



Brotherhood of St Laurence
67 Brunswick Street
Fitzroy 3065 Victoria Australia
Telephone: 03 9483 1183
Facsimile: 03 9417 2691
DX 282 Melbourne

Friday, 13 February 2015

Education and Employment References Committee
Senate, Parliament of Australia
via email: eec.sen@aph.gov.au

Dear Committee Members,

Re: Inquiry into the operation, regulation and funding of private VET providers

Thank you for the opportunity to contribute to your Inquiry.

The Brotherhood of St Laurence is an independent, non-government organisation committed to working towards an Australia free of poverty and social exclusion.

One of our major aims is to assist those groups at highest risk of long-term unemployment to acquire the skills, qualifications and experience needed to prosper in the labour market. These include early school leavers; those who do not have the experience, qualifications or skills required in the Australian labour market; newly arrived communities; and those living on the urban fringe or in regional or remote locations with poor training and employment opportunities. We are particularly concerned about young people, given Australia's rising rate of youth unemployment.

Our nation is facing a significant mismatch between the needs of employers, and the skills and capacities of significant groups of the 'at risk' jobseekers mentioned above. It is critical that we invest in building their skills, qualifications and employability so that they are able to fully participate in the mainstream economic and social life of our nation.

The VET system is pivotal to addressing this skills gap, particularly for:

- the 60 per cent of young people who will not achieve a university qualification, and who rely on the VET system as the main avenue for gaining recognised qualifications.
- those who leave the school system without functional levels of literacy or numeracy, and who rely on the VET system to build the foundation skills needed to move into further study or work.
- members of newly arrived communities who need to build their English language skills and understanding of Australian workplace expectations in order to successfully build a career.
- mature-age workers and jobseekers who need to reskill to adapt to a rapidly changing labour market.

Despite significant investment by governments around Australia, the VET system is frequently providing poor value for money, and poor outcomes, particularly for learners experiencing barriers to employment.

The Brotherhood sees the consequences of these shortcomings first hand. They are of such a magnitude that we have established a special program to meet the skills gaps of people who have obtained vocational qualifications, but who still lack the rudimentary skills needed or are poorly matched to perform the duties of the relevant occupation. Most of people engaged in our program are from vulnerable groups, including refugees, those living in public housing and in urban growth corridors. Often they have been targeted by poor quality providers who offer minimal hours of training with little face-to-face delivery and no work placements. This leaves trainees with insufficient skills or experience to secure the employment their training should have led to. They have no job search skills, no relevant work experience, and sometimes have a poor understanding of the industry, or are not well suited to the field for which they have trained. For example, we have come across people with a Certificate III in Aged Care who have never set foot in an aged-care facility. When we speak to them about what is involved in working in aged care, it becomes quickly apparent that it is not a vocation for which they are well suited. They have been let down by the training system.

Attached is a detailed submission, with recommendations for reform, that the Brotherhood made to the national VET Review last year. The recommendations seek to tackle some of the current system shortfalls that impact heavily on learners experiencing disadvantage. They apply regardless of whether training is being delivered by a public, not-for-profit or commercial provider.

Of particular relevance to the Senate Inquiry are our recommendations that:

Compulsory work placements be embedded in vocational training courses to strengthen the nexus between training and employment - see Recommendation 1

Employers regularly report that applicants are not job ready despite having completed the requisite qualifications. Better training providers offer real work placements and support learners to find work, but this is not a mandatory requirement in most vocational courses and is not incentivised through current funding arrangements. 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 employer needs and training content because it requires training providers to establish strong relationships with a network of employers willing to host practical work placements.

Minimum hours of face-to-face training delivery (as distinct from online delivery) for vocational qualifications need to be specified - see Recommendation 2

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. Face-to-face delivery is critical to ensuring that learners can receive support to overcome barriers, develop and demonstrate their competence.

Funding for training providers be weighted more heavily towards course completion rather than commencement to lift training completion rates - see Recommendation 3

This would encourage providers to assess capabilities and interests more stringently to ensure the course is a good match each participant, and lift training completion rates. It would also reduce the incentive for providers to recruit learners to training, regardless of whether it is a good fit for them.

