

ACE  
Providers  
Business  
Survey

# The changing face of community business



Adult, Community and  
Further Education



Department of Education and  
Early Childhood Development

# 12



# The changing face of community business 2012

ACE Providers Business Survey

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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

*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 2012 ACE Providers Business Survey and CWCC's other work/analysis with adult community education providers and other community organisations.*

*In 2012, approximately half of targeted ACFE organisations (149 organisations – 47%) completed the ACE Providers Business Survey.*

- Around 43% of respondents indicated that programs/services had changed in the last 12 months. Of these, 90% of organisations had added new programs/services, while 43% had discontinued specific programs/services.*
- The client demographic profile of organisations is broadly consistent with 2008-2011 survey information.*
- In terms of people employed by community organisations in the sample, the total number employed full time, part time, casual, and sessional was 4373. In addition, these organisations had 3513 'general' volunteers and 1180 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 (69%), compared to 41% in 'medium' organisations (\$250,000 - \$1 million), and 37% in 'smaller' organisations (<\$250,000).*
- In medium and smaller sized organisations, the proportion of sessional staff was approximately 45% of employees. This pattern varies slightly from 2011, but is consistent with broader trends of employment mix over the last 5 years of the ACE Providers Business Survey.*
- Over a third (36%) of organisations indicated that the mix of full time, part time, casual, and sessional employees in their organisations had changed in the last year. Of these, 21% indicated an increase in full time staff, 60% in part time staff and 46% in casual/sessional staff.*
- Most respondents (82%) indicated that their organisation had the right balance between managers/coordinators, trainers/program deliverers, and administration.*
- A quarter of respondents (24%) indicated that their organisation had current job vacancies. This proportion varied in previous surveys from 22% to 32%.*

*A key focus of the 2012 ACE Providers Business Survey involved impacts of Refocusing Vocational Training in Victoria.*

*The survey was undertaken in August-September 2012 – opening shortly after the release of Refocusing Vocational Training on 1 July 2012.*

*Initial overall reaction to the release of Refocusing Vocational Training varied. Comments from RTO respondents included mixes of positive aspects, negative aspects and key challenges.*

*RTO respondents were asked to comment on the main impacts Refocusing Vocational Training was likely to have on their organisation. These included disadvantages to specific learner groups, positive impacts, increased compliance and little/no impact.*

*Over a quarter (27%) of RTO respondents indicated that Refocusing Vocational Training had influenced key target markets.*

*Many RTO respondents (over two thirds) indicated that they had changed the cost of their programs/services and student fees as a result of Refocusing Vocational Training.*

*Just under half (46%) of RTO respondents indicated that Refocusing Vocational Training would require their organisation to review/change the balance of Pre-accredited and Accredited training.*

### **Message from the ACFE Board**

*The Changing Face of Community Business 2012 provides a valuable snapshot of the Learn Local adult community education sector across multiple aspects of providers' business, including clients, services, people, operations and the implementation of Refocusing Vocational Training in Victoria.*

*The 2012 survey builds on the work of previous surveys, illustrating the diversity of Learn Local organisations and highlighting opportunities for the sector to better respond to Victorians' skills needs.*

*Through the commitment of Learn Local providers to this survey over the last four years, a rich data source has been established and expanded as activities and operations of the Learn Local sector grows. The information gathered is vital and assists the ACFE Board to decide how best to continue to support the sector and promote its contribution to the vocational education and training landscape in Victoria. I know that Learn Local organisations also use the survey to think deeply about their organisations, to better understand how the sector is changing and to reflect on the challenges and opportunities it confronts.*

*I commend the participation of the large number of Learn Local organisations who contribute each year to the development of this important resource and look forward to your continued support.*



Rowena Allen

Chair

Adult, Community and Further Education Board

# 1

## Introduction

The ACFE Board has a service provision relationship with approximately 310 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.

The ACFE Board annually implements a number of initiatives designed to assist adult community education providers. This contributes to an understanding of sustainable business practices in community-based not-for-profit organisations providing adult education and training.

Since 2005, an annual ACE Providers Business Survey has been undertaken 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 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.

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 – 2011 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 to their organisation, changes in demand for programs and services, and opportunities provided as part of the new skills system implementation.
- The 2011 focus was on impacts of the skills system implementation on adult community education providers in relation to: new opportunities; changes in demand for programs and services; and impacts on specific aspects of their organisation.

The 2012 survey focuses on impacts to date of *Refocusing Vocational Training in Victoria* on adult community education providers. Refocusing Vocational Training was launched on 1 July 2012 – just before the organisations were invited to participate in the 2012 survey (August 2012).

This Report builds on the previous work. It draws on data from the ACE Providers Business Survey undertaken in 2012 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 – September 2012. The survey process, using ID numbers, ensured that CWCC did not have information linking IDs to ACE providers by name, and that the ACFE Board did not have access to survey responses linked to IDs.

The survey was completed by 149 organisations – 47% of ACFE funded community organisations.

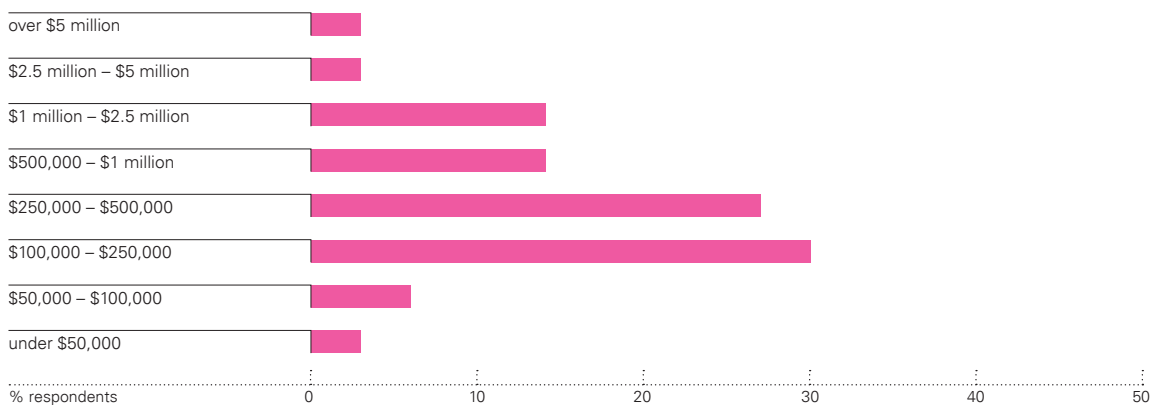
The response rate is consistent with surveys undertaken in 2009 and 2010 (52% and 48% respectively) and slightly higher than the 2011 survey (43%).

Just under half (42%) of the organisations in the sample were Registered Training Organisations (RTOs) and 68% were Neighbourhood Houses. These proportions are broadly 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 148 organisations (see Figure 1).

- In the over \$5 million category, two respondents indicated that their organisations had an annual financial turnover of greater than \$20 million.

**Figure 1** Annual financial turnover (as per last annual report) – 148 organisations



# 3 Clients & services

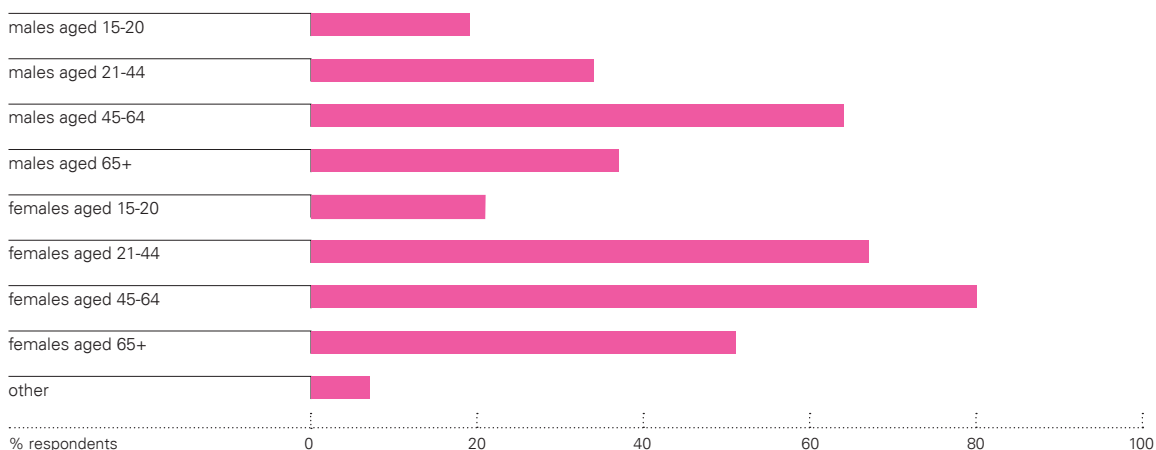
## Clients

Respondents in the sample were asked to indicate their four main client groups – see Figure 2. This profile is broadly consistent with previous surveys – with two points worth noting:

- There has been a slight increase in male and female clients aged 65+ (37% males aged 65+ in 2012 compared to 23-32% in 2009 – 2011; 51% females 65+ in 2012 compared to 33-42% previously).
- Slight decrease in males and females aged 21-44 (34% males aged 21-44 in 2012, 39-44% previously; 67% females aged 21-44 in 2012 compared to 73-81% previously).

