



Brotherhood
of St Laurence

Working for an Australia free of poverty

Submission to the
Essential Services Commission

Vocational Education and Training Fee and Funding Review

Brotherhood of St Laurence

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Summary

As the Issues Paper has indicated, a substantial number of reforms to the funding and fee structure of the VET system are being contemplated by the Victorian Government. We welcome the opportunity to provide feedback and recommendations to the Essential Services Commission's Vocational Education and Training Fee and Funding Review. We also welcome the Victorian Government's commitment to improve the capacity of the state's training system.

The Brotherhood of St Laurence has taken a leading role in trialling innovative approaches to assisting disadvantaged people in learning and skill building that lead to paid work. Its approach to service provision and research is informed by the principle of *social inclusion*, and it is this principle that also informs our response to this Issues Paper.

In advocating for social inclusion, the Brotherhood seeks to identify and address those barriers which restrict a person's opportunities in society. This means addressing not only issues of poverty but also barriers to attaining autonomy, security, happiness and psycho-social wellbeing.

The Brotherhood is also concerned that the existing funding and fee arrangements exacerbate the problem of underinvestment in Australia's human capital, and this at a time of looming skills shortages. Australian Bureau of Statistics labour force data shows that at December 2010 there were over 600,000 unemployed Australians. Equally important, a higher number of underemployed workers—858,000 or 7.2 per cent of the labour force in November 2010—are seeking more work. This underutilisation rate of the labour force represents almost 1.5 million Australians of working age.

The present arrangements compound the problem of underutilisation by hindering people's mobility and by minimising the opportunities to put to use or acquire skills that are most relevant to current labour market needs. Indeed, by maintaining disincentives to multi-skilling, the existing arrangements not only deny Australia valuable human capital and the related economic productivity, but also further disadvantage those already experiencing multiple barriers.

Many of the weaknesses we highlight in the present VET funding and fee structure limit Victoria's ability to achieve such social inclusion or to benefit fully from the human capital at disposal. Our responses to the Issues Paper are summarised below under relevant headings.

Equity and inclusion

The Brotherhood notes the absence of *equity* in the list of stated objectives of the training system, and in the principles to be used by the Commission to assess reform to the system's funding arrangements. We regard this as an important oversight whose likely effect is to increase social exclusion for many disadvantaged people. If equity were given due recognition as a guiding principle and objective, the funding arrangements would:

- provide more exemption places for RTOs catering for the most disadvantaged learners
- improve the capacity of RTOs to offer effective support programs for learners, as well as professional development for trainers of high needs learners.

Support

The Brotherhood calls for reforms to the funding arrangements to provide more adequate and appropriate resources for those RTOs that cater for higher-needs learners; whether these learners lack qualifications, hold qualifications that have become outdated or are not recognised, or are the younger ‘at risk’ cohorts that have re-engaged with education after leaving school prematurely.

These groups are the most susceptible to poor advice from Job Service Australia providers, schools or registered training organisations themselves. In many instances, and by Job Services Australia providers in particular, training is regarded narrowly, as a (funded) ‘outcome’ rather than a considered path in a person’s overall development. Funding arrangements are needed that promote a more nuanced approach to support and careers guidance that, ultimately, improves the client’s level of social and economic inclusion.

Mobility

The present arrangements do not cater well for high-needs learners and those from disadvantaged backgrounds who are seeking the skills and qualifications needed to gain employment. Funding arrangements need to enable greater social inclusion, and in the context of training this means increasing mobility across sectors. Many disadvantaged people need to be able to adapt quickly to shifts in the labour market. Making the most of these opportunities is imperative for the disadvantaged learner and job seeker to maximise their chances of finding or regaining paid work and hence to enjoy greater levels of social inclusion.

Possessing some qualifications can in fact serve as a hindrance in this process because such qualifications may deny the learner a place in a subsidised course that offers better job prospects. In short, the funding arrangements should promote, and not penalise, horizontal and multi-skilling options, as well as vertical and upskilling options. Further, the present funding arrangements place too much emphasis on *course completion*, and should instead regard *completion of units of competency* as positive outcomes which contribute to multi-skilling.