Specialist providers of foundation-level qualifications be accredited and funded to deliver the support that early school leavers and other disadvantaged learners need to move into higher level study and work - see Recommendation 4

Participants in foundation-level qualifications are predominantly early school leavers, those experiencing learning difficulties and people from non-English speaking backgrounds.

The Brotherhood has learnt from experience that successfully engaging learners in foundation level courses requires personalised coaching, flexibly paced course delivery, access to supported practical work placements and work tasters. Vocational guidance that connects learners with mainstream opportunities—through strong relationships with local employers and connections with TAFE colleges, is also critical.

The Victorian Government has recently introduced an ‘approved provider’ list for foundation skills. A similar national approach could be introduced with specific recognition of providers capable of delivering quality foundation training through the accreditation and funding system.

Jobseekers experiencing disadvantage who have exhausted their eligibility for state-based training subsidies be assisted to close the skills gap needed to secure employment - see Recommendation 10

We work with jobseekers who have exhausted their training subsidies by commencing courses they were not well matched to, or still have significant skills gaps that render them unemployable despite being awarded a qualification with another training provider. We also come across older jobseekers who have outdated qualifications and need to re-train, but are ineligible for state-subsidised training places. Having exhausted their eligibility for subsidised training, they are unable to refresh their qualification or forge an alternative career.

A possible recommendation of the Inquiry may be that ‘skills-gap’ programs be established to address the legacy of poor training provision. We are happy to provide further details to the Committee about such an approach.

A shared culture of learner support

The Brotherhood welcomes the new national Standards for Registered Training Organisations 2015, particularly the emphasis on improved transparency and protection of learners' rights, as well as on access to educational and support services. We are conscious that unlike TAFE and NFP providers (which typically have community service-type obligations integral to their mission) commercial providers may have difficulty adjusting to these new requirements. It is important, then, that new regulatory and accountability measures assist in building in a shared culture of learner support across all provider types.

VET FEE HELP scheme

A further concern, not addressed in our previous submission, relates to the risks of the VET FEE HELP scheme for disadvantaged learners. Recent research by the Grattan Institute indicates that people undertaking vocational qualifications will have less ability to repay HELP debt than higher education graduates.

There is also the issue of 'informed consent.' We are aware of people who, swayed by incentives, sign up for training which could leave them in debt.

The interests of both the VET participant and Government are best served if debt obligations come with the opportunity to develop skills and capacity to repay the debt. The Brotherhood, through a partnership with ANZ bank has developed a financial literacy program (Saver Plus) that builds capacity around budgeting and incentivises savings. It has proved highly effective at changing behaviour. BSL would welcome the opportunity to work with government to develop a financial literacy approach to complement VET FEE HELP.

Please feel welcome to contact Nicole Rees, our Senior Manager of Policy
to discuss any aspect of our submission.

Yours sincerely,

Tony Nicholson
Executive Director

Attached: BSL Submission to VET Review July 2014



Brotherhood
of St Laurence

Working for an Australia free of poverty

Recommendations to strengthen the capacity of our vocational and education training system

Submission to the VET Review

Brotherhood of St Laurence

July 2014

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. Recent projects include a literature review on supporting homeless learners in VET (2013) and NCVER funded research in partnership with Melbourne and Victoria University *Shedding light: private RTO training for young early school leaver* (underway).
- 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.

Brotherhood of St Laurence
67 Brunswick Street
Fitzroy Vic. 3065
ABN 24 603 467 024
Ph. (03) 9483 1183
www.bsl.org.au

For further information please contact:
Tony Nicholson
Executive Director
Brotherhood of St Laurence
Email: tnicholson@bsl.org.au
Ph. (03) 9483 1327

Recommendations to strengthen the performance of the VET system

Build a stronger link between training and work

1. Provide public training subsidies to vocational training courses at Certificate III and above only if they include practical work placements.
2. Specify the minimum hours of face-to-face training delivery (as distinct from online delivery) for vocational qualifications to ensure learners can develop and demonstrate their competence.

Lift training completion rates

3. Weight the funding for training providers more heavily towards course completion rather than commencement, to lift training completion rates.
4. Accredite and fund specialist providers of foundation-level qualifications to deliver the support that is critical to assisting early school leavers and other disadvantaged learners to move into higher level study and work.
5. Provide clear guidance about the educational and support services that training providers are required to offer to meet the needs of learner cohorts, and require providers to publicise what supports they have available.

