



Brotherhood  
of St Laurence

Working for an Australia free of poverty

# Submission to the Victorian VET Funding Review

Recommendations for the quality, stability  
and sustainability of the VET system

Brotherhood of St Laurence

April 2015

# About the Brotherhood of St Laurence

Established in the 1930s, the Brotherhood is an independent, non-government organisation with strong community links that works to build social and economic participation. Based in Melbourne, but with a national profile, the Brotherhood continues to work for an Australia free of poverty and social exclusion. Through a combination of innovative direct service delivery and research, we aim to bring a fresh perspective to issues of poverty and disadvantage. This paper draws on our research, policy analysis and experience of working with and providing training for people who experience disadvantage in the labour market. Our relevant work includes:

- delivery to learners experiencing disadvantage of accredited and non-accredited training programs, incorporating practical work placements and job search support through the Brotherhood's Registered Training Organisation. Our participants are predominantly refugees, mature-age jobseekers, public housing residents and those who experiencing long term unemployment.
- the *Youth Transitions Program* which operates in unemployment hotspots in growth corridors of Melbourne. It provides accredited foundation-level training for young people. The program focuses on developing job skills and structured workplace learning, providing tailored career advice and planning, and providing introductions to employers looking for new recruits. It also provides six months of support to young people, and their employers, as they move into work.
- *Work and Learning Centres* which assist public housing tenants and other clients of social services, many of whom experience long-term unemployment. Funded by the Victorian Government and operating in five locations across Victoria, the Work and Learning Centres partner with business and community agencies to place people into local jobs. The Centres provide jobseekers with careers guidance, job-readiness training, personal coaching and support to address wellbeing issues not available through Job Services Australia agencies.
- the operation of a Group Training Organisation that focuses on engaging and training people experiencing barriers to employment.
- research about the intersection of the VET system with learners experiencing disadvantage. Current projects include NCVER funded research in partnership with Melbourne and Victoria University: *Shedding light: private RTO training for young early school leaver.*
- establishment of *Education First Youth Foyers* in TAFE institutes in partnership with Hanover Welfare Services and the Victorian Government, to enable young people experiencing homelessness to continue their education, participate in training and move into work.
- the *Given the Chance Program* delivered by the Brotherhood's Group Training Organisation, partnering with ANZ to develop customised pre-employment training, employer preparation and supported, paid, six-month work placements, with a focus on providing employment pathways for refugees
- the *Community-based Victorian Certificate of Applied Learning (VCAL)*, which provides a flexible learning option for students in years 10 to 12, for whom mainstream school is not suitable. VET in Schools is a component of this program.

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# Recommendations

The overarching purpose of Victoria's VET system is to equip the working age population with the necessary skills and capabilities to gain employment in the modern labour market, and in doing so, contribute to the state's economic future and their own social and economic participation. The system is currently facing significant challenges, due to the unintended consequences of a sustained period of reform. The Brotherhood of St Laurence makes the following recommendations to improve the quality, stability and sustainability of the Victorian VET system. Within the broad scope of the VET Funding Review, we confine our responses to selected points from the Terms of Reference.

## D. Meet community service obligations to support vulnerable and higher needs learners to complete training and transition to employment.

**Recommendation 1:** Meet community service obligations by providing additional funding for vulnerable and higher needs learners. Vocational education and training for these learners should be delivered by approved providers.

## I. Provide quality information and decision support tools for students.

**Recommendation 2:** Fund a network of Vocational Hubs to provide quality, independent vocational guidance to all young people engaged with the VET system.

## A. Match training delivery to the growing job opportunities in Victorian industries.

**Recommendation 3:** Ensure the VET funding system supports skill development for key industries that offer entry-level employment opportunities for vulnerable and higher needs learners.

## G. Ensure fees and student costs are not a barrier to participation.

**Recommendation 4:** Extend the out-of-home care fee exemption to young people in the youth homeless services system and those leaving the youth justice system, to ensure course costs are not a barrier to accessing training.

## H. Ensure eligibility to access subsidised training is fair and well-targeted.

**Recommendation 5:** Establish a short-term Skills-Gap Program, focusing on the aged care and early childhood sectors, with an approved list of training providers.

**Recommendation 6:** Improve the English language skills and workforce capability of newly arrived jobseekers by exempting EAL (English as an Additional Language) from the annual two qualifications restriction.

## B. Ensure all government subsidised training is high quality.

**Recommendation 7:** Require a minimum number of hours of work placement for vocational training courses of Certificate III or higher, with an initial focus on occupations with high levels of responsibility such as aged care and early childhood education and care.

**Recommendation 8:** Specify minimum hours of face-to-face training delivery (as opposed to online delivery) for vocational qualifications to ensure learners can develop and demonstrate their competence.

# 1 Improving the quality, stability and sustainability of the VET system

The current inquiry has arisen in response to significant challenges facing the Victorian vocational education and training (VET) system with regard to quality, stability and sustainability. These shortcomings have resulted from major structural changes in the system since 2009. To address them, we must first understand this period of reform and its consequences. We must also understand who engages with the VET system and how. VET data shows that students who are often referred to as ‘vulnerable and higher needs learners’ constitute a core group within the VET population.<sup>1</sup> As a non-profit community organisation, the Brotherhood of St Laurence’s interest and expertise lies with these learners, and supporting them to engage with and complete accredited training.

## The role of VET

The VET system is a universal education platform, catering for over 635,000 Victorian students in 2013.<sup>2</sup> Through VET, much of the working age population acquires the skills to participate in the labour market, and with 60 per cent of students entering the VET system after secondary school it is also the primary form of post-secondary education.<sup>3</sup> The past decade has seen an increased focus on vocational education and training, as the Australian economy has undergone significant changes, including the emergence of new technology, the shift to a knowledge and service-based economy, increased global competition and the effect of an ageing population.

