



Australian Government
Productivity Commission

Vocational Education and Training Workforce

Productivity Commission
Issues Paper

June 2010

The Issues Paper

The Commission has released this issues paper to assist individuals and organisations to prepare submissions to the study. It contains and outlines:

- the scope of the study
- the Commission's procedures
- matters about which the Commission is seeking comment and information, and
- how to make a submission.

Participants should not feel that they are restricted to comment only on matters raised in the issues paper. The Commission wishes to receive information and comment on issues which participants consider relevant to the study's terms of reference.

Key inquiry dates

Receipt of terms of reference	22 April 2010
Due date for submissions	30 July 2010
Release of draft report	November 2010
Final report to Government	April 2011

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The Productivity Commission

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website (www.pc.gov.au) or by contacting Media and Publications on (03) 9653 2244 or email: maps@pc.gov.au

Terms of reference

EDUCATION AND TRAINING WORKFORCE STUDY

Productivity Commission Act 1998

I, Nick Sherry, Assistant Treasurer, pursuant to Parts 2 and 3 of the Productivity Commission Act 1998 hereby request that the Productivity Commission undertake a research study to examine issues impacting on the workforces in the early childhood development, schooling and vocational education and training sectors, including the supply of and demand for these workforces, and provide advice on workforce planning, development and structure in the short, medium and long-term.

Background

The Council of Australian Governments (COAG) has agreed on common strategic frameworks to guide government action on early childhood development, schooling and vocational education and training (VET) across Australia.

Building the capability and effectiveness of the workforces in these sectors, particularly for Indigenous people, will be critical to achieving the outcomes agreed in these frameworks. This study is to be undertaken in this context, and responds to a request from the COAG Working Group on the Productivity Agenda that the Productivity Commission undertake a research study examining workforce issues in these sectors.

Scope

The Commission is to provide advice on workforce planning, development and structure of the early childhood development, schooling and VET workforces in the short, medium and long-term.

In undertaking this study, it should consider and provide advice on:

1. The current and future demand for the workforces, and the mix of knowledge and skills required to meet service need. This will include consideration of:
 - (a) population distribution and demographic trends, jurisdictional and regional analysis;
 - (b) significant shifts in skill requirements; and
 - (c) policy and regulation given the agreed COAG outcomes (particularly the National Early Childhood Development Strategy, relevant National Partnerships, the National Education Agreement and the National Indigenous Reform Agreement).
2. The current and future supply for the workforces, including:
 - (a) demographic, socio-cultural mix and composition of the existing workforces, and jurisdictional and regional analysis;
 - (b) elements such as remuneration, pay equity/differentials, working conditions, professional status and standing, retention, roles and responsibilities, professional development, and training and support structures; and
 - (c) qualifications pathways particularly pathways that will ensure accessibility and appropriateness of training to meet the qualifications and competencies required for the various occupations in the workforces.
3. The current and future structure and mix of the workforces and their consequential efficiency and effectiveness, including:
 - (a) the composition and skills of the existing workforces;
 - (b) the productivity of the workforces and the scope for productivity improvements; and
 - (c) the most appropriate mix of skills and knowledge required to deliver on the outcomes in the COAG national framework.
4. Workforce planning, development and structure in the short, medium and long-term, including:
 - (a) policy, governance and regulatory measures to maximise the efficiency and effectiveness of the workforces in order to achieve the outcomes set out in the COAG frameworks; and

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- (b) changes to ongoing data collection to establish a robust evidence base, provide for future workforce planning and development and meet reporting requirements.

In addressing the Terms of Reference, a key consideration will be the extent to which sectoral and jurisdictional boundaries limit innovation and flexibility in workforce planning, development and practices. In addition to sector-specific issues, the Commission is therefore requested to consider whether reducing sectoral divides between workforces in these sectors could support a more learner-focused approach, achieve better individual outcomes and increase the efficiency of workforce development and planning.

Cross-sectoral and integrated service delivery

In recognition of some lowering of cross-sectoral boundaries and the growth of cross-sectoral delivery and integrated service delivery models, the Commission is asked to consider and provide advice on:

1. workforce skill and training needs;
2. the extent to which job design and employment agreements in the sectors are aligned to contemporary work practices;
3. implications for workforce planning across the sectors from integrated service delivery; and
4. the extent to which existing employer practices encourage attracting and retaining employees.

In addition, the Commission is to give consideration to factors that impact on building Indigenous workforce capability in recognition of the effect this will have on improving outcomes for, employment of and services to Indigenous Australians.

The Commission is also to give consideration to factors that have particular impact on each sector. These will include:

1. The Early Childhood Development Workforce

The Early Childhood Development (ECD) workforce can include, but not be limited to: coordinators and managers, early childhood teachers, teaching assistants and para-professionals, childcare workers for pre-primary and primary aged children, early childhood intervention professionals, administrative staff, community service workers and relevant health and social welfare professionals.

In relation to the ECD workforce the Commission is asked to specifically consider and give advice on:

1. Factors affecting the current and future demand and supply for the ECD workforce, and the required mix of skills and knowledge, including:
 - a. delivery of fully integrated ECD services including maternal and child health, childcare, preschool, family support services and services for those with additional needs;
 - b. market requirements for broader leadership, management and administrative skills in operating both mainstream universal service providers and integrated service hubs;
 - c. the availability and quality of pre-service education programs, including through undergraduate and postgraduate education and VET, and consideration of training pathways;
 - d. ECD workforce participation, including ease of access to the early childhood development workforce in different sectors and net returns to individuals and recognition of expertise; and
 - e. the quality and skills of the workforce, job design and workplace practices and arrangements and their contribution to achieving COAG outcomes and setting future direction.
2. Workforce planning, development and structure in the short, medium and long term, covering:
 - a. career pathways, the structure of existing employment arrangements and practices and the extent to which they are dis/incentives to attracting and retaining employees, including pay and conditions across settings; strategies to address possible pay equity issues as necessary; options for funding pay increases as necessary; and the implications for purchasers of ECD services and all levels of government and funding responsibilities;
 - b. potential labour market failures;
 - c. the impact of government, community and private provision; and
 - d. the concept and workforce implications of integrated service delivery.

2. The Schooling Workforce

The schooling workforce refers to teachers and those who support the practice of teaching. These can include, but are not limited to: leaders and managers; teaching assistants and para-professionals; administrative staff; and relevant health professionals.

In relation to the schooling workforce the Commission is asked to specifically consider and give advice on:

1. The current and future supply for the schooling workforce, including:
 - a. the availability and quality of pre-service education programs, including through undergraduate and postgraduate education, and VET;
 - b. government programs targeting supply pressures, including the extent to which there is national cohesion in relation to these programs;
 - c. motivation for entering, remaining in and exiting the school workforce and the attraction and retention of principals in changing contexts; and
 - d. school workforce participation, including ease of access to the teacher profession and/or schooling workforce, net returns to individuals, recognition of industry expertise, wastage rates in teacher training and underutilisation of qualified teachers (such as loss of qualified teachers to other occupations or overseas).
2. The structure and mix of the workforce and its consequent efficiency and effectiveness, including:
 - a. the composition and skills of the existing workforce;
 - b. the productivity of the workforce and the scope for productivity improvements, qualifications pathways; and
 - c. how the current delineation of duties supports or impedes the achievement of COAG outcomes.
3. Workforce planning, development and structure in the short, medium and long term:
 - a. the extent to which current sectoral boundaries promote or limit efficiency and effectiveness in schooling workforce;
 - b. interface with suppliers of pre-service training (undergraduate, post-graduate and VET) and
 - c. the quality and culture of the workforce and its employers, and their contribution to achieving COAG outcomes and setting future directions.

3. The VET Workforce

The status of VET practitioners as ‘dual professionals’, deploying both industry and education skills delivered in schools, VET only, dual sector and industry settings, is unique among education sectors, and poses both challenges and opportunities for the VET sector in attracting and retaining staff. In addition, the increasingly commercial environment in which many providers operate creates a significant role for VET professionals who are engaged in organisational leadership and management, but not directly involved in training delivery. The impact of this trend on the required capabilities of VET professionals is of policy interest.

