



Brotherhood  
of St Laurence

Working for an Australia free of poverty

Submission to the

**Victorian Competition and  
Efficiency Commission  
Inquiry into a State-based  
Reform Agenda**

Brotherhood of St Laurence

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## Summary

The Brotherhood of St Laurence welcomes the opportunity to provide feedback to the Victorian Competition and Efficiency Commission's Inquiry into a State-based Reform Agenda. The Brotherhood has taken a leading role in trialling innovative approaches to education and training, and initiatives that assist disadvantaged people in their search for employment.

The Brotherhood's approach to the issues raised in the inquiry is informed by the principles of *social inclusion* and *inclusive growth*. The former entails addressing not only poverty, but also the lack of autonomy, security, happiness and psycho-social wellbeing. The latter entails a commitment to an increased investment in Victoria's human capital, and is understood as economic growth that is inextricably directly to poverty reduction through a broad, inclusive, and sustainable policy framework.

We have chosen to respond to selected Issues paper questions falling within our areas of expertise. These questions appear in two key sections: Education and skills (3.1) and Labour force participation (3.6). A summary of our responses follows, with many recommendations appearing in-text:

### Education and skills

- Opportunities for reform exist at the nexus of the senior secondary and adult learning sectors, principally in vocational education and training. Specifically, there is a need to address shortcomings in the VET system where it engages with the young, disadvantaged and marginalised sections of the Victorian community. Improvements would manifest in better pathway assistance and coordinated and integrated support for such students, as well as greater support for registered training organisations catering for them.
- We note the continuing problem of inequity and lack of access, which hinder Victorians of all ages from fully benefiting from education and training. We emphasise the importance of providing support for families whose children are excluded by virtue of their family's low socioeconomic status from the full range of school experiences. Similarly, we note the urgent need for more exemption places and concessions for disadvantaged learners within the VET system.
- Re-engagement and vocational education programs present as important resources that can help realise the potential of many young Victorians who would otherwise be excluded from education and training, and the labour market. These often come in the form of flexible learning initiatives such as Community VCAL and learning support programs.
- There is also a need to work more closely with the Commonwealth to recast funding arrangements so that they better address disadvantage and the barriers to fulfilling the promise of young Victorians.

### Labour force participation

- The Brotherhood notes the problem of underutilisation of young and old alike, and/or those of diverse and often marginalised communities. Utilisation of the workforce should be improved through better training and pathway assistance. There is a need to improve the support provided by Job Services Australia providers so that they cater better for high-needs clients.

- There is a need to develop and encourage the use of intermediate labour market approaches and other sustainable job pathways and initiatives that are aimed at maximising social inclusion and that ultimately expand employment opportunities of all Victorians.
- The present training arrangements compound the problem of underutilisation by limiting people's mobility between sectors and the opportunities to put to use or acquire skills that are most relevant to current labour market needs. The Brotherhood sees the need for reforms that give due recognition to informal or prior skills, so that people are more able to move from one sector to another. Indeed, by maintaining disincentives to multiskilling, the existing arrangements not only deny Australia valuable human capital and the related economic productivity, but also further disadvantage those already experiencing multiple barriers.
- In the context of outer urban growth, we note that access to employment and community services is linked directly to transport. We emphasise the importance of social and economic policy initiatives that result in services located close to the communities they are to serve.

## The Brotherhood of St Laurence

The Brotherhood is an independent non-government organisation with strong community links that has been working to reduce poverty in Australia since the 1930s. Based in Melbourne, but with a national profile, the Brotherhood continues to fight for an Australia free of poverty. We undertake research, service development and delivery, and advocacy with the objective of addressing unmet needs and translating the understandings gained into new policies, new programs and practices for implementation by government and others.

Our research and services focus on those people at greatest risk at key life transition stages considered critical to their future wellbeing. These are the years of retirement and aging, in and out of work, through school to work and further education, and the early years. Our recent research publications relating to education, training, and labour force participation include:

*A path to re-engagement: evaluating the first year of a Community VCAL education program for young people*, 2011, George Myconos

*Work and learning in Fitzroy, Richmond and Collingwood: survey of public housing residents*, 2011, Lauren Siegmann

*Workforce participation and non-participation among baby boomers in Australia: a profile from HILDA data*, 2011, Honge (Cathy) Gong and Justine McNamara

*Training for work: insights from students and trainees at the Brotherhood of St Laurence*, 2010, Dina Bowman and Nicole Souery

*Barriers to hiring disadvantaged or vulnerable workers: Victorian employers' attitudes survey*, 2009, VECCI and Brotherhood of St Laurence

We continue to engage with governments through policy submissions. The most recent of these in the area of education, training, and labour force participation include:

*Vocational Education and Training Fee and Funding Review*, Submission to the Essential Services Commission, June 2011

*A response to the DEECD Directions Paper Pathways to re-engagement through flexible learning options*, May 2010