Support the growth and successful completion of apprenticeships and traineeships

6. Expand opportunities for businesses to take on apprentices and trainees experiencing disadvantage without the associated employment obligations. This will require stronger support for the ongoing sustainability of Group Training Organisations, which facilitate this employment model.
7. Establish a dedicated trainee and apprenticeship scheme in the Australian public sector to ensure that entry-level opportunities are available in government departments and agencies for people who experience disadvantage in the labour market.

Create opportunities for young people experiencing homelessness to participate in VET

8. Assist young people to break the cycle of homelessness and disadvantage by supporting interventions that focus on education, training and skills development. Opening a network of Youth Foyers in TAFE institutes across Australia would advance this aim.

Enable a voice for disadvantaged learners in the VET system

9. Ensure the interests of learners experiencing disadvantage are represented in future VET advisory structures.

Create a VET system that complements Learn or Earn requirements

10. Work with states and territories to ensure that their rules around eligibility for VET subsidies support Learn or Earn requirements.

Section 1: Overview

The Australian economy is changing. While the modern economy offers great opportunities, it also comes with significant risks. Those seeking full-time work are confronted with fewer entry-level opportunities, and high competition for available jobs. There is an increasing emphasis on qualifications as a prerequisite for work, and a growing demand for higher skills. It is predicted that 70 per cent of the new jobs created by 2017 will require at least a Certificate III qualification, with more than half requiring a diploma-level qualification or higher.¹ Those without the required skills, experience and qualifications are in danger of being locked out of work for the long term.

The Brotherhood focuses on assisting those groups at highest risk of long-term unemployment to acquire the skills, qualifications and experience needed to prosper in the labour market. These include early school leavers; those who do not have the experience, qualifications or skills required in the Australian labour market; newly arrived communities; and those living on the urban fringe or in regional or remote locations with poor training and employment opportunities.

We are also particularly concerned about young people. Our 15–24 year olds are currently experiencing unemployment at almost three times the rate of those aged over 25 years, up from around twice the rate in earlier years. The number of young people experiencing long-term unemployment has tripled since 2008.² For those who do secure work, underemployment and precarious employment are becoming increasingly common due to the growth in casual and seasonal work compared with full-time opportunities. Additionally, there is a growing number of young people who can be described as the ‘invisible unemployed’: they are not studying, not in work and not looking for a job.³

As a nation we are facing a significant mismatch between the needs of employers, and the skills and capacities of significant groups of ‘at risk’ jobseekers mentioned above. It is critical that we invest in building their skills, qualifications and employability, so that they are not left to languish on the margins of our labour force. As the population ages and the proportion of people of workforce age declines, we cannot afford to leave large numbers of people ill-equipped to fully participate in and contribute to the mainstream economic and social life of our nation. Creating opportunity for those people who are at risk of getting stuck in a lifetime of disadvantage is crucial to boosting our economic prosperity.

The VET system is pivotal to addressing our existing skills gap, particularly for:

- the 60 per cent of young people who will not achieve a university qualification. They rely on the VET system as the main avenue for gaining recognised qualifications.
- those who leave the school system without functional levels of literacy, numeracy or English language. They rely on the VET system to build their foundation skills so that they can move into further study or work.
- members of newly arrived communities who need to build their English language skills, and understanding of Australian workplace expectations, in order to successfully build their career.
- mature-age workers and jobseekers who need to reskill to adapt to rapidly changing labour market needs.
- the training of apprentices and trainees in skills shortage and priority occupation areas.

Despite significant investment in vocational education by governments around Australia, the system is providing poor value for money. Course completion rates are low and training is not providing strong

Recommendations to strengthen the capacity of our vocational and education training system

pathways into work for people who most need the VET system. The move to a demand-led system is proving fraught, with risks for young learners and jobseekers experiencing barriers to employment.

