



Submission to

**‘Securing our future economic prosperity’
Discussion Paper on Skills Reform**

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Introduction

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS works to ensure that all Victorians have access to and a fair share of the community's resources and services, through advocating for the development of a sustainable, fair and equitable society.

VCOSS members reflect a wide diversity, with members ranging from large charities, sector peak organisations, small community services, advocacy groups and individuals in social policy debates.

VCOSS Vision

VCOSS is committed to living out the principles of equity and justice, and acknowledges we live in a society where people are interdependent of one another. VCOSS respects the land we live in and recognises the Indigenous custodians of the country. VCOSS is committed to reconciling all injustices with Indigenous Australians.

The VCOSS vision is one where social well being is a national priority, and:

- ❑ Ensures everyone has access to and a fair share of the community's resources and services
- ❑ Involves all people as equals, without discrimination; and
- ❑ Values and encourages people's participation in decision making about their own lives and their community

VCOSS Response

VCOSS supports the Victorian Government's focus on an accessible, quality integrated training system as part of building a 'smart' Victoria. The Victorian vocational education and training (VET) system provides a key link in developing Victoria's human capital, and therefore the wider capacity of the Victorian community: a recent OECD report emphasises the importance of the development of competencies and human capital as prime investments for ensuring sustainable economic and social growth.¹

VCOSS particularly supports the acknowledgement by the Minister for Skills and Workforce Participation in the Discussion Paper of the role of skills in driving, not only economic growth, but social participation. In light of this, VCOSS is particularly concerned at the lack of some priority considerations relating to the role of the VET system in strengthening social inclusion and participation in the Discussion Paper. These will be addressed below.

VCOSS also notes that although the Discussion Paper states that VET tuition fees in Victoria are low compared to other states, the Victorian Government's investment in VET is also low compared to that of other states. This point is particularly relevant given proposals outlined in the Discussion Paper to increase fees for some VET courses.

Ensuring priority of access for young people to vocational education and training

While the Discussion Paper on Skills Reform is focused on post-compulsory education, the largest increase in participation in the VET system in the last 10 years has been by young people aged between 15 and 19 years.² VCOSS is concerned therefore that the Reform paper makes almost no acknowledgement of young people in this age group who are either participating independently in VET or participating in the *VET in Schools* programs. VCOSS believes that these young people should be given priority access to the VET system as part of the education guarantee enshrined in the new *Education Act*.

For many young people of secondary school age who have disengaged from school and are undertaking VET courses, participating in VET is the only thing that is keeping them in education. It is well recognised that young people who disengage from the education and training system are some of the most disadvantaged in terms of employment outcomes, and thus from broader social and economic participation.³ In addition, for many young people still in school, *VET in Schools* provides an alternative pathway of continuing their participation in education and training. Currently, 37.4 per cent of all school students undertaking a senior secondary school certificate participate in VET in Schools across Australia, with 36,000 young people in Victoria doing so in 2005.⁴ Ensuring that these groups of young people continue to be able to access VET should be a priority of the Government's skills reform agenda.

While the development and implementation of the skills reform agenda should be integrated across all relevant government departments, it is particularly important that

the Department of Education and Early Childhood Development (DEECD) be engaged in this process. Further, DEECD should ensure that schools are actively engaged, not only in the skills reform process, but more broadly in the VET system. As well as the important role of leading the *VET in Schools* program, schools are also a crucial source of information and guidance for young people and their families about their future education, training and workforce participation. Both schools and young people need to be able to access the improved information and guidance that is proposed in the Discussion Paper and the expertise of schools and young people should be drawn upon in developing and improving these information resources.