*Submission to Review of Funding for Schooling*, Brotherhood of St Laurence, March 2011

*Submission to the Review of Alternative Education in Victoria*, Brotherhood of St Laurence, May 2009

*Line of sight: better tailored services for highly disadvantaged job seekers*, Submission to the Australian Government on future employment services from 2012, January 2011

*Submission to the review of the implementation of Securing Jobs for Your Future – Skills for Victoria*, joint submission by Melbourne Citymission, Brotherhood of St Laurence and Good Shepherd Youth and Family Service, May 2010

The Brotherhood's services are also testimony to its commitment to improved outcomes for those seeking employment with the aid of education and training for work related skills. Our current services include:

- **Community VCAL:** The Brotherhood currently provides a Community VCAL program at its Frankston High Street Centre. This program has an enrolment of fifty young students who had previously experienced severe disengagement from mainstream schooling.
- **Vocational training:** The Brotherhood is a Registered Training Organisation (RTO) and an Adult Community and Further Education-funded Learn Local provider. As such, vocational training programs delivered by the Brotherhood may be accredited or non-accredited and are designed to prepare clients for work opportunities. This includes nationally recognised traineeships and apprenticeships.
- **Centre for Work and Learning, Yarra (CWLY):** The CWLY aims to address the needs of the most disadvantaged jobseekers by finding innovative solutions to overcome their barriers to employment. It coordinates the efforts of Job Services Australia providers, employers, enterprises and industry groups, training organisations and government and other support services in and around the City of Yarra. The CWLY is the headquarters for the Brotherhood's vocational training work.
- **Pre-vocational training:** Our Crossing Bridges program focuses on areas such as occupational health and safety, time management and Australian workplace culture, and helping jobseekers prepare for work or work-based training. Pre-vocational training is also offered at Caroline Springs in the Brotherhood's Connecting Young People to Real Jobs program. The program aims to engage with youth at risk, and to assist them in moving into employment or further education.
- **Group Training Organisation (GTO):** The Brotherhood's Group Training Organisation (GTO) uses the Australian Apprenticeships scheme to provide intensive personal and vocational support to help trainees find and keep a mainstream job.
- **Peninsula Youth Connections:** This program assists young people who are most at risk of disengaging from education or training and therefore not attaining Year 12 or equivalent, and not making a successful transition into further study, training or work.
- **Community Service Leadership Program:** This program assists young people to develop youth-led projects that benefit their community as part of their VCAL curriculum.
- **Refugee Youth Development Program:** This program gives young refugees the capacity to find their own pathways, develop as leaders and become involved with their communities, through a range of learning activities that build confidence, skills and resilience.

## Education and skills [Issues Paper 3.1]

**What are Victoria's strengths and weaknesses in education and training attainment compared with other Australian jurisdictions and our other trading partners?**

**What are the major trends affecting the availability, cost and quality of education and skills formation in Victoria?**

### Strengths

When compared to other states and territories Victoria performs relatively well on important education criteria. The percentage of its 15–19 year olds not fully engaged in education or employment stands at 12.7, in contrast to the national rate of 16.4 per cent. The level of school participation is also superior to the national rate (HYPAF 2010).

**Table 1.1 School participation, 15–18 year olds, 2009**

	15-y-o	16-y-o	17-y-o	18-y-o
<b>Victoria</b>	97.7	90.9	78.4	26
<b>Australia</b>	95.4	85.6	65.1	15.4

Victoria also accounts for 29 per cent of the 15–24 year old students studying in the VET system across Australia (NCVER 2010).

Key to the relatively good retention rates in Victoria is the role played by the Victorian Certificate of Applied Learning, a senior secondary certificate which complements the Victorian Certificate of Education, emphasising practical, hands-on learning and incorporating a formal VET component. The VCAL serves not only to cater for those who are seeking work-related skills and are less inclined towards an academic pathway but also to engage students who have become disaffected with mainstream approaches to secondary school education. We note steadily increasing enrolment figures from 14,093 in 2007 to 19,175 in 2010 (VCAA 2011) and a growing number of community sector organisations offering the certificate in order to engage 'at risk' young people who have 'exited' or been expelled from mainstream schools.

There is now widespread acceptance and promotion of VET in schools, programs that enable senior years students to simultaneously work towards a nationally recognised VET qualification and their senior secondary certificate. We also note recent funding increases for VET places as well as for apprenticeships and traineeships (Victorian Government 2010a, 2010b). In addition, we regard as strengths of the Victorian system the introduction and implementation of the Ultranet, the Victorian Student Number, the Effective Schools are Engaging Schools Student Engagement Policy and the Youth Partnerships program, as well as the roles played by the Local Learning and Employment Networks and the Youth Connections program.

