Submission

Results and impact from the policy: Removal of TAFE fees for Diploma and Advanced Diploma of Children’s Services courses

July 2009
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1. Purpose of this submission

ACPET has prepared this submission, based on commissioned research, to examine the results and impact of implementing the policy to remove TAFE fees for Diploma and Advanced Diploma of Children’s Services courses which is part of the Rudd Government’s Early Childhood Workforce Strategy. This policy, implemented January 2009, is part of a broader package of initiatives introduced as part of the Federal Government’s election commitments to increase the supply and quality of the early childhood workforce.

The purpose of this research is to examine:

- The effectiveness of the policy in achieving the Government’s objectives;
- The impact of the policy on the training market for Children’s Services and specifically non-TAFE providers; and
- The impact of the policy on competition and client choice.

The Australian Council for Private Education and Training (ACPET) is the peak, national industry association for independent providers of post-compulsory education and training. ACPET represents more than 1,100 organisations from schools to higher education institutes, delivering a full range of education, training and English language courses to both domestic and international students. ACPET is committed to building an education and training system in Australia which helps all individuals to establish rewarding, social and economic lives that contribute to a productive and socially inclusive nation. Investment in human capital through education and training will help Australia’s future prosperity and the well-being of its people.

ACPET support the position that COAG’s focus on human capital and labour market efficiency and productivity will be better served if governments do not lose sight of the fundamental and inalienable right of individual learners and workers to be self-determining in a democratic market economy.

ACPET supports a strong integrated national training system (NTS) which allows for local diversity, innovation and flexibility. ACPET’s position is that the current, non-competitive practices in relation to purchase of education and training, particularly the policy to remove only TAFE fees for Children’s Services qualifications, restricts the delivery of flexible, time responsive training. Clients (employers, workers and individual students) should be able to make an informed decision and access education and training from which ever provider (public or private) is chosen as the most suitable to meet their needs.
ACPET support the position that the Federal Government needs to broaden the policy to include removal of fees to all providers of the identified courses to support an increase in the supply and quality of the early childhood workforce.

2. Executive Summary

The effectiveness of the policy in achieving the Government’s objectives

ACPET’s research shows that since the January 2009 implementation of the policy to remove TAFE fees for individuals enrolled to complete the Diploma and Advanced Diploma of Children’s Services, enrolment numbers have increased. However in depth analysis of the qualitative data reveals that the increase in enrolment numbers has followed a natural trend that could have been expected without Government intervention. Accordingly, the objective of the policy, which was to stimulate growth in the sector, has not been achieved.

As a result of Government policy, which has delivered an artificial stimulus to the TAFE sector, there has been a significant change in the business environment that private providers operate within. This poses serious ramifications for the long term viability of the early childhood workforce training sector. Private providers have been severely disadvantaged by Government policy and providers may be forced out of the sector. This may result, over the medium to long term, in the deterioration of the skills base of the early childhood workforce.

In examining Table 1 below, an example of enrolment patterns from the research, it is clear that the private sector (private RTOs in blue and community providers in green) had already been developing and growing the supply of workers into the early childhood workforce as clearly indicated during the steady growth between 2006 to 2008. The enrolments at TAFEs (in red) during this same period did not grow but stayed constant.
The result - a number churn with clients choosing the public provider, not based on quality but on cost.

TABLE 1: Diploma of Children's Services - Total Enrolments Reported

The impact of the policy on the training market for Children's Services and specifically non-TAFE providers

This policy has had a dramatic effect on the businesses of private providers, some receiving no enrolments in Children’s Services courses this year and all of them at least noticing a significant reduction in enquiries and enrolments this year. It has been a serious problem for small providers who have focused their business on Children’s Services training. There is a considerable amount of anger and frustration from the non-TAFE providers as the business environment that they were operating within has undergone substantial change due to Government action.

