

Skilling our future workforce

**VCOSS submission on enhancing Victoria's
economic performance and productivity**

August 2017



About VCOSS

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS members reflect the diversity of the sector and include large charities, peak organisations, small community services, advocacy groups, and individuals interested in social policy. In addition to supporting the sector, VCOSS represents the interests of vulnerable and disadvantaged Victorians in policy debates and advocates for the development of a sustainable, fair and equitable society.

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VCOSS acknowledges the traditional owners of country and pays its respects to Elders past and present.

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Introduction

VCOSS welcomes this opportunity to comment on the *Enhancing Victorian's Economic Performance and Productivity Discussion Paper* (the Discussion Paper) prepared by the Premier's Jobs and Investment Panel (the Panel).

The Panel can present concrete proposals to invigorate Victoria's economy by ensuring the community services sector has access to the qualified and skilled workforce it requires to meet rapid industry growth, producing large numbers of jobs and ensuring Victorians have access to essential social services.

The Panel can also encourage greater collaboration at a local level, to see beyond the 'siloed' structure of government, and harness the embedded knowledge, networks and innovation of local communities.

Victoria has recently seen significant growth in job numbers, with an additional 257,000 people commencing paid work since November 2014, including more than 150,000 full-time jobs.¹

Health care and social assistance is the fastest growing sector by employment in Victoria, with nearly double the growth projections of any other industry. The sector will need a significant injection of newly skilled and trained workers to meet growing demand.

Community services, as one of the largest parts of the health care and social assistance sector, employ a significant and growing workforce. They provide vital support for thousands of disadvantaged people across a wide range of services and activities and have strong links to disadvantaged and marginalised communities across Victoria. Community services are important both as major workforce employers, particularly in regional and rural areas, and in assisting people to overcome barriers to attaining employment, accessing education and training, and being able to actively participate in their local community.

Being able to respond to current and future demand in the community services will have a significant impact on Victoria's economic prosperity, performance and productivity. Failure to do so, could have an adverse impact on the whole community by stymieing growth opportunities, and leaving service gaps in the social safety net.

¹ Australian Bureau of Statistics, *Labour Force, Australia. Detailed, Quarterly* Cat. No. 6921.0.55.003, May 2017.

Recommendations

VCOSS provides the following recommendations to the Panel:

- The Victorian Government should remove fees for entry level courses in the high workforce growth industry of health and community services
- The Victorian Government can provide 'backbone' funding for local collaborative partnerships unlocking local employment knowledge, support and solutions
- The Victorian Government should advocate for an urgent review of the Community Services Training Package to ensure qualifications are fit-for-purpose
- The Victorian Government should work with the community sector to develop a structured ICT development strategy to enhance productivity and reduce administrative costs
- The Victorian Government can consider extending its offer of loan guarantees to a broader set of community services, helping kick-start social enterprises and reduce administrative costs in the sector
- The Panel should add people with disability and Aboriginal Victorians to the groups identified as "poorly performing".
- The Panel should apply a gender lens to its proposals, ensuring that women will receive equal benefit from the suite of proposals

Strategies for change

Potential skills shortages in health and community services

The health care and social assistance sector in Victoria currently employs around 412,000 people, making it the largest industry employer. It has the fastest employment growth, increasing by 56,200 employees in just 5 years.² Workforce growth in the health and social assistance sector in Victoria is expected accelerate in the coming years, surpassing all other industries. Estimates project 64,000 new jobs to be created in the five years to 2020 (see figure 1).

Employment growth in this sector is driven by an increasing and ageing population, significant social and community disadvantage, as well as the implementation of major national reforms such as the National Disability Insurance Scheme (NDIS) and My Aged Care, and state reforms such as the response to the Family Violence Royal Commission.

Whilst the growth in employment in the health care and social assistance sector is projected to be nearly twice that of any other industry in Victoria, there is no holistic plan to ensure an available pool of qualified, skilled workers to fill all these jobs. This sector is already experiencing a demonstrated shortfall in qualified and experienced workers to meet existing vacancies, let alone the expected rapid workforce growth. Universities and TAFEs report they are not currently attracting enough applicants to train the workforce required.

The well-documented problems with the marketisation of VET qualifications has also contributed to workforce problems, with widespread concerns about the quality and skills of graduates from some large-scale private providers.

