



Australian Government
Department of Home Affairs



AMEP Consultation and Funding Model Comparison Report

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1. Introduction

The Australian Government provides free English language tuition to migrants and humanitarian entrants through the Adult Migrant English Program (AMEP). The AMEP is one of the most enduring Commonwealth Government programs, with a history lasting more than 70 years.

The Australian Government announced major legislative reforms to the AMEP in August 2020. These legislative reforms mean that, from 19 April 2021, more migrants have had greater access to free English language classes through the AMEP, and can participate in the program until they reach a higher level of proficiency.

In May 2021, the Department of Home Affairs (the Department) released a Discussion Paper to outline further reforms to the AMEP, including a future AMEP business model that focusses on student outcomes to be implemented from July 2023. Further details on the legislative reforms, the proposed future business model and case for change can be found at [AMEP Reform Discussion Paper 11 May \(homeaffairs.gov.au\)](https://www.homeaffairs.gov.au/amep-reform-discussion-paper).

The Discussion Paper released on 17 May 2021 was part of a consultation process that invited stakeholders to provide written submissions and participate in a series of targeted and open forums from May to July 2021. There were over 300 attendances at nine forums and 92 written submissions were provided in response to the Discussion Paper.

The Department has reviewed and analysed all stakeholder feedback provided in submissions to the Discussion Paper and in the forums. This stakeholder feedback has been used to revise the future business model, noting that changes are subject to Government approval.

For clarity, in this report:

- the model that is currently being delivered within the AMEP with contracts that commenced in 2017 will be referred to as the *existing business model*;
- the future business model presented in the Discussion Paper released on 17 May 2021 will be referred to as the *proposed business model* (Figure 1, below); and
- the model that has been revised based on stakeholder feedback will be referred to as the *revised business model* (Figure 2).

Section 2: Stakeholder feedback on the proposed model provides a summary of the feedback that stakeholders provided on the proposed business model.

Section 3: The revised business model explains how the revised model differs from the proposed business model.

Section 4: Funding in the revised and existing models provides a detailed explanation of funding within the revised business model. This section also presents a comparison between the funding that service providers would receive under the existing and revised business models with illustrative scenarios. The scenarios are presented to give stakeholders an understanding of how the proposed payments will work within the revised business model.

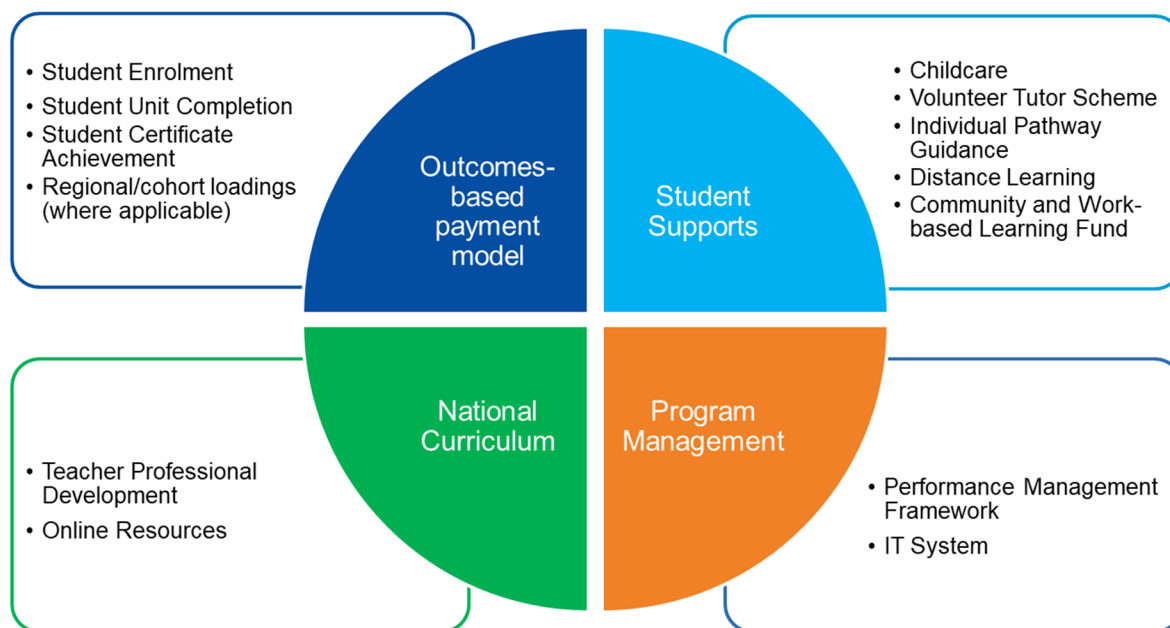
Section 5: Community Engagement outlines opportunities for engagement on the implementation of the revised business model during an upcoming series of targeted forums.

The Appendix builds on the illustrative examples of Section 4, with several additional de-identified scenarios that are based on historic AMEP data.

2. Stakeholder feedback on the proposed model

The Department has reviewed and considered all stakeholder feedback. Tables 1 to 4 provide an overview of the feedback that stakeholders provided on the proposed business model via the forums and written submissions to the Discussion Paper. The tables are presented in a manner consistent with Figure 1, in that each table presents feedback on a segment of the diagram (i.e. Outcomes-based funding model, Student Supports, National Curriculum and Program Management). The Department's revised model, based on the stakeholder feedback received, is presented in Section 2, Tables 5 to 8.

Figure 1. Proposed business model



Note: For more detail on the proposed business model, see the AMEP Reform Discussion Paper (homeaffairs.gov.au).

Table 1. Stakeholder Feedback on the Outcomes-based funding model

Theme	Details
Student enrolment	Stakeholders gave broad support for the inclusion of a payment to cover the administrative costs involved in a student's registration, initial assessment and enrolment into their first unit of competency; however, some stakeholders noted that the proportion of funding provided for student enrolment may not be sufficient to cover initial costs in the proposed business model.
Student unit completion	Some stakeholders gave in-principle support for outcomes based funding, however raised concerns that a significant portion of payments in the model were proposed to be administered after language training had been delivered. Many stakeholders suggested that payment settings should be adjusted to ensure quality learning while maintaining financial viability and regular income for service providers.
Student certificate achievement	Stakeholders indicated that payments for certificate completion are unlikely to incentivise outcomes. Stakeholders noted it can take a significant amount of time for students to complete certificates, and that some students view settlement goals as more important than certificate completions.
Regional/cohort loadings	Stakeholders welcomed the inclusion of loadings to address increased costs of service provision in regional and remote areas, and to support students who require additional support. Some stakeholders noted that loadings should be applied to a wider range of student cohorts, and not only students with lower levels of prior education.

Table 2. Stakeholder feedback on Student Supports

Theme	Details
Childcare	Stakeholders viewed funded childcare as an important part of the AMEP that reduces barriers to attendance and participation. There was little support for either childcare option proposed in the Discussion Paper.
Volunteer Tutor Scheme	Some stakeholders highlighted the need for Volunteer Tutor Scheme (VTS) funding to be sufficient to allow for tutor recruitment, training and ongoing professional development and support.
Individual Pathway Guidance	Stakeholders welcomed the reintroduction of separate funding for pathway guidance so that the service could be better utilised by students. Some stakeholders noted the importance for Pathway Guidance Officers to be appropriately qualified to provide the service.
Distance Learning	Many stakeholders expressed a preference for allowing each service provider to deliver Distance Learning, rather than having a single Distance Learning provider. Some stakeholders suggested that the Department provide centralised and dedicated Distance Learning resources to assist providers with delivery.
Community and Work-based Learning Fund	Stakeholders confirmed that any teaching in a community setting should be conducted by suitably qualified teachers using the same curriculum as that used in classroom settings. Some stakeholders noted that the proposed requirement to apply for this funding through the submission of a proposal may be administratively burdensome for service providers.

Table 3. Stakeholder Feedback on the National Curriculum

Theme	Details
National Curriculum	Some stakeholders reported concerns that the EAL Framework is due to be reaccruited six months following the introduction of the future AMEP business model, which may increase demand on service provider resources during the transition to the national curriculum.
Online Resources	Stakeholders noted the need for AMEP teachers to receive professional development in areas such as digital literacy and the use of interactive online systems, in order to effectively deliver online learning modes.

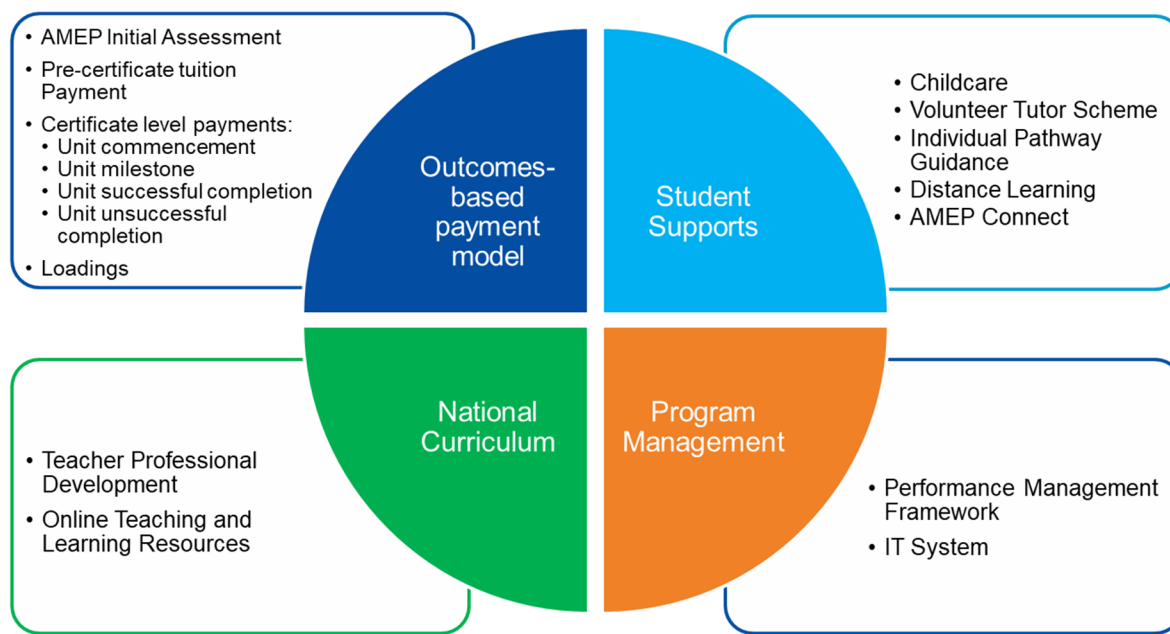
Table 4. Stakeholder Feedback on Program Management

Theme	Details
Performance Management Framework	<p>Stakeholders suggested a range of factors that could be included in the performance management framework, such as student participation and language gains, student satisfaction assessed through routine client surveys, and program quality.</p> <p>Some stakeholders recommended that performance management administration be simplified through the introduction of a fit for purpose IT system.</p>
IT System	Stakeholders who had knowledge of the existing IT system identified numerous features that could be improved in the future system. Stakeholders highlighted the need for the future IT system to have flexibility to adapt to any potential future program changes.