Further information would be required to determine whether this reflects genuine variation or is due to sampling/other issues.

**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 broadly consistent with 2009 – 2011 survey information.

**Table 1** Services provided by organisations in sample

| services                         | % respondents |
|----------------------------------|---------------|
| Pre-accredited training programs | 97%           |
| Accredited training programs     | 47%           |
| Recreation and leisure           | 72%           |
| Community development            | 69%           |
| Childcare                        | 43%           |
| Community and health             | 35%           |
| Employment services/programs     | 22%           |
| VCE/VCAL                         | 11%           |
| Other*                           | 20%           |

\* Other includes youth programs/support, disability services, aged care, home care, migrant/refugee services, other education, children's programs/playgroups, emergency/food relief, legal/tax advice, venue/facility hire and men's shed.

Around 43% of respondents indicated that programs/services had changed in the last 12 months. Of these, 90% of organisations had added new programs/services, while 43% had discontinued specific programs/services. Reasons for adding and discontinuing programs/services are outlined in Tables 2 & 3. (Note – response categories were slightly finetuned relative to 2011.)

**Table 2** Reasons for adding new programs/services

| reason   | % respondents |
|--|---------------|
| Funding environment has changed                                      | 36%           |
| Student eligibility criteria have affected programs/services offered | 15%           |
| Demand for programs/services has changed                             | 65%           |
| Programs/services provide opportunity to increase revenue            | 44%           |
| Specific demand/market for these programs/services                   | 62%           |
| Organisation's direction has changed                                 | 22%           |
| Organisation's capacity/capability has changed                       | 35%           |
| Other*   | 13%           |

**Table 3** Reasons for discontinuing programs/services

| reason   | % respondents |
|--|---------------|
| Funding environment has changed                                      | 46%           |
| Student eligibility criteria have affected programs/services offered | 12%           |
| Demand for programs/services has changed                             | 62%           |
| Programs/services made a loss  | 31%           |
| Organisation's direction has changed                                 | 4%            |
| Organisation's capacity/capability has changed                       | 15%           |
| Other  | 0%            |

\* Other includes piloting projects/changes (e.g., to investigate niche markets), to develop relationships and 'in response to community needs analysis'.

### Sample comments

#### Reasons for adding new programs/services

A new Centre Manager has broadened our view of what the house is capable of offering. We are networking more and getting more of the community involved.

We have taken on a 2 year community computer skills project, with specific funding for this program. We continuously update our course offerings in line with demand; little change in overall impact on operations, or on level of input.

A new coordinator and new committee have refocused the direction of the organisation.

The local council was letting these services go and it seemed only natural that as a community education centre we pick them up.

We received some funding to investigate and develop a youth program including policies and procedures specific to this cohort.

Advanced permaculture was added for students wanting to further advance their education; cooking and developing your work skills was added to meet the needs of our special needs community.

Opportunity arose through Community Renewal Project.

We have organised courses that would normally be pre-accredited following market research. However, these courses have failed to receive ACFE funding.

#### Reasons for discontinuing programs/services

Where prices have needed to be increased, the demand for some programs has reduced considerably, further impacting upon their viability.

The fear of the audit process and extra documentation required was too onerous for our small organisation.

We could not resource the program to the extent required with the funding received.

We are making a loss on many of our courses and programs, as we are from a small town. However, we continue to offer them because they cater to community needs.

20 Hour ruling on pre-accredited has challenged our market. Our cohort does not want to pay for 20 hours. They want short sharp course, i.e. 4 x 3 hours sessions or full-day.

2011 was the first year we under-delivered on pre-accredited since 2000.

Insufficient demand.

Low numbers forced us to discontinue these programs.

Respondents were also asked if they had made any other changes over the last 12 months (i.e., in addition to adding and discontinuing programs/services). Half of the organisations indicated that they had made other changes to programs/services in the last 12 months. Comments included: developing existing products and services; developing partnerships with other organisations; changes to program delivery model and broadening client base.

#### Sample comments

We have changed our governance structure and appointed Vocational Training Team Leaders in each of the regions delivering these programs. This has led to much greater accountability and better future planning.

We have partnered with the local LLENS and share a project worker who has been networking and developing a local base for youth activities for the community here as there is very little on offer to engage youth where our organisation is.

We have partnered with a local secondary school who have hired our former childcare space and are collaborating on a few small projects.

We are building our volunteer program and investing in volunteers with internal and external training.

Demand for the provision of Youth and Foundation Skills has risen significantly.

Increased administration due to compliance, more online tools and engagement methods.

Planning and direction has now got a focus on minority groups other than disability.

We are trying to run classes with a minimum of 8 students in a class.

Current demands on staff trying to adapt to changes have reduced availability for community development and community strengthening activities for more isolated/disadvantaged members of the community.

Offered short "taster" versions of longer programs to gauge interest and offer a pathway to longer programs.

Programs have now become very tailored to specific needs of learners identified by service organisations and are developed in cooperation with them.

Some promotion to the general community as opposed to only to people using our other services (i.e. people with mental illness).

We have seen an increase in disengaged youth being referred to our CGEA program which has meant more extra staffing to support their transition into our course e.g., behaviour management.

Respondents whose organisations had added new programs/services were asked about impacts of adding these new programs/services on various aspects of their organisation (see Table 4 below).

**Table 4** Impacts of adding new programs/services (% respondents giving high, medium, low rating to each aspect)

| aspects              | rating | % resp. | sample comments   |
|----------------------|--------|---------|---|
| Staff                | high   | 50      | Necessary to have volunteer tutors and support staff to run program to both keep cost low and meet needs. We are in a thin market so have 4-6 students for each activity.<br>Additional staff have been required with appropriate delivery skills as well as administrative and quality/compliance staff.<br>We are unable to employ new staff until we recoup some financial gain so existing staff have taken on extra responsibilities and training. |
|                      | medium | 22      | Developing of existing staff capabilities to their fullest enabling new programs/services to be pursued.<br>Partnerships have been set up to run hospitality whilst we go through the enduring process of extending our scope.  |
|                      | low    | 28      | Each project has been fully funded prior to commencement. Therefore staffing costs have been built into each project and not impacting on existing staffing/resources.<br>Existing staff have been involved in the development of the new courses.  |
| Organisational costs | high   | 39      | We're paying extra tutor and admin costs now – revenue coming in from classes will hopefully cover costs.<br>Adding items to scope is costly and time consuming.<br>Additional resources and learning materials had to be ordered and additional costs resulted from hiring new staff and employment costs due to added working hours.  |
|                      | medium | 35      | There has been an increase in wages of course, however the increase in revenue coupled with grant funding has allowed time to adequately train staff for the new positions, without putting stress on the financial budget.   |
|                      | low    | 26      | Minimal at moment but currently purchasing more hardware & software.<br>Project funding should see us break even.   |
| Promotion/marketing  | high   | 40      | In order for people to be aware of our new programs and the changes we are making, we have had to be very creative with our marketing, but it still costs.<br>We have enhanced emphasis on marketing and promotion including more niche marketing, repeat marketing and development of additional promotional resources.  |
|                      | medium | 27      | We've added new courses to our existing term brochure and other advertising.  |
|                      | low    | 33      | Have looked at low-cost ways of improving our centre's marketing.<br>Have not specifically promoted these classes other than in our normal advertising program and budget.  |

Note: Rating of impact on 5 point scale – high rating (4 or 5 rating), medium rating (3 rating), low rating (1 or 2 rating)

Over three quarters of respondents (78%) indicating addition of new programs/services also noted that they measured the return on investment of these.

#### Sample comments

The programs that run are based on minimum numbers which we are exceeding with these new courses which increases revenue through student enrolments.

ROI [Return on Investment] is always undertaken before a new program or service is offered and monitored closely once implemented.

Each program is evaluated at the end. We may not use return on investment criteria (possibly more interested in measuring community benefit).

Will review program against equipment purchases necessary to run.

Yes, it is taking more staff hours in order to meet compliance as we extend programs being offered.

The return will be in terms of staff knowledge and expertise rather than in monetary terms.

Monthly accounts are kept and Community ICT skills project reports are provided to funder; assets will remain with the Community House at the end of the project.

Yes, first year is most expensive.

Higher funding rates and conversions to other programs.

## Learners

Respondents were also asked about the types of learners that their organisation currently services (see Table 5). This profile is consistent with previous years.