The community services industry

Victorian community services are a multi-billion dollar industry. Less than half of community services \$11.5 billion revenue came from government funding, and only 44 per cent of community service organisations actually received any government funding.³

Victorian community services currently employ around 150,000 people, more than the financial and insurance services industry, and similar in size to 'transport, postal and warehousing', or 'public administration and safety'. Donations and bequests raised \$1.2 billion, while other income, such as fees and service charges, raised almost \$4.3 billion.⁴

Victorian community services are an extremely diverse industry. Almost a quarter of organisations have revenues greater than \$1 million,⁵ and a few have annual revenues over \$100 million, and employ thousands of workers and have hundreds of volunteers.⁶

² *Ibid.*

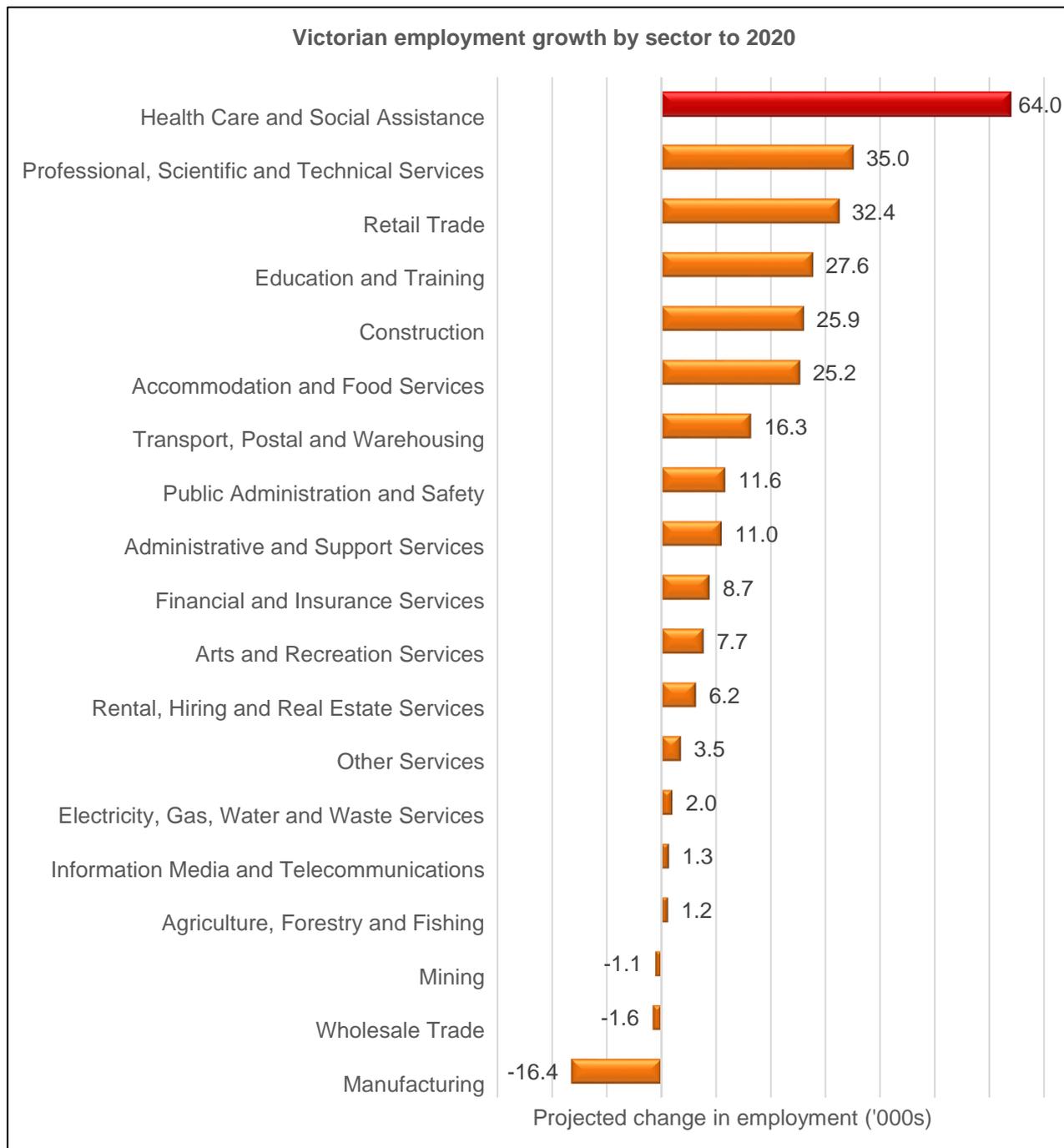
³ VCOSS, *op cit*, forthcoming.

