

AUDITOR-GENERAL'S REPORT

PERFORMANCE AUDIT

Ageing Workforce – Teachers

Department of Education and Training



The Legislative Assembly
Parliament House
SYDNEY NSW 2000

The Legislative Council
Parliament House
SYDNEY NSW 2000

In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Ageing Workforce - Teachers: Department of Education and Training**.

A handwritten signature in black ink that reads 'Peter Achterstraat'.

Peter Achterstraat
Auditor-General

Sydney
February 2008

State Library of New South Wales cataloguing-in publication data

New South Wales. Audit Office.

Performance audit : ageing workforce - teachers : Department of Education and Training / The Audit Office of New South Wales.

978-1921252-129

1. New South Wales. Dept. of Education and Training - Auditing. 2. Age and employment - New South Wales - Auditing. 3. Older people - Employment - New South Wales - Auditing. 4. Teachers - Supply and demand - New South Wales - Auditing. 5. Technical education teachers - Supply and demand - New South Wales - Auditing. I. Title: Performance audit : ageing workforce - teachers : Department of Education and Training. II. Title: Ageing workforce - teachers : Department of Education and Training. III. Title: Auditor-General's report : ageing workforce - teachers : Department of Education and Training.

331.12313711009944

371.1009944

© Copyright reserved by The Audit Office of New South Wales. All rights reserved. No part of this publication may be reproduced without prior consent of the Audit Office of New South Wales.

Contents

Foreword

Executive summary	1
1 Introduction	9
1.1 Ageing workforce	10
1.2 Impact on public sector workforce	10
1.3 Risks to agencies	11
1.4 NSW State Plan	12
1.5 Mature Workforce Policy and Guidelines	14
1.6 Deferred retirement policies and measures	15
2 School Teachers	17
2.1 School educational services	19
2.2 Identifying and assessing the impact	20
2.3 Developing new measures	24
2.4 Dealing with the impact	30
3 TAFE Teachers	37
3.1 TAFE educational services	39
3.2 Identifying and assessing the impact	40
3.3 Developing new measures	42
3.4 Dealing with the impact	46
Appendices	49
Appendix 1 About the audit	50
Appendix 2 TAFE NSW Workforce Development and Sustainability Plan 2007-2010	52
Performance Audits by the Audit Office of New South Wales	55

Foreword

NSW is faced with an ageing population and an ageing workforce.

NSW Government agencies are faced with changes in the demand for their services as the population ages. Demand is expected to increase for some, and decline for others. The agencies also have an increasingly aged workforce.

This brings new management challenges and the risks to agencies include:

- the loss of large numbers of people and their associated knowledge and skills to retirement over a short period of time
- the need to replace this loss at a time of contracting labour growth, resulting in an increasingly competitive labour environment
- higher levels of attrition amongst younger workers with the potential for escalating rates of attrition as the baby boomer generation retires.

This audit examines how one large agency, the NSW Department of Education and Training, is managing the impact of an ageing teacher workforce on the services it delivers.

In 2003-04, 47 per cent of teachers were aged 45-64, the highest proportion of mature age workers in any occupation. We wanted to see what this would look like in future years. Departmental aggregate projections indicating an oversupply overall in schools can mask shortages at specific schools and in specific subject areas, such as mathematics and science. Projections for TAFE NSW Institutes typically only look forward a year.

The report follows a previous audit report that looked at another critical area. Our December 2006 report on *Attracting, Retaining and Managing Nurses in Hospital* reviewed the efforts of NSW Health in managing the supply of nursing resources at four major hospitals.

I believe it will help to inform agencies of better practice, at a time when the availability, efficiency and effectiveness of human capital are receiving increased attention.

Peter Achterstraat
Auditor-General

February 2008

Executive summary

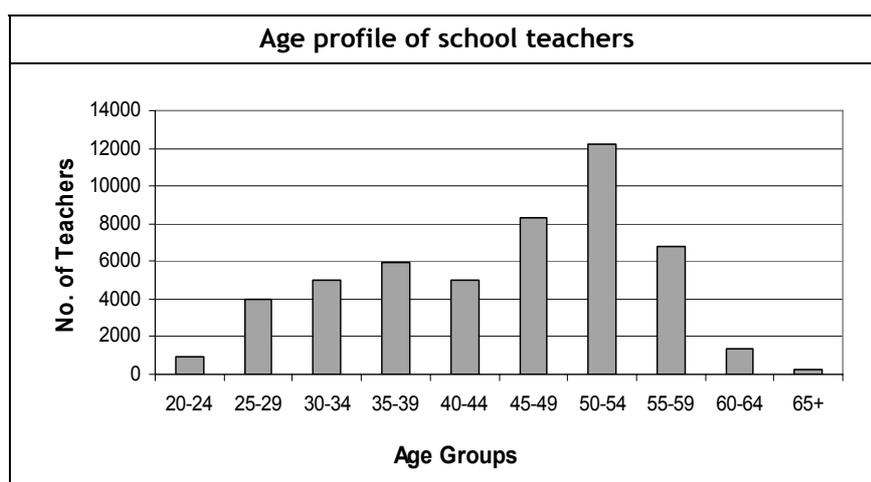
The focus of our audit

NSW State agencies are faced with changes in the demand for their services as the population ages. Demand is expected to increase for some, and decline for others. They also have an increasingly aged workforce facing retirement.

The NSW State Plan highlights the importance of improving workforce capability and reducing the risk of shortages. The NSW public sector has had a major focus on:

- strategic workforce planning - the Department of Premier and Cabinet workforce planning guide indicated that workforce planning should look at least 3-5 years into the future, with milestones for reviewing expected outcomes
- pilot strategies and products to retain mature age workers and retain the critical knowledge and skills of staff who retire.

In 2003-04, 47 per cent of teachers were aged 45-64, the highest proportion of mature age workers in any occupation. The following graph shows the large proportion of mature aged school teachers.



Source: Department of Education and Training, Workforce Profile 2007.

The supply of teachers in subject areas such as science, mathematics and technology and applied studies has been the subject of a number of reports at the state, national and international levels. For example, a recent survey by the Australian Council for Educational Research has suggested that there are current shortages Australia-wide in a number of specific areas in primary and secondary schools.

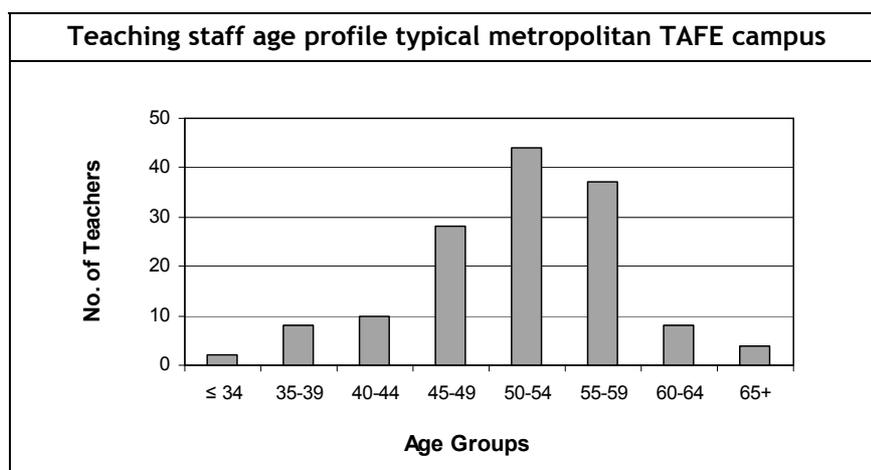
The Department's seven year workforce planning projections indicate:

- an adequate supply of primary teachers in all geographical locations, except for a small number of positions in specific geographical locations
- an adequate overall supply of secondary teachers except for teachers of mathematics, science, and technological and applied studies, with some shortages in English in isolated NSW, and some positions in particular geographical locations.

The TAFE workforce is also faced with a tightening labour market, an ageing workforce, and the need to shift its focus from vocational education and training to the broader concept of 'workforce development'.

TAFE has indicated that it needs to find new ways to provide its services, particularly for those members of the community looking to re-enter the workforce. To address this, it has developed a consultation document *TAFE NSW Doing Business in the 21st Century*.

The following graph highlights the concentration of mature aged workers at a major metropolitan TAFE campus.



Source: Department of Education and Training.

Our audit has focused on how the NSW Department of Education and Training including TAFE NSW is managing the impact of an ageing workforce on the educational services it delivers.

Specifically we examined whether:

- the impact of an ageing teaching workforce on the delivery of educational services had been identified and assessed
- policies and measures had been developed to reduce the impact of an ageing teaching workforce
- the Department is dealing with the impact of an ageing teaching workforce on its educational services.

Audit opinion

The Department of Education and Training including TAFE NSW is faced with:

- the loss of large numbers of retiring teachers and their associated skills
- the need to replace this loss in an increasingly competitive labour environment.

While the overall impact of the ageing workforce is likely to be gradual, there is still a risk of shortages. This will particularly apply to specialist secondary school teachers and TAFE teachers in certain skill sets or at specific locations.

TAFE NSW has identified, and has started to assess, the potential impact of the ageing teacher workforce. It is starting to use age profile and retirement data to focus on teaching skills most at risk. For schools, the Department already uses age profile and retirement data to project future supply and demand to assess the likely impact and identify potential shortages.

The Department has focused considerable effort on recruiting and retaining younger teachers. There is also a focus on attracting new teachers to areas of critical shortage and improving the quality of teaching for new teachers.

There is a limited but increasing focus on retaining the critical knowledge and skills of staff who are about to retire. There are also moves to introduce phased retirement. There is good guidance material available from the Department of Premier and Cabinet on workforce planning and mature aged retention strategies.

We encourage the Department including TAFE NSW to continue to develop:

- a clearer picture of how big and where its shortages are likely to be
- new measures to address potential shortages in the workforce
- additional ways of encouraging mature aged teachers to stay on particularly in targeted areas of shortage.

Key findings

School Teachers

Identifying and assessing the impact

As part of its overall workforce planning process we found that the Department uses age profile and retirement data as well as a number of other factors to assess the impact of the ageing teacher workforce. We see scope for improved information on retirement intentions to get a more accurate assessment of the impact of the ageing teacher workforce.

