- Expand offerings to Small Business, building on fee for service activity
- Expanding Certificate I and II offerings for individuals, building on “subject only” enrolment activity
- Through long term community links at a local and regional level that facilitate optimal referral pathways.

This type of specialisation would allow the Public Provider to focus on higher level qualifications, workforce development for medium and large enterprises, expanding its VET with schools and diversifying its school leaver offerings.

In this type of model Private Providers are valued for their industry specialisation and high end flexible products.

A refined model for the VET market should also have a coordinated strategy for building the market share of formal training, defining areas of specialisation for each sector could help achieve this.

Coordinated Action

Governments have not viewed Community Education in a consistent way in the past. As a result the sector’s capabilities vary across jurisdictions. This discussion paper proposes that a consistent framework be adopted that is linked to the development of a joint Policy on Community Education.

A draft framework is proposed that is based on tiers of capability within the Community Education sector along with a set of regulatory principles that would allow the sector to flourish.

The capabilities are described in three tiers; Community Learning Provider, Community Participation Provider, and Community VET Provider.

The regulatory principles are based on Stewardship, Systemic Outcomes, Mobility, a Collaboration Competition continuum, and appropriate Reporting.

The discussion paper argues that the adoption of this framework and the positioning of Community Education within a reformed VET market open up significant opportunities to meet the goals of the National Reform Agenda.

Community Education and VET in 2005

There are about 1,200 not for profit community based organisations that currently provide some form of Adult Learning program for the Australian community[7]. Historically these providers have been categorised by program or sector type and used by governments in specific contexts to meet specific needs.

A significant proportion of the revenue for these organisations comes from fee for service activities provided to business and individuals. The balance is made up of funding from multiple and diverse government programs.

The broad definition used for this framework seeks to bring varying organisations together under one banner and analyse their potential contributory role through descriptors of capability.

The proposed definition for organisations that comprise the Community Education sector is:

> "Not for profit community based organisations with a local or regional focus that offer Adult Learning programs"

This definition encompasses organisations as diverse as:

- AMESs and the Council for Adult Education
- Adult and Community Education organisations in Victoria and NSW
- Group Training Companies
- Community Colleges
- Not for Profit Job Network RTOs
- Telecentres
- Neighbourhood houses
- Community Access Centres
- Adult Education Centres

Of the 1200 organisations that currently fit this definition 770 are Registered Training Organisations.

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[7] See Attachment 1 for definition of provider types and estimate of active provider numbers

In 2005 these organisations provided formal VET training to 256,101 students representing 15.6% of all VET students. Community Education provided 906,855 subject enrolments and conducted 26,056,532 hours of VET training[8].

Key features of the sector's VET provision in 2005 [9]

34.5% or 332,221 subject enrolments were at Certificate III
25.2% were subject only enrolments usually in units from a Training Package
19.6% or189,293 subject enrolments were at Certificate II
There were more enrolments at Certificate IV (86,065) than at Certificate I (74,783)
123,838 enrolments in mixed field Employment Skills courses
67,907 enrolments in Adult Literacy courses
3.1 million hours in Employment Skills courses
3.6 million hours in Adult Literacy courses
6.5 million hours of Management and Commerce training
3.7 million hours in Society and Culture
23.5% of all Community Education students did a Management and Commerce course
16.8% of all students did a Health related course
The top three training packages for ACE providers were Community Services, Business Services and Information Technology.
Community providers offered Community Services, Retail, Transport and Distribution most often.
Group Training Organisations most used General Construction, Business Services and Automotive training packages,
Job Network offered Business Services, Community Services and Retail most frequently
36.7% of provision was in rural or remote areas
56.8% of provision was in capital cities
79% of VET funding came from Commonwealth or State recurrent sources
17.5% of Community Education VET revenue was fee for service activity by comparison to 13.6% for the whole VET sector

Putting this effort in some perspective if Community Education were a State in 2005 it would have enrolled more students than South Australia and Western Australia combined, and offered about twice as many training hours as Tasmania and the ACT combined[10].

Community Education provision was more than twice as likely to occur in a rural or remote area than the VET average.

Last year Community Providers conducted 181, 379 fee for service VET subject enrolments, representing 16.3% of VET revenues[11]. Non vocational fee for service activity is probably five times this level but (as discussed below) these figures are not accurately captured.

8 NCVER unpublished data, Attachment 1
9 Ibid
10 Ibid
11 Ibid

So whilst many Community Providers are small and their total fee for service activity is modest, it usually represents a significant proportion of their total revenues. However, when all Community Providers are included the fee for service culture is more impressive.