Apprenticeships and traineeships are a key part of the VET system. They provide one of the few opportunities to combine paid work and structured training (both on and off the job) as part of a recognised qualification. They provide an effective pathway to a secure future in the labour force, particularly for early school leavers. The Brotherhood notes with concern the decline in the number of apprenticeship and traineeship opportunities: commencements are the lowest in a decade. In the 12 months to 30 September 2013, commencements fell by over 26 per cent.⁴ The average age of apprentices and trainees is rising, with 48 per cent now over 25 years old.⁵ Whereas these opportunities were once largely the domain of young people this is no longer the case.

The Brotherhood welcomes the current review of the VET system being led by the Minister for Industry. The following recommendations are designed to provide:

- constructive proposals to inform the VET Review process generally
- specific feedback in relation to the Draft Standards for Training Providers and Regulators.

Section 2: Recommendations to reform the VET system

A stronger link between training and work

Recommendation 1

Provide public training subsidies to vocational training courses at Certificate III and above only if they include practical work placements.

Vocational training should be closely linked to labour market needs to 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 works with people who have vocational qualifications but still cannot find work. Better training providers offer real work placements and support learners to find work, but this is not a mandatory requirement in most vocational courses, nor are there incentives through current funding arrangements.

In workplace surveys, employers routinely rank work experience as one of the most important attributes when recruiting staff.⁶ Employers are looking for staff who are work-ready, with strong personal skills like initiative, motivation, good communication and an ability to fit into the workplace.⁷ These skills can be learnt or strengthened through experience of work.

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 employer needs and training content. This approach requires strong relationships with a network of employers willing to host learners on practical work placements.

We recommend that minimum hours of practical work placement be specified in Standards for Training Providers. For vocational training courses of Certificate III or higher, which by nature are industry-directed and vocation-specific, the Brotherhood suggests a minimum of 100 hours of work placement be required to build learners' practical experience.

The opportunity to explore the world of work and vocational choices also needs to be entrenched into Certificates I and II so that learners can gain an appreciation of the emerging labour market, learn about different career options, and participate in work exposure opportunities before committing to higher level vocational training.

Ideally, entry and foundational level studies should be integrated with practical exposure to careers options through work experience or work taster components that provide participants with 'real-world' opportunities for hands-on learning about vocational options, and the conditions and types of work available in different industries. These entry level courses also need to include an opportunity for learners to learn about higher education options.

Recommendation 2

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

There is considerable variation in the quality of training courses delivered 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 opportunity for trainees to develop

and demonstrate the competencies that employers require. The Brotherhood frequently comes across people who have been awarded qualifications from training that has largely, or wholly, been delivered online but who have significant shortfalls in required competencies—such as poor English language or presentation skills—preventing their employment.

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.⁸ Online delivery alone, without personal interaction or guidance, is not sufficient. 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.⁹

The Brotherhood recommends the specification of 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.

Lift training completion rates

Recommendation 3

Weight the funding for training providers more heavily towards course completion rather than commencement, to lift training completion rates.

Completion rates of publicly subsidised VET courses are very low. For those under 25 years, completion rates range from 30.9 per cent for Certificate I qualifications to 56.2 per cent for Certificate III qualifications.¹⁰ This represents an appalling waste of scarce public resources. Staff of the Brotherhood's Work and Learning Division frequently meet young people who have unknowingly exhausted their training subsidies by attending training programs unsuited to their career interests or their capabilities. As a result, they have lost the chance to be supported to acquire qualifications that would be useful for their future careers.

Shifting the weighting of payments more heavily towards series of units completed, and reducing the weighting of payments for units commenced, would help reduce the perverse incentive for providers to enrol people in training to which they are poorly suited. This would also encourage providers to assess capabilities and interests more stringently to ensure the course is a good match, complementing the new focus on learner protection and information mooted in the Draft Standards for Training Providers. It would also encourage innovative course delivery to maximise learner engagement and completion. In the United Kingdom, where course success rates (which are very similar to completions) have become the focus in quality and funding regimes, success rates have increased from under 50 per cent to over 75 per cent.¹¹

In moving to this system, flexible timeframes are crucial to enable completion by disadvantaged learners.

Recommendation 4

Accredit and appropriately fund specialist providers of foundation-level qualifications to deliver the support that is critical to assisting early school leavers and other disadvantaged learners to move into higher level training or work.

