



## Securing Jobs for Your Future – Skills for Victoria Implementation Review Submission 2010

### Introduction

This submission is made on behalf of a number of community sector organisations including **Melbourne Citymission, The Brotherhood of St Laurence and Good Shepherd Youth and Family Service**, to highlight a range of concerns about the implementation of the *Skills for Victoria* policy and its impact on the affordability and accessibility of vocational education and training for Victorians, particularly those already experiencing disadvantage and exclusion.

Our organisations believe that affordable and accessible education is critical to maximising the opportunities for disadvantaged Victorians to participate socially and economically in our community. Ensuring that people have the necessary skills and training to gain and maintain sustainable employment is critical to the social and economic participation of individuals, to building Victoria's economic capabilities and to Victoria's capacity to support a just and inclusive society. For individuals who experience various and often multiple forms of disadvantage, this requires some degree of flexibility that enables individuals to overcome both personal and structural barriers to participation. While we acknowledge that the Skills policy provides additional funding and an increased number of places, we are concerned that the policy does not have adequate flexibility to allow people experiencing disadvantage to access these places and to benefit from the new system.

The community sector plays a key role in assisting disadvantaged Victorians to find a pathway that enables them to participate socially and economically in society. We believe that a key failure in the implementation of the first phase of the *Skills for Victoria* policy is the failure to advise community sector organisations about the details of the policy and how it might impact on the advice that they provide in relation to employment, education and training pathways. Such advice is often provided through Government funded programs, delivered by the community sector. Failure to provide relevant information and resources about the policy, not only disadvantages those that are utilising these programs and services, but also undermines the policy itself and its ability to meet its goals.

Given the staged implementation of the *Skills for Victoria* policy, and the fact that a number of the consequences of the policy changes will become evident over time, there is very little relevant quantitative data available about overall participation numbers, particularly in relation to course completions. As such, this submission will provide a breadth of qualitative data about the impacts of the policy to date, as well as the ways in which the implementation process has exacerbated these concerns.

In light of these concerns, we make the following recommendations:

## Recommendations

- That appropriate information, advice and resources about the *Skills for Victoria* policy and its implications are developed specifically for community sector workers, employment providers and those involved in careers counselling and school support services and that this be done in consultation with the community sector.
- That the *Skills for Victoria* policy be amended so that it meets the conditions and entitlements set out in other Government policies pertaining to youth and education, without disadvantaging young people in Victoria, compared to other parts of Australia.
- That further investigation about the impact of debt as a deterrent for those from low SES backgrounds be undertaken as a priority
- That the potential long term implications for those students who do incur significant debt under VET FEE-HELP should be further investigated.
- That all eligibility requirements relating to age and course level to access a government subsidised place, be abolished.
- That concession rates be reinstated to a flat \$55 fee for all course levels
- That providers' servicing the needs of the most disadvantaged and disengaged learners be given the funding and flexibility to offer fee exemptions.
- That that further investigation is carried out into:
  - the impacts of the increased concession rates on participation levels at each qualification level, of those eligible for concession
  - the impacts of limiting providers discretion to waive fees for disadvantaged groups on both the participation rates of disadvantaged groups and the capacity of providers to meet the needs of such groups.
- That further investigation is carried out into the impacts of the *Skills for Victoria* policy on the delivery of employment services in Victoria, compared to other States.
- That there is a further review about both the short and long term implications of the *Skills for Victoria* policy and immediate monitoring and review of:
  - The long term implications for workforce capacity for sectors such as the Community and Childcare sectors due to increases in the cost of Diploma qualifications.
  - The debt implications for those acquiring VET FEE-HELP to undertake both government subsidised and full fee courses

### **Failure to inform and resource the community about the details of the policy and the impacts and timing of its implementation**

We believe that a significant failure of the Government's implementation of the *Skills for Victoria* policy is its failure to provide groups such as community organisations, job network providers, careers counsellors and school support services with adequate, and in some cases any, information about the policy. ***Those involved in providing case management, pathway planning, advice and support to people about their employment, education and training pathways need to have a thorough grasp of the details of the policy in order to provide appropriate and informed advice and should have received a similar level of resources and information as providers responsible for selection, enrolment and invoicing.*** Case workers need to provide advice not only in relation to individuals' immediate eligibility and the fee requirements for particular courses, but also about the implications of undertaking a particular course for their future options. In addition, they are often required to explain how this will intersect with various other factors such as eligibility for income support and job search requirements.

