

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Mansfield — 13 February 2013

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Mr P. Sladdin, Chief Executive Officer, Mansfield Adult Continuing Education (sworn).

The DEPUTY CHAIR — I thank Paul Sladdin, Chief Executive Officer of Mansfield Adult Continuing Education (MACE) for coming along today to this public hearing of the joint parliamentary Economic and Development Infrastructure Committee's Inquiry into local economic development issues in Victoria. Paul, the evidence that you will give at this hearing today is protected by parliamentary privilege, but comments made outside the hearing are not afforded such privilege. Could you begin by stating your name, the capacity in which you appear here today, and if on behalf of an organisation, the name and address of that organisation.

Mr SLADDIN — Certainly. Paul Sladdin, Chief Executive Officer of MACE or Mansfield Adult Continuing Education, 145–147 High Street, Mansfield, 3722.

The DEPUTY CHAIR — Please start your presentation.

Mr SLADDIN — Thank you for the opportunity. I will just give the Committee a bit of background. We are a small-to-medium registered training organisation. We have been in Mansfield since 1975. While there are other RTOs and TAFEs that deliver to Mansfield LGA, MACE is the sole RTO in the shire. What I will be focusing on today is the RTO side of the organisation, but we are also a community provider of early childhood education and care and a neighbourhood house.

In terms of our staffing, we have 14 full-time, 8 part-time, 4 casual and 21 sessional trainers. In 2010 we opened a new building, a substantial infrastructure investment of \$2 million, which came from a combination of federal and state government funding and our own capital. Our turnover in the previous year was around \$3 million.

In terms of our training delivery, we deliver from certificate I through to diploma level. The main areas of delivery are in community services, that covers children's services, aged care, home and community care, youth and disability, business and accounting, hospitality, tourism and outdoor recreation. While we have 57 accredited programs in our scope, they are the areas that are most popular for us. In 2012 the majority of our total student enrolment was in accredited training. This resulted in 308 247 training hours.

What is working well for us? The first thing is the Victorian training guarantee, which has been operating fully since 2010 and into 2011. In terms of government direction to upskill Victorians, this has been a very successful program. The Victorian guarantee, in terms of local training, has seen a 25 per cent increase from 2008 in the amount of accredited training being undertaken here in Mansfield. When I say here in Mansfield, while MACE is based in Mansfield our delivery extends right across the State, particularly in the Hume region heading north, the Wimmera, the south-west and in the Melbourne metropolitan area. It has grown to the point where in 2008 we were the second smallest provider of government-funded training but by 2011 we were the second largest in the Hume region. We are waiting on the 2012 data, but I am quite confident we will hit no. 1 based on 2012 training delivery.

One of the positives of the recent skills reform changes has been the introduction of a regional loading, which has been very welcome, particularly for community-based providers who operate in thin markets in regional Victoria. The addition of that regional loading is certainly a welcome addition.

Just looking at accredited training in the Mansfield Shire, MACE is still in the process of fully analysing the census data comparing 2006 with 2011, but what we have been able to gather thus far is that in terms of employment, as an industry in Mansfield LGA, education and training are now the third largest employer.

In terms of diploma-level qualifications in the Mansfield LGA between 2006 and 2011 we have had a 37 per cent growth in residents attaining a diploma qualification.

The DEPUTY CHAIR — Paul, what are the first two? If education and training is third, what are first and second?

Mr SLADDIN — Accommodation and food services was no. 1 and retail trade no. 2.

The DEPUTY CHAIR — Thank you, Paul.

Mr SLADDIN — No worries. A second initiative that is working very well for us, particularly here in Mansfield and the Hume region, is the regional partnerships facilitation fund, which is a state government fund organised to encourage cooperation between higher education and vocational education and training providers. The Hume region has the lowest higher education participation rate here in Victoria. This program is aimed at

increasing the participation rate in higher education — higher education being from a diploma through to a bachelor's degree. This is a \$3.9 million project in partnership with Swinburne University. It is a pathway program; we deliver a diploma program which then pathways into a bachelor's degree. It is delivered locally not only here in Mansfield but throughout the north-east region. Our target is 140 students by the end of 2014. Currently we are at 73. MACE is the only community RTO involved in round 1. Round 2 is about to be announced, I understand, but the other participants are either university or TAFE organisations.

