ACE
Providers
Business
Survey

The changing face of community business

11

Adult, Community and Further Education

State Government Victoria
Department of Education and Early Childhood Development

The changing face of community business 2011

ACE Providers Business Survey

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This report is based on information from the ACE Providers Business Survey 2011. The ACE Providers Business Survey was undertaken by CWCC on behalf of the ACFE Board, using CWCC survey methodology and approach. The views expressed herein are the views of the authors and do not necessarily represent the views of the ACFE Board.

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Executive summary

Recent reforms to the skills system have changed the way training is delivered and funded in Victoria by offering more places through a broader range of training organisations. For training providers this means responding to market demand, managing new learner eligibility requirements, attracting new learners into higher qualifications under the Victorian Training Guarantee and contesting for funding. Business changes arising from the new skills system include increased compliance, payment in arrears dependent on successful data submission and changed fee structures.

The Adult, Community and Further Education (ACFE) Board has implemented a number of initiatives designed to assist adult community education providers in the context of these changes.

CWCC has undertaken ACE Providers Business Surveys since 2005 in conjunction with the ACFE Board, utilising CWCC's survey and research methodology. In addition, CWCC has undertaken a range of workshop programs with adult community education providers relating to their business, people and skill issues.

This Report draws on data from the 2011 ACE Providers Business Survey and CWCC's other work/analysis with adult community education providers and other community organisations.

In 2011, just under half of ACFE organisations (138 organisations – 43%) completed the ACE Providers Business Survey. Some key findings are summarised below.

- *Around 52% of respondents indicated that programs/services had changed in the last 12 months. Of these, 88% of organisations had added new programs/services, while 42% had discontinued specific programs/services.*
- *The client demographic profile of organisations is consistent with 2008 – 2010 survey information.*
- *Around a quarter of respondents indicated that the mix of learner groups had changed in the last year.*

  In terms of learner groups that had increased, key categories included learners aged 16+ without Year 12 qualification, unemployed; people returning to work; learners with a disability; and CALDs.
- *The total number of people employed (full time, part time, casual, and sessional) by organisations in the sample was 4406. In addition, these organisations had 2722 general volunteers and 1083 Committee of Management members.*

  As in previous years, 'larger' organisations in the sample (financial turnover >$1 million), had a greater proportion of employees employed full time/part time (70%), compared to 34% in 'medium' organisations ($250,000 – $1 million), and 39% in 'smaller' organisations (<$250,000).
- *Over three quarters (79%) of respondents indicated that their organisation had the right balance between managers/coordinators, trainers/program deliverers, and administration.*
- *A quarter of respondents (25%) indicated that their organisation had current job vacancies. This proportion varied in previous surveys from 22% to 32%.*

A key focus of the 2011 ACE Providers Business Survey involved further exploring the impacts to date of the skills system implementation on adult community education providers. Focus areas included: new opportunities, changes in demand for programs and services; and impacts on their organisation.

Around half of RTO respondents indicated demand for programs/services had changed – indicating both increases and decreases for programs/services.

In terms of expanding/growing accredited training in the context of the skills system implementation, just under half of RTO respondents had grown/expanded Foundation Skills and around a third had grown/expanded Skills Creation, Skills Building and Skills Deepening.

RTO respondents also provided detailed information about impacts of the skills system on specific aspects of their organisation.

In general, impacts of the skills system implementation varied in terms of external aspects (markets, marketing, clients) and internal aspects (products and services, business practices/ processes, staff numbers and skills requirements).

The 2012 survey will further explore key impacts of reforms to date, following full implementation in 2011 and adjustments for 2012.

Message from the ACFE Board

The Changing Face of Community Business 2011 provides a valuable snapshot of the Learn Local adult community education sector across multiple aspects of providers' business, including clients, services, people and operations.

The 2011 survey builds on the work of previous surveys, illustrating the diversity of Learn Local organisations and highlighting opportunities for growth in the sector to better respond to Victorians' skills needs.

Through the commitment of Learn Local providers to this survey, a rich data source is now available on the activities and operations of the Learn Local sector. The information gathered is vital and assists the ACFE Board to decide how best to continue to support the sector and promote its critical contribution to the vocational education and training landscape in Victoria.

I commend the participation of the large number of Learn Local organisations who contribute each year to the development of this important resource.

Rowena Allen

Chairperson

Adult, Community and Further Education Board

1 Introduction

The ACFE Board has implemented a number of initiatives designed to assist adult community education providers transition to the new skills system. These initiatives build on projects conducted through 2005 – 2011 that were directed at improving the sustainability of adult community education provision in Victoria. Those projects focused on improving the understanding and use of sustainable business practices in community-based not-for-profit organisations providing adult education and training.

One of those projects is an annual ACE Providers Business Survey to provide an overview of a highly complex and diverse sector and to identify critical issues and trends in their business experience. CWCC (a research and consulting company) has undertaken this work since 2005 in conjunction with the ACFE Board and utilising CWCC's survey and research methodology. In addition, CWCC has undertaken a range of workshop programs with adult community education providers relating to their business, people and skill issues.

The 2007 'Changing Face of Community Business: ACE Providers Business Survey' report provided a snapshot of adult community education providers in terms of clients, services, workforce profile (including demographics, employees, volunteers), 'business'/financial issues, and operations. It also outlined the changing context of community organisations, including: changing services to meet changing client needs; increased workforce diversity and segmentation; and 'business' operations.

The 2008 survey and report focused on governance and business operations/processes. This involved governance structures, issues relating to Committees of Management, business processes, infrastructure and local government support – in addition to key areas of clients, markets, services, people and financials.

The 2009 and 2010 surveys and reports focused on impacts of the new skills system implementation.

- The 2009 focus was on expected impacts of the new skills system implementation including expected impacts on organisations, potential opportunities and plans to grow training.
- The 2010 focus was on actual impacts on organisations, changes in demand for programs and services and opportunities provided as part of the new skills system implementation.

The 2011 survey further explores the impacts to date of the skills system implementation on adult community education providers. Key focus areas included: new opportunities; changes in demand for programs and services, and impacts on specific aspects of their organisation (see Section 6).

This Report builds on the previous work. It draws on data from an ACE Providers Business Survey undertaken in 2011 and from CWCC's other work/analysis with adult community education providers and other community organisations.