For example Group Training Companies employ around 40,000 apprentices at any point in time and lease them to business and industry. Fees for these services last year would have been around $950m. This compares favourably with the $267m all TAFE systems reported as their fee for service activity in 2004[12].

The outcomes of VET graduates in the Community Education show that they meet the needs of their students at least as well as the two other sectors and importantly have the highest satisfaction levels of three provider types surveyed.

NCVER Student Outcomes 2005

Student information	TAFE	Private Provider	Community Provider
Employed before training	69	79	66
Employed after training	77	85	72
Difference	8	6	6
Relevance to current job	72	79	77
Job related benefit	79	77	79
Satisfied with quality of training	88	83	88
Achieved main reason for training	84	88	94

One of the unifying themes of community provision is that it is organised around adult learning principles at a time and place that suits the business or individual student. This could account for the high satisfaction levels and it is certainly a trend that the Reform Agenda will want to build on as it seeks to make the whole VET system more responsive to its customers.

12 Productivity Commission, *Report on Government Services 2005*

National Reform Agenda and VET

VET Context

Changes to the Vocational Education and Training effort in Australia over the coming decade will seek to deal with the multiple challenges of an ageing population and increasing international competition in higher skill occupations that will shift industrial and occupational composition. As a result there will be increasing demand for training that meets skills gaps and addresses skills shortages for higher qualifications.

The VET system will be an integral part of the National Reform Agenda that seeks to increase participation and productivity for the benefit of individuals business and the wider economy.

Over the next 10 years the labour market is projected to increase from 10 million to 11.2 million[13]. There will be an increasing emphasis on higher levels of qualifications to drive productivity growth and a continued skills deepening (where the increase in the total stock of qualifications held by Australians grows faster than the labour market).

Over the next decade an additional 4 million people will need to obtain or upgrade their qualifications, around 2.47 million[14] of these using the VET system to do so. They are projected to be equally divided between New Entrants and Existing Workers.

Meeting this demand will involve a 12% increase in the proportion of the population that holds a formal qualification. Of those employed this will mean an increase of qualified workers from 5.84 million in 2006 to 7.99 million[15] workers in 2016. About two thirds of these qualifications are expected to be provided by the VET system.

In 2005 there were about 16 million people over the age of 15 in Australia. 5.4 million of these were not in the labour force, and of these 1.1 million wanted to work, of whom about 75% were available to start work with in month[16]. It is this cohort of people that the VET system is best placed to assist to increase participation levels.

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13 CEET, *The future labour market and qualifications in Australia*. August 2006
14 Ibid
15 Ibid
16 ABS, *Profile of the Australian Labour Market*, September 2005

As the population ages a whole of government approach will be required to complement the role the VET system will play in workforce participation levels. New policies and programs will be required to extend the retirement age, improve the overall health of the population, increase availability of childcare places, drive further welfare reform[17] and eliminate low wage traps[18].

National Reform Agenda

The Ministers of VET have been asked to report to COAG in November 2006 on potential reforms to the VET system. In considering their response to the issues Ministers are likely to canvass a broad range of options that may include:

- Re focussing TAFE systems on changing demand for higher level skills examining best practice models like the strategies set out in the Queensland Skills Plan, and regulatory changes that will assist these
- Examining mechanisms to encourage higher levels of investment by business such as the training levy in the Building and Construction industry or how other countries use the tax system to promote investment in training.
- Examining methods to encourage increased levels of investment by individuals particularly for skills at higher levels such as the student loan schemes that operate in Higher Education.
- Considering the effectiveness of Learning Accounts as a mechanism to promote higher participation in VET, perhaps with a co contribution component as occurs in Scotland.
- Developing strategies to engage the 4 million existing adult workers who have no formal qualification, with the VET system.
- How to better address the needs of particular target groups, such as those with low literacy and numeracy skills.
- How to capture, track and report outcome performance of providers so that VET customers can make informed choices.
- How Providers and Industry can work more closely to improve productivity through workforce development and improving the market share of higher qualifications as part of the total investment in training in Australia.

Human Capital

The ageing of the Australian community is predicted to lower workforce participation levels from 63.5% in 2006 to 56.3% in 2044[19]. Leaving many fewer workers to support increasing numbers of elderly retirees.

Part of the National Reform Agenda focuses on Human Capital and seeks amongst other things to increase participation levels “for a healthy and productive working life” as a way of addressing the impacts of the ageing population and improving productivity[20].