Within this changed economy, the role of the VET system is to deliver a productive and skilled workforce, so that all working-age Victorians can participate effectively in the labour market, and contribute to Victoria’s economic future. Therefore it is vital to have a system that delivers quality training, which equips learners with the necessary skills and capabilities to gain employment; a stable system in which providers can operate effectively and which learners can navigate; and a sustainable system that makes efficient and effective use of government funds.

## Previous Victorian VET reforms

Two waves of reforms have been implemented by previous state governments, in an effort to make the VET system more responsive to the changed conditions of the modern economy. The first wave of reform involved a fundamental structural change in the VET system, while the second was arguably a response to the unintended consequences of structural change. In 2009, the Brumby Labor government introduced an ambitious reform package, set out in the *Securing Jobs for Your Future: Skills for Victoria* report. At their core, these reforms aimed to make the training system more responsive to the needs of the modern Victorian economy by matching training more closely to skills shortages and enabling more effective relationships with industry.

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<sup>1</sup> National Centre for Vocational Education Research, *Australian VET system performance 2009–13: state and territory tables – Victoria*, NCVER, Adelaide, 2014, sheet B.1.

<sup>2</sup> *ibid.*, sheet A.1.

<sup>3</sup> J Buick, S Mallet & S James, *Education First Youth Foyer education offer conceptual framework*, Hanover Welfare Services and Brotherhood of St Laurence, Melbourne, 2014, p. 14.

The stated aims of these reforms were to:

- increase the number of people undertaking training in the areas and at the levels where skills were needed for Victoria's economic and social development
- develop a training system that engaged more effectively with individuals and businesses and was easier to navigate
- ensure the skills system was responsive to the changing needs of Victoria's economy
- create a culture of lifelong skills development.<sup>4</sup>

To address these objectives, the Brumby government introduced a student-demand driven system, in which government funding was made fully contestable between public and private providers. This demand-driven model opened up government funding to for-profit training providers, and created a competitive market for the provision of vocational education and training<sup>5</sup>. The underlying assumption of this change was that the mechanisms of the free market would most effectively match training to demand, and in doing so meet the needs of the economy, employers and the workforce. Other states and territories have since followed suit, and in 2012 the Council of Australian Governments (COAG) agreed upon the National Partnership Agreement on Skills Reform, also based upon a market-driven funding model. Australia is not unique in this trend, with most OECD countries adopting market-based training systems to address changing labour market and industry needs.

## A market for VET: the unintended consequences

These reforms led to a rapid expansion and diversification of the VET sector in Victoria. The growth was primarily in the private, for-profit training market, with the number of registered training organisations (RTOs) providing government-subsidised places increasing from 201 in 2008 to over 500 in 2015.<sup>6</sup> Over the period 2008–12 annual training sector enrolments increased by almost 300,000, with a growth in student numbers of 14.7 per cent per annum over the same period.<sup>7</sup> This scaling up of the VET sector represented an increase in skills investment of over \$300 million per year.<sup>8</sup>

However, the shift to a market system also resulted in unintended outcomes which have been detrimental to the quality, stability and sustainability of the VET system. These perverse incentives are evident in the systemic problems we are seeing in VET today, including:

- the declining quality of some courses, and declining employer confidence in the quality of qualifications
- a mismatch between labour market needs and skills produced
- a complex system which is difficult for learners to navigate
- increased enrolments but poor completion rates.

<sup>4</sup> Essential Services Commission, *Vocational education and training fee funding review issues paper*, ESC, 2011, p. 2.

<sup>5</sup> S Yu & D Oliver, *The capture of public wealth by the for-profit VET sector*, University of Sydney Workplace Research Centre, Sydney, 2015.

<sup>6</sup> D Hetherington & J Rust, *Training Days models of vocational training provision: lessons from the Victorian experience*, Per Capita, 2013, p. 4.

<sup>7</sup> *ibid.* p.10

<sup>8</sup> *ibid.*, p. 4.

Thus, while a competitive market for VET was intended to make the system more responsive to the needs of business, it has actually contributed to a decrease in both quality and efficiency. Within the market system there is an incentive for providers to maximise income, which has led to a corresponding decline in quality as providers seek to deliver courses at the lowest cost. Importantly, employer groups have expressed declining confidence in the qualifications delivered by the current VET system and employers consistently report seeing students arriving in workplaces with skills ‘considerably below those expected of their certificate level’.<sup>9</sup>

Importantly, skills shortages have also not been uniformly addressed. The contestable funding model, which is based on payment for nominal hours delivered, has seen a surplus of courses that can be delivered cheaply and quickly. Funding rates have been the primary factor in creating this unevenness. As funding rates do not differentiate between modes of delivery, there is an incentive for providers to increase profits by only delivering courses that do not require expensive equipment, and can be delivered quickly or online. As a result, there has been an oversupply of courses in areas such as Business and Community Services, while shortages persist in other highly demanded trades.<sup>10</sup>

Since the 2009 reforms, there has been a substantial increase in engagement, consistent with the objectives of increasing the number of people in training, and promoting lifelong learning. However, this increase in enrolments has not resulted in an increase in course completions. In fact, completion rates have steadily declined since 2011, with over half (51%) of courses commenced in 2014 not completed.<sup>11</sup> This is both a cause and an effect of the compromised quality, stability and sustainability of the system. The reasons for this decline are interconnected, and include inconsistent course quality, the loose link between courses and employment, and the complexity of the system.

Indeed, although the VET reforms were intended to develop a system that was easier to navigate, the sector has become more complex. The market system incorrectly assumes that all participants are equally informed about the system and their choices within it. Asymmetries in purchasing power and information access mean that individuals do not necessarily make the best choices in the VET marketplace. Put simply, many VET participants are enrolling in courses that are not suited to their strengths, or to the local labour market. A poor ‘match’ between the student and the course, and a lack of student understanding about course requirements and the jobs that courses lead to has contributed to low completion rates.<sup>12</sup>

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<sup>9</sup> *ibid.*, p. 11

<sup>10</sup> *ibid.*

<sup>11</sup> Department of Education and Training, *Victorian training market report 2014*, DET, Melbourne, 2015, p. 18.

