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NESA's Response to the

House of Representatives Standing Committee on Education and Employment Inquiry into the role of Technical and Further Education (TAFE) system and its operation

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Terms of reference

TAFEs have played a critical role in the training and development of Australians for more than one hundred years. For many Australians, TAFEs provide a critical pathway to training and skills which are increasingly needed to access employment. They also play a critical role in regions and in providing access for disadvantaged groups.

The Committee will inquire into and report on the role played by TAFEs in:

- the development of skills in the Australian economy;
- the development of opportunities for Australians to improve themselves and increase their life and employment prospects;
- the delivery of services and programs to support regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment;
- the operation of a competitive training market; and
- those jurisdictions in which State Governments have announced funding decisions which may impact on their operation and viability.

Introduction

The National Employment Services Association (NESA) welcomes the opportunity to contribute to the Standing Committee on Education and Employment's inquiry into the role of the TAFE system and its operation. As the peak body for Australia's employment and related services, NESA was established in 1997 to be the voice of the industry and as such advocates for the development and continuous improvement of Australian government contracted employment services.

The employment services industry has a pivotal role in assisting the Australian Government to achieve its policy objectives in workforce participation, productivity and social inclusion. Central to achieving this objective is ensuring that job seekers have the skills necessary to effectively meet the demands of a contemporary workforce and achieve sustained participation. To this end, the TAFE sector plays a significant part in the vocational education and training of job seekers as one of the biggest providers in the VET sector.

We know that Australia continues to face a number of economic and social challenges and associated imperatives to improve Australia's workforce participation and productivity. Significant long term unemployment and persistent levels of social disadvantage continue to pose issues for policy makers despite Australia's successful navigation of the global financial crisis and the following recovery. While our unemployment levels remain low compared to our OECD counterparts, the rates of long term and very long term unemployment are significant. Current data¹ shows that just over half of all job seekers currently linked to Job Services Australia (JSA) for assistance have been unemployed for greater than 12 months. Even more worrying is the fact that 32% are considered very long term unemployed (i.e. unemployed for greater than 2 years). Additionally, the level of

¹ Unpublished DEEWR JSA Caseload Data as at the 28th February 2013

people without enough work continues to increase. A recent OECD report revealed Australia to have one of the highest rates of involuntary part-time/casual work² which similar challenges as long term unemployment for policy makers.

Employment services providers consider that a major contributing factor to these issues is a lack of access to suitable training for disadvantaged job seekers that adequately addresses relevant support needs to underpin successful completion, and is focussed on foundational skills to build capacity.

In addition, there continues to insufficient strategies to support those Australians who are working poor with limited and/or tenuous attachment to the labour market to maximise their capacity to contribute to the workforce and productively sustain work.

It is in response to these longstanding system weaknesses that we seek to contribute to the inquiry and help build a more responsive and effective TAFE system.

TAFE and disadvantaged learners

The productivity agenda underpins both economic and social policy in Australia³. Investment in learning and skills development is a cornerstone of achieving and maintaining the levels of workforce participation required to ensure our continued growth and prosperity; and to move those that are disadvantaged from the labour market and community towards inclusion.

As one of the largest training providers within the VET system, TAFE has an integral role to play in the development of skills within the Australian economy. As a government owned and nationally recognised system, TAFE is well placed to lead initiatives related to the skills and productivity agenda.

In 2011 the National VET Equity Advisory Council (NVEAC) released a blueprint for improving the VET system. The aspiration as outlined in the blueprint is for an equitable and inclusive VET system that enables all learners to achieve their potential through skills development and to access the opportunities that society offers⁴.

