

Mr Gary Banks AO  
Chairman  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2601

RML 10/7222  
20014

Dear Mr Banks

I write in response to the Productivity Commission's Draft Research Report on the Vocational Education and Training Workforce, released on 30 November 2010.

Please find attached the NSW Government's submission on the issues raised by the report.

Should the Commission require further information or clarification on the information provided, please contact Mr Peter Hack, Manager, Vocational Education and Training Policy, NSW Department of Education and Training on telephone number 9561 8670 or by email [Peter.Hack@det.nsw.edu.au](mailto:Peter.Hack@det.nsw.edu.au).

I look forward to the release of the Final Report and commend the Commission on its work to date.

Yours sincerely



**Verity Firth MP**  
**Minister for Education and Training**

28 FEB 2011



---

## NSW GOVERNMENT RESPONSE TO THE PRODUCTIVITY COMMISSION DRAFT RESEARCH REPORT ON THE VOCATIONAL EDUCATION AND TRAINING WORKFORCE

---

### OVERVIEW

The NSW Government is committed to supporting and maintaining a high quality, diverse vocational education and training (VET) workforce and welcomes the Productivity Commission's Draft Research Report.

New South Wales has a diverse, highly skilled VET workforce and the NSW Government recognises the need for further capacity development within the workforce to meet the future needs of students and industry.

Whilst the NSW Government is broadly supportive of the tone and direction of this report, comment on key recommendations is provided below to highlight key issues for the State:

---

#### ***Recommendation 7.1***

***The Ministerial Council for Tertiary Education and Employment should engage the National Centre for Vocational Education Research to develop a comprehensive instrument with which to identify the VET workforce as soon as practicable. This instrument should focus on measuring and describing the workforce, but not unduly increase the response burden for providers.***

The NSW Government supports the creation of an instrument to support workforce planning in the VET workforce at both the state and national level. A key consideration for New South Wales is that providers are not unduly burdened by their responses, as noted in the recommendation.

It is important that this instrument's response requirements are standardised across private and public providers, within a framework that accounts for varying contexts.

Providers and jurisdictions will need to be consulted throughout the development process on a range of issues, including privacy concerns, appropriate data protocols and agreement as to how the data will be used and published.

#### ***Recommendation 7.2***

***The National Centre for Vocational Education Research should consider the information required to allow the critical determinants of quality teaching to be investigated quantitatively, and consider the best means of capturing student and industry satisfaction with the VET workforce.***

New South Wales supports this recommendation in principle.

It must be noted, however, that quality or satisfaction within the sector extends to the totality of the student or business experience with the provider, including the experience with non-teaching staff and the overall service provision of the provider. In addition, learning and skills development are not just a function of classroom experience, and the role of industry in the training process needs to be addressed in terms of appropriately capturing quality.

Any work in this area must also focus on improving quality of outcomes and not be solely focused on data gathering.

In progressing this recommendation, the National Centre for Vocational Education Research (NCVER) should be informed by the outcomes of work being undertaken by the Commonwealth to identify benchmarks and performance measures to evaluate quality in the context of the Quality Skills Incentive. This will reduce duplication and overlap.

### **Recommendation 7.3**

***State and Territory governments should not have jurisdiction-wide industrial agreements for the TAFE sector. Current arrangements include caps on the use of casual staff, are prescriptive on hours to be worked in TAFE and encourage uniform wages and conditions. These have the effect of limiting the ability of TAFEs to respond quickly to changes in demand and disadvantage them relative to private RTOs. TAFE institutes should be able to select the mix of employment arrangements, supported by contemporary human resource management practices, that best suits their business goals.***

NSW notes this recommendation.

Current TAFE industrial arrangements run until 31 December 2011. The industrial arrangements will be renegotiated by the parties during 2011 for commencement on 1 January 2012.

### **Recommendation 8.1**

***The Certificate IV in Training and Education (TAE40110) should maintain its status as a high risk qualification. Auditing by state and territory regulators of RTOs with this qualification on their scope needs to be more frequent and more intensive.***

New South Wales supports the recommendation that the Certificate IV in Training and Education (TAE40110) should maintain its status as a high risk qualification. As the minimum trainer and assessor qualification, it is critical that the delivery of the qualification is consistent and of a very high quality. This qualification underpins the quality of the whole system. One option to maintain the integrity of this qualification may be to cap the number of providers who can deliver the qualification.