### Weaknesses

Notwithstanding the effectiveness of the vocationally oriented programs for young people, a number of weaknesses are apparent. Problems exist at the VCAL–VET nexus, wherein young students—often facing a range of barriers to education—experience significant difficulties adjusting to a learning environment that is not designed for their needs. The result is poor completion rates for early school leavers in VET in Victoria and, indeed, across the country.

Among other issues identified are the difficulty registered training organisations (RTOs) have in meeting the demands of an increasingly diverse student population, and the very uneven quality of services for students with specific learning needs or temperaments (Mitchell 2006, pp. 13, 23–4).

Identifying and catering for high-needs students in VET remains a concern in Victoria and beyond. There is a need to provide more support for all programs designed for high-needs students, including those of low socioeconomic status, people who are long-term unemployed, Indigenous Australians, culturally and linguistically diverse communities, those with disabilities, mental health issues or learning difficulties, disadvantaged mature workers, disengaged and ‘at risk’ young people.

There is a need to provide funding for more students concessions, subsidised places, and exemptions for training organisations that cater for such high-needs students.

Lastly, there are too few programs aimed at addressing early and middle-years disengagement from school. Though VCAL is playing an important role in mitigating disengagement, it is not designed for early and middle-years students. Disengagement among this cohort has thus emerged as a significant concern.

## Trends

### Skills and training

Both state and federal governments have invested significant amounts of money in the skills agenda—both reforming delivery of education, vocational training and increasing overall capacity in the system. However, the focus of effort has been on the middle and upper skills levels, leaving industry groups to lament the lack of foundational or soft skills of job applicants, especially at entry level.

### Equity and access

Equity issues continue to hinder access to quality education and skills formation. The costs of training are prohibitive for many seeking qualifications within the VET system. This problem is exacerbated by a funding system that denies access to subsidised VET places to those looking to multiskill by undertaking further training at the same level, as opposed to those looking to upskill by undertaking training for higher qualifications.

The costs of education continue to hinder full participation for many students and families engaged with the primary and secondary school systems. In Victoria, the narrow definition of a ‘free’ education means that parents are called upon by schools to pay for a range of ‘essential’, ‘optional’ and ‘voluntary’ items. When the additional costs of supplies, participation in the football team or learning an instrument, transport to and from school, lunches, home computer and internet use are considered, the total mounts up.

Over the last 20 years, the Education CPI for Melbourne has increased at a rate 2.5 times that of the overall Consumer Price Index. In the last eight years, preschool and primary education costs increased at a rate of 1.4 times the CPI and secondary education costs at 1.6 times the CPI. The implications may be seen in earlier BSL research involving low-income parents. Up to 56 per cent said their children had missed out on basic school equipment or activities and around 40 per cent said they had kept their children home due to cost (Bond & Horn 2009).

Distance from education and training institutions is an emerging problem, with many new and outer-suburban areas lacking the transport services needed. The Brotherhood has grave concerns about an



increasingly two-tiered housing system and widening inequality. The current situation is seriously affecting the wellbeing of socioeconomically disadvantaged households, and has increasingly negative implications for households on average incomes. The importance of linking economic and social policy initiatives within locations cannot be overstated (BSL 2011b).

**What are the implications of the relatively poor performance and low completion rates in apprenticeships and traineeships?**

The implications are twofold. Firstly, the poor completion rates are likely to lead to severe skills shortages for Victorian industry. This will lead to higher costs for employers as they seek to fill the skills gaps by importing labour from other states and/or from overseas. It may also deter investors from selecting Victoria as their preferred location.

Secondly, there is likely to be a withdrawal of support from industry faced with the prospect of investing in training programs whose benefits only become apparent in the long term. This may also increase the reluctance of many employers to undertake training and supervision of trainees, particularly those who are simultaneously completing secondary school certificates (VCE or VCAL).

There are lessons for the VET and training sector in general, as the poor completions—evident not only among trainees and apprentices, but also among those at certificate and diploma levels—shed light on systemic problems. These systemic problems include:

- unacceptably low wages for apprentices and trainees
- poor quality of training and lack of support
- unpleasant and often harsh work conditions (Snell & Hart 2008).

**Which elements of the education and skills system offer the most significant reform opportunities?**

**In which areas will reforms deliver the greatest returns to Victoria? Are any areas missing from the above list?**

**If possible, can you pinpoint and describe the specific problems adversely affecting productivity, competitiveness and participation?**

**Transitions to/from VET**

An important opportunity for reform presents at the interface between the secondary school and VET systems. With the rapidly expanding numbers of young people participating in VCAL and other ‘VET in schools’ programs, and of early school leavers enrolled with registered training organisations, there is a pressing need to improve the way the VET system caters for this growing cohort.

A number of concerns have been identified for the younger and more disadvantaged cohorts. These include the low completion rates, as low as 11 per cent for early school leavers seeking a Certificate III or higher (Karmel & Wood 2008, p. 8).