In relation to the VET workforce, the Commission is asked to consider both the VET workforce as a whole, including trainers and assessors in enterprises, adult community education and community organisations, and the TAFE workforce as a subset, and provide advice on:

1. Factors affecting the current and future demand for the VET workforce, and the required mix of skills and knowledge:
 - a. change in participation in VET as a result of increasing labour market emphasis on formal training and lifelong learning;
 - b. change in volume and type of training delivered to each VET participant as a result of the trend towards higher level qualifications, and as a result of the impact of the Recognition of Prior Learning (RPL) and the Recognition of Current Competencies (RCC);
 - c. likely future patterns of training demand by industry and sector, including as a consequence of responses to emerging economic and environmental issues and to gap training and skills assessment;
 - d. requirement for broader skills in VET professionals as a result of increasing system focus on client needs, including flexible delivery, greater focus on employability skills, catering for a more diverse student base, and partnering with enterprises and communities;

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- e. demand for managerial and entrepreneurial skills as a result of growing commercial dimensions of the VET sector and strategic market positioning and branding;
 - f. the impact of delivery of higher level VET qualifications (eg Associate and Bachelor Degrees); and
 - g. training pathways and the provision of 'second chance' education and training such as for migrant and Indigenous students.
2. The current and future supply of the VET workforce, including:
 - a. motivation for entering, remaining in and exiting the workforce; and
 - b. competition from other employers including industry and other education sectors.
 3. The structure of the workforce and its consequent efficiency and effectiveness, including:
 - a. the extent to which job design and employment agreements in the VET sector are aligned to contemporary work practices in a commercially competitive environment;
 - b. the adequacy of support for high-quality professional practice, including consideration of practitioner qualifications and standards for VET practitioners across sectors;
 - c. the current and potential impact of workforce development activities within the VET sector on the capability and capacity of the VET workforce, including a workforce development plan; and
 - d. the implications of emerging workplace and employment practices, including increasing casual and part-time employment, the 'core/periphery' model and blurring of teaching and non-teaching roles.

Study Process

In undertaking its study, the Commission should consult widely with relevant professionals and interested parties. It should use, but not replicate, existing work such as that underway by COAG, the relevant Ministerial Councils, Senior Officials' Working Groups and jurisdictions, including on:

- the early childhood quality reform agenda;
- teacher quality reforms;
- further reforms arising from policy directions of the National Agreement on Skills and Workforce Development;
- Indigenous reforms; and
- previous work commissioned by the Victorian DHS for the Community Services Ministers Advisory Committee.

This should include relevant recent survey work and workforce studies in each sector and research undertaken by NCVER, ACER, various university research centres, TAFEs and Industry Skills Councils, and the OECD.

The study should include a comparative element, both in terms of comparing the education and training workforce to other community/public service professions such as the health sector, and of relevant international comparisons, particularly with regard to the ECD workforce which is undergoing significant reform in Australia.

The Commission should provide a report, dealing with the VET workforce, within twelve months of receipt of this reference; and a second and third report, dealing with the early childhood development and schooling workforces, within eighteen and twenty four months respectively of receipt of this reference. The reports will be published.

Nick Sherry
Assistant Treasurer
[Received 22 April 2010]

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1 What is this study about?

The Productivity Commission has been asked by the Australian Government to undertake a study of the Education and Training Workforce. The Commission is to examine, in turn, the Vocational Education and Training (VET), Early Childhood Development (ECD) and Schools workforces.

Scope and timing of the study

For each of the workforces under consideration, the Commission is required to give consideration to and advise on:

- demand for the workforce's services, with particular regard to the skill sets required to meet society's current and future needs for education and training
- ongoing supply of workers, in terms of numbers, knowledge and skills
- the workforce composition that most effectively and efficiently delivers desired educational and training outcomes
- appropriate directions and tools for workforce planning and development
- factors of notable significance for that particular workforce.

In addition, the Commission is asked to consider:

- whether current sectoral and jurisdictional boundaries between the workforces limit innovation and flexibility in meeting the demand for education and training
- factors that impact on building Indigenous workforce capability.

The full terms of reference are at the beginning of this paper. They require the Commission to provide three separate reports, one on each of the workforces under examination. The reports are to be published in sequence (box 1):

- VET workforce — 12 months after receipt of terms of reference (April 2011)
- ECD workforce — after 18 months (October 2011)
- Schools workforce — after 24 months (April 2012).

Box 1 Indicative timelines for the three reports

		VET			
2010	April	Start			
	May				
	June				
	July				
	August	Roundtables			
	September				
	October		Start		
	November	Draft report released			
	December	Roundtables			
2011	January	Final submissions due			
	February		Roundtables		
	March				
	April	Final report released			
	May				
	June		Draft report released	Initial submissions due	
	July		Roundtables	Roundtables	
	August		Final submissions due		
	September				
	October		Final report released		
	November			Draft report released	
	December			Roundtables	
2012	January			Final submissions due	
	February				
	March				
	April			Final report released	

The focus of the initial study is, therefore, on the VET workforce. The ECD and Schools workforces will be examined in subsequent studies. Stakeholders and other interested parties who have registered their interest will be notified of the commencement of each study (visit <http://www.pc.gov.au/projects/study/education-workforce> for information on registering your interest in one or more studies). While the Commission has not been asked to undertake a separate study of the higher education (university) workforce, it is anticipated that a wide-ranging review of the VET workforce will need to deal with aspects of the VET–university

interface. Such aspects may include career pathways for staff, and overlaps in the qualifications offered by both sets of institutions.

The Commission's approach to this study

The Commission will follow its usual consultative processes for each study. Following the release of initial issues papers, the Commission will seek the views of the widest possible range of interested parties, through initial discussions, submissions and roundtables. (Details of how to use this issues paper and how to make submissions can be found at attachment A.)

At the end of the initial consultation phase, a draft report setting out the Commission's preliminary conclusions and recommendations relating to each workforce will be released. Participants will then have an opportunity to provide their views on the draft report through further submissions. A second round of roundtables will also be held around that time. A final report will then be submitted to the Australian Government.

The Commission will conduct this study using open and transparent processes and will make recommendations aiming to increase the wellbeing of the whole community. The Commission will also rely on as much evidence and data as it is able to collate to inform its recommendations. The Commission has also been asked to comment on data availability and, as appropriate, make recommendations for improvements to ongoing data collection and the evidence base.

The Commission asks that submissions, to the extent possible, contain supporting data. These can range from data that are representative of an entire sector or population, to data pertaining to a particular group, institution or point in time.

The remainder of this paper addresses the major elements of the terms of reference for VET workforce. For ease of discussion, each element is addressed in a separate section, even though it may have close links with others. Participants do not have to answer all the questions posed in each section, or be limited by them, in their submissions to the Commission.

2 VET in the education sector and the economy

What is the VET sector?

The question of where one sector stops and another starts is of practical consequence for this study. The terms of reference require the Commission to report on each education sector's workforce separately. Identifying the sector that a particular education or training activity belongs to will, therefore, determine when (or if, in the case of higher education) the Commission will report on the associated workforce.