3. The revised business model

The stakeholder feedback outlined in Section 2 has informed each component of the revised AMEP business model, which is represented diagrammatically in Figure 2. Table 5 to 8 explain how each component of the revised model differs from the proposed business model, and the stakeholder feedback that informed the changes. Please note that the revised business model is subject to Government approval.

Figure 2. **Revised business model**



3.1. Introduction of a hybrid model

The revised business model proposes the introduction of a hybrid funding model that accommodates the needs of students at different levels of English language acquisition. The basis of funding differs for students completing EAL Framework courses (*Course in Initial EAL* and *Course in EAL*), and those completing EAL Framework Certificates I, II and III (Access), as outlined below.

3.1.1. Pre-certificate level¹

Under the revised business model, the EAL Framework courses would be delivered as pre-accredited training, and funding for these courses would no longer be based on the completion of units of competency. This change is proposed in response to stakeholder feedback that participation and engagement in the AMEP should be the focus for students with very low levels of English language proficiency, literacy and/or experience of formal education. Stakeholders noted that these students can take time to establish appropriate learning strategies and may take longer to complete units of competency. Service provider funding at the pre-certificate level would seek to incentivise attendance and retention in the AMEP, with payments made to service providers for every 10 hours of tuition that a student completes.

The structure, learning content and guidance provided by each unit of competency would continue to be used as the basis of daily lessons, and teachers would be required to meet accredited curriculum qualification requirements. Learning goals would reflect the course outcomes or elements as prescribed by the curriculum. Quality assurance and governance would be in place to assure high standards of teaching and learning are maintained. The Department would continue to track students' language progression and engagement in the AMEP through Key Performance Indicators (KPIs).

¹ Throughout this report, 'pre-certificate level' refers to *Course in Initial EAL* or *Course in EAL*.

3.1.2. Certificate level

The revised business model includes two key differences from the funding arrangements in the proposed business model for higher level learners studying EAL Framework Certificates I, II and III (Access), including:

- provision of the unit of competency payment at several points of a student's progression through a unit (commencement, milestone and completion), rather than only once a student has completed a unit; and
- removal of payments for certificate completion, with funding redistributed to the remaining payments.

The student *enrolment payment* from the proposed business model has been retained in the revised business model as the *AMEP Initial Assessment payment*, and would be applicable to both pre-certificate and certificate level students.

The prices applied to payments at both pre-certificate and certificate level would be determined based on the future efficient pricing being developed for the VET sector by the National Skills Commission.

Table 5 to 8 provide more detail on each element of the revised business model. The tables are presented in a manner consistent with Figure 2, in that each table provides detail on a segment of the diagram (i.e. Outcomes-based funding model, Student Supports, National Curriculum and Program Management).

Table 5. The outcomes-based funding of the revised business model (see Table 1 for relevant stakeholder feedback)

Theme	Details
AMEP initial assessment payment	<p>A payment to remunerate service providers for a student's eligibility check and initial assessment would be retained in the revised business model. For clarity, the <i>enrolment payment</i> proposed in the Discussion Paper will be referred to as the <i>AMEP initial assessment payment</i> in the revised business model.</p> <p>The AMEP initial assessment payment is a one-off payment made when a student completes their registration and initial assessment.</p>
Pre-certificate tuition payment	<p>Stakeholders raised concerns that students at this level can take time to establish appropriate learning strategies and may take longer to complete units of competency. Under the revised business model, the pre-certificate tuition payment would be made for every 10 hours of training students complete in EAL Framework courses. The payments for unit completion that were included in the proposed business model would no longer apply to students at the pre-certificate level in the revised model.</p>
Certificate level payments	<p>To address stakeholder concerns regarding service provider viability and cash flow, the Department is considering providing the unit of competency payment in several portions that are dependent on a student's progress. Payments would be made when a student:</p> <ul style="list-style-type: none"> • commences and attends a class in a unit of competency (termed a <i>unit commencement payment</i>; 10% of the total unit price); • completes 50% of a unit's nominal hours (termed a <i>unit milestone payment</i> and equal to 40% of the total unit price); and either • completes a unit of competency without meeting all criteria required to pass (termed an <i>unsuccessful unit completion payment</i>; 30% of the total unit price); or • successfully completes a unit of competency (termed a <i>successful unit completion payment</i>; 50% of the total unit price). <p>The price for each unit of competency would be determined based on a proportion of the National Skills Commission efficient prices for qualifications and would differ according to the nominal hours of the unit.</p> <p>In response to stakeholder feedback that student's goals within the AMEP may not align with certificate completion, the Department is removing payments for completion of certificates from the revised AMEP business model. The funding allocated to these payments would be redistributed to other payments.</p>

Theme	Details
	<p>The cohort adjustments that were a feature of the proposed business model would not be included in the revised model, due to the removal of payments for certificate completion. Instead, loadings would be applied to the payments for units of competency (certificate level students) and the pre-certificate tuition payment.</p> <p>In response to stakeholder feedback that the Department consider applying loadings to a wider range of student cohorts, the Department is considering introducing loadings in a manner that is consistent with future National Skills Commission efficient pricing. While the National Skills Commission is still developing loading categories and amounts, the Department is considering the following loadings for AMEP students:</p>
Loadings	<ul style="list-style-type: none"> • with culturally and linguistically diverse (CALD) backgrounds; • with high Language, Literacy and Numeracy (LLN) needs; • in remote and regional locations; and • with a disability. <p>The proposed loading for CALD learners would apply to all AMEP students, so would be considered in the base unit and tuition prices. The proposed LLN loading would apply to all students at the pre-certificate level, and would therefore be included in the base price for the pre-certificate tuition payment. The LLN loading would also apply to certificate level students with fewer than ten years of previous schooling. The Department is continuing to work with the National Skills Commission to finalise the terms of the disability loading.</p>

Table 6. Student Supports within the revised business model (see Table 2 for relevant stakeholder feedback)

Theme	Details
Childcare	Given stakeholders expressed little support for both options proposed in the Discussion Paper, the Department is examining other funding options for childcare so that it can remain available for students in the AMEP.
Volunteer Tutor Scheme	The Department has considered the need for ongoing support for tutors when developing payments in the proposed and revised models. The revised model would include payments for matching tutors to students, and an annual administration fee for tutor training, professional development and support.
Individual Pathway Guidance	The Department has noted stakeholder feedback that Pathway Guidance Officers should be appropriately qualified to provide this service. The Department will provide more detail on required qualifications in future tender documents for potential service providers.
Distance Learning	<p>Based on stakeholder feedback, the Department is considering devolving Distance Learning into each service provider's contract delivery region.</p> <p>The Department is investing in resources to support service providers' delivery of Distance Learning, as well as other flexible options for students to learn both online and remotely.</p>
AMEP Connect	<p>The Community and Work-based Learning Fund (CWLF) in the proposed model will be rebranded as <i>AMEP Connect</i>.</p> <p>The Department has heard stakeholder feedback regarding the potential administrative burden of the proposed funding structure and is considering ways to streamline the allocation of this funding. Tuition within AMEP Connect will be funded through standard tuition payments (i.e. pre-certificate tuition payments or certificate level payments). It is anticipated that AMEP Connect funding would be used for administrative costs incurred through the establishment of collaborations with community organisations, local employers, councils and Chambers of Commerce. AMEP Connect teachers will be subject to the same qualification requirements as AMEP classroom teachers.</p>

Table 7. National Curriculum within the revised business model (see Table 3 for relevant stakeholder feedback)

Theme	Details
National Curriculum	<p>The Department is investing significantly in future learning, teaching and assessment resources to support the introduction of the national curriculum.</p> <p>Stakeholders expressed concern regarding the timing of the national curriculum's reaccreditation. (the current EAL Framework is accredited until 31 December 2023). The newly accredited EAL Framework due to commence in 2024 will contain equivalency mapping and new additions. In addition to RTO transition activities, the Department will consider further opportunities to support providers with this transition.</p>
Online Resources	<p>The Department will consider how to best incorporate professional development for teachers in digital literacy and the use of interactive online systems into the online teaching and learning resources.</p>

Table 8. Program Management within the revised business model (see Table 4 for relevant stakeholder feedback)

Theme	Details
Performance Management Framework	<p>The Department will consider stakeholder feedback while developing the Performance Management Framework and Key Performance Indicators (KPIs) for the future model.</p>
IT System	<p>Development of the future AMEP IT system is ongoing. Stakeholder feedback is being considered in regard to the functionality of the system.</p> <p>The Department will conduct further targeted stakeholder consultations that are specific to the future AMEP IT system.</p>

4. Funding in the revised and existing models

This section provides further detail on service provider funding under the revised business model, and compares this funding to that of the existing model. This section provides:

- a summary of payments under the revised funding model.
- a comparison of existing and revised payments illustrated through a student journey.
- a worked example to demonstrate how service provider payments are calculated.
- an example of the timing of payments throughout a calendar year.

This section does not include the pricing of any payments, given that some pricing is subject to the work on efficient pricing by the National Skills Commission, and other pricing will be subject to tendering in the future Request for Tender (RFT). Instead, figures are illustrative to show how payments function within the revised funding model, and how they differ from the existing model. Further information on the price of tuition related payments will be included in the RFT.

While the examples in this section are illustrative and presented in order to explain the revised model, several de-identified scenarios are presented in the Appendix: Assessing the impact of a revised funding model through different scenarios. The scenarios presented in the Appendix were developed from a funding model comparison conducted by the Department, which aimed to gain an understanding of the change in the payments to contracted AMEP providers that would result from the introduction of the revised model.

4.1. Summary of payments under the revised funding model

Under the revised funding model, the Department is considering fourteen payments grouped into five payment types. Table 9 below details each payment in the existing and revised funding model. The percentage values of each loading are not presented, and will be included in the RFT.

There are five payment types that are represented in both the existing and revised models, however the details of some of these payments differ between the models. Details are provided in the table to explain how the payments would function in the revised model.