The blueprint outlined key areas for reform:

- Adopting a sustainable investment approach to funding VET
- Measuring and reporting performance in terms of how the system deals with those who experience disadvantage
- Building the capability of the VET workforce
- Embedding support for foundation skills development

² OECD 2012, *Activating Jobseekers: How Australia Does It*, OECD Publishing <http://dx.doi.org/10.1787/9789264185920-en>

³ Australian Government 2008, *Final report of the 2020 Summit*, Australian Government, Canberra

⁴ NVEAC 2011, *NVEAC Equity Blueprint 2011 – 2016 Summary*, http://www.nveac.natese.gov.au/data/assets/pdf_file/0020/56252/Equity_Blueprint_Summary.pdf

- Embedding pathway planning and partnerships as part of the VET system
- Listening to the voice of the learner when designing our system and continuously improving its services.

While the NVEAC blueprint was aimed at the entire VET system, we believe that the areas of reform highlighted were, and continue to be of critical importance to TAFE. Anecdotally, providers of employment services report that outcomes achieved by disadvantaged learners are generally higher through non-government RTOs than those that attend training through TAFE options, often citing the institutional nature of TAFE as barriers to outcomes. Ensuring that the system includes flexibility and embeds foundational skill development within the learning environment is critical if TAFE is to increase opportunities for disadvantaged learners.

In Job Services Australia, training and related expenses accounts for the largest area of expenditure from the Employment Pathway Fund (EPF) - with \$411,343,653 being spent between 1st July 2009 & 31st of August 2012⁵. Feedback from Disability Employment Services providers also indicates significant investment in training and education for job seekers to assist development of work readiness and vocational skills for people with a disability. Employment services providers have a great interest and are committed to ensuring that strategies for disadvantaged job seekers are effective. They are also vested and committed to ensuring that VET participation results in pathways to employment.

What we know is that a review of the characteristics of job seekers receiving assistance from Job Services Australia will indicate that the majority are low skilled with limited or no vocational qualifications and have poor educational attainment (year 10 or less). Many job seekers have work experience in industries in decline such as manufacturing which offer poor future employment prospects. As indicated by the ABS Adult Literacy and Life Skills Survey (2008, 2006 reissue) approximately 7 million working age Australians (46%) had literacy below that needed to function fully in life or work. Furthermore, 7.9 million (49.8%) have low numeracy levels. This makes the embedding of and delivery of foundational skills as important (if not more so) than looking to skills in demand when working with those disadvantaged from the labour market.

There is a key challenge to ensure learner needs are identified to establish appropriate support arrangements early in their engagement. Again, this is something that to date, it would appear private VET providers have been more successful at doing due to the close working partnerships they often develop with employment services providers. Employment services providers report that all too often within the TAFE system, disadvantaged learners are not identified until they have fallen too far behind or have withdrawn to avoid embarrassment. Our experience also shows that where identification of the foundational skill deficits (generally through stakeholder relationships rather than intake processes) and appropriate support is put in place in partnership with the learner, all expectations can be exceeded and completion rates are high.

⁵ DEEWR 2012, Response to Senate Estimates Question EW0570_13

Recommendations:

Ensure TAFE is flexible in its delivery to cater to the needs of disadvantaged learners, rather than the current more institutional nature of many TAFE providers.

Encourage a partnership approach to working with employment services to provide better support to disadvantaged learners.

Embed foundational skills development within the Vocational Learning environment as standard practice.

TAFE and employment

Investment in vocational education and training is of most value when it achieves its intent of developing skills that enable a job seeker to transition into sustainable and rewarding employment. By achieving this we are also addressing the skill and productivity needs of business and industry as well as national economic and social objectives.

Improving relationships between the TAFE sector, employers and employment services providers will improve outcomes for job seekers; however arrangements need to be aligned to better support common objectives and priorities. The Australian Workforce Productivity Agency (AWPA) recently recommended to '*...better align incentives for Job Services Australia to work with registered training organisations to provide training for disadvantaged job seekers that is more flexible, fit for purpose and more closely linked to job outcomes*⁶.

