Future Focus:
Implications for vocational education and training

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Future Focus

Realising Australia’s growth potential through a highly skilled and adaptable workforce where skills are used effectively to meet the increasingly complex needs of industry and that individuals are able to fulfil their potential.
Approach to the 2013 strategy

Scenario
- Plausible worlds (but not predicting the future!)

Modelling
- Projections of demand & supply side implications of the scenarios

Analysis
- Analysing the uncertainty, commonality, differences and risks of the scenarios

Strategy
- The policy recommendations balance aspirational goals and risks, after assessing key differences between the scenarios

Each process informs the next
The four scenarios

Flexible migration

Varying fiscal capacity

Fluctuating labour participation

Slightly differing industry structures

Commonalities

- Ageing population
- Importance of Asia
- Technology
- Sustainability challenge
Australia will need a more highly skilled and qualified workforce

Total qualifications held by persons employed, unemployed and not in the labour force, by scenario and qualification level (‘000)

<table>
<thead>
<tr>
<th>Qualification held</th>
<th>2011</th>
<th>2025 ('000)</th>
<th>Average annual change 2011–25 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Long boom</td>
<td>Smart recovery</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>1,588.0</td>
<td>3,104.7</td>
<td>2,714.9</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>4,126.3</td>
<td>7,256.9</td>
<td>6,475.3</td>
</tr>
<tr>
<td>Advanced diploma/Diploma</td>
<td>2,299.5</td>
<td>3,842.3</td>
<td>3,428.2</td>
</tr>
<tr>
<td>Certificate III &amp; IV</td>
<td>3,597.6</td>
<td>6,195.8</td>
<td>5,323.0</td>
</tr>
<tr>
<td>Certificate I &amp; II</td>
<td>1,563.1</td>
<td>2,079.2</td>
<td>1,914.9</td>
</tr>
<tr>
<td>Total</td>
<td>13,174.6</td>
<td>22,479.0</td>
<td>19,856.4</td>
</tr>
</tbody>
</table>

Industry continues to demand higher level qualifications

- Higher skilled jobs are projected to grow at around 1.6 times the rate of low skilled jobs in a range of scenarios.

- An additional 1.7 million* people with qualifications at Certificate III or above are expected to be needed in the workforce from 2011 to 2015 under a high growth scenario.

- This comprises both employment growth and replacement.

- 39% of workforce will be professionals and managers

- Service industries will experience largest increase

- Lower level qualifications still valuable, with caveats

*The 1.7 million figure is comprised of an additional 1.23 million employed people through employment growth holding Certificate III or above, and almost 450,000 people holding Certificate III or above to replace people who have left the workforce.
## Jobs of the Future - Top 30 Employing Occupations in 2025

<table>
<thead>
<tr>
<th>Registered Nurses</th>
<th>Retail Managers</th>
<th>Secondary School Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drillers, Miners and Shot Firers</td>
<td>Sales Assistants (General)</td>
<td>Private Tutors and Teachers</td>
</tr>
<tr>
<td>Electricians</td>
<td>Office Managers</td>
<td>General Managers</td>
</tr>
<tr>
<td>Construction Managers</td>
<td>Receptionists</td>
<td>Welfare Support Workers</td>
</tr>
<tr>
<td>Livestock Farmers</td>
<td>General Clerks</td>
<td>Real Estate Sales Agents</td>
</tr>
<tr>
<td>Aged and Disabled Carers</td>
<td>ICT Managers</td>
<td>Commercial Cleaners</td>
</tr>
<tr>
<td>Nursing Support and Personal Care Workers</td>
<td>Software and Applications Programmers</td>
<td>Contract, Program and Project Administrators</td>
</tr>
<tr>
<td>Child Carers</td>
<td>Sports Coaches, Instructors and Officials</td>
<td>Advertising and Sales Managers</td>
</tr>
<tr>
<td>Generalist Medical Practitioners</td>
<td>Kitchenhands</td>
<td>Chief Executives and Managing Directors</td>
</tr>
<tr>
<td>Accountants</td>
<td>Waiters</td>
<td>Human Resource Managers</td>
</tr>
</tbody>
</table>

Source: DAE modelling of AWPA scenarios
How do we prepare for the future?

• Invest in skills
• Lift labour force participation
• Raise literacy and numeracy skills
• Encourage adaptive capacity
• Strengthen quality in tertiary sector
Enabling individuals and the tertiary system to be more adaptive

- **Individual transitions**
  - Lifelong career development and ongoing learning

- **Quality and responsiveness**
  - Meet industry and individual needs in a demand led system while maintaining quality

- **Work integrated learning**
  - Better links with industry and expand work based learning

- **New learning paradigms**
  - Support innovation and professional development to develop a flexible, adaptable VET workforce

- **Integrated sector**
  - Improve interface between HE and VET to provide consistency in funding and articulation

- **ICT**
  - Embed new technologies to reflect international best practice
Teasing out what this means:

• For VET
• for TAFE
• for TAFE managers
VET and Demand-based models

• Nationally and internationally there has been a shift in public policy to more demand-driven models of public service provision.

• Demand-based models are more competitive than planning and purchasing models.

