21 March 2006

Review of the Skills Base in NSW
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Sir/Ms

I am writing in relation to the Review into the Skills Base in NSW, which IPART is currently undertaking.

Please find attached a submission from the Council of Social Service of NSW (NCOSS). The submission focuses on a variety of skills and training issues in the NSW human services industry and provides some brief commentary on aspects of improving the VET experience in NSW for those significantly disadvantaged in the NSW labour market.

I hope that this submission is of use in your Review. If further information is required, please contact Linda Frow, Deputy Director, Policy on tel 9211 2599 ext 111 or email at lindaf@ncoss.org.au

Yours sincerely

Gary Moore
Director
Council of Social Service of New South Wales (NCOSS)

Response to IPART Issues Paper

Review of the Skills Base in NSW and the Future Challenges for Vocational education and Training

March 2006
About NCOSS

The Council of Social Service of New South Wales (NCOSS) is the peak body for the social and community services sector in New South Wales. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving social justice in this State. NCOSS provides an independent voice on welfare policy issues and social and economic reforms and is the major co-ordinator for non-government social and community services.

In this capacity NCOSS has had an ongoing involvement in the development of vocational education and training on two levels. Firstly in relation to the needs of disadvantaged people to engage or re-engage with the workforce through second chance and purposely tailored training and education programs, and secondly, in the development of training packages and qualifications to improve the skills and professionalism of the community sector workforce.

NCOSS was a key player in the establishment of the NSW Community Services and Health ITAB and has been a member of the Board since its inception.

Introduction:

The context:

This review is taking place in an environment in which we are seeing rapidly changing demographics – an ageing population – and changing prospects in relation to employment. It has been estimated that by 2010 there will be more jobs than those able to fill them - that has some serious implications for the future delivery of training.

At a social level, we are seeing a growing divide between the haves and have nots; a growing mismatch between the economic infrastructure and location of the workforce; and the implementation of industrial relations and welfare regimes built on competitive economic imperatives rather than social benefits.

The social and community services sector represents a large and growing workforce whose needs should be taken into account in any discussion about skills shortages and the future of VET. The whole nonprofit sector is about 6.8% of the Australian workforce\(^1\) and contributes around $21 billion to GDP. While this includes sporting, cultural and other membership based groups, the social services sector is a major component. NCOSS estimates that there are around 6-7000 community based organisations in NSW rolling over around $2bn in grants from NSW Government funded programs and joint programs with the Commonwealth. They are an important contributor to economic/employment activity.

\(^1\) Mark Lyons
In contributing to this review, NCOSS would like to make two main points. Firstly, reviewing the skills base and the VET system as a whole offers the NSW government an opportunity to look at better ways of meeting the education and training needs of a number of groups that are currently excluded from education and training, or face significant barriers in accessing it. There are many groups of people for whom a more flexible, better supported and relevant VET system would make the difference between making the transition to the workforce or not.

Secondly, we would argue that changes in the nature, structure and size of the community services sector mean that skills shortages in this sector are growing. These must be addressed if we are to continue to demand, as we should, high quality services for our ageing population, for our children, for people with disabilities or health problems, and for those who have been disenfranchised by the economic reforms we are going through.

**Key Issues for Stakeholders**

1. *Supply and demand for skills in NSW over the next 20 years.*

NCOSS is not in the position of being able to accurately forecast skills shortages 20 years into the future. However we can identify current areas of skills shortages in the community sector and make some reasonable assumptions about future demands.

One of the main challenges we face in identifying trends in the community sector is the fact that data is usually collected in such a way that it counts health and community services together, with health the dominating influence.

DEWR\(^2\) for example cites the Health and Community services workforce as the second largest growth area over the next five years, estimating a growth of 2.8% per annum, or around thirty thousands jobs per annum. Around a third of these would represent the New South Wales share. However, the major component of this area is health and we have no means of knowing how skewed these projections are to the expected growth of the health system due to ageing, or whether it also takes into account growth related to increased levels of disability, current growth in early intervention and child protection services (families and children), and rising levels of mental illness and drug and alcohol problems that are across much of the population, not just confined to the ageing of the population.