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17 Peter Dawkins, *Addressing impacts of population ageing on labour force participation*, July 2005
18 OECD *Economic Survey of Australia 2006*
19 Productivity Commission, *Economic implications of an ageing population 2005*
20 COAG Communique February 2006

There is a demonstrable link between qualification acquisition, higher levels of employment, higher productivity and higher income. The private returns tend to increase the higher the qualification[21].

The Community Education Sector can continue to play its part in the Human Capital agenda in a number of key ways:

- By engaging greater numbers of people in adult learning and providing a pathway back to formal education and training.
- Offering second chance easy access opportunities for adults with literacy and numeracy problems. People who are initially reluctant to seek assistance from the TAFE system.
- Providing “mixed field” employability skills training to prepare people for the workforce.
- Providing flexible and demand driven fee for service vocational training based around customising training package units into “skills sets” that meet customers needs.
- Offering AQF I and II qualifications for specific target groups.
- Continuing to provide AQF III and IV qualifications in the User Choice market, offering a diverse coursemix for Existing Workers and by making a nationally significantly contribution to the training of Australia’s Workplace Trainers and Assessors
- Assisting the Small Business sector with their workforce development needs, providing gap assessment and training to facilitate skills deepening in small workplaces.
- Facilitating co contributions from individuals and business to meet the cost of higher level VET qualifications, by building on its existing fee for service channels.

The key theme here is the ability of the sector to engage adults who would not otherwise use the formal VET system.

VET reform will stretch the system in a number of directions. Therefore it is important to optimise methods for engaging individuals and small business back into the system whilst this process is underway.

[21] ABS, *Measuring the stock of human capital for Australia: a lifetime labour income approach*

Community Education in a reformed VET market

A new model for the VET market

Motivated and informed sellers operating within a reasonably regulated environment	Appropriate training products and services	Informed clients (individuals and employers)

Provider attributes	Provision focus	Client groups
Commercially focused semi autonomous publicly owned TAFE system	Full AQF spectrum Increasing focus on higher level qualifications	VET with schools School leavers User Choice Fee for service with business & industry Employment seekers Career improvers Self developers
Commercially focused autonomous community owned not-for-profit education sector	Engagement focus Mixed field participation courses Intermediate level AQF	Second chance Employment seekers Small business fee for service Career improvers User Choice Self developers
Commercially focused autonomous privately owned for profit education sector	Industry specialists with increasing focus on higher level AQF	Industry and small business clients User Choice Career improvers Self developers

The diagram above shows how the VET market could be conceived as it develops to meet the challenges of National Reform Agenda.

The model shows the provider attributes, provision focus and the primary client groups of each sector. (In practice there will be some fuzzy edges as individual providers develop capability to meet a specific industry need or specialise to assist a particular target group).

However, it builds on trends over the last decade where Higher Education has developed an international focus, Colleges of Advanced Education have become Universities, the publicly funded VET sector has moved to extend its provision to diploma level and above, Community Education has moved into formal vocational provision, and private providers have entered the VET market.

Also there has been a noticeable blurring of the edges as schools have entered the market for Certificate II training, Universities again offer diploma courses and some TAFE institutions are offering degrees.

In this model Community Education is used as the outreach arm of the VET market, using its community linkages and many points of presence to engage and reengage adults into the VET system.

At the same time the public provider is drawn to the spheres of higher VET qualifications and high volume provision for school leavers particularly at Certificate III level and for traditional trades. The areas it is best placed to provide.

Meanwhile private providers are valued for their industry specialisation and flexible approaches, and moved away from high volume market niches that could easily be serviced by Community or Public Providers.

A key advantage to the VET sector of this approach is that so many other government portfolios assist by funding Community Education infrastructure. In one sense it is already a best practice model for a whole of government approach.

The other compelling reasons for a more coordinated approach to positioning Community Education are:

- The distribution of 1200 providers nationally provides optimal community coverage, particularly in rural communities
- The sector's reach with segments of the adult population that do not currently use the formal training system
- Increased market competition providing greater choice for Learning Account holders
- Value for money

Community Education provides value for money because; its low cost community infrastructure is already cross subsidised by other government programs and fee for service activity, providers have flat administrative structures, fewer full time staff per student contact hour and generally lower coursemix profiles.

A Capability Framework for Community Education

Governments have tended to use the community providers when they needed to:

- Extend adult learning offerings to a community
- Diversify community development effort
- Target a particular group of learners or potential students
- Offer intermediary labour market services
- Increase competition and cost effectiveness in a market

However, governments have lacked a framework to coordinate their use and support of the Community Education sector.

