



ASU –Submission

Standing Committee on Employment, Education and Training

Inquiry into school to work transition

2017

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About the ASU

The Australian Services Union (ASU) is one of Australia's largest unions, representing approximately 135,000 members. The ASU was created in 1993. It brought together three large unions – the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare workers, information technology workers and transport employees.

Today, the ASU's members work in a wide variety of industries and occupations and especially in the following industries and occupations:

- Local government (both blue and white collar employment)
- State government
- Social and community services, including employment services
- Transport, including passenger air and rail transport, road, rail and airfreight transport
- Clerical and administrative employees in commerce and industry generally
- Call centres
- Electricity generation, transmission and distribution
- Water industry
- Higher education (Queensland and South Australia).

The ASU has members in every State and Territory of Australia, as well as in most regional centres.

Introduction

The Australian Services Union welcomes the opportunity to make a submission to the Parliamentary Committee Inquiry into school to work transition.

Inquiry Terms of Reference

The Committee will inquire into and report on how students are supported from school to work including the following matters:

1. Measurements of gain in school and how this contributes to supporting students to prepare for post-school education and training;
2. Opportunities to better inform and support students in relation to post-school education and training, including use of employment outcomes of students who undertake school-based vocational education or post-school tertiary pathways;
3. Other related matters that the Committee considers relevant.

Overview of the Submission

This submission will in broad terms relate to issues of concern in point 2 and point 3 of the Terms of Reference. In particular it will consider issues relating to:

- Vocational Education and Training
- The Employment experience of young people.

The transition from school to work is an important stage in life which can have dramatic impacts on a young person's future opportunities. From the outset it is clear to the Australian Services Union that some young people struggle to make a smooth transition.

Vocational Education and Training (VET) can play a significant role in building the vocational skills of the nation. However, the Union is concerned about the impact of policy directions which have placed increased emphasis on a market driven approach to the provision of VET services. However education and training institutions should not be left alone to carry the responsibility the transition from school to work.

The ASU is of the view that more could be done by governments and employers to ensure that young people have positive work experiences, are kept safe during engagement in work and that they receive the appropriate pay and entitlements.

In the following pages, discussion on the topic will include some reference to perspectives and comments provided to the Union in a recent community survey. This survey provided an opportunity for people to contribute to the ASU submission. The comments were received between 11 July 2017 and 19 July 2017 by way of an electronic survey. Whilst the number of contributors was statistically insignificant, the qualitative information received assisted in providing some useful perspectives on the issue and were therefore included in this submission.

A summary of the submission is provided at the end, along with a range of recommendations which flow from the body of the submission.

Vocational education and training

Building a nation and increasing opportunities

Vocational Education and Training (VET) can play a significant role in building the vocational skills of the nation. In addition, public funding for the VET system in Australia has played a valuable role in improving social and economic equality.¹

When considering VET in schools, for instance, the findings from a study by the Australian Bureau of Statistics indicated a range of positive outcomes. The study drew on integrated data from Census of Population and Housing and data from Vocational Education and Training (VET) in Schools data of 2006-2011. Some of the findings included the following:

- Male Aboriginal and Torres Strait Islander students who do VET in Schools are more likely to complete Year 12.
- Students who do not go on to higher education have better engagement and employment outcomes if they do VET in Schools.
- Trade related fields of study lead to better employment outcomes for male VET in Schools students.
- VET in Schools students are less likely to go on to higher education but more likely to complete a Certificate III/IV level qualification.²

However, the Union is concerned about the impact of policy directions which have placed increased emphasis on a market driven approach to the provision of VET services. As a consequence of this approach, problems plague the system, causing hardship for students, their families and local communities. Indeed the policies undermine efforts to improve social and economic equality in Australia.

A substantial amount of media attention and research studies revealed a range of problems including revelations of deteriorating quality standards, aggressive marketing behaviour by some training companies (particularly in vulnerable communities) and practices which have left many students demoralised, in debt and left with inadequately trained or an inability to complete their chosen course

¹ TAFE Directors Australia, Funding for TAFE: A TDA Position Paper, August 2004, <http://www.tda.edu.au/resources/Funding_for_TAFE_Paper.pdf> viewed 4 August 2017.