Table 9. Payment types under the existing and revised funding models

Payment type	Payment	Description	Existing funding model	Revised funding model	Details
Admin payment	AMEP Initial Assessment payment	Eligible student completes initial registration and assessment	✓	✓	A student completes the initial assessment and is eligible for the AMEP program
Tuition payments	Hourly tuition payment (all students)	Hourly payment	✓	✗	An hour of tuition is provided
	Pre-certificate tuition payment	Hourly payment for blocks of 10 hours of tuition	✗	✓	A pre-certificate level student completes 10 hours of tuition across all units
Certificate level payments	Unit commencement payment	10% of the unit price	✗	✓	Student commences a certificate-level unit
	Unit milestone payment	40% of the unit price	✗	✓	Student completes 50% of the nominal hours of a certificate-level unit
	Unit unsuccessful completion payment	30% of the unit price	✗	✓	Student completes a certificate-level unit unsuccessfully
	Unit successful completion payment	50% of the unit price	✗	✓	Student completes a certificate-level unit successfully
Loadings	Cultural and Linguistically Diverse learners	An additional percentage of tuition and certificate level payments	✗	✓	Applied to all AMEP students in the base rate
	Disability	An additional percentage of tuition and certificate level payments	✗	✓	Student is eligible for a disability loading
	Remote or regional location	An additional percentage (for regional OR remote) of tuition and certificate level payments	(Stipulated by providers in existing tendered price of tuition)	✓	Provider delivers in a remote or regional location
	Learners with high language, literacy and numeracy needs	An additional percentage of tuition and certificate level payments	(Stipulated by providers in existing tendered price of tuition)	✓	Student has high language, literacy or numeracy needs
Student supports	Individual pathway guidance	Individual pathway guidance provided	(Stipulated by providers in existing tendered price of tuition)	✓	Payment per hour of individual pathway guidance provided
	Volunteer Tutor Scheme (VTS)	Payment for volunteer tutoring	✓	✓	Students are matched with a volunteer tutor and tutors are recruited, trained and provided ongoing support and professional development.
	Settlement Language Pathways to Employment and Training (SLPET)	Program to prepare students for employment or vocational pathways	✓	✗	Provides students with an additional 200 hours of language tuition with up to 80 hours of work experience
	AMEP Connect	Payment to support students in community or work based learning environments	✗	✓	Providers facilitate community and work based learning environments, including work experience placements.
	Childcare	Payment per student receiving childcare through AMEP	✓	✓	Under school aged children receive childcare while parent/legal guardian attends AMEP classes

4.2. Comparison of existing and revised payments illustrated through a student journey

The following two figures use a simplified student journey to illustrate the different types of payments in the existing funding model (Figure 3) and the revised funding model (Figure 4).

In the existing model, a commencement fee is paid once a student completes an initial assessment and is found eligible for the AMEP. Payments for English language training are then based on the number of tuition hours that a student completes. Further funding is provided for 'student supports' such as childcare, the Volunteer Tutor Scheme, and the Settlement Language Pathways to Employment and Training (SLPET), if the student utilises these services.

Figure 3. Payments for students under the existing funding model

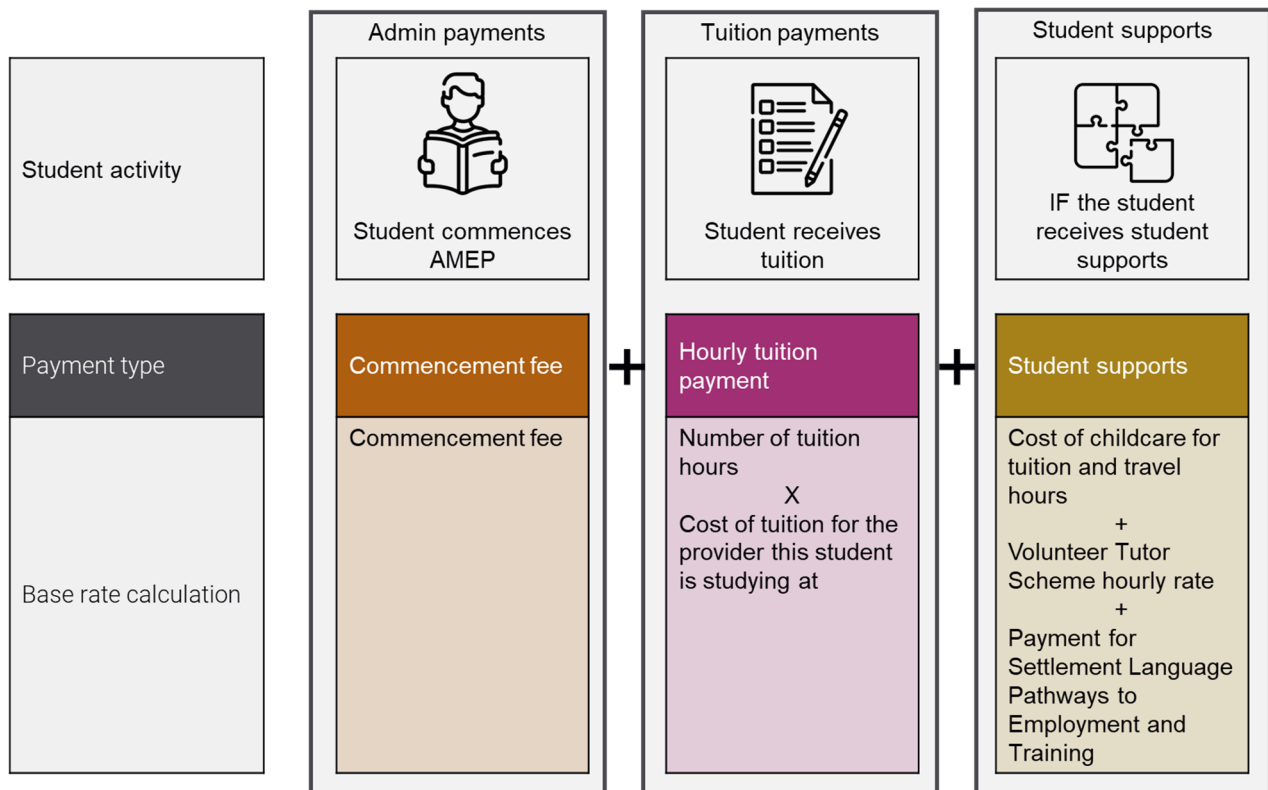


Figure 4 outlines the administration and tuition payments available in the revised model. Individual students would not be eligible for all payments presented in the figure. While all students would be eligible for the AMEP Initial Assessment payment, students would then be eligible for either the pre-certificate tuition payments, or the certificate level tuition payments, depending on their English language level.

Loadings apply to all certificate level payments and the pre-certificate tuition payment. Further funding is provided for student supports such as the Volunteer Tutor Scheme, Individual Pathway Guidance and childcare when these services are utilised by students.

Pre-certificate students would be eligible for:

- The initial assessment payment, paid once a student has completed an initial assessment and is found to be eligible for the AMEP.
- Pre-certificate tuition payments, paid for every 10 hours of tuition that the student completes (across all their units).

Certificate level students would be eligible for:

- The initial assessment payment, paid once a student has completed an initial assessment and is found to be eligible for the AMEP.

- Certificate level payments, with the amount of payments being dependent upon the number of units of competency students are enrolled in, and their progress through each unit. The price for each unit of competency would differ proportionally to the nominal hours of a unit, and pricing will align with future nationally consistent VET efficient pricing. These students would be eligible for the following:
 - Unit commencement payment (10% of total unit price), paid after a student is enrolled in a unit and commences attendance.
 - Unit milestone payment (40% of total unit price), paid after a student completes at least 50% of the unit nominal hours.
 - Unit completion payment paid after a student completes a unit, either successfully (50% of total unit price) or unsuccessfully (30% of total unit price).

4.3. How payments for providers are calculated

Figure 5 builds on the individual student example in Figure 4 to illustrate how payments in the revised model would be calculated and paid at a provider level. Payments are consistent with those presented in Figure 4, however Figure 5 also includes AMEP Connect funding under student supports given that this funding would be provided at a service provider level, rather than at the student level.

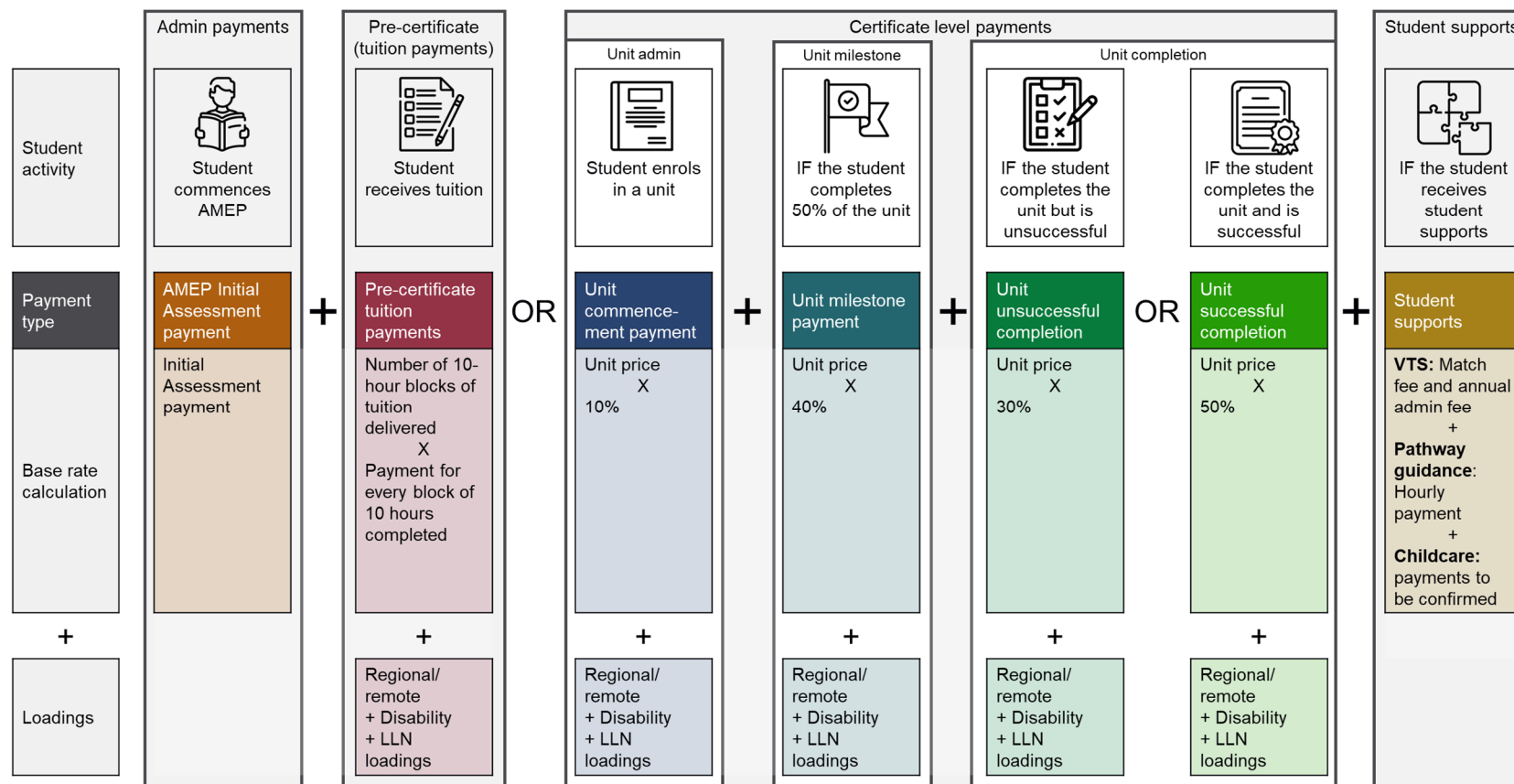
For pre-certificate tuition payments, the number of these payments per student would be added for all the service provider's students.

For certificate level payments, payments are calculated as the unit price (which will differ depending on the length of the unit based on nominal hours), multiplied by the percentages described in Table 9, multiplied by the number of units.