2 Survey participation

ACFE invited all Learn Local adult community education providers in Victoria to participate in the survey in August – October. The survey process, using ID numbers, ensured that CWCC did not have information linking IDs to organisations by name, and that the ACFE Board did not have access to survey responses linked to IDs.

The survey was completed by 138 organisations – 43% of ACFE funded community organisations.

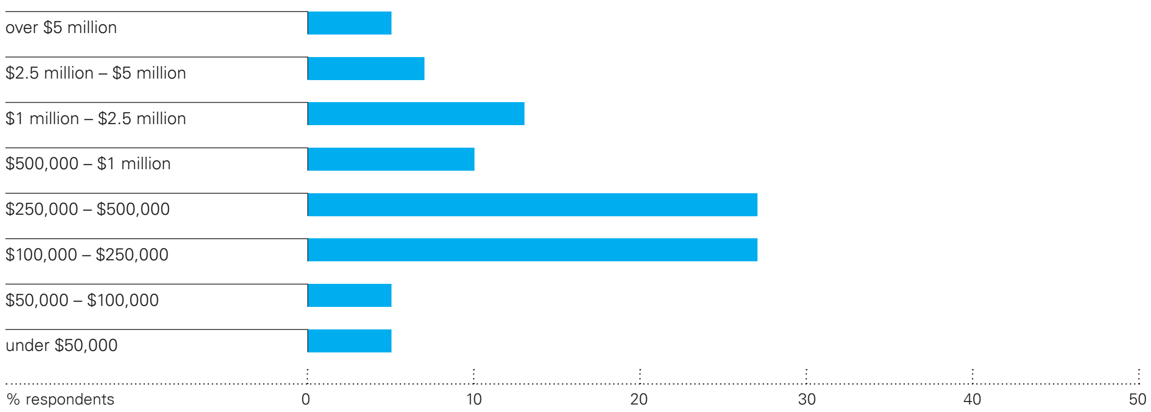
The response rate was slightly lower than in 2009 and 2010 (52% and 48% respectively). This may be due to slightly later timing of the invitation to participate in the survey. Also, some regions (e.g., Southern Metropolitan, Grampians) had a lower response rate than in 2009 and 2010 surveys.

Around half (46%) of the organisations in the sample were Registered Training Organisations (RTOs) and 62% were Neighbourhood Houses. These proportions are consistent with previous years.

The sample covered a broad range of annual financial turnover, from under $50,000 to over $5 million annual turnover. Financial turnover information was provided by 135 organisations (see Figure 1).

- The proportion of respondents in annual financial turnover categories under $250,000 is slightly lower than previous years.
- In the over $5 million category, two respondents reported that their organisations have annual financial turnover greater than $20 million.

Figure 1 Annual financial turnover – 135 organisations



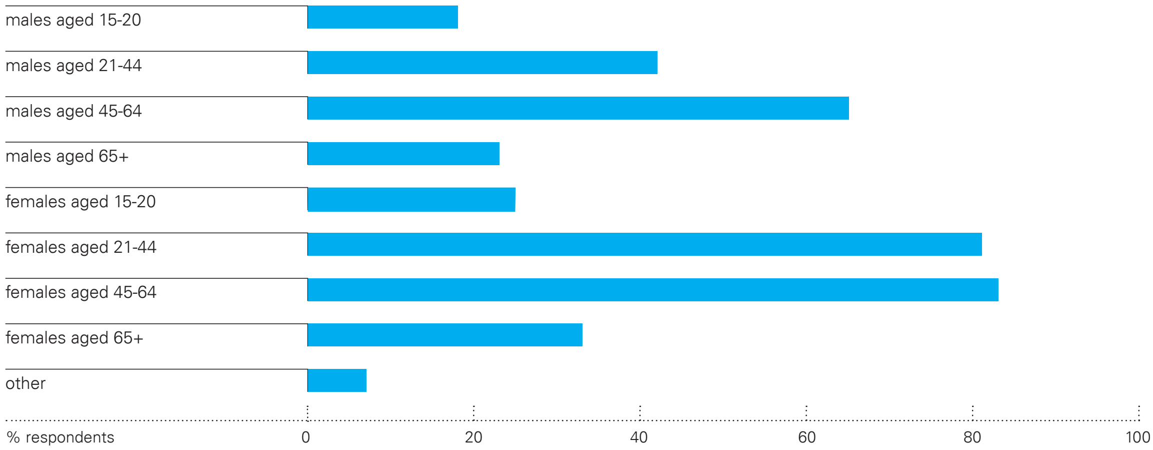
3 Clients & services

Clients

The ACFE Board has a service provision relationship with nearly 330 community-based not-for-profit organisations across metropolitan, rural and regional Victoria. Collectively known as Learn Local adult community education organisations, they deliver adult literacy and numeracy, employment skills, VCE/VCAL, vocational skills training and other less formal learning in local communities to people aged 15 – 64. They access diverse funding from state and national government and various private sources to provide a broad service range including vocational education and training, employment, neighbourhood house activities, community access and development, disability and youth programs, and childcare.

Organisations in the sample indicated a range of client groups – see Figure 2. This profile is consistent with 2008 – 2010 survey information.

Figure 2 Main client demographic groups currently serviced by organisations in the sample



Services

A broad range of services is provided by organisations in the sample (see Table 1: note – organisations could select multiple services). This profile is consistent with 2009 and 2010 survey information.

Table 1 Services provided by organisations in sample

services	% respondents
Pre-accredited training programs	98%
Accredited training programs	54%
Recreation and leisure	70%
Community development	65%
Childcare	36%
Community and health	37%
Employment services/programs	15%
VCE/VCAL	9%
Other*	15%

* Other includes: youth programs/support, programs for children, venue/facility hire, men's shed and other specific programs/courses.

Around 52% of respondents indicated that programs/services have changed in the last 12 months. Of these, 88% of organisations had added new programs/services, while 42% had discontinued specific programs/services. Reasons for adding and discontinuing programs/services are outlined in Tables 2 & 3.