**Table 5** Types of learners currently serviced by organisations in the sample

| types of learners currently serviced                   | % respondents |
|--|---------------|
| Learners aged under 16 years                           | 18%           |
| Learners aged 16+ without Year 12 qualification        | 56%           |
| Unemployed   | 90%           |
| People returning to work                               | 76%           |
| Employees from business/industry                       | 37%           |
| Learners with a disability                             | 70%           |
| Culturally and linguistically diverse learners (CALDs) | 58%           |
| Retirees   | 63%           |
| New arrivals   | 40%           |
| Koories  | 15%           |
| Other*   | 2%            |

\* Other includes economically disadvantaged, people with mental illness and specific interests/skills.

Respondents were asked whether the mix of learner groups has changed in the last year. As in 2011, around 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: unemployed, people returning to work, learners with a disability, CALDs and learners aged 16+ without Year 12 qualification.
- In terms of learner groups that had decreased, key categories included retirees and employees from business/industry.

## 4 People

As in previous years, respondents provided information about the workforce mix of their organisation. Similarities/differences across years are indicated below where relevant.

The number of people employed and volunteering across 146 organisations in the sample is shown in Table 6 – including paid employees and volunteers (general volunteers and Committee of Management members).

**Table 6** Workforce snapshot – employees and volunteers across 146 organisations in sample

| financial turnover      | number of organisations | employees   |           | general volunteers |           | committee of management |          |
|-------------------------|-------------------------|-------------|-----------|--------------------|-----------|-------------------------|----------|
|                         |                         | total       | median    | total              | median    | total                   | median   |
| >\$1 million            | 29                      | 2610        | 52        | 1448               | 20        | 232                     | 8        |
| \$500,000 – \$1 million | 20                      | 516         | 20.5      | 425                | 13        | 153                     | 8        |
| \$250,000 – \$500,000   | 39                      | 716         | 15        | 815                | 15        | 334                     | 8        |
| \$100,000 – \$250,000   | 45                      | 465         | 10        | 683                | 10        | 371                     | 8        |
| <\$100,000              | 13                      | 66          | 3         | 142                | 8         | 90                      | 7        |
| <b>total sample</b>     | <b>146</b>              | <b>4373</b> | <b>15</b> | <b>3513</b>        | <b>11</b> | <b>1180</b>             | <b>8</b> |

The total number employed (full time, part time, casual, and sessional) is 4373.

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 3513 and the total number of Committee of Management members is 1180. Note that in 2011, the overall number of general volunteers was lower than 2012 (2722 general volunteers in 2011 compared to 3513 in 2012). Specifically, in 2012 there were 1448 general volunteers (median 20) in organisations over \$1 million compared to 692 (median 9) in the same category in 2011.

### Employment status

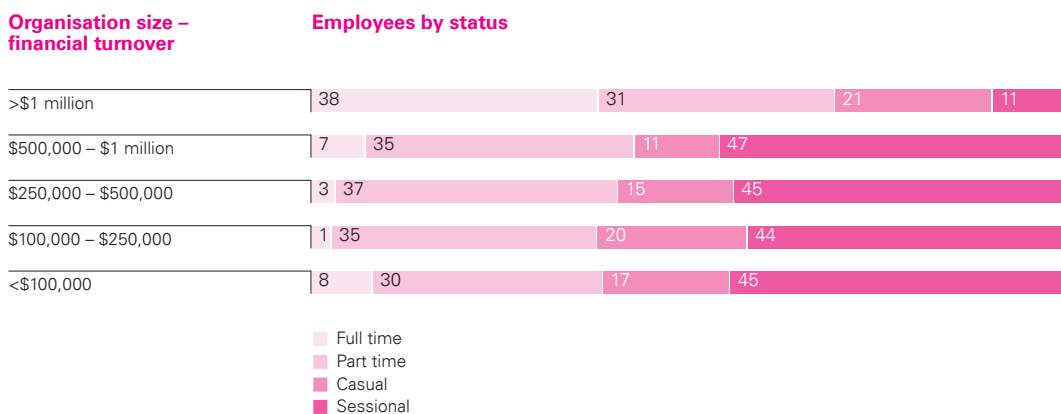
Figure 3 shows employment status of staff for organisations in the sample. The staff profile across 'larger' organisations in the sample (financial turnover >\$1 million), is consistent with previous years.

In medium and smaller sized organisations (financial turnover <\$1 million), the proportion of sessional staff was approximately 45% of employees. This varies from 2011 (particularly for respondents in the <\$100,000 category which had 15% sessional in 2011), but is consistent with broader trends of employment mix over the last 5 years of the survey.

Approximately 45% of larger organisations (financial turnover >\$1 million) and around a third (34%) of medium/smaller organisations (financial turnover <\$1 million) indicated that the mix of full time, part time, casual and sessional staff had changed in the last 12 months. Of organisations indicating that the workforce mix had changed in the last 12 months:

- Around half (50%) of larger organisations indicated an increased proportion of part time staff and 75% indicated an increased proportion of casual/sessional staff.
- Around 64% of medium/smaller organisations indicated an increased proportion of part time staff and approximately 36% casual/sessional staff.

**Figure 3** Workforce snapshot – proportion of employees by employment status across 146 organisations in sample





## Demographics & length of service

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

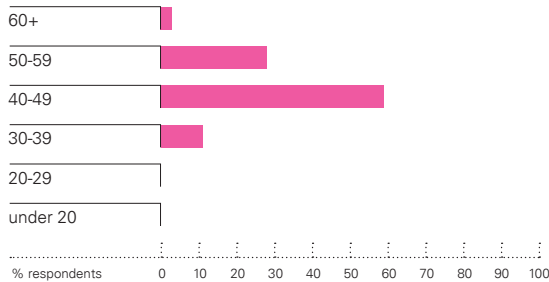
- In terms of gender, most organisations (94%) have greater than 50% female staff and over half (64%) have greater than 80% female staff.

Some respondents (17%) indicated that the gender ratio had changed in the last 12 months.

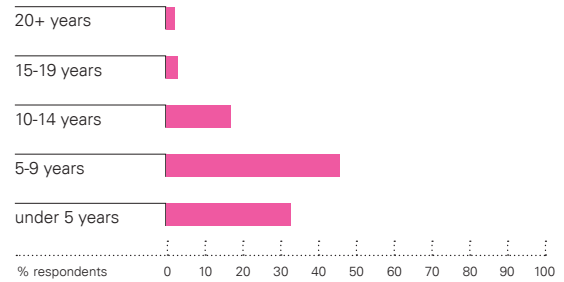
- As in 2011, over half of respondents (59%) indicated that the average age of their full time/part time staff is 40-49 (see figure 4). This is similar for casual staff, with 53% of respondents indicating an average age of 40-49.
- Around two-thirds of respondents (67%) indicated that the average length of service for full time/part time staff was 5 or more years. Over a third of respondents (37%) 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

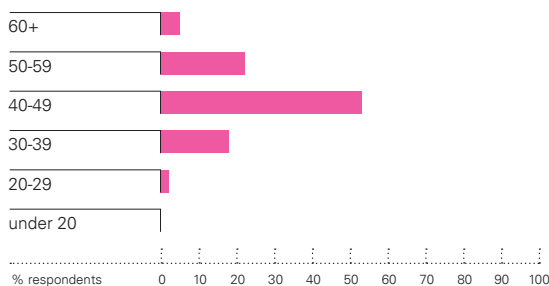
### Average age – full time/part time staff



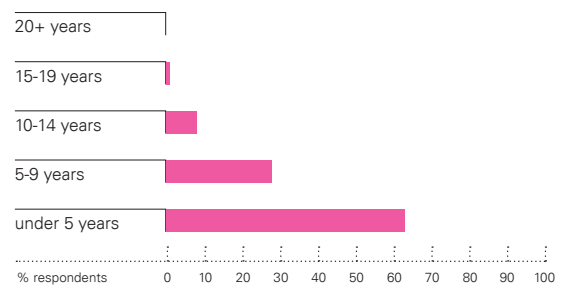
### Average length of service – full time/part time staff



### Average age – casual/sessional staff



### Average length of service – casual/sessional staff



## Managers/Coordinators/CEOs

Respondents were also asked specifically about Managers/Coordinators/CEOs.

The general pattern of length of service of current Managers/Coordinators/CEOs is similar to previous years (see Table 7).

**Table 7** Length of service of current Managers/Coordinators/CEOs

| length of service  | % respondents |
|--------------------|---------------|
| Less than 6 months | 9%            |
| 6 - 12 months      | 10%           |
| 1 - 2 years        | 10%           |
| 2 - 3 years        | 8%            |
| 3 - 5 years        | 14%           |
| 5 - 10 years       | 18%           |
| More than 10 years | 31%           |

Most (93%) 'larger' organisations (>\$1 million turnover), indicated that their Managers/Coordinators/CEOs are employed on a full time basis (83% in 2011). The corresponding figure for 'medium' organisations (\$250,000 – \$1 million turnover) was 37% (34% in 2011), and 12% (18% in 2011), for 'smaller' organisations (<\$250,000 turnover),

## Recruitment & retention

Around a quarter of respondents (24%) indicated that their organisation had current job vacancies. Job vacancies included managers, trainers/program deliverers, administration, case work/clinical roles, childcare/disability care, financial staff and cleaners. The proportion of respondents indicating job vacancies in their organisation has varied in previous surveys (22% – 32%).