The details that determine eligibility criteria for government subsidised places are a complex matrix that vary across age ranges, qualification levels and previous study history. As such, those providing advice to a range of clients require a detailed understanding of the eligibility criteria and their applicability. There has been no communication about either the details of the policy, its implications or the timing of the implementation to community sector organisations and as our qualitative data shows, this can seriously compromise the advice that people are being given, and can affect not only individuals' immediate study and career options, but future opportunities.

### **Lack of co-ordination with other Government funded programs**

Many of the workers providing employment, education and training advice are employed through government funded programs specifically targeted at assisting young people with their transition through the various education sectors. These include State government funded programs, such as Creating Connections and Managed Individual Pathways (MIPS), as well as Federal programs and services such as Youth Connections and Job Services Australia. Failure to provide the workers in these programs with a detailed understanding of the various components of the *Skills for Victoria* policy, their implications and when different stages will take effect, jeopardises the ability of these workers to provide accurate advice about individuals' pathway options and could have significant implications for individuals about decisions around their career directions and their ability to access publicly subsidised places. In addition, it threatens the purpose of the programs themselves, as well as the overall goals of the *Skills* policy.

*The thing is that you are piecing it all together and you have to do it on the run. We really need something that explains all the information and implications and impacts on young people so that we are not trying to piece together little bits of information that you come across, or that you know about because of your own studies. I know about the changes because I 'm doing a Diploma so I had to find out firsthand about the fee rises and stuff. But it's hard when you're trying to advise young people about what they should do and you're just going on your interpretation of things. They really need a fact sheet that gives all the information in one place and that explains the implications as well.*

*Youth Connections Caseworker*

*I had a client that successfully completed year 12 and after taking a year out, he approached the CAE to do their Cert II retail program. But they told him that he wasn't eligible because he had finished year 12 and was too old now. I don't know – is that right? I don't even know how to check that?*

*Melbourne Citymission Caseworker*

***Failure to provide appropriate information to key stakeholders has resulted in those that are instrumental to the implementation being placed in a position where they are unable to provide adequate advice. This not only results in people being incorrectly excluded from training, but also undermines the purpose and goals of the policy itself.***

***We recommend that appropriate information, advice and resources about the Skills for Victoria policy and its implications are developed specifically for community sector workers, employment providers and those involved in careers counselling and school support services and that this be done in consultation with the community sector.***

### **Impact of Eligibility Criteria and Fee Increases**

We believe that there are a number of fundamental flaws in the policy that impede an overall *increase in the number of people undertaking* and completing training, as well as a failure to *raise the overall levels* of those obtaining qualifications, as set out in the goals of the policy. These flaws relate predominantly to eligibility and cost mechanisms, which rather than encouraging further study, serve to deter and prohibit a variety of groups from progressive engagement with the vocational education and training sector, particularly those from disadvantaged backgrounds. Further, we believe that these mechanisms do not encourage individuals to pursue training in areas where *skills are needed*.

The introduction of eligibility criteria relating to accessing publicly subsidised places is having a significant effect on reducing both the numbers of those undertaking training, as well as the level at which training is being undertaken, particularly those from disadvantaged backgrounds.

### **Requirement to gain increasingly higher level qualifications is unproductive**

To meet the skills demands of a global economy, it is not only necessary to lift the skill level of the workforce, but also to have an adaptable workforce that is able to meet changing workforce needs. The Government explicitly acknowledges this in the Skills Policy by having as one of its goals the aim of *creating a culture of lifelong skills development*. Our evidence suggests that the requirement that individuals over 20 must be undertaking a qualification at a higher level than any qualifications those which they already hold in order to access a publicly subsidised place, actively discourages many people from returning to study, particularly those who already have some kind of qualification, but for a variety of reason are not in a position or are not interested in undertaking a higher level qualification.