Table 2 Reasons for adding new programs/services

reason	% respondents
Funding environment has changed	48%
Student eligibility criteria have affected programs/services offered	22%
Demand for programs/services has changed	62%
Specific demand/market for these programs/services	73%
Organisation's direction has changed	25%
Organisation's capacity/capability has changed	21%
Other	3%

Table 3 Reasons for discontinuing programs/services

reason	% respondents
Funding environment has changed	50%
Student eligibility criteria have affected programs/services offered	23%
Decreased demand for these programs/services	50%
Made a loss on these programs/services	27%
Organisation's direction has changed	7%
Organisation's capacity/capability has changed	7%
Other*	23%

* Other includes cost/availability of trainers, ceasing RTO operations, and increased competition

Sample comments

Reasons for adding new programs/services

We have been running workplace skills … within our local area. We have found a few other service providers, staff, people wishing to re-enter the workforce [who] are looking for this type of training.

Meeting community and funding needs.

Working specifically with young people we have taken the current climate as an opportunity to grow our offerings to young people. We plan on putting another 3 certificates on scope in the next 12 months.

Strategic decision to become an RTO to develop the educational side of services delivered.

New funding arrangements have allowed new partnerships to be formed and new markets to open.

The local shire council has off-loaded Centrelink and Emergency Relief to us and we have been approached because of our flexibility to offer programs for JSAs.

We are developing pre-accredited programs that will filter students through to our accredited courses.

The expansion is a part of the organisation's strategic plan marketing to a priority learner group. There has been evidence of successful outcomes due to the type of training and support provided.

We were lucky enough to receive an ACFE Capacity and Innovation Grant for $50,000 and this is helping us to reframe our position within our community, to develop new business relationships and to expand the knowledge about us in the local business environment and to help us to become an RTO.

Our Strategic Plan identified the need for us to deliver more accredited training. Our strengths have always been in Children's Services and ESL so we have built on this to position ourselves as the place to go to for these services.

We de-coupled [from other part of business] to allow the RTO to service more clients and needed to add foundation skills training to our scope of delivery. Also, focus on pre-accredited training has expanded to ICT skills for seniors and job preparation for parents return to work, CALD and refugees.

Reasons for discontinuing programs/services

It is not always possible to determine reasons why some classes are popular and others are not. The term program is developed in response to specific requests from learners as well as with regard to past enrolments and tutor availability. Some of the vocational and leisure courses on offer have not been held because there has been insufficient interest to run the courses. The program is designed to provide opportunities for learners based on available information, but learners may not find the options attractive or may not be able to undertake courses at advertised times.

These programs will be restructured and offered as pre-accredited.

We closed our [service] when Federal Government ceased funding it.

Lack of funding has led to the ceasing of this service. It had previously been extensively used and was found to be extremely beneficial both to students and others in the wider community.

[ACFE] would not fund any SCH for this program despite other providers being able to offer the same program. Without SCH this program could not run in 2011.

No student demand and not attracting funding.

Such courses, necessary as they are, can't be viably run on fee-for-service basis. Not now funded.

Learners

Respondents were also asked about the types of learners that their organisation currently services (see Table 4). This profile is consistent with previous years.

Table 4 Types of learners currently serviced by organisations in the sample

types of learners currently serviced	% respondents
Learners aged under 16 years	15%
Learners aged 16+ without Year 12 qualification	54%
Unemployed	85%
People returning to work	76%
Employees from business/industry	41%
Learners with a disability	69%
Culturally and linguistically diverse learners (CALDs)	58%
Retirees	63%
New arrivals	35%
Koories	12%
Other*	2%

* Other includes pre-school children, 'low income' and 'homeless/socially marginalised'.

Respondents were asked whether the mix of learner groups has changed in the last year. Approximately a quarter of respondents (24%) indicated that the mix had changed.

These respondents then indicated specific learner groups that had increased or decreased.

- In terms of learner groups that had increased, key categories included learners aged 16+ without Year 12 qualification, unemployed, people returning to work, learners with a disability, and CALDs.
- In terms of learner groups that had decreased, key categories included retirees and unemployed.

  (Unemployed learners had increased for some respondents and decreased for others.)

4 People

The number of people employed and volunteering across 134 organisations in the sample is shown in Table 5 – including paid employees and volunteers (general volunteers and Committee of Management members).

Table 5 Workforce snapshot – employees and volunteers across 134 organisations in sample

financial turnover	number of organisations	employees		general volunteers		committee of management	
		total	median	total	median	total	median
>$1 million	34	2951	46	692	9	287	9
$500,000 – $1 million	13	354	26	486	20	104	8
$250,000 – $500,000	37	668	14	772	10	296	8
$100,000 – $250,000	36	366	10	606	10	292	8
<$100,000	14	67	4	166	10	104	8
total sample	134	4406	14	2722	10	1083	8

The total number employed (full-time, part-time, casual, and sessional) is 4406. As in previous years, the median number of employees increases with increasing financial turnover.

The total number of general volunteers at organisations in the sample is 2722 and the total number of Committee of Management members is 1083.

Organisations in the financial turnover category $500,000 – $1 million have a higher median number of general volunteers than other financial turnover categories.

Employment status

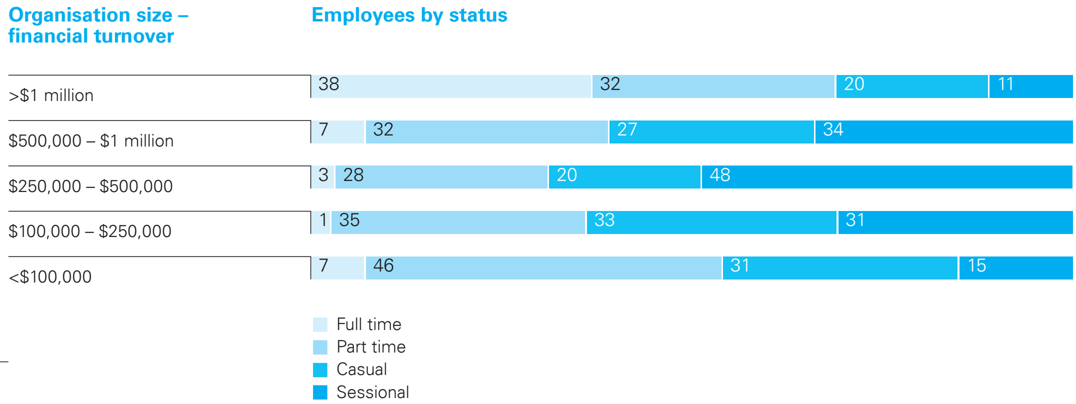
Figure 3 shows employment status of staff for organisations in the sample. Across 'larger' organisations in the sample (financial turnover >$1 million), 70% of the total employees were employed full time/part time, with the remainder being casual (20%) and sessional (11%). This is similar to previous years.

