

POSITION PAPER

Responding to VET reforms in Victoria

Re-engaging disadvantaged learners in education, training and employment

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Education plays an important role in addressing many of the overlapping issues encountered by disengaged and highly vulnerable people.

Unfortunately, the most vulnerable people still face significant barriers to successful participation in the education system, with socioeconomic status continuing to have a major influence on the educational attainment levels of Australians (Redmond et al. 2014).

Changes to the Vocational Education and Training (VET) sector under previous governments have had a negative impact on hard-to-reach learners. Enrolments for young people without a Year 12 or equivalent qualification and Aboriginal and Torres Strait Islanders have declined, and the transitions to further study and/or employment for disadvantaged students remain challenging. Immediate reform to the system is required to ensure disadvantaged learners¹ are reengaged in education and given opportunities to reach their full potential.

While Jesuit Social Services welcomes the reform directions outlined in the VET Funding Review, as well as the Government's commitment to addressing disadvantage in the vocational training system, we believe that more support is required for vulnerable people to better engage in education and training, and to have effective pathways to sustainable employment.

To achieve this, we call on the Victorian Government to:

1. Create a dedicated funding stream to support the access of disadvantaged learners to high quality education and training programs.
2. Redesign service delivery to better support education, training and employment pathways.
3. Target communities of entrenched disadvantage by fostering a whole-of-community response.
4. Intervene early to address early school leaving.

¹ The term 'disadvantaged learners' refers to learners who have complex needs, experience disadvantage and who are disengaged from mainstream education and training. These learners require additional support to engage in education and training as they are hard to reach for a number of reasons, including geographic location, language barriers and attitudes to education. These learners have also been referred to as hard-to-reach learners (Nechvoglod & Beddie 2010), NEET (not in education, employment or training) (Nelson & O'Donnell 2012), students who are at risk of disengaging or have already disengaged from school (Davies, Lamb and Doeke 2011), at-risk youth (Cedefop 2010) or disadvantaged young people (te Riele 2014). See te Riele (2014) for further discussion of commonly used terms.

Background

In 2008, the Brumby Government introduced a series of significant reforms to implement a demand-driven funding model, the Victorian Training Guarantee (VTG), including subsidising student places on a per hour basis. The aim of these reforms was to make industry more responsive to future skills needs.

In 2012, the Baillieu Government further deregulated the VET market and cut funding for student support services, equity programs, staff wages and capital maintenance costs in TAFE institutions. This saw TAFE enrolments drop by 35 per cent between 2012 and 2014.

In 2014, following widespread rorting of Government subsidies, particularly for foundational skills courses, a number of changes were made, such as a supplementary accreditation for Registered Training Organisations (RTOs) to deliver foundation skills courses, limiting the number of courses an individual could undertake each year and changes to subcontracting. These changes resulted in:

- **a rise in VET sector enrolments:** enrolments increased by 48 per cent between 2009 and 2014 (DET 2015a).
- **a rise in the number of private providers and an increased private market share:** the number of private providers rose by 67 per cent between 2009 and 2014 (DET 2015a); the number of government subsidised enrolments held by TAFE institutions decreased from 48 per cent in 2009 to 25 per cent in 2014, compared to an increase in the share of private providers from 15 per cent to 56 per cent (DET 2015a).
- **a decrease in the quality of provision and a rorting of the system by private providers exploiting vulnerable learners:** student satisfaction decreased, industry needs were not met, vulnerable learners had poor completion rates (DET 2015b) and there were reports of less than acceptable levels of quality of provision (Deloitte 2015), as well as substantial evidence of private VET providers adopting exploitative schemes (Senate 2015).

Alongside the VTG system, the Adult, Community and Further Education (ACFE) Board provides funding for pre-accredited courses. Pre-accredited training is delivered by registered and contracted Learn Local providers. This funding follows a similar per hour per student basis to the VTG.

Whilst the Andrews Government has recently announced plans to raise the current rate from \$7.19 to \$8.20 (Minister for Training and Skills 2015), this is the first raise in seven years (ACFE 2008). Pre-accredited courses must target three key skill areas: literacy and numeracy, vocational skills and employment skills. The Learn Local Network plays a key role in delivering both pre-accredited and Certificate I & II courses to disadvantaged learners.

