



Australian Government

Department of Education, Employment and Workplace Relations

LANGUAGE, LITERACY AND NUMERACY PROGRAM SERVICES

Discussion Paper for Consultation

This paper provides an opportunity for input from interested parties on the direction the Australian Government will take in purchasing Language, Literacy and Numeracy Program Services after existing contracts expire on 30 June 2009.

The first part of this paper provides some background information on the Australian Government's objectives for skills and training more broadly and some background on current services being provided under the current Language, Literacy and Numeracy Program Services contract.

The second part of the paper, headed "Issues for Consideration" poses a number of questions that will guide you in responding to '*what* the Australian Government should be purchasing', in terms of the services provided, and '*how* the services should be purchased and measured', in terms of fee structure and contractual terms and conditions.

The third part of the paper provides an indicative timetable for the Language, Literacy and Numeracy Program Services tender process.

GOVERNMENT OBJECTIVES

The Australian economy is facing significant challenges to its economic growth and prosperity. The economy is operating in a more competitive and changing environment; the demographic profile is changing; and businesses are finding it difficult to access skilled workers.

A lack of investment in skills has resulted in weak productivity growth in recent years. Strong growth in wages, if not offset/matched by improvements in labour productivity, adds to price pressures.

Australia's vocational education and training system is well positioned to contribute to building a highly skilled workforce to respond to the next wave of economic reform and position Australia strongly in an increasingly competitive international market for skills. However, the system must be appropriately resourced and efforts redirected to cope with the challenges of today and the changing workforce of the future.

Research and economic modelling from a range of respected sources, including studies by the Centre for Economics of Education and Training and the Queensland Department of Education and Training, provide the following snapshot of projections for the sector through to 2016:

- The VET sector needs to supply a total of 2.47 million qualifications with the highest growth areas at the Australian Qualifications Framework (AQF) Diploma and Advanced Diploma levels.
- Based on current supply, there will be a net shortfall of around 240,000 people with VET qualifications. This would require a 5 per cent per annum increase in investment, taking account of the need to train in higher level qualifications.
- This shortfall will not be filled by new entrants alone and will require a focus on those already in the workforce.

These are conservative projections which do not factor in the additional potential effort needed to increase labour force and educational participation among a range of cohorts, including early school leavers and low-skilled adults.

Another barrier faced by a significant percentage of adults in the workforce is their lack of a qualification. The evidence shows that productivity improves with skill levels and people without qualifications are less likely to be employed, and are at risk of being marginally attached to the labour force.

Due to demographic changes, as noted above, the skills shortfalls cannot be met solely by new entrants to training, so deepening Australia's skills base will require a focus on those already in, or marginally attached to, the workforce. Adult learning and workforce retraining can up-skill and re-skill the current workforce to increase workforce retention rates and boost productivity. However the capacity of many individuals to lift their level of engagement in employment is limited due to poor literacy and numeracy skills. The 2006 Adult Literacy and Life Skills (or ALLS) survey found that about 40 per cent of employed Australians, and 60 per cent of unemployed Australians, do not have adequate literacy skills to function effectively in the workplace.

The Australian economy is missing out because many people, workers and unemployed, have not had access to adequate training. In economic terms, better skills mean more efficient production.

The Australian vocational education and training system is a shared responsibility between the Commonwealth and state and territory governments. If Australia is to achieve a vision of having the economy with the most skilled and best trained workforce in the world, it will require a considerable effort by the Commonwealth, states, territories, industry and individuals.

At the Council of Australian Governments (COAG) meeting on 26 March 2008, for the first time, the Commonwealth and all State and Territory Governments agreed on a common framework for participation and productivity reform. The framework contains a comprehensive set of the aspirations, outcomes, progress measures and future policy directions in the key areas of early childhood, schooling and skills and workforce development that will guide education systems across the nation, building on the initiatives currently underway across States and Territories. One of the aspirations of the framework is "Individuals are assisted to overcome barriers to education, training and employment, and are motivated to acquire and utilize new skills." The framework also has "The working age population have gaps in foundation skills levels reduced to enable effective educational, labour market and social participation" as one of its determined outcomes.

The Australian Government believes that investing in the education, skills and training of our people is the single most important thing we can do as a nation to lift

productivity. In its policy paper *Skilling Australia for the future*, the Australian Government outlined its plans for increasing the productive capacity of the workforce.

Skilling Australia for the future not only outlines the Australian Government's commitment to provide an additional 630,000 training places over the next five years but outlines a roadmap for reform. The 630,000 additional training places will be delivered as the Productivity Places Program. The Australian Government is working with the states and territories through the COAG Working Group on the Productivity Agenda, to develop joint delivery arrangements for the Productivity Places Program. Further information on the Productivity Places Program can be found at www.productivityplaces.deewr.gov.au

The Australian Government's initiatives outlined in *Skilling Australia for the future* include:

Building a highly skilled workforce

The government wants to close Australia's skills gap by significantly expanding places in a more responsive VET system. It has identified that to increase workforce participation by investing in skills the VET system must:

- provide incentives and training for those currently not participating in the workforce; and
- invest in lifelong learning for the existing workforce to ensure they maintain and improve their job prospects in a dynamic work environment.