Many students who have previously undertaken accredited training and are returning to study may be doing so after significant periods outside the workforce, such as those that have left the workforce to care for children, or after working in unskilled or low paid jobs that have no relevance to their qualifications. As such, many will not be in a position to pay full fees for courses at the same or lower levels than the qualification which they already hold or may not have the confidence, the desire or the time to undertake a higher level qualification.

The requirement to gain higher level qualifications is particularly detrimental to the education and career prospects of refugees, those from newly arrived communities and culturally and linguistically diverse backgrounds, as well as those experiencing significant learning difficulties.

Such groups are likely to be restricted by the requirement to continually gain higher level qualifications in order to be eligible for a government supported place. ***Students who require additional time to undertake an initial qualification, whether this is because of language or learning difficulties are unlikely to be in a position to enter at a higher qualification level should they wish to pursue an alternative career path. These students are in effect only being given one chance to get it right.***

Many people from newly arrived communities are directed into courses by employment providers in areas which there are skill shortages, such as aged care, often without an extensive understanding of the jobs they are becoming qualified to do. After some experience working in these areas, many people decide they would like to pursue an alternative career path. Language and cultural barriers mean that they are not always in a position to enter a higher level qualification, essentially leaving them stuck.

While it is important to encourage people to 'upgrade' their skills and qualification levels, the requirement to undertake a linear progression of qualifications, or pay full fees, is deterring many of those with existing qualifications from going back to study. The policy impetus for encouraging people to 'upgrade' their skills, stemmed from an environment in which skills shortages meant that employers were likely to pay a premium for skills. The global economic crisis and resulting decline in employment opportunities means that diversifying your skill base is at least as important as 'upgrading' and is critical to preventing a large increase in the numbers of long term unemployed. Enhancing existing credentials is not always about obtaining higher level qualifications. It can also include diversifying or complimenting existing qualifications at similar levels or adding vocational qualifications to university level qualifications. Rather than encouraging a flexible approach to re-skilling and changing careers according to the particular skill requirements of the economy, the current eligibility criteria locks people in to a fixed linear progression that limits their choices and their ability to be flexible and responsive without being heavily financially penalised.

*"I had training to do security work but my licence ran out and now I am in a financial mess so can't get that, I'm sort of stuck with the what sort of jobs I can get". He explains that after he had completed his security training, he found there were no jobs in security which is why he continued with his painting and decorating work. Later he wanted to complete the certificate for 'cash and carry' but the fee for that course was \$1800 "big dollars".*

BSL Student<sup>1</sup>

### **Skills Policy Contradicts other Government Youth Policies**

The current eligibility requirements to access publicly funded places under the *Skills for Victoria* policy, discourages young people, particularly those from disadvantaged backgrounds, from pursuing a vocational education and training pathway. The requirement that young people must be under the age of 20 to be exempt from the eligibility criteria to obtain a government subsidised place poses a major impediment to exploring potential career paths and is at odds with other government policies pertaining to youth.

The transition from school to work and from adolescence to adulthood, is a critical time in young people's lives and presents many challenges. Indeed, a range of Government programs have been developed to assist young people with this transition in recognition of the range of

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<sup>1</sup> Bowman and Souery (Forthcoming), *'They ask me: Do you have any paper of Certificate with that?': Insights from students and trainees at BSL, Brotherhood of St Laurence.*

challenges that many young people face during this period. The Victorian Governments' *Stronger Futures For All Young Victorians* discussion paper acknowledges that for young people "establishing a career path involves many twists and turns". A policy that requires a linear progression of attaining qualifications does not allow for such "twists and turns". Further, in the Federal Government's recently released *National Strategy for Young Australians* the Government states that "pathways into education, work and training should be flexible to cater for different people's needs and allow young people a way back if they make mistakes or change their mind". The *Skills for Victoria* policy directly contradicts this directive by imposing prohibitive fees on those that change directions or wish to gain a diverse qualification base.