<sup>12</sup> C McInnis, R Hartley, J Polesel & R Teese, *Non-completion in vocational education and training and higher education*, Commonwealth Department of Education, Training and Youth Affairs, 2000.

**Case study – Sekou**

Sekou came to the Brotherhood of St Laurence seeking employment as he had some qualifications but had not been able to find work. Sekou had completed a Certificate III in Aged Care and was enrolled in a Certificate IV in Disability, both with the same private training provider. A screening process conducted by the Brotherhood identified that Sekou’s language and literacy was at ACSF level 1 to 2 despite the recommendation that learners should have at least ACSF level 3 to undertake in Certificate III and IV qualifications.

Sekou had sent many job applications to aged care employers but had received no response. He could not represent his skills verbally or in writing. The Brotherhood of St Laurence found that Sekou had a genuine interest in working in aged care and he also had some basic skills that would be valued by prospective employers.

Following advice, Sekou deferred his enrolment in Certificate IV and enrolled in further English studies. With support from the Brotherhood, he successfully applied for a role as a laundry assistant with a reputable aged care provider. This has helped him to build his workplace knowledge in an aged care setting in order to achieve his goal of becoming a personal care attendant.

In short, while some positive outcomes resulted from the first wave of VET reforms, the changes also produced some significant negative outcomes. These unintended consequences work against the VET system’s mission to equip the working-age population with the necessary skills and capabilities to gain employment in the modern labour market. Government funding of the for-profit sector in Victoria increased at an annual rate of 42 per cent between 2008 and 2013,<sup>13</sup> and more than 440,000 students were enrolled in government-subsidised VET courses in 2014.<sup>14</sup> Poor completion rates, and poor quality qualifications that do not meet the needs or expectations of employers, represent a poor return on this substantial government investment.

In response to the unsustainable spending on VET, the Baillieu government implemented a second wave of reforms in 2012, cutting almost \$300 million from the state’s spending on VET. This funding was primarily cut from the public TAFE sector, which was seen as costly and inefficient.<sup>15</sup> However, these reforms arguably reinforced, if not exacerbated, the doubts about the sustainability of the public sector and the quality of the private sector, with no clear improvements in reported completion rates to 2014.<sup>16</sup>

The objectives of the first wave of VET reforms remain central to the productivity of Victoria, and to the economic and social participation of its citizens. However, in pursuing these aims, a key factor has been overlooked: the failure to adequately understand and respond to the composition of the VET population. This failure is institutionalised through course funding arrangements, a lack of connection to industry needs, limited support services, and a lack of guidance for learners in the VET system. In order to achieve a quality, stable and sustainable VET system, the needs of the student population must be recognised in funding arrangements.

<sup>13</sup> S Yu & D Oliver, op. cit., p. 3.

<sup>14</sup> Department of Education and Training, op. cit., p. 4.

<sup>15</sup> D Hetherington & J Rust, op. cit., p. 3.

<sup>16</sup> Department of Education and Training, op. cit., p.19.

## Composition of the Victorian VET population

Vulnerable and higher needs learners are not a minority within the VET system; in fact they constitute a core group. In 2013, over 40 per cent of students in the Victorian VET system were from the two lowest socioeconomic quintiles.<sup>17</sup>

The data on different learner groups within the VET system are not mutually exclusive, and so cannot provide a definitive breakdown. However, we do know that young people aged 15–24 make up 40 per cent of VET students in Victoria, and that over 40 per cent of all VET students have not completed Year 12.<sup>18</sup> Also, between 2009 and 2014, the number of unemployed students enrolled in VET more than tripled, and the number of Indigenous students, students with a disability and CALD students also significantly increased (43 per cent, 75 per cent and 124 per cent respectively).<sup>19</sup>

## Learner outcomes and employer needs

Victoria faces a significant mismatch between the needs of employers, and the skills and capacities of these significant groups of learners within the VET system. Data demonstrates that vulnerable and higher needs learners are:

- over-represented in certain types of courses (for example, lower qualification levels)
- experiencing poorer completion rates than other learners
- experiencing poorer employment outcomes than other learners.<sup>20</sup>

Clearly then, any efforts to improve the quality, stability and sustainability of the VET system requires a system level response to enable these learners to engage with and complete accredited training. This is particularly important given the restructuring of the modern labour market, which has resulted in the spread of temporary and insecure jobs, the casualisation of work, and an increased emphasis on worker flexibility and life-long learning.<sup>21</sup>

The question remains: what is necessary for these learners to achieve successful VET outcomes? First, like all learners in the VET system they require a quality education, with teaching that combines experience with theory, and adequate vocational guidance to navigate the system. However, non-vocational factors, such as stable financial support, supportive relationships, and connections to the community, employers and mainstream services are equally important. For most learners, these things are often provided by family, friends, and wider networks. However, for many vulnerable and higher needs learners, these supports are lacking.

While not all of these elements are within the scope of the VET system, given their impact on completion the role of VET must include the provision of some additional supports. Specifically, these learners require quality vocational guidance, work experience, individual learning support and links to the necessary personal supports.

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<sup>17</sup> National Centre for Vocational Education Research, op. cit., sheet B.2.

<sup>18</sup> *ibid.*

<sup>19</sup> Department of Education and Training, op. cit., p. 74.

<sup>20</sup> National VET Equity Advisory Council, *Equity blueprint 2011–2016 creating futures: achieving potential through VET*, NVEAC, Canberra, 2011, p. 7.

<sup>21</sup> D Bowman, 'Caught in transition?', *VCOSS*, 2015, p. 1 (unpublished).

Vocational guidance is essential for those learners with limited support and networks, as a lack of guidance about courses, labour market conditions and individual career development can result in training ‘churn’ and non-completion.

Just gaining a qualification does not automatically lead to employment, for employers are increasingly placing a premium on experience. VET is key to the provision of this work experience for those learners who lack the resources, networks and skills to arrange their own opportunities.