² Australian Bureau of Statistics, Cat. 4260.0 Outcomes from Vocational Education and Training in Schools, experimental estimates, Australia, 2006-2001, first issue 30/7/2014 <<http://www.abs.gov.au/ausstats/abs@.nsf/0/2FF4963A43F0CC26CA257D240011CD0B?Opendocument>> accessed 3 August, 2017.

work.³ The unfortunate consequent of poor quality training is that young people are not adequately prepared to enter the job market.

In addition, valued public institutions (such as TAFE colleges) have been starved of funds while new training centres came to life in the environment of competition and inadequate regulation.⁴ As a consequence a growing proportion of taxpayers' money, traditionally used for VET services and valued infrastructure, has been diverted to profit-making organisations.

The impact was far reaching as an array of private for-profit VET providers saturated the market and many developed innovative ways to pervert the goals of VET in order to increase profits. In addition, the VET Fee Help scheme further increased the number of vocational training courses being carried out by the private sector rather than through TAFE.⁵

Finally after repeated exposure of shonky arrangements, the government appeared to recognise the need to make changes and improve the regulatory oversight of the system. However the Union is persuaded that problems continue to plague the system as a consequence of maintaining the market driven approach to VET. This approach is based on a flawed ideology and sets of assumptions which have little relevance in the real world. In practise they increase social and economic inequality.

It is in this time of ideological policy making that young people are thrust into an environment where they are expected to engage in the complex process of transitioning from school to work. The Union is therefore of the view that there needs to be an overhaul of the approach. Instead of placing the market at centre stage, priorities should be realigned so that young people of all backgrounds and economic circumstances have improved opportunities to engage in the workforce and achieve a fulfilling lifestyle and economic independence.

³ For example see Serena Yu and Damian Oliver, 'Privatisation of vocational education isn't working', The Conversation, 24 February, 2015 < <http://theconversation.com/privatisation-of-vocational-education-isnt-working-37788>> viewed 4 August, 2017; see also Leith van Onselen, 'A sorry end to the private VET swindle', *MacroBusiness*, < <https://www.macrobusiness.com.au/2017/05/sorry-end-private-vet-swindle/>> viewed 4 August, 2017.

⁴ TAFE Directors Australia, Op. Cit., for an article on the perspective of the NSW TAFE teachers union, see Clair Aird and Alison Branley, "TAFE teachers union says job cuts 50pc higher than figure announced by NSW Government", *ABC News*, 20 September 2014, < <http://www.abc.net.au/news/2014-09-20/tafe-teachers-say-nsw-state-government-doubled-job-cuts/5756974> > accessed 17 March 2015.

⁵ See Commonwealth Ombudsman, 'Vet Student Loans Ombudsman', <<http://www.ombudsman.gov.au/about/vet-student-loans-ombudsman>>Viewed 4 August, 2017; Tim Dodd, 'Private college's VET FEE-HELP loan scandal hit: \$160 million and counting', *Financial Review*, 21 May 2016 <<http://www.afr.com/news/policy/education/private-colleges-vet-feehelp-loan-scandal-hit-160-million-and-counting-20160519-gozbmp>> viewed 4 August, 2017.

For example of media coverage of this issue see Frank Chung, 'This is a blatant rip-off of the taxpayer': Training colleges facing audit of 'predatory' pricing', *News.com.au*, < <http://www.news.com.au/finance/money/costs/this-is-a-blatant-ripc-off-of-the-taxpayer-training-colleges-facing-audit-of-predatory-pricing/news-story/b82f5b31b12ccc58755939fbfdb6d66d>> viewed 4 August, 2017.

Goals and future direction

Vocational Education and Training (VET) was described by the Australian Skills Quality Authority (ASQA) as being provided ‘through a network of eight state and territory governments and the Australian Government, along with industry, public and private training providers.’⁶

Vocational learning for secondary students is meant to help them prepare for the work environment, understand career options available and develop career skills. Vocational learning is also delivered within the broader school curriculum.⁷

Career education aims to assist young people in making choices about subject study areas and pathways through school and post-school destinations including further education, training or work.⁸

Significantly the government funded and operated Technical and Further Education system (TAFE) was for many decades the bedrock of Australia’s VET system. It had also been a critical provider of VET training in schools. However policy changes at the federal and state levels (by governments of various political persuasions) have threatened the viability of the TAFE system and, as already noted, public criticism of changes drew considerable media attention. It is therefore important to review the impact of these changes when considering the way forward for policy directions on transitioning from school to work.