Current trends in disadvantaged learner engagement with VET

Whilst the introduction of the VTG initially saw a significant increase in enrolments by vulnerable learners, the effect of the low quality provision and the withdrawal of adequate support has seen this trend reverse. Between 2013 and 2014, there was a decrease in the number of enrolments across a wide range of vulnerable learner groups, including young people without Year 12 or equivalent qualification (-14%), Aboriginal Australians (-10%), unemployed people (-6%), people with a disability (-5%) and people from a CALD background (-4%) (DET 2015a).

The decline in the engagement of disadvantaged learners indicates systemic problems with the Victorian VET sector's ability to address the educational needs of vulnerable learner groups. Without immediate reform to the system, these people are at high risk of becoming further entrenched in disadvantage.

Educational disengagement and social disadvantage

In Australia, five per cent of the population experience multiple and complex disadvantage (Australian Social Inclusion Board 2012). People who disengage from education are disproportionately from disadvantaged backgrounds. There is a significant body of evidence which highlights the correlating features of disengagement with education and broader disadvantage. Recent Jesuit Social Services research highlights that the most vulnerable three per cent of localities in Victoria show high rates of unemployment, criminal convictions, disability, child maltreatment, family violence and psychiatric admissions, alongside

low levels of education (Vinson et al. 2015). People in the lowest socio-economic areas are around 20 per cent less likely to attain Year 12 or equivalent (Australian Social Inclusion Board 2012).

The interconnection between educational disadvantage and broader forms of disadvantage is further highlighted when we consider outcomes in other areas:

- **involvement in the justice system:** 58 per cent of young people in custody in Victoria have been suspended or expelled from school (Youth Parole Board 2015), and only 5 – 7 per cent of Victorian prisoners have completed Year 12 in the past decade (Victorian Ombudsman 2015).
- **involvement with child protection:** less than half of children in residential care in Victoria attend school on a regular basis (Victorian Auditor-General 2014).
- **increased risk of poor health:** in 2009, only 50 per cent of 20-24 year olds reporting fair or poor health had attained Year 12, compared to 79 per cent for those reporting good or excellent health (ABS 2011).
- **increased risk of unemployment:** approximately 50 per cent of working-aged people, whose highest education level is Year 11 or below, are not in the labour force (ABS 2014).
- **increased risk of homelessness:** 26 per cent of 15-24 year olds accessing specialist homelessness services are not in some form of education and training (AIHW 2014a).
- **increased risk of mental health issues:** young people with a mental health disorder are more likely to have lower educational attainment, experience joblessness and have poor physical health (AIHW 2014b).

Disengagement from education also compounds intergenerational disadvantage because the education attainment levels of parents have a significant influence on the education attainment levels of their children. Students whose parents have both completed Year 12 have a 90 per cent likelihood of finishing Year 12 compared to students with one parent having attained Year 12 (78%) or neither (68%) (ABS 2011).

Barriers to learning

Disengagement from school is usually not due to one particular event, but is rather a process involving numerous factors at play in the realms of the family, the school and wider community contexts.

(Myconos 2011)

Structural barriers

There are a number of structural barriers that contribute to disengagement from education and hinder reengagement. People on low incomes have difficulty entering further education and training both financially and in terms of the time commitment, particularly when balancing these factors with basic living needs or caring responsibilities. Inconsistent and inadequate accommodation makes the commitment to education very challenging. Physical and mental health conditions can impede a student's behavioural, emotional and cognitive engagement in the classroom. For people with disabilities, a lack of resources and positive experiences to meet their integration and learning needs can leave people isolated and unable to access education. People from CALD backgrounds can experience a wide variety of linguistic, structural, personal and cultural barriers to involvement in education, training and employment.

Negative school experiences

Students who disengage from school are often affected by negative school experiences which can lead to long periods outside of the education system. For example, one in five young males and one in ten young females experience bullying or harassment most days (DEECD 2010). Bullying threatens a student's safety, damages the victim's self-esteem and leads to social isolation.

Negative experiences at school, alongside structural barriers, impede a student's ability to engage in the classroom. This can see students falling behind in their literacy and numeracy skills. Consequently students develop low levels of self-esteem and confidence, which research shows is often the greatest barrier to learning (Allen et al. 2005). The lowest points of student morale are during Years 9, 10 and 11, a period when students often decide to leave school early (DEECD 2010). With little access to positive role models with good experience of schooling or to career planning assistance, disadvantaged learners face substantial barriers to reengaging in education and training.