It is apparent that too many providers within VET sector continue to struggle to provide quality training and to create a ‘culture of support’ for their youngest and most disadvantaged students (Productivity Commission 2010, sections 8.13–8.16; Wyn, Stokes & Tyler 2004, p. 15).

To address these concerns there is a need for:

- collaborative case management between registered training organisations and secondary schools that serve to identify and accommodate high needs students
- better information sharing between registered training organisations—particularly TAFEs—and schools. There is need for improved database management, record-keeping, protocols and resources that equip the training organisations to adjust to high needs students
- a cultural shift throughout the VET sector that prioritises pastoral care
- a cultural shift throughout Victoria’s education system that results in due recognition of the extraordinary skills required to cater for young high-needs students. Appropriate remuneration should flow to those who possess the relevant skill sets.
- access for trainers and teachers to professional development that enables them to be proactive when pastoral care and welfare issues arise.
- better and more targeted professional development for those working in secondary and community education sectors enabling more effective collaboration with the VET system.
- modules in teacher training to equip teachers to work in alternative settings for high-needs students.
- more flexible programs and course design in TAFEs for younger, high needs, students.

### VET system reform

The Brotherhood sees the need to address shortcomings in Victoria’s VET system. A far greater emphasis is needed on the principles of equity and inclusion within the training system. If equity were given due recognition as a guiding principle and objective, the funding arrangements for the VET system would:

- provide more exemption places for RTOs catering for the most disadvantaged learners
- improve the capacity of RTOs to offer effective support programs for learners, as well as professional development for trainers of high-needs learners.

Also of some concern is the lack of transparency in the manner in which providers in this vast sector gauge student satisfaction or, indeed, assess their own effectiveness (Ward 2008). We refer to the concerns expressed by NCVET about the withholding of information by registered training organisations that is most relevant to quality control and accountability (Karmel 2011).

### Support

More resources are needed for those RTOs that cater for higher-needs learners; whether these learners lack qualifications, hold qualifications that have become outdated or are not recognised, or are the younger ‘at risk’ cohorts that have re-engaged with education after leaving school prematurely. These groups are the most susceptible to poor career pathways advice from Job Service Australia providers, schools or registered training organisations themselves.

### Mobility

The present training arrangements do not cater well for high-needs learners and those from disadvantaged backgrounds who are seeking the skills and qualifications needed to gain employment. Many of these people need to be able to adapt quickly to shifts in the labour market.

Possessing some qualifications can in fact serve as a hindrance in this process because existing qualifications may deny the learner a place in a subsidised course that offers better job prospects. In short, the funding arrangements should promote, and not penalise, horizontal and multiskilling options, as well as vertical and upskilling options. The Brotherhood sees the need for more consistent state and federal eligibility and funding criteria for clients who already have some qualifications, and ensure standard frameworks apply to relevant government and private services (i.e. Centrelink, Job Services Australia providers, Australian Apprenticeship Centres and training organisations).

In addition, there should be greater recognition of informal learning and skills in assessment processes at JSA providers and Centrelink so that a more direct pathway to employment is created.

### Training quality

The existing training model does not always lead to learner-centred training, as it encourages high-volume enrolment in high-cost courses. This not only excludes those people most in need of the training, but also leads to overcrowding and, at times, substandard training. The present arrangements encourage RTOs to focus on upskilling, rather than providing relevant and portable skills for those looking to adapt more to the available employment opportunities.

### Flexible learning options

The Brotherhood believes that high quality education occurs in many forms and in many settings. While retention within the mainstream educational setting may be the ideal pathway, there is a need to sustain programs that educate young Australians outside the school setting. Support for flexible learning options—particularly for disengaged students—is sorely needed if improved attainment levels are to be gained. Specific improvements are needed in the following areas:

- improving the status of flexible learning option providers by encouraging education networks to look upon the sector as a resource, and the ‘alternative’ sector educators as specialist professionals capable of sharing valuable knowledge
- funding for the support of those youth who opt for flexible learning options. Changes are also needed to the DEECD Student Resource Package funding model so that allocations reflect the varying needs of young people.
- better information sharing to facilitate monitoring and needs assessment. Consideration should be given to providing access to appropriate data derived from the Victorian Student Number regime to accredited non-mainstream education providers.

### Learning support programs

The Brotherhood believes that more recognition should be given to learning support programs. These are frequently delivered off the school premises, usually independent of the school, and are mostly sustained by philanthropic funding and a volunteer workforce (Bond 2009). They play a complementary role, and ought not be considered as separate from conventional approaches.

