



TRAINING SECTOR CONFIDENCE SURVEY #2



1ST QUARTER - 2015

Survey Summary: The Training Sector Confidence Survey is an independent initiative by JWGecko for. 2014 was a tumultuous year for our sector; 2015 sees the reality of the VET reform Agenda, Total VET Activity Reporting and USI collection. The negative publicity has gathered pace. Let's see what you think about it all

John Wooding

VET Enthusiast

EXEC SUMMARY

The survey tells us what we would expect at the start of a year where the VET sector has been in the media for all the wrong reasons and the impost of collecting USI data is hitting home.

Current enrolments are down on this time last year, a quarter of RTOs are looking at downsizing in the next quarter and the percentage of RTOs who believe their business situation is satisfactory or good is down from 75% to 62%.

The reason for the drop in confidence become clear later in the survey; the Cost of Compliance is seen as the major stumbling block to increasing business activity followed closely by Rogue Operators driving down prices and quality while confidence in the minister has also declined significantly.

The cost of implementation of the USI both now and in the rest of the year appears to be significant with 57% of RTO experiencing a jump in administration costs of up to 10% and there doesn't appear to be much confidence that costs will reduce during the course of the year.

There is a significant level of concern regarding the impact of negative media coverages in the VET Fee Help sector with 64% of RTOs believing coverage could impact the sectors viability and will result in reduced government funding contract for private RTOs. ASQA did get a strong vote of confidence either with 38% not satisfied with its performance.

EDITORIAL

To a greater or lesser extent the survey tells us what we would expect when taking into consideration the level of negative publicity and the recent level of activity required in implementing the USI requirements. One wonders how much more confidence would have dropped if the Short Course sector were required to collect USI and what the impact will be when a more stringent LLN regime is implemented. To be frank RTOs working in the funded training sector have a lot to complain about and at least as much to be concerned about.

How is it that a few RTOs aka Rogue Operators, get away with so much for so long and do so much damage when the vast majority of RTOs taking compliance and learning outcomes so seriously?

We watched with interest as the Federal Cabinet reshuffle in December returned VET back to the Education Department after its stint with Industry. Ian Macfarlane, after initiating the VET reform agenda has passed the baton to rising star Senator Simon Birmingham, Assistant Minister for Education ... watch this space.

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SURVEY SUMMARY

Introduction: The second edition of our survey has come around faster than anticipated. This is probably due to the amount of activity in the sector during the first quarter. We noticed that the survey responses came in far faster this time however there was a small drop off in completion – this is explained in the data itself. Thanks for the guidance of our advisory panel.

- Values from the previous survey are in (brackets) and italics – 50% (*40%*) means that the current value is 50% whereas the previous value was 40%.


Who completed the survey: Once again all states and territories are represented in the data, 50% of the respondents were CEOs or General Managers, while Compliance, Curriculum and Operations Managers made up 27% of responses. We believe this is an excellent cross section of the sector. There was also a broad cross section of RTO business models; 33% are Fee for Service only while 61% have some form of government funding contract.


HOW CONFIDENT ARE RTOs?

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 - **Enrolment trends 3-4 months out**
Confidence index: Neutral – no change
 31% (*33%*) of survey respondents felt that enrolment levels would remain static on seasonally adjusted basis which is reasonable however of concern are the 33% (*31*) who felt enrolments would decrease, while 29% (*24%*) thought enrolments would increase.
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 - **Enrolments now compared to last year at this time**
Confidence index: Slightly Negative – trending lower
 53% (*44%*) of survey respondents believed their enrolments were down on last year, whereas only 17% (*28%*) report increases and 27% (*21%*) reported enrolments as unchanged.
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 - **RTO Staffing number 3-4 months out**
Confidence index: Neutral – no change
 25% (*26%*) of RTOs expect to reduce staffing levels in the next 3-4 months while 13% (*15%*) believe additional staff will be employed.
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 - **Business situation NOW**
Confidence index: Neutral to low – trending lower
 62% (*75%*) of RTOs believe their business situation is satisfactory or good, whereas 33% (*15%*) believe the situation is bad/poor.
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 - **Business situation NEXT 6 MONTHS**
Confidence index: Positive – no change, more polarised
 34% (*30%*) of the RTOs surveyed believed business is on the up in the next six months while 38% (*42%*) believe things will remain as they are and 19% (*18%*) feel the situation will deteriorate.

In summary: RTOs are positive although the survey results suggest they perhaps should be slightly negative; in the last survey they felt that by now enrolments would be up however they appear not to be. There is a polarisation on business expectations in the next six months, with respondent coming of the fence and moving with slightly more becoming positive than negative. There is a slightly more negative feeling to the sector based on the results of this section of the survey.

WHAT HOLDING US BACK?