Foundation-level courses focus on building core skills, such as literacy and numeracy, that are critical for employment. Employability skills such as problem-solving, teamwork and digital literacy also form part of these courses. They provide a bridge to higher studies and employment.

Participants in foundation programs are predominantly early school leavers, those experiencing learning difficulties and people from non-English speaking backgrounds.

Through our own experience in delivering foundation training, the Brotherhood has learnt that it is critical to support learners to remain engaged, and to assist them into further training and employment. These learners require personalised coaching, flexibly paced course delivery, access to supported practical work placements (where appropriate) and work tasters, and vocational guidance so they can make informed decisions about their future.

The Victorian Government has recently introduced an ‘approved provider’ list for foundation skills. The Brotherhood supports the Victorian Government’s approach and further recommends a national approach with specific recognition of training providers capable of delivering quality foundation training through the accreditation system. Such providers would be accountable for their performance against relevant regulatory standards including access and equity, participant outcomes and support services and training that meet learner needs. The emphasis needs to be placed squarely on training quality and outcomes.

There also needs to be an emphasis on connecting learners with mainstream opportunities—through strong relationships with local employers and connections with TAFE colleges for vocational and higher learning opportunities.

Adequate funding to enable approved foundational providers to deliver the support needed by disadvantaged learners is critical, but is not provided for under existing funding formulas.

Recommendation 5

Provide clear guidance about the educational and support services that training providers are required to offer to meet the needs of learner cohorts, and require providers to publicise what supports they have available.

The Brotherhood welcomes the requirement in the Draft Standards for Training Providers to offer sufficient education and support services to meet the needs of learner cohorts participating in training and assessment. Our experience has demonstrated that for learners experiencing disadvantage, supports to complement the delivery of training are critical to helping them to successfully attain their qualifications.

This provision could be enhanced by providing guidance about the types of services that may be effective to support learner participation. An RTO needs to offer personalised coaching to work with the learner to identify their aspirations and to address barriers to learning. We envisage education supports might include flexibly paced course delivery and assessment methods, careers guidance and, if required, learning support such as study skills tuition, language, literacy and numeracy support.

The RTO will need to be able to work collaboratively with wellbeing services (such as financial counselling, homelessness services, mental health services) to link the learner into specialist support where needed. It is not expected that RTOs are welfare specialists, but rather that they are able to connect with specialist service providers to ensure their learners receive the support that is critical to successful learning outcomes.

The proposed reform would be strengthened by requiring training providers to publicise they types of support they make available in their promotional material and learner contracts, to support informed decision-making.

Support the growth and successful completion of apprenticeships and traineeships

Recommendation 6

Expand opportunities for businesses to take on apprentices and trainees experiencing disadvantage without the associated employment obligations. This will require stronger support for the ongoing sustainability of Group Training Organisations, which facilitate this employment model.

Small and medium-sized businesses are now the major employers of apprentices and trainees. The number of these opportunities is dependent on the confidence of employers to make an extended commitment (up to four years in the case of apprenticeships), and is therefore particularly sensitive to the economic environment.

Growing the use of Group Training Organisations (GTO) for apprenticeships and trainees would help stabilise apprenticeship availability. GTOs can create job opportunities for disadvantaged jobseekers that would otherwise not be available.

GTOs offer an alternative model that enables businesses to take on apprentices and trainees without carrying the associated employment obligations. As the legal employer, GTOs take responsibility for recruitment, wages, industrial relations and human resources, WorkCover and training requirements. They overwhelmingly work with small and medium-sized businesses that are prepared to provide a host workplace but are unable or reluctant to shoulder the employment and compliance risks associated with hiring apprentices and trainees.

GTOs provide flexibility for apprentices to be rotated between host workplaces in response to varying business needs: over 15 per cent of GTO-employed apprentices are rotated to another host employer annually.¹² Without the GTO, these apprenticeships would have been cancelled, and apprentices might have found it challenging to find another employer with whom to complete their training.

GTOs also provide critical components proven to maximise the chances of successful completion of an apprenticeship or traineeship: pre-placement training, matching of the apprentice/trainee and the host employer, placement mentoring and pastoral care, and support for the host employer to provide a safe and supportive environment.