Training quality

The existing funding model does not always lead to learner-centred training, as it encourages high-volume enrolment in high-cost courses. This not only excludes those people most in need of the training, but also leads to overcrowding and, at times, substandard training. The present arrangements encourage RTOs to provide more courses for the purpose of upskilling, rather than for the purpose of providing relevant and portable skills to those looking to adapt more to the available employment opportunities.

Recommendations

Review principles

- Incorporate and privilege the concept of *equity* in the principles used by the Commission to assess the efficiency and effectiveness of the current, or alternative, funding arrangements.

Assessment criteria

- Introduce more consistent state and federal eligibility and funding criteria for clients who have existing qualifications, and ensure standard frameworks apply to relevant government and private services (i.e. Centrelink, Job Services Australia providers, Australian Apprenticeship Centres and training organisations).

- Develop standard exemption criteria so that it is attached to the learner (as is the Victorian Training Guarantee) such that more positions are made available to identified high needs learners.
- Ensure that re-accreditation measures are put in place for people with qualifications achieved more than five years earlier. This will enable them to update qualifications without costs and will also provide more subsidised places for disadvantaged learners and increase mobility and access.

Funding model

- Ensure that the 'competency based' funding model is expanded to more adequately recognise the importance of, and to cater for, training that is oriented to multi-skilling.
- Provide more than one funding model to enable RTOs to apply to deliver training to targeted learner cohorts that require additional support or infrastructure.

The Brotherhood of St Laurence

The Brotherhood is an independent non-government organisation with strong community links that has been working to reduce poverty in Australia since the 1930s. Based in Melbourne, but with a national profile, the Brotherhood continues to fight for an Australia free of poverty. We undertake research, service development and delivery, and advocacy with the objective of addressing unmet needs and translating the understandings gained into new policies, new programs and practices for implementation by government and others.

Our research and services focus on those people at greatest risk at key life transition stages considered critical to their future wellbeing. These are:

- the years of retirement and aging
- the years in and out of work
- the years through school to work and further education
- the early years, both at home and into school

Our recent research publications relating to training and education include:

Workforce participation and non-participation among baby boomers in Australia: a profile from HILDA data, 2011, Honge (Cathy) Gong and Justine McNamara

Work and learning in Fitzroy, Richmond and Collingwood: survey of public housing residents, 2011, Lauren Siegmann

A path to re-engagement: evaluating the first year of a Community VCAL education program for young people, 2011, George Myconos

Training for work: insights from students and trainees at the Brotherhood of St Laurence, 2010, Dina Bowman and Nicole Souery

Barriers to hiring disadvantaged or vulnerable workers: Victorian employers' attitudes survey, 2009, VECCI and Brotherhood of St Laurence

We continue to engage with governments through policy submissions. The most recent of these in the area of training and education include:

Line of sight: better tailored services for highly disadvantaged job seekers, Submission to the Australian Government on future employment services from 2012, January 2011

Submission to the review of the implementation of Securing Jobs for Your Future – Skills for Victoria, joint submission by Melbourne Citymission, Brotherhood of St Laurence and Good Shepherd Youth and Family Service, May 2010

A response to the DEECD Directions Paper Pathways to re-engagement through flexible learning options, May 2010

The Brotherhood's services are also testimony to its commitment to improved outcomes for those seeking employment with the aid of vocational education. Our current services related to VET include:

- **Vocational training:** the Brotherhood is a Registered Training Organisation (RTO) and an Adult Community and Further Education-funded Learn Local provider. As such, vocational training programs delivered by the Brotherhood may be accredited or non-accredited and are designed to prepare clients for work opportunities. This includes nationally-recognised traineeship and apprenticeships.
- **Centre for Work and Learning, Yarra (CWLY):** The CWLY aims to address the needs of the most disadvantaged job seekers by finding innovative solutions to overcome their barriers to employment. It coordinates the efforts of Job Services Australia providers, employers, enterprises and industry groups, training organisations and government and other support services in and around the City of Yarra. The CWLY is the headquarters for the Brotherhood's vocational training work.
- **Pre-vocational training:** Our Crossing Bridges program focuses on areas such as occupational health and safety, time management and Australian workplace culture, and helping job seekers prepare for work or work-based training. Pre-vocational training is also offered at Caroline Springs in the Brotherhood's Connecting Young People to Real Jobs program. The program aims to engage with youth at risk, and to assist them in moving into employment or further education.
- **Group Training Organisation (GTO):** The Brotherhood's Group Training Organisation (GTO) uses the Australian Apprenticeships scheme to provide intensive personal and vocational support to help trainees find and keep a mainstream job.
- **Community VCAL:** the Brotherhood currently provides a Community VCAL program at its Frankston High Street Centre. This program has an enrolment of fifty young students who had previously experienced severe disengagement from mainstream schooling.
- **Peninsula Youth Connections:** assists young people who are most at risk of disengaging from education or training and therefore not attaining Year 12 or equivalent, and not making a successful transition into further study, training or work.
- **Community Service Leadership Program:** assists young people to develop youth-led projects that benefit their community as part of their VCAL curriculum.
- **Refugee Youth Development Program:** gives young refugees the capacity to find their own pathways, develop as leaders and become involved with their communities, through a range of learning activities that build confidence, skills and resilience.

The VET sector (section 2)

Objectives of the Victorian Training System (2.1)

The Issues Paper outlines the Victorian Government's core objectives for the training system.

These objectives are to create a system that:

- produces the skills needed by the Victorian economy
- is competitive, efficient and learner-centred
- assists the unqualified to gain qualifications
- helps the already-qualified access qualifications that support their advancement in the labour market
- encourages key cohorts to complete their qualifications
- caters for high-need learners, such as equity groups, Victorians with a low socioeconomic status and learners with poor prior records of educational achievement.

How well do the current funding mechanisms and fee structures contribute to achieving the objectives of the Victorian Training System?

The Brotherhood believes that the current mechanisms do not adequately cater for 'high-need learners'. This view is supported by data from our Centre for Work and Learning that shows that so far in 2011 only 28 per cent of our trainees have been eligible for wage subsidies under the Victorian Training Guarantee. In addition, we believe that the existing arrangements do not work well for those disadvantaged people who for many reasons need to change career. Such change is often necessary when it becomes apparent that the client has earlier received poor advice on career choices.

Even though many high-needs clients have qualifications, the present training system too often fails to prepare them for, and help them attain, meaningful employment in an alternative sector.

The current method of paying providers in arrears, and attaching funding to 'individuals', leads to overcrowding and encourages many training organisations to compromise the quality of training. The model encourages training organisations to accept as many eligible people into a course as possible in order to attract maximum funding. These bigger intakes are often also exclusive, to the extent that they draw on a client pool comprised of the already qualified, rather than privileging those most in need, who often lack the skills needed to find work.

We are concerned that those of low socio-economic status, and learners with poor records of educational achievement, are compelled to seek higher qualifications if they are to receive a subsidised place. This is often the case where a 'horizontal' shift to acquire more relevant and appropriate skills would be more desirable. Yet acquiring higher qualifications does not always lead to meaningful employment. For these reasons, the existing funding mechanism is inflexible to the extent that it does not anticipate the need for mobility across sectors.

The Victorian Training Guarantee does not account for the considerable number of people who have qualifications that may have been acquired more than five years ago and that no longer equip them for the current opportunities in the workplace. That there is no 'grandfather clause' on

qualifications works against already disadvantaged learners, because there is no way of updating existing qualifications without incurring costs.

Should, and can, the funding mechanism and fee structure for government subsidised VET training places aim to meet all the objectives of the Victorian Training System?

