

Brainfood 2010 – Conference opening – Wayne Hewitt

What a wonderful world we live in, and doesn't it change quickly? Just 6 months ago, we were all concerned about the massive, long term drought and today we have widespread flooding and rapidly filling dams!! The next cyclic element we are expecting is locusts!!

Within our work environment, we are also faced with significant change. The Victorian Government's Skills Reform Agenda has provided challenges and opportunities for our sector. This affects all provision, RTO's, ACEF providers and Neighbourhood Houses. So let's think about those specifics that are part of our current environment.

ACE RTO's.

There is contestability. From 2011, the barriers to provision associated with the allocation of SCH's will be removed, but we will need to compete with all other providers for the students. Once we have them, so long as they are eligible, we will be paid to provide to them. This environment will encourage strategic partnerships and will require a greater focus on compliance.

Let's look briefly at compliance. It is a complex area. How complex? Well, there are a number of standards to meet such as AQTF, VRQA Guidelines, Skills Vic contractual requirements, Skills Vic minimum Performance standards and the VCAA requirements for youth providers. There is also a current Bill before the Victorian Parliament, the Education and Training Reform Act. This bill will set out new compliance requirements, but will recognise the sector RTO's more as TAFE providers rather than private providers. This will be of great benefit as much of the new compliance we will not be subject to. So, fairly complex. And we can expect audits around all these requirements.

Some organisations may be questioning whether to remain an RTO or not in this complex environment. I appreciate that compliance is difficult, but I would urge any organisation thinking this way to carefully consider their position from the perspective of their clients. RTO status may well become a precious commodity in the future, and community providers should guard against giving it away without a fight and without considering all available options. There may be ways to achieve what is required through partnerships and strategic alliances and I would encourage any organisation thinking about change to talk to as many people as possible. You may know that I am the Chairperson of ACEVic, and wearing that hat, I encourage you to talk with your peak body, whoever that may be, before taking any leap that you may regret in the future.

Underpinning all the above are educational policy changes. One example of poor policy, I believe, is the recognition that Year 12 equivalent is AQF Certificate II. This is not good educational policy as it provides compounding educational disadvantage to students in our sector because of the funding implications around eligibility. This is a funding policy which clearly identifies tensions between good policy in an educational sense and pragmatic funding policy from a Government perspective.

And why? Governments everywhere are faced with an aging population and projected declining taxation base over the next 30 years. Therefore, Governments are planning for a shrinking revenue base from which to provide the services they do. They are looking to set up for this brave new world for them. This is important for us to understand now, as we will need to be able to respond in the best interests of our clients in the future. The Federal and State Governments are also having an argument between themselves about the centralisation of education. At the moment, Victoria and WA have resisted the centralisation push by the Feds, resulting in Federal and State based compliance regimes which we must abide by.

ACE Non RTO's

Not exempt from the implications of the Skills Reform agenda. These organisations must undertake the 'A Frame' compliance process as a minimum standard. This is not as difficult as many people think and provides great benefits to trainers and organisations. I commend this process to you and encourage you to attend the workshops on the 'A Frame' during the conference.

The Pre-Accredited training bucket is a finite resource. Unlike accredited training activity, there is a cap and I believe that this bucket is unlikely to grow. Therefore, as a sector, we need to be clever about how we maximise the benefit of this bucket. I can see that the future may have pre-accredited specialist providers who work with and for RTO providers to provide pathways for their students. The RTO may give all their pre-accredited hours to the specialist in return for a pathway option for the student to attend their RTO. That is merely tea leaf gazing, but it illustrates how the sector can support itself and the various provider types within the sector for mutual benefit. I'm also sure that there are other great ideas in peoples' minds as to how this could work.

One issue around pre-accredited training is that of student eligibility. I have heard that some organisations who are traditional providers of literacy, for example, are considering finding a new specialisation because it is too difficult to be financially viable with the eligibility criteria set. Again, I urge you to carefully consider the options before making any decisions on this. Talk to people at this conference to see how others are dealing with it and be sure to consider the needs of your community.