• The Productivity Commission’s 2005 review of Australian competition policy reforms found they had had overall positive impacts, including in the areas of service innovation, responsiveness and choice for users.
Skills for Prosperity Recommendation:

a) Introduction of individual and enterprise demand-based funding

b) Entitlement to public subsidy on the following basis:
   • Full public subsidy for all courses up to and including certificate III and all foundation courses
   • Partial public subsidy for Certificate IV and above as well as income contingent loans
   • No restriction based on current qualification
   • Should not occur until recommended quality provisions are in place

c) Provisions to exclude, cap or introduce incentives for certain courses in line with the SpOL

d) Maintenance of base funding to enable public providers to fulfil a public good role.
The role of the public provider in states

• Variability within states’ VET reforms

National Partnership: *Enable public providers to operate effectively in an environment of greater competition, recognising their important role*

**Victoria**
- Public subsidy is the same regardless of public or private RTO status.
- Funds for structural readjustment of TAFE Victoria

**South Australia**
- Higher entitlement subsidies for TAFE SA
- Community service training purchased directly if applicable

**Queensland**
- All training to be fully contestable by 2014
  - TAFE Qld as an independent statutory body
- Transfer of TAFE Qld assets to specialised management entity

**NSW**
- Separate funding in addition to contestable funding in exchange for training in skills needs, disadvantaged learners, purchased services etc
Demand-based VET in practice

Demand-based VET entitlement is being rolled out in various formats and at different stages in the States and Territories, none align fully with AWPA’s recommendation...

**Victoria**  
(began July 2009)  
Partial public subsidy at any level  
Restrictions based on age and current qualification

**South Australia**  
(began July 2012)  
Full subsidy up to Cert II and critical skill needs  
Partial subsidy for Cert III and above  
Restrictions based on current qualification

**Queensland**  
(began July 2013)  
Partial public subsidy for Cert III, foundation courses and Cert I and II leading to the Cert III.  
Restricted to first Cert III

**Northern Territory**  
(Began July 2013)  
Full subsidy for Cert III and above  
Capped access for those who already have Cert III or higher
The Positive Impacts of Demand-based VET

Between 2008 and 2012 Victoria Reported:

- 73% increase in student numbers
- 81% increase in courses leading to ‘in-shortage’ occupational areas
- 283% increase in foundation courses
- 184% increase in unemployed students
- 68% increase in students with a disability
- 42% increase in indigenous students
- $1 billion per annum increase in VET expenditure

Challenging times for public providers – the fast growing private providers

In Victoria Between 2008 and 2012:

- Government funded delivery by TAFE providers grew 11%
- Domestic full fee TAFE enrolments grew 40%
- But TAFE’s share of government funded enrolments decreased from 66% to 42%.
- Government funded delivery by private RTOs grew 472%
# TAFE Vic- shares of public subsidy

## Victorian Enrolment shares, 2011

<table>
<thead>
<tr>
<th>Subsidy Band (selected examples)</th>
<th>Subsidy range per hour of training delivery $</th>
</tr>
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<tbody>
<tr>
<td>Band A (e.g. apprenticeships)</td>
<td>&gt;$10</td>
</tr>
<tr>
<td>Band B (e.g. foundation skills, Cert III Aged Care)</td>
<td>$7.50-$10</td>
</tr>
<tr>
<td>Band C (e.g. Diploma of Children’s Services)</td>
<td>$5-7</td>
</tr>
<tr>
<td>Band D (e.g. Diploma of Graphic Design, Diploma of Events)</td>
<td>$2-$4.50</td>
</tr>
<tr>
<td>Band E (e.g. Diploma of Fitness, Cert II in Process Manufacturing)</td>
<td>&lt;$2</td>
</tr>
</tbody>
</table>

**Source:** Presentation by Kym Peake, Deputy Secretary DEECD for VTA conference, 18 May 2012
Issues for TAFE managers— a personal view
How might TAFE respond?

Areas of competitive strength

- Established role in apprenticeship training
- Infrastructure, capital assets
- TAFE brand
- TAFE workforce capabilities
- Quality – but can it be demonstrated?
- Centres of excellence
- Industry links
Contested Areas

- Higher education courses and qualifications
- Skills broadening and skills deepening for existing workers
- Off campus delivery
- International students
Demand for TAFE in a more competitive environment

Why will students and employers choose TAFE in preference to a private provider for publicly subsidised courses?

- Accessibility?
- Lack of alternative?
- Reliability?
- Known quantity?
- Equity?

- Value for money?
- Quality?
- Better employment outcomes?
TAFEs won’t survive, warns retiring chief

JOHN ROSS

TAFES could disappear entirely from some states in less than a decade, former Holmesglen Institute supremo Bruce Mackenzie and TAFEs are vulnerable at the moment. There have been no reviews; no interest by any governments, Labor or Liberal.

“Unless there’s some sort of strong commitment, they won’t survive. They can’t survive.”

also feature the first TAFE-based clinical chair, and could lead to the first TAFE postgraduate qualifications.

Mr Mackenzie said the proposal exemplified the potential of TAFEs as economic and social

The Australian  2 October 2013
1. Business strategy

- Other TAFE’s – compete or collaborate? Other partners? Private RTOs/HE?
- Striking the balance between
  - commercial and publicly subsidised
  - local, national and international focus
- Demand led - understanding the opportunities and threats
2. Business skills
   • Risk management
   • Commercialisation
   • Financial acumen eg costing

3. Workforce Development – your own and others

4. Marketing
   • User friendly websites with information on fees and other key information
   • If you have good KPIs broadcast them!
Summary

• VET is changing, TAFE too must change

• TAFE has advantages over private providers (brand, tradition) but must harness new opportunities eg:
  – Tapping in to overall VET growth
  – Particular areas of growth as predicted in Future Focus
  – Individual training: international, domestic fee for service, subsidised
  – Workforce training: eg National Workforce Development Fund
Summary

Challenges

• leadership and management of staff
• demonstrating educational quality
• increased business acumen
• leveraging assets
• marketing
• strategic planning
• new partnerships and alliances,
• better and deeper industry links
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Thank you