The obvious advantages of doing so would be to optimise total government investment, maximise the reach of the sector, provide strong market alternatives, and achieve value for money.

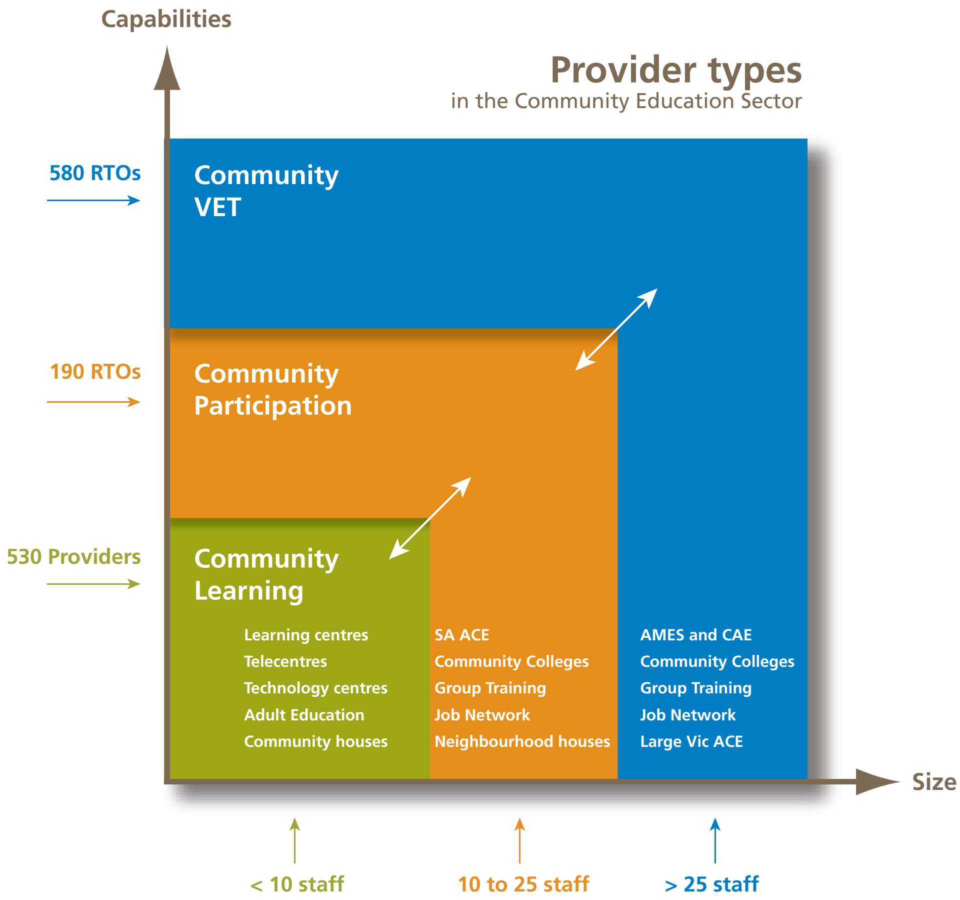
In thinking about a framework for Community Education it is useful to conceive of providers falling into one of three categories:

1. Community Learning Providers
2. Community Participation Providers
3. Community VET Providers

The capabilities of the sector can then be viewed in terms of the following factors:

- Number and dispersal of Community Education organisations across jurisdictions and tiers
- Organisation size, footprint and community linkages
- Sphere of collaboration and competition
- Types of learning programs offered (informal to AQF V)
- Proportion of RTOs and their scope of registration
- Primary customer base and student target groups
- Learning outcome types
- Reporting capabilities

As provider capabilities grow and diversify they tend to move upward between tiers usually continuing to offer the programs and services in the lower tiers.



Tier 1 Community Learning Providers

At this tier providers are generally small scale organisations that offer informal learning opportunities for the community, or an identified group within the community.

They can be considered as the diffuse outreach tentacles of the VET system offering easy access and second chance learning opportunities for individuals who pay directly for the learning program.

They sometimes provide other community development activities and succeed or fail based on the quality of their offering and the strength of their community profile. Their students are typically older than the VET average and many may be either marginally attached or not attached to the labour market. The largest users of community learning providers are more mature women with children. The average age of students in this tier is around 40[22].