Taking all this into account, organisations should also question how they will grow their businesses. What are the alternative funding sources? Should we specialise? Is there a need to grow? What does our community want? Can they afford to pay? The questions are numerous and the answers are important to planning your business for the future. Planning will become more important than ever in the past, so I encourage every organisation to up skill themselves in this field. ACEF currently have funding under their Capacity Initiatives Grants for this and other business related activities, so make use of this as much as you can. Keep aware of the opportunities as they arise and make full use of them.

Neighbourhood Houses.

There are a range of workshops during this conference that are aimed directly at you. The Skills reform agenda may not affect you directly, but the implications probably will. If nothing else, please remain vigilant to the subtle changes in your communities and do what we do very well – respond to the changing needs.

Consider partnerships and strategic alliances as a means to access things that you might not be able to otherwise. The environment is right for this as most organisations in and around the training environment are looking to partner at the moment.

Funding issues – the NHCP seems safe at the moment, but we do have a State election in November and nothing much is known about the State Opposition view. Could be a role for the Peak bodies..... You may be looking to assess funded programs against fee for service programs. Attend the Spring Creek session tomorrow and listen to how Laura has done it. Speak with as many people as you can as there are many wonderful stories in this room now that you might get ideas from.

Social enterprises are another opportunity. I was speaking to some people from the Wimmera before and they told me how their bakery had closed when the baker retired and they have been using that space. There is no shortage of wheat in the Wimmera, and the bread provided now is

poor quality and hard to get, so these are all the key ingredients of a social enterprise. Set the bakery back up, use students initially as labour and try to create something for the community that will be lasting, provide employment opportunities and provide something that community wants!! Perfect!!

Summary.

I know that you all want to get on with Brainfood, so I will summarise quickly. I want to ask 2 questions. Firstly, who has done a community needs analysis? Secondly, who has a community service map? These questions are fundamental to what I see as being the competitive advantage of the sector. Whatever else you do, **REMAIN TRUE TO MEETING THE NEEDS OF YOUR COMMUNITY. NEVER DEVIATE.** We all think we do what the community demands of us, yet the show of hands tells me that very few have undertaken a community needs analysis. So how do you know that you are providing what the community needs?

The same with the service map. We don't pretend to be all things to all people, we identify our strengths and provide them to the community. That means that there are a whole range of things that we need help to provide. That is where the community service map comes in. If we can't provide something, we need to know who in the community can. That way we ensure appropriate, professional service to the client through referral.

My next point will seem strange to some of you, but we need to **OPERATE AS BUSINESSES.** We are good at being not-for-profit, but unfortunately some of us hide behind this status. We traditionally provide services, and if there is any money left over, we provide more services. I have a challenge for you. To operate in the new world order, we need to have enough retained earnings saved up to enable us to continue to operate for a period of 6 months without any income!! How many of us could do that? Not many, I'm guessing, but that will become more and more important and we are already seeing signs that measures like this are being built into the financial viability requirements. My advice – read the tea leaves and get onto it sooner rather than later! Easy to do – pick a few 6 month periods, most suitable would be the last 6 months. Look at the P&L and extract the expenses total. Now look at the retained earnings in your balance sheet and see if there is sufficient to keep the doors open for 6 months without income. If there isn't, set some financial targets to be achieved and get there. Check it out regularly thereafter to ensure that this margin is maintained. This will be important!!

TRUST YOUR ETHICS. We will face challenges from organisations that want to move into your area in competition with you, but always trust your ethics as to what is right for your community. People are not silly, they know what has substance and what doesn't, so believe that people will come back to you when the options don't operate as well as you.

LOOK IN DIFFERENT PLACES FOR FUNDING. I have already covered this point, but keep it in mind!!

It gives me great pleasure to welcome you all to the 2010 Brainfood Conference in Ballarat. I now officially open the conference and trust that you will enjoy an informative, thought provoking 2 days.