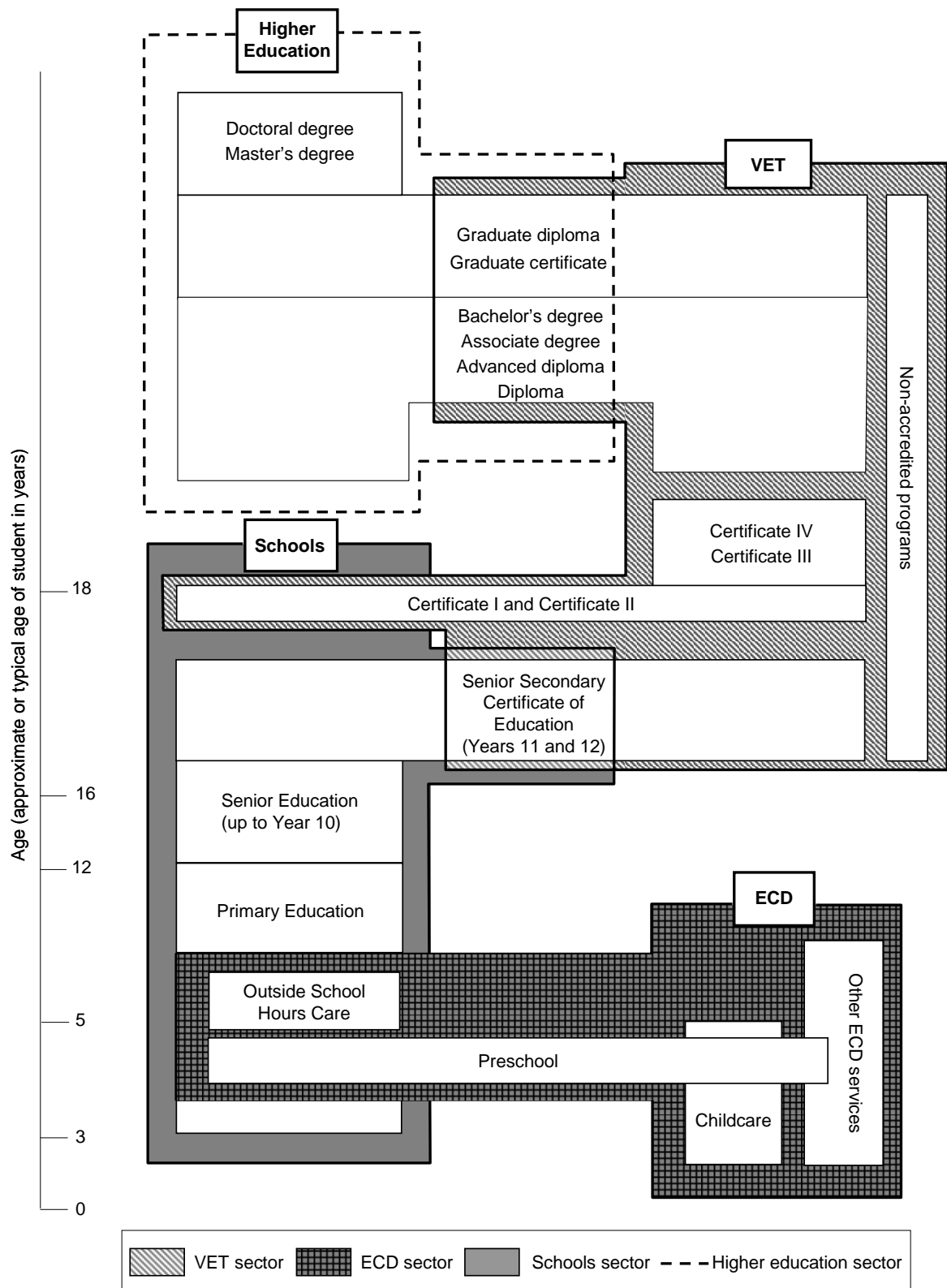
A key distinguishing feature of the VET sector is its great diversity. This diversity is apparent in a number of dimensions: course offerings; identity of providers; funding sources; and student profile.

The VET sector delivers accredited training that leads to qualifications such as Certificates and Diplomas, as well as a range of other programs, including pre-accredited training (for example, in foundation skills), unaccredited courses tailored to the particular needs of individual firms, and courses with a leisure or hobby focus. One possible approach for this study is to limit its focus to the VET workforce that provides VET courses leading to accredited qualifications. The Commission does not intend to examine the workforce providing training that is unstructured, informal or on-the-job.

With respect to accredited qualifications, the VET sector increasingly overlaps with two other educational sectors — schools and higher education (figure 1). Traditional VET qualifications such as Certificates I and II can be obtained within the VET or school sectors ('VET-in-schools' programs). Some VET sector providers also offer Senior Secondary Certificates of Education, more usually associated with secondary schools. Some Bachelor's degrees — historically the preserve of the higher education sector — are now also offered by providers in the VET sector. The increasing convergence and overlapping of the VET and higher education sectors are exemplified by the recent emergence of the concept of a 'tertiary' sector.

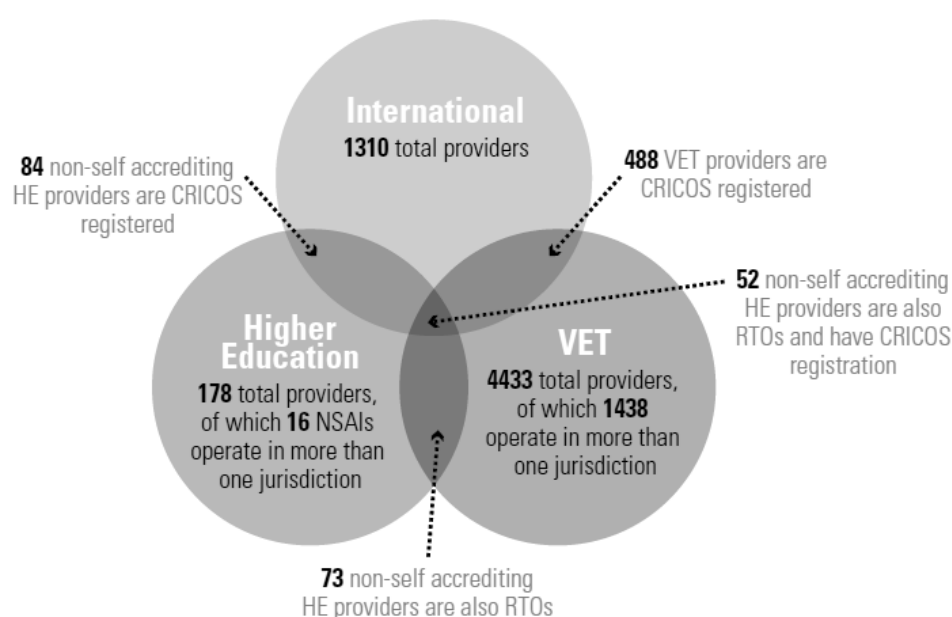
The diversity of the VET sector is also evident with respect to the identity of providers. These are the organisations (and, in some cases, self-employed persons) operating in the VET market.

Figure 1 Overview of the education and training system



For several decades following their emergence in the 1970s, government owned TAFEs had a near-monopoly on the provision of VET. Today, a large number of other Registered Training Organisations (RTOs) operate in the sector. These organisations may be publicly owned or not, and publicly funded or not. In the public sector, in addition to TAFEs, Polytechnics, schools and universities, VET is delivered by Adult and Community Education (ACE) providers and by some government agencies such as the Australian Defence Force. In the private sector, VET is delivered by a range of specialised private providers, alongside some private firms and some group training organisations. Such a wide spectrum of providers is not encountered in any other educational sector in Australia. Moreover, a large proportion of these providers operate in more than one educational or geographic market (figure 2).

Figure 2 Tertiary regulatory intersections^a



^a HE: higher education; VET: vocational education and training; RTO: registered training organisation; CRICOS: Commonwealth Register of Institutions and Courses for Overseas Students; NSAI: non-self accrediting institution.

Figure source: Skills Australia (2009), p. 44.

Diverse ownership of VET providers is reflected in diverse funding models. While RTOs are necessarily accredited by government, they are not all funded from public sources. Even those that are, such as TAFEs, supplement their public income with private income from industry and students. Some providers, including many providing VET to overseas students studying in Australia, rely exclusively on the payment of fees by students. At the other extreme, many ACE organisations provide community education services for a nominal fee.

The diversity of the VET sector is also apparent in the composition of its student body. In 2008:

- seventeen per cent of participants in publicly-funded VET programs were aged 25 years or over (NCVER 2008)
- fifteen per cent of VET students of all ages spoke a language other than English at home
- eleven per cent of VET students of all ages lived in remote or very remote regions
- seventeen per cent of all Aboriginal and Torres Strait Islanders aged 15 to 64 participated in VET, compared with 8 per cent of all Australians (SCRGSP 2010).

As indicated above, participation in VET is relatively prevalent among Indigenous Australians. Yet, in 2008, Indigenous TAFE students recorded a significantly lower pass rate, on average, than their non-Indigenous counterparts (69 per cent against 80 per cent). Moreover, of those who graduated from TAFE, fewer went on to employment or further study (78 per cent against 89 per cent of all graduates) (SCRGSP 2010). The gap between VET success for Indigenous and non-Indigenous students highlights the importance of ensuring that the VET workforce is able to deliver training in the most effective way.

The extent of industry engagement in VET sets this sector apart from schools and universities. Industries are a major stakeholder of the VET system, with which they can interact as consumers, clients, trainers and as a source of potential labour. First and foremost, as consumers, firms rely crucially on the VET sector to supply the skills they require for production. This reliance makes VET the education sector with the most direct link to economic conditions. Second, as clients, industries can purchase the services of the VET sector, directly or through government subsidies. (The former may take the form of workplace delivery by external providers. The latter may occur through off-the-job training of apprentices.) Third, private firms with a non-education focus may also be active in training their own employees, on- or off-site. Finally, the VET workforce is sourced, in many cases, from the staff of firms. The multiplicity of links between VET and industry holds potential implications for the VET workforce.

What are the particular features of the VET sector that need to be taken into account in this study of the VET workforce?

What criteria should the Commission use to define the scope of the VET sector for the purposes of this study?

Are there particular issues affecting the VET workforce that arise due to the increasing overlaps between the various education sectors?