We also found that the Department focuses on the geographical areas and teaching skills most at risk and projects future supply and demand to assess the likely impact and identify potential shortages at an aggregate level. While the Department has found its workforce planning process to be reliable over a number of years, we see scope for more localised impact, risk assessment and reporting, as this is where shortages will first appear.

Developing new measures

The Department has a major focus on attracting and recruiting new teachers to the profession. There is also a considerable focus on attracting new teachers to areas of critical shortage and improving the quality of teaching for new teachers.

The Department has implemented the following strategies to address workforce issues:

- the provision of up to 230 Teacher Education Scholarships per year for students who wish to be employed as secondary teachers in mathematics, science, technological and applied studies or English
- an Accelerated Teacher Training Program which targets people with current industry knowledge and expertise who would make excellent teachers in potential shortfall areas
- teacher retraining in areas of need.

The Department regularly advises Deans of Education in all NSW and ACT universities of the Department's permanent teacher demand and supply needs. In particular the Department continues to advise the Deans of Education of its view of an oversupply of primary teachers.

There is limited but increasing proactive corporate focus towards retaining the critical knowledge and skills of staff who are about to retire or mature age staff in critical areas of shortage. The Department is currently in the process of finalising "Phased Retirement Guidelines". We see this as a positive step towards addressing the challenges of the ageing workforce in the Department.

Dealing with the impact

Whilst the Department projects demand and supply on a seven year basis, which is reviewed annually and updated when required, we found that there was scope for more detailed action plans:

- focusing on the medium term outlook for their most critical skill sets/areas
- showing how strategies will deal with workforce issues and gaps
- targeting the participation and retention of staff for critical skill sets/areas, such as mature-age workers, through specialised strategies.

By using such an approach, the Department could provide better assurance that present efforts will be as adequate for the future as they have been in the past.

There could be a risk that Departmental aggregate projections indicating an oversupply overall could mask shortages at specific school levels, although the Department regularly reviews the data to mitigate this.

The Department has a range of strategies to mitigate against potential shortfalls, for example teacher education scholarships, and we found some formal evaluations of their effectiveness. We see scope to do more of this, particularly in relation to staffing critical areas of shortage.

TAFE Teachers

Identifying and assessing the impact

We found that the Institutes are increasingly focused on identifying those trades and skill areas most at risk, particularly in the light of changing requirements to suit industry needs. Some Institutes are then projecting future supply and demand to assess the likely impact and identify potential shortages. We see scope for more systematic assessment of this kind, looking further ahead, particularly in critical skill areas and locations.

Developing new measures

We found that TAFE Institutes have focused considerable effort on the recruitment and retention of younger teachers. An emerging area of focus is succession planning. 'Managing to retirement' is emerging as an area of focus for the future. The Department is currently in the process of developing "Phased Retirement Guidelines".

TAFE Institutes are able to offer a range of flexible work options. These tend to be negotiated on an individual basis.

We found TAFE Institute management interested in learning more of Government policy and guidelines and better practice in relation to the mature age workforce. Some Institutes are already looking at phased retirement options, alumni associations and similar measures in recognition of their ageing workforces.

We see potential for TAFE NSW Institutes to be more proactive in modelling new practices to:

- retain mature age staff in critical skill areas
- retain the critical knowledge and skills of staff who retire
- establish organisational practice and culture whereby this is achieved
- promote its use of flexible workforce practices.

Dealing with the impact

Institutes have commenced developing workforce capability development plans, but workforce planning typically only looks forward a year. In our view TAFE Institutes need to strengthen their workforce planning capability with targeted workforce action plans focused on the medium term outlook for their most critical skill sets/areas.

Recommendations

Identifying and assessing the impact

We recommend that the Department including TAFE NSW develops a clearer picture of its future workforce and potential risk areas by:

- improved information on retirement intentions with more frequent use of on-line retirement intentions surveys
- more localised impact, risk assessment and reporting, as this is where shortages will first appear
- further development of medium term (3 to 5 year) projections of the future supply and demand in critical areas of shortage.

(pages 24, 42)

Developing new measures

We recommend that the Department including TAFE NSW continues to develop new measures to enhance its workforce capability, such as by:

- encouraging the retention of mature age workers; for example by facilitating a phased retirement
- targeting the recruitment of mature age workers from industry, such as by accelerated teacher training program
- increasing its focus on knowledge continuity, where critical skills are mapped and mature workers take on a mentoring role to support younger staff
- keeping in touch with retired staff and drawing upon their skills, knowledge and expertise in filling short term vacancies (as proposed by the Alumni guidelines by Department of Premier and Cabinet)
- requiring exit interviews of retiring teachers as a matter of course.

(pages 30, 45)

Dealing with the impact

We recommend that the Department including TAFE NSW strengthen its workforce planning capability by:

- developing targeted workforce action plans, focusing on the medium term outlook for their most critical skill sets/areas
- subject to the establishment of a business case, targeting the participation and retention of staff for critical skill sets/areas, such as mature-age workers, through specialised strategies
- improving workforce management information on emerging shortages, take-up of new programs, and effects of policy measures
- routinely evaluating the success of its workforce programs to ensure that successful programs are enhanced, new programs developed in timely fashion, and ineffective programs discontinued or modified.

(pages 35, 48)

It is also recommended that the Department continues to advise universities and relevant Commonwealth Government departments of the Department's permanent teacher demand and supply needs. In particular its view of an oversupply of primary teachers and the need for additional teacher education places in areas of shortfall (page 35).

As TAFE shortages in particular are likely to have state-wide implications, our view is that it also needs to report annually to the Public Sector Workforce Office on critical areas of need, with specific plans for addressing problem areas (that may or may not involve mature age workers) (page 48).

Response from the Department of Education and Training

I refer to your letter dated 18 December 2007 about the Final Report, Performance Audit, Ageing workforce - teachers. Thank you for the invitation to comment on the report.

The Department of Education and Training welcomes the opportunity to share with other agencies some of the strategies and practices to address the challenges of an ageing workforce.

I am pleased that the report recognises the substantial work we undertake to estimate and address potential teacher shortages in the coming years.

We have for many years accurately forecast the future demand for, and supply of, school teachers.

As the report found, our interventions to address potential shortages have been effective, including teacher education scholarships, the teach.NSW campaign and retraining programs.

Despite our success we are not complacent. We constantly monitor, and as need be respond to, developments in teacher education and demand for teachers in other schools in NSW, elsewhere in Australia and internationally.

The report highlights opportunities to introduce additional measures to encourage mature aged teachers to stay on.

We are, for example, now finalising guidelines for phased retirement. These will advise staff on their options to phase into retirement and issues for them to consider. They will guide managers on how to help staff wanting to step-down gradually from full-time work.

The report's recommendations focus on three key areas:

- *developing a clearer picture of future workforce and potential risk areas;*
- *developing new measures to enhance workforce capability; and*
- *strengthening workforce planning capability.*

I am pleased to accept the thrust of these recommendations as we already concentrate effort and resources in these areas, especially in workforce planning for school teachers.

I would like to acknowledge the efforts of our staff who develop, implement and support the policies and practices which ensure NSW public schools are staffed by quality teachers.

I would also like to recognise the invaluable contribution of our teachers in public schools and TAFE to the lives and futures of so many people in NSW and the cohesion, prosperity and success of our whole community.

Finally I would like to thank the staff of the Audit Office for their professional and collaborative approach to the conduct of this audit.

(signed)

*Michael Coutts-Trotter
Director-General of Education and Training
Managing Director of TAFE NSW*

Dated: 25 January 2008

1 Introduction

1.1 Ageing workforce

Factors such as the declining birth rate, increasing life expectancy and the ageing of the “baby boomers” are increasing the age profile of Australia’s population.

In NSW the proportion of the population aged 65 years or more will almost double from 13.7 per cent in 2005 to 24.8 per cent in 2044. The number of NSW residents aged 65 or more will increase from less than 1 million in 2005 to over 2 million by 2044. This will have a significant impact on the demand for, and the delivery of government services.

For similar reasons the workforce has also been ageing, but over the past two decades the workforce (and especially the full-time workforce) has been ageing at a rate faster than the general population.

This audit focuses on the education sector. Workers in education are amongst the oldest workers in Australia. In 2004 when the average age of all Australian workers was 38.6 years, the average age of workers in the education sector was 43.4 years (the oldest of any industry sector).

Exhibit 1: Age of Australian teachers compared to some other industry sectors	
Industry	Average age in years
Construction	38.1
Accommodation, cafes and restaurants	33.4
Finance and insurance	37.7
Property and business services	39.0
Education	43.4
Health and community services	41.7

Source: ABS Labour Force Survey 2004.

Risk to the State’s economy

The ageing workforce represents a major risk to the State’s economy. The labour force participation rate is expected to fall. This will slow economic growth. Additional pressures may also arise from longer term population ageing trends impacting on demand for public services, particularly in health and aged care.

1.2 Impact on public sector workforce

Shortfall of public sector workers

Workforce projections indicate that there are likely to be shortfalls of public sector workers, depending on which assumptions are used regarding recruitment and labour force participation.

The NSW public sector workforce is about 10 years older than the workforce overall. A significant proportion of employees are in defined benefit superannuation schemes that pay early retirement benefits from the age of 55 years. Approximately half of these employees are in the health or education sectors. It is expected that over the next five to ten years, as they approach 55 to 60 years of age, many will retire from the workforce. This is expected to cause a major loss of skills and knowledge.

In 2005 the Public Sector Workforce Office conducted a *Retirement Intentions Survey*. The survey was open to over 61,000 NSW public sector employees aged 45 years and over. There were 18,711 responses to the survey, a response rate of just over 30 per cent of eligible employees.

The survey found that 27 per cent of respondents intended to retire from the public sector in less than five years. An additional 30 per cent intended to retire from the public sector in the next five to ten years. Many respondents said they would work longer if they were not disadvantaged by the requirements of their superannuation scheme.