Most respondents (80%) indicated that their organisation is currently attracting quality applicants for key positions.

Respondents were asked if their organisation had 'difficult-to-fill jobs' in the last 12 months, with approximately 30% indicating 'yes'. Over the last four years, the corresponding proportions for 'difficult-to-fill' jobs have been 47% in 2009, 35% in 2010, and 43% in 2011. These included: trainers/tutors (e.g., ESL, IT, specific hobbies); managers; program coordinators; child care workers and administration staff.

Respondents were asked to indicate any specific issues with recruiting staff in their organisation. As in previous years, key issues included pay (e.g., other organisations paying 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; TAFEs; and private sector.

Some respondents (10%) indicated that they currently have issues with retaining staff in their organisation. Some comments included: TAFEs/other organisations offering higher pay and demanding jobs.

Many respondents (82%) indicated that their organisation had the right balance of roles between managers/coordinators, trainers/program deliverers, and administration.

Respondents were asked where staff who had left their organisation in the last year had gone (see Table 8).

**Table 8** Destination of staff who have left the organisation in the last year

| where previous staff have gone     | % respondents |
|------------------------------------|---------------|
| Private sector                     | 32%           |
| Other not-for-profit organisations | 22%           |
| TAFEs                              | 12%           |
| Retired                            | 9%            |
| Don't know                         | 23%           |
| Other*                             | 29%           |

\* Other includes maternity/family/carers leave, moved out of the area, schools, local government and other local small business.

## Salaries & benefits

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

In terms of salaries in the past 12 months, half of respondents (51%) indicated that all salaries in their organisation had risen, and 28% indicated that some had risen. In previous years, corresponding figures have varied between 39% – 64% and 20% – 38% respectively.

Around 39% of respondents indicated that their organisation offers salary sacrificing to staff. This is similar to previous years.

## Committee of Management

Respondents were asked about recruitment of Committee of Management members. Many respondents (80%) indicated that it is hard to find Committee of Management members with the skills needed by their organisation. This is similar to previous years (81% – 85%).

### Sample comments

It is hard to find skilled, local and willing candidates for the committee with genuine interest in the Centre and its activities.

A balance is required on the Committee and treasurer skills are hard to find.

Governance is not something that people understand and do not generally want to understand. They put their hand up for committee to "help out".

It is a complex community business and quite difficult to understand all aspects.

Think it will become more difficult.

Community is small, volunteers are on several committees and burn out.

The people with skills we would ideally like are with other organisations.

People lead busy lives. Getting the right committee mix can be a balancing act.

Main issue is time commitment.

Our recruitment needs to be more sustained and targeted.

Some respondents (18%) 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 while others indicated it would be more difficult.

#### Sample comments

##### Will become easier

We are working to make our organisation more attractive to potential Committee Members.

Possibly more semi-retired professionals.

We've been working very hard to change community perception of our organisation and are now finding that people are becoming more interested in becoming involved.

Hopefully, we need diversity.

We are planning to target people with specific skills.

I am hoping to make the COM more professional, and in this way more attractive for members who want to make a difference.

Changing recruitment methods and succession planning.

##### More difficult

This need for skilled committee members will drive away everyday folk.

Fewer people are interested in joining a committee and many of the committee members are ageing and will be unable to stay in their current role for much longer.

Younger people don't want to volunteer, so no young ones coming on.

Respondents were also asked if their Committee of Management members sit on committees for other organisations. Over half (60%) indicated 'yes', 20% indicated 'no' and 20% indicated 'don't know'.

## Volunteers

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

Most organisations in the sample (91%) have volunteers. This is similar to previous years.

Respondents were asked about the types of activities that volunteers undertake in their organisation (see Table 9). The pattern of responses is similar to 2010 and 2011 surveys.

**Table 9** Activities undertaken by volunteers

| activity                           | % respondents |
|------------------------------------|---------------|
| Administration (e.g., reception)   | 79%           |
| Tutoring/program facilitation      | 66%           |
| Maintenance/gardening              | 52%           |
| Fundraising                        | 36%           |
| Childcare                          | 28%           |
| Customer service (e.g., Op-shop)   | 19%           |
| Promotions                         | 23%           |
| Driving/transportation             | 19%           |
| IT/technical support               | 24%           |
| Aged care (incl 'meals on wheels') | 7%            |
| Other*                             | 20%           |

\* Other includes event planning, catering/cooking, emergency relief, playgroups, support for specific learner groups/programs, financial/reporting and advisory roles.

In terms of finding volunteers, around 45% of respondents indicated that it was easy to find volunteers with the skills their organisation needs and 55% indicated it was hard.

#### Sample comments

##### Easy to find volunteers

Sometimes volunteers approach our organisation and they have many varied skills which need to be matched with what we require.

We are hoping to be in new premises within 5 years. This should make us a more appealing workplace.

We are very lucky, because of the range of services we offer, we have people wanting to volunteer all the time. We have a lot of students undertake their volunteer hours with us.

We attract a range of well qualified volunteers.

Council's Volunteer Coordinator organises opportunities for those who would like to give their time to programs/ administration areas as need arises.

I'm hoping that more value will be made of the skills that can be obtained from volunteering and the pathway from volunteering to paid employment.

Participants are encouraged to also become volunteers. Suitable office volunteers are hard to source, due to the intensive training required, but the broad practical activities we run are greatly supported by volunteers.

##### Hard to find volunteers

Harder to find volunteers who value add and not cost the organisation. We prefer to not fill a role rather than take a volunteer who does not meet our needs.

The skills are not the problem, it is simply finding people who really want to commit to volunteering. Many come with a view to gaining employment and it simply is not here.

Finding volunteers with appropriate skills for longer term volunteering can be difficult.

We are finding it difficult to recruit suitable volunteers to our admin section. This is a busy area requiring great attention to detail – a lot of volunteers do not want to this type of position.

Everyone is so busy.

We have many great volunteers, but matching them with their skill-sets to particular requirements is not always easy.

As more people contrive to work, volunteers will continue to be scarce. Invariably they are retirees.

I think as the population ages it will become increasingly difficult to get and retain volunteers as most of the next generation aren't interested in volunteering.

It's easy to find volunteers but not with specific skill sets, you have to spend time and effort in training them in specific areas. Also volunteers don't want to commit to whole days which mean there is lack of continuity in the work done.

Respondents were also asked if retention of volunteers was higher in some areas of the organisation than others. Around a third of respondents (32%) indicated that it was. Some areas that were specified as having higher retention of volunteers included men's shed, women's craft, gardening, community kitchen, and administration. (Note that some areas were specified as having high retention by some respondents and low retention by others.)

#### Sample comments

Higher in administration, less for volunteer tutors.

Community Kitchen volunteers are happy to stay around for the long haul.

Long term gardeners. Admin volunteers, once trained and confident, regularly move on into paid work.

Childcare, as many students complete their placement with us and they need to volunteer for a certain number of hours.

Social programs – often our program leaders help us out for years and years.

Very hard to find people to volunteer to pack up sports equipment. Gardeners and odd-job men are also thin on the ground.

Men's Shed, Women's Craft, Food Bank, seem to stay for long-term. Other volunteers stay until they find outside employment.

Gardening volunteers more likely to stay than others.

In terms of their volunteer workforce, 26% of respondents indicated that there have been changes in quality in the last 12 months. (This has ranged between 20% – 30% in previous years).

**Sample comments**

Have paid worker to develop new policies and procedures for volunteers which includes training, support and management. This additional support for the program has been reflected in the quality of volunteers.

We have a few who have developed skills appropriate to their volunteer job through participation in volunteering.

We have a volunteer recruitment process to ensure volunteer suitability.

We find that people are volunteering more for gaining skills than for providing support.

We have retired professionals offering their services, and students undertaking community development diplomas.

People have part time options; people like to work rather than volunteer.

All volunteers have something quality to offer. It is just a matter of finding out what that may be.

As volunteers have accessed available training they have become more skilled and more able to multi-task.

Around 35% indicated there have been changes in availability in the last 12 months. Sample comments relating to availability were mixed.

**Sample comments**

More people want to volunteer with us because we treat our volunteers well.

We now have 2 intakes of volunteers per year as opposed to once a year previously.

We now run a pre-accredited Volunteer Skills Training course which attracts office volunteers.

For some existing volunteers, this has reduced due to the nature of their employment, and we have increased our overall numbers of volunteers this past 12 months.

Some volunteers seem to have less time due to conflicting interests/obligations such as family commitments or job seeking requirements.