The following example of statistics is evidence of the negative impact that this policy has had on non-TAFE providers:

- 75% of respondents indicated a significant reduction in enquiries and enrolments;
- 93% of respondents expressed concern that demand has decreased or will decrease further;
- 95% of respondents indicated major changes to their resourcing and staffing;
67% of respondents indicated that the quality of training will be negatively impacted by the policy with TAFEs often only offering classroom delivery which does not:
  o always complement the student’s learning style;
  o encourage individual interaction between the trainer and student; and
  o suit employment arrangements with child care centres needing to cover staff during block release to training; and

One private RTO respondent indicated that 350 of their students had withdrawn from their courses to enrol in a TAFE course instead.

Another example of the negative impact of this policy on non-TAFE providers was submitted by a group of 8 private RTOs who have actively sort a change to this policy through their local MPs as well as other bodies such as the Australian Competition and Consumer Commission (ACCC), Victorian Employment and Chamber of Commerce and Industry (VECCI) and the Department of Education, Employment and Workplace Relations (DEEWR). This group stated:

“We support the view that this initiative will not increase contestability rather result in a ‘churning’ of those who would have originally been intending to study with a private provider. We believe this initiative will place undue hardship on the child care industry. The advantage the industry currently enjoys is the ability to have their staff trained and up-skilled whilst at work. This initiative will force staff to be absent from the centre resulting in the employer having to cover their absence with casual staff (at a 25% higher cost) and impact on the continuity of care children receive.”

Another implication of this policy is the risk of increased unemployment based on the need for private providers, previously with strong markets in delivering Diploma and Advanced Diploma of Children’s Services courses, either reducing staff numbers or at worst, closing down their businesses.

**The impact of the policy on competition and client choice**

The continuation of this policy in terms of removal of fees for TAFEs only, will ensure that the quality of the early childhood workforce will deteriorate. TAFEs as a consequence of reduced competition will be under less market pressure to deliver flexible and time responsive training needed to the industry. The result will be that the industry will have to accept what is delivered by the only provider available to them. This policy has virtually created a monopoly on the training market for both the Diploma and Advanced Diploma courses in Children’s Services and even the Certificate III course.

ACPET advocates that Government policy should be broadened to include removal of fees to all providers of the identified courses to support an increase in the supply and quality of the early
childhood workforce. This will allow flexibility and innovation in the delivery of services provide the policy setting for the Government to achieve its objective of attracting new participants to the early childhood sector.

The graph in Table 3 below depicts a growth in Certificate III delivery in the TAFE Sector for 2009. It was reported to the researchers by a number of providers that TAFEs were offering the Certificate III as part of the package for removal of fees for Diploma and Advanced Diploma courses. There appears to be confusion amongst providers and industry personnel about what level of training this policy was actually intended to support.

**TABLE 2: Certificate III of Children’s Service - Total Enrolments Reported**

<table>
<thead>
<tr>
<th></th>
<th>Jan - Feb 2006</th>
<th>Jan - Feb 2007</th>
<th>Jan - Feb 2008</th>
<th>Jan - Feb 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TAFE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RTO</strong></td>
<td></td>
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</tbody>
</table>

3. Alternatives

A policy which allows the removal of fees for all providers delivering the Diploma and Advanced Diploma in Children’s Services would provide the client (employer, workers and individual students)
with a more affordable option but most importantly, the choice of provider (public, private or community) best suited to meeting their needs. By meeting the client’s needs i.e.: learning support and use of workplace learning, there is an increased likelihood that the outcome will the student completing the qualification and joining the early childhood workforce, which is the purpose of the Government’s policy.

ACPET’s research shows that the Government’s policy of offering funding TAFEs in order to remove regulated course fees has not had the desired effect of attracting new people to industry but rather has ‘churned’ students from the private provider to the public provider (TAFE). Students enrolling in TAFE this year have usually come from industry and have been in training with another provider. There are many reports of students cancelling their training with the private RTO they were enrolled with to sign up to a course with TAFE. This decision is based on cost not quality.