Individualised learning support is also essential for these students, especially for the large number who have not completed Year 12.<sup>22</sup> To successfully complete qualifications, many higher needs learners require flexibly paced course delivery and assessment methods; language, literacy and numeracy support; and training that is attuned to their diverse learning styles and needs.<sup>23</sup>

Lastly, personal barriers, such as financial hardship, homelessness, mental illness and a lack of family support can also impact on their capacity to engage with and complete training. Student wellbeing support is a key factor for successful learning outcomes for vulnerable and high needs learners.<sup>24</sup> The VET system must be able to connect vulnerable and higher needs learners with the necessary specialist supports.

In responding to the VET Funding Review, the Brotherhood of St Laurence makes the following recommendations to improve the quality, stability and sustainability of the Victorian training system. As a non-profit organisation which undertakes research and programs designed to address the needs of those experiencing disadvantage, our recommendations are focused on those in the VET system who may be vulnerable and have higher needs.

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<sup>22</sup> National Centre for Vocational Education Research, op. cit., sheet B.5.

<sup>23</sup> G Myconos, *Lessons from a flexible learning program: the Brotherhood of St Laurence Community CVCAL Education Program for Young People 2010-2013*, Brotherhood of St Laurence, Fitzroy, 2014, p. 10.

<sup>24</sup> M Davies, S Lamb & E Doecke, *Strategic review of effective re-engagement models for disengaged learners*, DEECD, Melbourne, 2011.

## 2 Recommendations

### **D. Meet community service obligations to support vulnerable and higher needs learners to complete training and transition to employment.**

#### **Recommendation 1**

Meet community service obligations by providing additional funding for vulnerable and higher needs learners. Vocational education and training for these learners should be delivered by approved providers.

Vulnerable and higher needs learners require additional support to complete quality vocational education and training that has sustainable employment prospects. They often face complex and interconnected barriers to undertaking training, and often lack the required social and cultural capital. Research has consistently demonstrated that student wellbeing support is essential to successful learning outcomes.<sup>25</sup> Many higher needs learners experience individual, structural and situational barriers which often impact on their family circumstances, literacy and numeracy skills, income, and wellbeing issues that must be considered if sustained engagement and successful completion of VET is to occur.

In the past, TAFEs received funding in recognition of their community service obligation—that is the additional costs associated with the provision of infrastructure (such as libraries, student recreational facilities, digital resources) and support services (Language Literacy and Numeracy support, student counselling, disability services, services for CALD students, job search services and housing assistance services).<sup>26</sup> TAFEs remain a vital gateway into post-secondary and vocational education for a considerable proportion of VET students, and the primary provider for vulnerable and higher needs learners.<sup>27</sup> The Brotherhood welcomes the Victorian Government’s election commitment to provide additional funding for TAFEs in recognition of this vital service role, which had diminished as a result of previous funding cuts.

However, notwithstanding the special role of TAFEs, there is evidence to suggest that larger institutions are not always ideal for vulnerable and higher needs learners. They can be an intimidating learning environment, particularly for those experiencing personal issues which impact on learning such as anxiety, lack of confidence and lack of self-esteem.<sup>28</sup> In these circumstances a smaller, non-profit community provider may be better placed to deliver the necessary support services to these students, in line with their organisational mission.

In 2014, the Victorian Government introduced an ‘approved provider’ list for foundation skills training. The Brotherhood recommends a similar approach to funding the necessary supports for higher needs learners to undertake vocational training. To achieve approved provider status, an

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<sup>25</sup> M Davies, S Lamb & E Doecke, op. cit.; National VET Equity Advisory Council, *Equity in VET: good practice principles*, NVEAC, Canberra, 2013.

<sup>26</sup> Victorian TAFE Association, *Inquiry into the role of Technical and Further Education system and its operations: submission*, Victorian TAFE Association, Melbourne, 2013, p. 39.

<sup>27</sup> S Yu & D Oliver, op. cit., p. 4.

<sup>28</sup> G Myconos, op. cit., p. 8.

RTO would need to demonstrate the capacity to deliver these key supports. Such providers would be accountable for their performance against relevant regulatory standards.

Research and our own experience have demonstrated that the following are core elements of a CSO to enable higher needs learners to complete vocational education and training:

- **Individualised learning** - Language, literacy and numeracy support needs to be integrated and incorporated within vocational programs. Flexibly paced course delivery and assessment is often essential, with learning support services adapted to the needs of the individual learner.
- **Wellbeing support** – Strong partnerships between providers and external community support services, that involve communication, consistency and networks of referral and support, will help address specific wellbeing needs.
- **Pathway planning** – Vocational guidance and pathways planning should be provided to support students to transition to further training and employment. This includes clear and easily accessible information and advice on courses, and personalised coaching to work with the learner to identify their aspirations and to address barriers to learning.<sup>29</sup>

Approved providers will need to collaborate with community services organisations to ensure their learners receive the wellbeing support that is critical to successful learning outcomes. A similar model is used in Queensland to deliver the Community Learning initiative: funding is provided to Pre-qualified Suppliers to deliver accredited training up to and including Certificate III level to ‘disadvantaged learners’. Providers must be partnered with community-based organisations, to ensure the delivery of both learner support and quality training, and training providers must demonstrate a ‘commitment to access and equity principles’, as well as an ability to provide appropriate services.<sup>30</sup> Applicants for Community Learning funding are assessed on their management capacity, strategies to assist learners, outcomes, cost and value for money and servicing community and industry needs.

The Brotherhood recommends that additional funding be available to recognised vulnerable and higher needs learners, including:

- early school leavers
- those without Year 12
- young people connected with DHS services (such as homeless young people who are in receipt of services and those in out-of-home care)
- students from Aboriginal and Torres Strait Islander backgrounds
- refugees who have arrived in the last five years
- jobseekers with a classification equivalent to Streams 3 and 4
- those registered with a DES provider.