Loadings are then applied to the base rate of certificate level and pre-certificate tuition payments by applying a percentage increase to the base rate. If a student is eligible for multiple loadings, each loading percentage will be applied to the base rate. The loading percentage will vary depending on the loading, and will align with the future VET efficient pricing. The culturally and linguistically diverse (CALD) loading is incorporated within the base rate (unit price or pre-certificate tuition payment), given that it applies to all AMEP students.

Service providers would also receive funding to deliver student supports (such as the Volunteer Tutor Scheme, Individual Pathway Guidance, childcare and AMEP Connect), as detailed in Table 9.

Figure 4. Payments for pre-certificate or certificate level students under the revised funding model

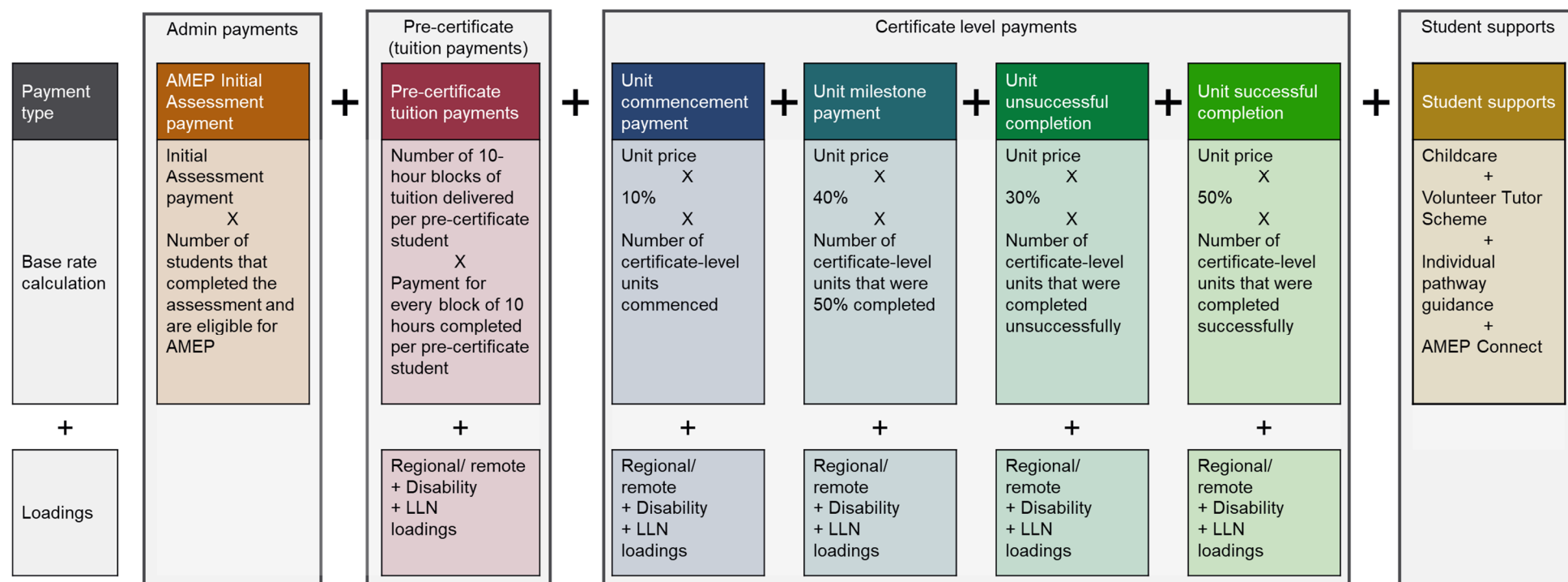


Calculation of loadings: 'Base rate X Loading %'

Unit commencement payment example: If this student has LLN needs, has a disability and commenced a unit in a regional area:
 $(\text{Base unit commencement rate} \times \text{LLN loading \%})$
 $+ (\text{Base unit commencement rate} \times \text{Disability loading \%})$
 $+ (\text{Base unit commencement rate} \times \text{Regional loading \%})$

Note: 'Base rate' refers to the pre-certificate tuition payment or certificate level payment price prior to application of loading. The base rate includes the CALD loading.

Figure 5. Calculation of payments for providers



Calculation of loadings: 'Base rate X Loading % X % of student activity the loading applies to'

Unit commencement payment example: If the provider is in a regional area:

$(\text{Base rate} \times \text{Regional loading \%} \times 100\% \text{ of providers unit commencements})$
 $+ (\text{Base rate} \times \text{LLN loading \%} \times \% \text{ unit commencements from LLN students})$
 $+ (\text{Base rate} \times \text{Disability loading \%} \times \% \text{ unit commencements from students with a disability})$

Note: 'Base rate' refers to the pre-certificate tuition payment or certificate level payment price prior to application of loading. The base rate includes the CALD loading.

4.4. Worked example of calculating a provider's payments

To illustrate how student journeys lead to provider payments, the following section provides a worked example of payments for a provider based on the students they deliver to.

In order to not foreshadow actual prices and the tender process, the prices and payment values outlined in all tables and calculations below are intentionally low. Loadings have been provided as a percentage value for these illustrative examples, however the final loading amounts will be provided in the RFT.

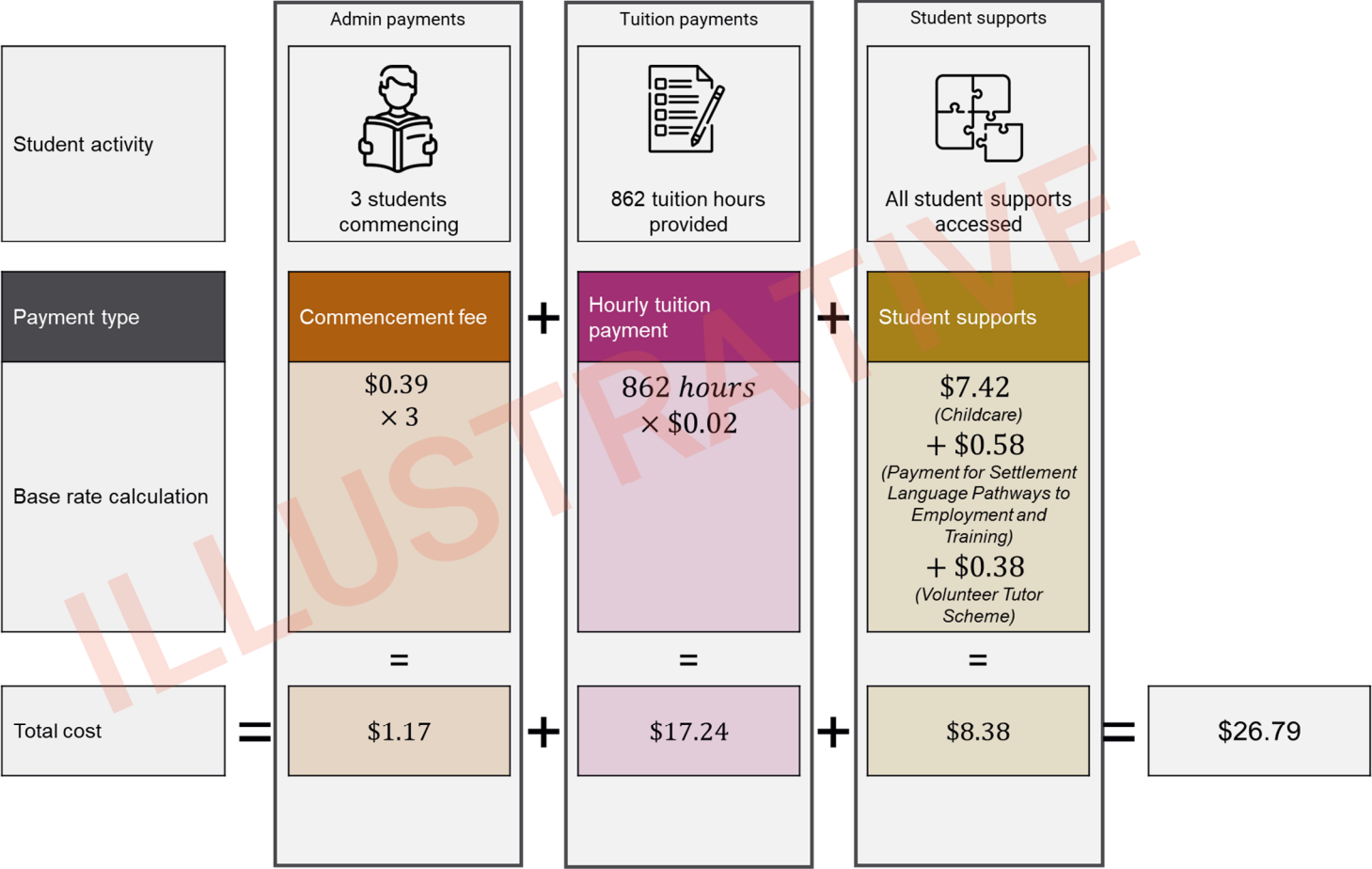
Table 10 provides an example of a service provider that is delivering services to five students over a 12 month period. The provider is based in a regional location, so a regional loading applies to all students. The students are a mix of pre-certificate and certificate level students. The provider also receives payments for childcare, AMEP Connect, the Volunteer Tutor Scheme and Individual Pathway Guidance. Note that this scenario is illustrative and therefore, the number of units and tuition hours are lower than expected for a 12 month period. Students who do not receive an initial assessment are existing students who have participated in the AMEP in prior years.

Table 10. Illustrative student journeys within a provider over 12 months

Student	Level of study	Admin	Tuition	Certificate level events				Loadings	Student Supports
		Initial Assessment with AMEP	Hours	Unit commence-ments	Unit milestones	Unit unsuccessful completions	Unit successful completions	All relevant loadings	All student supports accessed
Student A	Pre-certificate	X	63	N/A	N/A	N/A	N/A	• Regional • LLN	• Volunteer Tutor Scheme
Student B	Pre-certificate	✓	145	N/A	N/A	N/A	N/A	• Regional • LLN	• Pathway guidance
Student C	Certificate	✓	224	3	3	2	1	• Regional	• Pathway guidance
Student D	Certificate	X	280	4	3	1	2	• Regional • Disability	• AMEP Connect
Student E	Certificate	✓	150	2	2	1	1	• Regional • LLN	• Pathway guidance • Received childcare
Total contributing items to provider payments		3	862	9	8	4	4		