[22] NCVER, *Australian vocational education and training statistics student outcomes 2005*

Tier 2 Community Participation Providers

Community Participation Providers have many of the same characteristics as those in tier 1 except that they have diversified to offer more formal learning opportunities for different target groups in the community. Historically many of these providers have offered adult literacy and numeracy programs, and in more recent times have diversified further into other “Mixed Field” employability skills programs.

Although these providers are Registered Training Organisations much of their vocational training remains unaccredited or unassessed. They do this in response to the demand from their students. In 2005 for example Community Providers provided 265,679 subject only VET enrolments[23].

This differentiates them from their institutional based colleagues and in so doing provides a gateway back into the VET system for many disadvantaged people.

Funding for these programs is typically program based not recurrent and so articulation to work or further study is usually the primary aim.

Tier 3 Community VET Providers

At this tier providers are often larger RTOs sometimes with quite diverse scopes. Some have developed from a Community Learning Provider type background whilst others have a labour market intermediary background (Group Training, SkillShare, and Job Network)

These providers often have a mix of accredited and non accredited vocational provision, operate in the contestable VET market and often specialise in working with particular target groups.

In many respects they are differentiated from Private Providers only by the fact that they reinvest their margin to meet the community goals they were established to achieve.

This facilitates the community linkages and other desirable outcomes that governments have purchased from them in the past[24].

Under existing data collection methods many of these providers are currently bundled into the “private provider” or “other provider” category.

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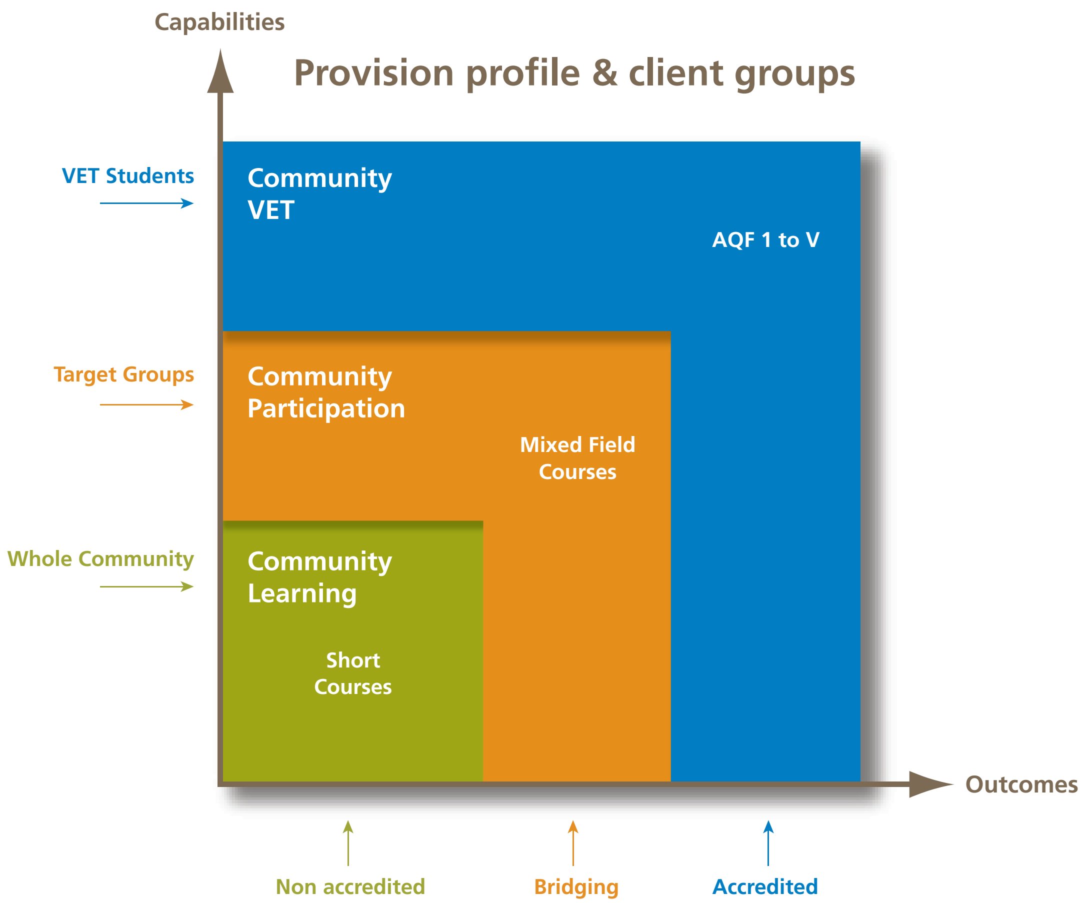
23 NCVER unpublished data, Attachment 1