Community feedback

The following comments were received by the Union from community members who wanted to make a contribution to our submission. The comments were received between 11 July 2017 and 19 July 2017 by way of an electronic survey.

The headings were provided to assist in the categorisation and summary of comments received about the changes to VET generally, as well as the particular impact of the increased role of private profit-making organisations on the quality of training.

⁶ Australian Skills Quality Authority website < <https://www.asqa.gov.au/about/australias-vet-sector> > viewed 21 July, 2017.

⁷ Department of Education and Training (DET), myskills, ‘Preparing Secondary Students for Work’, <https://pssfw.myskills.gov.au/What-is-vocational-learning/> viewed 21 July, 2017

⁸ Ibid.

Deteriorating quality of education and training

Young people being signed up to shonky providers with little chance of actually completing their courses.

Certain qualifications have lost value due to being offered too frequently, and not delivered in a quality manner. Fees are expensive, particularly for permanent residents, who need to pay upfront and in full.

They've made it less practical to get a registered or recognised qualification

By privatising students pay more for a course that is not up to standard like a tafe course . Having attended a private college I withdrew feeling like I was not properly trained in the field

The quality is not consistent across course providers, and fees vary greatly.

Increased fees and increased profits

The cost means that some young people will be reluctant to take on a debt and will, thus, not enter into VET education. Privatisation of VET means that the standard of some programmes is dodgy.

It's too expensive and more about making money than giving young people the skills they need for employment.

They don't care about the quality of the course they deliver only what profit they can make

Sky rocketing numbers of providers ripping young people off

Students stranded and demoralised

There are providers who offered a course in my town, but they did not continue. This left anyone who wanted to complete the course stranded. Education should be a human right, not for generating profit.

Shonky providers screwing young people out of huge amounts of money with no, or virtually useless accreditation

I know many people whose courses have been cancelled with very little notice

Destruction of TAFE is affecting communities

The financial cost for young people to study is a barrier. The government has ruined TAFE! It used to be accessible to all. Especially in Rural areas and low socio economic areas

Less courses at local TAFEs, less apprenticeships, more expensive, less resources in the classroom etc.

Less courses at local TAFEs, less apprenticeships, more expensive, less resources in the classroom etc.

Tafe courses are so expensive now and many low income students cannot access courses

Inadequate and ineffective regulation

When I went through TAFE was still an institution that was affordable and accessible. Now there are too many sharks, and not enough oversight in the industry. Quality varies wildly.

Far too many cowboys...

Privatisation of TAFE has undermined the value of a government regulated training system

Students are getting screwed over

Other impacts

[VET] is in the dumps now and I tried to re-enrol in my diploma however it was way too complex and difficult

Summary

The information received has indicated that the marketization of the VET sector has resulted in considerable detrimental outcomes for students, workers, their communities and government funding capacity. In particular detrimental outcomes included (but not limited to) the following:

- Deteriorating quality of education and training
- Increased fees and increased profits
- Students stranded and demoralised
- Destruction of TAFE is affecting communities
- Inadequate and ineffective regulation

A comment from one participant appeared to summarise the situation aptly when commenting that:

There is no evidence that any positive gains have been made, meanwhile TAFE has been gutted. Students have been exploited and lost money, and the vulnerable (who previously gained inclusion through TAFE) are now marginalised

Employment experiences

As young people today attempt to enter the workforce, they do so in an environment of significant technological disruption which can contribute to a reduction in the range of available entry level jobs. Indeed, the Committee for Economic Development Australia report warns that automation could replace 40% of all jobs by 2025.⁹

In this context of uncertainty, many young people are already entering the jobs market which is characterised by job insecurity, increased incidence of casualization and low wage growth. Furthermore, many are likely to experience the underutilisation of skills.¹⁰