⁴ Australian Bureau of Statistics, *op cit*, May 2017.

⁵ *Ibid.*

⁶ Unpublished data from the 2015 Annual Information Statement.

Figure 1. Projected employment growth by sector in Victoria, from 2015 to 2020.



Source: Australian Department of Employment Labour Market Information Portal, <http://lmip.gov.au/>.

Financial barriers to workforce training

Recommendation

The Victorian Government should remove fees for entry level courses in the high workforce growth industry of health and community services

The health care and social assistance sector will not be able to meet the growing demand for workers unless effective strategies attract and support more workers into the industry. The projected rapid expansion needs skilled, professional and adaptable people as the industry grows and evolves to better meet the needs of the Victorian community.

This requires better methods to attract people to the industry, improvements in pre-service training and education including better support for students to maintain their enrolment, and enhanced professional development and in-service training. Improvements in remuneration and career progression will assist retention of workers in the community services industry.

An immediate step would be to waive fees for entry level vocational education and training courses related to community services in Victoria for people facing barriers to employment or currently employed in industries in decline. The waiver should apply irrespective of the person's existing qualifications.

Early research findings from the Future Social Services Institute's (FSSI) evaluation of its Certificate 3 in Individual Support scholarship program indicates that under-represented cohorts including disengaged youth and single parents can be attracted to begin a pathway into Social Services Work when fees are waived. FSSI has been trialing a facilitated career structure whereby disadvantaged cohorts are provided with the first step into social support services as a Scholarship, via the Certificate 3 in Individual Support with additional language, literacy and numeracy support. Once in the program, they are given a guaranteed place in the RMIT Diploma of Nursing, if prerequisites of language, literacy and numeracy are met. A concurrent hardship fund has been established to remove small, but significant barriers to completion such as enough credit on a Myki or short term accommodation support in order to keep young people who might otherwise drop out engaged with the program.

By facilitating the first step, new entrants have a high likelihood of remaining employed while they pursue pathways in the field such as into nursing or allied health. Given the size of the workforce demand, the relatively low pay from entry level social services work and the potential of the sector to grow the Victorian economy, there is a strong case for waiving or greatly reducing fees for this program across public TAFE's and not for profit employers who are also Registered Training Organisations.



Skilling the future workforce - Fee-free training for a high-growth industry

PROPOSAL: The Victorian Government should remove fees for entry level courses in the high workforce growth industry of health and social assistance

Reform directions addressed:

- 1.1 Target support schemes for relatively poorly performing groups
- 1.3 Improvement to the training and education system

Summary of problem/opportunity

- Workforce growth in the **health and social assistance industry** is expected to surpass all other industries, with 64,000 new jobs being created over 5 years.
- Strong investment drivers include NDIS, Family Violence reforms, MyAgedCare roll-out, and health and social services due to an ageing population
- Health and Social Care Industry has a proven track record in **attracting** the targeted poorly performing cohorts identified by the Jobs and Investment Panel
- There is a **significant gap** in the number of trained workers available to meet projected jobs growth and universities and TAFEs are not attracting enough applicants to train the potential workforce to fill these gaps.
- Employers and stakeholders identify **upfront training costs** as a significant barrier to undertaking training, especially among marginalised groups
- Entry-level employment can act as a **launching pad** for higher skilled and higher paid careers, through identified training and career pathways

Case Study: FSSI Scholarship program

The Future Social Service Institute offers a scholarship program for Certificate 3 in Individual Support students. Early evaluation findings indicate that under-represented cohorts can be attracted to begin a pathway into social services work when fees are waived. New entrants are highly likely to remain employed and may pursue pathways into nursing or allied health.