Respondents, providers from public, private and community sectors, involved in this research did not report a significant increase of ‘new people’ to the industry and many providers expect that those who enrol only because the training is free will not be the right type of person for work in Children’s Services.

The long term effect on the provision of Children’s Services training is a reduced supply of places and limited choice for employers and individuals as private providers exit the market due to reduced viability. This effect has been reported by participants in the research who have commented that it’s not viable for them to offer courses due to such low student numbers. TAFE providers have also commented on the difficulties they are experiencing in trying to meet the additional enrolments they have gained from the private sector.

Statements collected from employers and workers in the early childhood industry during as part of this research, indicate that they see this policy as unfair and preferential and going against accepted government policy of industry driven training system.

Extending the funding associated with this policy to the Certificate III level qualification may have more of an impact on up-skill the industry because areas that really need the assistance will benefit. This applies to Family Day Care in particular as these carers are often unqualified and do not have the means to become qualified. Because the Certificate III level qualification is not funded and it contains the pre-requisite units for the Diploma, it was suggested that the demand for Diploma and Advanced Diploma qualifications will diminish in the future as students won’t have the required Certificate III units to gain funding.

The government should also consider extending the funding to Out of School Hours Care (OSHC) courses in order to ensure the OSHC sector is not negatively impacted by the initiative. At this stage,
the OSHC sector is likely to be affected as students will now be enticed to a career in Children’s Services rather than OSHC because the training is free.

Consideration should be given in a review of this policy to gather further data on the range of existing funding sources – i.e. state-funded traineeships, Commonwealth incentives, Productivity Places Program (PPP) funding and ACE funding for both new and existing workers. This data collection could then be used in consultation with key industry providers including both public and private training providers to design a funding initiative that would maintain client choice and fill possible funding gaps for a greater cross section of the industry.

4. Importance of client choice

ACPET support the position that by broadening the policy and providing choice to clients, employers, workers and individual students, the policy would be more effective in increasing the supply and quality of the early childhood workforce. A competitive marketplace will promote innovative, flexible and time-responsive training to increase the supply of workers into the early childhood workforce.

Clients today are more sophisticated, their needs are complex and as consumers they want tailored, easily accessible and creative, responsive, and flexible service. Providing an approach where clients (employers, workers and individuals) can choose the most appropriate provider to meet their needs and where that provider can develop a quality learning program based on delivering the best possible outcomes for the clients will produce the quality outcomes needed to increase the supply and quality of the early childhood workforce.

An important feature of the right to choose is also the need for a guarantee of quality. The client, in making a choice, must be able to trust that the regulation and accreditation bodies have set a quality benchmark standard and can ensure that all providers operating in the system, have either reached or surpassed that benchmark. At the same time, these bodies must ensure that the systems and processes that are put in place do not hinder innovative and quality delivery of programs for clients.

ACPET supports a strong integrated national training system (NTS) which allows for local diversity and flexibility but sees that the current, non-competitive practices such as the policy in question particularly in relation to purchase of education and training, restricts quality and choice. Clients should be able to make an informed decision and access education and training from which ever provider (public or private) is chosen as the most suitable to meet their needs.

ACPET supports an education and training system where there is no advantage given to providers by virtue of their public sector ownership. ACPET supports full contestability and as a member organisation for independent providers could play a role in determining quality provision standards particularly regarding financial viability.
Despite a limited competitive national market for VET, independent providers have managed to develop a significant and growing share of the training market. This growth has developed due to the private sector’s ability to quickly adapt to the needs of clients (employers and individuals) and deliver the skills training required. This ability indicates that it is the private sector which is well-positioned to deliver the flexible and time responsive training needed to equip and further develop Australia’s workforce as well as meet individual learners’ needs especially for an industry (Children’s Services) which is suffering from severe staff shortages.