What has worked well for the Learn Local brand is that traditionally organisations such as MACE have been known as adult and community education providers, ACE providers, which means bugger all to the majority of punters on the street. Everybody knows what TAFE is and everybody knows what uni is. In terms of the creation of the Learn Local brand it is only recent; it is only about 12 to 18 months old and it is growing, but that creation as an industry has certainly assisted us. The other one is the capacity and innovation grants program which is there to build the governance capabilities of community-based education providers.

What are our challenges? While the skills reform agenda has had many positives, there have also been a few negatives. What is commonly referred to as 'TAFE cuts' is a bit of a misnomer because really they are vocational education and training cuts. They not only affect TAFE institutions but also affect all vocational education and training providers. The result this has had in Mansfield with our organisation in particular is that out of those five areas I highlighted earlier where the majority of our delivery is given, three were heavily affected by the reduction in the student-contact-hours subsidy as a result of those changes. On the flip side, two of those areas received a substantial increase in subsidy.

In terms of the local secondary college, Mansfield Secondary College has the largest number of new Australian school-based apprentices in Victoria. It is a very successful program that the secondary college is very proud of and Mansfield is very proud of. The effect this has had is that the reduction in the student-contact-hour rate has led to a bit of a bidding war between the providers — private, TAFE and community-based RTOs — with the secondary college trying to get the lowest possible price for their students to undertake their school-based apprenticeships. This has had an effect that where some of the employers in town have paid for the training, they are saying now 'No, sorry, the cost is too much. We can't afford to do it.' There has been an onus on the students and their parents to try to find the money for the increase; however, the secondary college has made its decision and gone with a provider from whom they believe they have the lowest possible price. It is not necessarily the best quality training, but it is certainly the lowest priced.

Also with the secondary — —

The DEPUTY CHAIR — And that is not MACE?

Mr SLADDIN — I beg your pardon.

The DEPUTY CHAIR — And that is not you?

Mr SLADDIN — It depends on the training area. In some areas, yes; in other areas, no.

In terms of the agribusiness program that the secondary college runs, it is a home-grown program that has received state and federal recognition. It is a small program, but it is a very important program where the school recognised that young people were not necessarily taking an agricultural-based pathway and this program, working very closely with them with the support of the local agricultural industry, is one that is bearing positive results in getting young people interested and involved in agribusiness. That is certainly one that we would like to see continued.

I will move on to another area — this is nothing new; we have heard it all morning — and that is compliance costs. The training industry is no stranger to having to deal with compliance costs, even to the point where, as one of the earlier witnesses said, it is overwhelming. The amount of time we now have to spend is quite considerable. We have the Australian Quality Training Framework, the Victorian Registration Qualifications Authority and the Higher Education and Skills Group. There is a lot of duplication in what we have to do for all three of those parties. The Federal Government has a national regulator for compliance. Victoria has decided not to sign up to that. MACE does not have an opinion on whether that is right or wrong, but what we would like to see is perhaps a single regulator, whether that is here in Victoria or whether it is federally, when it comes to those compliance issues.

Communications have been discussed again. The Uni4U project — the regional partnerships project with Swinburne University — relies very heavily on e-learning. It is an online program. The majority of it is done online and obviously fast broadband internet access is a problem, particularly when we get up into the further northern regions.

A recent concern for us has been the collapsing of the Department of Education and Early Childhood Development regions. We have gone from nine regions down to four. Here in the Hume region we had three support people based in Benalla; we now have none. We are now serviced by Glen Waverley, where there are two people to cover the area from Glen Waverley all the way up the Hume to Wodonga, across to Corryong and over to Kyabram. This also leads to our uncertainty with the Adult Community and Further Education Board.

Mrs PEULICH — Could you just explain what areas the Hume region previously covered.

Mr SLADDIN — The previous Hume region was Wallan to Wodonga and Corryong to Kyabram.

Mrs PEULICH — So it wasn't just exclusively Benalla?

Mr SLADDIN — Goulburn Valley, yes. Now it includes the eastern metropolitan region as well.

The DEPUTY CHAIR — What did the former three regional staff do that assisted you?

Mr SLADDIN — The former three staff?