The Australian Institute of Health and Welfare\(^3\) is able to separate out the groups more accurately. It estimates that in 2004, there were 334,729 people working in community services occupations, 243,235 directly in community services industries and 174,672 in other industries (e.g. counsellors in education).

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According to the ABS Labour Force Survey, there was a 23.4% increase between 1999 and 2004 in the numbers of people employed in community services industries compared with an increase of 10.5% across all occupations.4

There is at least a consistency here that argues for current growth in the community services sector. This does not, however, take us to the issue of skills shortages. The main source of statistical information on skills shortages comes again from DEWR. The DEWR Skills in Demand List, 2005, indicates shortages for NSW in child care (both coordinators and workers, though the coordinator shortage is seen as most pressing), aged care nurses, social workers (regionally) and health professionals generally (but especially in specialised areas such as mental health). However this list does not look at a range of occupations in the lower skilled areas (e.g. disability workers) or at the more generic category of welfare worker.

Anecdotally there is strong evidence from service providers and peak non government organisations that there is a general shortage of skilled workers to fill particularly senior or management roles such as family support coordinators, mental health workers or generalist welfare workers with some expertise in mental health and/or drug and alcohol, counsellors, and a range of other positions. Rural and regional services in particular are finding that positions often sit vacant for long periods of time before a worker is successfully recruited. Of course the situation in the community sector is complicated by the poor levels of pay and conditions that have traditionally made this sector less attractive as a career path than the public or private sectors. It is not just a matter of training.

There are a number of other issues impacting on the community sector workforce in relation to long term planning for future needs. Our industry is highly feminised, with around 86% of workers being female, and just over half of the workforce works part-time. If the unemployment problem centres on males in middle age, as suggested in the IPART issues paper, then finding ways of attracting males to a non-traditional workforce option will be important and may require the provision of incentives. Community services have also, apart from child care, a comparatively old workforce – only 59% of the community services workforce is under the age of 45. The issue of ageing applies to both the clientele and the workforce.

NCOSS would also add here that there is, both nationally and at a state level, a reform agenda happening that will over time see a restructuring of the community services sector and the emergence of different sorts of organisational structures (e.g. consortiums of service providers) requiring some additional kinds of expertise, particularly around management, governance, research and brokerage. Increasing demands from government in relation to accountability for outcomes, professionalism, evidence based practice, and quality improvement all raise the bar in terms of the skills and expertise required of individual workers.

4 Ibid, p.382
**Training for rural, regional and remote areas**

As noted above, services in non-metropolitan areas face some serious issues in relation to the adequate provision of services where workers are difficult to recruit. These difficulties are caused by any number of factors including:

- Lack of skilled workers locally
- The related issue of lack of access to appropriate training locally
- Poor pay and conditions – inability to attract workers to the area
- Lack of supports for workers (especially sole workers)
- Inability to travel to access both entry level and ongoing training
- The lack of interface between economic development and the provision of education and training opportunities
- Locational disadvantage resulting in perceptions of difficult clientele
- Loss of population (particularly young people, or skilled, qualified workers in areas of economic decline). This is often exacerbated by the withdrawal of government agencies and other basic services
- A mismatch between training offered and what is needed to gain employment
- Lack of connection between pre-vocational and vocational education and training
- Failure to establish strong connections between the community and training organisations/institutions

There are a number of pilots/initiatives that have been trialled and found to have some success in relation to these problems. Improved access to VET in schools and joint schools/TAFE options; e-learning options; work-based training (sometimes with residential options) and partnership options have all offered some ways forward. All of these depend on a capacity to access some flexible funding, appropriate resources (e.g. facilities), and training expertise. The presence of TAFE as a universal provider is of particular importance in promoting, developing and supporting a wide range of training options in rural and regional areas, and it is seen as a key stakeholder in community decision making.