School-aged young people who have exited secondary school and present to the VET system should be required to enrol with a provider that provides these supports. Just as secondary schools

<sup>29</sup> M Trombin, *Linking together framework and toolkit: a shared approach to engaging service-connected young people in mainstream VET in the City of Hume*, Brotherhood of St Laurence, Hanover Welfare Services and Kangan Institute, Melbourne, 2014, pp. 3-4.

<sup>30</sup> Department of Education, Training and Employment, *Community Learning: inclusive learning for Queenslanders – guidelines for funding 2014–15*, DETE, Brisbane, 2013, p.2.

have a duty of care to provide a high degree of support for their students, school-aged young people who are outside the school system should be learning in a setting which can deliver a similar level of support.

Approved providers could apply for this additional funding stream in order to deliver the necessary supports to vulnerable and higher needs learners. Such a funding system and an approved provider list would prevent roting and be easier for the Department to oversee and audit.

## **I. Provide quality information and decision support tools for students.**

### **Recommendation 2**

**Fund a network of Vocational Hubs to provide quality, independent vocational guidance to all young people engaged with the VET system.**

The transition from school to further study or employment has become increasingly complex. The changed labour market has resulted in increased risks, which are felt keenly by young people. Full-time employment opportunities for young people have dramatically declined, with those seeking work confronted with fewer entry-level jobs and an increased demand for both qualifications and experience. With employers placing a premium on education, skills and work experience, securing that first step on the job ladder for young people has become a harder task.

Given the ever-changing post-school environment, it is important that all young people are well informed and have careers advice and vocational plans. Best practice in effective career development for young people includes:

- tailoring services to take into account the circumstances of particular groups and encouraging pathways that recognise both labour market opportunities and personal interests and abilities
- giving young people the tools and support to develop a ‘line of sight’ from school to further training or education and employment
- integrating career development with the workplace by encouraging employers to provide access to the work environments
- providing opportunities for young people to engage in career exploration and decision making to broaden their horizons.<sup>31</sup>

Despite the large percentage of VET students who are young (21 per cent are 15–19 years and 18 per cent are 20–24 years<sup>32</sup>) and the complexity of the VET system, there is no avenue for quality, independent vocational guidance. Further, the demand-led system has resulted in courses of widely varying quality delivered by a multitude of public, private and not for profit training providers. The result is that young people often make decisions too early, commence courses that they are not well matched to, or end up with qualifications that hold little weight with employers and provide limited opportunities to gain a local job. This fuels high rates of non-completion, training churn and disillusionment for young people.

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<sup>31</sup> RA Polvere & P Lim, *Career development supporting young Australians: a literature review*, BSL and NCVER, Melbourne, 2015, pp. 5–6.

<sup>32</sup> National Centre for Vocational Education Research, op. cit., sheet A.2.

Currently, career guidance in Victoria is primarily delivered through the mainstream schooling system. The Managed Individual Pathways (MIPs) program, which is delivered to all students aged 15 years and over in Victorian government schools, aims to help them develop an individual career action plan, and implement it. Additional support is available to students deemed ‘at risk’ of disengaging from education. Other initiatives include the Victorian Career Curriculum Framework, an online resource for career development programs and activities for all young people in Years 7 to 12 as well as those in the ACE and VET sectors; Regional Career Development Officers to support individual practitioners and schools through regional careers networks; and the small scale Careers Mentoring Network Initiative which provides early support for those young people most likely to leave school early. While these initiatives are constructive, their implementation has been mixed, and has rarely extended outside the school system.<sup>33</sup> Furthermore, within mainstream schools, career guidance is generally oriented towards university, with academic pathways emphasised over vocational ones. This is often due to a combination of limited resources and the culture and traditions of secondary schools which see vocational learning as outside their mission.<sup>34</sup>

The concentration of guidance within the school system is highly problematic for young people who have left school early, as is the focus on academic options for those who do not wish to follow an academic pathway into higher education. Perversely, these young people are arguably the ones most in need of vocational and career guidance, as they often lack the skills and resources to navigate the complex post-school environment and plan their pathway into work. Each year more than 10,000 young Victorians aged 15–17 leave school prematurely and a further 6,000 disengage within 12 months of entering the VET system.<sup>35</sup> These young people have less access to quality services, fewer opportunities to experience the workplace and expand their knowledge of career options, and less chance of going on to further study or employment.<sup>36</sup>

External avenues for career guidance are limited, but include Job Services Australia (JSA) providers and RTOs. However, JSA providers lack the capacity to provide the necessary support and guidance. Moreover the JSA funding focus on compliance over engagement incentivises providers to push young people into training without adequate consideration of their strengths and interests, or sustainable employment outcomes.<sup>37</sup> TAFEs have traditionally offered career guidance, and all RTOs are required to assess the suitability of the course for the prospective students. However, this guidance necessarily occurs after a student has arrived at a provider, and the competitive market means there are clear disincentives for providers (including TAFEs) to provide unbiased advice to students.

There are also several online sites designed to provide career guidance and help navigate the VET system, including MySkills, which provides information on courses and providers; and MyFuture, which provides information on career development, jobs and pathways. However, while emerging technologies enable the wide distribution of information, research has demonstrated that for vulnerable and high needs learners, face-to-face engagement is essential for guidance and pathways planning.<sup>38</sup> Furthermore, providing vocational guidance online assumes that all prospective

<sup>33</sup> Synergistiq, *Impact evaluation of improved career development services final report*, Synergistiq, Carlton, 2013.

<sup>34</sup> J Polesel & K Clarke, ‘The marginalisation of VET in an Australian secondary school’, *Journal of Vocational Education and Training*, vol. 63, no. 4, 2011, pp. 525–38.

<sup>35</sup> Government data cited in H Cook, ‘10,000 children dropping out of school’, *The Age*, 11 May 2014.

<sup>36</sup> RA Polvere & P Lim, op. cit., p. 33.

<sup>37</sup> Jobs Australia, *Jobs Australia policy on youth transitions*, Jobs Australia, Carlton South, 2014, p. 11.