While auditing is an important quality control mechanism, simply increasing the frequency of audits may not be sufficient. The move to a national VET regulator provides an opportunity to develop more robust requirements for approval to deliver the qualification and monitoring of performance.

### **Recommendation 8.2**

**State and territory regulators should publish information on audit outcomes and performance indicators for RTOs, to further incentivise providers to focus on quality training and assessment.**

The NSW Government supports a national VET system underpinned by principles of transparency. To be effective in achieving change, such a system must be applied consistently to all providers, both public and private, and must build on a robust and high quality auditing process that has an appropriate breadth of evidence-gathering and review mechanisms.

The establishment of the national VET regulator provides a significant opportunity to strengthen audit requirements to ensure consistency and robustness in the audit process. The benefits of increased transparency can only be realised if the effectiveness of the audit process of the national VET regulator is assured.

It is also noted that while auditing is an important requirement of any regulatory system, it must not remove the focus from the opportunity to build quality, capability and professionalism in the sector. Further investigation may be needed to determine where this type of information is best published in order to deliver against the stated objectives for improvement. The public may expect this type information be available from the *MySkills* website (expected to be operational by July 2011).

### **Recommendation 8.3**

**Industry and Business Skills Australia should amend the Evidence Guide for TAEDEL401A to require those seeking to demonstrate competence at the Certificate IV level to prepare and deliver at least four consecutive supervised training sessions. An assessor from outside an RTO delivering the unit should evaluate a student's competence through observation of two of these sessions.**

The high risk nature of this qualification (noted in Recommendation 8.1) is amplified by this recommendation.

It is widely acknowledged that the development of demonstrated competence is often experiential and time-based. As a result, increased observation and auditing will not necessarily lead to higher quality outcomes.

While the critical importance of getting assessment right is acknowledged, options may need to be broader than just increasing observation or supervision, that is limited to an auditing approach. Additional options, such as those that encourage the engagement of VET practitioners in ongoing professional practice development may need to be explored.

### **Recommendation 8.4**

**Within two years of commencing employment, VET practitioners should have completed the Certificate IV from TAE10. Industry experts, working under supervision, should be encouraged but not required to obtain a Certificate IV in TAE. Within two years of commencing delivery of training or assessment, enterprise trainers and assessors working under the supervision of someone**

***with the Certificate IV, should have completed the Skill Set relevant to their role.***

The Certificate IV from TAE10 is a benchmark of quality and recognition in the sector, and its attainment by VET practitioners is an important requirement in terms of the professionalism of the sector. This recommendation strengthens requirements with respect to Certificate IV and AQTF standard 1.4, more clearly establishing Certificate IV as the minimum standard for VET practitioners and is supported by New South Wales. It is important, though, that any requirement imposed on the sector does not diminish a provider's ability to deliver the best outcomes for students and industry.

New South Wales supports a consistent approach across the VET sector while still supporting flexibility within the system. The ongoing ability for enterprise trainers, assessors and other other VET practitioners/industry experts who are involved with limited delivery to deliver under supervision is supported. The integrity of this "supervised delivery" may need to be monitored stringently within RTOs.

***Recommendation 8.5***

***In order to improve delivery to Indigenous VET students, VET providers should attempt to secure the services of more Indigenous VET workers. Possible strategies include ensuring the presence of Indigenous staff members on recruitment panels and charging an Indigenous HR manager with attracting, coordinating and retaining Indigenous employees across their organisation. Recognising that it is difficult for VET to attract skilled Indigenous VET workers who are also being sought by industry, the VET sector should also put in place strategies to support Indigenous students to complete their studies within the VET sector.***

The NSW Government is firmly committed to increasing education and training outcomes for Aboriginal students, and recognises that increasing the number of Aboriginal VET workers within the sector is critical to achieving this goal. As such, TAFE NSW has a range of strategies in place to increase the number of Aboriginal employees including: an Aboriginal Human Resource Development Plan; an Aboriginal Education and Training Strategy; and a strong commitment to increasing competencies in Aboriginal Cultures for all staff. The NSW Department of Education and Training has also been working to increase the capacity of Aboriginal VET workers in the private sector through strategies to purchase training from organisations that are Aboriginal owned or have significant Aboriginal capacity. Increasing Aboriginal employment should not just be the responsibility of public providers, but a sector-wide responsibility.