The DEPUTY CHAIR — What did they do to assist you?

Mr SLADDIN — They provided advocacy and advice on a day-to-day basis for the smaller providers who needed assistance with everything from their delivery plans through to working with their governance and their financial operations. They provided help on a project basis if you wanted assistance with what we call delivery plans. We established what types of programs would be delivered in our local communities in terms of whether we were targeting disability, youth or men aged 45 and they would assist with the data to enable us to come up with the delivery of those programs.

Mrs PEULICH — They did that on a day-to-day basis for you, covering the Hume region?

Mr SLADDIN — Covering the Hume region.

Mrs PEULICH — Now that is no longer happening, is that correct?

Mr SLADDIN — That is no longer happening. It is happening — —

Mr CARROLL — From Glen Waverley.

Mr SLADDIN — From Glen Waverley, with two people in Glen Waverley.

Mrs PEULICH — That is fine, but are you saying that is not happening?

Mr SLADDIN — It is too early to say. It only just started on 1 January.

Mrs PEULICH — I see. So you are not in a position to say whether it is happening or not?

Mr SLADDIN — That is correct.

I have a couple of suggestions. In terms of the Victorian training guarantee, we believe there is room to investigate a new funding model for rural and regional Victorians in the areas of localised skill shortages. With the changes to the student-contact-hour rate, it was the training package that was affected. Hospitality is a good example to use. In hospitality in all areas except commercial cookery the student-contact-hour funding rate went down. In an area such as Mansfield, where we rely on the service industry, tourism and hospitality, those skills are in high demand. They may not be in high demand in Chapel Street, Prahran, but they are in tourism-based areas like the north-east.

Similar to what we have with the regional loading, we believe that there could be a loading that follows the student, because the regional loading is based on the postcode in which the student is residing while undertaking that training. If that postcode regional loading were applied to the training package where that student is studying, that would assist those training organisations to offer a more competitive package in terms of training price.

Moving on to the Regional Partnerships Facilitation Fund program. When we recommend extending the program, we do not necessarily mean that it should just be continued. What has been a major success of this program is the bringing together of higher education, VET and schools. I think that extending the program where incentives or encouragement are given for those three levels of education to work more closely together can only benefit the students.

I mentioned earlier the need for a single compliance/regulatory body. We would like to see the restoration of at least one regional staff member in Benalla, the continuation of the marketing of the Learn Local Brand and, if there are any thoughts about disbanding the ACFE board, we would like to see the ACFE vision continue within the new higher education and skills group framework. That is it, thank you.

The DEPUTY CHAIR — Thank you very much for that presentation. We certainly appreciate it. We have a few minutes for questions. The student contact hours in the three areas that had components reduced in the recent changes included hospitality, as you just indicated. Can you share with us what the other two were, and, as you did with hospitality, what the impacts of those might be?

Mr SLADDIN — It is the business and accounting, and hospitality and tourism areas that we deliver that were particularly affected. Community services has a small increase. For outdoor recreation — to the higher education school group's credit, they did listen to the industry — after an initial decrease, they actually did restore it. They increased the student contact hour rate for outdoor recreation, as opposed to sport and recreation — they are two different training packages.

Mrs PEULICH — Just one correction, if I may. You mentioned that there was a preference for a single regulatory body Australia-wide. That is occurring progressively, but there are organisations that deliver training that are only registered in Victoria, not Australia-wide, so there is still a need for the dual responsibilities which are not identical. But progressively through Parliament, from time to time there is legislation that flows through so that those responsibilities are shared and synchronised.

Mr SLADDIN — I am aware of that Inga. I know that there are some. If you are an RTO based in Victoria and you want to deliver outside of Victoria, you have to be registered with the national regulator.

Mrs PEULICH — Absolutely.

Mr SLADDIN — However, you still have the higher education and skills group compliance, and again there is duplication there.

Mrs PEULICH — That is a valid point, but I just wanted to say that obviously there is some streamlining taking place on that front. Just two questions, Deputy Chair, if I may. Notwithstanding the comments that you have made about the shifts in subsidy from the three areas that you have identified to other areas, is there an opportunity for your organisation to benefit from the increased subsidies for those courses in particular that underpin construction and apprenticeships, because we have consistently heard today that there is a shortage of labour in those areas? Do you intend to refocus in terms of your delivery plan, or are you having problems getting some expert advice from the regional office?