[Fewer] people are available and willing to volunteer. People in general are seeking paid jobs and are not very eager to work without payment in any capacity.

## 5 RTO status/context

RTOs in the sample (n=63) were asked a series of questions about RTO status and scope, trainers/deliverers, reporting/compliance and RTO future size and services.

Around 45% of RTOs 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.

- Over a quarter (28%) of RTO respondents indicated that they found it easy to find trainers/deliverers to meet their organisation's needs. Some comments indicated that specific trainers/deliverers were easier to find than others.

### Sample comments

It has been relatively easy.

Depends greatly on the subject area. Hospitality or hair is quite easy; Asthma management or Diploma of Beauty, more difficult.

English trainers are easier to find than others.

In some courses it is easy and some hard – we could not add one course to our Scope as we could not find a trainer.

- Around three quarters (72%) of RTO respondents indicated that they found it hard to find trainers/deliverers to meet their organisation's needs. Some organisations indicated issues including: general difficulties finding skilled trainers/deliverers; pay competition; limited hours to offer; competition with TAFEs/other RTOs; and location issues.

### Sample comments

We are in a rural/regional area so there is always a limited pool of suitably qualified trainers. Budget constraints also limit the calibre and availability of suitable trainers (unable to pay above award). Also, being a relatively small RTO, trainers are employed for limited hours on a casual basis. We are unable to offer permanent employment and often lose trainers to other sources of employment.

The biggest problem is finding people with vocational qualifications and the skills and knowledge to be good trainers as well. There are plenty who come with great vocational experience that prove to be poor trainers or are challenged by the amount of paperwork required for compliance.

As a not-for-profit organisation it is extremely difficult to meet the pay rates offered at TAFE, thus difficult finding qualified trainers that meet our needs.

Appropriate qualifications in particular the most recent TAA.

Has been very hard to find especially in the ESL area.

Competing with higher paying providers is difficult. They can also offer more work.

The challenge is to find people who are prepared not to compromise on the delivery of high quality training at a relatively low rate of pay.

Varies depending on the employment market and industry area.

Teachers need to be highly qualified but also happy to work in the community sector. A flexible and compassionate person is required, one with the ability to meet the compliance tasks associated with the job.

It is easy to get applications for trainer positions in our organisation. It is hard to find good trainers who keep students to the end of their course with good outcomes for the student.

It's hard to get qualified staff to work for the wages we can afford to pay.

I am relatively new to the Centre and am led to understand that one of the biggest problems to delivering is trying to find trainers who are compliant with standards and willing to travel to a regional community.

Varies – sometimes easy, sometimes hard. Good trainers were hard to keep as they could get better pay at TAFE (for example), but this is changing due to subsidy rate decreases (TAFE cuts).

We are fortunate that we have long term trainers that address all our needs. However, I think if we had to source new staff that could be difficult as we can only offer limited hours.

Attracting trainers is hard in regional Victoria as we cannot offer huge blocks of training like TAFE and pay rates don't compare to TAFE.

Most RTO respondents (89%) indicated that all of their reporting/compliance is undertaken internally. They were also asked to estimate the time spent monthly on reporting/compliance in their organisation (see Table 10).

**Table 10** Time spent monthly on reporting/compliance

| number of hours | % RTOs |
|-----------------|--------|
| Up to 15        | 32%    |
| 16 - 30         | 35%    |
| 31 - 40         | 23%    |
| Over 40         | 10%    |

This pattern appears to be slightly different from 2011 with an increase in the '16-30 hours' category (18% in 2011, 35% in 2012) and a decrease in 'over 40 hours' (21% in 2011, 10% in 2012).

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, 57% of respondents indicated changes in the last 12 months, including increased reporting requirements and administration. (This is lower than the 85% response in 2010 and 68% response in 2011.)
- In terms of changes in their organisation's compliance capacity, around 54% of RTOs indicated changes in the last 12 months (e.g., more staff hours devoted to compliance/reporting, new staff hired in this area). This is similar to previous years.

RTO respondents were also asked about their RTO in 3 – 5 years time. Two thirds of respondents (66%) thought that their RTO would be bigger.

Respondents were also asked if services they are likely to offer in 3 – 5 years time would be similar or different to what they offer now. Around a quarter (27%) indicated their RTO would offer similar services, 8% indicated that services would be different, and two thirds (65%) indicated that their organisation would offer a mix. This is a similar pattern to previous years.

RTO respondents were asked if as a consequence of broader changes to VET and/or RTO regulation, they had considered amalgamations with other RTOs – with 13% indicating they had.

Of the non-RTO respondents in the sample (85 organisations), 8% indicated plans to become an RTO in the next 1 – 2 years.



## 6 Refocusing Vocational Training in Victoria

Over the last five years, there have been two major changes in the skills/vocational training system in Victoria.

- In July 2009, *Securing Jobs for Your Future – Skills for Victoria* was introduced, focusing on more places through a broader range of training organisations. This introduced the Victorian Training Guarantee and contestable funding.
- In July 2012, as part of the 2012-13 State Budget, the Victorian Government announced a number of changes to the vocational training system – outlined in the publication *Refocusing Vocational Training in Victoria*.

Refocusing Vocational Training measures were introduced to: strengthen the fundamentals of the demand driven entitlements system; improve quality; increase system responsiveness to the needs of industry; focus investment in areas of greatest public benefit; and ensure the future sustainability of the training system.

Specifically, this has meant that government-funded places are targeted at specific individuals/clients and workforce needs.

This survey was undertaken in August – September 2012, opening shortly after the release of *Refocusing Vocational Training* on 1 July 2012.

This section focuses on the responses of the 63 RTOs in the sample ('RTO respondents') to a range of questions about *Refocusing Vocational Training*.

RTO respondents were asked about their initial overall reaction to the release of *Refocusing Vocational Training*. Sample comments in broad themes are provided below.

### Sample comments

#### Generally positive

Positive, especially the additional funding to acknowledge the difficulty of delivering to young people, Foundation Skills, Koories and additional funding acknowledging regional delivery (small class sizes, etc).

We believe that it is of great benefit to training and education.

Glad to see TAFE on the same page as us.

It was okay really and favoured training organisations such as the Learn Local providers. Subsidies for the training we offer actually increased. We see the levelling of the playing field, in spite of the upheaval for TAFE providers, was a good thing.

#### Organisation needs to consider strategy and planning impacts

It will influence our strategic planning for the next 5 years so that we remain relevant and sustainable.

For us to continue to deliver Registered Training we have to adjust with the changes, look at what is not on our scope that may be added and alternative methods of delivery so that we can continue to service the regional community in which we live.

#### Challenges in operations/programs and services

We provide a significant amount of Cert II and III in Business and these are the qualifications which have experienced significant funding cuts.

Added to the challenges of delivering quality training to key target groups.

It will make it even harder for us to be cost competitive for some of our courses. In some cases it will be impossible for us to offer some programs.

#### Challenges in meeting client needs

I don't believe that data is reflecting local needs, we are in an area that needs highly skilled hospitality people. The Chamber of Commerce wants this form of training, but it was one of the cuts made. This will mean we can't offer it as the courses currently stand, so will need to find training that includes those skill sets.

Scary, unsure where the government is heading with vocational training and concerned for the disadvantaged, isolated rural people who don't have Year 12 or 10 completion, as the push is for skills. With the new world being about funding the student not the provider it makes it difficult for ACE organisations to enhance the well-being and lifelong learning of our most vulnerable clients.

Learners should not be penalised as a result of a system being developed without any checks and balances.

I find *Refocusing VET* has looked at an overall picture and has not drilled down to small communities where the reduction in support for some courses will be detrimental to filling the gaps in trained workers in specific fields of employment.

...sample comments continued on next page

### Sample comments cont.

#### Both positive and negative aspects

Positive aspects – increased subsidy rates for apprentices; improved targeting of training for skill shortage areas.

Negatives – very confusing fee structures; subsidy rates cut severely in some courses, including hospitality (a big employer in our area); difficult to get responses from HESG.

Some changes were necessary as there was training being delivered that was not leading to employment. However there is no allowance for regional diversity and local training needs e.g., course subsidy for Cert II in Hospitality dropped down to \$1.50 per SCH – we are in a major tourist area. Measures to improve quality e.g., publishing fees on website do not go far enough and do not address quality of actual delivery.

In rural and remote areas these changes have cemented the Foundation Skills training. However there is no focus on people who have a disability or have become disabled due to a trauma or regression of their current mental state.

As we are a small RTO with only a few accredited courses on our scope of delivery it does not affect us as much as it would TAFEs. Having said that, the restructure of weighted delivery has made it useless to deliver Certificate I in Information Technology and Certificate II Business under government subsidised training as the dollar amount funded is minimal.

#### Little/no impact

As we only deliver foundation skill programs there has not really been an impact on our centre.

We are still assessing the impact but believe it will have a neutral effect on the programs and services we currently offer.