Some labour market commentators have rung alarm bells about the current combination of low wages, increased inequality, deregulation and low rates of unionisation.¹¹

The ASU is of the view that such concerns are legitimate and that young people should receive a living wage as well as their protections and other entitlements. However these often seem to be under considerable threat as rights and entitlements deteriorate. For example, the recent reduction in penalty rates can have considerable impacts on the living standards of many young workers.¹² In addition the Federal Government's Youth Jobs PaTH Program encourages exploitation of young workers by allowing

⁹ Committee for Economic Development Australia, website < <http://www.ceda.com.au/2015/06/16/five-million-Aussie-jobs-gone-in-10-to-15-years>> viewed 27 July 2017.

¹⁰ Foundation for Young Australians, *The New Work Order: Ensuring young Australians have skills and experience for the jobs of the future, not the past*, FYA, <<http://www.fya.org.au/wp-content/uploads/2015/08/fya-future-of-work-report-final-lr.pdf>>.

¹¹ For example see Shirley Jackson, 'Frozen wages, insecure jobs, struggling youth, rising inequality, shrinking unions... join the dots', *The Conversation*, November 26, 2015, <<http://theconversation.com/frozen-wages-insecure-jobs-struggling-youth-rising-inequality-shrinking-unions-join-the-dots-50981>> accessed 14 July 2017

¹² Hospitality Magazine – Shirley Jackson 24 February 2017, Cutting Sunday penalty rates to hurt young people most, <<http://hospitalitymagazine.com.au/cutting-sunday-penalty-rates-will-hurt-young-people-the-most/>> viewed 4 August, 2017.

them to be paid as little as \$4 an hour for internships. Such strategies penalise young people and are no solution to the problem of high rates of youth unemployment.¹³

Deregulation of some work areas, in combination with reduced unionisation and increased restrictions on the activity of trade unions, can work together to limiting the power and voice of working men and women. For some young people their concerns may be heightened if the knowledge of their entitlements and protections are limited.

Furthermore, if they work in an unsafe environment, they can be exposed to significant health and safety risks. By way of example, the increased use of young people using bicycles to make deliveries (such as food and other goods) to homes and businesses can expose them to considerable dangers.

The Union is of the view that much more could be done by employers, governments and unions to work toward increasing the safety of young people transitioning from school to work. The Union is particularly keen to continue involvement with young members in industries covered by the ASU to improve safety and fight against exploitation of young workers.

Workplace safety knowledge

The Union movement is active in raising concerns about workplace safety issues. However, the Union is also aware that when many young people commence employment they may be particularly vulnerable if they are not aware of safety issues and have not joined their union.

When confronted with safety issues, it can be particularly distressing if the young person's concerns are not taken seriously by the employer. As one community member noted, they are "often dismissed as hysterical and then constructively dismissed". On the other, hand some workers may be perceived as being overly confident – as expressed by a community member in the following statement:

Young people are FEARLESS they feel indestructible more training with occupational health and safety is needed...

But irrespective of the level of knowledge about workplace safety, this should not detract from the responsibility of employers to maintain a safe working environment.

Over many years Unions and their members have brought about many changes in an effort to keep workers safe and healthy. In addition, Unions have spearheaded moves to fairly compensate people

¹³ AAP, SBS World News, 'Borders on slavery': Government's internships welfare program criticised by unions, Labor', SBS website <<http://www.sbs.com.au/news/article/2017/07/03/borders-slavery-governments-internships-welfare-program-criticised-unions-labor>>

who are hurt in their workplace. But in 2015 there were 195 work-related deaths.¹⁴ While this number is lower than some previous years, it is clear that there is still more to be done to improve workplace safety.

KNOWLEDGE OF RIGHTS AND PROTECTIONS

It is increasingly important that young people have a good understanding of their rights and protections, or at least understand where they are able to obtain that information.