To strengthen this recommendation, it is suggested that the following wording be added to the last sentence: "...to enable progression into the workforce and encourage their return to the VET sector workforce."

While it is acknowledged that Aboriginal student and employment outcomes are a key priority, it is also important to consider strategies to improve delivery to students from other diverse backgrounds (please also refer to comments in relation to Recommendation 8.6)

***Recommendation 8.6***

***State and Territory governments should assess the adequacy of funding***

**provisions for ongoing professional development of their VET workforce. Non government RTOs should identify capability needs within their workforce and target funding accordingly.**

**Professional development should be a joint responsibility of RTO employers/owners and employees. Industry and Business Skills Australia should consult with the sector and develop options for ongoing professional development that address competency gaps and/or contribute to further capability development.**

The NSW Government acknowledges the importance of capacity-building within the VET workforce to enhance the ability of providers to deliver high quality training to students and industry.

A number of services are provided by NSW DET to support the ongoing professional development of the VET workforce, including:

- VET Practitioner Professional Development Workshops (on topics such as 'Understanding the national training system', 'Building skills in training and assessment' and 'Delivering innovative approaches to business and skill development');
- Networks for trainers and assessors to share and promote best practice;
- Training Support Materials via SkillsOnline, a website providing online sale; and distribution of VET resources.

In relation to capability needs in the sector, the draft Report (page 8.1) states that *"while there is little evidence currently of capability gaps in delivery to students who might experience disadvantage, this is an area of considerable exposure for the sector in the future..."*. There is strong evidence that at an aggregate level, disadvantaged students are not achieving at the same level as other students, and that capability initiatives for teachers need to target the specific capabilities required to address the needs of these students.

In order to effect real change across the sector, however, it is necessary to ensure that a coordinated approach that targets professional development is implemented by all RTOs, both private and public.

New South Wales believes that a co-ordinated strategic approach, supported by Commonwealth funding, will enhance the engagement of all providers, public and private, in professional development for the VET workforce. This might be facilitated through a National Partnership arrangement with Commonwealth that targets innovation through a tripartite commitment between providers, VET practitioners and industry.

**Recommendation 8.7**  
**Governments should not endorse or contribute funding to a registration scheme for VET trainers and assessors.**

The NSW Government supports this recommendation. A broader discussion around strategies to improve professional practice or professional standing for VET workers is supported. Such broad-based strategies are more likely to boost the quality and

professionalism of VET practitioners.

There may be value in pursuing further work to examine the viability and promotion of a voluntary registration scheme.

## INFORMATION REQUESTS

***Are VET providers (public or private) compensated for pursuing non-commercial objectives requested by governments? If so, does the level of compensation accurately reflect additional costs? What form does this compensation take? Is it transparently identified in government budget documentation and as income by providers?***

### ***TAFE NSW (public provider)***

TAFE NSW is required to meet its obligations under the *Technical and Further Education Commission Act 1990*. The Act requires TAFE NSW to provide training to its constituents' across NSW and stipulates that in exercising its functions, the TAFE Commission must provide technical and further education services to meet the needs of individuals and the skill needs of the workforce and, in particular:

- (a) *ensure that it provides basic and pre-vocational education as well as vocational education and training;*
- (b) *provide adults and young persons with a range of technical and further education services that recognise the changing nature of the working environment and the need for new skills and re-training;*
- (c) *provide, through formal arrangements and after consultation, technical and further education services that are relevant to the needs of industry, business, students and other client groups;*
- (d) *provide students with the maximum opportunity for progression by the linking or other articulation of courses and programs provided by the TAFE Commission and between those courses and programs and those provided by other education and training providers;*
- (e) *provide educationally or vocationally disadvantaged groups (such as women, Aborigines, persons of non-English speaking background, persons with disabilities and persons in rural areas) with access to technical and further education services, including a range of appropriate specialised services; and*
- (f) *consult with relevant agencies to promote the effective and efficient use of resources and co-operation between TAFE establishments and other educational institutions.*

The NSW Government recognises these obligations and provides recurrent funding for TAFE NSW to provide training services and training support.

TAFE NSW Institutes are provided with specific targets outlined in a purchasing agreement between each Institute Director and the Deputy Director-General, TAFE and Community Education. This funding provided to TAFE NSW Institutes takes account of:

- fixed costs including for hard and soft infrastructure;
- industry training delivery;

- geographic remoteness of students; and
- disadvantage faced by students.