Specific actions/implementation detail

The government can provide the **additional financial support** to allow **fee-free training** for specified **entry-level** courses, e.g. Cert III in Individual Support. This support requires appropriate **safeguards** to ensure it is limited to **high quality** TAFE and other VET providers. The eligibility for support would extend beyond those currently eligible for Skills First funding, and allow participants with a **higher qualification to retrain** in a new industry.

Productivity and economic impact

- Spending on disability alone is expected to almost double to over \$20 billion by 2020. The Victorian Government has announced a \$1.9 billion family violence package. The ageing population will stimulate similar demand for services.
- 56% of not for profit community service providers derive their funding from sources other than government.

Social inclusion and equity

- This industry is a strong employer of the poorly performing employment groups identified by the Jobs and Investment Panel, as well as women more broadly
- Employment growth will occur statewide, including in regional and rural Victoria driven by population ageing and disability rates
- NDIS will remove barriers to people with a disability and their family carers entering the paid workforce, stimulating productivity.

Implementability

- Could be trialled in 2018 followed by full roll-out in 2019
- No legislative changes or inter-governmental agreements required
- Low degree of complexity
- Safeguards would be required to ensure provider quality and to monitor uptake and progress

Affordability

- Key cost parameters include the subsidy costs, the range of qualifications and the number of potential students
- A government subsidised place in a the Cert 3 in Individual Support at a Victorian TAFE has average fees of approximately \$2,000, on top of a subsidy of approximately \$6,000

Stakeholder support

- VCOSS and its members identify a lack of appropriately skilled staff a key barrier to business growth.
- VCOSS can facilitate further discussions with government, education and business stakeholders.

Build local employment partnerships

Recommendation

The Victorian Government can provide 'backbone' funding for local collaborative partnerships unlocking local employment knowledge, support and solutions

Unemployment and underemployment are often concentrated in specific geographic areas, and may contribute to entrenched intergenerational poverty. Only by taking a 'place-based' approach, can local knowledge, networks be harnessed to remove barriers to employment, and provide the skilled workforce required by local employers.

By working together, business, government, community organisations and educators can innovate to provide local employment pathways at a human scale, and find solutions invisible to large siloed organisations. Central to effective place-based collaboration is a well-resourced local 'backbone' organisation that can facilitate collaboration, engage in co-design and ensure high quality evaluation.

Local community services have strong links to disadvantaged and marginalised communities, a grassroots understanding of their needs and challenges, and can bring the voices of people experiencing disadvantage into local education and employment program design. Community services are often highly visible and trusted in marginalised communities with few other resources.

Combining this knowledge with local business, educators and government can be a powerful mix. Local business can identify local skills needs and help identify pathways into employment opportunities. Local education providers can design courses for local conditions, including the needs of disadvantaged groups together with knowledge of local business. Local government has intimate knowledge of their communities, and local offices of government agencies can often help shape funding and contractual decisions to help unleash local innovation. Together, a place-based employment collaboration can see solutions invisible to any single agency.

People face multiple barriers to employment and community participation, which in turn may impact their health and wellbeing. The elements of disadvantage are highly complex and individualised, requiring responsive support services that are 'joined-up' and 'wrapped-around' the individual or family in need.

To be effective, place-based approaches need to identify strong local leaders to drive the collaboration, and have the flexibility to adapt to local needs and conditions. There are many potential models that could form the basis for local employment collaborations, with sufficient agility to allow local communities to develop their own iterations based on local expertise.



Empower local employment solutions – place-based partnerships

PROPOSAL: The Victorian Government can provide ‘backbone’ funding for local collaborative partnerships unlocking local employment knowledge, support and solutions

Reform directions addressed:

- 1.1 Targeted support schemes for relatively poorly performing groups
- 1.2 Improved coordination between various government services
- 1.3 Improvement to the training and education system

Summary of problem/opportunity

- Unemployment is **geographically concentrated** – just 11 Victorian postcodes (1.6% of total) account for 13.7% of the most disadvantaged communities, as revealed in *Dropping of the Edge 2015*.
- **Local knowledge and networks** can identify employment opportunities, barriers and linkages not visible to more distant, ‘siloesd’ agencies
- Local **co-design** can produce tailored local employment pathways and course delivery responsive to local business needs and conditions
- Collaborative problem-solving can reduce service fragmentation by producing **tailored wrap-around services** that create and sustain employment, for instance, by coordinating employment, training, childcare and financial assistance.
- Local leaders can **marshal and align existing local resources** across government, business, philanthropic and non-government sectors.