1.3 Risks to agencies

The risks to agencies have been identified as:

- the loss of large numbers of people and their associated knowledge and skills to retirement over a short period of time
- the need to replace this loss at a time of contracting labour growth, resulting in an increasingly competitive labour environment
- higher levels of attrition amongst younger workers with the potential for escalating rates of attrition as the baby boomer generation retires
- health and wellbeing risks associated with manual and/or stressful work for those with long tenure
- blocked career paths for people in their early or mid career stage due to the significant representation of older people.

Agency impact

The impact on agency workforces is hard to predict. It will depend on a range of factors including changes in demographics, labour market, technology, government priorities and policies.

Adding to the complexity, agencies have a range of options to deal with the impact, including:

- increasing recruitment action
- increasing emphasis on staff development
- improving workforce participation, retention and motivation.

Strategic workforce planning

With this in mind, the NSW public sector has had a major focus on strategic workforce planning since 2003.

The labour market is tightening with labour shortages already emerging in certain occupations. This trend is expected to become more critical as baby boomers reach retirement age. It is imperative that the NSW public sector is prepared well ahead of time in order to manage the impact of these changing demographics.

Source: *NSW Public Sector Workforce Planning Strategic Framework and Action Plan 2004-2006*.

Workforce planning will be critical to the NSW public sector as it manages the generational change taking place in the workforce over the next 10-15 years, labour market supply and demand factors, work and family considerations, and equity and diversity issues.

Source: Department of Premier and Cabinet, *Workforce Planning: a Guide*, 2003.

The Department of Premier and Cabinet's workforce planning guide indicated that workforce planning should look at least 3 - 5 years into the future, with milestones for reviewing expected outcomes.

The *NSW Public Sector Workforce Planning Strategic Framework and Action Plan 2004 - 2006* outlined the major projects, programs and activities underway to develop a whole of government capability framework.

These included:

- specific strategies to assist agencies build their workforce planning capability
- workforce projections to give advanced warning of where the hot spots are likely to be
- finding ways to allow mature age employees to phase their retirement to progressively take on less responsibility, work shorter hours and have access to other more flexible working arrangements
- examining changes to superannuation schemes to allow for phased retirement.

1.4 NSW State Plan

The NSW State Plan highlights the importance of improving workforce capability and reducing the risk of shortages.

The NSW public sector must build on its skills and capabilities to implement the State Plan. Government is not immune to the skills shortage affecting the rest of the economy, nor to the fast changes taking place in the way business is being done around the world. Therefore, it must invest wisely in building the capabilities of its staff and systems.

Source: NSW State Plan, *A New Direction for NSW*, November 2006.

The NSW State Plan incorporates the Government's support of the Council of Australian Governments (COAG) *National Reform: Human Capital* agenda.

Actions we are already committed to:

Taking a lead role in COAG negotiations regarding human capital and innovation - these being key drivers of future productivity growth

Source: NSW State Plan, *A New Direction for NSW*, November 2006.

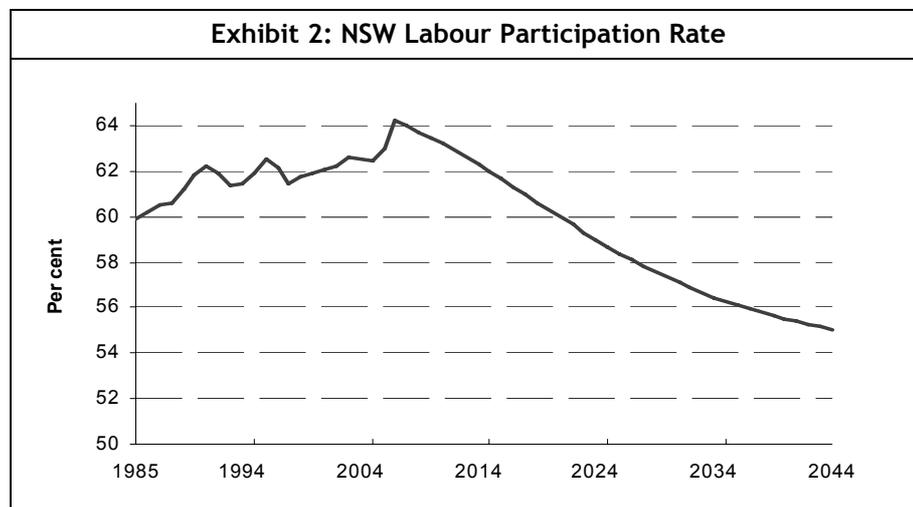
Falling workforce participation

The COAG meeting on 10 February 2006 noted that:

the workforce participation of Australians drops off more sharply than many other nations after the age of 55. With an ageing population, we can no longer afford to lose the valuable skills and experience that older workers offer to business, the economy and society. Living longer provides opportunity to work longer for those who are willing and able to. Policies need to support and promote ongoing attachment to the labour market.

Source: Council of Australian Government's (COAG), *National Reform Agenda: Human Capital Stream*, report to COAG 10 February 2006.

The NSW Treasury has forecast that the aggregate labour force participation rate will decline significantly due to the assumed lower participation rates of the growing numbers of those aged 65 and over - as shown below:



Source: NSW Treasury, *NSW Long-Term Fiscal Pressures Report 2006-07*, Budget Paper No. 6.

Improving the participation of mature age workers

COAG's meeting on 10 February 2006 agreed to a number of measures to enhance productivity and participation. These include:

- that the new national reform agenda should be based on an overarching theme of enhancing productivity and participation, with human capital as a key component
- the principle that all governments should pursue strategies to improve the workforce participation of key groups such as those on welfare, mature age and women
- that the performance of all governments in pursuing these outcomes will be subject to measurement and reporting against appropriate progress measures.

Source: Council of Australian Government's, *National Reform Agenda: Human Capital Stream*, 10 February 2006.

1.5 Mature Workforce Policy and Guidelines

A continuing reliance on the recruitment and retention of younger workers may not be sustainable, given the ageing population and an increasingly tight labour market.

The NSW Government's *Mature Workforce Policy and Guidelines* recognised the need for strategies for a mature workforce as early as 1998:

Agencies to develop mature workforce strategies

Agencies will benefit in many ways by developing and implementing strategies to retain the skills and experience of mature-aged employees. Specific benefits may include:

- retention of valuable knowledge and expertise
- a committed and highly skilled workforce
- reduced staff turnover
- increased productivity through fewer absences from work and greater job satisfaction
- the provision of role models for younger staff, building on the positive work ethic and greater reliability of older workers
- the best person employed in every job.

Source: NSW Government, *Mature Workforce Policy and Guidelines*, August 1998.

The Government encouraged agencies to develop *Mature Workforce Programs* for their organisations and indicated that they may be asked to report on their progress in implementing such programs.

Chief executives to be responsible

Chief executives were to be held responsible for:

- developing and sustaining an employment culture which values the expertise of older employees
- developing new policies (such as flexible work practices and gradual retirement policies) to encourage older workers to remain in and contribute to the workforce.

The *Policy and Guidelines* pointed out that there were many flexible work options already available for NSW public sector agencies to use, including:

- part-time work
- job sharing
- part-time leave without pay
- career-break schemes
- part-year employment
- variable-year employment
- working from home
- varying hours of work
- short term absences for family and other responsibilities.

For agencies, the benefits of introducing flexible work practices include improved retention of skilled and experienced employees, reduction in recruitment and training costs through lower rates of employee turnover, a decrease in absenteeism and improvement in employee morale.

It also gives the employer the opportunity to utilise the skills and experience of older workers to train their replacements.

For the employee, flexible work arrangements such as partial retirement or reduced hours allow an easier transition out of the workforce than the abrupt change from full time work to full time retirement.

1.6 Deferred retirement policies and measures

Strong interest in phased retirement

The *Retirement Intentions Survey* found that there was strong interest in phased retirement.

Over 18,000 respondents provided additional phased retirement suggestions and there is a remarkable consistency in the alternatives offered. The main ideas include:

- phased retirement options that operate on months of the year or weeks in a month basis
- a desire for block periods of leave for travel, including extended leave on half-pay
- using consultancy or contract work after retirement to transfer back knowledge and expertise
- establishing a pool of retired public sector workers who could fill gaps, undertake short term project work, assist in learning and development or provide coaching to new employees.

A large number of respondents also commented on part-time work. There is overwhelming support for greater access to part-time work as a phased retirement option, but many suggested that part-time work may have a 'stigma' associated with it that could impede the take-up rate.

Source: Department of Premier and Cabinet, *Retirement Intentions Survey: Report and Findings*, June 2006.

The survey found that with the right policies in place, public sector employees would delay their retirement. For example:

- some 72 per cent of those intending to retire in the next five years would defer their retirement (if they could reduce their hours without reducing their superannuation) and 97 of this group would work for two more years
- of those who would work for two years or more, nearly half would continue to pay superannuation at the full-time rate if they were working part-time.

Development of pilot strategies

The *Mature Workforce Retention Project 2006* was initiated by the Office for Ageing in the NSW Department of Ageing, Disability and Home Care (DADHC) and progressed through a partnership with the Public Sector Workforce Office. A number of NSW public sector agencies participated in the project. The project provided the impetus for each agency to design and pilot strategies and products to:

- retain staff to provide essential services
- retain the critical knowledge and skills of staff who retire
- establish organisational practice and culture whereby this is achieved
- integrate mature workforce data into broader workforce planning.

This work incorporated analysis undertaken with the agencies and facilitated by the Public Sector Workforce Office and contractors, including:

- demographic reports for each of the agencies
- loss to retirement and retention cost benefit scenarios
- detailed analysis of the 2005 *Retirement Intentions Survey* findings for each agency
- a *Mature Worker Retention Plan* for each agency, including a communication and implementation strategy that will support an on-going process of organisational change.

Mature Worker Retention Plans

Plans for those agencies that participated in the project were finalised in June 2006 and each agency has commenced work to apply their retention initiatives.

While all plans are focused on workers aged 45 years and over, some agencies have targeted the retention of critical workforce skills within the agency.

In 2007 the Department of Premier and Cabinet also issued guidelines for *Alumni Programs*, as a way of maintaining links with former and retired employees. Such programs promote the transfer of skills, knowledge and expertise and strengthen links for recruitment or capability development purposes.