*I think the new rules don't give young people an opportunity to try new areas. I know they've got 'til 20, but that's just not that long. A classic example is you get a lot of young women leaving school who want to do hairdressing. So they do their Cert II and maybe even start work somewhere but have a really bad experience and then disengage from study for awhile. When they do come back, when we can convince them to try something else, that studying can get them a better job, they will have to pay to do another course. For lots of people this will just put them off from trying anything else, because they've already had a bad experience and they won't want to pay and are not confident enough or ready to do a Cert III or whatever. I wouldn't have paid at that age to do a course that I wasn't sure about.*

*Youth Connections Case Worker*

*I've heard of lots of caseworkers saying that they would advise someone to drop out of a course rather than trying to complete it if they didn't like it, to drop out before they finish so that they will still be eligible for a government place if they want to go back and do something else. I don't think that youth workers should be put in a position where they are having to give advice like that. I wouldn't like to give that advice, but to be honest, I don't know what I'd advise. When someone decides they want to do a course, they really have to experience it before they know if they like it or not. I think it's important for them to go through that process and try stuff out, try out courses and jobs and it can help them work out what they really want to do. But if they have to pay a whole heap to do another course, it might put them off from coming back, from trying again...*

*Melbourne Citymission Youth worker*

The other major Government policy, with which the *Skills for Victoria* policy poses some points of conflict, is the *COAG Youth Compact*. This compact provides an important commitment to youth employment and training initiatives and makes a positive step towards boosting year 12 or equivalent participation rates. In addition, the Compact guarantees access to education or training places for *all* Australians under the age of 25. In Victoria, this guarantee is limited by the *Skills Victoria* requirement that those aged between 20 and 25 are only eligible for government subsidised places in those courses where they meet eligibility requirements, including the requirement to gain higher level qualifications. No other State or Territory in Australia subjects its young people to this requirement.

Further, the Compact's requirement that those under 21 years of age who do not have a qualification must be 'earning or learning' to access income support was not intended to limit the training options of individuals once they turn 20. Rather than encouraging people to develop their skills base, the introduction of the *Skills for Victoria* policy has created a culture of fear where young people feel they are being forced into making a decision about long term career paths before they are ready. Those who have already undertaken courses to meet

eligibility requirements under the Compact will be at a financial disadvantage once they turn 20 if they wish to change directions. For those with learning difficulties or other non vocational barriers that that makes higher level entry difficult, this can serve to impede young people's confidence and willingness to continue to engage with the education sector.

*Luckily our program exempts young people from having to be earning or learning in order to get income support, but the program is about getting young people to a position when they are able to re-engage with school. It's really hard to do that when you know they only have limited time before they are going to have to pay.*

**Youth Connections Case worker**

In addition, the *Skills for Victoria* policy sets different age requirements and cut offs than the Compact, which requires young people under the age of 21 who do not have year 12 or equivalent to undertake training in order to receive income support. The *Skills* policy conversely sets a cut off for those under 20 that are freely able to access government subsidised places. This leaves students in the position of potentially having to pay full fees for the cost of course because they are required to undertake training to access income support but may not have the necessary entry requirements or skills to undertake higher level courses in areas that are different to those in which they undertook their initial course of study.

**We recommend that the Skills for Victoria Policy be amended so that it meets the conditions and entitlements set out in other Government policies pertaining to youth and education, without disadvantaging young people in Victoria, compared to other parts of Australia.**

### **VET in Schools at Risk**

The requirement to upgrade qualifications once a person turns 20 is also having serious implications for those undertaking VET in schools programs. Students who are encouraged to stay in school through participating in vocational programs within the school environment are in effect limiting their future study options. It is entirely unreasonable to expect young people from the age of 14 to be able to make decisions about the subject choices that will affect their eligibility for government subsidised places later in life. Anecdotal evidence suggests that a number of schools are currently reviewing their decision to offer VET in schools subjects because they do not wish to disadvantage students by limiting future study options. Again, this is the antithesis of the intent of the policy.

The high costs of 'full fee' places, which can be in excess of \$10,000, is untenable from people from disadvantaged backgrounds and does not serve as a viable alternative for those that are not eligible for government subsidised places. Even for those who are willing and able to access VET FEE-HELP loans, debt levels for full fee places are not commensurate with potential future earning capacity from undertaking the qualification. While access to VET-FEE Help will help some people to cope with the increased fees for Diploma level courses, research has shown that students from low SES backgrounds are more likely to be debt averse than other students, and that decisions around accruing debt can influence their decisions about whether or not to participate in further education<sup>2</sup>. The 'option' of paying full fees for a place when students are not eligible for government subsidies is then almost universally prohibitive. While the long term implications of accruing debt and debt as a deterrent are outside the scope of an implementation review, we believe that there should be further investigation about the impact of debt as a deterrent for those from low SES backgrounds.