In its Inquiry into the provision of Public Education, the Vinson Inquiry concentrated on school education but in the chapter on vocational education and training, it drew attention to the growing importance of the “learning community” in regional areas. Professor Vinson cites the example of the Gwydir Learning Region based around the towns of Bingara, Barraba and Warralda, in which partnerships between the local council, schools, community, community organisations, employers, TAFE, and health services has seen the development of a community-based response to ongoing education and training based on individual interests and local service needs, for both school students and mature age students.

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5 NCOSs, *Counting the Cost*, 2004
The Gwydir model is of particular interest to NCOSS because of its identification of aged care as a skills shortages area, and the success it has achieved in completion of certificate level training for both groups of students. It has also recognised the need to match education and training to objectives around strengthening social and economic communities in the region. At the same time, the flexible approach taken, and capacity to broker in training opportunities, has allowed some students to pursue more individualised programs in fields that may well have been inaccessible previously.

NCOSS has seen this approach being developed in the NSW town of Deniliquin at the time of our 2002 regional consultations. Deniliquin was then suffering economic decline including the loss of government services, loss of transport services (including the airport), poor retention rates, drift of young people away from the town and poor articulation into further education and training. While we have not been back to see how this strategy has progressed, we were impressed at the time by the commitment of all of the key stakeholders and by their conviction that their reinvention as a learning community was the key to economic, social and cultural sustainability of the town. Partnership models appear to have been used more extensively in other states(particularly in South Australia and Victoria) than in New South Wales.

The development and funding of more regionally based, sector specific training and resourcing bodies is another option for improving access to training in rural and remote areas.

Much of the entry level and ongoing training for the community sector is undertaken through registered training organisations. RTO’s are often, but not always, linked to peak organisations and have a very specific training focus, for example on housing, child care or aged care. They find it difficult to sustain their RTO status, because of the procedures and costs involved, and to access funding sources that will make their training affordable for individuals and/or organisations. Easing the burden on RTOs would go some way towards promoting increased access to training, particularly for existing workers.

NCOSS has argued in its Pre Budget submission for the establishment of regional bodies across NSW “to strengthen the organisational capacities of small and medium sized not-for-profit human services organisations across NSW and to enable regional networks of NGOs to actively and effectively advocate for and engage with regional clusters of NSW human services agencies on social policy and human services matters in their regions”.7

NCOSS believes this initiative would build capacity in regions to develop more creative solutions to skills shortages, amongst other issues, and to source and resource locally relevant and responsive training.

Similar suggestions have been made in the child care sector following meetings in the Murdi Paaki region.

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7 NCOSS, Closing the Gap: Budget Priorities for a Fair and Sustainable Community, 2005
One of the key recommendations in the final report arising from a 2 day meeting in Bourke last year argues for the establishment of regional bodies with a range of objectives, including:

“provide a range of services such as financial support, professional development for staff, IT staff training and support, information for children and families with additional needs…”8

The report further argued for the development of regional worker networks to work with the regional body with aims including:

“Encourage and facilitate professional development
Encourage services to draw on the supports and training services of the regional body… Establish a pool of relief staff and arrange backfilling of positions…”

The report recognises the importance of new technologies in promoting training, not just for workers but for management committee members.

Finally, it is not possible to address the training needs, particularly of rural and remote areas, without looking at the barriers raised by lack of access to transport. Training is only one part of the infrastructure that needs to be in place – it is useless if people cannot access it.

Low income households typically experience poor connectivity to jobs, education and services, particularly for individuals who lack low income access to private motor vehicles or high frequency public transport services. Lack of transport accessibility is often exacerbated in outer suburban and rural and regional locations where there are limited alternatives to private motor vehicle use. This can place some households, particularly older people, low income families and younger people, in an extremely precarious position.

NCOSS regional consultations with local community groups have consistently shown poor transport connectivity is a barrier to accessing vocational education and training for some low income people. This tallies with both Australian and International research that demonstrates the link between transport barriers and inability to access training. It can be anticipated that economic and demographic change, such as above inflation fuel cost increases and population ageing, will intensify existing barriers.