<sup>38</sup> G Myconos, *Developing Independence: evaluating an educational initiative for young people facing homelessness Pilots 1 and 2*, Brotherhood of St Laurence, Fitzroy, 2014, p. vii.

students possess equal digital literacy and access, which is often not the case for those experiencing disadvantage.

## The Vocational Hub model

The Brotherhood therefore recommends that existing resources be redeployed to establish a service capable of providing independent, quality vocational guidance, skills assessment and exposure to the world of work for all young people engaging with the VET system. The Brotherhood recommends the Vocational Hub model be youth-specific for a number of reasons: almost 40 per cent of the VET population are young people aged 15–24; the large existing resource base for young people can be readily realigned; and a significant body of research shows that initiatives for young people need to be youth-specific to be effective.<sup>39</sup>

For young people, particularly those not in school, a clear, central entry point for vocational guidance and career development services is essential.<sup>40</sup> Collaborative networks involving schools, Local Learning Employment Networks (LLENs), training providers, employers, local government and community organisations are key to enabling young people to develop their own networks, understand the labour market and plan their own vocational pathway.

The Knox Innovation, Opportunity and Sustainability Centre (KIOSC) provides a strong example of a model that uses partnerships with the LLEN, local government and local businesses to expose young people to vocational learning. The Victorian Government has cited KIOSC as one model to be considered for the forthcoming initiative on Technical Schools. However, the KIOSC partners with Swinburne University of Technology to deliver VETiS courses, and as a Trade Training Centre (TTC), it is only available to young people enrolled in secondary school. The model is thus not able to offer independent vocational guidance, or to cater for early school leavers.

Due to the competitive market of the VET system, the governance of the proposed Vocational Hubs must be independent of all RTOs. Key stakeholders in this independent governance structure could include local government and LLENs, as the 31 LLENs across Victoria coordinate local responses to youth disengagement and unemployment by forming networks and partnerships.

The Brotherhood recommends that these Hubs be open to tender, but be required to deliver the following key services:

- independent guidance on vocational pathways and the local labour market, resulting in an individual learning and career plan
- strengths and capabilities assessment to ensure that young people are matched to courses and pathways that take into account their skills and aspirations
- guidance in navigating the VET system, including information and referrals to local RTOs, as well as information on courses, costs, subsidies and VET-FEE HELP
- vocational and employment exposure including work and training tasters, and industry and training expos and speakers
- referrals to specialist support outside the Hub to address non-vocational barriers.

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<sup>39</sup> RD White & J Wyn, *Youth and society: exploring the social dynamics of youth experience*, Oxford University Press, Melbourne, 2004, p. 95.

<sup>40</sup> RA Polvere & P Lim, op. cit., p.43.

To facilitate these key services, the following are needed:

- an independent governance structure without ties to any single VET provider, irrespective of the location of the Hub (for example, a Hub might be located on a TAFE campus to leverage the infrastructure, but must be operated and funded independently of the TAFE).
- collaborative partnerships between key stakeholders including LLENs, local government, businesses, community organisations, schools and training providers.
- a single, visible location, which has sufficient infrastructure to attract young people, including high quality digital resources. This location may be local government, LLENs, TTCs or TAFEs.

The existing initiatives which aim to provide some of these elements often do not have the intended impact or reach all young people. The existing resources that could be leveraged to facilitate a network of Vocational Hubs include:

- School Focused Youth Service (\$7.5 million per annum)
- LLENs (\$8 million per annum)
- Connecting Connections Education Employment Pathways (\$800,000 per annum)
- Work and Learning Coordinator (WLC) (\$5.1 million per annum)

Based on the number of LLENs, that equates to almost \$700,000 per Hub, not including additional funding that may be available through MIPs (\$29–\$526 per student in Years 10–12).

These resource streams could be collapsed into a single pool to fund the staffing and services for the Vocational Hubs, which would each include:

- a Hub manager, who would also be responsible for managing stakeholder engagement
- three vocational advisors—qualified staff who provide individual vocational and VET system guidance, pathways planning and skills assessments
- a work and training placement coordinator who facilitates work tasters, and industry and training expos.

The target population for the Vocational Hub model would be young people aged 15–24 who are engaged or wish to engage in vocational education and training. This includes early school leavers who are interested in a vocational pathway and require advice on their next steps, and young people enrolled in VETiS, apprenticeships or traineeships.

### **A. Match training delivery to the growing job opportunities in Victorian industries.**

#### **Recommendation 3**

Ensure the VET funding system supports skill development in entry level jobs in key industries that offer entry-level employment opportunities for vulnerable and higher needs learners.

The Victorian economy has undergone dramatic structural changes, shifting from manufacturing and production to a knowledge and services focus. These changes are particularly evident in the youth labour market, which is characterised by non-standard types of employment, high

unemployment, and low-income, low skill jobs in areas such as the food service industry.<sup>41</sup> Although a post-secondary qualification improves long-term employment outcomes, young people may still struggle to find a job. Full-time positions for young people have declined, and young jobseekers face fewer entry-level opportunities and an increased demand for both qualifications and experience.

Structural labour market changes, as well as a lack of qualifications can also be a significant barrier for mature-age people, especially those with limited skills. An Australian Workforce and Productivity Agency (AWPA) report identifies a wide gap between the labour force participation of lower skilled mature-age people, at 69.3 per cent, and those who completed Year 12 and have post-school qualifications, at 88.3 per cent.<sup>42</sup>

### Case Study – Martin

Martin, aged 51, has longstanding mental health issues that saw him fall out of the labour market in his forties. Continued poor health prevented him from regaining employment. He is currently completing a Certificate III in Cleaning Operations through a traineeship at a social enterprise agency that specialises in providing employment opportunities for people with disabilities who have been long term unemployed. Martin is learning new skills, working towards his first completed qualification, and earning for the first time in years. He is enjoying both his job and the confidence he is gaining through formal training. For him, training as a cleaner has provided a pathway back to employment.