The ability of the private sector to meet the needs of job seekers and the likely increase in the unemployed due to the current global financial crisis is most evident through the Productivity Places Program. Under this program, the private sector which can quickly adapt to the needs of the learner, has and is delivering approximately 75,000 of the 77,000 places which have been allocated. It is the independent providers, delivering flexible, time-responsive training to learners which have the ability and drive to cater for the diverse range of learning needs, but to also deliver under difficult circumstances.

ACPET also supports a system of funding which follows the client rather than funding the institutions. With improved information and support to access and apply this information, the client can make an informed choice to choose the most suitable education and training provider.

5. Methodology of research

ACPET members, during February 2009, were invited to participate in an online anonymous e-survey through an invitation by e-circular and ACPET’s weekly newsletter. In addition, all providers who were registered on the National Training Information Service (NTIS), as delivering one of the three Children’s Services qualifications (Certificate III, Diploma and Advanced Diploma) were sent a personal email inviting them to participate in the survey. ACPET, on request, can provide more detailed information about the methodology used to complete this research i.e.: the online survey.

The survey was open for a month and 57 online responses were received. This response rate represents a significant portion of the providers delivering the qualifications in question. Responses did not require answers to all questions however any survey item which did not provide a sufficient proportion of responses has not been included in the findings and figures.

Some providers were contacted by phone however difficulty surrounded phone surveys and it was found that a higher response rate was achieved through emails. Industry stakeholders were also contacted for their opinions including Child Care councils, peak bodies and community organisations such as Community Services Industry Training Boards.
Respondents

Sixty-three percent (63%) of respondents, 35 in number came from private Registered Training Organisations (RTOs), while 21% (12) of respondents came from the TAFE sector. The remaining 16% of respondents came from other sectors such as Adult and Community Education (ACE) providers and community colleges as shown in Table 4.

TABLE 3: Graphic representation of respondents by type of provider

Enrolment Statistics

The survey requested enrolment statistics from the respondents for the Certificate III, Diploma and Advanced Diploma qualifications for Children’s Services based on the January – February periods of the previous 4 years. While not all respondents were able to provide these statistics, 33 respondents answered. Respondents may not have provided enrolment numbers for every year so averages have been taken by the number of respondents who reported their enrolments for that year to give a true average for the particular year.

Geographical Representation

A representative geographical sample was attained with the 55 respondents indicating the states and/or territories in which they deliver including that a significant portion of the respondents work for multi-jurisdictional providers as indicated in Table 5.
6. Findings of research

ACPET, on request, can provide more detailed information about the findings of this research i.e.: collated responses to the survey.
Providers’ Course Delivery

All 55 respondents indicated involvement in the Children’s Services training industry with almost all providers at least delivering the Diploma of Children’s Services. Approximately half of the providers also deliver the Advanced Diploma of Children’s Services qualification as shown in Table 6.

TABLE 6: Course delivery breakdowns by respondents

<table>
<thead>
<tr>
<th>Certificate III</th>
<th>Diploma</th>
<th>Advanced Diploma</th>
<th>Planning to Deliver</th>
<th>None of the above</th>
<th>Total Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>55</td>
<td>26</td>
<td>2</td>
<td>2</td>
<td>55</td>
</tr>
</tbody>
</table>
Total Enrolments Reported

Certificate III

The total number of enrolments for Certificate III grew for all respondents (33) from 2006 to 2008 as shown in the graph in Table 7. However, in 2009 enrolments have dropped by almost 250. The Certificate III is a pathway into the Diploma with 13 out 14 compulsory units at Certificate III level being pre-requisites for the Diploma which has made it common for the TAFE providers to market the Certificate III as part of the Diploma course. There is a need to clarify the intention and eligibility requirements of the funding linked to this policy as over time it may become evident that a number of students may exit the program with the Certificate III rather than completing the full Diploma or Advanced Diploma qualification.