Case Study: Northern Futures

Northern Futures is a **partnership between government, business, universal service providers and community services**, aimed at regenerating Geelong’s northern suburbs by increasing opportunities for education, training and employment. It identifies **employment opportunities** and **shapes education and training programs** to meet the needs of the local economy to ensure **ongoing long-term employment**.

Specific actions/implementation detail

The government can provide financial support necessary to sustain a **‘backbone’ organisation** for co-ordination, relationship management, co-design with service users and evaluation. Successful place-based partnerships require successful identification of **local leaders**, including from across the local government, public, business, and community sectors, with the **flexibility to innovate** over the longer term, as outlined in VCOSS’ *Communities taking power*.

Productivity and economic impact

- By unlocking local knowledge and harnessing local resources, a relatively small investment can cascade into a much larger economic impact.
- Generating employment in areas of concentrated disadvantage has strong positive externalities and enhances local multiplier effects.

Social inclusion and equity

- The targeted poorly performing cohorts are disproportionately represented in areas of concentrated disadvantage
- Local collaboration is especially applicable in regional areas, where strong local networks are often already present, but not leveraged by ‘siloesd’ service delivery
- Employment generation in areas of concentrated disadvantage has important social impacts, including challenging low expectations and building community and individual aspirations.

Implementability

- There are numerous existing partnership models that can be adapted to develop workable models, including Go Goldfields, Children and Youth Area Partnerships, and Primary Care Partnerships.

Affordability

- Key cost parameters include key worker provision, and co-design and evaluation resources, as well as the number of sites.

Stakeholder support

- VCOSS and its member organisations are highly supportive of a partnerships approach to job creation and skills development.

VET training package reform

Recommendation

The Victorian Government should advocate for an urgent review of the Community Services Training Package to ensure qualifications are fit-for-purpose

Employers in the social services industries consistently indicate to us that there are broad values-based capabilities required by the workforce, especially in a new funding environment presented by the implementation of the NDIS and related consumer directed service reforms. These broad capabilities are required for individual workers to move laterally, especially in regional areas, so as to pursue meaningful careers in the sector over their life course.

University of Sydney modelling has indicated that while there is a strong “vocational narrative, centred on the notion of care”, that characterises both high-skill and entry level work in the sector, ironically there is also a high level of occupational stasis⁷. This indicates that the current suite of programs is not enabling movement across social services industries in a way that the economy requires. VCOSS recommends that the publicly funded VET courses available in the sector be reviewed to address the lack of broad based “capabilities” in the current offerings that would meet the needs of the industry.

Harnessing information and communication technology

Recommendation

The Victorian Government should work with the community sector to develop a structured ICT development strategy to enhance productivity and reduce administrative costs

Improvements in information and communication technology will assist community services to better support people by being able to match their needs with appropriate services, to collect client information once and share it appropriately, support a mobile and flexible workforce (including volunteers).

Currently, the systems used by community service agencies to collect, report and manage client data are service or program specific, antiquated in their design and outdated in their capacity to link client data to improve outcomes.

The government needs to work with the sector and investors to develop technological solutions that enable data linkages within agencies, across services, and between sector and government data systems. With the government increasingly requiring evidence-based service design and delivery, technological solutions must be developed to support this.

⁷ Yu, S, Bretherton, T, Schutz, J & Buchanan, J 2012, *Understanding the nature of vocations today: exploring labour market pathways*, NCVET, Adelaide. https://www.ncver.edu.au/_data/assets/file/0011/10262/understanding-the-nature-of-vocations-2538.pdf

Finance for community services

Recommendation

The Victorian Government can consider extending its offer of loan guarantees to a broader set of community services, helping kick-start social enterprises and reduce administrative costs in the sector

Access to finance to expand or enhance service provision by buying real estate or essential equipment is limited in the community services industry. Some of the large organisations that operate viable social enterprises or have sufficient assets may have access to finance from conventional lenders, such as banks. However, many medium and small organisations are unable to borrow money because they are prevented from using revenue from government sources to repay loans. The lack of finance limits their ability to expand, innovate and develop.⁸

The Victorian government has already announced a significant \$1 billion loan guarantee program for community housing organisations, to enable them to borrow to finance affordable housing. Similar logic can be extended to the broader not-for-profit sector to enable greater access to capital for innovation. A solution would be to provide a loan guarantee for community services (subject to financial capacity) seeking to expand or enhance their service provision with a capital purchase.