In 'medium' organisations ($250,000 – <$1 million), 34% of the total number of employees were employed full time/part time, 23% casual, and 44% sessional. 'Medium' organisations had the highest proportion of sessional employees.

In 'smaller' organisations (<$250,000), 39% of the total employees were employed full time/part time, 33% were casual and 29% were sessional. The proportion of full time/part time staff in this category has ranged from 28% – 44% over the last few years.

Respondents with less than $100,000 turnover had 15% sessional employees – lower than previous years. This may or may not reflect a real trend.

Figure 3 Workforce snapshot – proportion of employees by employment status across 134 organisations in sample



Demographics & length of service

Respondents were also asked about gender, age and length of service of staff. The profile is broadly similar to previous years.

- In terms of gender, most organisations (93%) have greater than 50% female staff and over half (60%) have greater than 80% female staff.
- Over half of respondents (59%) indicated that the average age of their full time/part time staff is 40 – 49 (see Figure 4). This is similar for casual staff, with 58% of respondents indicating an average age of 40 – 49.
- Around two-thirds of respondents (68%) indicated that the average length of service for full time/part time staff was 5 or more years. Over a third of respondents (38%) indicated that the average length of service for casual/sessional staff was 5 or more years (see Figure 4).

Figure 4 Age and length of service of staff of organisations in sample

Managers/Coordinators/CEOs

Respondents were also asked about Managers/Coordinators/CEOs. In general, responses were similar to 2009 – 2010.

Most (83%) 'larger' organisations (>$1 million turnover), indicated that their Managers/Coordinators/CEOs are employed on a full time basis. The corresponding figure for 'medium' organisations ($250,000 – $1 million turnover) was 34%, and 18% for 'smaller' organisations (<$250,000 turnover).

The length of service of current Managers/Coordinators/CEOs varied, with 31% of organisations indicating that their Manager/Coordinator/CEO had a length of service of less than 2 years, 19% indicating a length of service of 5 – 10 years, and 27% indicating a length of service of more than 10 years (see Table 6).

Table 6 Length of service of current Managers/Coordinators/CEOs

length of service	% respondents
Less than 6 months	8%
6 months - 1 year	7%
1 - 2 years	16%
2 - 3 years	10%
3 - 5 years	13%
5 - 10 years	19%
More than 10 years	27%

Recruitment & retention

Respondents were asked if the organisation had 'difficult-to-fill' jobs in the last 12 months. Approximately 43% indicated there were 'difficult-to-fill' jobs. These included: trainers/instructors (e.g., in literacy/numeracy, Cert IV TAE, specific hobbies), administration, program coordinators, managers, accounting/bookkeeping, IT, childcare and disability support.

Respondents were also asked about recruitment and retention of staff.

- 25% of organisations in the sample indicated they had current job vacancies. Vacancies included tutoring/training, project work/administration, childcare/disability care, case work/clinical roles, community development and financials. The proportion of organisations indicating vacancies has varied in previous surveys (22% – 32%).
- Respondents were asked to indicate any specific issues with recruiting staff in their organisation. Key issues (similar to 2010) included pay (e.g., other organisations pay more) and a lack of suitable applicants in the area.
- Respondents were also asked which types of organisations were their main competitors in recruiting new staff. Responses included: other not-for-profit organisations; TAFE and private sector.
- 12% of respondents indicated that they currently have issues with retaining staff in their organisation. Some comments included: insufficient pay or hours; competition from TAFE/other organisations for staff; and demanding jobs.

Over three quarters (79%) of respondents indicated that their organisation had the right balance between managers/coordinators, trainers/program deliverers, and administration.

Salaries & benefits

Respondents were asked about salaries and benefits offered by their organisation.

In terms of salaries in the past 12 months, 64% of respondents indicated that all salaries in their organisation had risen, and 20% indicated that some had risen.

Around 40% of respondents indicated that their organisation offers salary sacrificing to staff.

Committee of Management

Respondents were asked about recruitment of Committee of Management members. Most respondents (85%) indicated that it is hard to find Committee of Management members with the skills needed by their organisation. This is similar to 2009 – 2010.

Some respondents (15%) indicated that the ease/difficulty of recruiting Committee of Management members is likely to change in the next 3 – 5 years. Some comments indicated it would be easier and/or their organisation had a recruitment strategy, while others indicated it would be more difficult.

Sample comments

Will become easier/organisation has a recruitment strategy

We hope to bring about a gradual change in the make-up of the committee, maintaining the community base but including representation by members with specific skills that may be of value.

More training for Committees of Management should help with this.

Hopefully new strategies will achieve a fully functioning committee.

A new direction in the constitution will encourage shorter membership with very detailed role description. It is anticipated people will be more likely to serve with clear objectives and timelines.

Will become more difficult

Will get harder – no one wants to volunteer.

If regulations get tighter and more emphasis is being placed on Committee it will become almost impossible to retain a committee who is voluntary.

I think it will become harder. Becoming a board member is "volunteering". Across the board engaging people in volunteering is very difficult as everyone appears to be time poor.

Volunteers

This section contains information about 'general volunteers' (excluding Committee members).

Most (89%) organisations in the sample have volunteers. This is similar to previous years.

Volunteers undertook activities in areas including: administration; assisting with tutoring/programs; childcare; aged care (including 'meals on wheels'); disability support; driving/transportation; maintenance/gardening; IT/technical support; customer service (e.g., Op-shop); hospitality (e.g., community lunches); promotions/communication; fundraising; and accounting.

In terms of finding volunteers, over a third of respondents (39%) indicated that it was easy to find volunteers with the skills their organisation needs.

Sample comments

We have a close alliance with the local volunteering agency.

We have been able to recruit volunteers to work in our office who already have administration skills due to the fact that they are studying office skills and computers in our organisation. We have been able to tap into another organisation's volunteer program to access English tutors.

Our town has many people wanting to volunteer for the dole, so we have a number of ready participants to choose from.

Generally easy as most volunteers are providing culturally & linguistically appropriate support to older people. However, we do have some difficulties recruiting 'younger' volunteers (relatively speaking), to support some of the classes we are delivering to seniors.

We have a thriving volunteer program which is very well known. We have a good reputation and seem to attract volunteers regularly.