The VET workforce within the labour market

With respect to its place in the labour market, the delineation of the VET sector and its workforce also requires some judgment. From a policy perspective, the teachers, trainers and instructors who deliver vocational education and training at the coalface are a key group of interest. Given the terms of reference, the Commission anticipates that they will be a major focus of this study. However, the Commission is also asked to consider the implications of the increasing blurring of teaching and non-teaching roles in the sector. Non-teaching roles may be categorised into managerial and administrative roles, both of which are designed to support the activities of the teaching staff. The terminology used to designate each of the three major groups of employees in the VET sector varies. For ease of expression, the remainder of this paper will refer to: VET practitioners; other VET professionals; and general staff (box 2).

Box 2 Workforce terminology used in this paper

In the remainder of this paper, the following terms are used to refer to the three broad groups making up the VET workforce:

- *VET practitioners* are involved in a range of direct activities, such as delivery, development and review and assessment of courses or modules. This group of VET workers, for example, includes teachers, trainers and assessors.
- *VET professionals include VET practitioners, but also 'other VET professionals' who provide leadership, management and support for teaching, training and assessment activities. This group of VET workers includes, for example, industry liaison managers.*
- *General staff* are employed in generic roles found also in the rest of the economy, such as accountants, librarians, administrators and maintenance staff.

Source: NCVER 2004; ANTA 2004.

Further definitional difficulties arise, for two main reasons. First, outside of VET providers, a significant number of Commonwealth, state and territory government employees are engaged in activities that centre exclusively on the VET sector. Similarly, in the private sector, some peak industry bodies or occupational groupings employ specialised officers or units whose role it is to liaise with VET providers, but who do not themselves provide education or training.

Second, the concept of an 'employee' is a matter of continuing debate. VET providers typically use a range of forms of employment, such as permanent employees, casuals or sessionals, and fixed-term employees. Alongside these groups, some providers also use the services of self-employed persons, such as

independent contractors, on an ongoing or intermittent basis. This suggests that, in many instances, these contractors are substitutes for a firm's own employees, and could, therefore, be regarded as in-scope for this study.

One possible definitional approach is to regard all employees of VET providers — whether involved in teaching, managerial or administrative tasks — as part of the 'education and training workforce' for that sector. This definition of employees includes self-employed persons and independent contractors. However, it excludes government or peak body employees with a professional interest in VET, but who are not actively involved in the direct delivery of education and training.

Do you agree with the terminology used in this paper to refer to the three broad groups of employees (box 2) identified in the VET sector? If not, what alternative would you suggest and why?

Do you agree with the possible approach to defining the VET workforce as all employees of VET providers — including managerial and administrative staff, self-employed persons and independent contractors — but excluding government and peak industry group employees? If not, what alternative would you suggest and why?

VET, the economy and society

In conjunction with other education sectors, the VET sector plays a key role in educating people in the myriad skills, knowledge and competencies a modern economy needs. VET students acquire new, improved or refreshed capabilities that can make them more productive and innovative workers. These capabilities can be associated with more specialised, high-level skills, or they can derive from 'foundation' skills — improved literacy and numeracy.

Governments in all jurisdictions have been aware for some time of the importance of a dynamic, flexible and targeted VET sector for economic wellbeing and for adjustment to changes in the economic environment. This role is highlighted in a time of skill shortages and population ageing, as reflected in the following Ministerial Council declaration:

Ministers also acknowledged the vital importance of vocational education and training in providing the skills needed for Australia's economy. The national training system needs to be positioned to meet the complex demand for skills created by the loss of skills from those retiring or leaving the workforce, and the growth in demand for higher level vocational qualifications. (MCEETYA and MCVTE 2008, p. 4)

In addition to its role as an overall economic facilitator, the VET sector also plays an important part in promoting economic and social inclusion in our community. For example, it can confer the foundation skills necessary for disadvantaged groups

to achieve better employment, health and civic outcomes in adult life. Accordingly, the terms of reference for this study ask the Commission to examine the capacity of the VET workforce to provide ‘second chance’ education and training for migrant and Indigenous students.

In light of its economic and social importance, the VET sector formed part of a new national reform agenda (NRA) agreed in 2006 by all Australian jurisdictions (COAG 2006). In March 2008, the Council of Australian Governments (COAG) ‘agreed on a common framework for reform ... in the key areas of early childhood, schooling and skills and workforce development’ (COAG 2008, p. 4). This framework has since been operationalised as a series of objectives, outcomes, progress measures, targets and policy directions embodied in National Agreements and National Partnerships covering the VET sector, among others (box 3).

Box 3 Objectives and outcomes of the National Agreement for Skills and Workforce Development

Objectives

- All working aged Australians have the opportunity to develop the skills and qualifications needed, including through a responsive training system, to enable them to be effective participants in and contributors to the modern labour market.
- Individuals are assisted to overcome barriers to education, training and employment, and are motivated to acquire and utilise new skills.
- Australian industry and businesses develop, harness and utilise the skills and abilities of the workforce.

Outcomes

- The working age population has gaps in foundation skills levels reduced to enable effective educational, labour market and social participation.
- The working age population has the depth and breadth of skills and capabilities required for the 21st century labour market.
- The supply of skills provided by the national training system responds to meet changing labour market demand.
- Skills are used effectively to increase labour market efficiency, productivity, innovation, and ensure increased utilisation of human capital.

Source: COAG 2009, pp. 4–5.

By its own admission, COAG’s long-term targets for VET achievement are ambitious. Skills Australia has recently estimated that forecast output and employment growth will require increases in enrolments in tertiary education (VET and higher education) of the order of 3 per cent per annum over the next ten years

(Skills Australia 2010). It noted that this represents a much faster expansion in enrolments than has occurred in the last decade (around 2 per cent).

Implications for the VET workforce

The anticipated need for a growing number of VET qualified workers has implications for that sector's workforce. Foremost among these are the key outcomes that may be expected from that workforce in the near-to-medium term, and the workforce profile best able to deliver these outcomes. The objectives and outcomes of the National Agreement for Skills and Workforce Development (box 3) provide one perspective on the range of outputs expected from the VET sector. To achieve those results, it may be necessary for the main input into the sector — its teaching workforce — to maintain adequate levels of capacity and capability. That is, VET practitioners, apart from being available in sufficient numbers, may need to be innovative, flexible, industry savvy and have the ability to learn. A related question might be about how the quality of workforce inputs and outputs should be measured.

What key objectives is the VET workforce seeking to achieve?

Should the workforce be assessed against its capacity to achieve those objectives?

What metrics should be used to measure achievement of those objectives?

Is information available, relating to those metrics?

3 An overview of the VET workforce

Unfortunately, there is no definitive source of detailed information on the existing VET workforce — a detailed national data collection does not exist. While the ABS reports employment data for the 'VET industry', this industry-based approach misses important parts of the VET workforce contained in other industries. However, by assembling data from various sources it is possible to obtain an indication of some key characteristics of the workforce.

Characteristics of the VET workforce

Various data sources indicate that the VET workforce is older than its counterparts in other educational sectors and the labour force in general. Moreover, the average age of VET practitioners has been increasing over time. In the absence of detailed data, it

is not possible to state categorically whether this trend is due to VET practitioners ageing ‘on the job’, or to older recruits having entered the profession recently.

What are the key reasons for the apparent older age of VET practitioners relative to the total labour force?

Preliminary consultations have suggested that the workforce of private VET providers is considerably younger than the TAFE workforce.

Do you agree with this assessment? If so, why do you think this is the case?

Based on the available data, other notable characteristics of the VET workforce include:

- a majority is female
- a majority is employed part-time
- around a third is employed on a casual basis
- around a quarter hold multiple jobs, including outside the VET sector
- five per cent work in a higher education setting
- around 60 per cent have a degree or higher qualification.

These characteristics are likely to vary between different groups in the workforce. In particular, a distinguishing feature of the VET workforce is the private/public sector divide. It is likely that the typical profile of a private provider’s workforce differs from that of its public provider counterpart.

Is this profile representative of the sector overall? Are there significant differences in various sub-groups?

The Commission is also interested in other important characteristics of VET workers, about which it has little data. In particular, the Commission would welcome information on the professional and educational qualifications of VET workers; their competency in the profession and experiences of continuing professional development; their educational proficiency; their tenure and career progression; and their representation in target groups (Indigenous; non-English speaking background; people with disabilities; rural and remote location).

What are some other defining characteristics of VET workers?

The Commission anticipates that it will be helpful to define subsets of the VET workforce, because some issues do not affect all VET workers equally. Subsets might be defined, for example, by the field or level of training delivered by VET

practitioners, by the nature of work performed by general staff or by provider type or geographic area.