24 NCVER *Outcomes of ACE* 2003

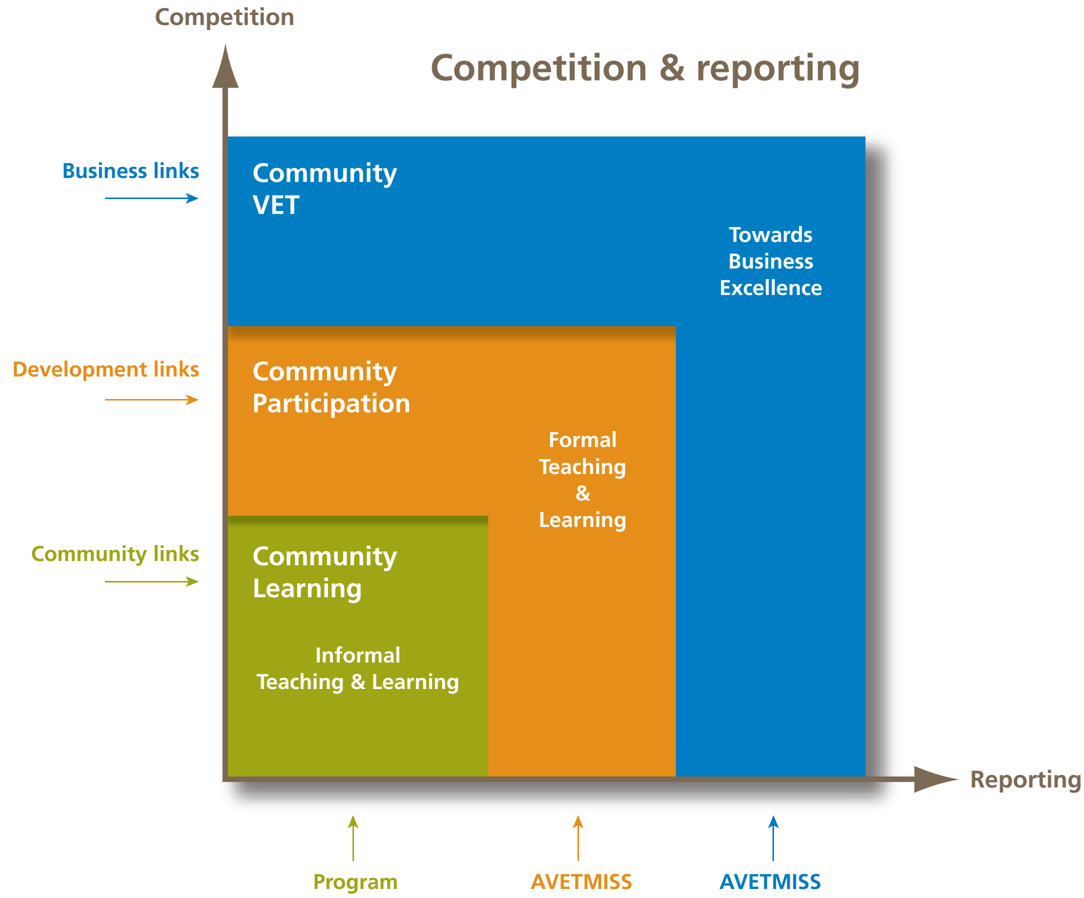


In thinking about the three tiers of community education it is also useful to examine their capabilities in terms of primary target groups, provision profile, and learning outcome type.

The diagram above shows Community Learning providers market their products to the whole community and primarily offer short non accredited courses.

Community Participation providers start to specialise, usually into literacy and employment skills courses. In 2005, Community Education provided 6.7 million hours of this type of bridging course for specific target groups of adult learners.

Community VET providers are active in the user choice and contestable VET markets, offering fee for service VET, Traineeships, some Apprenticeships and contracted AQF courses targeted at specific groups. They conducted over 20 million hours of this training in 2005.



Another way to examine the capabilities of Community Education is in terms of a transition from a focus on informal teaching and learning approaches to formal teaching and learning that is customised for specific target groups and subject to processes of continuous improvement. Summarised in the diagram above as moving towards a commitment to Business Excellence in VET.

As capabilities and competition increase providers move from collaborative arrangements with other community organisations, to collaboration with community development organisations and then to more formal partnerships with business customers.

At the same time the reporting expectation increase appropriately.

