

The next generation of employment services

Discussion Paper



Victorian TAFE Association Response
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Introduction

The Victorian TAFE Association is the peak body for Victoria's public providers of Vocational Education and Training (VET), including 12 TAFE Institutes, four dual sector Universities and an Associate member, AMES. The Victorian TAFE Association welcomes this opportunity to provide input to discussion paper, *The next generation of employment services*.

This submission wishes to briefly respond to three areas, including:

- The New Enterprise Incentive Scheme
- The TAFE network
- Harmonisation
- Addressing conflicts

The New Enterprise Incentive Scheme

Many Victorian TAFE Association members are recognised providers of training associated with the New Enterprise Incentive Scheme (NEIS). The experience of these members has resulted in the following commentary and recommendations to improve the operation of the scheme.

Client mobility

Current arrangements mean that a client who moves location must change training provider to one situated in the new locality. The Victorian TAFE Association considers that this approach should be changed to enable a client to continue to work with their existing provider should this be desired. Enabling this would recognise the relationship and trust that has been built up over time, and reduce timelines for the client in reaching his/her business dreams since the provider is already aware of the details of the proposed business.

The Victorian TAFE Association recommends that a mechanism be enacted to enable providers to apply for permission to take a client from outside their contracted region. The Victorian TAFE Association also recommends that such a facility be explored for other programs that similarly do not enable a client to continue a relationship in case of a move (for example, programs to support Indigenous employment).

Aligning incentives

Existing arrangements create incentives or stipulate requirements that may be at odds with the best interests of the client. For example, the KPIs and Star Ratings that Job Active Providers are subject to incentivises them to get a client into a job within a given timeframe. However, it is possible that suitable employment is not available during this arbitrary timeframe, meaning that it is possible that a client is 'pushed' into a position that may be inappropriate. Further, it may encourage a client to take a job, when a new business opportunity might be more appropriate. The latter may take longer, but may pay bigger dividends (both to the client and to society) in the longer term.

Finding the right job or indeed devising the right plan of action sometimes takes time, often longer than the 'allocated' period. This is particularly the case with clients who come from disadvantaged backgrounds. The Victorian TAFE Association recommends that some recognition be given to this, and to the introduction of some flexibility around these requirements.

Another way alignment is made askew is through the remuneration provided to Job Active Providers. Providers receive different remuneration for different outcomes, creating incentives to 'push' clients into outcomes that achieve higher fees in the least amount of

time, irrespective of whether this is best for the client. By way of example, Job Active Providers are paid more when a client is put into a job as compared to a NEIS referral. The result is that the client is 'encouraged' and referred into a job and is not advised of NEIS and possibility of starting a business.

The Victorian TAFE Association considers that a review should be undertaken to ensure that the interests of the client and the Job Active Provider align by creating and instituting appropriate incentives. Further, we consider that it be made a requirement that clients be advised of all options, including the option to become self-employed and the availability of the NEIS program.

Supporting new entrepreneurs

Advice from our members indicates that a major stumbling block for many NEIS applicants is the lack of certainty in securing initial funding/capital for business insurance. Many Job Active Providers are unlikely to permit the use of Employment Funds that they manage on behalf of clients to cover the costs associated with Professional Indemnity or Product Liability insurance. In the absence of other funds to cover costs, businesses that require insurance are unable to proceed.

It is recommended that Employment Funds be configured in a manner that enables funds to be made available for NEIS start-ups to assist in the establishment of the business, including for items such as insurance.

Income support and delivery flexibility

The Victorian TAFE Association considers that income support for NEIS participants should be reinstated to a full 12 months. Further, we consider that some flexibility in delivery be introduced, since the current two-week program model may limit access for many potential participants.

Unintended benefits

The skills imparted by NEIS include structuring and planning, setting goals, time management, organisation skills and budgeting. The program is also renowned for its role in giving NEIS participants self-confidence, motivation and purpose. These benefits are enjoyed by and benefit NEIS participants whether their business comes to fruition or not. The Victorian TAFE Association considers that recognition should be given to the role that NEIS plays in providing Australians with skills that can be transferred and used in many diverse situations.

Disadvantaged Australians

Disadvantaged job-seekers (such as the disabled, those from CALD communities, Indigenous Australians and more senior Australians) often take more time to find a job, start a business or achieve some other outcome. The nature of disadvantage is such that it often requires a higher degree of time and contact to complete training and other activities associated with establishing a business or finding a job. The Victorian TAFE Association considers that this should be reflected in models of participation and training, and for funding to be structured in a manner that enables providers to give disadvantaged Australians the support required for them to succeed.

The personalised nature of the NEIS program makes it particularly suitable for disadvantaged Australians. It introduces the concept of self-employment to groups that might not otherwise have considered this option. It also gives participants access to an 'audit' that helps them become aware of their skills and attributes and allows them to visualise how these might be applied to a business setting. The Victorian TAFE Association considers that

these benefits warrant consideration with an increase in the allocation of resources to ensure that more disadvantaged Australians become aware of and undertake the NEIS option.

Fees

The current NEIS Fee of \$5580 has been static for nearly a decade. It has been reduced in real terms with the decision to extract the GST from that amount, effectively reducing the fee to \$5073. The lack of increase in fees over the past decade can be juxtaposed against an increase in administration and compliance costs. The Victorian TAFE Association recommends a review of fees.