Use a local government organisation to source and screen volunteers.

We enlist the skills people have!

Around 62% of respondents indicated it was hard to find volunteers with the skills their organisation needs. Comments from these organisations related to difficulty in finding volunteers (generally and with specific skills) and a range of other issues (e.g., people cannot afford to volunteer; skilled people leaving for paid work; positions requiring increasing levels of responsibility/skills; small volunteer pool).

Sample comments

Not really hard, just sometimes difficult to get the right volunteer. Reliability is usually a problem.

Volunteers come with the wind. People who have skills, time and are the right cultural fit will always be difficult to come by…

It has been difficult to find volunteers with office skills, IT skills, media promotion and marketing skills and bookkeeping skills.

Good ones get jobs, the others don't want to work (not interested really had to do it for Centrelink).

It is a very difficult process as most people need to generate an income of some sort to maintain a reasonable standard of living.

People love to volunteer, but sometimes their skills are not up to the task. We do offer training for our volunteers but most don't take up the offer.

Only a small number of available volunteers in area.

Very few have computer skills.

It varies – some programs require specific ethnicities, others such as the 'Broadband for Seniors' roles are easier to source.

It has been difficult to build a basis for volunteers. We are restricted to the number of hours that the volunteers can be overseen by another staff member so they need to have a high level of skill…

Yes, it is easy to get volunteers, but they come as a pathway and after spending a lot of time training they are quick to go.

There are always many individuals interested in completing volunteer work with the agency, but many are deterred when they realise what they must go through: training, interviews, police checks, meeting with clients, completing of volunteer documents and progress notes, etc.

Skills required and accountability requirements exclude using volunteers in many areas.

It is generally hard to find volunteers that are happy to work with the cohort we service.

As our organisation has grown and become more complex, demands on volunteers have increased. They need to have specific skills, whereas years ago volunteers could come in to a 'cosy' position with little challenge.

In terms of their volunteer workforce, 20% of respondents indicated that there have been changes in quality in the last 12 months. (The comparable proportion in 2010 was 30%). In general, most accompanying comments indicated positive changes in quality.

Sample comments

Very good quality volunteers arriving on our doorstep, due to good staff volunteer coordinator and better advertising.

Some learners who have completed computer courses with the Community House have taken on some voluntary tasks in general office duties.

Work for dole program finished, so we have only had volunteers who actually want to be here, not forced to be.

Change of program structure to accommodate more volunteers.

We are regularly getting students from TAFE/University asking to volunteer when they actually are a student placement. Placement requirements don't match volunteer role (also requires additional administration, etc. by us).

We interview each volunteer and some do not meet the requirements needed to be placed in class as their skill level is limited. Some of those who are skilled stay a short time and for that we are grateful.

Younger volunteers have higher skill levels.

We have more highly skilled volunteers.

Lack of IT skills and lack of commitment.

I have actively sought out such volunteers and have put them through a recruitment process much like one for employment.

Around 36% indicated there have been changes in availability in the last 12 months. Sample comments relating to availability were mixed.

Sample comments

People who want to be here have made themselves more available.

More people working – less time available for community work.

Some find it hard to commit themselves for a particular time every week.

I think because we have been actively looking the number is growing.

Delivering Cert in Business Admin has assisted in recruiting admin volunteers.

Volunteers with open schedules are harder to find and retain.

More available.

We are finding that Job network providers are advising young unemployed and people returning to work to volunteer at a place that may give them a chance of a job – not where they will pick up more skills to help find a job such as a neighbourhood centre.

Some learners who are also job seekers have taken on roles as volunteers after completing courses at the Community House and after job network providers have required them to undertake voluntary work.

5 RTO status/context

RTOs in the sample (n=64) were asked a series of questions about RTO status and scope, trainers/deliverers, reporting/compliance and RTO future size and services.

Around half of the RTOs (47%) in the sample indicated that they had changed their status/scope in the last 12 months (e.g., added new courses/higher level courses, removed specific courses).

RTO respondents were also asked if it was easy or hard to find trainers/deliverers.

- Around 27% of RTO respondents found it easy to find trainers/deliverers to meet their organisation's needs.

Sample comments

When we follow a process of advertising etc., we usually find at least one candidate that is appropriate.

I think we are just lucky there.

It has become easier over the last 12 months, since quality/qualified trainers have become aware of the need for Certificate IV in T&A before they approach us for employment.

Varied depending on qualification and classroom based versus industry training.

- Around three quarters (73%) of RTO respondents found it hard to find trainers/deliverers to meet their organisation's needs. Some organisations indicated issues including general difficulties finding skilled trainers/deliverers, difficulty in specific areas, cannot offer high rates of pay, competition with TAFEs/other RTOs and location issues.

Sample comments

We require a high level of skill, industry experience and professionalism. Rural location is also a barrier.

We don't pay as much as TAFE and industry specific trainers are difficult to find in regional areas.

Hard to find trainers who keep their industry experience current.

It's hard to find horticultural trainers who have disability experience.

Learning Centres are not known to offer salaries at the rate of TAFE, etc.

Simply because the pay rate is lower than that of a larger provider (such as TAFE) and we only can employ them for sessional training, not full-time.

Hard to find trainers for youth.

Finding trainers with the correct qualifications is very difficult in ESL. Vocational areas are sometimes difficult as well.

In some areas it is difficult, in others easy.

Hard to find all-rounders – most are either very good at training/not so good at administration or vice versa. This makes it difficult when trying to be engaging but also compliant.

Difficult to find appropriately qualified staff in an environment where you may not be able offer ongoing employment.

To get the level of expertise and experience it is hard. There are plenty of applicants, but not to the standard required.

Nearly all respondents (95%) indicated that all of their reporting/compliance is undertaken internally. RTO respondents were also asked to estimate the time spent monthly on reporting/compliance in their organisation (see Table 7).

Table 7 Time spent monthly on reporting/compliance

number of hours	% respondents
Up to 15	38%
16 - 30	18%
31 - 40	23%
Over 40	21%

This pattern appears to be different from 2010 (increases in 'up to 15 hours' and 'over 40 hours' categories, decreases in the other two categories). Further information would be required in order to determine whether this reflects real changes or trends.

RTO respondents were asked if there have been changes in the last 12 months in terms of their organisation's compliance requirements and capacity.

