

Skills and Workforce Participation

Ensuring that all Victorians have the skills and opportunities to participate in the workforce is fundamental to Victoria's social and economic sustainability. In addition, investment in skills and workforce participation also serves to strengthen social inclusion, a key element of liveability.

While the Victorian Government has recently announced a skills package, that contained both positive and negative changes for many low income and disadvantaged Victorians, there remains much for the state to do to ensure more Victorians have the skills to advance themselves and their families. With an increased likelihood of an economic slow down there is an even greater need to prioritise investment in building the skills of those Victorians who are at most risk.

Unemployment is widely recognised as a contributor to disadvantage and a key factor in perpetuating social exclusion¹⁶⁵. In *A Fairer Victoria* the Government recognised that barriers to opportunity experienced by particular groups and places impact negatively on the whole Victorian community – that 'entrenched disadvantage....undermines Victoria's capacity to sustain the strong economic and productivity growth needed to create a fairer, more prosperous society'¹⁶⁶.

It remains unacceptable that even in areas of strong employment, many people, including as younger people, older people, Indigenous people, refugees and recent migrants and people with disabilities and mental health issues, remain locked out of the workforce.

The same groups of people also often experience significant barriers to accessing education and training. In the 2009-10 State Budget it is vital that the Government prioritise investment in initiatives to enhance access to education, training and employment opportunities for these groups.

Investment in Vocational Education and Training (VET)

In its mid-term review of the joint Commonwealth-state 'Skilling Australia's Workforce 2005-08' Agreement, the Boston Consulting Group identified that a key purpose of the VET system is an "equitable system that supports the participation of disadvantaged groups"¹⁶⁷.

Lack of sufficient Victorian Government investment in the VET system to enable the inclusion and participation of employment-disadvantaged will undermine this crucial objective.

VET in Victoria is funded at \$12.38 per student contact hour - significantly lower than the

165 L Hancock and L Horrocks, *The MacroMelbourne Initiative: Developing strategic responses to disadvantage in Melbourne: today and towards 2030*, Melbourne Community Foundation, 2006, p 10

166 State of Victoria, *Challenges in addressing disadvantage in Victoria: Reporting on progress, identifying future directions*, 2005, p 2

167 Boston Consulting Group, *Skilling Australia's Workforce 2005-06 Mid-Term Review*, commissioned by the Department of Education, Science and Training, 2007

national average of \$14.24 per student contact hour¹⁶⁸. Underfunding of TAFE has led to an increase in fees and charges for courses, jeopardising the sustainability of the public system and undermining equity goals¹⁶⁹.

The Government's reforms to the VET system, which increased fees for VET courses, risks further alienating disadvantaged Victorians from the VET system and contributing to their disengagement from the workforce.



Twenty five per cent of students enrolled in TAFE are from socio-economically disadvantaged backgrounds. Research by the Equity Research Centre indicates that costs associated with VET courses can be a barrier to participation in training¹⁷⁰.

Measures to encourage Victorians experiencing socio-economic and employment disadvantage to participate in VET are essential to meet Government's objectives of increasing workforce participation and social inclusion. 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 unemployed¹⁷¹.

Indigenous Victorians are some of the most disadvantaged from both an education and workforce participation perspective. In 2007, just over 17 per cent of Indigenous Victorians were enrolled in VET courses¹⁷². This level of enrolment is made possible by Government funding for Indigenous support services and the guarantee of a capped minimum tuition fee regardless of the training provider the Indigenous students choose.

As the Victorian Aboriginal Education Association has noted, 'The employment rate and earning capacity of the Koorie community in general is well below that of the non-Koorie community, therefore capacity to pay is a major issue for our community. Income contingent loans would....function as a deterrent to (Koorie students) moving through to higher levels

168 As above p 15

169 Australian Education Union, *AEU State Budget Submission 2007-08*, p 6 - 7

170 Equity Research Centre, *Groups at risk of economic and social disadvantage*, Office of Training and Tertiary Education Victoria, 2004

171 Allen Consulting Group, *Barriers to and options for increasing workforce participation in Victoria: A spotlight on specific population groups*, 2005, p ix

172 Personal communication with Bianca Simpson, Research and Policy Officer, Victorian Aboriginal Education Association Inc., 15 August 2008

of study....It is imperative that the gains we have made in breaking down the barriers to participation within the VET sector are not eroded by any changes to the fees and charges policy.¹⁷³

Another priority group in the VET system is young people, both school-aged and school leavers. Over 37 per cent of all senior secondary school students in Victoria participate in the VET in Schools program¹⁷⁴; for many young people of secondary school age who have disengaged from school, participating in VET is the only thing keeping them in education.