In addition, specific funding is provided by the State and Commonwealth for capital projects and specific Government commitments. This funding is reported in the NSW Budget papers and the Commonwealth Budget Papers.

In 2009, there were 524,838 enrolments and over 1,200 work-related qualifications offered by TAFE NSW. The composition of students from across the State engaged in training included:

- 9.1 per cent of working age people in New South Wales were enrolled in TAFE NSW in 2009 (Source: Australian Bureau of Statistics (ABS), 2006 Population Census);
- part-time students comprised 91.5 per cent of total enrolments;
- unemployed students comprised 22.3 per cent of total enrolments;
- of the total enrolments:
  - 48.2 per cent were in metropolitan institutes;
  - 43.7 per cent were in country institutes;
  - 8.1 per cent were studying through the Open Training Education Network (OTEN);
- those from a language background other than English (LBOTE) comprised 23.0 per cent of total enrolments;
- Aboriginal and Torres Strait Islander students comprised 5.8 per cent of total enrolments; and
- those with a disability comprised 9.3 per cent of total enrolments.

Governance systems are in place to monitor and review success against targets. TAFE NSW is audited annually. TAFE NSW also reports on funding and training to NCVER.

Increasingly, additional Commonwealth and State funding is offered contestably. Funding offered contestably does not always take into account the full costs of delivering to those who face disadvantage or may be in regional areas. This impacts on, and in some cases prohibits, TAFE NSW from effectively competing for these funds as it will include the costs of delivery in regional areas and to high needs learners.

TAFE NSW Institutes use any commercial surpluses they produce to support total training delivery. With the down-turn in the international student market, these surpluses are under threat and their loss will have an impact on the level of support provided to students. TAFE NSW does not cross-subsidise commercial delivery with government funding as suggested by the Draft Research Report.

### ***Private Providers***

The NSW Department of Education and Training, through its State Training Services, funds approved training providers to provide training to apprentices, trainees, job seekers and existing workers. There is a need to acknowledge the costs of delivery to those who face disadvantage. Hence, the non-commercial objectives of governments (Commonwealth and State), which encompass social justice and equity considerations, are targeted through financial loadings.



Under the **Apprenticeship and Traineeship Program**, the NSW Department of Education and Training sets a single hourly price per qualification per training participant. The hourly price rate ranges from \$7 to \$12 depending on the qualification level and course delivered. The price is a contribution towards the cost of delivery of training and is not a complete subsidy. The Department pays the training provider a loading in addition to the fixed price in the following circumstances:

- Small business – a loading of 20%
- Regional and rural locations – a loading of 15% where the address of the workplace of the apprentice or trainee is outside the Sydney or Illawarra Statistical Division or the Newcastle Statistical Sub Division
- Training with high equipment costs – a loading payment of \$550 per year for specific qualifications which the Department has identified as having very high equipment costs
- Equity groups – Indigenous people and people with a disability – a loading payment of \$400 for a Certificate II traineeship and \$800 for a Certificate III and a Certificate IV traineeship and apprenticeship.

This loading operates as a mechanism whereby training providers are compensated for pursuing the non-commercial objectives of the NSW and Commonwealth governments, for example, increasing the participation of Indigenous people in vocational education and training.

Under the **Strategic Skills Program**, training providers tender a price per training participant per contact hour in a qualification, unit of competency or course. A price loading may also be tendered in the following circumstances:

- Target groups - job seekers, young people (15-19) not enrolled in school and seeking enrolment in any qualification, young people (20-24) seeking enrolment in a higher level qualification than they have previously attained; Indigenous people, people with disabilities and workers that are aged 40 years and over;
- Class size - small class and single student; and
- Location type - regional and remote.

***The Commission seeks further input on whether VET-in-Schools teachers should be required to have the Certificate IV in Training and Education***

All teachers in NSW schools (both government and non-government) delivering VET courses to school students hold the Certificate IV in Training and Assessment since it became a mandatory training requirement in 1999. Negotiations are currently underway to determine the most cost-effective process to upgrade the general teacher qualification by 2012.