The Australian Government is also committing \$577.4m over four years to support schools to improve literacy and numeracy outcomes, starting with those schools and students most in need of help. As part of the Education Revolution, the National Action Plan on Literacy and Numeracy will be developed in partnerships with schools, state and territory governments and non-government school systems.

Social Inclusion

The Australian economy has entered its 17th year of economic growth but now more than ever a social inclusion agenda is needed in Australia. Behind Australia's growth story lies the experience of Australians who, at the time of great prosperity, remain disadvantaged.

Social exclusion is the outcome of people or communities suffering from a range of problems such as unemployment, low incomes, poor housing, crime, poor health and disability and family breakdown. In combination, these problems can result in cycles of poverty, spanning generations and geographical regions. The foundation skills such as Language, Literacy and Numeracy are crucial to supporting an individual's social inclusion.

Social exclusion can happen as a result of problems that emerge during life, or it can start from birth. Being born into poverty or to parents with no jobs or low skills is a major influence on a child's life chances. Tragically, Indigenous Australians are highly likely to be socially excluded. Australians can also be at risk of social exclusion when living in suburbs which lack services and a sense of community.

Social inclusion has been defined by the government as offering all Australians the opportunity to 'play a full role in Australian life, in economic, social, psychological and political terms.' This entails being able to: secure a job; access services; connect with others in life through family, friends, work, personal interests and local community;

deal with personal crisis such as ill health, bereavement or the loss of a job; and have their voice heard.

The Australian Government's social inclusion agenda aims to launch a new era of governance to mainstream the task of building social inclusion so that all Australians can share in our nation's prosperity. Language, Literacy and Numeracy will play a key role in driving the Australian Government's social inclusion agenda to equip individuals with the ability to acquire language and numeracy skills to engage in broader training and work.

Future challenges

Improvements in Language, Literacy and Numeracy skills levels will clearly play a crucial role in underpinning achievement of the workforce participation and productivity goals of the Council of Australian Government's (COAG) Reform Agenda: Reforming and Investing for the Future. In the context of the ageing population, technological and workplace change, the need for up-skilling will continue to arise, as will the associated need for many adults to improve their language, literacy and numeracy skills in order to keep up.

At the same time, continuing immigration, young people 'slipping through the cracks' for various reasons throughout their schooling and adults losing their literacy skills through lack of use, will mean a continuing pool of people needing assistance.

LLNP BACKGROUND

The Language, Literacy and Numeracy Program (LLNP) seeks to improve clients' language, literacy and/or numeracy with the expectation that such improvements will enable them to participate more effectively in training or in the labour force and lead to greater gains for society in the longer term.

The Program is therefore well placed to support jobseekers who wish to undertake training under the Productivity Places Program but whose language, literacy and/or numeracy skills would put successful completion of this training at risk.

The Australian Government, through the Department of Education, Employment and Workplace Relations, currently contracts 39 organisations, known as Training and Assessment providers, to provide face-to-face training services from over 370 locations. Distance delivery of training is available for those clients who do not have ready access to a face-to-face provider. The Program is supported by a quality assurance process delivered through an Independent Verifier provider.

Clients are eligible to receive training through LLNP if they are:

- registered as a jobseeker with Centrelink and not a full-time student
- of working age (15-64)
- have no potential barrier to successful participation in the Program (based on available information gained from the client).

Clients must also satisfy eligibility criteria relating to benefit and visa status.

Participation in LLNP is competency based. Clients are streamed into the most appropriate stream of training depending upon their particular skills level:

- Initial: Language only
- Basic: Language, and Literacy and Numeracy

- Advanced: Language, and Literacy and Numeracy

In addition, the following optional training services (subject to budget allocations) may be offered:

- advanced vocationally-oriented courses; and
- complementary training which seeks to assist clients with particular disadvantage. A particular priority of the Department is to provide assistance through this training to Indigenous Australians.

At the time of seeking tenders for the current Language, Literacy and Numeracy Program Services contract (1 July 2006 – 30 June 2009) the Australian Government modified the streaming, training and payments arrangements to improve program outcomes. In purchasing Language, Literacy and Numeracy Program Services for the current contract period, the Australian Government sought:

- better streaming of clients into appropriate training;
- the introduction of 160 hour blocks of training to improve client completion rates; recording client learning outcomes upon exit of each block of training;
- increased emphasis on independent verification, moderation workshops, performance management and on trainer/assessor qualifications to improve program quality;
- increased opportunities for complementary training to assess the needs of specific client groups (e.g. Indigenous Australians, young males, isolated females) which achieve poor outcomes in normal classes; and
- different payment arrangements to encourage improved program outcomes (i.e. stronger incentives to providers to have clients complete blocks of training).