Government funding should enable these young people to access VET as part of the 'education guarantee' enshrined in the *Education Act*. Additionally, many young people in rural and regional areas – particularly those severely affected by the drought – face particular barriers to participating in post-compulsory education, such as their families' capacity to support their move to their place of study. Increased VET fees, whether upfront or deferred, would present a significant disincentive to these young people at a time when they, their families and communities are facing an uncertain economic future.

In addition, many people who find it difficult to participate in the workforce due to age, ill health, disability and migrant or refugee status engage with the VET system through the Adult Community and Further Education (ACFE) sector. The Government's proposal to introduce higher fees for courses with a higher qualification would act as a significant deterrent to people in these groups seeking to 'up-skill' to improve their employment options.

As noted by VAEAI, 'For disadvantaged groups the learning pathway is not always linear, and a system of eligibility driven by imperatives of upskilling without flexibility would negatively impact on equity goals.'¹⁷⁵

To strengthen the VET system and enable all Victorians to access high-quality education and training, VCOSS recommends, as a minimum, committing resources in the 2009-10 Budget towards increasing investment in VET to meet the national average.

VCOSS also recommends committing sufficient resources to the equity measures included in the Government's skills reform agenda to ensure that any Victorian experiencing disadvantage is able to participate fully in any VET course.

New Workforce Partnerships

Government investment in targeted workforce participation strategies such as the New Workforce Partnerships initiative contributes to multiple government priorities, both economic and social.

173 As above

174 National Centre for Vocational Education Research, *Australian vocational education and training statistics: VET in Schools 2005*, NCVER, 2008, www.ncver.edu.au/statistics/publications/1745.html

175 Victorian Aboriginal Education Association 2008

As noted by the Minister for Skills and Workforce Participation: 'By boosting our workforce participation, in partnership with business and industry, we address Victoria's labour and skills requirements and assist some of the most disadvantaged people in our community get one of the most important things in life – a meaningful job.'¹⁷⁶ This in turn contributes to strengthening social inclusion¹⁷⁷ - recognised by the Victorian Competition and Efficiency Commission as a key element of liveability.¹⁷⁸

VCOSS welcomed funding in the 2008-09 State Budget for the New Workforce Partnerships (NWP) initiative, which builds on the successful Workforce Participation Partnerships (WPP) program.

It is concerning, however, that NWP only received non-recurrent funding of \$5 million for 2008-09, with a target of only 350 – 450 jobseekers gaining sustainable employment outcomes through the program. This target is minimal in comparison to the WPP program, which assisted over 3,000 jobseekers to achieve employment outcomes¹⁷⁹.

The NWP initiative requires a significant, recurrent funding commitment if it is to achieve its objectives of meeting labour and skill needs, strengthening economic and social inclusion, and increasing the sustainable employment of Victorians with significant barriers to employment¹⁸⁰.

Despite continuing economic growth, many Victorians remain locked out of the workforce for a range of personal and vocational reasons – refugees and newly-arrived migrants from culturally and linguistically diverse backgrounds, people with a disability or a mental illness, Indigenous people, older people and young people disengaged from education and training.

Learnings from the WPP program identified that the key to achieving sustainable employment outcomes for these groups is a targeted approach that brings together employers, employment support and community support services with a focus on local and regional partnerships.

While reform of Commonwealth labour market programs will ideally improve employment assistance to these groups, there will still be a need for strategic investment at the state level. The Victorian Government has a high level of knowledge of the labour and skill needs of Victorian businesses and industry at local and regional levels and is best placed to facilitate employer engagement to achieve appropriate and sustainable employment outcomes.

The Victorian Government has also recognised that the integration of employment programs

176 Department of Innovation, Industry and Regional Development, *New Workforce Partnerships*, program guidelines, www.business.vic.gov.au, p 3, viewed 22 August 2008

177 L Hancock and L Horrocks 2006, p 10

178 Victorian Competition and Efficiency Commission, *A State of Liveability: An Inquiry into Enhancing Victoria's Liveability*, draft report, State of Victoria, 2008, p 11

179 Department of Innovation, Industry and Regional Development 2008, p 4

180 As above

and state-funded support services such as public housing, mental health, settlement and corrections services is important in achieving effective outcomes - such alignment is only possible at the state level.