- In terms of changes in compliance requirements, approximately two thirds of respondents (68%) indicated changes in the last 12 months, including increased reporting requirements and administration. (This is lower than the 85% response in 2010 survey.)
- In terms of changes in their organisation's compliance capacity, around 55% of RTOs indicated changes in the last 12 months (e.g., more staff hours devoted to compliance/reporting, new staff hired in this area).

RTO respondents were also asked about their RTO in 3 – 5 years time. Three quarters of respondents thought that their RTO would be bigger.

Respondents were also asked if services they offer in 3 – 5 years time would be similar or different to what they offer now. Around a quarter (26%) indicated their RTO would offer similar services, 8% indicated services would be different, and two thirds (66%) indicated that their organisation would offer a mix.

Of the non-RTO respondents in the sample (74 organisations), 15% indicated plans to become an RTO in the next 1 – 2 years.

6 Skills system implementation

The new skills system has changed the way training is delivered and funded in Victoria by offering more places through a broader range of training organisations. For training providers this means responding to market demand, managing new learner eligibility requirements, attracting new learners into higher qualifications under the Victorian Training Guarantee and contesting for funding. Business changes arising from the skills system include increased compliance, payment in arrears dependent on successful data submission and changed fee structures.

In the context of the skills system that commenced 1 July 2009, participants in the 2009 survey were asked questions about expected impacts of the skills system, potential opportunities and plans to grow types of training.

In 2010, respondents were asked about the initial effects of the skills system implementation on their organisation; opportunities provided; changes in demand for programs and services; and organisational changes.

The 2011 survey focused on more detailed impacts of the skills system implementation on the organisation. Key focus areas included: new opportunities; changes in demand for programs and services, and impacts on specific aspects of their organisation

The rest of this section focuses on the 64 RTOs in the sample ('RTO respondents').

RTO respondents provided detailed information about impacts of the skills system on different aspects of their organisation (both internal and external). These are outlined in Tables 8 & 9.

In general, impacts of the skills system implementation varied across external aspects (markets, marketing, clients) and internal aspects (products and services, business practices/processes, staff numbers and skills requirements).

Changes in demand for programs/services

Respondents were asked if the skills system implementation had changed demand for their organisation's programs/services, with 56% of RTO respondents indicating that it had. Many comments indicated increased demand for programs/services, while others indicated decreased demand (often combined with issues surrounding student eligibility).

Sample comments

Increased demand

[The] skills system has enabled us to fill a demand for training delivery for clients we previously sent to other training providers.

RTO services are in demand by non-accredited deliverers and non-RTO community providers who wish to provide pathways and expand training options at their sites.

More clients particularly in entry level qualifications and foundation courses.

Ability to offer more courses therefore dramatic increase in demand.

Increased activity – more professionals.

Decreased demand

It is difficult to fill accredited programs, due to the current definition of "up-skilling". A lot of clients do not fill the requirements for government funded training under Skills Victoria and are unable to pay fee for service.

A drop in student numbers: we offer Certificate I in IT. Many of our clients have Year 12 qualifications from 30+ years ago and so do not fit the criteria. Students prefer to go to 5 week intensive course for Certificate III in Aged Care, so we haven't run it.

Demand has decreased, partly because students have options of training more cheaply at private providers… They know they can get the same qualification more quickly and at less expense with some private trainers, so they take it.

Growth/expansion of accredited training

The skills system categorises accredited training as follows.

- Foundation Skills – literacy, numeracy and language and job-readiness skills.
- Skills Creation – initial vocational skills.
- Skills Building – more advanced workplace skills.
- Skills Deepening – higher qualifications needed for more skilled, specialised or paraprofessional employment.

Respondents were asked if they had expanded/grown accredited training in the context of the skills system implementation.

Compared with 2010, there was an approximately 10% increase in RTO respondents indicating that the organisation has expanded/grown Foundation Skills, Skills Building and Skills Deepening (note – Skills Creation was similar to 2010).

- 44% of RTO respondents had grown/expanded Foundation Skills.

Sample comments

Larger class sizes, across three certificate levels.

Offering Certificate 1 in Vocational Preparation.

Added 9 Foundations skills courses to our scope of registration.

Access programs, skills sets, employable skills and general education.

Expanded due to community demand.

- 34% of RTO respondents had grown/expanded Skills Creation.

Sample comments

Fashion design, information technology.

New system allowed us to cater for two groups for Cert III in Aged Care when demand exceeded numbers that could fit into one class. Would not have been able to do this previously. Have also just started delivery of this course in [new location].

We now deliver Certificate II in Business in the flexible learning centre.

Community services, hospitality, business.

- 35% of RTO respondents had grown/expanded Skills Building.

Sample comments

Increased number of Cert III courses in Hairdressing, Business Admin.

More students in level III courses which is indicative of JSAs putting clients into training.

Increased number of courses likely. Considering an out-of-hours delivery of Certificate III in Children's Services to enter Day Carers market. This is an extra Childcare course which could start in 2012.

There has been good interest in Certificate IV in Business…

- 30% of RTO respondents had grown/expanded Skills Deepening.

Sample comments

Developed a program for the NHACE sector.

Added Diploma Children's Services to Scope.

Added qualification at this level.

Around half (54%) of RTOs in the sample indicated that there were impacts on pre-accredited training.

Opportunities

Respondents were asked if the skills system implementation had provided opportunities for their organisation.

- 59% of RTO respondents indicated there were opportunities provided (68% in 2010) in terms of increasing delivery/growing programs/services and forming partnerships. Some respondents also commented on constraints.

Sample comments

Increasing delivery/growing programs/services

Where in the past, there was a limited amount of funds per provider for accredited courses, it is now endless.

We are able to extend our student numbers and engage more tutors into employment.

Allowed us to deliver more in-demand courses. Lowered numbers on waiting list.

Broadened pathways for students.

Ability to offer all levels of accredited courses with Skills Vic funding.

Deliver a wider range of programs not on offer in local community.

The more students we are able to engage the likelier they are to continue their studies into further education. One of our beauty students has gone on to complete their diploma and has opened their own business.

We have expanded course options and our enrolments have increased by 700% in accredited training.

The ability for us to add new programs as the demand grows is invaluable. In the past relying on ACFE hours meant we could only deliver the amount of accredited and pre-accredited programs that our allocated hours would allow.