Internet site with specialist information

Another, continuing, legacy of the *Mature Workforce Retention Project* is the NSW Government Sage Centre at www.sagecentre.nsw.gov.au. The internet site provides specialist information and resources to assist agencies to manage the risks associated with the loss of critical skills and knowledge as staff transition to retirement. Agencies were encouraged to place a link to the Centre on their intranet and recommend the Centre to their staff.

Source: Premier's circular 2006 - 50, (Circular to all Chief Executives), *Launch of the NSW Government Sage Centre Internet Site, 2006*.

Changes to superannuation

A considerable amount effort is directed towards removing the barriers associated with superannuation schemes:

- Commonwealth changes introduced in July 2005 allow employees over the age of fifty-five to access part of their superannuation while they are still working
- superannuation benefits taken while still working must be taken as an income stream with limits to how much can be taken each year
- older New South Wales public sector employees who are covered by an accumulation superannuation scheme, such as First State Super, can participate in the transition to retirement
- transition to retirement is more difficult and potentially very costly to introduce in defined benefit schemes and, for example, has not been adopted in the Commonwealth Superannuation Scheme
- the Public Sector Workforce Office and Treasury are currently looking at whether older defined benefit scheme members could access part of their superannuation while working in a way that is cost neutral to Government. They are also looking at whether this would be administratively feasible.

2 School Teachers

At a glance

The key question we wanted to answer was:

How well is the NSW Department of Education and Training managing the impact of an ageing teacher workforce on the services schools deliver?

Our assessment:

The school teacher workforce is ageing. A teacher age profile shows that 41 per cent of school teachers are aged 50 years and over. Currently the average age of schools teachers is 45 years.

We found that the Department uses age profile and retirement data as well as a number of other factors to assess the impact of the ageing teacher workforce. We see scope for improved information on retirement intentions to get a more accurate assessment of the impact of the ageing teacher workforce.

We also found that the Department focuses on the geographical areas and teaching skills most at risk and projects future supply and demand to assess the likely impact and identify potential shortages at an aggregate level. Whilst the Department regularly reviews its projections, including the success of its targeted strategies, we see scope for more localised impact, risk assessment and reporting, as this is where shortages will first appear.

The Department has a major focus on attracting and recruiting new teachers to the profession. There is also a considerable focus on attracting new teachers to areas of critical shortage and improving the quality of teaching for new teachers.

There is increasing proactive corporate focus towards retaining the critical knowledge and skills of staff who are about to retire or mature age staff in critical areas of shortage across all areas of the Department. It has a range of strategies to support knowledge retention including mentoring strategies for principals and staff at all levels as well as induction at all levels. In addition the Department is currently in the process of finalising "Phased Retirement Guidelines". We see this as a positive step towards addressing the challenges of the ageing workforce in the Department.

Whilst the Department projects demand and supply on a seven year basis, which is reviewed annually and updated when required, we found that there was scope for more detailed action plans:

- focusing on the medium term outlook for their most critical skill sets/areas
- showing how strategies will deal with workforce issues and gaps
- targeting the participation and retention of staff for critical skill sets/areas, such as mature-age workers, through specialised strategies.

By using such an approach, the Department could provide better assurance that present efforts will be as adequate for the future as they have proven to be in the past.

There could be a risk that Departmental aggregate projections indicating an oversupply overall could mask shortages at specific school levels although the Department regularly reviews the data to mitigate this. The Department has a range of strategies to mitigate against potential shortfalls, including teacher education scholarships, and we found some formal evaluations of their effectiveness. We see scope to do more of this, particularly in relation to staffing critical areas of shortage.

2.1 School educational services

The Department of Education and Training is responsible for providing education for around 70 per cent of all school students in New South Wales at more than 2,200 locations throughout the State.

Around 750,000 students attend NSW government schools including pre-schools, primary schools, central schools, high schools, colleges and specialist schools.

There are around 50,000 permanent and 30,000 casual school teachers in the Department.

Due to the decline in birth rates, the demand for school education services is expected to fall. Consequently, there may be a slight decline in demand for both primary and secondary teachers.

Currently the Department's workforce planning projections indicate:

- an adequate supply of primary teachers in all geographical locations, except for a small number of positions in specific geographical locations; and
- an adequate overall supply of secondary teachers except for teachers of mathematics, science, and technological and applied studies, with some shortages in English in isolated NSW, and some positions in particular geographical locations.

These potential shortages are likely to intensify due to the imminent retirement of large numbers of experienced teachers.

A significant factor influencing retirement patterns is membership of teachers in the defined superannuation benefit scheme.

A teacher age profile shows that 41 per cent of school teachers are aged 50 years and over. A retirement intention survey carried out by the Public Employment Office showed that 49 per cent of teachers surveyed over the age of 50 intend to retire within 5 years. The age profile of school teachers is similar for other states.

Age range	NSW	VIC	QLD	SA	WA
20-24	2.0	4.2	7.5	1.5	3.1
25-29	7.5	8.8	10.5	5.9	8.2
30-34	11.8	7.5	12.4	6.3	11.2
35-39	10.1	9.6	13.2	7.9	11.6
40-44	12.6	15.4	14.4	13.1	14.6
45-49	22.9	21.7	16.8	22.3	18.2
50-54	21.9	21.7	15.7	26.3	16.8
55-59	9.8	8.3	7.0	13.6	11.4
over 60	1.5	2.4	2.6	3.2	5.0

Source: Ministerial Council on Education, Employment, Training and Youth Affairs, *Demand and Supply of Primary and Secondary School Teachers in Australia*, 2004.

2.2 Identifying and assessing the impact

We looked at whether the Department had identified and assessed the impact of an ageing teaching workforce on their delivery of educational services.

Our assessment

We found that the Department uses age profile and retirement data as well as a number of other factors to assess the impact of the ageing teacher workforce. Whilst the Department regularly reviews its projections including the success of its targeted strategies, we see scope for improved information on retirement intentions to get a more accurate assessment of the impact of the ageing teacher workforce.

We also found that the Department focuses on the geographical areas and teaching skills most at risk and projects future supply and demand to assess the likely impact and identify potential shortages at an aggregate level. Whilst the Department regularly reviews its projections and strategies, we see scope for more localised impact, risk assessment and reporting, as this is where shortages will first appear.

Monitoring age profiles and retirements

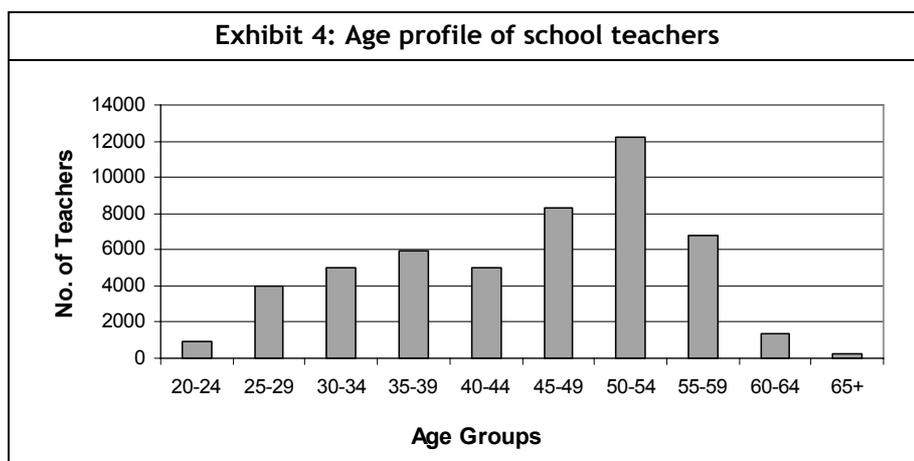
The Department monitors a range of workforce statistics on a monthly basis, including:

- age profile of school teachers
- retirements of teachers
- trends and projections of retirements.

The Department projects such figures for the next seven years and reviews this annually and updates as necessary.

Teacher workforce is ageing

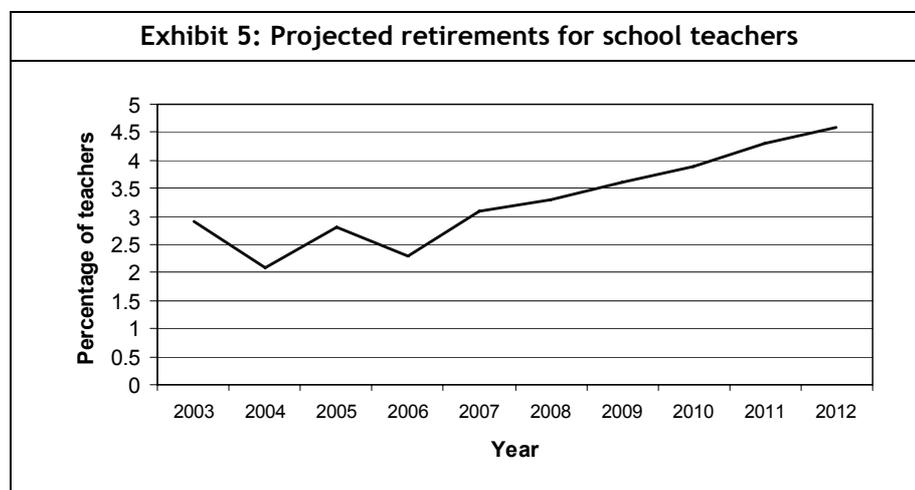
The results of age profiling show that the age distribution for school teachers is skewed towards the older ages. It shows that the average age of schools teachers is 45 years and the median age is 48 years. Although this shows an ageing workforce, age profiles do not necessarily indicate when individuals may retire. Some may leave early; some may stay on since there is no compulsory retirement age.



Source: Department of Education and Training, 2007.

Retirements are increasing

The incidence of retirements in 2007 was 25 per cent higher than the same period in 2006. Projections show that by the 2012 the retirement rate will increase to 4.6 per cent.



Source: Department of Education and Training, 2007.

The Department's retirement projections are based on the assumption that:

- female teachers will retire at the age of 55 years
- male teachers will retire at the age of 60 years.