The recommendation by AWPA reflects the views of the industry regarding development of partnerships with training providers focused on objectives. As highlighted earlier, employment services most often partner through fee for service arrangements with smaller RTOs as this enables the provider to outline service and support mechanisms and establish communication that supports job seekers to successfully undertake training more easily. Additionally, these arrangements are generally able to more flexibly include exposure to employers and work placements that have been negotiated with employers through the course creation process. We note that there have been particular frustrations trying to achieve this with larger institutions such as TAFE.

The current ability of TAFE to partner with employers and organisations to provide flexible and responsive training to meet employer and labour market needs appears to be limited. We know that in principle it may be possible, and in some regions TAFE are preferred providers – however feedback received from NESAs members indicates that generally, relationships developed are less successful than the partnerships with private RTO's within the VET system. In the areas where these relationships have been able to be achieved with TAFE providers and are producing good outcomes

⁶ Australian Workforce Productivity Agency 2013, *Future Focus - 2013 National Workforce Development Strategy*, Australian Government, Canberra

for learners and employers, NESAs believe there is value in reviewing and evaluating these relationships. Information can then be disseminated and good practices replicated across areas where successful partnerships with TAFE have been harder to achieve.

If TAFE were able to increase flexibility in terms of access and timing of programs as well as customising training to the needs of a particular employer or cluster of employers, and build strong relationships with the community – capacity to deliver effective demand led strategies would be improved.

Demand led strategies and place based solutions

TAFE can make a significant contribution to overcoming national and regional labour and skills shortages through working at a local level with other services to enable strong workforce development approaches to community based needs. Effective demand led initiatives require equal focus on supply and demand. Demand led employment initiatives can respond to an individual business, industry sector or cluster of employers with human capital development strategies that prepare job seekers to meet those specific labour market opportunities.

Through the TAFE system, there is often a misalignment between the training that is available and the actual skill development needs of the unemployed to reach employer demands. Initiatives aimed at better aligning and allocating training places with skills is an important step in meeting the supply needs of employers. While at a national level the government operates a skills in demand list translating these needs to the local labour market is not without challenges – particularly in the TAFE environment. NESAs believe there is value in looking at place-based solutions to foster more integrated models of training and work readiness programs within the current framework. Focussing on core employability and soft skills and local skills gaps is likely to lead to greater success in the local labour market.

Experience shows that where employment service providers engage with employers who have an existing relationship with a VET provider, they are able to engage with them to achieve an approach to job seeker development that is consistent with that already in place for the existing workforce. Unfortunately more often than not - those RTOs which deliver strong competencies transferable to the workplace are generally those engaged with the existing workforce as well as those seeking to gain employment and are private RTO's rather than TAFE providers.

One of the advantages of the TAFE system is coverage. As a government operated and national provider of VET services, TAFE often has a presence in labour markets that other private VET providers do not. These labour markets are often more depressed and feature significant levels of disadvantage. It is these areas, which often benefit the most from place based solutions to inclusion and employment, where TAFE can play a critical role in workforce and skill development. This can only occur however if the system fosters the development of relationships with community and employers, and the flexibility to deliver the training and services that are clearly identified as needed through these local partnerships – rather than those broadly allocated under the national training and skills agenda.

Recommendations

Increase the flexibility of TAFE delivery to meet employer needs

Encourage and support the development of local partnerships and place based solutions to skills development

Identify areas of good practice where it is occurring. Evaluate and seek to disseminate information more broadly for replication and capacity development

Conclusion

NESA believes that TAFE has a significant role to play on the ongoing development and skills opportunities required to meet our future workforce needs as a nation. However, to ensure that this is done successfully, the system needs to be more flexible and responsive to the needs of those disadvantaged in the labour market and employers seeking to develop their workforces.

By looking more closely at ways in which TAFE and providers of employment services can work together to support learner needs and increase successful outcomes, we are more likely to achieve the outcomes of increased participation and workforce connection that government is seeking.

Embedding foundational skills and targeting training to local and national needs ensures TAFE is able to assist in building Australia's capacity to meet future labour demands through the production of more employable job seekers that meet employer expectations and have the confidence and skills to access the opportunities they seek.