Moreover, these programs are flexible and targeted and may cater for the groups at greatest risk of disengagement, such as children and young people in out-of-home care, Koorie children and young people, young offenders, those affected by homelessness, the newly arrived and refugee children and young people, young parents and carers, those with disabilities and with mental health concerns (Bond 2009). The Brotherhood calls on the state government to make the following reforms in relation to these programs:

- Implement a roll-out of learning support programs in disadvantaged communities.
- Draw the state government contribution for such programs from funding streams dedicated to increasing social equity in schooling, literacy and numeracy, and increasing Year 12 retention.
- Establish minimum standards for LSPs to ensure good practice.
- Work through regional DEECD offices to foster collaboration between local schools and community organisations offering learning support programs.
- Use local libraries as partners for state and local governments in provision of community-based learning support programs.
- Through DEECD, foster the growth of state-wide networks for coordination of learning support programs, and reporting of best practice to the proposed federal coordinating body.

### Cost barriers to participating in education

In an earlier response we noted the persistence of high costs for education. On the basis of Brotherhood research (Bond & Horn 2009), the following recommendations for reform were made:

- Means test the School Start Bonus and divert savings into core funding of education in schools.
- Provide camps, excursions and incursions that are recognised as part of the curriculum, and therefore free for all students.
- Remove subject contributions, levies and charges for consumables provided by the school for all students, to ensure that cost is not a factor in subject choice.
- Introduce free public transport for all schoolchildren to address cost-induced non-attendance, with the added benefit of reducing the carbon footprint of education.
- Pilot a textbook library scheme in which students borrow their books for the year and pay for the books if they are lost or are damaged beyond reasonable wear and tear.
- Resource schools to operate a second-hand uniform shop.
- Benchmark the full cost of education to develop a 'reasonable costs' policy.
- Require all schools to develop a policy to ensure that cost is not a barrier to full participation by their students.

### Strengthening Year 12 'equivalent attainment'

At present a Certificate II course is regarded as equivalent to Year 12 even though BSL is aware of it being offered over as little as two weeks and lacking a solid literacy and numeracy component. If young people do no further study, this has implications for their job readiness. This view is supported by policy makers, the education, community and business sectors. Business groups such as Industry Skills Councils in particular bemoan the number of youth who are not job-ready. A further concern is that, once obtained, a Certificate II renders young people ineligible to receive case management through Youth Connections. To address this BSL calls for Year 12 equivalence to be raised to Certificate III and for an applied literacy and numeracy component to be required in these courses.

**What are the opportunities and challenges of greater Commonwealth Government involvement in the funding and delivery of education and training in Victoria?**

In a recent submission to DEEWR (BSL 2011c), the Brotherhood outlined its position on Commonwealth funding for education. We see opportunities for Victoria in a framework that emerges from the implementation of these reforms. What follows is a distilled version and some recommendations.

The Brotherhood endorses a clear national vision to reduce educational disadvantage. We call for the creation of a new Education Capability Fund which is jointly planned by all education sectors to fund agreed initiatives to redress evident educational need particularly on a neighbourhood basis, and to improve the national mechanisms for describing educational disadvantage.

In light of the extent of educational disadvantage and its complex causes, the Brotherhood concludes that consideration needs to be given to the establishment of a new Education Capability Board with a specific brief to better identify and foster educational interventions which reduce unacceptably high levels of educational disadvantage in literacy, numeracy, school retention and school completion.

Other key recommendations include:

- The creation of a more effective national Index of Education Capability for schools which also takes into account the impact of neighbourhood SES factors on student performance.
- The Commonwealth Government examine whether it would be practicable for local councils, in conjunction with regional education authorities and school councils, to take an increased role in grounds development and maintenance, with funding from the Australian Government.
- That significantly increased national schools funding be made available for learning programs which lift all students above minimum expected literacy and numeracy outcomes in the beginning years of primary schooling and expand effective school and home learning partnerships in the early years transition to school, especially those which support the parental role in learning.
- That increased recurrent funding be made available to disadvantaged schools and communities to strengthen school and home partnerships in the primary to secondary transition years, to maintain engagement and to begin career and further education planning.
- That increased national attention be given to suitable alternative programs in the upper secondary school for less engaged students, and an appropriate funding model for suitable community-based 'second chance' learning programs including the Community VCAL which embrace both education and student wellbeing.
- The implementation of a more equitable and effective national system of funding for students with special needs around physical, emotional and intellectual challenges should be a priority focus in the next funding period.
- That national attention be given to mapping and strengthening the contribution of the community sector in developing effective educational initiatives for student learning and parent and community engagement.

Were these reforms to be implemented, we see opportunities for Victoria to gain benefits in the form of improved levels of engagement in education, better learning outcomes and, ultimately, young Victorians who are more skilled and ready to participate in the labour market.

## Labour force participation [Issues paper 3.6]

**What are the major opportunities for and challenges to increasing participation in the workforce by Victorians?**

**What impact do current participation rates have on productivity and competitiveness?**

### Responding to underutilisation

Unemployment has increased since the global financial crisis. To cite some national figures, prior to the GFC the number of unemployed was below 500,000 but it is now more than 600,000. Likewise, the number of long-term unemployed has increased and the length of unemployment spells has more than doubled since 2008. This indicates that the unemployed are finding it increasingly difficult to obtain employment (BSL 2011d).