Mode of delivery

The efficiencies promised by online delivery make it a tempting proposition for the delivery of NEIS training and services. But while online training and service have a place, it is imperative that they not replace face-to-face delivery modes completely. This is particularly the case with respect to delivery to disadvantaged clients, for whom access to online services may be problematic. The reasons for this are numerous: for more senior clients, it may be due to fear and unfamiliarity with technology; for others, it may be the costs associated with technologies necessary to access online services; for the deaf and hard of hearing or those from CALD communities, it may be due to language barriers.

For this reason, the Victorian TAFE Association recommends that care be taken in the use of online delivery and for the provision of delivery in multiple and blended formats. Further, we consider that NEIS clients and Job Seekers more broadly should not be forced to utilise online services.

Utilising the TAFE network

Throughout the discussion paper, reference is made to the need for better industry engagement in the development and implementation of employment services. The rationale is the recognition of industry's primary role as employers, but also as key stakeholders in the provision of advice regarding future industry and employment trends and their consequences for training.

The Victorian TAFE Association shares this view and believes that it is vital for industry to be properly connected and engaged with the development and provision of employment services.

A hallmark of TAFE and the wider VET sector is its link to industry. The TAFE network is renowned for its industry led training and applied research in 'real world' industry and community settings, built on the back of robust and long-term relationships with employers and industry.

The TAFE network is also recognised as the sector that engages and educates disadvantaged cohorts. Recent research by KPMG showed that in Victoria alone, the TAFE network delivered training to three times as many students from low socio-economic backgrounds as higher education providers, and about four times as many Indigenous students.¹ Other figures show that 63 per cent of VET students are 25 and older, compared to only 37 per cent for universities; while students who are 45 and older represent 22 per cent of the VET student body, compared to 9.6 per cent for universities.² Perhaps this reality

¹ KPMG (June 2018), *The Importance of TAFE to Victoria's Prosperity: Final Report*, <https://vta.vic.edu.au/document-manager/research-applied/848-the-importance-of-tafe-to-victoria-s-prosperity-final-29-06-18>, accessed 1 August 2018.

² The university figure is for students 40 and older. The figures referred to above are from *Australian vocational education and training statistics: total VET students and courses 2015 — data slicer*, National Centre for

informed the Victorian Government decision to locate Skills and Jobs Centres at each of Victoria's 12 TAFE institutes and four dual sector universities.³

As noted elsewhere, many of Victoria's TAFE institutes and dual sector universities are engaged with the delivery of Commonwealth employment services through their role as providers of training associated with the NEIS. But the TAFE network's relationships with industry and community represent a valuable resource that could be better utilised to ensure and secure industry's voice and better engagement from potential employment services users.

The Victorian TAFE Association recommends that work be undertaken to explore how to work with and make better use of this rich resource. In this, the Victorian TAFE Association and its members are willing to participate and work on any discussion or review of how to ensure the TAFE network can be better engaged in the design and delivery of employment services.

Harmonisation

The preceding discussion made reference to the Skills and Jobs Centres, which are an initiative of the Victorian Government to provide job-seekers with expert advice on training and employment opportunities and to fulfil the workforce needs of industry and employers. The Victorian program is among a series of state-level initiatives that either directly or indirectly provide services to increase employment opportunities.⁴

Relationships between Skills and Jobs Centres and Job Active Providers are inconsistent. Some Skills and Jobs Centres advise that much of this is due to a lack of understanding of what they do and the assistance that they can provide to potential clients and employment outcomes. This example demonstrates the issues that can arise when disparate programs from multiple levels of government exist to serve similar needs.

The Victorian TAFE Association considers that the review should give consideration to these and other initiatives, including those that operate at all levels of government. Such a review should give consideration to their interaction; to issues of duplication; to identification of opportunities for leverage and better coordination of activities; and to determining the interconnectedness of existing programs, including those that have a direct and indirect impact on employment outcomes.

Addressing conflicts

Current arrangements enable a Job Active Provider to also act as a registered training provider. The Victorian TAFE Association considers that this dual role presents a conflict of interest, real or otherwise. The potential exists for the Job Active Providers to recommend that their clients undertake training that it delivers. However, the interests of the client may be better serviced by training that is delivered by an alternate training provider.

Vocational Education Research and *Selected Higher Education Statistics – 2015 All Students*, Commonwealth Department of Education and Training.

³ The Skills and Jobs Centres initiative provides a "first port-of-call" for employers to meet their workforce needs and for job-seekers who wish to enter the workforce, start training or re-skill. <https://www.education.vic.gov.au/about/programs/pathways/skillsandjobscentres/Pages/default.aspx>, accessed 1 August 2018.

⁴ For example, the Partnerships Addressing Disadvantage initiative seeks to reduce disadvantage and produce better outcomes for vulnerable Victorians. In doing so, it addresses issues that affect engagement by vulnerable cohorts, and with this, employment opportunities. Another example is the initiative to improve the provision of career advice in schools.

This is one example of a conflict, and there may be others. Indeed, this is related in part to the recommendation that incentives between the interests of the client and the Job Active Provider be aligned. As part of this, the Victorian TAFE Association considers that some consideration should be given to how to remove or mitigate this and other conflicts.

Key contact

The VTA welcomes the opportunity to speak further to the issues outlined above. To do so, please contact:

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