The Brotherhood believes that it is reasonable to expect that the funding mechanism and fee structure meet these objectives. However, this may only be achievable if there is equity in the system and recognition of alternative models of delivery that integrate services to support high-needs learners.

Indeed, the Brotherhood believes that the objectives should be refined, so that they enhance the potential for social inclusion for high-needs sections of the community. While acknowledging the importance of the existing objectives, we strongly support reform to funding and fee arrangements that enable training providers to better respond to the needs of the most disadvantaged. Key groups in the community are:

- all those of low socioeconomic status, including people who are long-term unemployed
- Indigenous Australians
- culturally and linguistically diverse communities—and particularly refugee and asylum seeker communities
- those with disabilities, mental health issues or learning difficulties
- disadvantaged mature workers
- disadvantaged, disengaged and ‘at risk’ young people.

We are particularly conscious of the recent growth in educational programs for young people (e.g. VCAL, Community VCAL) that serve the dual purpose of re-engaging those ‘at risk’, and providing them—via VET—with the certified workplace skills needed to find meaningful work. For this reason we feel that reforms to the funding and fee mechanisms should anticipate and respond to the growing presence of young and ‘at risk’ learners within the VET system. More flexible arrangements are required to meet the needs of this and other high-needs cohorts.

Do the current fee and funding arrangements achieve the right balance between individual, employer and government contributions; and for individual student cohorts?

We believe there is an imbalance between the respective stakeholders’ contributions, with an unfair burden falling on learners and the training organisations that cater for them. There seems to be little clarity or transparency and exemption places are allocated to training organisations with scant explanation. This arrangement has resulted in the allocation of just *one* exemption place in 2011 for the Brotherhood’s RTO, with no provision for further applications. It is our understanding that such allocations are typical for non-TAFE training organisations catering for high-needs clients.

Funding that supports intermediate labour market approaches is needed, particularly to assist those organisations catering for disadvantaged people with multiple barriers to engaging in learning. Without such assistance people will not receive effective ongoing learning, access to real employment opportunities or the opportunities needed to establish strong social networks.

Should each of the elements of the fee and funding model seek to achieve all of the objectives?

As noted above, the Brotherhood believes that high-need learners, together with the training organisations that cater for them, should be regarded as high priorities in any revised funding or fee arrangements. This may pose difficulties, given the diverse learning cohorts served by the existing system. However, the Brotherhood believes that if provision is made for targeted projects, more opportunities can be delivered that cater for specific needs. These projects work best when they are run for a minimum of three years and have strong outcomes and evaluation components.

The national VET reform agenda (2.2)

What are the implications of Victoria's commitments at a national level for the design of Victoria's funding mechanisms and fee structures?

The National Agreement for Skills and Workforce Development and the National Partnership for Youth Attainment and Transition (2008) emphasise a range of priorities which are of particular interest to the Brotherhood and to all organisations concerned with the welfare of disadvantaged people. Among these are:

- reducing barriers to education, training and employment, and motivating individuals to acquire and utilise new skills
- assisting transitions of young people from school to further education, training or employment
- engaging young people aged 15–24 years with education, training and employment.

To fulfil such obligations, any reform to the existing funding and fee arrangements for the VET system must pay particular attention to high-needs clients. These arrangements should ensure affordability and access, and entail funding for learning support programs for early school leavers within the VET system, greater professional development for those trainers who cater for high-needs clients, and improved ancillary services such as careers guidance and pathways advice.

An important aspect of such a change would be the introduction of more consistent state and federal eligibility and funding criteria for clients who have existing qualifications. This would enable more efficient and effective interactions between services such as Centrelink, Job Services Australia providers, the Australian Apprenticeship Centres and training organisations.

Principles for the review (2.3)

The Commission asks whether a proposed list of principles is adequate for assessing the efficiency and effectiveness of the current, or alternative, funding arrangements. These principles are: simplicity, clarity, certainty, efficiency, consistency and adaptability.