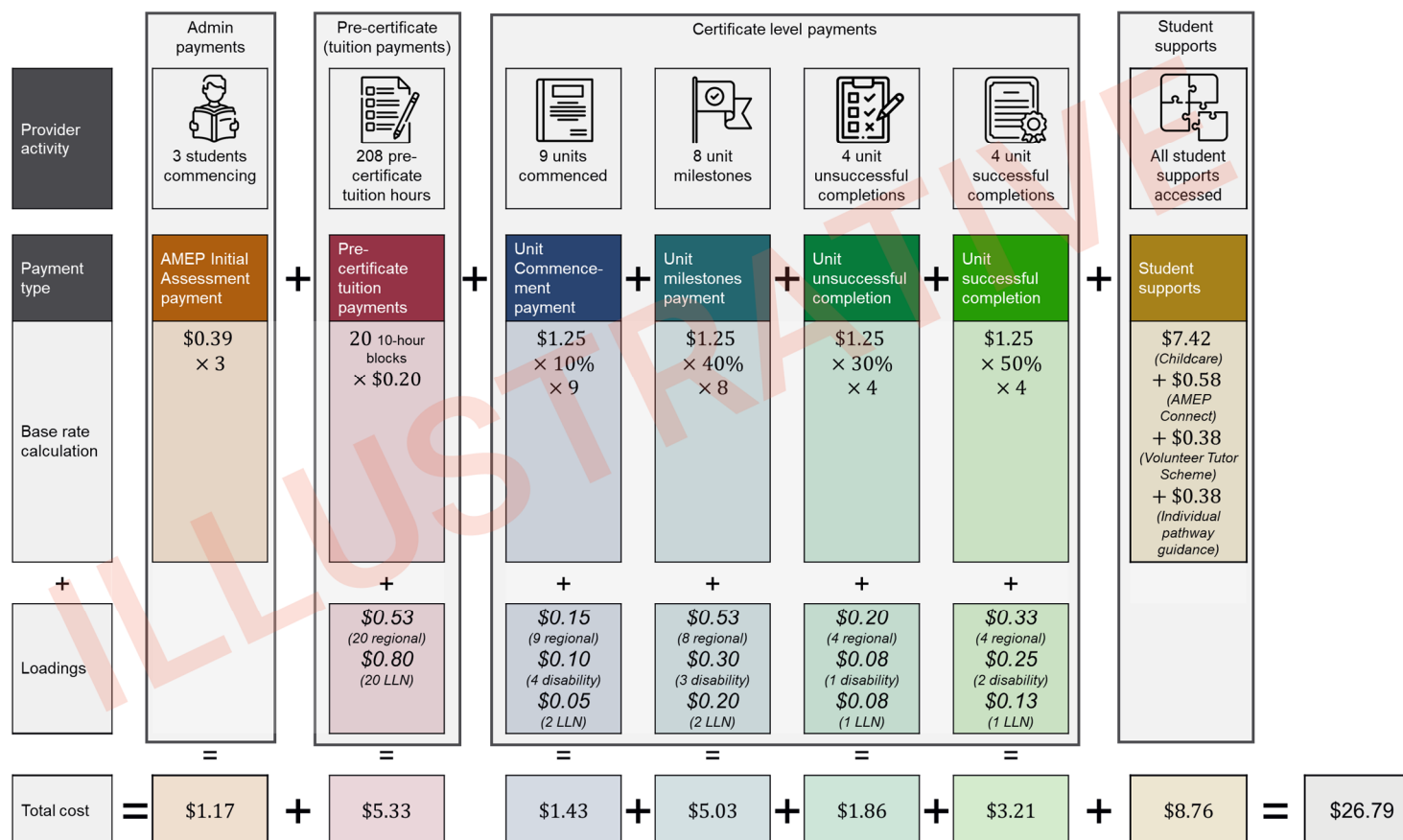
The following two figures demonstrate how payments would be calculated under the existing model (Figure 6) and revised model (Figure 7) for the scenario presented in Table 10. The total payments under the two funding models are equal in this example; however, this does not indicate that the actual payments under the two models will always be equal. Funding differences between the existing and revised business models will depend on the final efficient pricing developed by the National Skills Commission and the funding components that will be subject to tender. For certificate level students, the funding differences between the existing and revised models will also depend on how students progress in their language acquisition. For example, if a certificate-level student progresses through the unit milestones and outcomes within a short period of time, these payments will be accrued earlier.

Figure 6. Illustrative provider cost calculation under the existing model



This figure does not include the pricing of any payments. Instead, values are illustrative to show how payments work within the funding model. Further information will be included in the Request for Tender (RFT) for future contracts.

Figure 7. Illustrative provider cost calculation under the revised model



This figure does not include the pricing of any payments. Instead, figures are illustrative to show how payments work within the funding model. Further information will be included in the Request for Tender (RFT) for future contracts.

Unit commencement loadings example: For the 2 LLN students that commenced a unit in a regional area:

$(\text{Base unit commencement rate} \times \text{LNN loading \%} \times 2) +$

$(\text{Base unit commencement rate} \times \text{Regional loading \%} \times 2)$

Note: The CALD loading is calculated within the unit pricing (\$1.25 in the above example)

4.5. Proposed timing of payments

This section details the accrual of various payments under the existing and revised funding models, using the same illustrative example outlined in Table 10 above. Table 11 shows this student activity over a 12 month period. Figure 8 presents the cash flow and payment type distribution for the same scenario as proportions of total payments received per annum. Each payment type has been achieved within a quarter and the accruals are reflected within that same quarter.

The proportions in the example below are based on the illustrative costs in the worked example above (Figure 7). The actual proportions of each payment type will be based on the price of each payment type and the number of occurrences for each provider.

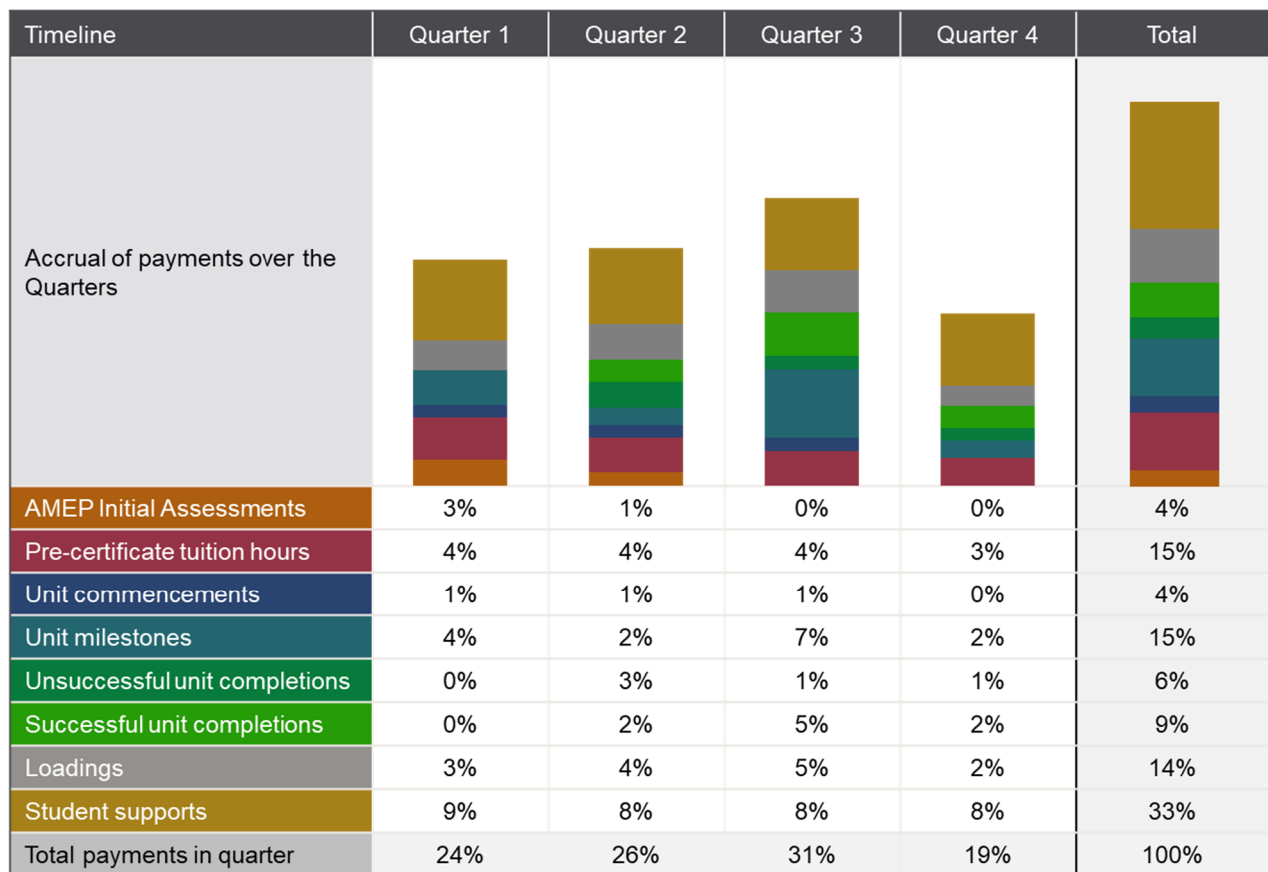
A comparison between the cash flow and payments per quarter of the existing and revised models is presented in Figure 9. The total costs under the two funding models are equal in this illustrative example and the only variation is in timing of payments. However, this does not indicate that the dollar payment under the two models would be equal. Funding differences between the existing and revised business models will depend on the final efficient pricing developed by the National Skills Commission and the funding components that will be subject to tender. For certificate level students, the funding differences between the existing and revised models will also depend on how students progress in their language acquisition.

Table 11. Illustrative provider example with student activity distributed across quarters

Timeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Provider activity	Total tuition hours	158	260	287	157	862
	AMEP Initial Assessments	2	1	0	0	3
	Pre-certificate tuition hours	65	53	45	45	208
	New unit commencements	3	3	3	0	9
	Unit milestones	2	1	4	1	8
	Unsuccessful unit completions	0	2	1	1	4
	Successful unit completions	0	1	2	1	4
	Loadings	All students are studying in a regional area 3 students have LLN needs 1 student has a disability (CALD loading is applied to the base rate)				
	Student supports	1 student receives childcare 1 student participates in AMEP Connect 3 students receive pathway guidance 1 student participates in the Volunteer Tutor Scheme				

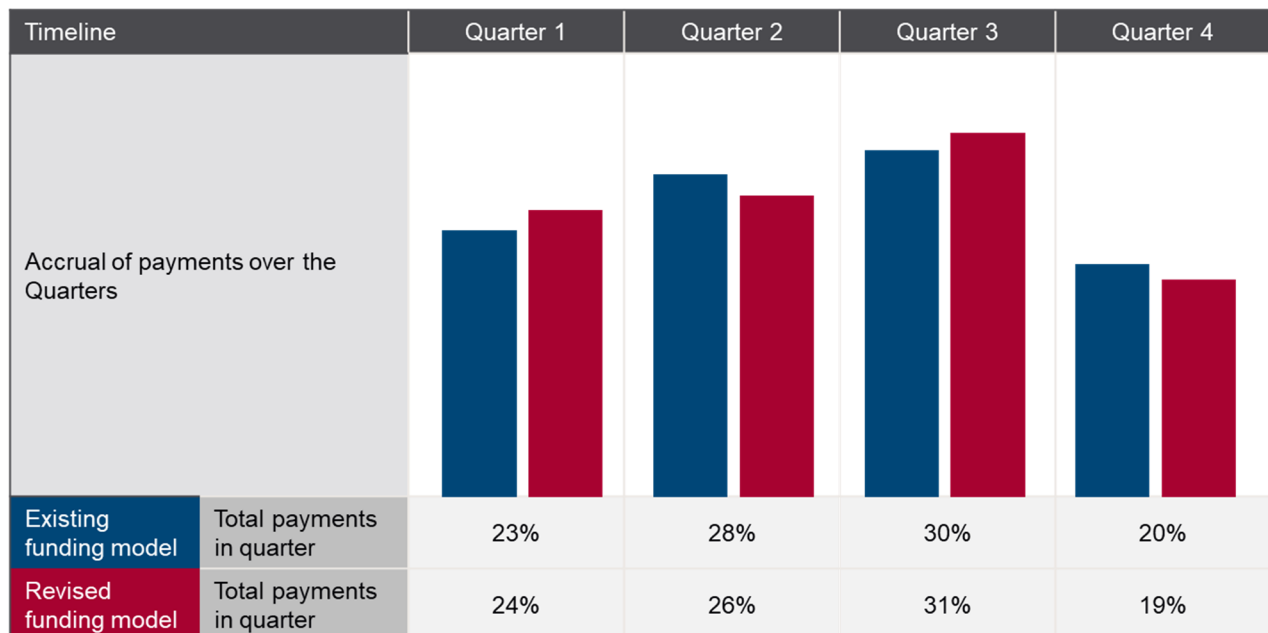
Note: Percentage values are rounded to the nearest whole figure.