Australia's younger jobseekers bore the brunt of the GFC, particularly in the decline of full-time work, and a disproportionate increase in unemployment. Victoria's unemployment rate for 15–19 year olds was 16.3 per cent in April 2011 (ABS 2011). Those sectors that offer most full-time work for young people were those most vulnerable to economic change, e.g. construction and retail (FYA 2010).

Productivity and competitiveness in Victoria and in Australia overall are severely impacted by underutilisation of the labour force which involves almost 1.5 million Australians of working age. This is not a GFC outcome, as even at the peak of the boom we had over a million underutilised workers. Rather, the Brotherhood believes it is an outcome of underinvestment in human capital. This is particularly problematic given other trends such as the declining workforce through ageing and the looming skills shortage.

The Brotherhood in its submission on future employment services from 2012 asserted that while the current Job Service Australia model is working reasonably well for the majority of unemployed people (especially those with work experience, skills and capacities to take up work—the 'job ready'), current approaches will fail to deliver effective services for highly disadvantaged groups (BSL 2011d).

### Providing support to obtain and retain work

The Brotherhood has called for a fresh approach that will substantially increase sustainable job pathways for those with multiple barriers to work. These jobseekers require an integrated, flexible, personalised service. Our experience shows that approaches which combine personal support, soft vocational skills development and work experience with a closer alignment to local job opportunities are essential. Highly disadvantaged jobseekers require better engagement, effective case management and post placement support to sustain both social and employment outcomes. Work experience must be linked to individual capacities and aspirations, as well as providing a line of sight to open employment (Horn 2011).

A challenge for Victoria in lifting workforce participation is to ensure that people can make genuine choices and that systemic barriers do not constrain the options available to them. Interviews exploring 27 young people's choices in relation to employment found that for the long-term unemployed, system failures beyond their control impeded participation. These included a lack of ongoing stable jobs, insufficient and unsuitable management and training within workplaces, difficulties accessing transport, inflexible work conditions and transient housing. The jobs available to young people with

limited skills were also more likely to be impermanent, insecure and low-paying, providing little in the way of a career structure and potentially forcing some into ‘early retirement’ (Martin 2011).

This suggests that providing effective support to help people move into employment is only part of the solution. To move into work other preconditions need to be satisfied, such as ensuring that people have access to transport to get to work, childcare and affordable housing nearby.

### Providing decent, sustainable work

Over the past two decades, the level of non-standard employment in Australia has risen to among the highest among OECD countries. The greatest rise has been in casual employment. In 2007 around a quarter of workers in Australia were casual employees. Casual workers tend to be among the lowest paid, and are clustered in industries with the lowest skilled workers. These workers do not have paid leave, job security or certainty about working hours. Part-time employees are also increasingly experiencing working time insecurity, as some part-time work begins to resemble casual work.

Precarious employment is a particular issue for both younger and older workers. Traditional employment opportunities are increasingly out of reach for young people. Banking and service sectors now require degree qualifications; early school leavers have less choice now, with retail and hospitality their main options. This means that if employed, early school leavers are more likely to be found in highly casualised, low-paid, and vulnerable employment sectors.

Many older workers grew up in an environment which placed little emphasis on education or formal qualifications. They left school at about 15, found work easily and learned on the job, often rising to positions of considerable responsibility. However, if they lose their job or have spent time out of the workforce raising a family, it can be very difficult for them to find another comparable position, as employers increasingly rely on qualifications as the primary indicator of job suitability. Many mature-age workers find themselves confined to low-paid, unskilled, casual jobs. In turn, these jobs prevent them from taking up the sorts of retraining opportunities available to workers in secure employment (Bowman & Kimberley 2011). As in the case of young workers, work for older adults is subject to casualisation and the positioning of the mature workforce as a surplus pool of labour. Thus a further challenge is for the state to provide not just any work but decent work.

### Valuing (unpaid) caring work

The relative value placed on paid and unpaid work represents a further challenge. Single women with children have the second lowest employment participation in Australia and Australia has one of the lowest employment rates for single parents in the OECD. However, in the focus on lifting participation in paid work, there is a danger of devaluing (unpaid) work and specifically the caring (e.g. for children, the disabled and elderly) in the home.

**What are the major drivers of trends in labour force participation? And which of these trends can the Victorian Government influence?**

### Disengagement and the appeal of applied learning

Pathways management for school leavers has changed significantly such that it now also deals with the problem of disengagement, and this has the potential to increase labour force participation. Brotherhood research into Community VCAL and the Youth Connections consortia shows a range of factors combine to disrupt a person’s education and, hence, pathway into work. There is a growing awareness of the need for early intervention. Middle-years disengagement (at ages 10–14) is an

increasing concern, with relatively little known about the most critical risk factors. A by-product of recent federal and state government initiatives aiming to attain 90 per cent retention of students to year 12 is the increasing number of students—many with different temperaments and inclinations—compelled to stay in mainstream settings. Tensions arise, and many students are very disaffected.