This reflects the Department's experience and the effect of the defined superannuation benefit scheme, where members benefit the most by retiring at those ages. There are currently around 12,000 teachers in this scheme. The Department has indicated that a further 8,000 teachers are in a scheme where members may benefit most by retiring at 58 years of age. The balance are in schemes that do not similarly encourage retirement at a particular age.

The Department has indicated that it is studying the way membership of various superannuation scheme affect retirement patterns of teachers.

Half of the teachers will reach retirement age by 2016

The Department projects that in the next five years (to 2012) more than 16,000 or 33 per cent of permanent school teachers will be reaching retirement age. By 2016, 50 per cent of the teachers are projected to reach retirement age, a total of almost 25,000 teachers. This suggests that there may be a substantial demand for replacement teachers as a result of an ageing workforce.

The Department has indicated that its approach to these retirement projections is conservative so as not to overestimate supply.

There is a risk that current figures may understate the impact of the ageing workforce in a given year. As can be seen from Exhibit 5, Awards can cause annual fluctuations in retirement rates. It should be noted, however, an award change results only in a certain number of teachers postponing their retirement from one year to the next. Over the two years (pre and post award change) the total number of retirements is the same. The employment list (approximately 20,000 teachers) provides a buffer against these annual fluctuations. Projected retirements are based on average rates of retirement over a number of years, so that fluctuations are taken into account.

Information on retirement intention

Also, while figures indicate that teachers may retire in the next few years there is no certainty that they will. A way of getting more confidence is to ask teachers about their retirement intentions. As demonstrated by the Department of Premier and Cabinet Retirement Intention Survey, this process can:

- inform management on factors staff consider when deciding when to retire
- give a better assurance of the risks and likely impact so that management can prioritise efforts
- inform management if staff are interested in options of retention or phased retirement or retiring and returning as a part-time employee.

Only 753 of the Department's 50,000 permanent teachers participated in the Department of Premier and Cabinet Retirement Intention Survey. The Department informed us that they analysed these responses.

The Department has not conducted any other review of retirement intentions of its teachers. The Department expressed reservations over the possible cost in the context of unreliability of such survey. However the risks are that without such a review the Department cannot be confident of the full impact the ageing teachers will have.

We see scope for improved information on retirement intentions to get a more accurate assessment of the impact of the ageing teacher workforce.

We found that some school principals do informal assessments of retirement intentions of their teachers and notify School Staffing Services. There is scope for the Department to draw systematically upon this knowledge to further inform and validate its projections regarding the impact of the ageing teacher workforce.

Projecting supply and demand

The age profile and retirement data are factored into a projection of supply and demand of teachers.

Demand for teachers is determined by:

- projected student enrolment
- projected teacher separation (retirements, resignations, deaths, medical retirements)
- Government policy i.e. policy change to reduce class sizes, change of formula for determining teacher entitlements
- data on teacher mobility (long service leave, leave without pay, maternity leave).

Supply for teachers is determined by:

- projected number of new graduates
- teachers on the employment list
- teachers resuming employment after leave
- scholarships and retraining
- teachers applying for employment for interstate or overseas.

The Department's workforce planning projections indicate:

- an adequate supply of primary teachers in all geographical locations, except for a small number of positions in specific geographical locations
- an adequate overall supply of secondary teachers except for teachers of mathematics, science, and technological and applied studies, with some shortages in English in isolated NSW, and some positions in particular geographical locations

The major component of supply is the employment list. New graduates not employed under scholarships or other targeted programs are added to the list each year. As at March 2007 there were 19,653 teachers on the list.

The Department advised us that the employment list is regularly checked by way of a survey to applicants on the list. In addition, letters are sent to people who have no record of work with the Department in the last five years. These teachers must show currency of experience by providing evidence of work in another education setting during that time to remain on the list.

We asked about the risk of overstating the numbers available for employment as not every teacher on the employment list may be willing and able to take up the position offered to them.

The Department advised us that it regularly reviews the list to ensure that it is not overstated. In addition, in the workforce planning process the availability of people on the list is discounted for subject area and geographical location. The Department realises that people on the employment list may not be willing to accept appointment to all schools in a given region or may not accept an appointment when offered. The workforce planning process allows for this in several ways:

- The projected number of teachers on the employment list at the beginning of each year is discounted to allow for people who reject an offer of employment
- When people seek employment in more than one geographical location, they are counted only against the location of greatest need for the Department. This eliminates double counting of applicants
- A further analysis is made of applicant's "availability", based on geographical location, school level, and, for secondary, key learning area. For example, the preferences of mathematics teachers seeking employment in isolated NSW are analysed to determine the average number of staffing areas within isolated NSW that applicants are seeking. This means that an applicant seeking only a small number of schools in a geographical location is not counted as being available to the whole location.

Reporting actual staff shortages

Although we saw lists of staff vacancies, we found no Departmental reports of staff shortages at individual schools. When vacancies occur at a school level action is taken to fill them. The Department has indicated that where vacancies present ongoing difficulty in filling and are part of a broader trend, they are picked up in the workforce planning process.

Short-term vacancies or individual hard-to-staff schools are not the subject of the workforce planning, but are addressed as operational issues. The Department considers it is not effective to monitor shortages on a school by school level. It sees a difference between potential shortages and vacancies in a school which are regularly reported to and managed by School Staffing Services. That is, a vacancy does not imply a shortage.

Exhibit 7: “Teacher shortage” defined as being over a year
<p>The Department defines a teacher shortage as an insufficient supply of teachers in a particular key learning area and a particular geographical location, to meet the demand in that key learning area and geographical location, over a continuing period of time in the order of a year.</p> <p>A short-term vacancy or an individual difficult-to-staff school would not constitute a shortage.</p>

Source: Department of Education and Training, 2007.

By contrast, in Victoria we found schools regularly report on recruitment difficulties, including subjects affected in each case. However, it should be noted that the staffing of schools in Victoria is carried out on a local level whereas in NSW school staffing is managed on a system wide basis.

Recommendation We are not certain as to what impact the ageing workforce will have at the local or school level on these critical areas of shortages.

We recommend that the Department continues to develop a clearer picture of its future workforce and potential risk areas, such as with:

- improved information on retirement intention to get a more accurate assessment of the ageing teacher workforce
- more localised impact, risk assessment and reporting, as this where shortages will first appear
- development at the school level of medium term (3 to 5 year) projections of the future supply and demand in critical areas of shortage.

2.3 Developing new measures

We looked at whether the Department had developed policies and measures to reduce the impact of an ageing teaching workforce in schools.

Our assessment The Department has a major focus on attracting and recruiting new teachers to the profession. There is also a considerable focus on attracting new teachers to areas of critical shortage and improving the quality of teaching for new teachers.

There is increasing proactive corporate focus towards retaining the critical knowledge and skills of staff who are about to retire or mature age staff in critical areas of shortage.

The Department is currently in the process of developing “Phased Retirement Guidelines”. We see this as a positive step towards addressing the challenges of the ageing workforce in the Department. In the absence of this, there is a risk that the Department may lose skilled and knowledgeable staff that may worsen shortages in critical areas.

Centralised staffing unit

The Department has a dedicated staffing services unit which manages appointment of teachers, executive staff and principals to NSW public schools.

Exhibit 8: Key functions of School Staffing Services

Recruitment programs - includes recruitment of teachers into areas of teaching shortfall and areas of geographic shortfall.

Promoting Teaching as a Career - activities are designed to promote teaching as a career, such through as careers fairs, employment expos, and sponsorship ventures.

Retraining programs - retraining of existing teachers to gain additional teaching qualifications to teach, as in areas where there may be a shortfall.

Casual and Temporary Teachers Programs - assistance is provided to schools by providing relief for teachers on leave or to temporarily fill vacant teaching positions in schools.

Source: Staffing Services, 2007.

Focus on new teachers

The Department has a major focus on attracting and recruiting new teachers to the profession. We found that it uses a variety of strategies to promote teaching as a career to attract young people to the education system. This includes programs such as.

- *Teach.NSW* – a teacher recruitment campaign that incorporates a state-wide media campaign, a website and a customer service centre to provide face to face advice and employment information to prospective teachers
- *Graduate Recruitment Program* - provide permanent employment opportunities to University graduates at NSW government schools. Each year up to 1,000 teaching positions are filled by graduates.

Exhibit 9: Efforts to promote teaching as a career



Source: Staffing Services, 2007.

Casuals mask potential impact

These efforts have contributed to a large casual pool of teachers who are engaged to relieve in temporary vacancies in schools. There are currently over 24,000 casual and temporary teachers registered for employment with Casual.Direct.

This pool of teachers provides the Department with a ‘cushion effect’, to avoid shortages of teachers on a day to day basis.

Exhibit 10: Availability of casual and relief teachers
<p>Since the implementation of the Casual School Teacher Plan in 2002, intensive support has been provided to assist schools in obtaining casual teachers to cover relief needs through programs including:</p> <ul style="list-style-type: none"> ▪ <i>Casual.Direct</i>, the fully automated and computerised state-wide casual teacher staffing system ▪ <i>The Teacher Relief Scheme</i>, which provides temporary teachers to schools experiencing difficulty in obtaining a casual teacher to cover both short-term and long-term leave vacancies ▪ <i>The Local Area Relief and Specialist Relief programs</i>, to provide a pool of casual teachers to schools experiencing difficulty in obtaining casual teachers to cover relief needs in Campbelltown, Minto, Fairfield, Liverpool, Parramatta, Granville, Mt Druitt and Penrith ▪ <i>The Rural Area Relief Program</i>, which operates with a pool of temporary teachers assigned to schools in regional and isolated communities including Bourke, Moree, Broken Hill, Deniliquin, Bombala, Orange, Griffith, Leeton/Narrandera, Condobolin and Wagga Wagga.

Source: Staffing Services, 2007.

We also found that in 2005, through amendments to the *Teaching Service Act 1980*, the NSW teacher recruitment policies were made flexible to attract teachers from other sectors. The Department advises that there have been over 70 executives and principals hired since then.

Strategies to address shortage

There is also a strong focus on attracting new teachers to areas of critical shortages to teach:

- mathematics, science, technology and applied science
- in hard to staff rural and remote locations and other hard to staff areas.