Figure 8. Example cash flow and payment type distribution of the revised funding model (calendar year)



Note: Percentage values are rounded to the nearest whole figure.

Figure 9. Example cash flow comparison between the existing and revised funding models (calendar year)



Note: Percentage values are rounded to the nearest whole figure.

5. Community engagement

The Department will hold forums with stakeholders to discuss the revised business model.

The Department will provide details of the final revised business model, including funding parameters, as part of the RFT process for future contracts.

5.1. How to have your say

The Department will invite key industry and community stakeholders to participate in targeted forums during December 2021. Invitations will be sent via email to those who attended the previous AMEP reform forums from May to July 2021. Members of the public can express an interest in attending the forums by submitting a request via [Reform of the Adult Migrant English Program \(AMEP\) \(homeaffairs.gov.au\)](https://www.homeaffairs.gov.au/reform-of-the-adult-migrant-english-program-amep).

5.2. Enquiries

Enquiries should be directed to AMEPdesign@homeaffairs.gov.au

6. Appendix: Assessing the impact of a revised funding model through different scenarios

As part of the development of the revised funding model, the Department conducted an analysis of the potential AMEP service provider funding under the revised model compared to the existing model.²

In the following scenarios, we have presented comparisons in the timing and mix of payments that would be received. Two scenarios present funding at the service provider level, while a further three scenarios present funding at a student level. Service provider scenarios do not represent any single AMEP service provider in order to protect commercial-in-confidence information, however the scenarios are based on historic AMEP data. Student scenarios indicate how the funding models differ for de-identified AMEP students.

The scenarios are presented as proportional payments, rather than dollar amounts, as the National Skills Commission work on efficient pricing has not yet been finalised. Thus, the payments over a set period for both the revised and existing funding models will add up to 100%. However, this does not indicate that the dollar payment under the two models will be equal. Funding differences between the existing and revised business models will depend on the final efficient pricing developed by the National Skills Commission and the funding components that will be subject to tender. For certificate level students, the funding differences between the existing and revised models will also depend on how students progress in their language acquisition. Other differentiating factors include the incidence of individual circumstances such as students with language, literacy and numeracy needs or disability (which trigger a loading under the new model). Scenarios include payments related to tuition payments only (i.e. initial assessment, pre-certificate tuition payments, certificate level payments and loadings), and do not include payments that will be made to providers for student supports.

² This analysis was conducted with a range of data sources, including the AMEP Reporting and Management System (ARMS), financial and unit completion data. All data sets can have limitations with quality and completeness, however the Department has undertaken a data cleaning exercise to mitigate these issues.

6.1. Service provider scenarios

To illustrate the potential impact on providers, the following provider scenarios have been presented:

- **Provider scenario 1:** Small AMEP provider in regional location
- **Provider scenario 2:** Large AMEP provider

The figures presented in this section demonstrate payments to service providers under the existing and revised funding model by quarter. The funding comparison for providers will follow the below structure. This table illustrates how the comparison should be interpreted.

Timeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Provider activity	Total tuition hours	Hours of tuition completed by all of the provider's students in the quarter			
	AMEP Initial Assessment	Number of new AMEP student enrolments in the quarter			
	Pre-certificate students	Number of students that are studying at a pre-certificate level in the quarter			
	New unit commencements	Number of new unit commencements in the quarter			
	Unit milestones	Number of unit 50% milestones from all of the provider's students in the quarter			
	Unsuccessful unit completions	Number of units unsuccessfully completed by all of the provider's students in the quarter			
	Successful unit completions	Number of units successfully completed by all of the provider's students in the quarter			
Existing funding model	Breakdown of payments over the Quarter	<ul style="list-style-type: none"> • Bar chart visualising the proportion of the payments in each quarter coming from each of the revised model payment types. • The payments in each quarter add up to 100% 			
	AMEP commencement fee	% of payments in the quarter attributed to new student AMEP enrolment fee			
	Hourly tuition payments	% of payments in the quarter attributed to tuition hour based payments			
	Total payments in quarter	% of payments in the year attributed to the quarter			
Revised funding model	Breakdown of payments over the Quarter	<ul style="list-style-type: none"> • Bar chart visualising the proportion of the payments in each quarter coming from each of the revised model payment types. • The payments in each quarter add up to 100% 			
	AMEP Initial Assessment	% of payments in the quarter attributed to AMEP Initial Assessment fee			
	Pre-certificate tuition hours	% of payments in the quarter attributed to pre-certificate tuition payments			
	New unit commencements	% of payments in the quarter attributed to unit commencement fee (for each student and unit)			
	Unit milestone payment	% of payments in the quarter attributed to certificate-level students complete 50% of a unit			
	Unsuccessful unit completions	% of payments in the quarter attributed to certificate-level students completing but failing units			
	Successful unit completions	% of payments in the quarter attributed to certificate-level students passing units			
	Loadings	% of payments in the quarter attributed to regional, LNN and disability loadings			
	Total payments in quarter	% of payments in the year attributed to the quarter			

6.1.1. **Provider scenario 1: Small AMEP provider in regional location**

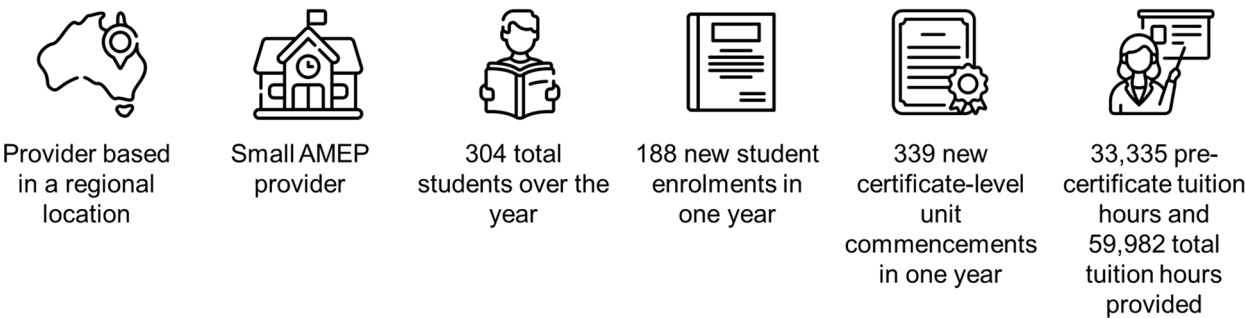
6.1.1.1. **Scenario description**

This illustrative smaller AMEP provider has a comparatively low number of student and unit enrolments during the year.

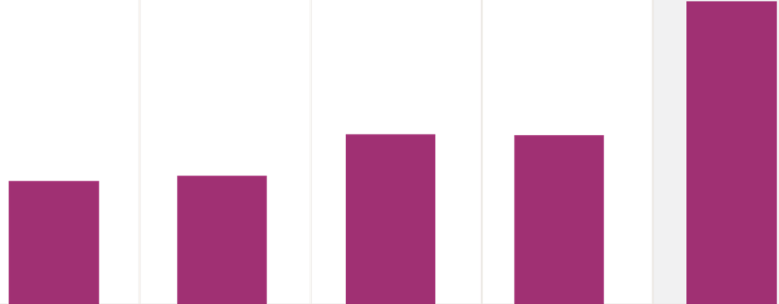
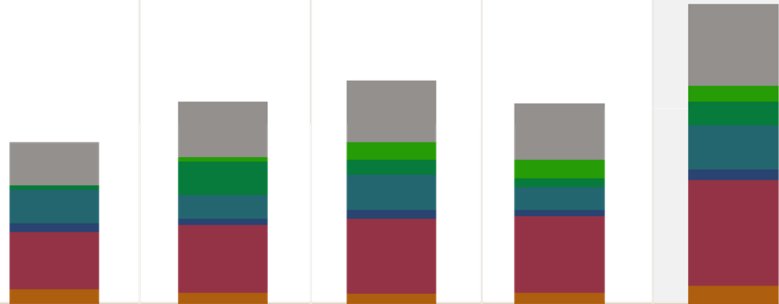
Approximately a third of their students are studying English at a pre-certificate level, so this provider receives a mix of tuition and certificate level payments. For their pre-certificate students, they are paid for the hours of delivery in 10-hour blocks. For their certificate level students, they are paid on unit commencement, once 50% of nominal hours are completed and on successful or unsuccessful completion.

Under the existing funding model, the provider would have received two types of payments – new student enrolments and hours of tuition delivered. Under the revised funding model, there are six types of payments received, with a different mix of payment types throughout the year.