Should the Commission think about particular subsets of the VET workforce? If so, how could these subsets be defined, and why do you hold that view?

Data issues

There are three main sources of data on the VET workforce: the Australian Bureau of Statistics (ABS) collections; surveys conducted by other organisations, such as the National Centre for Vocational Education Research (NCVER); and administrative collections such as providers' payroll and human resource data. Each source of data is capable of shedding light on some aspects of the VET workforce, but none provides a comprehensive picture needed to profile the VET workforce fully.

ABS Census based estimates are likely to underestimate the size of the overall VET workforce, due to a number of shortcomings:

- lack of information on those holding VET jobs as second or third jobs
- lack of information on people who provide a small quantity of training in the course of other jobs (for example, human resources or IT managers)
- point-in-time estimates that ignore annual fluctuations in the number of VET workers.

Another ABS survey, the Survey of Education and Training (SET), does include people whose job includes a small training (of others) component. However, it does not overcome the multiple job holding and point-in-time problems associated with Census data. Moreover, the Census and SET appear to be inconsistent with respect to the size of well-defined subgroups, such as VET practitioners employed in TAFEs.

What are the advantages and disadvantages of the SET and Census data? Would data based on administrative collections be more useful than these datasets?

Do you know of other data sources that could help the Commission measure and describe the VET workforce?

Do you have any information on the size of the VET workforce in general, or some of its components in particular?

This study's terms of reference ask the Commission to consider and provide advice on changes to ongoing data collection to establish a robust evidence base, provide for future workforce planning and development and meet reporting requirements.

Are adequate data available to facilitate effective planning and analysis of the VET workforce?

What additional data on the VET workforce are required? How should they be generated, disseminated and used?

4 Demand influences on the VET sector

Demand for the VET workforce derives from the demand for VET from industry and individuals. Examination of the key factors influencing the demand for VET, including demographic change and economic and sector-wide influences, can therefore provide insights into the potential characteristics of workforce demand.

Demographic and economic change

Demographic and economic change can have profound implications for the demand for VET and, hence, for its workforce. Skills Australia (2010) estimates that, over the next 15 years, in excess of 9 million job openings will occur in Australia. Of these, almost 5 million will be due to economic growth, and more than 4 million will be due to the replacement of workers who retire. On the whole, new jobs will be more highly skilled than current jobs, which is forecast to put upward pressure on employment in the tertiary sector. Modelling undertaken for Skills Australia predicts an average annual growth in employment of ‘university and vocational teachers’ of 2.3 per cent per annum over the 15 years to 2025, the third highest rate of all occupations (Skills Australia 2010, p. 22).

The Treasury recently released projections of Australia’s population (Treasury 2010). Over the next 20 years, the population is projected to grow by nearly one-third to 29 million. The population will also age: working-age Australians’ (15–64) population share is projected to decline from 68 to 62 per cent, while that of older Australians (aged 65–84) will increase from 12 to 16 per cent.

Population growth and ageing may have significant effects on the demand for VET, and the VET workforce. Skills Australia (2010) estimates that some 3.8 million additional qualifications (VET and higher education) will be required, to 2025, as a result of the retirement of the existing workforce.¹ Population ageing may also influence the range of qualifications demanded. For example, an ageing population

¹ Projections based on a high-growth, ‘Open Doors’ scenario, which Skills Australia states is the scenario ‘closest to current policy settings’ (Skills Australia 2010, p. 2).

might increase demand for VET in areas such as health and aged care.² Other demographic trends, such as increased life expectancy, may increase VET demand as people retrain in order to change careers, or to participate in volunteering roles or community activities, post-retirement, that require additional skills.

What impact might demographic trends have on future demand for VET, and the VET workforce?

Economic conditions have the potential to impact on demand for training in a number of ways. At an aggregate level, output and employment growth are a key influence on the demand for skills. Skills Australia's (2010) modelling suggests that employment growth will require an additional 2.4 million workers with qualifications at Certificate III or higher by 2025. Over shorter timespans, the economic cycle may have implications for patterns of workforce participation and participation in training.

What is the impact of economic activity, in the broad and over the economic cycle, on demand for training and the VET workforce?

Through their differential impact on industries, occupations and regions, structural changes within the economy create shifts in the quantum and range of workplace skills required. The rise in knowledge-based service industries and the emergence of the natural resources boom are two examples of structural change which have impacted on the demand for particular VET services and associated workforces. The perceived difficulty of the VET system in supplying the mining sectors of WA and Queensland with the skilled labour they require highlights the pivotal role that this sector can play in facilitating or hindering change. Looking ahead, it is often claimed that environmental concerns will result in growing demand for 'green skills', some of which will be delivered by the VET sector (IBSA 2009). Structural change, in an era of global interconnectedness, is ongoing. This highlights the need for flexibility and responsiveness in the VET system and its workforce.

What structural trends within the economy should be taken into account when considering future demand for VET?

How well-placed is the system to respond to these trends?

How will these trends influence the VET workforce?

² Averaged across all three of Skills Australia's future growth scenarios, the occupations of 'Welfare associate professionals' and 'Carers and aides' are forecast to experience the most rapid employment growth of all occupations between 2010 and 2025 (Skills Australia 2010, p. 22).

Technological developments, and changes in the organisation of production within firms, can alter the types and amount of training demanded, in particular, by existing workers who need to upskill. They also potentially influence the infrastructure, equipment and workforce needs of training providers.

What emerging technological developments could significantly alter industry skill needs?

How do providers go about planning for, and responding to, demands for new skills arising from technological developments?

Are there particular difficulties related to the recruitment or development of practitioners who are able to deliver training in new technologies?

Sector-specific influences

Government policy

Government policy is a major influence on the VET sector. Directly or indirectly, for example, governments:

- fund a significant volume of training activity
- set qualification requirements for a number of occupational areas
- set educational attainment targets for selected socio-demographic groups
- determine whether some students can receive financial assistance
- regulate several aspects of the sector's operation (including regulation of links with the skilled migration program).

Initial consultations suggest that recent policy directions will particularly influence: participation by learners from disadvantaged backgrounds; commercial pressure on providers; and the type and level of delivery.

The VET sector has long played an important role in the provision of pathways and 'second chance' learning opportunities for people from disadvantaged backgrounds. Current policy settings indicate that this role is becoming even more important. COAG national agreements, for example, target improvements in foundation skills and qualification attainment — areas where disadvantaged cohorts show greater need than the population generally. The agreements particularly seek increased access to education and training for Indigenous Australians.

Initial consultations suggest a need for the workforce to build cultural competency and confidence to deal with Indigenous, migrant and/or students with disabilities.

Do you anticipate that demand for VET from learners from disadvantaged backgrounds will increase in the next five to ten years? If so, what implications do you think this will have for the VET workforce?

The terms of reference for this study ask the Commission to consider the ‘demand for managerial and entrepreneurial skills as a result of growing commercial dimensions of the VET sector and strategic market positioning and branding’. Initial consultations suggest that increasing competition in the sector, arising from policy change, is driving demand for skills of this type — along with advertising and sales skills. It has also been suggested that competition is leading providers to be more responsive to client needs, and to develop a greater range of partnerships, including with industry, other education providers and communities.

What do stronger commercial pressures in the VET sector imply for the future size, skills and knowledge requirement, of the workforce?

Initial consultations point to an increasing focus on higher level qualifications within the VET sector, in part due to Commonwealth government policy targets for higher education. Provision of higher level qualifications in VET settings (for example, bachelor’s degrees) is increasing, albeit from a low base. The Commission’s terms of reference ask it to consider the trend towards higher level qualifications, and the implications of other shifts in delivery, including those associated with the recognition of prior learning (RPL) and recognition of current competencies (RCC).

What implications might a trend towards higher level qualifications have for demand for VET, and the VET workforce?

What implications might other shifts in delivery, in particular towards more RPL and RCC, have for the VET workforce?

What other key effects do you anticipate that government policy will have on the VET sector, and the workforce in particular, over the next five to ten years?

Business of VET

The VET sector, like other industries, is seeing the adoption of new technologies change the way in which it does business. Many VET providers, for example, have established e-learning initiatives and online discussion forums for staff and students. Such innovations presumably affect the day-to-day work of many VET workers,

and may also impact on VET demand. For example, e-learning may allow previously untapped markets (including overseas) to be accessed profitably.