The Brotherhood believes that this set of principles does not adequately address its concerns. In particular, we note the absence of the principle of *equity*. The Brotherhood believes that the criteria must assess the extent to which a system is equitable and hence able to provide the flexible learning programs and support needed to cater for high-needs learners. Equity, in this sense, is meant broadly to entail the removal of all barriers to social inclusion for high-needs learners in inner metropolitan, outer metropolitan and regional areas. Further, we believe that the principle of efficiency should be redefined in such a way as to introduce as two key measures: the quality of training and the extent to which it provides relevant skills at the lowest practicable cost.

The Paper asks respondents to place these principles in order of importance. The Brotherhood ranks the principles as follows: *equity*, efficiency (with the above proviso), adaptability, consistency, certainty, clarity and simplicity.

We also note some possible tensions—for instance, between consistency and adaptability—and more importantly the possibility that some criteria may compromise the system’s capacity to cater for high-needs clients. This may be the case with regard to ‘consistency’, where consistency across the sector could mean that those training organisations that cater for intensive and complex learner needs do not receive due recognition and access to the necessary funds. More appropriate recognition might take the form of greater leeway and resources for training organisations looking to grant fee exemptions.

The system needs to recognise many learners’ desire to have a career change, and so enable them to take advantage of shifts in industry requirements and demand. Existing qualifications will not necessarily lead to sustainable employment; therefore flexibility for learners already identified as being disadvantaged must be provided.

Eligibility for a government subsidised training place (section 3)

The Victorian Training Guarantee (3.1)

What evidence is there of the impact that the eligibility criteria for access to a government subsidised training place have on a student’s decision to enrol in, and complete, training?

The Brotherhood believes that in many respects the Victorian Training Guarantee *disadvantages the disadvantaged*, and that it serves as a disincentive for many people to undertake training. This belief is based on the experience of the Brotherhood’s RTO and its Centre for Work and Learning. The following two case studies illustrate this point. In drawing attention to this problem, however, the Brotherhood does not believe that the solution lies in reintroducing the cap on the number of subsidised places.

Case study one—Taster Course for Building and Construction

Recently the Brotherhood attempted to provide a ‘Taster’ Certificate III course in Building and Construction in collaboration with the Department of Housing and Sustainability. The Brotherhood approached more than forty people of low socioeconomic status and non-English speaking backgrounds in order to fill the forty available places. These were highly disadvantaged people who needed to retrain and to receive additional support if they were to achieve successful employment outcomes. It soon became apparent, however, that because more than half of the potential learners had earlier achieved qualifications of Certificate III or above in differing trades and sectors, they were ineligible for a government-subsidised place. Consequently, the Brotherhood had great difficulty filling the positions—only fifteen candidates accepted. There is no doubt that the main disincentive was the denial of subsidised places. This in turn was an outcome of the existing eligibility criteria.

Case study two—Trainee for Warehousing and Logistics

The Brotherhood Group Training Organisation recruited candidates to fill traineeship roles in warehousing and distribution. It was seeking people who were keen to pursue a career in logistics. The organisation signed up the successful applicants with the Australian Apprenticeship Centre (AAC) and enrolled all trainees in a Certificate II Transport and Logistics (Warehousing and Storage). An external training provider was selected to deliver a combination of on-the-job and off-the-job training. However, funding emerged as a significant barrier. The Brotherhood was advised by the AAC that one trainee had prior qualifications in Security but was still able to access funding if the Brotherhood provided evidence from Centrelink or the employment services provider that the applicant had been on their systems for 12 months or more. The training provider however informed the Brotherhood that this participant had a prior qualification and the trainee was ineligible for funding under the Victorian Training Guarantee. So a fee for service would apply, with the cost being \$2800, plus materials. After consultation, the Brotherhood withdrew the candidate from the traineeship scheme, cancelled the traineeship and arranged employment of the candidate under direct recruitment without accredited training.

What role do, or should, industry and employers play in funding employees who do not fit within the eligibility criteria?