In addition, many disadvantaged Victorians assisted by state-funded workforce participation programs are ineligible for Commonwealth employment assistance, such as recent migrants without permanent residency who have been in Australia less than two years¹⁸¹.

The following examples of initiatives funded under the WPP program illustrate the ongoing need for Victorian Government funding for such projects:

The Jewish Care 'Always Moving Forward' WPP project assisted 480 disadvantaged jobseekers between April 2006 and December 2007, the majority from the Orthodox Jewish community. The program is the only culturally appropriate employment service available to the Orthodox community and also assisted newly-arrived migrants ineligible for Commonwealth assistance. This includes Leon, a 46 year old immigrant who found ongoing employment through the program. Leon's employer stated that the WPP project 'has been a cost effective way of finding good people to fill some of our vacancies.'¹⁸²

The New Futures Training WPP project has developed a partnership with a family day care scheme through which 40 refugee women have gained ongoing employment, the majority of whom have never been to school, have little spoken or written English and no paid work experience. According to New Futures Training, 'it is unrealistic to expect that training alone (for such women) will lead to employment. They require additional support from both an organisation like ours and from an understanding employer in order to enter the workforce.'¹⁸³

The Victorian Local Governance Association (VLGA) 'Overseas Qualified Professionals' WPP project places recently-arrived skilled migrants in local government and industry positions. Over the three years of the project nearly all participants have accepted offers of continuing employment with their host employers. The VLGA notes the importance of such a program at a time when, due to a substantially mature-aged workforce, local government is facing significant skills shortages as older employees exit the workforce¹⁸⁴.

Organisations facilitating WPP projects have noted the need for long-term recurrent funding in order for such initiatives to be sustainable, both for organisations and for participants.

They also note that longer-term funding would enable them to provide participants with post-placement support and assist them to transition from entry-level jobs to jobs that are more personally rewarding and financially sustainable¹⁸⁵.

181 Personal communication with Lorraine Raskin, Community Support Services Manager, Jewish Care Victoria, 16 August 2008

182 As above

183 Personal communication with Kate McInnes, New Futures Training, 19 August 2008

184 Personal communication with Rae Perry, Chief Executive Officer, Victorian Local Governance Association, 19 August 2008

185 Notes from VCOSS Roundtable Discussion on Workforce Participation, 1 April 2008

In order to meaningfully and sustainably address Victoria's skills and labour shortages and strengthen social inclusion, VCOSS recommends the Victorian Government commit additional recurrent funding to the New Workforce Partnerships program in the 2009-10 State Budget.

Disability Employment Strategy

The development of a Disability Employment Strategy including a Disability Trainee Scheme and support for organisations to develop Disability Action Plans was a 2006 Election commitment, which is now being implemented by the Government.

While VCOSS has welcomed funding allocated in previous budgets for the Career Start (formerly Disability Trainee Scheme) initiative and for facilitating Disability Action Plans in public and community sector organisations, no funding has been provided for the development or coordination of the overarching Disability Employment Strategy.

VCOSS as welcomed the Government's recognition of the need for a specific strategy to promote the recruitment and employment retention of people with disability, who often face multiple significant barriers to workforce participation.

VCOSS is concerned, however, that without dedicated funding, such a strategy will not result in meaningful outcomes. In the 2009-10 Budget, VCOSS recommends the Government commit resources to enable the strategic development of the Disability Employment Strategy.

Such a Strategy should align existing disability-specific and broader employment initiatives, complement Commonwealth disability and mental health employment strategies, and engage government, non-government and private sector employers in order to increase the recruitment and retention opportunities for Victorians with a disability.

Recommendations

1. To ensure access to education and training and increase workforce participation by disadvantaged Victorians, VCOSS recommends:
 - committing resources towards increasing the level of investment in VET to at least the national average;
 - committing resources to the equity measures in the skills reform agenda to a level that ensures any Victorian with a health care card is able to participate fully in any VET course;
 - committing at least an additional \$5 million recurrent funding to the New Workforce Partnerships program; and
 - committing resources to the Disability Employment Strategy.