Exhibit 11: Current strategies available to address critical areas of shortage

- *Beyond the (Great Dividing) Line and Beyond the Bridge* –promotes teaching opportunities and lifestyle in rural NSW and western and south-western Sydney to aspiring teachers.
- *Retention Benefit Pilot* – program to retain quality teachers in difficult-to-staff positions and schools by offering a financial benefit of \$5,000
- *Incentives Scheme* – aims to attract and retain teachers in rural and isolated schools the Department provides accommodation subsidies, transfer priorities, additional training and development and enhanced leave provisions
- *Pre-service Teacher Education Scholarships* – aims to encourage students to undertake and complete teacher training in areas of teacher shortage such as mathematics, science, technological and applied studies (TAS), and English in some locations. Applicants also agree to serve in non coastal, rural and remote locations and Western and South Western Sydney.
- *Accelerated Teacher Training* - aims to increase the supply of teachers by supporting skilled workers from industry to obtain teacher qualifications through an 18-month university teacher education program with a focus on mathematics and TAS backgrounds. Applicants also agree to serve in non coastal, rural and remote locations and Western and South Western Sydney.
- *Retraining Programs* – the objective of this program is to increase the supply of teachers in areas of need through intensive retraining programs that build the competencies of existing graduate teachers.
- Efforts are also directed at the local or international recruitment of overseas-trained teachers.

Source: Department of Education and Training, 2007.

The Department has indicated that while the effect of the baby-boomers is evident, strategies such as the *Graduate Recruitment Program* and *Permanent Employment Program* help to ensure a continued supply of younger teachers entering the workforce. By allocating new teachers to all regions of the State, these programs supply new teachers not only to isolated NSW but also to other areas where older teachers are currently nearing retirement age.

Strategies to address quality

There is also continuing focus on improving the quality of teaching for new teachers.

One of the initiatives by the Department is the ‘Teacher Mentor Program’. The Teacher Mentor Program supports new teachers in some NSW public schools with significant increases in new teacher appointments to strengthen teacher quality and improve student learning outcomes.

Teacher mentors are experienced teachers who work alongside new teachers to guide their development by:

- demonstrating quality teaching practices,
- demonstrating effective classroom management
- facilitating a school environment that is supportive of the development of newly appointed teachers.

Exhibit 12: Review of the teacher mentor program

A review of the 2005 *Teacher Mentor Program* examined the effectiveness of the program.

The results show that the impact of the program to be moderate to high and influencing greatly on enhancing a new teacher's knowledge of:

- subject content
- their students
- planning, assessment and reporting
- communication techniques.

Overall, the review noted the impact of the program on new teacher retention as ranging from moderate to high. Over 90 per cent of all new teachers in all components plan on remaining in the teaching profession. Over 70 per cent of all new teachers in all components plan on remaining in the teaching profession for 10 or more years.

Source: Department of Education and Training, 2007.

The Department has advised that additional support from the NSW Government for beginning teachers is being phased in from 2008, commencing with teachers in rural NSW. This additional support will provide schools with the equivalent of one hour per week of relief time for each permanent beginning teacher.

Another initiative is the establishment of the Institute of Teachers in 2004. The Institute assists in enhancing the quality of teachers by ensuring that all teachers have specific qualification and industry accreditation.

To ensure this, the role of the Institute includes:

- providing a framework for professional teaching standards and accreditation to ensure quality of education services
- ensuring quality initial teacher education to encourage teacher educators and the profession as a whole to engage more directly on supporting the needs of teachers in schools
- provide continued professional development for teachers.

Proactive focus on mature aged teachers

However we found limited but increasing proactive corporate focus in relation to retaining:

- the critical knowledge and skills of staff who are about to retire
- mature age staff in critical areas of shortage.

Knowledge transfer initiative

The Department is looking at how to best capture the critical skills and knowledge that is lost when teachers retire. Some of the issues being considered are:

- what is the relative importance of this knowledge?
- what is the cost and feasibility of recovering the knowledge, if lost?
- how difficult is it to transfer this knowledge?
- how much time is available before the teacher retires?

We did find that the Department's flexible working conditions are attractive incentives for teachers who would want to stay on in the teaching profession. These are similar to the many flexible work options generally available to the NSW public sector agencies as highlighted in the *Policy and Guidelines* in Chapter 1.

Phased retirement guidelines

The Department is currently in the process of finalising "Phased Retirement Guidelines". Phased retirement is a gradual transition into full retirement by mature aged workers through either:

- reducing working hours
- reducing responsibilities
- returning to work after retirement on a permanent part time, temporary or casual basis.

This guideline aims to:

- provide advice for permanent employees about the issues to consider prior to retirement to enable them to better plan, and to outline employment conditions which can facilitate phased retirements
- provide advice for managers on strategies to support employees wishing to access phased retirement, and how to use phased retirement to meet the challenges of an ageing workforce.

We see this as a positive step towards addressing the challenges of the ageing workforce in the Department.

In the absence of this, there is a risk that the Department may lose skilled and knowledgeable staff that may worsen shortages in critical areas.

Scope for other strategies

Exhibit 13: Scope for strategies to retain talent

Employee exit survey

An effective way of targeting resources to support attraction and retention of talented employees is through an employee exit survey. Employee exit surveys assist by providing information on why employees leave the organisation. The information can then be translated into strategies to build workforce capacity. In 2003 the Department had piloted an employee exit survey. However, it abandoned the project. The Department advised us that there was a low response to the pilot survey.

Alumni program

Another useful strategy of retaining talent is through establishing alumni programs for school teachers. One of the aims of an alumni program is to use the expertise and knowledge of former, experienced employees in short term positions with the Department. The Department does not have a formal alumni program for school teachers. All teachers, however, when leaving the service can indicate if they wish to teach on a casual basis. The Department has indicated that significant numbers of teachers do this.

Source: Department of Education and Training, 2007.

Need to establish a business case

Before the use of mature age retention practices is encouraged and promoted, the Department needs to first establish the business case (or otherwise) for seeking to retain mature age teachers.

The business case would likely include:

- assessing the economics of retaining mature age teachers
- determining the circumstances in which it is advantageous to retain mature age teachers, such as gaps in a skill set
- identifying the most effective approaches to use
- developing a strategy or plans
- aligning workforce policies
- issuing appropriate guidance to management and staff in the schools.

Recommendation Subject to the establishment of the business case, we recommend that the Department continue to develop new measures to enhance its workforce capability, such as by:

- encouraging the retention of mature age workers; for example through its phased retirement strategies
- increasing its focus on knowledge continuity, where critical skills are mapped and mature workers take on a mentoring role to support younger staff
- keeping in touch with retired staff and drawing upon their skills, knowledge and expertise in filling short term vacancies (as proposed by the Alumni guidelines by Department of Premier and Cabinet)
- requiring exit interviews of retiring teachers as a matter of course.

2.4 Dealing with the impact

We looked at how well the Department is dealing with the impact of an ageing teaching workforce in schools. We wanted to see if the Department had workforce plans that addressed the potential impact and outlined measures to counteract it.

Our assessment Whilst the Department projects demand and supply on a seven year basis, which is reviewed annually and updated when required, we found that there was scope for more detailed action plans:

- focusing on the medium term outlook for their most critical skill sets/areas
- showing how strategies will deal with workforce issues and gaps
- targeting the participation and retention of staff for critical skill sets/areas, such as mature-age workers, through specialised strategies.

By using such an approach, the Department could provide better assurance that present efforts will be as adequate for the future as they have been in the past.

There could be a risk that aggregate projections could mask shortages at specific school levels although the Department regularly reviews the data to mitigate this.

The Department has a range of strategies to mitigate against potential shortfalls, for example teacher education scholarships, and we found some formal evaluations of their effectiveness. We see scope to do more of this, particularly in relation to staffing critical areas of shortage.

Workforce planning is important

We found that the Department has a high level document called *Strategic Human Resources Plan 2005-2008*. In particular, this identifies:

- the importance of ‘actively shaping the workforce’ and the need for a ‘capability framework defining workforce, management and leadership requirements’
- the importance of ‘building and maintaining a skilled workforce’ including the need for human resource policies that address multi-generational workforce needs and support retention of talent’.

The plan outlines specific strategies to develop the Department’s workforce capability and deliver continuous improvement to position the Department for the future. With regard to schools, this plan builds on the Department’s existing strategies to mitigate against potential shortfalls and supports a holistic approach to workforce planning.

Planning is done on overall impact

We found that the Department does workforce planning at a broad level. Each year it projects demand and supply figures over the next seven years. It reviews this annually and updates as necessary.

The Department projects workforce needs by:

- geographical locations
- subject areas
- school levels i.e. primary and secondary.

The Department divides NSW into 5 geographical locations: Eastern Sydney, Western Sydney, Inland NSW, Isolated NSW and Coastal NSW. The projections focus on subject areas and geographical locations to identify critical areas of shortage.

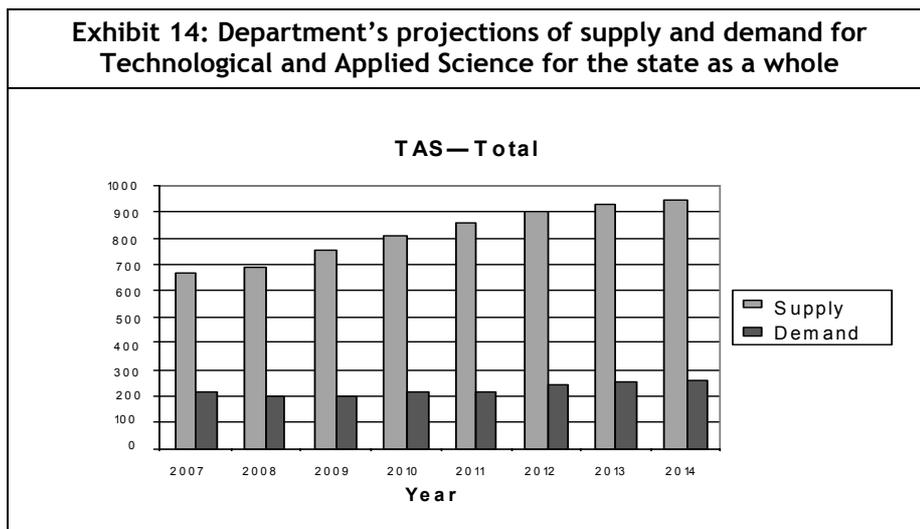
Each geographical location represents a relatively homogeneous population on the basis of demographics, and schools in each geographical location present similar patterns in terms of teacher mobility, difficulty of staffing, and teacher age-profiles.