The value of education and training

The experience of reengaging in education and training can provide a critical pathway for disadvantaged learners to pursue further education and employment. People without qualifications, even a basic qualification such as a Certificate I/II, are more likely to be excluded from the workforce or unemployed (ABS 2014). Through our programs, Jesuit Social Services has demonstrated that even highly disadvantaged learners can further their career pathways.

Education also has value far beyond educational and employment outcomes. It has positive impacts on the "personal, social and cultural development" of the learner (UNESCO 2015). These wider benefits are also felt by the broader community where education plays a key role in tackling disadvantage and building more positive prospects for the community. The Jesuit Social Services' Gateway program – which focused on developing the social and economic participation of young people with complex needs – saw improvements across a range of areas beyond further education and employment, including housing stability, improved mental health, reduced drug use and reduced involvement in the justice system (O'Donohue 2007).

One study calculated the cost benefit to students, employers and society more widely in Australia, of providing Year 12 equivalent education to 50 per cent of early school leavers over a five year period would total around \$1 billion (Applied Economics 2002).

The keys to success

Whilst successful reengagement programs differ, building the confidence levels of learners is fundamental, as is countering negative beliefs and building a learner's capacity to be resilient. Research (Davies, Lamb and Doeke 2011; Cedefop 2010; te Riele 2014; Nelson & O'Donnell 2012; Nechvoglod & Beddie 2010) highlights four key program characteristics that have been proven to effectively engage and support disadvantaged learners:

- **intensive and sustained engagement:** strong relationship building; outreach in strategically located areas; quick responses to early school leaving.
- **support for wider needs of the learners:** tailored support services through multidisciplinary teams; engaging students' support networks; strong

partnerships between education providers, support organisations and the local community.

- **flexible learning environments:** flexible learning options; soft entry points; welcoming and supportive learning environments; relevant and interesting curriculum; embedding literacy and numeracy; mentoring and strong peer relationships.
- **pathways into further learning and work:** volunteering, on-the-job training, career guidance; partnerships between businesses, education providers and local community organisations; continued support for broader individual needs in employment settings.

Reforming the system

The current funding system fails to provide adequate support for programs working holistically with disadvantaged learners. The low level of VTG and ACFE funding fails to cover the costs of providing holistic care to students, a critical prerequisite for the successful reengagement of disadvantaged learners. The cost of covering support services, intensive engagement and transitional support for disadvantaged learners is estimated at an additional 70 per cent of funding (Davies, Lamb and Doecke 2011). Whilst the introduction of the Reconnect: Engagement and Learning Support (REALS) Grants Program will help training organisations provide support for young, disengaged school leavers aged 15-24 years to enter further education, training or employment, funding needs to be accessible to all disadvantaged learners in a consistent manner.

Education and training delivery needs to be strengthened to better target disadvantaged learners, particularly with improved hands-on learner components and improved support during transition. Barriers to education must be addressed amongst disadvantaged learners who have reached the limits of their subsidised training entitlements but still have significant gaps in their skills that prevent them from getting employment. Through the Learn Local Networks, education providers could be better integrated within a broader community-driven response to disadvantage to ensure education plays a crucial role in addressing issues in the community. Employment-led partnership models enable employers to have a greater awareness of the needs of disadvantaged learners and equip them with valuable skills for the workplace in a localised setting.

The education system also needs to intervene early, as soon as people disengage from school, to prevent people from developing even greater barriers to learning.

We welcome the reform directions outlined in the VET Funding Review, including efficient and effective pricing through activity-based costing processes, maintaining student concessions that support participation by individuals who are overcoming financial barriers, creating exemptions in student eligibility for people under 24 years, long-term unemployed, retrenched workers and people with out-of-date qualifications, and the introduction of a Workplace Training and Innovation fund. We would further recommend that the student eligibility exemptions extend to people without Year 12 or equivalent qualifications and that the Workplace Training and Innovation fund support partnerships between training organisations and local businesses to support local needs and industries.

We also welcome the Government's commitment to promote equity and address disadvantage in the vocational training sector by: supporting Learn Local and community providers to meet the diverse needs of their students; building a better understanding of how best to support disadvantaged learners; reviewing the current subsidy loadings to ensure funding targets those who need it most; and developing ways to better address the literacy and numeracy needs of learners.