Increasingly, vocational education is being relied upon to address the problem of disengagement among younger Victorians, through the medium of VCAL, school based apprenticeships and traineeships, and other flexible learning options providing applied learning programs. Data from the VCAA indicate strong growth in VETiS enrolments over the past decade, from 13,732 in 1999 to 41,351 in 2009. Enrolments are now growing by 5–7 per cent per annum (DEECD 2010b).

### Ageing workforce

The proportion of the population that is of traditional working age (15–64 years old) will fall, with only 2.7 people in this age group to support each Australian aged 65 years and over by 2050. This is about half the number of workers supporting those aged 65 today. Related to this are predicted workforce shortages in the aged and community care sectors and the need for more sophisticated skills to ensure the more complex care needs of the elderly are met.

The state government can influence these trends by introducing policies that encourage employers to retain older people and prevent discrimination against older workers. Likewise, it should be implementing programs to attract and train people in these fields of predicted workforce shortages. Here lies an opportunity also to target and invest in the long-term unemployed and disadvantaged jobseekers, so that they can fill these positions.

### Outer-urban growth

Both a challenge and opportunity for the Victorian workforce relate to the establishment of new residential areas in outer-suburban Melbourne. While these areas provide lower cost housing, there is reduced access to employment. An example from a recent study of 150 Australians in receipt of welfare benefits demonstrates this. One woman in receipt of Newstart Allowance relayed her story of being ‘pushed’ further out from the CBD and moving to where private rental accommodation was cheaper. At the time of interview in 2008 she was paying \$135 per week, which was just over half of her benefit payment, for a property in inner Melbourne. The owners wanted to increase the rent to \$210 per week because they considered it to be under ‘market value’. The burden of these costs meant the woman had to move even though she was aware that moving away from employment opportunities might have negative implications for the Centrelink benefit she was receiving (BSL 2011b).

Access to employment and services is linked with access to transport. Australians have long relied on private vehicles and employment patterns have long been influenced by people’s capacity to travel to and from work across urban areas. The importance of linking economic and social policy initiatives within locations cannot be overstated. The interlinked dynamics of employment, education and training opportunities, access to social and cultural activities, access to transport, and to health and community services, are fundamental to community wellbeing (BSL 2011b).



## **What are the biggest drivers, enablers and impediments to increasing workforce participation in Victoria?**

### **Making work pay for the disadvantaged**

Recent Brotherhood research and submissions to the Henry Review of taxation have drawn attention to the current range of disincentives faced by many jobseekers to taking up paid work and increasing their hours to support advancement (BSL 2008b; Bodsworth 2009; Bowman & Lawlor 2010). Disincentives may include increased tax, reduced income support, loss of concessions and increased rent for those in public housing.

Additionally, entry-level jobs for disadvantaged jobseekers are more likely to be casual, short-term or seasonal. The precariousness of such paid work necessitates better coordinated policy levers to maximise these people's chances to retain their jobs and smooth the transition between short-term jobs. The Brotherhood recommends that a review of policies across jurisdictions and portfolios be undertaken to develop a coherent policy setting that makes work pay for the unemployed (BSL 2011d).

### **Social procurement**

Intermediate labour market approaches are needed, particularly to assist organisations catering for disadvantaged people with multiple barriers to learning. Without such assistance, people will not receive effective ongoing skill development, access to real employment or the opportunities to establish strong social networks.

Social procurement policies have been shown to be effective in supporting jobs for disadvantaged or entry-level workers both through social enterprises and profit-making businesses. In effect they give some privilege to those jobseekers who are less competitive in the open labour market and in localities where there is a scarcity of entry-level or low-skilled work or employer reticence to take on such jobseekers. The state government can build on this platform to further develop effective approaches to procurement through contracting arrangements, guidelines and education (BSL 2011d).

### **Improving connections between training and employment services**

Brotherhood research highlights the need for support to be provided before, during and after training. It finds that where individuals had strong social networks and resources, their training and formal credentials assisted them to secure employment. For those who were upgrading or obtaining formal recognition of their skills, enablers included the lack of course fees and fact they could continue to work and earn an income. However, for many other students, training is only part of the solution. Without support and mentoring, a certificate or qualification is not sufficient to enable them to get and keep a job (Bowman & Souery 2010).

Likewise, in recent consultations with BSL clients, pathways into work were found to represent a critical issue for refugees. Challenges included building networks, having overseas qualifications recognised, and finding training that led to jobs rather than 'useless certificates'. In response it is suggested that training providers develop partnerships with employers to provide the required skills and guarantee jobs for refugees. Clients also made recommendations to government about what would help. These included training refugees to fill skill shortages and creating refugee-specific employment services (Bond 2011).