***The Commission seeks information on the ability of RTOs delivering the Certificate IV in Training and Assessment to significantly increase their scale of delivery while also improving quality and compliance. It would also welcome information on the ability of state and territory regulators to more intensively audit and enforce compliance in the event of an increase in the number of RTOs delivering the Certificate IV. Finally, the Commission seeks views on the***

***appropriateness of increasing from two to five years the transition period during which existing VET practitioners should be required to gain a full Certificate IV.***

New South Wales does not believe there will be an issue with RTOs increasing their scale of delivery of the new Certificate IV in TAE while ensuring appropriate quality measures are in place to underpin the integrity of the delivery.

As the current requirement allows VET practitioners to demonstrate equivalent competencies, most existing practitioners should be able to demonstrate they have these skills through their work practices and gain the new Certificate IV through an RPL process. The implication of this decision by the NQC is to significantly reduce the potential scale of training delivery necessary for the new Certificate IV TAE. As a consequence, there does not appear to be a need for RTOs to significantly increase their scale of delivery of the new Certificate IV in TAE.

A key emerging issue is not how to cope with the scale of delivery of the Certificate IV in TAE but how to ensure the quality of the delivery in the future to produce effective VET trainers/assessors. It will be the responsibility of the new national VET regulator to ensure this is the case.

A five year transition period is not necessary. The transition period should be two to three years at most. Existing VET practitioners will be able to demonstrate equivalent competencies through an RPL process rather than having to undertake the new Certificate IV in TAE. This process is likely to be achieved in a shorter time period than 5 years.

***The Commission would welcome information on the additional knowledge and skills required by VET practitioners delivering within workplaces, and evidence on whether or not the workforce has adequate capability in this area.***

The information provided in this response will focus on five key areas of additional knowledge and skills required by VET practitioners:

- Delivering training to disadvantaged students and people seeking higher level qualifications
- ICT skills
- Assessing RPL and RCC
- Work-based delivery
- Managerial skills

***Delivering training to disadvantaged students and people seeking higher level qualifications***

Research has shown a correlation between people from disadvantaged backgrounds and poor language, literacy and numeracy (LLN) skills. Consultation with stakeholders has revealed there is a shortage of RTOs with the capability to provide training in LLN skills. Uptake of the specialised LLN stream in the Certificate IV in TAE may need to be encouraged and monitored to ensure sufficient capability in this area.

The NSW Department of Education and Training is funding a project in aged care that supports the need for incorporating technical skills training with core language, literacy and numeracy skills because of the large culturally and linguistically diverse (CALD) worker population. The project creates a model and resources to integrate the level of language complexity as described in the national Australian Core Skills Framework (ACSF) core skills with Units of Competency in the aged care training package.

#### *ICT skills*

The currency of ICT skills is an issue for VET practitioners. The Arts Communications Finance Industries and Property Services (ACFIPS) Industry Training Advisory Body has advised that the new information technology training packages (ICT 10 Telecommunications and the proposed ICA11 Information Technology) introduce a number of emergent technologies which many of the trainers and assessors using the ICT02 training package will not have been exposed to. New emergent technologies where there are shortages in skilled trainers and assessors include Optical Networks, Wireless Networks and Network Engineering.

The NSW Department of Education and Training is considering funding a training strategy to up-skill trainers and assessors to deliver qualifications in the new training packages. The training strategy is envisaged as an industry-wide continuing professional development strategy for ICT trainers and assessors working in private and public RTOs, VET in school and industry.

#### *Assessing RPL and RCC*

A capability gap has been observed for some VET practitioners in this area. There is a need for RTOs to have skills in:

- training needs analysis
- the ability to develop a gap training program
- the unpacking of training packages and specific qualifications, and
- assessment, validation and moderation.

The COAG RPL funding (2008-2010) has improved practice and uptake in NSW. Free online materials are available to guide RPL/RCC practice, both generic RPL practice and by industry on the NSW site SkillsOnline ([www.training.nsw.gov.au/skillsonline](http://www.training.nsw.gov.au/skillsonline)) and professional development workshops are also available to assist in this area.

#### *Work-based delivery*

NSW audit activity would indicate that practice is poor for work-based delivery and the workforce needs to develop additional capability. To this end an additional professional development program was implemented in 2010 by the NSW Department of Education and Training for all training providers on Workplace Learning.

#### *Managerial skills*

Consultations conducted by the NSW Department of Education and Training have found VET practitioners would benefit from additional managerial skills in the

following areas:

- planning, developing and reviewing training programs
- negotiation and conflict resolution skills
- skills in monitoring to ensure training programs are progressing according to the contracted training requirements
- skills in workforce planning and development.