Partnerships

We were approached by a JSA to develop an Access program because the local TAFE pulled the pin the day before it was due to start. We developed a program around Horticulture which was up and running within the week, only putting them behind a couple of days.

Partnering with VET providers to deliver what we are experts in – ESL delivery.

Several partnerships have been formed with non-RTO ACFE providers... to provide accredited training and support a change in the type of ACFE pre-accredited training available. A range of FFS, RTO services, pre-accredited training support and workplace training initiatives have been taken up as new services.

Mix of opportunities and constraints

With no cap on numbers of students, we have been able to get funding for our Cert IV students for the first time. However, because of … 'upskilling' requirement, most students in TAE Cert IV are ineligible, because they already have a trade qualification. So technically they can be funded, but in practice most can't because they have prior qualifications.

- 41% of RTO respondents indicated there had not been opportunities so far (32% in 2010). Some respondents commented on issues, while others indicated no change in their organisation.

Sample comments

Issues

We only offer CGEA and this fitted much better under ACFE.

Our main service is modules of the health package that run for 3 to 18 hours. Realistically the minimum fees do not allow for shorter courses and prove to be too expensive.

The new system with the associated admin requirements has resulted in ceasing a very popular Childcare Program, because we needed the room for administration staff to do their compliance work for Skills Victoria.

No change

We had and continue to have a strong community demand for our services.

Nothing we were not already working towards.

Impacts

RTO respondents were asked about impacts of the skills system implementation on different aspects of their organisation. Impacts on their organisations were divided into two categories – external (markets, marketing, clients) and internal (products, services, business practices/processes, staff numbers, skill requirements). Approximately 40% – 65% of RTO respondents indicated high ratings (4 or 5 on a 5-point rating scale) across a range of dimensions (see Tables 8 & 9).

Table 8 Impacts of skills systems implementation – External aspects (% of RTOs giving high, medium, low rating to each aspect)

impacts	rating	% RTOs	sample comments
Markets (taking into account competitors)	high	59	We've increased numbers in some areas, but lost learners to other competitors. More private RTOs to compete with. A lot of our client group are no longer eligible for funding. More competitive. More players and other orgs already in the environment have just moved in on things that we have traditionally offered and squeezed us out.
	medium	30	Have partnered with non-RTO Neighbourhood Houses to deliver in wider geographic area. Generally positive effects as more people become eligible for government funded training.
	low	11	We do not have the capacity to expand into new markets.
Marketing	high	50	Have had to ramp up marketing enormously to attract learners – big cost. We are finding marketing is becoming the key to all we do, but with it goes the cost, which for many small ACE RTOs is out of our reach. We have had to re-brand ourselves and develop new promotional materials. We are now marketing more aggressively. We have limited financial capacity and it is hard to keep a market presence.
	medium	33	Combined marketing strategy across 5 Learn Local providers. Establishing differentiation by marketing quality and history of job outcomes. Offering additional services (e.g., extra English support). Our marketing is more to do with the demand and what we can supply and not so much with our competition.
	low	18	Have an active marketing campaign, but word of mouth still the best form.
Clients	high	49	Cheaper courses to more clients. We have also lost clients to TAFE. Approximately 40% of applicants for any accredited training course are not eligible for a VTG place owing to having a qualification at the same level, although many of these applicants would be disadvantaged learners. Improved quality of service and delivery. Provided better pathways and entry points to return to learning. Potential learners get very upset when we advise them that as they hold an equivalent or higher qualification they are fee-for-service. There is an issue in the VET sector that most learners do not see the value in a VET qualification if they have to pay full fee-for-service. Possibly a result of too much extravagant marketing by "dodgy" RTOs.
	medium	37	They are paying more for some of the courses now so that we can account for compliance and reporting, tutor pay increases and a more aggressive marketing strategy. More providers to choose from with VET courses – short courses that are cheaper than ours are initially more attractive, but over time quality and outcomes for our course is working in our favour – also our reach into local CALD communities is an advantage in recruitment.
	low	15	We deliver foundation skills to niche markets.

Note – high rating (4 or 5 on a 5-point rating scale), medium rating (3 on a 5-point rating scale), low rating (1 or 2 on a 5-point rating scale)

Table 9 Impacts of skills systems implementation – Internal aspects (% of RTOs giving high, medium, low rating to each aspect)

impacts	rating	% RTOs	sample comments
Products & services	high	52	Increased the scope of our delivery and number of locations. Entered workplace delivery market for the first time. Providing a number of private deliverers with RTO services. Developed new/stronger partnerships with non-RTO providers. Our services have had to change to remain viable and have consistent cash flow coming in. Have increased number of accredited courses from 15 to 53. In process of surrendering our RTO status.
	medium	29	There has been a need to look close at what we offer and ensure that the delivery is cost effective. More systems have been put in place, making it easier to manage risk systemically and have reduced staff. Resulted in improvements in quality and systems.
	low	19	We already cater for what student feedback indicates.
Business practices/ processes	high	66	We have had to get a lot better at ensuring all compliance documentation is correct. Working with the online Skills Vic system has been a nightmare. We have done an extraordinary amount of work in this area to build capacity and capability. We have invested in more staff in this area. We re-structured the organisation into a service unit model to include a Business Services area which we have had to monitor, tweak and review. Much more focus on compliance, much greater level of spend to ensure compliance. The high level of compliance with AQTF and VRQA along with Skills auditing and claiming of funds has had impact. Cost implications huge.
	medium	24	We are continually reviewing our processes to make them more effective and efficient. Still in the change process. 2012 will see greater change in this area.
	low	11	–
Staff numbers	high	40	Numbers have increased to cope with increased obligations and workloads. Increased trainers as increased number of courses. Falling student numbers due to eligibility, payment in arrears means that staff numbers need to be lowered. Resulted in review of current roles and responsibilities and some positive readjustments.
	medium	40	We could reduce numbers in the short term if we cannot diversify our income streams. A challenge but the least of our problems in context.
	low	19	We need more people, but don't have them and can't afford them.
Skill requirements	high	57	There is a need for high level thinking and skills in order to manage/monitor the systems required to ensure compliance. We organised staff development for our Coordinators and 15 have completed the Diploma of Management. To get some of the new programs going that we have in mind will require skills not already available within our current staff – chicken and egg stuff again. Need new TAE qualifications. This has severely impacted our ability to continue to deliver programs and attract new tutors. Steep learning curve to up-skill admin staff.
	medium	30	Okay for the staff who were already here, but not an easy task to pick up if you are new to the industry. Our staff are skilled and experienced.
	low	13	–

Note – high rating (4 or 5 on a 5-point rating scale), medium rating (3 on a 5-point rating scale), low rating (1 or 2 on a 5-point rating scale)

Constraints

Participants were asked about constraints in growing/diversifying their organisation. Constraints included: need more staff hours/funding for staff; issues with funding/financials (other than staff cost); location issues; issues surrounding clients/demand, inadequate premises/lack of resources; and competition.