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• **Factors are limiting your ability to increase your RTO's business activity:**
 This survey shows the Cost of Compliance is seen as the main barrier to increased activity. *Confidence index: Frustrated!*
 The combination of Rogue Operators [50%] and the Cost of Compliance [60%] remain the most common barriers to increased activity.
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• **Confident about the Federal Government's and Minister Macfarlane's VET Reform agenda:** *Confidence index: Not confident – significantly lower*
 Sad to say 56% (41%) of RTOs surveyed said "Not very confident" or "Not at all confident". 20% (31%) were "Confident", no one was "Extremely Confident".
 ~ It will be interesting to see the impact of Senator Simon Birmingham on confidence in the next survey

IMPACT OF USI

It is obvious from the data that the implementation of the USI collection requirement for most NRT has had a significant impact on the administrative overhead of RTOs around Australia. Had it not been for a last gasp reprieve for some short course providers the results would have been far worse since the number of enrolments and therefore USIs to collect are significantly higher in this sector. The only positive so far is that most RTOs believe the USI Office did a reasonable job in this large implementation. **The consensus appears to be that USI collection will add 5% to RTO administrative overhead moving forward.**

- **USI collection – impact on administrative burden so far this year:**



The survey supports anecdotal evidence that USI collection has caused a lot of business stress in the past few months.

- No change to admin – 6%
- **Up to 5% increase in admin – 29%**
- **6 – 10% increase in admin - 27%**
- 11 – 20% increase in admin – 19%
- 21 - 30% increase in admin - 7%
- **30+% increase in admin - 11%**

- **USI collection – impact on administrative burden this year:**



RTOs believe the additional burden will continue for the next year, at least.

- No change to admin – 9%
- **Up to 5% increase in admin – 36%**
- **6 – 10% increase in admin - 25%**
- 11 – 20% increase in admin – 14%
- 21 - 30% increase in admin - 9%
- 30+% increase in admin - 6%

- **Satisfaction with the USI office, their support and technical delivery:**



Overall the USI office receives a vote of support from RTOs.

- 43% were satisfied or very satisfied
- 14.5% unsatisfied or very unsatisfied

MEDIA COVERAGE – VET FEE HELP

Over the past year there has been increasing coverage of the private training sector, much of it negative. The advisory board wanted to see what impact if any RTOs felt this would have on the sector – the results are telling.

- Will media coverage relating to the performance of some VET Fee Help providers impact the **viability of the private training sector**?



- Unlikely or very unlikely to have an impact – 15%
- No impact – 14%
- **Likely or very likely – 64%**

- Will media coverage relating to the performance of some VET Fee Help providers impact the **government allocation of funding** contracts?



- No impact on funding allocation - 15%
- Prefer not to say – 22% (highest ever)
- **More money to public providers and less to private – 64%**

- **ASQA Performance:** "ASQA makes sure that the quality and reputation of Australia's VET system is maintained through effective national regulation." **ASQA Website**

Are you satisfied by the national regulator's performance based on this statement?



- **38% are either very unsatisfied or unsatisfied**
- 29% are either satisfied or very satisfied
- 26% are on the fence, with 8% preferring not to say

STUDENT MANAGEMENT SOFTWARE

We started the survey cycle with a list of 35 SMS providers for the question to determine market share and our respondents offered an additional three options in the last survey, we added these in and were asked to add even more for next time. With the number of different options and the sample size, it is not possible to provide accurate data on this sample size. Based on our limited data ChalkPort, OnCourse, RTO Manager, SmartGuide, VET and WiseNET appear to have increased their market share.



- 82% (75%) of RTO are unlikely or very unlikely to change their SMS next year
- 10% (13%) are either likely or very likely to change their provider.

ABOUT THE SURVEY

The survey was in five parts;

- User qualification
- Confidence
- Opinion
- Student management software
- Online learning

The User qualification, Confidence and opinion sections will remain constant. The opinion questions will be changed on each survey and be based on current training issues.

STATISTICAL VALIDITY

Based on a total population of 5000 RTOs (ASQA estimate), a 95% confidence level we expect a sampling error of 6.9%. The data and commentary are provided for interest only and should not be relied upon for any other purpose.

ADVISORY PANEL

We have sought the input of interested training sector leaders to assist in the development of the two research questions and to act as advisors on our processes and survey development. If you are interested and have 2 -3 hours per quarter to assist us, we would be very happy to hear from you, email us at customerservice@jwgecko.com.

It is our intention to conduct the survey quarterly and the next survey will be released in February 2015. The source survey data is not available to third parties.

ABOUT JWGECKO

JWGecko's Mission is to ... Provide software tools for training organisations that automate processes to enhance focus on both quality learning and commercial outcomes.

JWGecko is the brainchild of Sascha Macleod, John Wooding, Troy Kenah and David Lobb who wanted to create a business built on the foundations of:

- Experience
- Innovation
- Listening
- And a belief that anything is possible

All of our solutions are designed to free people from repetitive and boring tasks so they can focus on imagining and innovating new ideas that grow their businesses.

We are happy to receive your feedback on any element of our Training Sector Confidence Survey initiative - customerservice@jwgecko.com. The complete survey report is only available to survey participants.