The Department’s aggregate figures in the 2007 projections indicate that for the next seven years, there will be an adequate net supply of teachers in every geographical location and subject area except for mathematics, science (physics) and technological and applied studies. The Department has advised that this is the rationale for their ongoing targeted strategies.

These demand and supply projections are presented to business areas within the Department to assist them in formulating educational initiatives and strategies. The projections and their implications are also regularly conveyed to key stakeholders including the Deans of Education, the Primary Principals Association and the Secondary Principals Council. With particular regard to the Deans of Education, the Department regularly advises Deans of Education in all NSW and ACT universities of the Department’s permanent teacher demand and supply needs. In particular the Department continues to advise the Deans of Education of its view of an oversupply of primary teachers.

The Department has also reiterated their permanent teacher demand and supply needs in submissions to the House of Representatives *Inquiry Into Teacher Education* and the Australian Senate report *Top of the Class*.

For example, the following exhibit from the Department appears to show a large oversupply of teachers for Technological and Applied Science. This represents an area that comprises a number of specific subjects including textiles and design, design and technology, industrial technology and engineering science for the state as a whole. However, it needs to be remembered that there will always need to be some oversupply at the aggregate level to enable a suitable range of applicants to fill positions at a local level. As indicated earlier people on the employment list may not be willing to accept appointment to all schools in a given region or may not accept an appointment when offered.

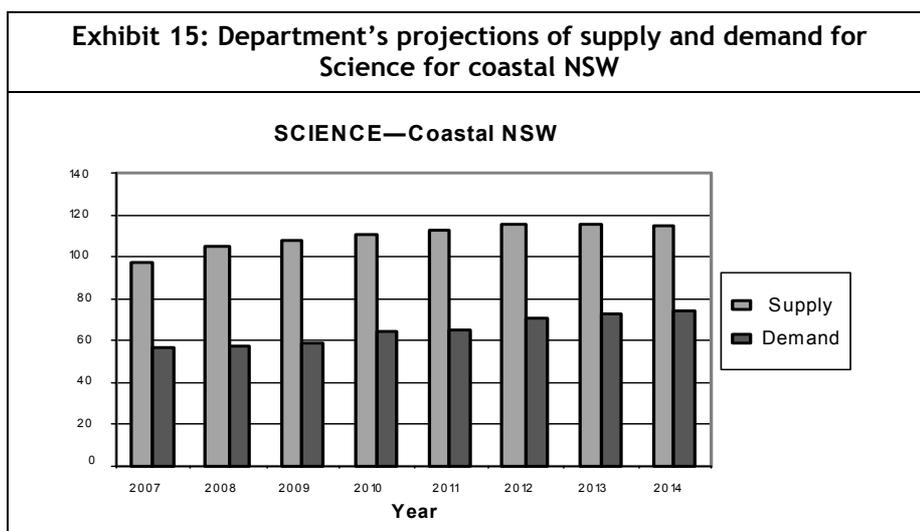


Source: Department of Education and Training, 2007.

Note: The Audit Office has not validated the integrity or the interpretation of the data sources used.

Shortage more visible at the local level

The next exhibit shows how the situation becomes more critical in particular geographical areas. As the aggregate level of supply approached the aggregate level of demand, shortages are likely to become increasingly apparent at the local level.



Source: Department of Education and Training, 2007.

Note: The Audit Office has not validated the integrity or the interpretation of the data sources used.

There could be a risk that Departmental aggregate projections indicating an oversupply overall could mask shortages at specific school levels although the Department regularly reviews the data to mitigate this.

The Department indicated that analysis at the local or school level would present problems as:

- the workforce plan involves, in places, averages and trends which are less likely to be reliable when applied to small groups of teachers. The number of teachers in a school, especially when broken down by teaching subject, is relatively small.
- the purpose of the workforce plan is to indicate broad trends of teacher surplus and shortage so that appropriate strategies can be put in place. The plan does not aim at predicting precise needs at an individual school.

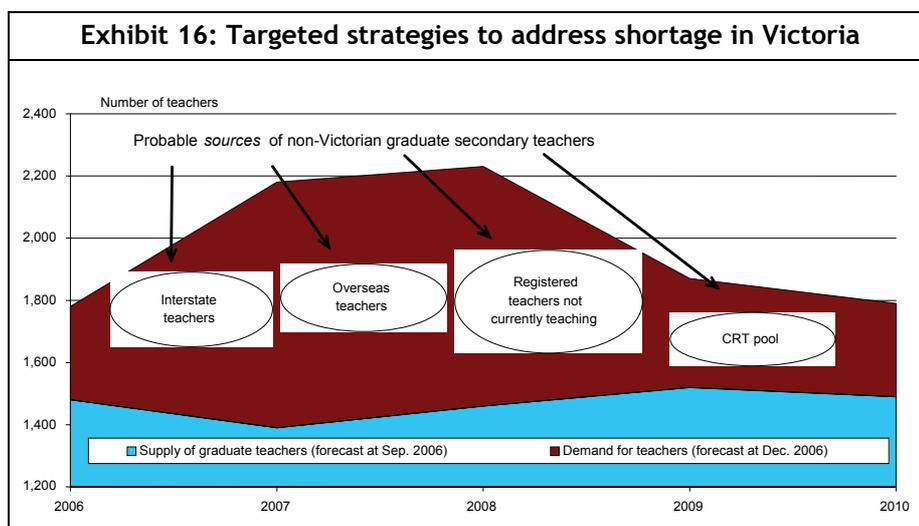
Explaining projections

We found that in previous years the Department produced a document that explained the methodology and assumptions used in the preparation of its projections for teacher supply and demand. The last version of this document, 'School teacher supply and demand: 2000-2007', was prepared in 2000. The Department explained that they do not produce such a document now as it was not considered useful for management information. However the same level of detailed analysis is undertaken in their current demand and supply projections and this information is conveyed to key stakeholders including the Deans of Education, the Primary Principals Association and the Secondary Principals Council.

We found that each year the Department of Education and Early Childhood Development in Victoria produces a supply and demand report focusing on the composition of the teaching service, how it has altered in recent years and the outlook and trends for the next four years.

This is provided to all principals and is publicly available. We found that the Department uses this to focus efforts on a few specific programs to assist in addressing teacher shortages over the next few years.

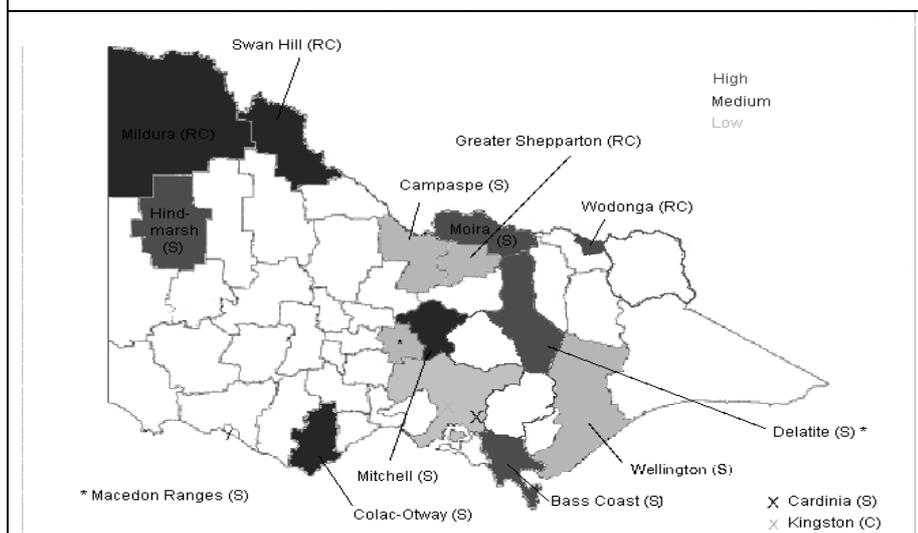
It should be noted that the staffing of schools in Victoria is carried out on a local level whereas in NSW school staffing is managed on a system wide basis.



Source: Teacher supply and demand in Victoria report, 2006.

Note: CRT means Casual Relief Teachers.

Exhibit 17: Areas in Victoria where secondary schools are finding it difficult to fill mathematics vacancies



Source: Teacher supply and demand in Victoria report, 2006.

Targeted action plans

Whilst the Department projects demand and supply on a seven year basis, which is reviewed annually and updated when required, we found that there was scope for more detailed action plans:

- focusing on the medium term outlook for their most critical skill sets/areas
- showing how strategies will deal with workforce issues and gaps
- targeting the participation and retention of staff for critical skill sets/areas, such as mature-age workers, through specialised strategies.

The Department of Premier and Cabinet has issued helpful guidance on workforce planning, as shown below:

Exhibit 18: Workforce Action Plan to Address Gaps

An action plan to address gaps in labour demand and supply begins with identifying your agency’s workforce goals and milestones, and considering who will be involved in the strategy.

It is important to consider these key questions:

- what are our goals?
- what are the actual workforce issues and gaps?
- what are the priority areas to address?
- will this action plan have a ‘strategic fit’ with other organisational and HR activities?
- are the proposed strategies ‘add-ons’ that may prove difficult to implement or to achieve support from employees?

The action plan could include existing activities and programs, and demonstrate how new strategies will fit within the HR, corporate and business plans. Ongoing HR activities such as recruitment, leave-management, staff movements, promotion and transfer policies and training and development programs can be integrated strategically to achieve workforce objectives.

Source: Department of Premier and Cabinet, *Workforce Planning: a Guide*, 2003.