Sample comments

Need more staff hours/funding

To provide diversification requires a large amount of work and this is not happening due to limited staff hours.

One main constraint is our inability to make sufficient profit to enable us to attract and keep good staff by paying them as much as they can get in private RTOs. We cannot make much profit and therefore have difficulty employing suitable staff to enable us to grow/diversify. Our staff are flat out looking after the students we already have…

Issues with funding/financials (other than staff costs)

Cash – outlay prior to delivery for resources and trainer preparation time. Paid after the training has been delivered – no up-front payment!

Funding – great cost involved in implementing new courses.

Issues surrounding clients/demand

The main constraints remain the same – the need for high quality programs to engage vulnerable young people with limited education.

Diversity by its nature means we need to re-examine our core activities. Training is losing priority for older people particularly as there simply are no jobs in small country towns.

Inadequate premises/lack of resources

The size of our building. We pay commercial rent, unlike most organisations like ours, and this puts a severe financial strain on our budget. We don't have the physical space to deliver accredited programs that will be profitable.

Venue space; cost of additional resourcing; challenges associated with delivery across multiple sites.

Location issues

Small, rural and remote operating in a 'critical mass challenged market.'

Competition

The private sector.

Organisational changes

Respondents were asked if any changes had been made in their organisation in the context of the skills system implementation (see Table 10). This is a similar profile to last year.

Table 10 Changes made in organisation

area of change	% RTOs (n=64)
Promotion/branding	68%
Administration	76%
Compliance/reporting	74%
Cost of programs/services	51%
Student fees	44%

7 Financial performance

As in previous surveys, respondents were asked a series of questions about financials and funding including annual financial turnover, sources of funding, capital base, support from local government and accumulated funds.

Response rates varied between questions. The information provided below should be interpreted with caution. The information requested was relatively complex and most respondents (87%) indicated they were providing estimates, rather than precise figures.

Funding

In terms of funding, respondents were asked to estimate what proportion of their total revenue comes from various funding sources (see Table 11 below).

- Skills Victoria funding (including ACFE) constitutes the largest proportion of funding across the total sample.
- Neighbourhood House Coordination Program funding is more prevalent in organisations with $100,000 – $250,000 turnover compared with organisations in other categories.

Table 11 Funding breakdown across 110 organisations in the sample

funding sources – %	financial turnover					
	<$100,000 median - % (range - %)	$100,000 - $250,000 median - % (range - %)	$250,000 - $500,000 median - % (range - %)	$500,000 - $1 million median - % (range - %)	>$1 million median - % (range - %)	total sample median - % (range - %)
Skills Victoria (including ACFE)	53 (5-100)	16 (0-85)	21 (5-80)	20 (0-81)	22 (0-84)	20 (0-100)
Neighbourhood House Coordination Program	0 (0-65)	30 (0-65)	13 (0-85)	10 (0-17)	0 (0-10)	10 (0-85)
Fee-for-service	6 (0-58)	15 (0-51)	25 (0-65)	10 (0-59)	5 (0-50)	12 (0-65)
Local government	0 (0-20)	5 (0-39)	5 (0-26)	6 (0-31)	0 (0-15)	3 (0-39)
Other state government	0 (0-15)	1 (0-50)	0 (0-60)	8 (0-95)	8 (0-75)	2 (0-95)
Federal government	0 (0-5)	0 (0-35)	0 (0-54)	0 (0-20)	8 (0-94)	0 (0-94)
Other*	0 (0-15)	6 (0-56)	5 (0-31)	1 (0-80)	0 (0-94)	4 (0-94)
number of organisations	9	29	33	13	26	110

*Other includes sponsorship, donations, fundraising, venue hire/rent, interest, philanthropic trusts, one-off grants and auspice arrangements/programs.

Analysis was undertaken to explore whether organisations participating in the 2010 survey had changed their financial turnover category in the 2011 survey.

This analysis involved 78 organisations that completed both 2010 and 2011 surveys. Of these:

- 61 organisations remained in the same financial turnover category (e.g., remained in the $250,000 – $500,000 category in both 2010 and 2011 surveys).
- 9 organisations had moved up one or more financial turnover categories (e.g., moved from $100,000 – $250,000 in 2010 to $250,000 – $500,000 in 2011). Of these, 4 were RTOs.
- 8 organisations had moved down one financial turnover category (e.g., moved from $100,000 – $250,000 in 2010 to $50,000 – $100,000 in 2011). Of these, 5 were RTOs.

Accumulated funds

Respondents were asked about accumulated funds. Of the 132 respondents who answered this question, 111 indicated that they have accumulated funds. Of these, 86 respondents provided an accumulated funds figure. As in previous years, accumulated funds increased with financial turnover (see Table 12 below).

Table 12 Accumulated funds split by financial turnover category across 86 organisations in the sample

financial turnover	number of organisations	accumulated funds median (range)
>$1 million	20	$590,000 (<$2,000 - $35,000,000)
$500,000 - $1 million	5	$200,000 ($100,000 - $300,000)
$250,000 - $500,000	25	$86,000 ($30,000 - $450,000)
$100,000 - $250,000	30	$40,000 ($5,000 - $150,000)
<$100,000	6	$40,000 ($3,500 - $110,000)
total sample	86	$93,000 (<$2,000 - $35,000,000)

Note – '> $1 million' category includes two organisations with annual financial turnover of over $20 million.

Local Government support

Respondents were also asked about their organisation's relationship with local government in terms of support (see Table 13). The profile is similar to 2009 and 2010.

Table 13 Local government support across 135 organisations in the sample

type of support	% respondents
Grants/funding	70%
Premises/building/maintenance of facilities	56%
Promotion	44%
Training staff	12%
Management support	18%
Other*	18%

*Other includes building rental, supplies some resources, network support & meetings and support with grant applications.