While it would be very useful to have industry contribute funds to retrain job seekers who have existing qualifications, we are conscious that this might place a considerable burden on industry. This is especially so if training for a given sector is not widely available via private RTOs. It is likely that niche industries would bear a disproportionate load, and this, in turn, would limit their capacity to employ the very disadvantaged people the reform is designed to assist.

Do the eligibility criteria need to be revised to better achieve the objectives of the training system?

Though the eligibility criteria are to somewhat limiting, the Brotherhood is more concerned with the present exclusion of people who have some existing qualifications. It is the Brotherhood's belief that the Australian Apprenticeship Centres accept as eligible for a traineeship all applicants who meet the eligibility criteria, regardless of previous qualifications.

What implications would any such revisions have on the affordability of the system for government?

While there might be an initial increase in costs associated with allowing retraining for those who do not currently meet the eligibility criteria, the overall gain would be evident in improved employment outcomes. The Brotherhood's experience—and, no doubt, the experience of other RTOs that cater for the training needs of the most disadvantaged—is that people have a strong desire to find work but the barriers to employment are often insurmountable. Such barriers include inappropriate training for industry requirements and poor advice that has not led to successful employment outcomes.

Does the Victorian Training Guarantee provide effective access to students who need to develop literacy, numeracy and language skills to participate in the workforce?

The Brotherhood regards the Victorian Training Guarantee as effective to the extent that it provides access for those lacking such foundation skills. Open access for foundation courses has enabled the Brotherhood's RTO to develop programs that support clients to gain the literacy, numeracy and language skills needed for employment. It has been able to customise programs to focus on Australian workplace culture and that motivate and prepare disadvantaged clients for successful employment outcomes.

Is the specified list of courses within the Foundation category appropriate?

Feedback from that Brotherhood RTO suggests that the list of courses in the foundation category is adequate. The RTO is able to operate effectively within the range of qualifications listed in the foundation category. It has been able to use electives to introduce work preparation and to customise delivery to meet the needs of disadvantaged clients.

What proportion of students are ineligible for a government subsidised training place because of the upskilling criterion?

Internal data gathered from the Brotherhood RTO, and from its Centre for Work and Learning, suggests that 60 per cent of all clients wanting to enrol in training are ineligible for funding, and thus are denied an employment outcome. An important contributing factor here is the poor advice provided by many Job Services Australia providers about training options. Those providing such advice often regard training narrowly as a short-term 'outcome' rather than as a considered step in a person's long-term development. This approach fails for two reasons: the client often has no desire to work in the industry for which they are trained; and often the client is not sufficiently prepared for the work environment. This exemplifies the often indirect and bureaucratic barriers that impede social inclusion of disadvantaged groups.

How well do the eligibility criteria align with the principles outlined in section 2.3?

Our responses are presented alongside the respective principles. We also address the question of *equity*, which was noticeable by its absence from the existing criteria.

Adaptability: The criteria do not adequately recognise the value of existing skills and so do not permit mobility across the sectors.

Certainty: The arrangements should provide greater certainty for learners in terms of eligibility, fees and concessions for the duration of their training; and for providers in terms of future funding and investment or resourcing decisions. This is presently not the case.

Clarity: The present system is bewildering for learners and, we believe, for many of the Job Services Australia providers. This claim is made on the basis of the often poor advice provided to JSA clients who seek assistance at the Brotherhood's RTO and Centre for Work and Learning.

Simplicity: The funding mechanism and fee structure should be far simpler to administer. This applies as much for the benefit of government as for the training providers who must work within the system.

Efficiency: The present eligibility criteria do not result in efficient outcomes. It fails to deliver training at the lowest cost in areas that provide the highest benefit to learners, the community, or the economy. To provide the highest benefit to industry and to clients, additional supports need to be provided, particularly when a training organisation's target group of learners face multiple barriers to employment and training.

Equity: As noted earlier, Brotherhood regards the omission of equity from the criteria as a serious oversight. In its absence, the system would be less able to cater for targeted learning cohorts and those identified as requiring additional support. If equity were to be introduced as one of the principles then the fee structure could accommodate a level of difference based on set criteria that would allow flexibility and additional support for clients.