Innovative transport programs, that link people to vocational education and training, are one solution to overcoming transport barriers to education. In the longer term, improvements to transport connectivity can be achieved by better cooperation between government, transport operators and communities in transport and land use planning.

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**Forecasting demand for skills and identifying skills shortages**

There are a number of problems in the community sector with identifying skills shortages and future needs for training. These include:

- The lack of reliable data on the community services workforce at a state and national level. Different agencies (including the ABS between census collections!) have different definitions and ways of collecting data that make comparability impossible. Trends are easier to identify than real numbers. While workforce issues are continually flagged at meetings of Commonwealth, State and Territory ministers, there is little evidence of progress.

- The difficulty in collating information across training organisations – TAFE, RTOs, higher education etc., about what is on offer, who is taking up which courses, and outcomes in terms of employment paths.

- The direct relationship between demographics (e.g. ageing, numbers of children) and the community sector workforce may seem to be an indicator of predictability, however policy changes can also impact heavily on requirements for staff, including numbers and skills. Both social and economic policy can impact on the numbers of people requiring services or requiring work at any given time (e.g. recent changes to welfare reform and industrial relations legislation).

- Labour mobility is a factor in the community sector due to the combination of burn out and poor pay and conditions. It is not unusual for more skilled workers to make a transition into the government or private sectors after a few years in the community sector. This is a particular problem in child care, where schools offer a more rewarding career path on top of good salary and conditions, but it is also true in other areas. We are currently seeing a drift from the community sector into the NSW Department of Community Services, for example, under the expansion of casework and early intervention programs. As job choice increases for younger graduates and skilled workers, the community sector is likely to become an increasingly unattractive option, making the ageing workforce issue a very real one.

In their analysis of changes to the care workforce between 1999 and 2004, the years for which we have some detailed data, Gabrielle Meagher and Karen Healy have identified a number of trends. They also raise a number of questions about where future demand might lie, including whether shortages are occurring in the high skill or lesser skilled areas of the care workforce.

Meagher and Healy have identified the deprofessionalising of the care workforce, with a drop from 29% to 26.2% of care workers in professional job categories between 1996 and 2004.

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9 Healy, K and Meagher, G,
At the same time, they note that increasing numbers of workers have higher qualifications. “A combination of rising qualifications and increasing employment in less skilled occupations suggest that functional underemployment is a growing problem in community services industries.”¹⁰

Increasingly, then, care workers are falling into the associate professional and intermediate service worker categories. There may be a number of reasons for this including the capacity of care industries to attract and retain higher skilled workers due to pay and conditions, but possibly also the changing nature of jobs in parts of the care industry for example, increasing demand for personal care assistants, disability workers and child care workers to match the growth in clients in these areas. Funding issues, including the shift to contracting out and imperatives to deliver “value for money” may also be driving a shift to lower skilled job definitions. Whatever the reason, this puts the education and training of these workers predominantly into the VET system.

Another trend that impacts on the makeup of the care workforce are “a clear dip at the age of family formation”¹¹ i.e. the number of workers aged 25-40, who may possibly have been retained with improved family support, including access to affordable child care.

Finally we would like to point to the fact that while indigenous workers are well represented in the care workforce as a whole (4.5% of indigenous population versus 2.3% of non-indigenous), they are under represented in 2 key areas – child care and aged care. The poor representation in child care mirrors the poor take up of places by indigenous families generally. This represents a policy failure and innovative solutions to remedy this may include a chicken and egg approach to staffing child care services with more culturally appropriate workers in order to attract indigenous children – affordability is of course another key issue.

In aged care, we are seeing an ageing Aboriginal population for the first time and there are simply not the numbers in the population to keep the workforce up with the rate of increase in use of aged care facilities.

**Cost and effectiveness of VET**

NCOSS is unable to address all of the questions raised here in the discussion paper however our consultation with the community sector has raised a number of issues of concern.

Probably the biggest issue for many of our members is the capacity of TAFE to deliver responsive and relevant education and training to workers, and would be workers, in community services.