Initial reaction was that we may lose some funding for particular courses. This has proven to be not the case.

Our courses are all foundation courses and not aligned to any particular industry or employer so the changes to VET do not impact on us greatly.

Respondents were then asked to comment on the main impacts Refocusing Vocational Training was likely to have on their organisation. Sample comments in broad themes are provided below.

### Sample comments

#### Disadvantages to specific learner groups

Major impact on planning due to short time frame for implementation of funding changes – we do not expect to be able to deliver at least two of the qualifications on our scope due to dramatically reduced course subsidy, despite fact that they are addressing needs of local learners and employers. Also, agencies say that they have difficulty funding courses at the high rate we are having to charge to break even... Some units from courses may be delivered on a fee-for-service basis as course subsidy payable is not worth the time spent uploading data.

We have had to review some programs. We will be focusing much more delivery in the foundation skills, which fit our cohort well. Vocational programs such as retail and hospitality will be delivered as part other programs rather than as whole qualifications.

Funding the student and not the provider has meant we need to really make sure students are going to complete so we tend to overlook the potential students that may need more assistance, as this is not factored into the funding model. We are, like our TAFE cousins, tending to pick the eyes out of students – the ones who have potential to complete as we will be paid the full amount. Being paid in arrears has had a huge impact on our cash flow, we are finding we are often living from month to month and have had to get an overdraft just to get through.

Loss of retail and hospitality courses, which are good entry level courses for unemployed locals and a waste of the employer contacts we have built up in these areas.

More selective – what we can afford to deliver rather than what the community may need.

We will no longer deliver some courses which have had government subsidy reduced, which is a shame, as some are in demand but no longer financially viable.

We have to revisit the courses we offer and work out how to manage without funding for the courses that are most relevant to our community and its needs.

We have a large enrolment profile in the Youth and Foundation skills area and additional funding is enabling us to consider expanding the programs due to demand. On the other hand, we have stopped delivering programs (other than traineeships) that attract funding of less than \$2.

Reduced subsidies to VCAL for youth will impact on us as disengaged youth require a huge input of time and energy due to hardship issues and lack of motivation. Fees for government places have increased, this may impact going forward. (New two course rule will also have high impact and restrict flexibility of options, particularly for young students).

#### Positive impacts/level playing field

We believe that the changes will have a positive impact on our organisation. The changes will level the playing field and within the training sector. It will allow us to deliver training where it will be of benefit to all.

We will actually be better off as they have increased the Foundation Skill hourly rate!

In my view the impacts are of a positive nature. The same accountabilities that are required of TAFE are one and the same for RTOs. Training is more targeted and the need for stronger monitoring and compliance can only contribute to accountability as well as providing a better skilled Australia. This also hopefully does away with the idea of training for the sake of training, as opposed to training for making a difference.

We will need to make sure that we run a broad range of "low level" courses for young people as it seems that these options will be less available in other organisations.

#### Increased compliance

The catch 22. If we have courses on our scope that we don't deliver due to lack of funds, it places us as high risk for AQTF compliance. If we take them off our scope, when the funding changes again, it will cost us big dollars to add them again.

Increased compliance and competition for smaller RTOs. In our area, larger providers are teaming foundation level skill certificates with other industry packages and dual enrolling participants. We do not have the scope to do this.

Removing accredited courses from our scope of delivery as the amount of work involved to keep them and pass VRQA auditing requirements outweighs the financial benefits for both the organisation and students.

#### Little/no impact

Minimal at this stage, most likely due to us only providing "Foundation Skills" courses which are still funded at a sustainable rate.

Will limit our expansion in certain areas of training. Has not affected much of our delivery, which was focused on skills in demand and industry needs. Has not affected our financial viability.

At this time, there has been no impact on our organisation.

Doesn't have a real impact on us, but certainly does for other providers in our sector.

More specifically, respondents were asked whether Refocusing Vocational Training had influenced key target markets. Over a quarter (27%) of RTO respondents indicated that it had.

#### Sample comments

Before it was training for training's sake. Now it will be about being aware of the industry demands in our region and delivering training that impact positively on that demand.

It has made us scrap plans, we will be focusing on courses that have a good student contact hour price that also meets with needs of the community.

We are now looking further afield into a variety of different markets e.g., single parents.

Retail, business, IT – core accredited courses now limitedly reimbursed.

Slightly – more students moving into the care industry, so offering introductory courses in this area.

The VET reforms have influenced our entire market as the increases in funding are all the certificates that we have on our scope.

Has confirmed our current focus on Community Services training; marketing research aims to identify new markets.

We had developed a very positive relationship with small business through networks and this has provided invaluable in small business owners taking up training. This is not likely to occur with the new funding for business courses as with drought and flood and the current economic climate, they will not be able to afford the fees.

Not advertising to attract people who qualify for subsidised VET training. Concentrating more on pre-accredited and fee-for-services programs.

Reduced subsidies will change priorities and impact on our youth program.

In a positive way the changes have made us rethink what our core focus should be.

Respondents were then asked if Refocusing Vocational Training would impact a range of organisational aspects. These aspects are categorised into 'external' (markets, marketing, clients, funding and student fees) and 'internal' (products, services, business practices/processes, staff numbers, skill requirements) – see Tables 11 & 12.

Note – Tables 11 & 12 on the following pages should be read in the context that the survey was opened only one month after Refocusing Vocational Training changes had been released. In addition, it is very important to note that the data in these Tables should not be compared to the 'Impacts' tables reported in 2011 – where respondents were rating specific impacts of the Skills System implementation – a different initiative.

**Table 11** Impacts of Refocusing Vocational Training – ‘External’ aspects (% of RTOs giving high, medium, low rating to each aspect)

| aspects                                   | % indicating impact (RTOs) | rating | % RTOs* | sample comments  |
|---|----------------------------|--------|---------|--|
| Markets (taking into account competitors) | 69%                        | high   | 37%     | <p>Competition from TAFEs and private RTOs.</p> <p>Brought many new competitors into the marketplace. They are undercutting our pricing.</p> <p>As a private organisation now up against a consortium of TAFEs we need to look at partnerships and what courses are profitable, but also meet the skills needs of the business communities in which we live.</p> <p>Could be positive with equality in funding.</p>  |
|   |                            | medium | 55%     | <p>Seeing more RTOs in the market offering training at lower prices and less time.</p> <p>Selective delivery.</p> <p>The challenge is how to balance the need for quality control measures with providers' capacity in an environment already compliance heavy.</p> <p>Better analysis and targeting needed.</p> <p>Government funded VCE will be available to more people.</p> <p>Some RTOs may not run certain accredited courses.</p>   |
| Marketing                                 | 64%                        | low    | 8%      |  |
|   |                            | high   | 34%     | <p>We have put on a business development person as we see this as a priority to market ourselves to businesses.</p> <p>Lower enrolments mean less funds for effective marketing.</p>   |
| Clients                                   | 61%                        | medium | 51%     | <p>Greater spending required.</p> <p>Difficulty in being clear re: costs and eligibility especially for next year.</p> <p>Need to clarify and explain government position and encourage prospective learners to invest additional costs in training.</p> <p>Will need to adjust published fees.</p>  |
|   |                            | low    | 14%     | <p>We have tried to focus on the positive outcomes – that because of significant aged care delivery, funding cuts have not affected us as much as other RTOs (including TAFEs).</p>  |
|   |                            | high   | 50%     | <p>No longer learner-centred.</p> <p>Clients being poached [...]</p> <p>Can be positive for some and negative for others; depending on the course and their eligibility.</p> <p>Disengaged and hard to reach learners that need 'entry level' courses such as Cert II in Business, Cert II in Hospitality will be further disadvantaged as course costs will be significantly higher, or will not be offered at all.</p> <p>More difficulty providing additional support to VCAL youth students.</p> |
|   |                            | medium | 44%     | <p>Students can't afford it.</p> <p>I think they are more at risk of being exploited.</p> <p>Higher tuition rates.</p> <p>Students unable to pay the increase in fees required to meet the shortfall from dollar amount received from subsidised training.</p> <p>Some now with higher education levels.</p>   |
|   |                            | low    | 6%      | <p>Our clients will change in that we will begin to attract people who want skills for employment and to up-skill for promotions, etc. as opposed to training because people have nothing better to do.</p>  |

\* Respondents who answered 'yes' on impact then rated impact on 5 point scale - high rating (4 or 5 rating), medium rating (3 rating), low rating (1 or 2 rating)