Currently VET funding has a differential pricing and weighted funding system for qualifications that are regarded as ‘high demand’ areas of employment growth. This approach does not adequately take into account the realities of entry or re-entry to the modern labour market for marginalised learners. Moreover this funding model is based on the growth areas of the state-wide labour market, so it also fails to take into account local conditions, which often provide markedly different employment opportunities from the aggregated state labour market.

In the outer growth corridors of Melbourne, the industries that offer entry-level jobs for young people and those without recent qualifications are primarily those that are not recognised as priority growth sectors. In the City of Whittlesea for example, retail trade is the largest employer, providing 16.2 per cent of the local economy’s jobs.<sup>43</sup> However, Certificate III level training in retail is currently paid at \$1.50 per hour.<sup>44</sup> Similarly, Hospitality Certificate III courses are funded between \$1.50 and \$3.00 an hour.<sup>45</sup> As funding prices have declined for such courses, delivery has

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41 H Cuervo & J Wyn, *Rethinking youth transitions in Australia: a historical and multidimensional approach*, Research Report 33, Melbourne Graduate School of Education Youth Research Centre, Melbourne, 2011.

42 Australian Workforce and Productivity Agency, *Labour force participation: youth at risk and lower skilled mature-age people data profile*, AWPA, Canberra, 2014, p. 25.

43 Economy.id, *City of Whittlesea: employment (total) by industry*, .id, 2014, <<http://economy.id.com.au/whittlesea/employment-by-industry>>, visited on 7 April 2015.

44 Department of Education and Early Childhood Development, *Refocusing vocational training - course subsidy list*, DEECD, Melbourne, 2012, p. 34.

45 ABS 2011, *Census of population and housing 2011*, ABS, Canberra, Industry of employment by age by sex, [http://stat.abs.gov.au/Index.aspx?DataSetCode=ABS\\_CENSUS2011\\_B43](http://stat.abs.gov.au/Index.aspx?DataSetCode=ABS_CENSUS2011_B43)

46 Department of Education and Early Childhood Development, op. cit., p. 4.

also declined with providers either no longer offering them or offering poor quality courses which do not meet employers' needs.

In regional and rural Victoria, local employment opportunities may be quite different from the state-wide pattern. For example, the City of Ballarat's major employing industries are identified by the local Chamber of Commerce as manufacturing, tourism, health and community services, education and retailing. The Brotherhood of St Laurence works in collaboration with a local community agency in Sebastopol to deliver a Work and Learning Centre (WLC). Most WLC clients are long-term unemployed with low levels of qualifications and skills. Data from 2014 shows that 53 per cent of Ballarat WLC clients are aged under 25 years, and 15 per cent are mature-aged people seeking to re-enter the labour market. The Ballarat WLC helps people to gain skills and then places them into entry-level positions with local employers. A significant proportion of positions take the form of traineeships, with employment and training delivered concurrently. Key employing industries for clients in 2014 were retail (24%); hospitality/tourism (25%); administration (11%); health and social care (14%).<sup>47</sup>

Qualifications like retail, hospitality, cleaning operations and business administration open up important entry-level employment opportunities, particularly for young people, people from CALD backgrounds, people with a disability and mature-aged workers seeking to re-enter the labour market. The Brotherhood recommends that the government review the funding of training courses that provide labour market entry opportunities, to ensure that training subsidies at least cover the cost of quality delivery.

#### **G. Ensure fees and student costs are not a barrier to participation.**

##### **Recommendation 4**

Extend the out-of-home care fee exemption to young people in the homeless services system, and those leaving the youth justice system to ensure course costs are not a barrier to accessing training.

Young people who are living in out-of-home care, engaged with the youth justice system, or engaged with youth homelessness services are among society's most vulnerable groups. They experience multidimensional disadvantage and social exclusion. They are under-represented in mainstream and post-compulsory education, as they often lack the resources, networks and academic backgrounds for sustained engagement.<sup>48</sup> Australian education systems assume that children and young people are supported by their families to achieve at school. However, this is not the case for all students. In reality the extent and continuity of support that a 'service-connected' young person has is paltry compared with the support of a family-connected young person.<sup>49</sup> Even among poorer students, service-connected young people typically fare the worst, as they often lack basic supports, including safe home environments, sufficient nutrition and positive adult role models.<sup>50</sup>

<sup>47</sup> Unpublished data

<sup>48</sup> J Buick, S Mallet & S James, *op. cit.*, p. 16.

<sup>49</sup> *ibid.*

<sup>50</sup> *ibid.*, p. 18.

For service connected young people, a well-chosen education pathway towards meaningful employment is critical to maintaining housing and economic independence, and avoiding long term social exclusion. In light of the multiple barriers that these young people face, it is essential to address their financial barriers to engaging with education and training.

The Victorian Government recognises this in relation to out-of-home care. The Transitioning From Care Initiative waives tuition fees for young people in out-of-home care, under custody or guardianship orders, and those aged 21 and under who have recently transitioned from state-based care. The exemption applies to VCAL, VCE, Certificate I-IV, and diploma or advanced diploma courses. Under the referral and verification process established by DET and DHS, this training is delivered only by approved RTOs through the Young People Transitioning From Care Initiative Provider Network to ensure appropriate support for these young people.

This is a strong model for supporting service connected young people to take up training and education. The Brotherhood recommends that this fee exemption be extended to young people who are engaged with state-funded youth homelessness services and those who are engaged with the youth justice system.

## **H. Ensure eligibility to access subsidised training is fair and well-targeted.**

### **Recommendation 5**

**Establish a short-term Skills-Gap Program, focusing on the aged care and early childhood sectors, with an approved list of training providers.**

The Victorian Training Guarantee (VTG) was implemented to make vocational training more accessible to people who do not hold a post-school qualification, or who want to ‘upskill’. While the VTG means that in theory the number of government-subsidised training places is not limited, these places are only available to people who meet the eligibility requirements. For those over the age of 20, this means they can only access subsidised training places for a qualification higher than the one they already hold; and for everyone there is a limit of two subsidised places per year.