Mr SLADDIN — No, it is a bit broader than that. There has been an influx of private providers where they are chasing the government-funded dollar for the higher subsidised courses, construction being one of them. There are many others. MACE does not have the capacity — either the physical capacity or the teaching staff who have the qualifications — to deliver at the level that is required. While we do on a lower level in terms of forklift licensing and a lot of the compliances associated with it, we do not have the capacity in terms of the teaching space and the facilities to deliver a construction-type training package.

Mrs PEULICH — Thank you for that. If you could just correct one further bit of information. You said earlier that Mansfield Secondary College had gone with the cheapest provider. I thought that the major provider

they had reached an agreement with was actually GOTAFE. Could you confirm that? And that indeed the costs of 2012 at \$187 for 5 hours was actually — —

Mr SLADDIN — I am well aware that the local member did slip you that information, but my information is that — —

Mrs PEULICH — I just wanted to get it on the record.

Mr SLADDIN — Well okay here it is for the record: they have gone with Euroa Community Education Centre.

Mrs PEULICH — Not GOTAFE? Because I recall reading — —

Mr SLADDIN — For some of their training, not the majority. For the majority of their training they have gone through Euroa Community Education Centre.

Mrs PEULICH — I know from reading an article about GOTAFE how they were welcoming some of those changes and recognised them as significant opportunities, but clearly there are different perspectives.

Mr SLADDIN — Which is probably why there are issues with GOTAFE.

The DEPUTY CHAIR — Just on that then, in terms of the college and its record number of in-school agribusiness apprentices — —

Mr SLADDIN — No, that is across the board, sorry.

The DEPUTY CHAIR — Pardon me?

Mr SLADDIN — The number of Australian school-based apprentices have the largest number, but it is across a variety of areas; it is not just agriculture.

The DEPUTY CHAIR — Okay. So in regard to how the school seeks to go about combining all that apprenticeship-based training delivery, whether it is agribusiness or all of the bits and pieces that it delivers, is it clear yet which providers are going down the path of which courses? You indicated that Euroa Community Education Centre has won the majority of the work. Which type of work has it been successful in achieving?

Mr SLADDIN — Retail and hospitality.

The DEPUTY CHAIR — I assume it is early days, but do we understand what the implications of that might be?

Mr SLADDIN — For whom?

The DEPUTY CHAIR — For the students first and foremost, and for the education providers who have previously been in that area, such as yourself.

Mr SLADDIN — Obviously in terms of market share it has diminished for that. Again, it is too early; the school year has only just started. The provider from Euroa has only just yesterday received its Skills Victoria contract to deliver. Most providers received their contracts in December. Euroa has had some issues, but it did receive its contract yesterday.

The DEPUTY CHAIR — In regard to the numbers of school-based apprenticeships, do we know what have been the implications of that this year, 2013, in regard to previous years? Too early?

Mr SLADDIN — I cannot speak on behalf of the secondary college. I don't know; I cannot answer that.

Mr CARROLL — Thanks, Paul, for your presentation. The Hume region is very big. You spoke about how, in terms of higher education and diplomas and degrees, the Hume region has the lowest participation rate in Victoria, but I think MACE that has gone from the second-smallest to the second-largest in government-funded student numbers. Who is coming through the door? Are we talking about mums who have

had the kids and who are coming back for retraining? Are we talking about recently laid off males? Is there any demographic that stands out?

Mr SLADDIN — That is a good question. Not really. In fact our demographic in terms of gender is almost 50-50 — I think it is 51 female to 49 male. The majority in terms of age group is in the 34 to 45 age group. Certainly there is a tendency for retraining, like mums returning after childbirth and raising children. Increasingly, because we have been able to increase our scope of delivery, we are also getting an increasing number of young people who are staying on in Mansfield to do that.

Mr CARROLL — Fantastic. Good job!

The DEPUTY CHAIR — We have gone a little bit over schedule, but I thank you very much for your presentation today. You will receive a copy of the transcript in a week or two. Whilst it is open to you to correct typographical errors and mistakes of that nature, changing the substance of the evidence is not allowed. Thank you very much again.

Witness withdrew.