GTOs actively employ 'at risk' jobseekers who would be unlikely to secure apprenticeships directly with employers, and help to support their successful completion. Collectively they represent the largest employer of young Aboriginal and Torres Strait Islander people, and of young people with a disability.¹³

Recent decisions by the Australian Government to discontinue the Australian Apprenticeship Access Program (which was aimed at supporting vulnerable young people to prepare for, secure and complete apprenticeships) and the Apprenticeship Mentoring Program will narrow opportunities for apprentices and businesses that are not using a GTO to access supports.

GTOs also help employers navigate the complexity of the apprenticeship system, including the multiple layers of governments and agencies involved in the regulation, administration, training and provision of related services.

The ongoing financial sustainability of the GTO network is at risk. This risk has been intensified by the decline in apprenticeship and traineeship numbers. Reducing red tape and eliminating duplication between the roles of GTOs and Australian Apprenticeship Centres would put GTOs on a more sustainable footing. This could be achieved by enabling a GTO which employs an apprentice or trainee to perform the functions of an Australian Apprenticeship Centre. This would mean that just *one* organisation would be accountable for and

funded to administer the apprenticeship, arrange training and provide mentoring or pastoral care. Further, securing ongoing national funding for the Joint Group Training Program is critical to the survival of GTOs and their ability to create more apprenticeship and traineeship opportunities for young people, particularly those from disadvantaged backgrounds.

Recommendation 7

Establish a dedicated trainee and apprenticeship scheme in the Australian public sector to ensure entry-level opportunities are available in government departments and agencies for young people who experience disadvantage in the labour market.

Australian Government departments and agencies take on trainees from time to time, and many run graduate programs. However, there is no government-wide program to ensure the availability of structured entry-level opportunities for young people without tertiary qualifications to join the public sector.

Establishment of a dedicated traineeship and apprenticeship scheme in the Commonwealth public sector and its associated agencies would expand opportunities for young people around Australia to access entry-level employment, receive structured training and attain qualifications across a broad range of occupations. Intentional creation of these entry-level roles, even in a period of public sector downsizing, is critical. They provide a cost-effective way for departments and agencies to employ young people who are just starting out, and help build skills needed in local labour markets.

The Youth Employment Scheme (YES) in Victoria is a successful model that the Brotherhood would like to see expanded to the Australian public sector and to other governments across Australia. YES targets young people experiencing disadvantage, including those with a disability, Aboriginal and Torres Strait Islander people, those from CALD or refugee backgrounds, public housing tenants and young people living in areas with high rates of economic disadvantage or undergoing economic restructuring.

Grow the participation of young people experiencing homelessness in VET

Recommendation 8

Assist young people to break the cycle of homelessness and disadvantage by interventions that focus on education, training and skills development. Opening a network of Youth Foyers in TAFE institutes across Australia would advance this aim.

Each night around 24,000 young people experience homelessness in Australia. Unless they are able to break out of the cycle of homelessness they are likely to face a future of poverty, dependency on homelessness and other social services, and find themselves in trouble with the criminal justice system.

There is an urgent need to recast the way we tackle youth homelessness. Homelessness services for young people have had a strong focus on their immediate wellbeing, but less on their education and employment. We need to intensify the focus on education, training and employment: this can be the game changer for young people experiencing homelessness.

Education First Youth Foyers represent an overdue reform to tackling homelessness. They have a core focus on education and training as a means of breaking the cycle of homelessness and disadvantage. Foyer students live in student accommodation located on TAFE college campuses. They are supported to access mainstream education, training and employment opportunities. The Foyer model invests in building young people's strengths and capabilities so that they have the resilience and the resources to become active, independent and

connected adults. This is important not only for the individual young people involved, but also in preventing long-term welfare dependency.

The Brotherhood, in partnership with Hanover Welfare Services and the Victorian Government, is piloting Education First Youth Foyers at TAFE colleges in Victoria. Extensive work has been done on the practice framework guiding the operation of these Foyers, and a comprehensive evaluation is taking place. This model is demonstrating a more efficient and effective way of investing in the future of young people experiencing homelessness. Evaluations of comparable Foyers operating in England have demonstrated the cost-effectiveness of this approach, with 72 per cent of students in employment or training upon exit.¹⁴

The need to develop a new national partnership agreement on homelessness following the expiry of the current agreement in June 2015 presents an opportunity to reshape our service system and establish a network of Youth Foyers in TAFE institutes throughout Australia.