Assist people with disability and Aboriginal Victorians

Recommendation

The Panel should add people with disability and Aboriginal Victorians to the groups identified as “poorly performing”.

Victorians who are already likely to face disadvantage often face multiple and complex barriers to employment. This including vulnerable young people, Aboriginal people, people with disabilities, single parents, and newly arrived migrants. These groups already have higher rates of unemployment, underemployment, or long-term unemployment, than other Victorians.

VCOSS notes the Panel’s focus on young people, single parents and newly arrived migrants. VCOSS acknowledges that these groups face multiple barriers to employment; however, we suggest that the Panel also focus on people with disability and Aboriginal people. Aboriginal people have high rates of unemployment and lower education attainment.⁹ Similarly, people with disability have low rates of participation in the labour force. The Victorian labour force participation

⁸ Productivity Commission, *Contribution of the Not-for-Profit Sector*, Research Report, 2010.

⁹ Australian Bureau of Statistics, *Australian Aboriginal and Torres Strait Islander Health Survey 2012-13*, Cat No. 4727.0.55.006, 2014.

rate for people with a disability was 53 per cent in 2015, far lower than the 82 per cent participation rate for people without a disability.¹⁰

For most Victorian adults, paid work is central to their wellbeing. It provides a financial income, a source of pride and purpose, a means of engaging with and cooperating with others, and attracting recognition and respect. It enables people to hope for the future and make long-term plans.

Some people will find some of these qualities in unpaid work, such as in raising children, caring for a relative who is ageing or has a disability, maintaining a home, or volunteering in the community. However, most working age adults want to find meaningful and secure paid work, and the inability to do so threatens their wellbeing and financial security.

Apply a gender lens to workforce development

Recommendation

The Panel should apply a gender lens to its proposals, ensuring that women will receive equal benefit from the suite of proposals

The Discussion Paper identifies that women are over represented in all three of the identified cohorts who are performing poorly in the workforce; recent migrants, single parents, and disengaged young people. This suggests systemic barriers to women's participation in the workforce that requires closer analysis.

The productivity challenge for women and men is slightly different. Specifically, lack of flexibility in the workforce makes it challenging for women to balance work and family responsibilities leading to underemployment, or withdrawal from the paid workforce completely. This is the case across education levels, which means that while women are increasing their participation in higher levels of education, women with graduate and post-graduate qualifications are less likely than their male counterparts to enter fulltime work. It is estimated by Ernst and Young, that approximately \$8 billion is lost to the Australian economy each year through women with undergraduate and postgraduate education not entering the workforce.¹¹

The Discussion Paper recommends information and awareness campaigns to increase women's participation in the construction industry. However, the size of the challenge is not insignificant and will require long term, systemic analysis and comprehensive strategies. Women make up only 15.6% of the construction industry. Only 2.8% of jobs in the industry are part time, and 9% casual making it hard for women with family responsibilities to participate. The second industry nominated in the Discussion Paper, the Financial Services Industry, has the highest gender pay gap of all industries, according to the Workplace Gender Equality Agency, which suggest other barriers to women's employment progress not identified in the paper. In contrast, the Health and Social Care

¹⁰ Australian Bureau of statistics, *Disability, Ageing and Carers, Australia: Summary of Findings, 2015*, Cat No. 4430.0, 2016.

¹¹ Ernst & Young, *Untapped opportunity; The role of women in unlocking Australia's productivity potential*, July, 2013

Industry is Australia's largest employer of women. It has a very low gender pay gap and a high proportion of part time and casual jobs.

Strategies to support industries with strong track records of engaging women in work e.g. health care and social assistance, must sit alongside strategies to encourage women into traditionally male industries. Both have a part to play in improving productivity. Overall, however, projected job growth should be the significant factor in determining government priorities.

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