Ensuring equity of access to vocational education and training for those most disadvantaged

While the Discussion Paper notes that “access issues” constitute a barrier to access to training, ensuring equitable access to VET for those most disadvantaged is not one of the objectives which the Paper identifies as necessary to guide reform of the VET system. VCOSS considers the lack of such an ‘equity lens’ in the skills reform agenda a serious omission given the following issues:

Many people participating in VET experience financial disadvantage

Twenty five per cent of students enrolled in TAFE are from socioeconomically disadvantaged backgrounds, compared to 14 per cent of those in higher education. Research by the Equity Research Centre indicates that costs associated with VET courses can be a barrier to participation in training.⁵ Given this, the potential impacts of introducing or increasing such costs on those with least capacity to pay should be given serious consideration.

VCOSS is particularly concerned that the Discussion Paper does not prioritise ensuring access to people from disadvantaged backgrounds to higher-level courses in the context of proposals for increased fees for such courses and the introduction of an income-contingent loan scheme. These proposals appear to be based on assumptions that graduates of training courses which increase their employability will in fact gain and retain well-paid employment, and that when they do so, that their costs of living are comparable.

These assumptions are problematic. While the Discussion Paper cites a working paper prepared for the Federal Government that states that higher level training improves an individual’s ‘chances’ of getting a job, a chance is not a job. A person’s employment prospects are not only affected by their education but by other factors, including unemployment levels in their local area, levels of demand in the industry in which they are qualified, access to childcare for those with dependent children, access to public transport, and the very real issues of discrimination experienced by many Victorians, particularly Indigenous Victorians, those from culturally and linguistically diverse backgrounds and those with a disability.

Additionally, people face significantly different costs of living depending on their personal circumstances, such as where they live (which affects their housing and transport costs), whether they have children (and if so, whether they are a sole or partnered parent) and whether they have a chronic illness or a disability. It cannot be assumed that graduates from the same course have the same capacity to service a debt, even if they are both employed in the same industry at the same level of pay and with similar job security.

Many VET students are from Indigenous backgrounds

Indigenous students are attending technical and further education institutions at a much higher rate than non-Indigenous students. This is significant given that Indigenous Victorians experience substantial educational disadvantage: education retention rates for Indigenous Victorians are much lower for all age groups than the general population, with retention in years 10 to 12 being half the level of the school

population as a whole.⁶ The recent Victorian Government review of education provision for Indigenous students indicated that the current approach has failed to make a significant difference in improving educational outcomes for Indigenous children and young people, and resulted in the development of the *Wannik: Learning Together – Journey to Our Future* Strategy. One of the expectations of *Wannik* is that all Indigenous students should expect to have the opportunity to engage in VCE, VET or VCAL. While the *Wannik* Strategy applies to DEECD, given the importance of integrating the skills reform agenda across all relevant Victorian Government departments as stated earlier, VCOSS believes that skills reform will also be informed by the recommendations of the *Wannik* Strategy.

Geographic isolation presents particular barriers to accessing VET

Victorians who are geographically isolated, particularly those in rural and regional areas, face particular barriers to accessing and participating in VET. In many areas there is limited or no public transport available. Also, the cost and availability of transport where it is available is often significant in these areas, exacerbated by the prolonged drought affecting much of the state. For example Wimmera UnitingCare in Western Victoria, has noted that the majority of young people in their area travel considerable distances in order to access VET and VCAL programs. Many do so via the school bus network, however school bus contracts only cover the journey to and from school, with local families this year being required to pay \$350 for the additional bus journey to one of the three sites providing VET and VCAL. In this severely drought-affected community, many families have been unable to afford this fee, resulting in many young people being unable to attend VET and VCAL classes.