What impacts do you anticipate that the use of technology in the VET sector will have on:

- *teaching delivery and methods over the next five to ten years?*
- *demand for training, particularly from regional/remote areas and overseas?*
- *demand for the VET workforce, both in terms of numbers, and of knowledge and skills requirements?*

Training packages have played a very valuable role in the development of a national training system. It has been suggested, through initial consultations, however, that packages and the competency based training approach that they embody, are less suitable for higher level VET qualifications, and that they unduly constrain the efficiency and effectiveness of VET practitioners.

Are training packages still appropriate as a basis for designing vocational training arrangements? Is a shift away from competency based training at higher qualification levels desirable? Might it happen in the next five to ten years? If so, what implications, if any, might this have for demand for the VET workforce?

The international dimension

Recent years have seen very rapid growth in VET enrolment by international students. Over a four year period, enrolments grew by 33 per cent to over 232 000 in 2009, up from 66 000 in 2005 (DEEWR 2009). However, data for the year to March 2010 suggest growth may slow this year, as a range of factors including changes to Australia's migration program, concerns about provider quality and currency movements have an effect. Commencements for the year to March are slightly below the number for the year to March 2009. Nonetheless, the high rate of growth in recent years is likely to have increased the demand for VET workers in general, and possibly altered the mix between public and private sector employment.

What have been the impacts on the VET sector and its workforce of the demand from international students?

Do you anticipate that demand for VET from international students will continue to grow? If so, with what further impacts on the VET sector and its workforce?

What other economic factors or trends should be considered when examining future demand for VET? How do you expect these trends to influence demand for the VET workforce?

5 Supply of the VET workforce

Supply, in terms of both capacity and capability, depends on the sector's ability to attract, recruit, develop and retain sufficient workers with appropriate skills and qualifications, and on changes in the way VET services are delivered.

Maintaining workforce capacity

Demographic factors

Demographic factors, particularly related to population growth (such as immigration) and changes in the composition of the population (such as through ageing), have the potential to affect the supply of VET workers. The current cohort of VET workers is ageing and a significant proportion of the TAFE workforce may retire in the coming decade, while the overall workforce size is shrinking, relative to the adult population. Economywide, competition for skilled and experienced workers will increase and it might become difficult for the VET sector to attract and retain quality people.

What are the demographic challenges emerging around the supply of VET workers over the next five to ten years? How might these challenges affect the VET sector's capacity to attract the right number and mix of suitably qualified workers?

Pathways into the sector, retention and exit

The attractiveness of employment in the VET sector depends on a range of factors, including: relative pay and conditions; professional development opportunities; work-life balance; access to career pathways; job satisfaction; and the status or image of VET providers as employers (Dickie et al. 2004). The weight attached to each factor might vary according to whether, for example, the potential VET workforce entrant is a young university graduate or a skilled person with significant work experience.

What do you think are the key factors influencing an individual's decision to work in the VET sector? Do these vary for different types of potential VET workers? Does VET have difficulty attracting and retaining suitable staff in key training areas?

Within the VET workforce, there are people who have spent their entire career within the VET sector, including some teachers, support staff and managers. Others enter the VET sector after a period in industry, or maintain dual careers in industry and the VET sector. A third group comprises workers in industry who assist to a

varying extent with VET activities within their organisations (Simons et al. 2007). It is likely that entry, retention and exit of these distinct groups are governed by different considerations and incentives.

What are the key pathways into and out of the VET workforce? Do these vary for different groups in the workforce, for example by provider type, job role or area of discipline?

Pay and conditions

One key influence on the number of people willing to work in the VET sector is likely to be the remuneration and conditions on offer, relative to other industries or occupations. Wage relativities can vary, over time as well as geographically. During periods of economic downturn, for example, the attractiveness of secure or regular VET employment may increase, relative to the alternatives.

Initial consultations suggest that wages offered to skilled workers by the VET sector can, in some instances, be relatively unattractive, such as for a number of traditional trades and in areas where there is significant competition from expanding industries such as the mining sector. In other areas of VET activity, indications are that VET salaries can be competitive when compared to other job options across the economy.

Do you agree with this assessment? Can you provide supporting evidence for or against it?

Other work conditions in VET — such as low hours worked by some — could make employment in VET a relatively appealing prospect, either from a work–life balance point of view or to enable VET workers to maintain an ongoing work engagement with industry. The Commission would welcome detailed information on the number of official and actual hours worked each week (and the number of weeks in a year) by VET practitioners, other VET professionals and general staff, whether employed on a permanent, casual or fixed-term basis. It would also welcome an indication of the quantum of unpaid/after-hours work that workers in that sector tend to perform, on average.

People may be deterred from joining or remaining in the VET sector if they perceive that it does not effectively recognise and reward higher quality of work performance. In the public VET sector (and, since January 2010, in the private sector), pay and conditions tend to be determined by reference to industry-wide agreements or awards, rather than by firm-level or individual agreements. Initial consultations suggest that the industrial instruments in use can restrict the ability of employers to link remuneration to individual performance.

How do remuneration and hours of work in VET compare with those of relevant industry or occupation benchmarks? How important are these factors to the decision to enter or remain in the VET workforce? Does the importance of pay and conditions vary for different groups within the workforce?

How does the relative remuneration of casuals/sessionals and permanent/fixed-term employees in the VET sector compare?

Is there sufficient flexibility in pay and conditions to attract and retain the right types of workers in VET? Can workers select their conditions in VET to suit other aspects of their lives?

Interactions with industry

Industry can have both short and longer term influences on the capacity of the VET workforce, through the business cycle and through the longer term link between current students and future teachers.

In the course of a business cycle, there can be varying degrees of competition for workers between industry and the VET sector. During a ‘boom’, expanding industries pay higher wages to lure additional workers. This may change the pay relativities between VET workers and their industry counterparts, making VET a less appealing option. Alternatively, during an economic slowdown, workers may be shed from industry and find VET teaching a more stable option.

Is there any evidence of workers moving between industry and the VET workforce in response to changes in economic conditions?

Historically, a form of circular flow has existed, within VET in general and TAFE in particular, between the student and teaching populations. At one end, TAFE was (and remains) the main provider of training for apprentices in the trades. At the other end, TAFE offered a well-worn career path for experienced tradespeople reaching the end of their industry working life, or having been laid-off during economic downturns. Thus, there was a clear link, albeit with a considerable lag, between the number of apprentices undertaking training and the supply of VET workforce.

The importance of this connection for the future supply of VET practitioners is unclear. The proportion of apprentices completing their training has fallen in recent times. If this trend were to continue, it may mean that fewer qualified tradespeople would be available, in future, to teach the next generation of VET workers. However, falling completion rates for apprentices may have been a function of relatively benign economic conditions, more conducive to direct hirings and on-the-

job learning than to apprenticeships. Thus, it is possible that tradespeople with appropriate knowledge and skills will continue to be available to meet future demand for VET teachers.

What are the implications of the falling rate of completion by apprentices for the future supply of VET workforce?

Enhancing workforce capability

Initial consultations with stakeholders have suggested that there are critical challenges to achieving and maintaining the right profile for staff in both their industry and teaching roles. Reflecting these challenges, the study's terms of reference ask the Commission to consider 'the current and potential impact of workforce development activities within the VET sector on the capability and capacity of the VET workforce, including a workforce development plan'.

Practitioners in the VET sector are at the intersection of industry and education. This means that their capability needs securing and enhancing in both dimensions. From an industry perspective, VET teachers require industry qualifications and currency. From an educational perspective, they need to be effective teachers. Not only does the right mix of industry and education skills need to be achieved at the outset of their VET careers, it needs to be maintained and, in some instances, enhanced over time.

Are there tradeoffs between technical skills and teaching skills and, if so, which skills are more important?

There has been broad recognition of the importance of teaching qualifications for VET practitioners, particularly given the increasing diversity of backgrounds and needs of VET students. However, there is less agreement about the form that teaching qualifications should take and the minimum skills and capabilities required for quality VET teaching. Under the Australian Quality Training Framework (AQTF), trainers and assessors employed by registered training organisations are required to have a Certificate IV qualification in training and assessment, or equivalent competencies, or must be directly supervised by someone with these competencies. Some have argued that this requirement is insufficient (for example, Forward 2004, p. 16). They are also required to have 'relevant vocational competencies at least to the level being delivered or assessed' (NQC 2009, p. 5).

Would increasing qualification standards make entry into the VET workforce more appealing and/or more difficult? Would these changes produce better student outcomes?