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¹⁰ Ibid pVol.2 p.10  
¹¹ Meagher and Healy, Vol 1 p.35
The expertise of many of the teaching staff was questioned, particularly in areas requiring specialist expertise such as mental health or housing, and concerns were raised about the inability of sector based RTOs to compete with TAFE in terms of costs, even though the training was more relevant and more flexibly delivered. The costs and administration involved in maintaining RTO status has seen some groups decide not to continue it and others to work in partnerships with existing RTOs rather than set up their own.

On the other hand NCOSS supports the need to maintain TAFE as a universal provider that is accessible to all, is affordable, can uphold training standards and quality, and has a broader capacity to plan for future needs. It is particularly important in disadvantaged areas as a provider of second chance education and training and is an important bridge between school based VET and the workforce. This is an area that needs to be built on. TAFE of course faces its own barriers in a competitive market given the relatively more expensive costs of teacher salaries and conditions and maintenance of facilities.

Issues for TAFE that need to be addressed include ongoing cuts to funding, increasing casualisation of staff, increasing red tape making it less responsive to local needs, and loss of focus on its equity and outreach programs because of the growing culture of competition and industry driven markets.

One recommendation from the sector would be to look at ways of delivering more training in partnership drawing on a range of providers and with input from communities, employers and the infrastructure provided through TAFE.

Looking at VET more broadly, the community sector would like to see more flexibility, more portability of skills and competencies, more use of generic competencies across courses and improved articulation between VET and higher education or higher qualifications.

Problems with the RPL system were highlighted, with many commenting that the process is too involved administratively and it is often easier to just do the course. This is a real difficulty in a sector where life skills and experience have generally been accepted as relevant qualifications for many jobs – e.g. refuge workers, disability workers and welfare workers.

One organisation outlined what it would like to see for a VET system in 2025. The wish list included:

- “Streamlined and user friendly system that promotes and supports access to apprenticeships/traineeships and RPL
- Recognition of the link between Awards, conditions, Salaries, training, recruitment and retention
- Training organizations who understand community services and are able to respond quickly with well targeted strategies
- A good pool of teachers and assessors who are skilled and have a consistent set of tools to use
• VET is part of a coordinated approach that invests in workforce planning and
evaluation.\textsuperscript{12}

\textit{Education and Training for Whom?}

The second brief focus of this NCOSS submission is to identify some of the
improvements that could be made to enhance the sustainable employment results for
population groups which remain disadvantaged in the labour market despite a decade of
consistent and strong economic growth in NSW.

\textit{General}

Most commentators recognize that accessing a market based income for an extended
period of time remains a principal driver of reducing poverty and inequality in today’s
global economy.

The current Commonwealth Government has adopted a contested “welfare to work”
reform agenda, which taken with its WorkChoices changes to industrial relations, is
viewed by several analysts as a strategy to bolster that section of the nation’s labor force
that will increasingly take up the growing portion of lower paying full and part time jobs
in the services sector of the domestic economy.

In this environment, the role of the vocational education and training sector will have to
become more flexible, location and enterprise focused, so that this sector of the current
and future labor force can still maximize their skills potential and capacities to move
through the labor force and across occupations.

If urban development strategies like the Greater Sydney Metropolitan Strategy are to
achieve their location based employment targets over the next 20 years, the NSW VET
system will have to be in a position to match business demand at a local and regional
level in a more effective manner than in the recent past.

Whilst there has been an improved alignment between economic development strategies
at a regional level in NSW and the VET system since the mid 1990s, the rapid
demographic changes occurring in our rural regional cities at present require a renewd
effort to ensure that skills shortages are kept to a minimum. The role of skilling those
disadvantaged in these labour markets cannot be over emphasized.

\textbf{Who are disadvantaged in the NSW labor market?}

In 1999 and again in 2004, Professor Tony Vinson and Jesuit Social Services produced
reports that ranked postcodes in NSW and Victoria according to a suite of indicators of
disadvantage that included long term unemployment rates and recipient number of core
Centrelink payments.