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<sup>2</sup> James, R. National Report into Higher Education, DEST 2003, p.187

**We recommend that there should be further investigation about the impact of debt as a deterrent for those from low SES backgrounds. In addition, we recommend that the potential long term implications for those students who do incur significant debt under VET FEE-HELP should be further investigated.**

Rather than increasing the number of people undertaking, and more importantly completing courses, the *Skills for Victoria* eligibility requirements are in fact increasing the 'churn' between unemployment and low skilled employment. Assisting young people to develop a career in an area in which they are interested, necessarily involves some trial and error, both in terms of study and workforce experience. Instead young people are in effect being discouraged from gaining entry level qualifications, in the fear that this will impinge on their future career and training options if they wish to change direction. Measures that encourage individuals *not* to complete qualifications will create a strain on resources with teaching staff struggling to cope with increasing numbers of students that are 'required' to be enrolled but are not interested in the course. This affects course delivery, the range of courses that institutions are offering and institutional viability with even higher drop-out rates impacting on the ability of providers to survive.

**We recommend that all eligibility requirements relating to age and course level to access a government subsidised place be abolished.**

### **Cost**

In addition to the costs associated with those who are unable to access full fee places, there are a number of mechanisms in the *Skills for Victoria* policy that represent a significant cost increase even for those students who are able to access government subsidised Vocational Education and Training in Victoria. These include:

- At least a doubling, or more, of the concession rate for all certificate courses
- The removal of concession rates for Diploma and Advanced Diploma courses
- Increased fees in a range of courses
- The introduction of an income contingent loan

In addition to having a limited earning capacity whilst studying, students have significant living and ancillary costs while studying, which means that many individuals from low SES backgrounds are simply not able to afford to undertake further study. Affordability is already a significant issue for low SES students and it is further compounded by an increase in concession rates, fees and the introduction of full fee places for local students who are not eligible for a government subsidised places.

Given that students from low SES backgrounds are in fact over represented at TAFE with 12.7% of low SES individuals (per 100 population) participating in VET compared to an overall national participation rate of 10.8% and high SES participation rate of 8.7%<sup>3</sup>, we believe cost is already acting as a significant driver of overall participation rates.

The following excerpt is from a mother, who is a disability pensioner, talking about making sacrifices to meet the training costs for her 18 year old who is doing VCAL at TAFE.

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<sup>3</sup> Foley, P. The Socioeconomic Status of Vocational Education and Training Students in Australia, NCVET, 2007

*If you want education for your kids, you have to make sacrifices. Costs for VCAL were \$715 a year. You pay before they start. (How did you manage?) I just cut down on things I needed in the house to give her the education, you've got to. (What sort of things did you cut down on?) Going out. Buying clothing, stuff like that, just general things. As long as we paid our rent and had food on the table, it didn't matter what we had to go without as long as she had her education.*

*However, her daughter then wanted to do a course in body piercing which would cost \$2500, 'and there's no way of raking that up'.<sup>4</sup>*

### **Concession Rates**

While those on low incomes were able to manage under the previous fee arrangements, increases in fees have made this untenable for many. Even though concession rates currently continue to apply to students undertaking courses at certificate IV level and below, this concession rate has increased significantly in most courses with Certificate I and II courses charging a minimum of \$105 and Certificate III and IV courses charging a \$120 minimum, which will increase to a minimum of \$188 from 2011. This is over three times the current concession rate of \$55. While some of these courses will experience minor decreases in the maximum rates students can be charged overall, the increases to the concession rate are substantial and act as a significant barrier to the participation for those most in need of financial assistance.

**We recommend that concession rates be reinstated to a flat \$55 fee for all course levels**

These fee increases are exacerbated by the introduction of fee contestability. Where previously providers were able to waive fees for particular groups of students, this flexibility has now been removed and means that there is little room to provide exemptions for those that either can't afford the concession rates or have missed out on concession due to other factors. This limits the capacity of those providers who are tailoring courses to meet the needs of the most disadvantaged in our community. As such we recommend that providers servicing the needs of the most disadvantaged and disengaged learners, be given the funding and flexibility to offer fee exemptions.