The Australian Qualifications Training Framework (AQTF) 2010 includes two new compliance requirements relating to the skills of trainers and assessors — that they:

1.4(c) can demonstrate current industry skills directly relevant to the training/assessment being undertaken; and

1.4(d) continue to develop their VET knowledge and skills as well as their industry currency and trainer/assessor competence. (NQC 2009)

What workforce development options exist for VET workers seeking to develop their VET knowledge and skills? Industry currency? Trainer/assessor competence?

Are these options adequate? For public and private providers? If not, what other workforce development activities are desirable? How should these be funded? How should they be delivered?

Is a workforce development plan needed? How might a plan be developed? What would be its key elements?

The capability of the VET workforce also needs to be nurtured in the non-teaching roles of VET professional and administrative and technical support staff.

Entry into VET professional roles often occurs via practitioner positions (Simons et al. 2009). This suggests that many wider professional skills are learnt on the job. However, internal pathways to, for example, management positions, also raise the question of whether and how practitioners gain the full range of additional skills they need to work effectively in managerial roles.

Preliminary discussions with stakeholders suggest that the roles of administrative and technical support staff are changing. For example, increasing quality compliance and reporting requirements may be adding to the skill set required of those staff.

What are the key knowledge, skills and abilities required of effective VET professionals? Are the avenues through which practitioners can acquire the skills, knowledge and abilities needed to move into professional roles adequate?

Are administrative and technical support roles in VET changing? If so, is the workforce readily available to fulfil these changing roles?

6 Institutional arrangements

Influences on human resource management

The study's terms of reference ask the Commission to consider the 'structure of the workforce and its consequent efficiency and effectiveness, including the extent to which job design and employment agreements in the VET sector are aligned to contemporary work practices in a commercially competitive environment'.

Job design involves the allocation of work tasks to positions within an organisation, and identification of the knowledge and skills needed by the occupants of those positions. Job analysis and design are foundation elements of human resource management. Without the job descriptions and specifications that follow from job analysis and design, it is difficult to successfully recruit and manage a workforce.

Do job design and allocation allow VET providers sufficient flexibility, at present, in managing their human resources?

How might job design change to enhance workforce efficiency and effectiveness?

Performance management is a key element of improved workforce efficiency and effectiveness. A well-developed performance management system includes regular negotiation of performance agreements, regular assessment of performance and the identification and support of individuals' development.

Do performance management systems within the VET sector adequately support improvements in workforce efficiency and effectiveness? If not, how might they be improved?

Are there any other areas of human resource management in which a different approach might enhance workforce efficiency and effectiveness?

Because they set out key parameters of the employee–employer relationship, workplace agreements play a central role in the business of VET providers. A range of industrial instruments (agreements and awards) cover employees within the sector. Each state and territory has at least one instrument covering TAFE employees, and a national award for the sector took effect from 1 January 2010 (the *Educational Service (Post-Secondary Education) Award 2010*), bringing employees of private providers within award coverage.

In an earlier section dealing with supply of the VET workforce, this Issues Paper highlighted some of the possible impacts of pay and conditions (as reflected in industrial instruments) on the attraction and retention of workers in the VET sector.

A link between pay and individual performance can assist with aligning the interests of employers and employees.

To what extent are industrial instruments aligned to contemporary work practices in the VET sector?

Can you foresee a greater role for performance pay in promoting workforce efficiency and effectiveness?

Can you identify any other changes to industrial instruments that might contribute to higher workforce efficiency and effectiveness?

What role should individual providers have in the development and form of industrial agreements they are required to use?

Employment and work practices

In the context of the structure of the workforce and its consequent efficiency and effectiveness, the Commission has also been asked to consider ‘the implications of emerging workplace and employment practices, including increasing casual and part-time employment, the “core/periphery” model and blurring of teaching and non-teaching roles’.

Initial consultations for this study suggest that VET employment is characterised by relatively high rates of part-time and casual employment. They also suggest that the use of contractors is on the rise in TAFE institutes, and that this form of employment arrangement is relatively common among private providers.

What factors drive the types of employment arrangement adopted by VET providers? Are there systematic differences between public and private providers? If so, why?

What effects do each of these forms of employment have on the efficiency and effectiveness of the VET workforce?

Multiple job holding has also been identified as relatively common in the sector, with some workers employed by a number of VET providers, and others working both within VET and other industries.

What factors drive multiple job holding among VET workers? What effects does this have on the efficiency and effectiveness of the VET workforce?

High rates of casual employment are consistent with a model of work organisation in which a core of permanent, full-time and experienced staff manage a large group (periphery) of casual, contract, part-time and temporary staff (Harris et al. 2005). This model may have implications for permanent staff, who need to manage the

work of their temporary colleagues and undertake corporate functions like relationship building and longer-term planning.

Is the core–periphery model evident in the work practices of public and private VET providers? If so, what implications does it have for the efficiency and effectiveness of their workforces?

During initial consultations, an emerging model of VET delivery involving a team approach was described. Within this model, experts in different aspects of the business of VET, some teaching, others non-teaching, are brought together to deliver services. The use of teams might contribute to a blurring of teaching and non-teaching roles.

Are team approaches becoming more common in the VET sector? In public or private providers? Do they hold potential to enhance the performance of the workforce? Are there any impediments to their implementation?

Are teaching and non-teaching roles in VET blurring? If so, what does this imply for the efficiency and effectiveness of the workforce?

The terms of reference also ask the Commission to consider ‘the productivity of the workforce[s] and scope for productivity improvements’. Initial consultations have raised questions about the extent to which some funding models — based on delivery of student contact hours — constrain the way in which VET workers are deployed, and therefore impact on the productivity of VET workforces.

Could changes to funding models act to improve the productivity of the VET workforce?

Do you have any other suggestions on ways in which the productivity of the VET workforce might be improved?

Do you have suggestions on ways in which the productivity of the VET workforce might be measured?

Are there any other emerging workplace and employment practices with implications for the efficiency and effectiveness of the VET workforce that the Commission should look at? If so, why?

Regulation of the VET sector

Traditionally, many aspects of the VET sector have been regulated at the state and territory level, resulting in a range of regulatory approaches, standards and governance mechanisms. As in other areas under government regulation,

competitive federalism has the potential to promote innovation, competition and consumer choice. There are examples of such innovations occurring in the VET sector: Victoria, for example, is ten months into a set of major VET reforms, aiming to make public funding contestable between public and private providers, and to promote greater choice of courses and providers by students. Preliminary consultations with other jurisdictions indicate that they are closely monitoring developments in Victoria.

Competitive federalism also carries with it the risk that minimum desirable standards for consumer protection will not be met, at some times or in some areas. Inconsistencies in the implementation of laws governing VET by some state regulatory authorities have been cited as a concern (for example, ACPET 2009).

COAG has agreed to the establishment of a Commonwealth statutory authority to act as a national VET sector regulator from 2011. The regulator will register and audit RTOs and accredit courses in all states except Victoria and Western Australia. In these states, RTOs that do not operate in other jurisdictions, and do not enrol international students, will be regulated locally.

The Australian Government expects that a national VET regulator will ‘ensure national standards are met and strengthen quality assurance’ (DEEWR 2010). Given that governments are a major source of funding for VET, it is desirable that all publicly-funded RTOs, at least, be held to minimum standards across Australia. However, those standards should be about risk management, not risk eradication. Governments should not seek to regulate against all risks, because to do so would be likely to stifle innovation, and may also unfairly advantage one segment of the VET sector over another. Preliminary consultations suggest that the new financial viability criteria proposed for accreditation of RTOs may impose differing burdens on public and private providers.

What are the advantages and disadvantages of having a range of regulatory approaches for the VET sector?

Is the current regulatory framework efficient, fit for purpose and consistent with the principles of competitive neutrality? What about the forthcoming national regulatory framework?

Should publicly-funded and privately-funded RTOs face the same minimum standards?

What are the likely implications for the VET workforce in different jurisdictions and provider types of a national VET regulator?

Over the past decade, state and territory governments have introduced registration systems for school teachers in the belief that, through registration, teachers:

... gain public acknowledgment of teaching as a full profession, affirmed and enhanced status, representation, a unified voice across sectoral boundaries, and the authority to set and maintain professional standards. (Government of Tasmania 2000, p. 5)

On this basis, registration of VET teachers might work to enhance the standing and appeal of the profession. However, in initial consultations, it has been suggested that compulsory registration of VET teachers might create an undesirable barrier to entry into the workforce.

Might registration of VET practitioners and/or other professionals have benefits for their professional standing and practice? Would these benefits outweigh potential costs from higher barriers to entry into the VET workforce?

7 VET workforce planning

The terms of reference ask the Commission to consider ‘workforce planning ... in the short, medium and long-term, including: ... policy, governance and regulatory measures to maximise the efficiency and effectiveness of the workforces in order to achieve the outcomes set out in the COAG frameworks’.