TABLE 6: Certificate III of Children’s Service - Total Enrolments Reported
Diploma

The graph in Table 8 shows that the collective enrolments in the Diploma of Children’s Services has grown significantly each year from 2006 to 2009 starting at approximately 750 in 2006 to 1210 in 2009.

There has been growth in the overall enrolments from 2008 to 2009 but not as much growth as expected given the new initiative. The growth in enrolments from 2008 to 2009 is not larger than the growth between 2007 and 2008 or the years before. This growth would have therefore been expected even if free TAFE courses were not available in 2009. The initiative therefore cannot be said to have had a large impact on enrolment numbers in the Diploma of Children’s Services thus far.

What is clear from the graph is that enrolments with private and other providers have reduced significantly in 2009 from the year before. From 2006 to 2008 private RTO’s and other providers were gaining significant growth in their enrolments from year to year. This growth would be associated with offering a quality product and service to clients. In 2009, these providers report a much lower enrolment rate, approximately 50% less, whereas TAFEs report a much higher enrolment rate. This trend is most likely due to the initiative of free TAFE courses and demonstrates that the way in which a provider is selected for training has been altered significantly. TAFE courses are being selected because they are free rather than because they meet the client’s needs. The initiative is significantly impacting on client choice.

TABLE 7: Diploma of Children’s Services - Total Enrolments Reported

![Graph showing enrolments](image)
Advanced Diploma

The graph in Table 9 shows that the collective number of enrolments in Advanced Diploma of Children’s Services has significantly grown from year to year from 2007 – 2009 with enrolments doubling in 2009 from the year before. This is most likely because in the past, the Advanced Diploma has only been accessible in some states/territories as a government funded traineeship to new workers. Eligibility for traineeships at the Advanced Diploma level is not usually met as those who seek to complete the Advanced Diploma are not new to their employer or industry.

TABLE 8: Advanced Diploma of Children’s Services - Total Enrolments Reported

In addition, it is only in Queensland that there is a legislative requirement for an employee to have the Advanced Diploma – the director in a Queensland childcare service must hold or be in training for the Advanced Diploma to work in this role. So in all but Queensland, there has been little incentive for students to pay high costs to gain this level of qualification. In 2007, DEEWR introduced the Commonwealth incentives for traineeships at the Advanced Diploma level but there was minimal take up as the prior qualification rule meant most potential trainees at this level were not eligible. Most
potential students of the Advanced Diploma must have completed both the Certificate III and Diploma as all pre-requisites of the Advanced Diploma are covered at the lower levels.

The data shows that both TAFEs and private RTOs have had an increased demand in the Advanced Diploma this year. The increase for TAFEs suggesting that interest in this course is increasing as a result of the policy to remove TAFE fees for this qualification. However, private RTOs have also had small growth in enrolments from 2008 to 2009 despite the free courses only being available for TAFE students.

7. Conclusion

ACPET acknowledges that the intent of the Government’s policy objective, which was to build a skilled child care workforce with high level qualifications and attract new participants to the early childhood sector. However, as demonstrated in this submission the policy has failed its objective. The policy has not resulted in an increase in the skilled child care workforce with high level qualifications, rather it has resulted in the ‘churning’ of students from private providers to public providers.

As a result of Government policy, which has delivered an artificial stimulus to the TAFE sector, there has been a significant change in the business environment that private providers operate within. This poses serious ramifications for the long term viability of the early childhood workforce training sector. Private providers have been severely disadvantaged by Government policy and providers may be forced out of the sector. This may result over the medium to long term in the deterioration of the skills base of the early childhood workforce.

Government policy would be more effective in increasing the supply and quality of the early childhood workforce if it was broadened to include all providers regardless of whether they are public, private or community.

ACPET advocates that Government policy should be broadened to include removal of fees to all providers of the identified courses to support an increase in the supply and quality of the early childhood workforce. This will allow flexibility and innovation in the delivery of services provide the platform for the Government to achieve its objective of attracting new participants to the early childhood sector.