Regulatory Principles for Community Education

The Community Education sector is diverse in terms of its provider type and revenue sources. Its common features are community ownership and not for profit status.

This mix requires a regulatory regime that will optimise the benefits this sector can bring without stifling innovation and flexibility. Because these providers already operate across different government programs their cumulative compliance load is already disproportionately high.

The model proposes five key regulatory principles to best engage the Community Education sector.

STEWARDSHIP	by governments where the capability of the whole sector is fostered and developed
SYSTEMIC OUTCOMES	optimised through a coordinated and predictable funding mix
MOBILITY	from one tier to another is encouraged, based on capability and performance
COLLABORATION	and competition balanced for capability and context
OUTCOME REPORTING	cognisant of provider size and capability

These principles relate well to the best practice principles reaffirmed by COAG in 2004[25].

Relationship to regulatory best practice principles

Regulatory principles	Stewardship	Systemic outcomes	Mobility	Collaboration Competition	Outcome reporting
Effectiveness	✓	✓	✓	✓	✓
Proportionality	✓	✓	✓	✓	✓
Flexibility	✓	✓	✓	✓	
Transparency	✓	✓	✓	✓	✓
Consistency	✓	✓	✓		✓
Cooperation	✓	✓		✓	
Accountability	✓	✓	✓		✓
Appeal	✓				
Competition	✓	✓	✓	✓	

Stewardship

The new model calls for a coordinated national approach where governments provide overall stewardship of the Community Education sector through enabling policy settings that will allow the sector as a whole to flourish. The model promotes a mixture of collaboration and competition based on the context and provider capability, and mobility of providers between tiers.

The aim is to have high performing providers in each tier with sufficient depth and geographic spread that they can perform the engagement functions for which the sector is optimally placed.

The notion of stewardship seeks to build overall capability and reward high performance and flexibility. Individual providers will succeed if they meet the needs of their clients in ways which support funded government objectives. Where a provider is not successful, the diversity of providers should ensure that there is a local or regional successor organisation developing the capability to replace them.

This is envisaged on a local and regional level because this is where community organisations have their strongest community linkages. A differentiation needs to be made here between community based organisations and non government service organisations that tend to be larger, often values based organisations with a wider footprint.

Non government service organisations have been in vogue in certain markets because of the administrative simplicity of dealing with a few large organisations and their ability to build market share by tendering at or below cost. They cover overheads through economies of scale gained from multiple programs, but often

[25] COAG, *Principles and guidelines for national standard setting and regulatory action by Ministerial Councils and Standard setting bodies.* Amended 2004

withdraw when contracts are lost or expected economies do not eventuate, leaving a vacuum of community provision in their wake.

The model recognises that these service organisations do not generally have the long term community linkages required to achieve the engagement and reengagement functions so useful to the Reform Agenda. Their role should be limited to partnering with local organisations, in a capability development capacity, to temporarily plug any gaps in the Community Education network.

Stewardship puts a premium on the following sectoral attributes:

- Community linkages
- Educational capability consistently deployed in a community or with a target group
- A diverse provider base across the three tiers
- Innovative and flexible engagement strategies
- Value for money

The Community Education sector has a history of providing value for money because its teaching salaries are often based on the CETTS Award; it has fewer full time equivalent staff per student contact hour; flat administrative structures; lower coursemix profiles; and dispersed and low cost community infrastructure[26].

Systemic outcomes

The recent history of many monopsonistic markets in Australia has seen a higher value placed on price than consistency and capability. This has sometimes resulted in high percentage change of providers, dislocation of delivery professionals and high levels of service disruption. Often the performance “dip” from changing providers is apparently not factored into the business allocation process.

Sometimes a logical sequence of individual purchasing decisions results in over concentration of some providers and a higher degree of change than an already high functioning system warrants.

In these situations there is a loss of regulatory focus on the systemic outcomes that need to be achieved. A better approach would be to implement the best practice regulatory principles developed for COAG with particular emphasis on:

- Transparency
- Proportionality
- Effectiveness
- Consistent and predictable

This is particularly important with the Community Education sector especially at the lower tiers. Many of the tier 1 and 2 organisations are quite small and do not have the financial reserves to repeatedly build capability in a short term or volatile contract regime.

[26] Productivity Commission, *Report on Government Services 2005,* factors that affect price of VET provision

Another primary consideration are the training staff, such as literacy and numeracy teachers, who many be thin on the ground particularly in rural communities and who should have a reasonable expectation of ongoing work as long as they achieve the learning outcomes required.