## Strengthening workplace diversity

Demand-side barriers remain a critical challenge to achieving sustainable job outcomes for many disadvantaged jobseekers, especially those with disabilities, Indigenous Australians, those experiencing homelessness and those from non-English speaking backgrounds.

African Australian clients at the Brotherhood's Centre for Work and Learning Yarra frequently relate experiences of employer reticence and discrimination, even when applicants have the skills to take up the job. In a recent consultation, refugee jobseekers elaborated upon these difficulties. Many of them had qualifications from their home countries, including university degrees. Others had run successful businesses and possessed a variety of skills from previous employment. However, these qualifications were not officially recognised in Australia and employers were unable to verify references with past employers. Additionally they observed stereotypes about refugees as uneducated and unskilled. This is a form of discrimination by hiring organisations (Bond 2011).

A stronger set of policy levers are required to support business diversity and prevent discrimination to ensure disadvantaged jobseekers have a fair chance to obtain work. We recommend the development of proactive policies to increase employee diversity in all workplaces and encourage the take-up of diversity groups (BSL 2011d).

**What should be the role of the Victorian Government (compared with the Commonwealth Government) in promoting increased participation?**

**What are the key elements of a state-based reform agenda that would help Victoria increase workforce participation? Are any policies of the Victorian and Commonwealth governments inhibiting increased participation (in aggregate or for particular groups in Victoria)?**

At a federal level the Gillard government has embarked on a new wave of welfare reform stressing the 'dignity of work' for all. However, the policy framework dealing with issues relating to paid work and unemployment is complex and at times contradictory. Recent policy and political agendas include reducing 'welfare dependence'; pressure from business to increase the skilled workforce; productivity concerns about the ageing workforce and the participation of women; and work-based migration. These intersect with policies regarding income support; employment services; industrial relations, regulations and discrimination.

The increased compliance requirements for direct welfare recipients, the increasing shift of risk on to individuals, and changed relationship between the state, family, individuals and the community have changed the balance of risks, responsibilities, resources and rights.

## A new Social Contract

There is a significant opportunity for the Victorian Government to articulate the elements of a new social contract. As discussed earlier this needs to value both paid work and unpaid work in the community and family. It also needs to articulate the obligations of those receiving different forms of support in the context of the obligations of government to provide quality services and assistance. In formulating this new contract, opportunities for the state government relate to policies around access to affordable childcare, ensuring educational attainment benchmarks produce skilled / job-ready young people and providing youth and refugee specific employment supports.

## Ensure childcare costs do not impede participation

The introduction of the National Quality Agenda reforms is an important step in ensuring that early childhood education and care (ECEC) is capable of meeting the social and development needs of children. Increasing the qualifications of educators and improving the staff–child ratios in these settings will assist with this.

However, BSL has already expressed a concern in its response to the Productivity Commission’s Early Childhood Development workforce issues paper that the increase in childcare costs is likely to be borne by individuals (BSL 2011e). This could dissuade or make impossible the use of ECEC services by some lower income families, and in turn reduce their participation in employment. To address this, BSL recommends that the recommendations of the 2010 Henry Tax Review be adopted. These include combining the Child Care Benefit and Child Care Rebate, providing higher subsidies to low-income families and covering the full costs of childcare for children at risk of abuse, neglect, significant developmental delay or multiple disadvantage.

## Providing youth and refugee-specific employment support

Weaknesses have emerged in the Job Services Australia framework that impact on disadvantaged young people. Providers are referred jobseekers of all ages, making the provision of youth-focused services difficult. Complexity and fragmentation of the current system makes navigation extremely difficult.

Notwithstanding JSA enhancements introduced in the 2011 federal Budget, we cannot expect a substantive improvement in outcomes for the hardest to help. The complex hurdles (both supply and demand-side) faced by these jobseekers require a better integrated, flexible service delivery model with a direct line of sight to local employers, including transitional employment providers.

Likewise, a recent consultation with BSL clients indicated dissatisfaction with the JSA services available for refugees. Clients felt a lack of respect and cultural sensitivity or understanding of the refugee experience from JSA provider staff. Believing generic JSA providers were ineffective, clients called for refugee-specific and place-based services located in local community centres (BSL 2011f).

Indeed, at a time of looming skills shortages, the underutilisation of young and refugee workers is problematic. There is an opportunity for government to invest in human capital and provide the training needed for them to take up these positions.

\* \* \* \* \*

## Conclusion

Our overall response to the issues raised about education and skills, and labour force participation, in Victoria is informed by our desire to enhance social inclusion. We have been concerned throughout to stress the importance of reform that enables disadvantaged groups to fulfil their potential. A range of structural issues have been identified, and recurring themes have been the need to provide better pathway support and intermediate labour market approaches, more coordination between various education and training providers, more funding for individuals and organisations catering for high-needs clients, and better access to services and employment for those in outer-urban areas. Ultimately, we believe that in the absence of such reform Victoria will be denied the benefits of an investment in its rich human capital.

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