Other Programs

The Language, Literacy and Numeracy Program does not exist in isolation. The Australian Government, through DEEWR and the Department of Immigration and Citizenship (DIAC), administers other programs designed to facilitate improvements in Language, Literacy and Numeracy skills. These include the:

- Workplace English Language and Literacy (WELL) Program for people in the workforce; and
- Adult Migrant English Program for recent adult migrants.

In addition to specific programs to facilitate improvements in the level of Australians' Language, Literacy and Numeracy skills, the Australian Government, through DEEWR, also manages the Adult Literacy National Project (ALNP). Comprising a number of project elements, the ALNP is intended to support and promote research, resources and projects in the field of adult literacy.

ISSUES FOR CONSIDERATION

ISSUES FOR CONSIDERATION FOR THE NEXT LANGUAGE, LITERACY AND NUMERACY PROGRAM SERVICES CONTRACT FROM 1 JULY 2009

The next Language, Literacy and Numeracy Program Services contract round will commence from 1 July 2009 and will be for a period of three years. The purpose of this consultation paper is to seek views on 'what the Australian Government should be purchasing', in terms of the mix of services provided, and 'how the services should be purchased', in terms of fee structure, reporting, contractual terms and conditions.

In responding to this paper you will need to keep in mind that the Australian Government operates within a framework of public accountability and must demonstrate value for money in all its procurement of services.

What services should the Australian Government be purchasing?

The Australian Government is exploring a range of options for the next Language, Literacy and Numeracy Program Services contract period. To help inform our final decisions we invite your comment on the following questions:

- How effective is the LLNP in preparing clients for daily life and employment?
- How could LLNP learn from other programs?
- What strengths from other services could we incorporate into LLNP?
- What kind of flexibilities should be incorporated into Program delivery and why?
- How can the current servicing arrangements be improved to provide better outcomes for the client?
- What structure for Program delivery would best meet clients' needs and ensure successful outcomes, particularly for disadvantaged clients (eg Indigenous Australians) and clients with multiple barriers to learning?
- What innovations could be implemented to encourage participation of Indigenous clients in remote areas?
- How could specialised services such as Advanced Vocationally Oriented Courses (AVOC) and Complementary Training (CT) be improved?
- How can the linkages between LLNP providers and referring agencies [Centrelink and Employment Services Providers, including Job Network Members (JNMs)] be improved (noting that there has been a review of Employment Services Arrangements, as part of an open tender process occurring later this year)?

How should the services be purchased and measured?

Language, Literacy and Numeracy Program Service providers are currently paid a contracted unit price per hour for each client that they service. This unit price is determined through a competitive tender process and is paid in instalments of 30% (at the front end of the process) and 30% (at the middle point of the training) and 40% (at the completion of the training block).

Language, Literacy and Numeracy Program Service providers are currently allocated a notional budget for a Business Service Area.

The Australian Government is exploring a number of performance measurement and purchasing options for the next Language, Literacy and Numeracy Program Services contract period. To help inform our final decisions we invite your comment on the following questions:

- Is the LLNP the most cost-effective way of skilling people with low language, literacy and numeracy skills? How could it be made more effective?
- How could the current measurement of educational outcomes and client achievement be improved?
- What are the facets of the Program that could enhance and what are the ones that could inhibit Providers from meeting the Program benchmarks (ie. Key performance indicators)?
- Do the current payment structures to LLNP service providers drive improved outcomes? If not what improvements could be made to gain improvements?
- Should providers be financially rewarded if their clients gain employment? If so how would it be measured?
- How can the reporting and administrative procedures be simplified or made more efficient so trainers can spend more time on training excellence?

HOW TO COMMENT

All interested parties are encouraged to give consideration to the identified issues and provide comment back to the Department of Education, Employment and Workplace Relations.

Please forward your comments directly to LLNP2009tender@deewr.gov.au by **11 July 2008.**

While it is our preference to have comments submitted to the secure e-mail address above, you may submit them by writing to:

Susan Mitchell
Director, Language, Literacy and Numeracy
Transition to Training and Work Branch
Department of Education, Employment and Workplace Relations
Location Code 734
GPO Box 9880
CANBERRA ACT 2601

For your comments on the discussion paper to be accepted you will be required to provide your name and the name of your organisation (if applicable) with your response. Your response will be treated by the Department of Education, Employment and Workplace Relations as in confidence.

Language, Literacy and Numeracy Program (LLNP) Service TENDER

Indicative Timetable for LLNP Tender Development (May be subject to variation)

DATE	MILESTONE
June 2008	• Discussion Paper Released • Targeted Consultations
August 2008	Release of overview paper detailing Government's purchasing options.
September- October 2008	• Release Request for Tender (RFT) • Tender (RFT) Information sessions for all interested parties (held nationally)
November 2008 - February 2009	Tender Assessment Process
April 2009	Announcement of New Contracts
1 July 2009	Start of Language, Literacy and Numeracy Program Services Contracts