**We recommend that providers servicing the needs of the most disadvantaged and disengaged learners, be given the funding and flexibility to offer fee exemptions.**

While we only have anecdotal evidence about the impacts of increased rates of concession and lack of discretion for providers, this evidence rings alarm bells and signals the need for further investigation.

**We recommend that that further investigation is carried out into:**

- **the impacts of the increased concession rates on the participation levels at each qualification level, of those eligible for concession**
- **the impacts of limiting providers discretion to waive fees for disadvantaged groups on both the participation rates of disadvantaged groups and the capacity of providers to meet the needs of such groups.**

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<sup>4</sup> From Taylor and Gee, 2010, *Turning 18: pathways and plans, Life Chances Study Stage 9*, Brotherhood of St Laurence

## Unfair requirements for Victorian Jobseekers and Employment Providers

Cost is also a particularly prohibitive factor for jobseekers. While there are some funded places for jobseekers, these are notoriously difficult to access. For many job seekers, access to income support is dependent on engaging in some kind of training.

*There are some funded places<sup>5</sup>, but it's really hard to get them in. I tried to get someone into a NEIS (New Enterprise Incentive Scheme) course where they advertised funded places, but when I rang them they said it was full. They (the provider) were only funded for 10 places and they said I would just have to put him on a waiting list and they would see how many places they got next semester, but there are no guarantees. Meanwhile, the client still has to be enrolled in some kind of training.*

**JSA Caseworker**

*We are often not able to fund clients to do courses. We need to look at value for money and outcomes so full fee courses are just out of range. It depends on their needs and how they are classified. So for lots of people, if they want to do a course, and they are not eligible for a government subsidised place, they have to pay for it themselves and many aren't in a position to do that. Sometimes we can use pathway funding to pay part of the fees, but often they (the clients) just can't afford to pay the rest. They need to do a course to get a job, but can't afford it because they don't have a job. They actually get quite pissed off about it.*

**JSA Caseworker**

It is not yet clear if job seekers and employment providers in Victoria are being placed in an inequitable position by not always being able to access publicly subsidised training and by having to use employment pathway funding to fund courses for which those in other States and Territories are able to gain subsidised funding.

**We recommend further investigation into the impacts of the *Skills for Victoria* policy on the delivery of employment services in Victoria, compared to other States.**

## Building Skills not Compliance

The requirement for job seekers to participate in training does not always equate to undertaking training that will provide employment outcomes. Many job seekers have expressed frustration at the accumulation of qualifications in order to access income support, but that don't have necessarily build their capabilities or employability.

*Training doesn't really help me because it's not going to pay bills and stuff or whatever, but if I'm going to get a job out of it or know there's some work going or whatever, then I'll do it. But there's no point in having 20 certificates and diplomas or whatever if there's not work for you or something like that so—it used to be good, you used to be able to get certificates sort of thing in those first years when there was plenty of work around, they can pay for it. Sometimes there's not much point.*

**Jobseeker<sup>6</sup>**

The requirement to undertake qualifications at an increasingly higher level does not necessarily provide job seekers with more relevant qualifications or employable skills, but rather locks them

<sup>5</sup> This refers to Productivity Places Program (PPP) places which are funded by the Federal Government

<sup>6</sup> Bodsworth, E. 2010, *Making Work Pay and Making Income Support Work*, Brotherhood of St Laurence

into one particular trajectory. It is critical that the intersection between employment and training policy mechanisms provide the flexibility to engage job seekers in courses in areas in which they are interested in and which allows them to gain real outcomes, rather than meeting the compliance requirements of employment providers.

#### **Further Monitoring and Review**

There are a number of other concerning policy mechanisms implemented under Skills for Victoria, that sit outside the scope of this review, but which we would recommend require immediate monitoring and review.

**In particular, we recommend that there is a further review about both the short and long term implications of the *Skills for Victoria* policy and immediate monitoring and review of:**

- **The long term implications for workforce capacity for sectors such as the Community and Childcare sectors due to increases in the cost of Diploma qualifications**
- **The debt implications for those acquiring VET FEE-HELP to undertake both government subsidised and full fee courses**

Submitted May 2010