This is occurring at a time when ensuring that these students can continue to access VET courses is particularly important, as drought-affected communities have seen a reduction in access to traineeship and apprenticeship opportunities as well as an increase in unemployment and underemployment.⁷ Wimmera UnitingCare, for example, has identified that many young people who have been accepted into a university course are deferring because their families cannot afford to support their move to their place of study and are then additionally unable to obtain employment due to the economic downturn in the local area, thereby further restricting their capacity to move to accept a university place.⁸

Access to VET is important in increasing the workforce participation of disadvantaged groups

Through its *Regional Skills Shortage Survey* and the *Workforce Participation Taskforce*, the Victorian Government has identified that increasing workforce participation by people who face particular barriers to employment is a priority. In a recent report prepared for the Government by the Allen Consulting Group, 'improving educational attainment and skills' was recommended as a key strategy to increase workforce participation across all groups identified by the report as experiencing employment disadvantage – mature-aged people, people with disability, Indigenous people, young people, women and those who are long-term unemployed.⁹

Given this recommendation, VCOSS is concerned that there is almost no overlap between the objectives of the *Discussion Paper on Skills Reform* and those of the Government's *Workforce Participation Strategy*. Workforce participation initiatives cannot be conceived of in isolation from skills and training reforms. The capacity of disadvantaged groups to access VET must also be considered in the context of improving their workforce participation outcomes, not least because the barriers to employment, and to education and training faced by many disadvantaged Victorians are similar if not identical. For example, Women's Health West has identified that, in accessing education, training and employment, many women contend with issues including poverty, English as a second language, disrupted education (particularly refugees and asylum seekers and young mothers) and the unavailability of care for both children and aged relatives being cared for.¹⁰

Additionally, the Discussion Paper notes concern at the number of students who re-enrol in enabling or lower-level courses. A recent National Centre for Vocational Education Research report notes that students who re-enrol in enabling courses are either undertaking more advanced courses within the same level of qualification, studying to retain or improve their skills, or to gain further skills and experience to progress within the VET system or into the workforce.¹¹ VCOSS does not believe that such students should be penalised through increased fees for undertaking courses at a similar level.

VET is important in strengthening social inclusion

In 2007 the Ministerial Advisory Committee for Victorian Communities released its final report titled *Social inclusion: The next steps for a fairer Victoria*. This report recommended that there be further development of strategies which address education attainment, retention and re-engagement as part of efforts to strengthen social inclusion in Victoria.¹² In its submission to this Discussion Paper, the Association of Neighbourhood Houses and Learning Centres (ANHLC) highlights that the 'lifelong learning' activities delivered by its members as part of the Adult, Community and Further Education (ACFE) sector are key contributors to social engagement as they serve to build and support peoples' resilience, wellbeing and connection to the community. This is particularly important given that many people who engage in learning engagement activities through neighbourhood houses and learning centres are disadvantaged due to age, ill health, disability and migrant or refugee status.

VCOSS supports the ANHLC's submission and further highlights that, while the Discussion Paper acknowledges the role of the ACFE sector and indicates support for the sector in the context of the proposed reforms, some of the reforms are potentially contradictory in relation to their potential impacts on this sector and its stakeholders. For example, the report states that the Government would 'help the (ACFE) sector reach out to people with low skills who have not previously participated in education and employment'; however it is these groups for whom the reform's proposal to introduce increased fees for certain courses with a higher qualification would pose a significant disincentive to their participation in such courses.

Ensuring the reforms do not impact negatively on the Victorian community sector

While the Discussion Paper identifies several industries identified by the Department of Education, Employment and Workplace Relations (DEEWR) as experiencing severe skills shortages, the Victorian community sector is not identified as an industry whose skills or workforce needs are considered in the development of the reforms. This is of great concern to VCOSS, given the significance of the services provided by the Victorian community sector and its role as an employer, the workforce challenges it is experiencing, and the potential of the proposed reforms to exacerbate these challenges.

The recent *Victorian Government Action Plan: Strengthening Community Organisations* notes that the community sector employs nearly 7 per cent of the workforce nationally, and more than 41 per cent of Victorians volunteer in community and not for profit organisations. The Action Plan also notes that one of the critical challenges facing the Victorian community sector is the attraction and retention of staff.¹³ The community sector urgently needs to reduce barriers to qualified, capable and enthusiastic people entering its workforce. Graduates at non-degree levels considering work in the sector are faced with the very real decisions of whether to choose a job in aged care, welfare or child care over hospitality, tourism or retail – the pay levels are similar and the ‘care burden’ of jobs in the latter industries significantly less. One VCOSS member organisation gave the example of a staff member who has just started as a social worker earning \$18 an hour, who was earning \$17 an hour in their previous job as a cleaner. Faced with a HECS-style VET debt, graduates may well feel pressure to choose higher-paying work in the private sector over a career in the community sector to repay such a debt.