Brotherhood staff are seeing an increasing number of jobseekers who have exhausted their subsidised training entitlements but who still have significant skills gaps, including in language and literacy. The poor quality of some training courses has left many Victorians with qualifications that are effectively unusable. Aged care employers are reporting a large number of ‘qualified’ applicants for care attendant jobs who cannot demonstrate the skill that are needed. Disadvantaged communities have been targeted by poor quality providers, which deliver minimal hours of training, often with little face-to-face delivery. The Brotherhood has identified jobseekers—from newly arrived communities, including refugees, and those living in public housing and in urban growth corridors—that have ‘qualifications’ but no job search skills, no relevant work experience, and sometimes limited understanding of, or suitability for, the industry they have been ‘trained’ in.

Reforms to the Victorian training system should help lift training quality. However, there are unemployed Victorians who have been let down by the training system. They have nominal qualifications in high demand areas such as aged care and early childhood services, but they have skills gaps and no prospect of a job. Having exhausted their eligibility for VTG-funded training, they are unable to refresh their qualification or forge an alternative career.

The Brotherhood has successfully trialled a small Aged Care Skills Gap pilot program in which participants undertook work experience, completed work-based competency assessments and ultimately secured employment with the Inner Easter Health Group (Sir Eric Pearce House), Mercy Hospital, Australian Unity and Benetas. The project is currently demonstrating 73 per cent positive outcomes in terms of progression to employment or further training.

The Brotherhood recommends that the Victorian Government establishes a short-term Skills-Gap Program, focusing on the aged care and early childhood sectors—two areas which have entry-level job shortages, but often have variable quality training — with provision only by approved providers. A recognised Skills Gap program would help address the previous poor quality training outcomes for some of Victoria’s most vulnerable groups. Language and literacy assessments and a vocational skills audit to identify specific competency gaps would be provided along with training. Participants would be supported to develop their employability skills, learn about employer expectations and Australian workplace culture, undertake practical industry work placements, and complete work-based competency assessments. Partnerships with employers to inform the training delivery and host work placements would be central to the program model.

### **Recommendation 6**

Improve the English language skills and workforce capability of newly arrived jobseekers by exempting EAL (English as an Additional Language) from the annual two qualifications restriction.

It is essential to Victoria’s productivity that members of our newly arrived communities can develop the English language skills needed to fully engage in the community and the workforce. Many individuals still have inadequate English, even after using their allotted hours of language, literacy and numeracy tuition under the federally funded Adult Migrant English Program.

Individuals from newly arrived communities are particularly susceptible to the negative outcomes of the VTG ‘upskilling’ requirements outlined in the previous recommendation. Many participants in vocational training exhaust their annual quota within a single training program which includes both foundation skills and a vocational qualification. For those with limited English, the ‘two course’ rule can inadvertently prevent them from gaining the additional language skills critical for employment. The investment in their vocational training risks being wasted.

To overcome this, the Brotherhood recommends exempting English language certificate qualifications (EAL) from the two-course rule for subsidised training. This measure supports newly arrived communities to develop the language competency needed to gain employment or to progress to higher studies.

**B. Ensure all government subsidised training is high quality.**

**Recommendation 7**

Require a minimum number of hours of work placement for vocational training courses of Certificate III or higher with an initial focus on occupations with high levels of responsibility such as aged care and early childhood education and Care.

Vocational training should provide the skills and experience employers require. However, employers regularly report that applicants are not job-ready despite having completed the requisite qualifications; and the Brotherhood frequently encounters people who have vocational qualifications but still cannot find work.

Research suggests that employability skills are best obtained through a 'real' experience of work.<sup>51</sup> Practical work placements can help to build people's knowledge and skills, create networks for future employment, demonstrate workplace expectations and develop problem solving, confidence team work and communication skills. The Brotherhood's experience has demonstrated that building practical job placements into vocational training programs strengthens learners' job-readiness and improves their employment prospects. It also creates a stronger nexus between training content and employer needs. While most training packages are supposed to include work-based learning, the requirement is often vaguely worded and not necessarily a focus of departmental audits.

The BSL recommends that minimum hours of practical work placement be explicitly required in vocational training courses of Certificate III or higher, with an initial focus on high responsibility occupations such as aged care and early childhood education and care. The Brotherhood suggests a minimum of 100 hours of work placement be required. Further the Brotherhood suggests that the delivery of these hours through practical placement should be a focus for quality audits.

**Recommendation 8**

Specify the minimum hours of face-to-face training delivery (as opposed to online delivery) for vocational qualifications to ensure learners can develop and demonstrate their competence.

There is considerable variation in the quality, and mode of delivery, of training courses across Australia. Some providers rely solely or very heavily on online delivery. While this may be suitable for some qualifications, it is generally not suitable for more disadvantaged learners and offers limited opportunities for trainees to develop and demonstrate the competencies that employers require.

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<sup>51</sup> S Oxenbridge & J Evesson, *Young people entering work: a review of the research*, Acas Publications, London, 2012.

There is clear evidence that a blend of face-to-face and online delivery yields the best results for learners, particularly for those experiencing barriers to work.<sup>52</sup> A recent Australian Skills Quality Authority report noted the limitations of online delivery for white card training in the construction industry and called for both minimum hours of delivery, and face-to-face assessment and verification of learners.<sup>53</sup>

The Brotherhood recommends specifying a minimum number of hours of face-to-face delivery for vocational courses where complete online delivery is not appropriate. This would need to be reflected in the requirements of training packages and VET accredited courses.

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<sup>52</sup> J Hattie, *Visible learning: a synthesis of over 800 meta-analyses relating to achievement*, Routledge, London, 2009, pp. 220–7.

<sup>53</sup> Australian Skills Quality Authority, *Training for the White Card for Australia's construction industry*, ASQA, Melbourne, 2013.