**Table 11** *Cont.*

| aspects      | % indicating impact (RTOs) | rating | % RTOs* | sample comments  |
|--------------|----------------------------|--------|---------|--|
| Funding      | 83%                        | high   | 44%     | Less SCHs likely.<br>Increase in full fee for service business.<br>Lower funding rates.<br>Reduced funding for youth programs.   |
|              |                            | medium | 40%     | Fewer courses overall.<br>May decrease with increased competitors.<br>Luckyly our focus is not the low funded programs.<br>We expect a slight decrease overall.<br>Hopefully only in 2012 while adjusting.   |
| Student fees | 76%                        | low    | 16%     | Not sure. We will have to look at what we can add to our scope as the demand for that skill is identified. This will cost money and we would have to know that adding to the scope would return us the money outlaid.<br>Affects some courses in terms of funding.                                       |
|              |                            | high   | 38%     | Offset of less government funding.<br>All fees have increased. Need to monitor whether fees are now a barrier to clients.<br>To sustain affordability to the clients.<br>Increased fees on less subsidised.  |
|              |                            | medium | 50%     | Needed to revise fees in regards to 20% concession rates.<br>We are introducing fees to our disadvantaged clients who are unaccustomed to paying fees.<br>Impact varies depending on the qualification: some low or positive to high and negative.<br>Unsure as most current students are on concession. |
|              |                            | low    | 13%     | Slight change in concession fees.<br>Slight increase in some student contributions.  |

\* Respondents who answered 'yes' on impact then rated impact on 5 point scale - high rating (4 or 5 rating), medium rating (3 rating), low rating (1 or 2 rating)

**Table 12** Impacts of Refocusing Vocational Training – ‘Internal’ aspects (% of RTOs giving high, medium, low rating to each aspect)

| aspects                       | % indicating impact (RTOs) | rating | % RTOs* | sample comments  |
|-------------------------------|----------------------------|--------|---------|--|
| Products & services           | 75%                        | high   | 24%     | More expensive business course.<br>Competition from TAFE and private RTO.  |
|                               |                            | medium | 64%     | We are marketing ourselves on quality training, but does that really count in the long run?<br>Expansion potential limited.<br>Look for core \$ elsewhere.<br>The type of courses that will be delivered as opposed to what has been delivered will change as we begin to streamline around industry demand.<br>No more government subsidised business courses.<br>Expect to cease delivering business & consider delivering on a fee-for-service basis. |
| Business practices/ processes | 65%                        | low    | 12%     | Offering introductory courses to replace some of the accredited course that may be cut.  |
|                               |                            | high   | 37%     | Labour intensive processes.<br>We will need to diversify further.<br>Time consuming. Stressful. Retraining needed. New processes required. No fat in budgets.<br>Need to review all systems and train staff - reception and anyone conducting pre-enrolment interviews.<br>Our benchmark enrolment figures will increase for some courses.   |
|                               |                            | medium | 51%     | Must be more commercial.<br>Continuous improvement culture required.<br>It will increase awareness and accountability at the management level to ensure compliance at all times not just when it suits.<br>More compliance processes to undertake, review all course budgets.<br>Need to re-position centre and change programs. It's labour intensive.  |
|                               |                            | low    | 11%     | Governance & compliance.   |

\* Respondents who answered 'yes' on impact then rated impact on 5 point scale - high rating (4 or 5 rating), medium rating (3 rating), low rating (1 or 2 rating)

**Table 12** *Cont.*

| aspects            | % indicating impact (RTOs) | rating | % RTOs* | sample comments  |
|--------------------|----------------------------|--------|---------|--|
| Staff numbers      | 51 %                       | high   | 21 %    | Need more admin staff in training.<br>The demand for staff in business and retail is likely to decrease.<br>Lack of skilled facilitators to cover more than one course delivery.   |
|                    |                            | medium | 46 %    | We have decreased our staff numbers and consolidate job roles and responsibilities to save money.<br>Less students, less staff.<br>Reduced income may put pressure on staff hour levels. Pressure on staff to re-focus course mix and develop new courses. |
|                    |                            | low    | 32 %    | Stay the same.<br>Hopefully no decrease.<br>Less tutor hours in some areas.  |
| Skill requirements | 35 %                       | high   | 37 %    | QA and claim staff need to be very skilled and accurate.<br>Admin, reception and course coordinators in being competent in new systems.<br>Lack of skills facilitators to work minimal hours.  |
|                    |                            | medium | 53 %    | Needed to update compliance staff and provide extra training.<br>Need staff with particular skill sets.<br>Need to have staff with skills in course development.   |
|                    |                            | low    | 11 %    | If and when employing staff/teachers will be up to date and in line with the Standards.  |

\* Respondents who answered 'yes' on impact then rated impact on 5 point scale - high rating (4 or 5 rating), medium rating (3 rating), low rating (1 or 2 rating)

Respondents were also asked if any changes had been made in their organisation as a result of Refocusing Vocational Training (see Table 13).

**Table 13** Changes made in organisation

| area of change                   | % RTOs |
|----------------------------------|--------|
| Promotion/branding               | 23%    |
| Administration/student enrolment | 43%    |
| Compliance/reporting             | 50%    |
| Cost of programs/services        | 72%    |
| Student fees                     | 68%    |

Just under half (46%) of RTO respondents indicated that Refocusing Vocational Training would require their organisation to review/change the balance of Pre-accredited and Accredited training.

**Sample comments**

- Will use pre-accredited as a taster for further accredited study and will continue to develop more programs that incorporate both types of funding.
- Will depend on client demand.
- The pre-accredited approach will be the affordable pathway to gaining skills.
- We are considering what the local need is and if pre-accredited is on the increase regarding demand then we will consider making changes to programs.
- We will apply for more pre-accredited.
- We currently are reviewing our training.
- We now offer more pre-accredited programs as a result of cancelling some of the accredited programs.
- We will look at more pre-accredited and may even look at not delivering accredited at all.
- In 2012, we are providing less pre-accredited training and more accredited training.
- We will be looking at delivering more accredited training.
- We may offer some courses in the IT area as pre-accredited rather than accredited training.
- It is healthy for an organisation to review where it is at with its training on an annual basis. Changing the balance is dependent on what is needed as training should be about user choice. We need to be flexible enough to meet the need of the consumer and if not refer them to someone who is able to meet their choice of training.
- Will be offering more pre accredited than accredited programs.
- ICT may need to be exclusively pre-accredited.
- We may not be able to offer all courses. It should be noted that the concession allowance has been greatly appreciated.
- We are still evaluating the implications. However, pre-accredited funding enables more consistent budgeting and business viability.



Finally, respondents were also asked what Refocusing Vocational Training would mean for the direction of their organisation.

#### Sample comments

We are looking at partnering with other organisations to attempt to remain sustainable. Also considering how fee-for-service could be implemented in our rural area and whether our clients could afford this type of education. Also looking at alternative types of delivery, i.e. e-learning – although the costs associated with implementing this technology aren't likely to be affordable or sustainable for small organisations. Yet it is still important that individuals in such communities have access to education opportunities, and ones that they need and can afford.

Our organisation will continue to focus on the disadvantaged and vulnerable learners. We will have to look at creative partnerships to provide programs that may not fit the narrower parameters of Refocusing VET in order to provide the best outcomes for learners.

We will need to continually monitor and review at least monthly at this stage. We are so bogged down in reporting and compliance, it's hard to focus on the community, clients, and what's best for them.

We need to change mix of courses offered. If TAFE and private RTOs target foundation and local education offerings in an attempt to utilise sunk cost infrastructure, there may well be severe financial hardship for local organisations, and a lack of flexibility for the overall system.

Stronger guidelines in place to ensure compliance of standards. Planning and maybe looking at partnership delivery. Looking at viability and costing of courses currently being delivered, to what needs to be added to the scope to deliver.

Need to ensure that the organisation is able to adapt and respond quickly to unexpected changes as a result of changing political climates.

Ensure [we are] up-to-date with skills gaps and the employment opportunities so that if there is a change – look at ways that we can meet the market needs. Look at ways of working with business closer.

The direction of the organisation will depend on our ability to present the unique value proposition in undertaking training here as opposed to other places. We need to clearly show variation to other cost structures by comparison, e.g. we might be able to offer a lower fee-for-service cost than organisations with higher overheads.

The current focus is largely consistent with our programs but we will certainly have to continue to develop our flexibility to respond to changes and challenges: however, from an uncertain funding base this becomes more complex.

Ongoing review of government practices and policy is required. Government Refocusing VET policy may not actually reflect the reality of funding distribution for Adult & Vocational Learning in the future. For example, the recent cuts to Victorian TAFE funding seems to go against Refocusing VET policy. More independent analysis is required along the track to review the actual outcomes of these policies. Most ACE organisations will need to remain informed and active to ensure the needs of all learners are met.

Further analysis identified patterns of responses. Below are three patterns, with illustrative comments, covering 48 of 63 RTOs in the sample. Note that some of these comments may appear elsewhere in the report.

Twenty eight RTOs (16 'larger' RTOs and 12 'medium'/'smaller' RTOs) generally indicated that, in the context of Refocusing Vocational Training, they would review

- Programs/services
- Frequency of delivery of products and services
- Funding, revenue, fees

#### Sample comments

##### Larger RTOs

Need to re-evaluate our marketing, our costings, [and] our career advice to students. Planning for 2013. Communication to students. Meeting the needs of people who cannot access government funded places because of the criteria.