6.1.1.2. **Provider snapshot**

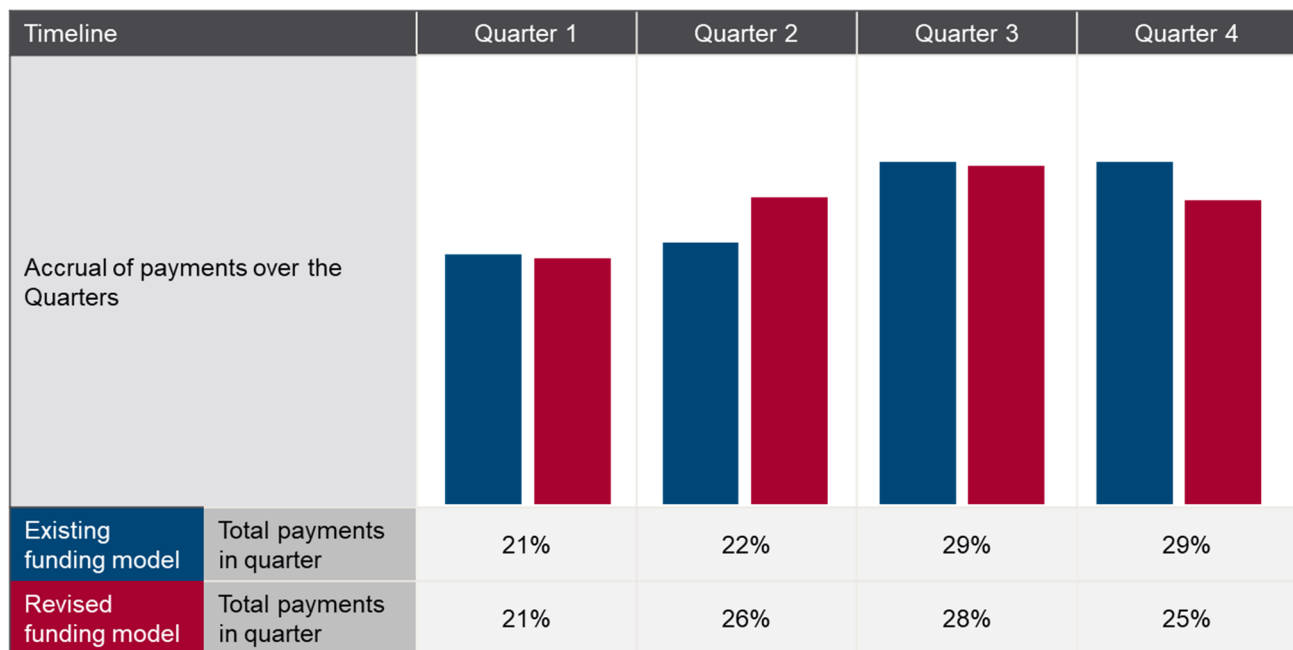


6.1.1.3. Existing and revised funding model payment timing and proportion of payment types

Timeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Provider activity	Total tuition hours	12,504	13,120	17,191	17,167	59,982
	AMEP Initial Assessment	59	43	40	46	188
	Pre-certificate tuition hours	6,865	8,211	9,093	9,166	33,335
	New unit commencements	101	73	104	61	339
	Unit milestones	90	80	107	62	339
	Unsuccessful unit completions	14	124	55	32	225
	Successful unit completions	-	16	47	45	108
Existing funding model	Breakdown of payments over the Quarter					
	AMEP commencement fee	<1%	<1%	<1%	<1%	<1%
	Hourly tuition payments	21%	22%	29%	28%	100%
	Total payments in quarter	21%	22%	29%	29%	100%
Revised funding model	Breakdown of payments over the Quarter					
	AMEP Initial Assessment	2%	1%	1%	2%	6%
	Pre-certificate tuition hours	7%	9%	10%	10%	35%
	New unit commencements	1%	<1%	1%	<1%	4%
	Unit milestones	4%	3%	4%	3%	15%
	Unsuccessful unit completions	<1%	4%	2%	1%	8%
	Successful unit completions	0%	<1%	2%	2%	5%
	Loadings	5%	7%	8%	7%	27%
	Total payments in quarter	21%	26%	28%	25%	100%

Note: Percentage values are rounded to the nearest whole figure.

6.1.1.4. Funding timing comparison



Note: Percentage values are rounded to the nearest whole figure.

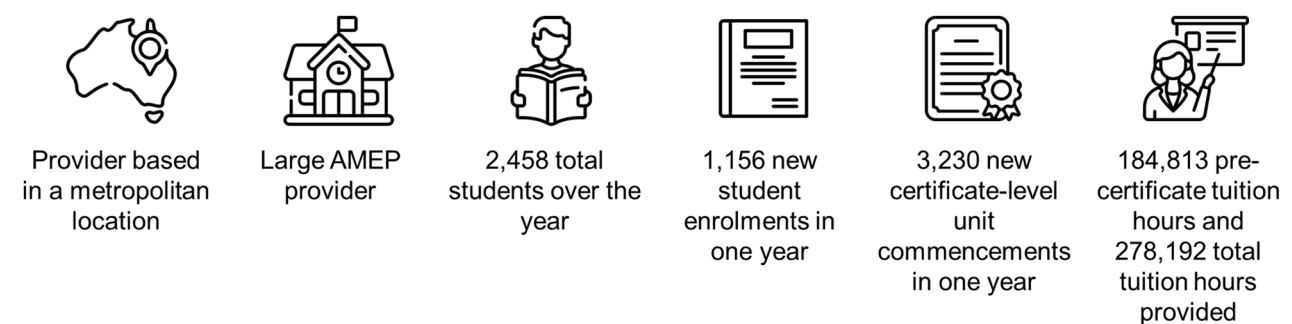
6.1.2. Provider scenario 2: Large AMEP provider

6.1.2.1. Scenario description



This illustrative larger AMEP provider has a high number of student and unit enrolments during the year and is based in a metropolitan location.

Under the revised funding model, there is a mixed distribution throughout the year of the different payment types (mostly enrolment payments at the start of the year and unit completions towards the end of the year).

6.1.2.2. Provider snapshot

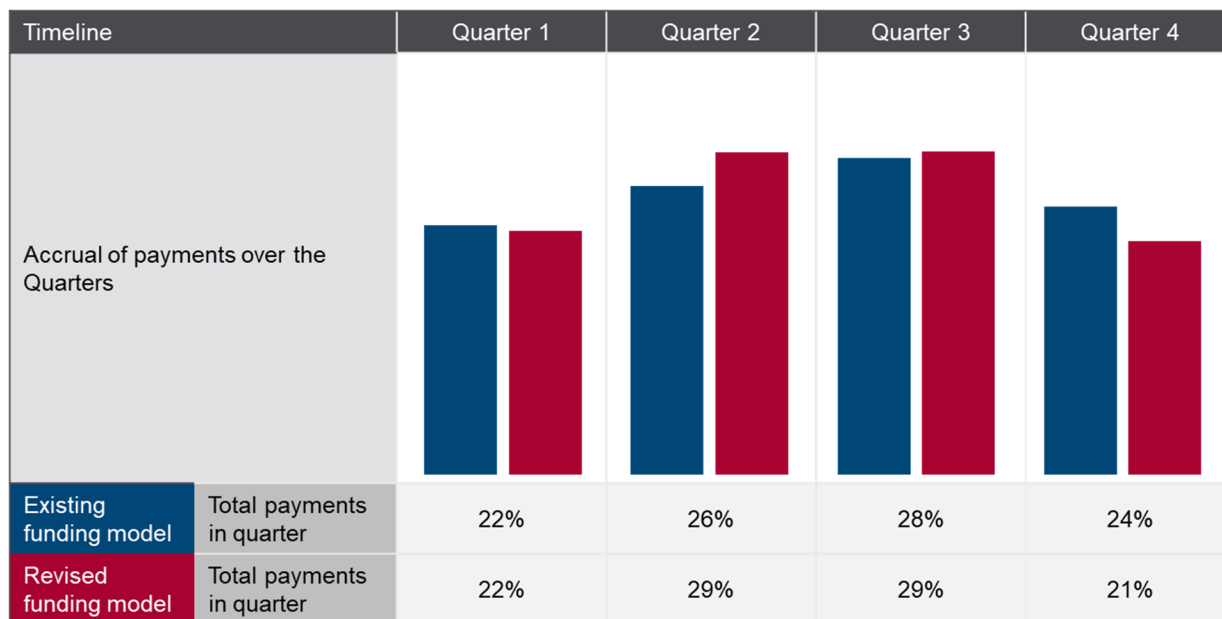


6.1.2.2.1. Revised funding model payment timing and proportion of payment types

Timeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Provider activity	Total tuition hours	61,902	70,969	78,642	66,679	278,192
	AMEP Initial Assessment	233	448	290	185	1,156
	Pre-certificate tuition hours	40,885	51,006	50,325	42,597	184,813
	New unit commencements	1,480	438	1,010	302	3,230
	Unit milestones	532	783	711	218	2,244
	Unsuccessful unit completions	29	8	23	27	87
	Successful unit completions	141	407	458	457	1,463
Existing funding model	Breakdown of payments over the Quarter					
	AMEP commencement fee	<1%	<1%	<1%	<1%	1%
	Hourly tuition payments	22%	25%	28%	24%	99%
	Total payments in quarter	22%	26%	28%	24%	100%
Revised funding model	Breakdown of payments over the Quarter					
	AMEP Initial Assessment	2%	3%	2%	1%	8%
	Pre-certificate tuition hours	8%	11%	10%	9%	38%
	New unit commencements	3%	<1%	2%	<1%	6%
	Unit milestones	4%	6%	5%	1%	17%
	Unsuccessful unit completions	<1%	<1%	<1%	<1%	<1%
	Successful unit completions	1%	4%	4%	5%	14%
	Loadings	4%	4%	4%	4%	16%
	Total payments in quarter	22%	29%	29%	21%	100%

Note: Percentage values are rounded to the nearest whole figure.

6.1.2.3. Funding timing comparison



Note: Percentage values are rounded to the nearest whole figure.

6.2. Student scenarios

To illustrate the effects of the revised funding model for various student profiles, the following student scenarios have been presented:

- **Student scenario 1:** Student with LLN needs and living in a regional location (studying at a Certificate I level)
- **Student scenario 2:** Student studying at a pre-certificate level
- **Student scenario 3:** Student with irregular attendance

The following de-identified scenarios demonstrate how payments will differ in the two models. Percentages of funding reflect the proportion of funding received across the period of interest. The funding comparison for students will follow the below structure. This table illustrates how the comparison should be interpreted.

Please note that the scenarios presented in the following section are illustrative and de-identified but are based on actual provider and student experience in the AMEP.

6.2.1. Student scenario 1: Certificate I student with LLN needs living in regional location

6.2.1.1. Scenario description

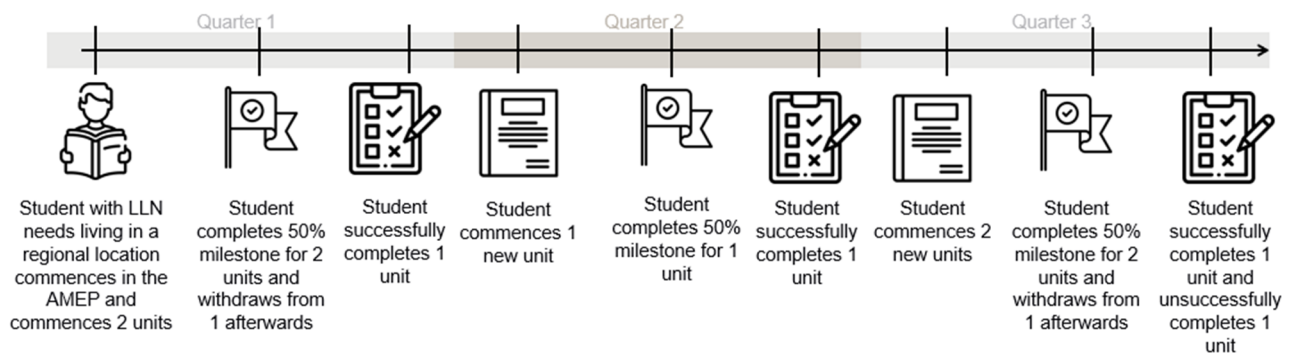
This illustrative AMEP student is studying at the Certificate I level and enrolls in five units during their three quarters in the program. Under the revised model, the provider will be paid based on the unit commencements, completions and 50% unit milestones for this student.