Another aspect of these reforms with the capacity to negatively impact upon the community sector workforce is the impact a fee structure for particular VET courses would have on moves to introduce mandatory qualifications for staff in certain areas of the sector, particularly in response to improved regulations. The Victorian community sector has campaigned strongly for improved regulation of services such as children’s services and often, as part of this, for mandatory and/or minimum qualifications for staff and qualified staff ratios. Increased fees for the qualifications that are required for regulatory compliance could pose a disincentive for people to work in that particular industry, further compounding existing workforce shortages in the community sector and putting services at risk of closure due to their inability to meet their regulatory compliance requirements.

Other community sector organisations such as the Community Housing Federation of Victoria (CHFV) would like assistance from Government to encourage staff to improve their skills and training voluntarily through pursuing VET qualifications. In communication with VCOSS, CHFV cited a survey of community housing support workers conducted by KPMG for the Department of Human Services (DHS) in 2007. While the VET qualification recommended for community housing workers is Certificate IV in Social Housing, only nine per cent of community housing workers

responding to the KPMG survey said they had VET qualifications. CHFV would like to see DHS provide incentives for community housing workers to undertake Certificate IV in Social Housing or a similar qualification.¹⁴ The introduction of increased fees for such courses however, whether upfront or deferred, would instead create a disincentive for such workers to do so.

Additionally, as noted earlier, a significant proportion of the Victorian community sector are volunteers. Many community sector organisations are legally obliged to ensure that all staff, paid and voluntary, receive training in areas such as occupational health and safety and food handling, and are reliant on the VET system to provide such training. As Volunteering Victoria, has noted, most organisations that rely on volunteers struggle to afford accredited training for their paid staff, let alone their volunteers; but when programs rely on volunteers with some level of skill providing assistance to clients, “training becomes an essential, not a luxury.”¹⁵ Fees for such training, whether upfront or deferred, would impact significantly on the capacity of many community organisations dependent on volunteers to provide core services to continue to provide such services.

Recommendations

VCOSS makes the following recommendations in relation to the questions posed in the Discussion Paper:

- ❑ That the Victorian Government increase its investment in the VET system as part of a large-scale renewal of education and training.
- ❑ That the Government consider the groups disadvantaged from education and training and workforce participation discussed in this submission in considerations of eligibility criteria for government supported training.
- ❑ That schools and young people be engaged in developing information resources on the benefits of vocational education and training.
- ❑ That higher fees for VET courses not be introduced. If such fees are introduced, VCOSS recommends:
 - That VET courses be free for students aged 20 years and under as part of the education guarantee enshrined in the new *Education Act*;
 - That the groups disadvantaged from education and training and workforce participation discussed in this submission be considered in the development of an exemptions policy;
 - That the upfront costs of participating in VET borne by many students, such as transport costs, course and materials charges be taken into consideration when setting any fees; and
 - That a deferred payment system for fees not be introduced. Such a system would be likely to further discourage many students experiencing disadvantage from enrolling in training to gain or increase skills due to the level of debt that would be imposed, and which those with considerable living costs and/or uncertain employment would find difficult to repay.
- ❑ That the Victorian community sector be engaged in reform of the VET system to improve the capacity of the Victorian community sector workforce

In addition, VCOSS supports the recommendations made in the submission by the Association of Neighbourhood Houses and Learning Centres (ANHLC) regarding support by government for ACFE providers.

Authorised by Carolyn Atkins, Acting CEO Victorian Council of Social Service, 13 June 2008

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