A study produced by the Young Workers Centre in 1917 noted that young people begin their working lives with a poor understanding of their rights and entitlements. They went on to state that:

There are low levels of knowledge about the minimum wage, payslips and the information they should contain, and the implications of working 'cash-in-hand'.¹⁵

Community feedback received by the ASU supported concern that young people are often not aware of their worker rights and entitlements. The following is a selection of such comments:

It isn't easy to find your rights at work and even harder to bring up when you are new or need work

Employers especially in a private sector I found with my youth experience take advantage of young adults who are vulnerable and naive.

I teach students about their workplace rights and the vast majority don't even know minimum wage or what 'Awards' are, let alone being empowered enough to speak out when they are being underpaid / otherwise exploited.

I've seen so many young people who are being exploited by their bosses, especially being under paid.

While I think it [knowledge of worker rights and entitlements] is low, experience tells me that they feel they have no rights - especially around pay, leave, training etc.

Knowledge about worker rights and entitlements is an important one. One community member indicated that she was interested in the issue because she had experienced exploitation when she entered the workforce. She stated:

¹⁴ Safe Work Australia, 'Fatality Statistics', <<https://www.safeworkaustralia.gov.au/statistics-and-research/statistics/fatalities/fatality-statistics>> accessed 3 August, 2017.

¹⁵ Young Workers Centre, Young Workers Snapshot: the great wage rip-off, 2017, p3.

Had several jobs with problems – incorrect award, lower pay level than duties performed, super not paid and one boss didn't pay me for 3 weeks and wondered why I left. Put on traineeship work when I already had the Qualification the traineeship was for – they claimed it was a mistake!

Another person made the following comment about their experience:

I was a young person who was badly treated when transitioning from school to work, and I don't want that to happen to others.

These experiences (expressed above) appear to have some resonance with the findings from the Young Workers Centre in Victoria which revealed that:

- Wage violations are rife across industries
- Large numbers of young people work weekends and are not paid penalty rates
- Unpaid trials and additional time worked without payment. in order to assist them in
- Many young people being forced to work cash in hand¹⁶

Assisting in the transition – more that employers could do

There have been several well publicised cases relating to owners ripping off their workers. (Many of these workers have been young people or workers with low levels of English proficiency in Australia on limited visa arrangements¹⁷).

Increasingly, corporations in Australia appear to be washing their hands of their obligations to young workers as they focus on short run profits. In addition, some workers are forced to take on more costs and risks while employers seem to be walking away from responsibility. .¹⁸ Where employers place workers on sham contracts, workers are particularly vulnerable to exploitation. Such contracts exist where employers deliberately disguise an employment relationship as an independent contracting arrangement. Such arrangements aim to enable employers to sidestep obligations such as superannuation, leave entitlements, workers compensation and other obligations. Whilst the Fair Work Act provides serious penalties for contraventions of legislation and entitlements, the experience of many workers indicates that much more needs to be done to detect, monitor and stop employers from deliberately underpaying and exploiting workers. Strong action is needed to curb such practices.

¹⁶ Ibid.

¹⁷ For example see Fair Work Ombudsman, 'Indian cooks allegedly coerced into paying thousands in cash in return for visa support', 5 May, 2015 <<https://www.fairwork.gov.au/about-us/news-and-media-releases/2015-media-releases/may-2015/20150505-rubee-litigation-media-release>>

¹⁸ Professor John Buchanan guest contributor on 'Big Ideas' ABC Radio National, with Presenter Paul Barclay with other panellists speaking on topic of 'Youth transitions – the journey from school to work', 22 April 2013.

Employers' responsibilities are often absent in government discussions about the school to work transition.¹⁹ So the Union has taken this opportunity to draw attention to this aspect. It is also clear to the Union that there are many opportunities which employers have to improve the experience of young people at work.

Whilst a range of workplace arrangements are covered by legislation and the contract of employment, information contributed to the Union indicated that employers could do much more for young people with regard to the following:

- Take more care to provide a safe working environment
- Eliminate bullying and harassment in the workplace
- Ensure workers are properly paid and they receive their entitlements
- Recognise and encourage their skills and talents
- Provide suitable mentors to support young people
- Allow sufficient flexibility to enable young people to balance work and studies
- Do not encourage young workers to do unpaid work or undertake exploitive arrangements (such as those available under the Federal Government's Youth Jobs PaTH program).
- Provide more part-time permanent jobs for those who want it, instead of keeping them as casuals for long periods
- Provide more apprenticeships and entry level jobs with training and career progression pathways.
- Understand the value of having a unionised workforce and do not inhibit their right to organise and deal with issues before they become intractable problems.