This recognises that much of the capability in this sector resides in the staff that are committed to making a difference for adult learners. Attracting and retaining staff like these is best done where a stable funding regime is in place.

This is not to say that Community Providers won't compete for funds and get a greater share based on successful performance. That is a cornerstone of the Framework. But rather when business levels are determined, using the combination of strategies that the Reform Agenda puts in place, that due consideration to best practice regulatory principles are used to achieve the systemic outcomes required.

Mobility

The ability for a provider to move between the various capability tiers in the Framework is an essential feature of the model.

In some states at the moment certain sub sets of community providers are defined out of the VET agenda. Using a more inclusive Framework allows these artificial barriers to be removed.

Each state will have a different starting point, Western Australia for example has a vibrant first tier but fewer providers in tiers two and three. NSW and Victoria have well developed capabilities across all three tiers.

Each state will form a view about the optimal mix of Community Sector involvement to meet their specific needs. However, all states should be asked to allow mobility of providers between tiers if this is the providers wish.

Community Education has demonstrated that it is responsive to policy signals where funding exists to implement it. Mobility will allow organic growth of provider capabilities to occur.

Collaboration and Competition

The framework envisages a continuum of collaboration and competition.

Community Learning Providers will be encouraged to collaborate in order to maximise community effort and optimise learning opportunities for disengaged learners. So for example in Tasmania Adult Education providers will be encouraged to collaborate with the Telecentres and the Library, which is currently envisaged by that state as the best way to proceed[27].

Community Participation providers will still collaborate to optimise learning opportunities but they will also compete for funds to provide Adult literacy

[27] DET Tasmania, *Tasmania A State of Learning*

programs, or employability or prevocational courses. The focus of their collaboration will evolve to community development organisations like Councils and Enterprise Centres, as well as the Job Network.

Community VET Providers will collaborate with business partners but otherwise compete freely in the competitive training market. In most instances Community VET providers will service the needs of small business, which currently use it for easy access cost effective VET, often purchasing individual units of competence or compliance type training.

Reporting

Because many tier 1 providers are micro organisations that will continue to primarily operate on fee for service based revenues with minimal government support, the reporting requirements for this tier should be programmatic (where program funding is provided) and have "light touch" compliance requirements.

Providers in this tier should be supported to develop the capability to become an RTO where they aspire to, but over regulation of this tier will stifle innovation and capability development.

At tiers two and three providers will be RTOs and as such will be required to submit AVETMISS reports. Community Participation providers may also be required to detail outcome and articulation data as part of their program funding.

There are a number of data collection issues for the Community Sector which will need to be resolved as part of the implementation of this framework. These include:

- The Community Sector is currently limited to ACE providers who are nominated by the State Training Authorities. These lists currently exclude many Group Training Companies and Telecentres, and virtually all not for profit Job Network RTOs.
- NCVER currently reports GTOs and Not for Profit Job Network RTOs under a category of "other provider" which then gets recognised as "private provider" effort. They need to be extracted from this data set and included in a broader definition of Community Provider
- Non vocational Adult and Community Education reporting is currently inconsistent. Non vocational reports are not received from NSW and Tasmania, and other states include their non vocational TAFE fee for service activity in this bracket.

As part of the National Reform Agenda a new approach to data collection should be considered that better reflects the revised arrangements. As a minimum fee for service activity should be reported consistently (including non vocational training by Field of Study and hours completed by each provider annually).

But if this requirement is extended to Community Education organisations they should receive funding and technological assistance to do so.

Conclusions

The VET system faces a number of complex challenges as it meets the goals of the National Reform Agenda. Its clear that increased resourcing will be required to meet the increased demand for higher level skills and to provide appropriate training opportunities for unqualified adults.

It is also clear that even with current policy settings the Community Education sector will play an important role in achieving the outcomes of the Reform Agenda.

The key question becomes how will this contribution be positioned and coordinated by governments?

Community Education has a demonstrated VET track record and presents a compelling case for an enhanced role in the new arrangements. In addition to infrastructure that is funded from multiple sources the sector offers:

- A national distribution network of 1200 providers with optimal community coverage, particularly in rural communities
- Reach with segments of the adult population that do not currently use the formal training system
- Increased market competition that provides greater choice for individuals and business
- Value for money

The engagement functions that Community Education can offer are a vital component of VET reform, and one which the sector is optimally placed to perform.

Governments can actively support and position Community Education by adopting the framework outlined in this document and developing a joint Policy on Community Education.

Specific program initiatives can then be designed to achieve the goals of the Reform Agenda.

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