Exemptions (3.2)

Is the current exemptions arrangement the best way of helping people who fall within these categories to access VET? What other mechanisms could be used?

The criteria are reasonable but exemptions should be far more readily available to the training organisations. The issue facing providers such as the Brotherhood—whose learner cohort is the unemployed and disadvantaged in the labour market—is that most clients fall into the exemption categories. That being the case, it is of concern that the Brotherhood was only allocated just one exemption place for the entire year (2011).

Are the exemption categories appropriate? Are there alternative categories that could be used?

The Brotherhood believes that a standard set of exemption categories should apply across Australia. Presently, the exemption categories used to determine disadvantage differ between state and federal government authorities.

Do the exemption arrangements provide effective access to a government subsidised training place for the purpose of retraining or re-skilling?

They do not, for the above-mentioned reasons.

Is it appropriate that training providers be placed in a position of assessing whether an exemption should be provided?

The Brotherhood has a long history of serving disadvantage people and is well placed to make such judgements. Providers across the training sector are similarly placed. However, the Brotherhood would urge the mandatory compliance with standardised mechanisms—such as those used by Centrelink and others—to assess eligibility.

Funding VET delivery (section 5)

The Student Contact Hour funding model (5.1)

How well does using the Student Contact Hour as the basis for funding achieve the objectives of the training system?

The Brotherhood favours the student contact hour model. It is a simple and clear mechanism for funding, as the nominal hours are set by the state government. The high rates for lower level qualifications are appropriate because catering for high-needs and often disadvantaged groups entails resource-intensive preparation and requires small class sizes to operate effectively.

Would use of an outcomes based measure better achieve the objectives?

It is the Brotherhood's view that such a measure, if based on course completions, would further disadvantage higher-needs clients, as many of them do not complete a *full* qualification. Many successfully complete parts of a course—i.e. units of competency—that may in future lead to a successful employment outcome. For this reason, we would caution against measuring success in terms of completion only.

If so, what outcomes are important and what measures would be appropriate?

The Brotherhood RTO is currently funded on outcomes based on competencies. We are strongly in favour of such a competency-based outcome model and believe that a shift to a 'completion-based model' would disadvantage training organisations that cater for those who are more mobile within the labour market, and who are seeking more diverse skills.

What factors may influence student completion rates and other outcome based measures?

Outcomes based measures are particularly difficult to apply in the case of those clients who are not yet prepared for the workplace, even on completion of all or part of a course. However, it is possible that industry-specific outcomes may come into play for funding allocation. Such outcomes could be linked to workplace competencies drafted and endorsed by specific industries. They may also be applied through partnership arrangements with the VET providers and government.

How well does the current funding mechanism align with the principles outlined in section 2.3?

The existing mechanism does not greatly conflict with the principles. However, it is evident that the principles do not adequately acknowledge the importance of multi-skilling. At present they privilege the linear approach of upskilling. To this extent the mechanism lacks adaptability. Many of the Brotherhood's clients do not want to obtain qualifications higher than a Certificate III, and for them the opportunities for employment arise through multi-skilling.

As previously stated, the funding and fee mechanisms do not adequately address questions of equity. This is so because the allocation of exempt places is determined by the organisation, and not on standard assessment criteria.

Base hourly funding rates (5.2)

What are the implications of varying the base rate according to (i) course levels and (ii) the type of provider?

The base hourly rate is already varied according to course level and type of training organisation (TAFE or private/non-TAFE). More changes to base funding according to type of provider need to be made to acknowledge the various drivers and variables associated with provision. In particular, the base rate should be varied according to the nature of the training organisation's client base.

To what extent does this contribute to the achievement of the objectives of the Victorian Training System outlined in section 2.2?