Under the revised model, the provider receives payments for the two unit enrolments in quarter 1, and gets paid at the end of quarter 2 for the two unit milestones achieved and the completion of one unit. The second unit was not completed so the provider was not paid a completion payment after the 50% milestone payment for that unit. In quarter 3, the student enrolls in one unit, achieves the 50% milestone and successfully completes the unit in that quarter.

This AMEP student also has two characteristics that may require additional allocation of resources – they have LLN needs and are studying in a regional location. Due to these factors, the provider will receive loadings on the tuition payments for this student. The LLN and regional factors are additive, so the provider will receive a loading for both student characteristics.

Under the revised model, all payments aside from the AMEP initial assessment payment are increased by these two loadings. Under the existing model, there would not be specific loadings for their LLN needs and the regional factors are captured in the tendered hourly price of tuition for each provider.

6.2.1.2. Student snapshot



6.2.1.3. Student-level funding comparison

Timeline	Quarter 1	Quarter 2	Quarter 3
Student activity	AMEP Initial Assessment	1 unit commenced	2 units commenced
	2 units commenced	1 unit 50% milestone achieved	2 unit 50% milestones achieved
	2 unit 50% milestones achieved	1 unit successfully completed	1 unit unsuccessfully completed
	1 unit successfully completed		1 unit successfully completed
	55 tuition hours	80 tuition hours	130 tuition hours
	Loading – Learners with high Language, Literacy and Numeracy (LLN) needs		
Existing funding model	Loading – studying in regional location		
Revised funding model			
	4% for AMEP Initial Assessment 18% for tuition	37% for tuition	42% for tuition
	5% for AMEP Initial Assessment 3% for unit commencement 11% for unit 50% milestones achieved 4% for units successfully completed 8% for LLN and regional loadings	2% for unit commencement 8% for unit 50% milestones achieved 10% for units successfully completed 10% for LLN and regional loadings	3% for unit commencement 13% for unit 50% milestones achieved 6% for units unsuccessfully completed 6% for units successfully completed 14% for LLN and regional loadings

Note: the proportions for unit commencement, unit milestone payments, successful and unsuccessful unit completion vary based on the subject nominal hours for each unit. Percentage values have been rounded to the nearest whole figure.

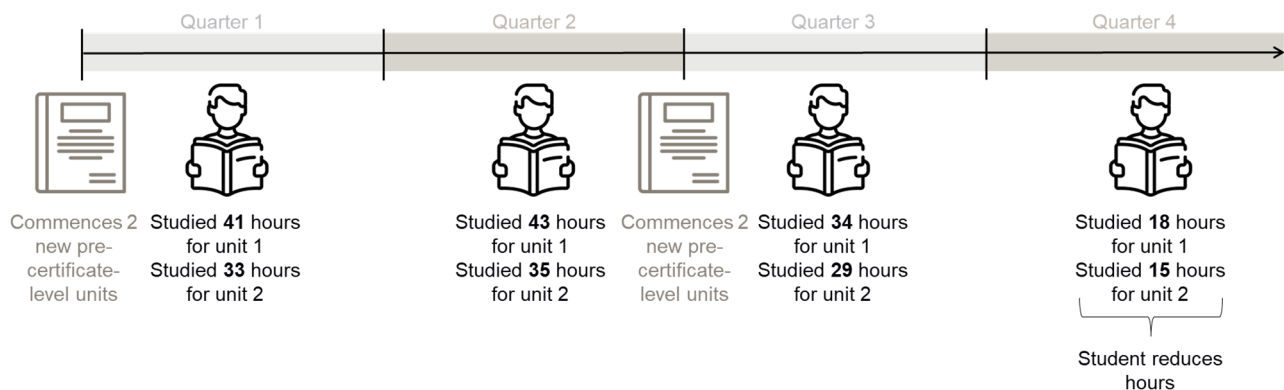
6.2.2. Student scenario 2: Student studying at a pre-certificate level

6.2.2.1. Scenario description

This student is studying in the AMEP in a pre-certificate course. This means that their provider's payment is linked to the hours of tuition delivered, rather than the completion of units.

The student consistently studies throughout the four quarters in the year, and the provider is paid for the tuition delivered under both the revised and existing funding model. The key difference being that, under the revised model, providers are paid for every achievement of a 10-hour block.

If this student leaves the program after the fourth quarter having done 248 hours of tuition, the provider would be paid for 240 of the hours delivered under the revised model (whereas the existing model would pay for all 248 hours).



6.2.2.2. Student-level funding comparison

Timeline		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Student activity	Unit 1 hours	41	43	34	18
	Unit 2 hours	33	35	29	15
	Total hours	74	78	63	33
	Cumulative hours	74	152	215	248
Existing funding model	Breakdown of payments over the period				
	Hours paid for in that quarter	74	78	63	33
	Cumulative hours paid for in previous quarters	74	152	215	248
Revised funding model	Breakdown of payments over the period				
	Hours carried from the previous quarter	0	4	2	5
	Hours paid for in that quarter	70	80	60	30
	Cumulative hours paid for in previous quarters	70	150	210	240
	Hours completed that are yet to be paid (< 10 hours)	4	2	5	8

6.2.3. Student scenario 3: Student with irregular attendance

6.2.3.1. Scenario description

This scenario illustrates a student attendance in the AMEP over two years. This AMEP student commences in the program at the start of Year 1 and enrolls in three units. Under the revised model, the provider receives three unit commencement payments at the start of the quarter.

By the end of quarter 1 in the first year, the student has completed half of the content for Unit 1 and Unit 2. However, they have withdrawn from all units (with Unit 1 and 2 being 75% completed and Unit 3 being 5% completed). For activities within this quarter, the provider receives 50% milestone payments for Unit 1 and Unit 2.

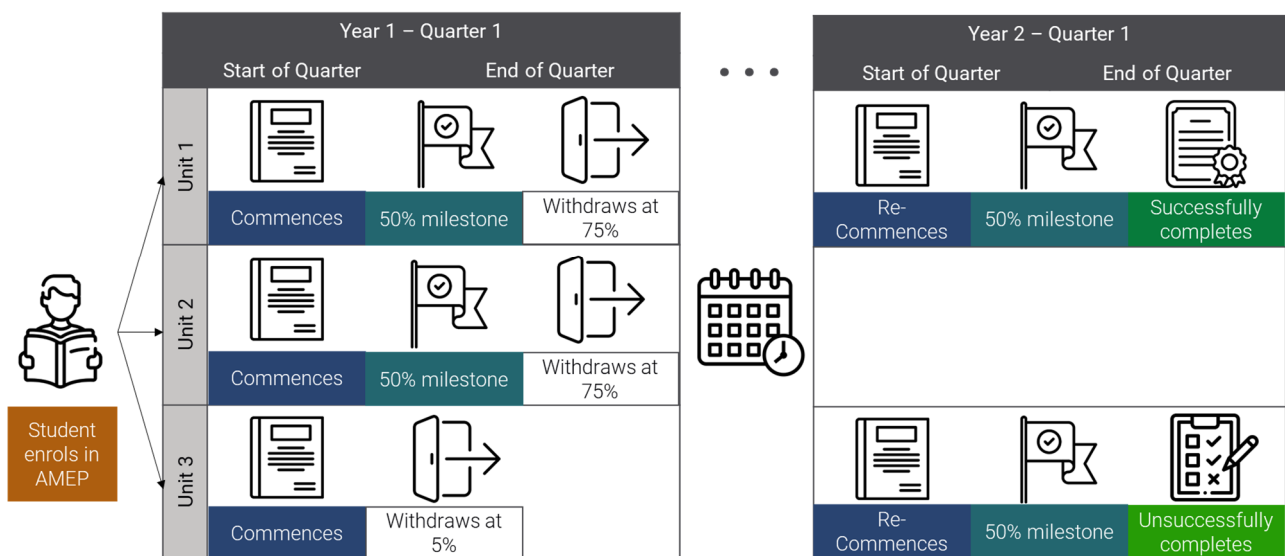
By the end of quarter 1 in the first year, the cash flow experienced under both funding models is similar.

This student undertakes no further study in the AMEP in Year 1. They recommence studying at the start of the second year, re-enrolling in Unit 1 and Unit 3, which triggers enrolment payments under the revised model.

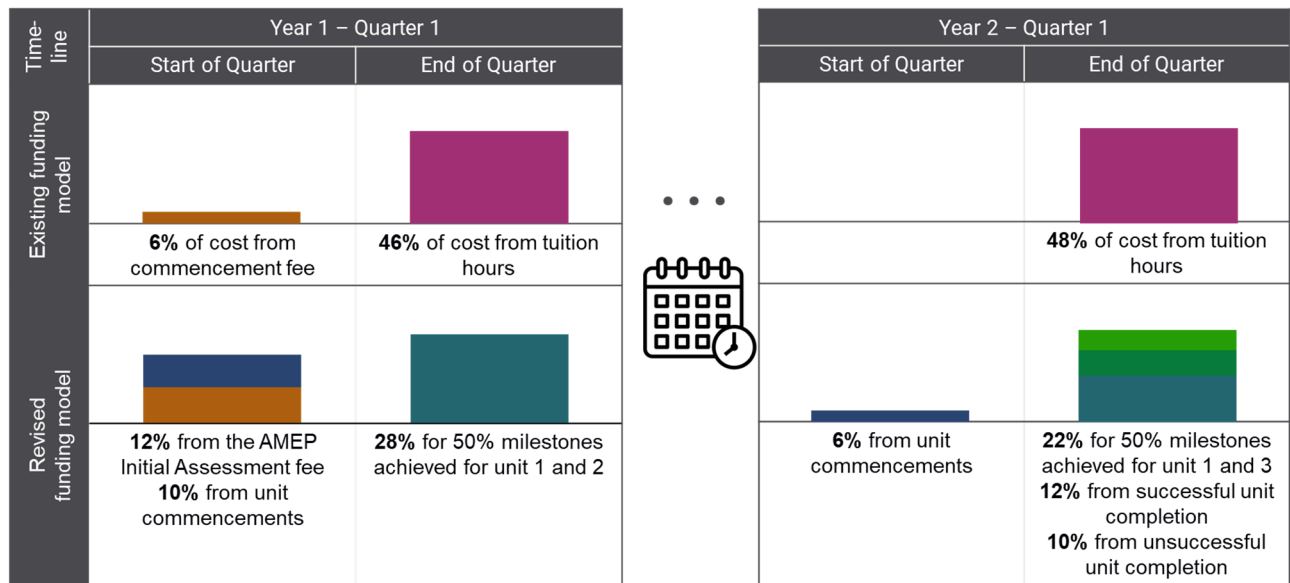
During quarter 1 in the second year, the student achieves a 50% milestone for both Unit 1 and Unit 3. This activity triggers milestone payments under the revised model.

By the end of quarter 2 in the second year, the student has successfully completed Unit 1 and unsuccessfully completed Unit 3. Both outcomes trigger a unit completion payment for the provider.

6.2.3.2. Student snapshot



6.2.3.3. Student-level funding comparison



Note: the proportions for unit commencement, unit milestone payments, successful and unsuccessful unit completion vary based on the subject nominal hours for each unit.