What sorts of workforce planning activities currently take place within the sector?

Do these activities meet the needs of the sector? If not, what sort of activities are required?

What sorts of policy, governance and regulatory measures relating to workforce planning might enhance the efficiency and effectiveness of the VET workforce?

ANTA (2004) suggested that many elements of VET workforce planning can only be addressed at an individual provider level — for example, the shaping of recruitment, retention and retraining strategies to meet organisational objectives. For other elements, it was argued, there might be scope for coordinated, overarching approaches to planning. For example, some factors with direct and indirect implications for the VET workforce may be outside the geographic scope or planning timeframes of individual providers. These factors include: broad economic, demographic and social change; specific pressures on the training system as a result of changing demands from industry; and the process for ‘producing’ VET practitioners.

What types of workforce planning activities do you think can be most effectively undertaken by individual providers, and which types of workforce planning activities lend themselves to a coordinated, overarching approach?

How could any coordinated, overarching approach best be informed, organised and funded?

What organisations are best placed to undertake overarching workforce planning activities?

Traditionally, an administrative approach to planning has dominated the Australian VET system. Under that approach, governments consulted with industry to determine the quantum and profile of VET places to be funded each year. This afforded providers a measure of certainty when undertaking workforce planning.

More recently, greater emphasis on public–private competition, contestability of public funding and student choice of VET courses and providers — through, for example, COAG’s National Partnership Agreement on the Productivity Places Program and Victoria’s Training Guarantee — have been features of some public funding. Should this trend gain momentum across the nation, it may hold profound implications for the ability of providers to plan their course offerings and, therefore, their workforce.

What are the implications, for VET workforce planning, of the growing role of internal VET competition and contestability and student choice in the VET sector? How does workforce planning, in this environment, continue to take account of industry requirements for skilled workers?

8 Lessons from other sectors and other countries

The Commission is asked to include in its analysis ‘a comparative element, both in terms of comparing the education and training workforce to other community/public service professions ... and of relevant international comparisons’. In undertaking this work, the Commission will consider prominent reviews of the VET sector in other countries, such as *Learning for Jobs: OECD Policy Review of Vocational Education and Training* (Field et al. 2009), as well as analyses of workforces of other sectors, such as contained in the *Review of Australian Higher Education* (Bradley et al. 2008). However, research over such a wide scope, and involving such an extensive body of literature, will require input from participants who have specialist knowledge.

International comparisons are likely to prove particularly challenging. The diversity of national VET systems between countries is well recognised (Field et al. 2009). There is also a variety of approaches within each nation, in terms of how and by whom VET teaching is delivered, as well as in terms of the purpose of VET training (be it to prepare the student for work or for further study). This rich diversity could potentially hold valuable lessons for how Australia's VET workforce might be developed.

What lessons can be learnt from VET sectors in other countries?

Similarly, broad recommendations arising from reviews of workforces in other sectors may be applicable to Australia's VET workforce. For example, the Commission's own work on the health sector workforce made recommendations to improve 'the institutional, regulatory and funding frameworks within which health workforce policy formulation and decision making occurs' (PC 2005 XXXI). More recently, the *Review of Australian Higher Education* (Bradley et al. 2008) recommended ways to streamline the regulatory framework for both higher education and VET.

What lessons can be learnt from these reviews and from other sectors more broadly?

What are some of the caveats that need to be taken into account when making comparisons across countries or across sectors?

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Attachment A Using the issues paper and making a submission

This issues paper is intended to assist you in preparing a submission to this study. It provides an overview of the VET sector and its workforce, and of some the issues they confront. It also asks a range of questions about which the Commission is seeking information. However, **you do not have to answer all of the questions posed in this paper, or limit your comments to the issues mentioned.** You are free to submit any information you consider relevant to the study's terms of reference.

The Commission invites all interested individuals and organisations to participate in this study. You can make a submission online at the study's home page (<http://www.pc.gov.au/projects/study/education-workforce/vocational>), or by completing the submission cover sheet and returning it, together with your submission, by post, fax or email to the address provided. The Commission will send out subsequent circulars about the study's progress and other information to those who have registered their interest. Updates about the study will also be provided on the study's home page.

Initial submissions are now invited. At this time, the Commission is seeking input primarily into matters affecting the VET workforce, from individuals and organisations with knowledge and experience of the sector (box A.1). The Commission is also interested in stakeholder views on the broader issues covering all three workforces being studied. In subsequent issues papers, the coverage of the information sought will shift to ECD and then to Schools, but issues spanning all three sectors will remain of interest. Submissions should reach the Commission by 30 July 2010 to enable their full consideration in the VET draft report. Calls for submissions in relation to the ECD and Schools workforces will be issued at a later date.

Box A.1 Who is the Commission wanting to hear from?

There is no restriction on who is able make a submission to inform this Productivity Commission study. Submissions are invited from any person or organisation who has experience of, information on, or simply an interest in one or more aspects of the study topic.

In the context of the VET workforce, the Commission is anticipating that it will receive submissions from the following stakeholders:

- peak bodies representing workers and employers in the VET sector, as well as firms that use the output of that sector
- persons employed in the VET sector, whatever their occupation or form of employment
- individual VET providers, whether operating in the public or private, registered or non-registered sectors
- persons who are, have been, or plan to be students in the VET sector
- businesses that are not VET providers but, in some way, have an association with the VET sector (for example, through employment of apprentices)
- government departments, agencies and organisations with remits that include aspects of the VET sector or carriage of skills policy more generally
 - given the decentralised operation of much of the education system in Australia, the Commission is particularly interested in receiving submissions from as many states and territories as possible
- any other interested party not already mentioned above.

The Commission reminds submission makers that:

- all submissions will be published on the Commission's website, unless they contain
 - libellous material, in which case they will be rejected
 - commercial-in-confidence material, in which case that material will be excerpted (participants should refrain, as far as possible, from submitting commercial-in-confidence material, as it cannot be published or quoted)
- the Commission does not accord more weight to multiple identical submissions — it is looking for quality arguments and supporting evidence
- it might be appropriate, in some cases, for participants to make an initial submission giving an overview of their position, followed by subsequent, more detailed, submissions.

The Commission cannot guarantee that it will be able to give its full consideration to late submissions.

Attachment B How to make a submission

This is a public inquiry and the Commission invites interested people and organisations to make a written submission.

Each submission, except for any information supplied in confidence (see below), will be published on the Commission's website shortly after receipt, and will remain there indefinitely as a public document. Copyright in submissions sent to the Commission resides with the author(s), not with the Commission.

How to prepare a submission

Submissions may range from a short letter outlining your views on a particular topic to a much more substantial document covering a range of issues. Where possible, you should provide evidence, such as relevant data and documentation, to support your views.

This is a public review and all submissions should be provided as public documents that can be placed on the Commission's website for others to read and comment on. However, under certain circumstances the Commission can accept sensitive material in confidence, for example, if it was of a personal or commercial nature, and publishing the material would be potentially damaging. You are encouraged to contact the Commission for further information and advice before submitting such material. Material supplied in confidence on personal or commercial grounds should be provided under separate cover and clearly marked 'PERSONAL IN CONFIDENCE' or 'COMMERCIAL IN CONFIDENCE' accordingly.

How to submit a submission

Each submission should be accompanied by a submission cover sheet. The submission cover sheet is available on the study webpage and a copy is attached to this circular included with this issues paper. For submissions received from individuals, all personal details (eg home and email address, phone and fax number) will be removed before it is published on the website for privacy reasons.

The Commission prefers to receive submissions as a Word (.doc) file attachment to an email (see address below). PDF files are acceptable. To ensure your PDF is as electronically readable as possible, the Commission recommends that it is derived from word processing software (eg Microsoft Word or Lotus notes) and not from a scanner, fax or photocopying machine.

Track changes, editing marks, hidden text and internal links should be removed from submissions before sending to the Commission. To ensure hyperlinks work in your submission, the Commission recommends that you type the full web address (eg <http://www.referred-website.com/folder/file-name.html>).

Submissions can also be accepted by fax or post (see address below).

By email*: education@pc.gov.au

By fax: 03 9653 2302

By post: Education and Training Workforce Study
 LB2 Collins Street East
 Productivity Commission
 MELBOURNE VIC 8003

* If you do not receive notification of receipt of an email message you have sent to the Commission within two working days of sending, please contact the Administrative Officer.

Due date for submissions

Please send submissions to the Commission by **Friday 30 July 2010**.