We have two main areas of concern relating to how these arrangements affect attainment of the objectives:

- ***Skill development:*** As previously stated (see 5.1), because the Victorian funding system is oriented towards upskilling, and not multi-skilling, it does not address the issue of adaptability and responsiveness to the needs of the clients or the Australian labour market.
- ***Reducing barriers:*** Although progress is being made in the Victorian system to reduce barriers to the acquisition of foundation skills, there remain significant barriers to acquiring and utilising new skills due to the linear approach to training.

How does the range of services provided by TAFE institutes vary from other training providers?

Non-TAFE providers do not have the same infrastructure resources at their disposal as TAFE institutes and due to their size are usually not able to provide additional supports such as libraries and other student services. On the other hand, Non-TAFE providers such as the Brotherhood provide more-personalised support. Characteristic of the Brotherhood's services are:

- one-on-one case management
- integrated services
- intermediate employment opportunities
- partnerships with employers
- ongoing support post employment

Is the funding model the best way of funding the Adult, Community and Further Education sector?

Brotherhood staff have noted the effectiveness of the *LearnLocal* model of targeted funding. This model is particularly suited to local communities, and people of all ages who have disengaged from learning. See <<http://learnlocal.acfe.vic.edu.au/file/view/Learn+Local+Overview.pdf>>.

Such targeted, project-based funding allows for innovation and the development of exemplary learning models catering for cohorts with specific needs. It also allows for the development of relevant skills that in demand locally. *LearnLocal* also has the ability to engage at the local community level, something that the larger TAFEs are not able to do easily.

What process and information should be used to determine the base funding rates?

No single model should be adopted: rather, a mix of targeted, tendered, client-driven and support funding for all providers should be available to meet the principles established.

What incentives does the current method of paying in arrears create for training providers?

The current system benefits providers because it encourages the use of accurate documentation and database management. It also encourages flexibility and innovation in course design, and enables training organisations to provide courses that meet clients' and industry needs.

Higher-need learners (5.4)

How well do the current funding and fee arrangements cater for higher-need learners?

As previously stated the Brotherhood believes that the current funding and fee structure do not cater well for higher-need learners, particularly when they have been poorly advised about career choices and employment opportunities. Our current data indicates that over half of our clients have existing qualifications that can, under certain circumstances, obstruct a path to better employment outcomes.

If not, how could the funding mechanism be improved?

Improvements to the present funding mechanism might be achieved by using standardised measures for determining a person's need for training: for example, when a person has experienced one year of unemployment. Again, standardising eligibility criteria for exemptions could improve the current funding mechanisms.

In answering this question, please identify who we should regard as a 'higher-need learner'?

The Brotherhood regards anyone in the categories below as facing extra barriers and also, more likely to be a higher-needs learner):

- all those with low socioeconomic status, including people who are long-term unemployed
- Indigenous Australians
- culturally and linguistically diverse communities, and particularly refugee and asylum seeker communities
- those with disabilities, mental health issues or learning difficulties
- disadvantaged mature workers
- disadvantaged, disengaged and 'at risk' young people.

Are there additional costs that training providers incur in delivering training to higher-need learners?

Considerable additional costs are incurred by training organisations that cater for higher-needs clients. These are the result of:

- the smaller class sizes needed to promote learning
- increased face-to-face training and individual support

- the need to provide supported employment opportunities
- the case management needed to help learners navigate through a number of transitions
- the waiving of fees for those with high needs who do not receive an exemption and the costs incurred for labour-intensive nature of training support.

Conclusion

Many higher- needs learners face multiple obstacles to participation in and completion of training due to a combination of personal, familial and external factors. Thus, additional resources are needed not only for delivery of learning programs that enhance the learner's qualifications, but also for support to ensure existing skills are recognised and nurtured. As noted, an effective funding and fee arrangement would enable more multi-skilling and hence mobility across trades and sectors, without imposing costs on those who can least afford to pay. It is important that such exclusionary barriers must be addressed in resourcing VET if equitable outcomes are to be achieved and Australia is to benefit from greater utilisation of the human capital at its disposal.