\textsuperscript{12} Network of Drug and Alcohol Agencies (NADA), emailed notes to NCOSS
This work confirms other empirical data produced by the ABS and others which identifies some 40 localities in both urban and rural areas of the State that have immediate access to fewer jobs or greater barriers than usual to workforce participation.

These locations (rural towns, urban neighbourhood clusters and remote communities), continue to pose the biggest challenges for Government, business and the broader community to improve living standards in the short and long term.

Disadvantage in the labor market encompasses greater risk of both unemployment and underemployment, especially as the structural changes in the Australian economy continue to develop large increases in part time employment within several service industry sectors, as well as very low paid full time jobs in parts of manufacturing, telecommunications, hospitality and human services areas.

Within the broad State population, those who are currently most disadvantaged in the State’s labor market are:

- Aboriginal people;
- Sole parents;
- Newly arrived refugees and longer term migrants whose skills remain unrecognized;
- Mature aged former employees, especially males aged over 50 with lower skill levels;
- Single young people with experience of the juvenile justice and/or out of home care systems;
- People with mental health issues and people with mild disabilities; and
- Ex prisoners

Each of these population groups experience a set of barriers to participation in the labour market that have to be addressed through an integrated service delivery approach, alongside other actions such as changing employer attitudes and growing actual job opportunities in and near to the locations where people live.

Many non government human services agencies would identify flexible VET arrangements that incorporate a sound degree of recognition of prior learning, combined with intensive work experience arrangements, as a critical option for several of the above groups who have been out of the labor force for considerable periods of time.

In this regard, both TAFE and private (for profit and not for profit) providers need to be maximally engaged in approaches to integrated service delivery, especially for people with highly challenging behaviours and those who have experienced very long term unemployment and/or intergenerational unemployment.

Enterprise education initiatives now focused in years 9-12 in secondary schools could be reformulated to add to the VET options available to disadvantaged young people who are early school leavers and actively seeking work options.
The significance of better engaging with disadvantaged young people cannot be overestimated, especially as changing demographics and a robust economy will fuel much greater inequalities between the “have” and “have nots” amongst young people over the next two decades, if left unchecked.

The ageing of the NSW population, when combined with significant employer reluctance to employ older workers and increased costs of care, presents a massive challenge to most parts of public policy and service, including the VET system.

Besides more high level, active reskilling opportunities for displaced mature workers being critical, the VET system must far better accommodate the needs of older people who will not retire at 55 or 60, and who will be seeking a combination of employment, recreational and community participation options to sustain their healthy ageing.

Where other parts of the NSW Government is focusing on substantial community renewal or urban development activities (eg Department of Housing, Growth Centres Commission, Redfern Waterloo Authority), VET resources need to be specifically made available in these locations in an integrated manner with job creation initiatives and reforming human services activities.

In this manner, VET provision can be far more likely to adequately and effectively meet the needs of households in such local communities, as well as the newly generated labor needs of employers in both renewal and Greenfield development locations.

The NSW Board of Vocational Education and Training (BVET) should look closely at the results of initiatives that are designed to open up job opportunities for the most disadvantaged groups and which incorporate both traditional and more flexible vocational training provision. The Aboriginal employment initiative with the redevelopment of the Advanced Technology Park in Redfern will be one example.

Similarly, initiatives which mix a level of business mentoring and vocational training for new start social enterprises, such as those developed through Social Enterprises Australia, are worthy of much closer examination by both BVET and DET for potential major replication.

**Conclusion**

Human services in NSW, whether administered by the not for profit, for profit or public sectors, form a dynamic and growing sector of the State’s economy that demands a comprehensive workforce development strategy and much more attention by bodies like BVET and DET.

In a similar vein, extra VET efforts need to be marshalled to assist those who have not reaped the rewards of a decade of continuous strong economic growth to fully participate in the NSW labor force.
NCOSS believes that a representative of the divergent interests in the NSW human services sector should be appointed to BVET as part of enhancing its engagement with and efforts in addressing current and looming skills shortages in several parts of the NSW human services sector.