Policy recommendations

The following recommendations would further enhance support for vulnerable people to engage in education and training and develop effective pathways to sustainable employment.

Invest in the reengagement of disadvantaged learners in the education and training system

Investing in disadvantaged learners requires a separate funding stream to see these learners successfully engaged in education, in the form of flexible funding packages. Flexible funding packages should:

- allocate funding per program, rather than per student, per hour
- cover all costs of the program, to ensure strong engagement, holistic support, smooth student transitions and flexible learning environments
- respond to local community and participant needs

- be given to multiple organisations who are in partnership
- be limited to trusted and high quality providers to ensure satisfactory expertise and resourcing
- cover multiple years, to ensure reliable funding
- remove financial barriers for disadvantaged students.

The Victorian Government's Reconnect: Engagement and Learning Support (REALS) Grant program is a positive example of what a flexible funding package could look like. Targeting young early school leavers, the funding encompasses the four key areas of a successful reengagement program (outreach and engagement, support for wider needs, flexible learning environments and transitions to further work or study). Whilst the Reconnect program will provide important support for many young early school leavers, it is important that flexible funding packages are accessible to all disadvantaged learners in a consistent manner.

Recommendation 1: Create a dedicated funding stream to support the access of disadvantaged learners to high quality education and training programs by:

- **creating flexible funding packages to cover the costs to meet students' needs which may impose barriers to participation.**
- **ensuring all pre-accredited, Certificate I and II courses engaging disadvantaged learners are fee-free or have a very small capped co-payment amount.**

Support the pathways and transitions of disadvantaged learners onto further employment and/or training after completing Certificate I or II qualifications

Investment should be made to support disadvantaged learners transitioning beyond basic qualifications. During their Certificate I and II studies, there should be a strong hands on learning component and work experience placements to ensure students are linked in with workplaces. As part of the flexible funding packages, resources should be allocated to fostering partnerships between training providers and local employers so that students are supported in their transitions. Disadvantaged learners experiencing skills gaps should be able to re-enter the education system at the same level without experiencing financial barriers.

Recommendation 2: Redesign service delivery to better support education, training and employment pathways by:

- **supporting the provision of a hands-on or work placement component as part of Certificate I and II qualifications**
- **supporting the linking of education and training programs with employment pathway programs and local businesses**
- **ensuring there are no financial barriers for disadvantaged learners wanting to re-enter the education system, at the same level as an acquired qualification, in order to be successful in study and work**
- **ensuring access to holistic support at key transition points when continuing on to further education and/or employment.**

Targeting communities with complex needs in areas of entrenched disadvantage

Locating places of learning in vulnerable communities has a range of benefits, including alleviating structural and accessibility barriers, creating opportunities for greater community engagement, improved social and economic outcomes for the area, and the ability to better engage with a student's families and support networks. Through greater investment in the Learn Local Network, education providers would be well placed to ensure education plays a crucial role in addressing issues in the community. The Learn Local Network would be able to help foster strong partnerships between education providers, local community services and local businesses to create opportunities and support student transitions. It would also be able to help identify employment-led models which have great potential to identify real recruitment opportunities but require additional support.

Recommendation 3: Target communities with complex needs in areas of entrenched disadvantage and fostering a whole-of-community response by engaging the Learn Local Network to:

- **direct flexible funding packages at areas of concentrated disadvantage and engage with key community leaders.**

- **foster partnerships between education providers, local employers, and community organisations to create local employment opportunities.**
- **develop and support employment-led partnership models to foster these partnerships and provide sustainable employment outcomes.**

Intervene early to address early school leaving

When students drop out of school a quick response can prevent further issues from developing and help to address the barriers to learning before they worsen. Schools have the primary responsibility for identifying and supporting disengaged students, and should play an active role in partnering with other community organisations who can provide additional support for those at risk of early leaving.

The creation of a warning system that signals when students disengage from education could alert a necessary response to that student. Outreach workers could reengage students in education and training, and respond to the cause of their disengagement promptly in order to minimise the exacerbation of barriers to learning and also reduce the time outside the education system.

Recommendation 4: Intervene early to address early school leaving by:

- **creating an early warning system that sends alerts when students disengage from school and fund outreach workers to help students counter their barriers to learning.**

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