A voice for disadvantaged learners in the VET system

Recommendation 9

Ensure the interests of learners experiencing disadvantage are represented in future VET advisory structures.

The Minister for Industry has announced that an industry-led advisory committee is soon to be established to help the government deliver VET reforms.

The Brotherhood notes the cessation of previous VET advisory arrangements, including the National VET Equity Advisory Council. It is essential that the interests of disadvantaged learners are represented on future advisory structures, given their heavy reliance on the VET system.

The Terms of Reference for the future advisory committee need to explicitly include a requirement to advise on advancing the achievement of access and equity objectives for learners experiencing disadvantage or barriers to participation in VET. In particular, the committee would need to monitor and develop strategies to promote improved outcomes for youth at risk, second chance learners, Aboriginal and Torres Strait Islander people, learners with a disability, CALD learners and those living in regional, remote or outer suburban locations where with poor access to training opportunities.

Additionally, people with the experience to represent the interests of disadvantaged learners need to be included in the committee's membership.

Create a VET system that complements Learn or Earn requirements

Work with states and territories to ensure that their rules around eligibility for VET subsidies support Learn or Earn requirements

The Learn or Earn approach, which is linked to income support for young people, has helped create a focus on the importance of acquiring knowledge and skills. Its implementation however, has been problematic, and the Brotherhood is concerned it is becoming more and more unworkable as state governments tighten their rules for VET subsidies.

The absence of vocational guidance through the Job Services Australia system or elsewhere means that unemployed jobseekers frequently participate in their 'learn' requirements with little consideration of their interests and capabilities, the local labour market, or the conditions and type of work in different vocational

areas. 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 some learners may 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 for entry into the local labour market. This fuels high rates of non-completion, training churn and disillusionment for young people.

Increasingly restrictive state VET eligibility rules are limiting the effectiveness of the Learn or Earn approach. The Victorian Training Guarantee, for example, limits training subsidies to the commencement (not completion) of two courses annually. Further, a learner can only attract subsidies for the commencement (not completion) of a maximum of two vocational training courses at the same qualification level in their lifetime. Learners over 20 are required to ‘upskill’ to attract subsidies. Any additional courses need to be fully paid for by the learner. Moreover, we understand that job services providers rarely use the Employment Pathways Fund to support young people to undertake training that they can not attract subsidies for.

There have also been reductions to the level of subsidies available to training providers for the delivery of many courses. To illustrate, a Victorian training provider previously attracted \$7.50 per hour for a hospitality qualification, but this has now been reduced to \$1.50 per hour. This has translated into higher gap payments that need to met by learners. The consequence is that some young people are effectively being shut out of training.

There is emerging evidence that implementation of the Learn or Earn approach may be contributing to the increasing number of young people who are disengaging altogether. Frustrated by the system’s increasing complexity and its lack of responsiveness to their individual circumstances, it appears some young people are essentially giving up and opting out of learning or earning. There will be longer-term social and economic consequences if these hard-to-reach young people cannot be re-engaged.

In its 2014–15 Budget, the Australian Government plans to extend Learn or Earn measures to young people aged up to 25 years and to require many young people up the age of 30 years to wait up to six months before receiving income support payments. Young people in full-time education or training will be exempt from the waiting period. The current limits on access to subsidised VET training mean that many young people will be unable to meet the training requirement. Further, there is considerable uncertainty about which courses will satisfy the training participation requirements associated with the income support rules. For example, will unaccredited training programs count? Or bridging programs that assist young people to make explore study and vocational options? What if the course runs less than full time, say 3 days per week? What if the course only runs for a short period, say six weeks (as is typical of many foundation and entry level VET courses)? In our experience, JSAs often require people to enrol in courses that last a minimum of 26 weeks.

The Brotherhood recommends that the Australian Government work with the states and territories to ensure that young people are not precluded from satisfying their learning requirements by state rules that limit their eligibility for training subsidies. Flexibility may be required to address situations where a young person has already exhausted their subsidised training places.

References

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