Assisting in the transition – more that governments could do

In relation to government support, community members indicated that much more could be done to assist young people transition from school to work. For example:

- Create incentives for industries to take on apprentices and trainees while ensuring they receive a liveable wage.
- Provide additional support for young people at risk who face additional labour market disadvantage
- establish a nationally consistent framework for the regulation of employment of children and young people
- Provide more public funding and support for public provided TAFE and public schools in need
- Reign in shonky for-profit private Vocational Education and Training (VET) operators

¹⁹ Ibid.

- Encourage schools to provide information about worker safety and the important role of Unions in the workplace
- Provision of good quality career advice and counselling for students
- Make career information more accessible to young people
- Broaden the range of industries providing work experience for young people
- Improve the working rights of all workers (including those on student visas)
- Do not adopt policies which encourage the underpayment and exploitation of young people (for example the Youth Jobs PaTH Program)
- Support the provision of adequate penalty rates for those who work weekends and public holidays
- Redesign the arrangements relating to job search and placement organisations to ensure they are appropriate for our culturally diverse society and achieve positive outcomes.
- Better regulation and penalising of employers who are involved in wage theft

Summary

Vocational Education and Training

Vocational Education and Training (VET) can play a significant role in building the vocational skills of the nation. In addition, public funding for the VET system in Australia has played a valuable role in improving social and economic equality.

However, the Union is concerned about the impact of policy directions which have placed increased emphasis on a market driven approach to the provision of VET services.

Policy research, media coverage as well as information received by a brief Union survey indicate that the marketization of the VET sector has resulted in considerable detrimental outcomes for students, workers, their communities as well as government funding capacity.

As a consequence of the policy approach, problems plague the system, causing hardship for students, their families and local communities.

Employment experience of young people

Many young people are already entering a jobs market which is characterised by job insecurity, increased incidence of casualization and low wage growth. Furthermore, many are likely to experience the underutilisation of skills.

The ASU is of the view that such concerns are legitimate and that young people should receive a living wage as well as their protections and other entitlements. However these often seem to be under considerable threat as rights and entitlements deteriorate.

Deregulation of some work areas, in combination with reduced unionisation and increased restrictions on the activity of trade unions, can work together to limiting the power and voice of working men and women. For some young people their concerns may be heightened if the knowledge of their entitlements and protections are limited. More needs to be done to ensure young workers are not exploited and exposed to safety risks.

Recommendations

Based on information contained in this submission, the Union proposes that the government's attention be drawn to the following recommendations:

- Improve governance and apply more stringent scrutiny, auditing and compliance measures for the private providers in the VET system, particularly if they receive public funds.
- Work toward the abandonment of the contestable funding model which has had a detrimental impact on the quality of education, student support, learning outcomes and government revenue.
- In the VET sector, TAFE should have adequate funding returned and be restored as the primary provider of vocational education and training across Australia.
- Create incentives for industries to take on apprentices and trainees with adequate mentoring in the workplace while also ensuring they receive a liveable wage.
- Provide additional support for young people at risk who face additional labour market disadvantage.
- Establish a nationally consistent framework for the regulation of employment of children and young people.
- Encourage schools to provide information about worker safety and the important role of Unions in the workplace.
- Provision of good quality career advice and counselling for students which is appropriate for our culturally diverse community.
- Make career information more accessible to young people.
- Broaden the range of industries providing work experience for young people.
- Improve the working rights of all workers (including those on student visas).
- Do not adopt policies which encourage the underpayment and exploitation of young people (for example the Federal Government's Youth Jobs PaTH program which includes \$4 an hour internships).

- Support the provision of adequate penalty rates for those who work weekends and public holidays.
- Redesign the arrangements relating to job search and placement organisations to ensure services are appropriate for our diverse society and that they achieve positive outcomes.
- Provide more stringent regulation and effective penalising of employers who are involved in wage theft and deliberate exploitation of workers.