We will refocus some of our activity and reduce delivery of some qualifications, reduced income will have some impact.

We will no longer deliver some courses which have had government subsidy reduced, which is a shame, as some are in demand but no longer financially viable.

Stronger focus on up-skilling clients and where course subsidies have been cut trying to provide alternative funding options e.g., fee for service, employer pays.

We will need to change the mix of courses offered.

We cannot meet the needs of the community. Doing that will mean a financial impact on the organisation and also it will not attract clients as they cannot afford to pay higher fees. We need to run courses that are what students need to form pathways to higher education and employment. Students may revert to pre-accredited training as an option because of higher fee prices.

We have had to review some programs. We will be focusing much more delivery in the Foundation Skills, which fit our cohort well. Vocational programs such as retail and hospitality will be delivered as part of other programs rather than as whole qualifications.

Course subsidies have impacted. We have had to put fees up for courses with a low course subsidy. We have had to review all fees and charges for courses and redo all budgets. We have opted to not run certain courses that are now funded at a low rate. It has been an extremely time consuming process and therefore a costly process.

##### Medium/smaller RTOs

For us to continue to deliver registered training then we have to adjust with the changes, look at what is not on our scope that may be added and alternative methods of delivery so that we can continue to service the regional community in which we live.

Our ability to maintain the historical service and care for disadvantaged members of our community has, and continues to be constantly compromised. One change in one area affects the whole Neighbourhood House. The changes have a rippling effect to all areas of our work and our ability to provide our community with the services it has come to expect.

We are currently looking at delivering more full certificate courses in our organisation. In the past we delivered short courses and certificates in schools. Now we are looking to deliver certificate courses in workplaces also.

It will influence our strategic planning for the next 5 years so that we remain relevant and sustainable.

We will need to revisit our business model and probably reduce training and increase more 'commercial' activities.

Some RTOs (13 'medium' and 'smaller' RTOs) suggested that that there would be little/no impact of Refocusing Vocational Training since they would continue to deliver a specific/niche offer – in particular entry level/foundation skills, or specific program focus (e.g., Aged Care).

**Sample comments**

Our courses are all foundation courses and not aligned to any particular industry or employer so the changes to VET do not impact on us greatly.

No real changes for us, as our market have always been at the entry level courses.

We have a consistent demand for the ESL courses we currently deliver and the only change that we can see will be to change the mix of accredited/pre-accredited courses

Our key markets – aged care, and home & community care, have not been adversely affected.

Will limit our expansion in certain areas of training. Has not affected much of our delivery, which was focused on skills in demand and industry needs. Has not affected our financial viability.

As a small RTO in the community service area not a huge impact.

At this point we do not anticipate that we will be changing direction in the future due to Refocusing VET.

Another group of RTOs (7 'medium' and 'smaller' RTOs) indicated they were considering a reduction in accredited training and/or discontinuing their RTO status in the context of Refocusing Vocational Training.

**Sample comments**

Considering not renewing Skills Victoria contract.

We will probably look at doing more pre-accredited that has bigger dollars attached to it as opposed to accredited courses that generate a low SCH.

We now offer more pre-accredited programs as a result of cancelling some of the accredited programs.

We need to decide if there is value in our RTO status. As a small organisation, the compliance requirements are already cumbersome. If we are making less money it is necessary to ask if it is worth the bother.

Removing accredited courses from our scope of delivery as the amount of work involved to keep them and pass VRQA auditing requirements outweighs the financial benefits for both the organisation and students.

We have to frequently consider the viability of remaining as an RTO.

Currently preparing a feasibility study on our future as an RTO.

## 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 (89%) indicated they were providing estimates, rather than precise figures.

### Last financial year

Respondents were asked if they produced a surplus, loss or breakeven result in the last financial year. Over half of respondents (57%) indicated that their organisation had made a surplus, 24% indicated a loss and 19% a breakeven result.

In addition, respondents were asked if revenue had increased or decreased for their organisation in the last financial year – with 65% of respondents reporting an increase and 35% reporting a decrease.

### Funding

In terms of funding, respondents were asked to estimate what proportion of their total revenue comes from various funding sources (see Table 14 below).

- Higher Education & Skills Group (including ACFE) funding 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 14** Funding breakdown across 130 organisations in the sample

| funding sources – %                              | financial turnover        |                           |                           |                           |                           | total sample  |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------|
|  | <\$100,000                | \$100,000 - \$250,000     | \$250,000 - \$500,000     | \$500,000 - \$1 million   | >\$1 million              |               |
|  | median - %<br>(range - %) | median - %<br>(range - %) | median - %<br>(range - %) | median - %<br>(range - %) | median - %<br>(range - %) |               |
| Higher Education & Skills Group (including ACFE) | 33<br>(7-100)             | 10<br>(2-95)              | 30<br>(2-90)              | 38<br>(6-80)              | 21<br>(0-80)              | 20<br>(0-100) |
| Neighbourhood House Coordination Program         | 0<br>(0-80)               | 30<br>(0-85)              | 14<br>(0-35)              | 8<br>(0-15)               | 1<br>(0-12)               | 11<br>(0-85)  |
| Fee-for-service                                  | 8<br>(0-40)               | 22<br>(0-47)              | 25<br>(0-59)              | 12<br>(0-54)              | 10<br>(0-88)              | 15<br>(0-88)  |
| Local government                                 | 0<br>(0-6)                | 5<br>(0-28)               | 7<br>(0-35)               | 3<br>(0-13)               | 1<br>(0-60)               | 3<br>(0-60)   |
| Other state government                           | 0<br>(0-85)               | 0<br>(0-90)               | 1<br>(0-92)               | 2<br>(0-81)               | 2<br>(0-78)               | 0<br>(0-92)   |
| Federal government                               | 0<br>(0-25)               | 0<br>(0-22)               | 0<br>(0-74)               | 2<br>(0-67)               | 9<br>(0-87)               | 0<br>(0-87)   |
| Other*   | 4<br>(0-64)               | 1<br>(0-50)               | 4<br>(0-40)               | 9<br>(0-27)               | 5<br>(0-88)               | 4<br>(0-88)   |
| <b>number of organisations</b>                   | <b>12</b>                 | <b>41</b>                 | <b>35</b>                 | <b>17</b>                 | <b>25</b>                 | <b>130</b>    |

\* Other includes sponsorship, donations, fundraising, interest, room/venue hire, partnerships, and grants

Analysis was undertaken to explore whether organisations had changed their financial turnover category between the 2011 and 2012 surveys.

This analysis involved 78 organisations that completed both 2011 and 2012 surveys. Of these:

- 63 organisations remained in the same financial turnover category (e.g., remained in the \$250,000 - \$500,000 category in both 2011 and 2012 surveys).
- 10 organisations had moved up one or more financial turnover categories (e.g., moved from \$100,000 - \$250,000 in 2011 to \$250,000 - \$500,000 in 2012). Of these, 8 were RTOs.
- 5 organisations had moved down one financial turnover category (e.g., moved from \$100,000 - \$250,000 in 2011 to \$50,000 - \$100,000 in 2012). None of these organisations were RTOs.

### Accumulated funds

Respondents were asked about accumulated funds. Of the 143 respondents who answered this question, 118 indicated that they have accumulated funds. Of these, 95 respondents provided an accumulated funds figure. As in previous years, accumulated funds increased with financial turnover (see Table 15 below).

**Table 15** Accumulated funds split by financial turnover category across 95 organisations in the sample

| financial turnover      | number of organisations | accumulated funds                       |
|-------------------------|-------------------------|---|
|                         |                         | median<br>(range)                       |
| >\$1 million            | 20                      | \$700,000<br>(\$200,000 - \$34,000,000) |
| \$500,000 - \$1 million | 12                      | \$195,000<br>(\$10,000 - \$350,000)     |
| \$250,000 - \$500,000   | 27                      | \$92,000<br>(\$7,000 - \$400,000)       |
| \$100,000 - \$250,000   | 32                      | \$53,500<br>(\$10,000 - \$310,000)      |
| <\$100,000              | 4                       | \$20,500<br>(\$12,000 - \$100,000)      |
| total sample            | 95                      | \$100,000<br>(\$7,000 - \$34,000,000)   |

### Local government support

Respondents were also asked about their organisation's relationship with local government in terms of support (see Table 16). The profile is similar to previous years.

**Table 16** Local government support across 149 organisations in the sample

| type of support                             | % respondents |
|---|---------------|
| Grants/funding                              | 73%           |
| Premises/building/maintenance of facilities | 60%           |
| Promotion                                   | 51%           |
| Training staff                              | 17%           |
| Management support                          | 24%           |
| Other*                                      | 28%           |

\* Other includes reduced rent, use of facilities, meeting facilitation/networking opportunities and advocacy