Whilst the Department addresses the above key questions within their own framework and using their own terminology, by using the above approach the Department could further validate that present efforts will be adequate for the future as they have been in the past.

Evaluating success of programs The Department has a range of strategies and we found some formal evaluations of their effectiveness. In general, evaluation of strategies takes place in the business units responsible for those strategies. For example, we saw an evaluation of the Teacher Mentor Program, Graduate Recruitment Program, the Accelerated Teacher Training Program and the Teacher Education Scholarship Program. We see scope to do more of this, particularly in relation to staffing critical areas of shortage.

Recommendations We recommend that the Department strengthen its workforce planning capability by:

- developing targeted workforce action plans, focusing on the medium term outlook for their most critical skill sets/areas
- targeting the participation and retention of staff for critical skill sets/areas, such as mature-age workers, through specialised strategies
- improving workforce management information on emerging shortages, take-up of new programs, and effects of policy measures
- routinely evaluating the success of its workforce programs to ensure that successful programs are enhanced, new programs developed in timely fashion, and ineffective programs discontinued or modified.

It is also recommended that the Department continues to advise universities and relevant Commonwealth Government departments of the Department's permanent teacher demand and supply needs. In particular its view of an oversupply of primary teachers and the need for additional teacher education places in areas of shortfall.

3 TAFE Teachers

At a glance

The key question we wanted to answer was:

How well is the NSW Department of Education and Training managing the impact of an ageing teacher workforce on the services TAFE delivers?

Our assessment:

The TAFE workforce is faced with a tightening labour market, an ageing workforce, and the need to shift its focus from vocational education and training to the broader concept of 'workforce development'. The demand for TAFE's educational services is expected to increase as a result of an increased emphasis on life-long learning and increased promotion of workforce participation, enabling people to re-skill during their working lives.

TAFE has indicated that it needs to find new ways to provide its services, particularly for those looking to re-enter the workforce. To address this, it has developed a consultation document *TAFE NSW Doing Business in the 21st Century*.

We found that the Institutes are increasingly focused on identifying those trades and skill areas most at risk, particularly in the light of changing requirements to suit industry needs. Some Institutes are then projecting future supply and demand to assess the likely impact and identify potential shortages. We see scope for more systematic assessment of this kind, looking further ahead, particularly in critical skill areas and locations.

We found that TAFE Institutes have focused considerable effort on the recruitment and retention of younger teachers. An emerging area of focus is succession planning. 'Managing to retirement' is emerging as an area of focus for the future. The Department is currently in the process of developing "Phased Retirement Guidelines".

TAFE Institutes are able to offer a range of flexible work options. These tend to be negotiated on an individual basis.

We found TAFE Institute management interested in learning more of Government policy and guidelines and better practice in relation to the mature age workforce. Some Institutes are already looking at phased retirement options, alumni associations and similar measures in recognition of their ageing workforces.

We see potential for TAFE Institutes to be more proactive in modelling new practices to:

- retain mature age staff in critical skill areas
- retain the critical knowledge and skills of staff who retire
- establish organisational practice and culture whereby this is achieved
- promote its use of flexible workforce practices.

Institutes have commenced developing workforce capability development plans, but workforce planning typically only looks forward a year. In our view TAFE Institutes need to strengthen their workforce planning capability with targeted workforce action plans focused on the medium term outlook for their most critical skill sets/areas.

3.1 TAFE educational services

TAFE NSW, part of the Department of Education and Training, provides training and other educational courses to students for the purpose of:

- meeting the needs of individuals and industry in the maintenance of a skilled labour force
- assisting people to realise their potential.

TAFE NSW:

- employs around 10,000 (full time equivalent) teachers (including a significant number of casual teachers)
- enrolls around 500,000 students
- offers more than 1,300 work related qualifications developed in consultation with industry
- comprises 10 Institutes (with responsibility for their own workforces).

The TAFE workforce is faced with:

- an increasing emphasis on TAFE's commercial role and industry focus
- a tightening labour market, particularly in the trades areas
- the need to replace an ageing workforce, with some Institutes expecting 30 per cent to 40 per cent of teaching staff to retire in the next 5 years
- limitations on the number of permanent positions, and low turnover rates in those positions
- regional and rural constraints in accessing and sharing specialist teaching staff.

TAFE is also looking at a change in focus. In 2006 the Independent Pricing and Regulatory Tribunal reported that increased levels of vocational education and training should be a key element in a 'whole of government' strategy to increase the supply of skilled labour. It recommended that TAFE NSW shift its focus from vocational education and training to the broader concept of 'workforce development'. This involves increasing the capacity of individuals to participate effectively in the workforce throughout their whole working life, and increasing the capacity of firms to adopt better practices that utilise and support the further development of their employees' skills and value.

Demand is expected to increase as a result of an increased emphasis on life-long learning and increased promotion of workforce participation, enabling people to re-skill during their working lives. Over the last five years between 11 and 12 per cent of the population aged 15-64 participated in vocational education and training. The NSW State Plan aims to increase the proportion of the population aged 15-64 participating in vocational education and training from 11.7 per cent in 2005 to 16 per cent by 2016. The State Plan describes the 16 per cent goal as an ambitious but necessary target. It says this will require a concentrated effort from all partners in the training system, including the State and Commonwealth Governments, industry and individuals.

TAFE has indicated that it needs to find new ways to provide its services, particularly for those looking to re-enter the workforce. To address this, it has developed a consultation document *TAFE NSW Doing Business in the 21st Century*.

3.2 Identifying and assessing the impact

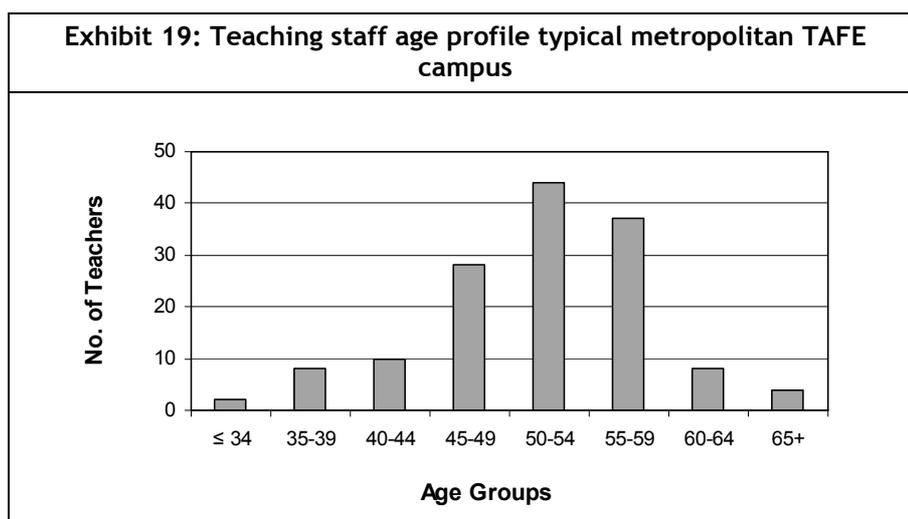
We looked at whether TAFE Institutes had identified and assessed the impact of an ageing teaching workforce on their delivery of educational services.

Our assessment

We found that the Institutes are increasingly focused on identifying those trades and skill areas most at risk, particularly in the light of changing requirements to suit industry needs. Some Institutes are then projecting future supply and demand to assess the likely impact and identify potential shortages. We see scope for more systematic assessment of this kind, looking further ahead, particularly in critical skill areas and locations.

Monitoring age profiles

TAFE Institutes monitor the age profile of their staff by skill set and by campus location. The age profiles are reviewed each year to ascertain potential retirees and succession planning needs. Some restrict their analysis to those staff in the 55-60 year age group. Most long term teachers leave permanent full time work at about 60 years of age. Some Institutes graphically profile the age distribution of all teaching staff. The following results show a typical concentration of mature aged workers at a major metropolitan TAFE campus.



Source: TAFE NSW, 2007.

Retirement Intentions Surveys

Age profiles do not necessarily indicate when individuals will retire. Some may leave early; some may stay on. One Institute undertook a retirement intentions survey in 2006. Around half of the staff responded. The respondents indicated that 22 per cent intended to retire in the next 3 to 5 years. The Institute reports that it is now using this information to develop strategies for retention, succession planning and workforce renewal.

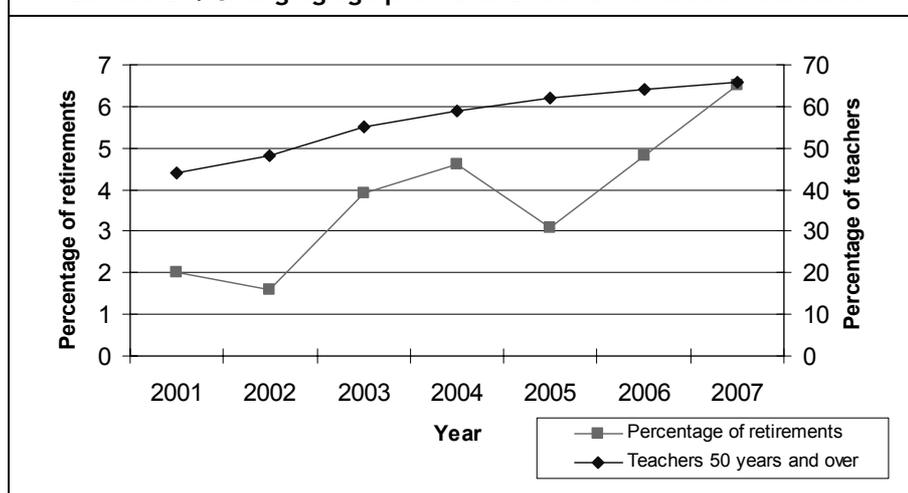
Exhibit 20: Institute Retirement Intentions Survey

- around half of the permanent staff responded to the survey, which was conducted on-line
- some 76 per cent of respondents are in the 45-65 age group; 22 per cent of respondents will most likely retire in the next 3 to 5 years
- but 61 per cent of respondents indicated they intend to work beyond traditional retirement age; 79 per cent indicated they would not be retiring as soon as they could access their super
- retirement age employees supported the idea of a phased retirement with a significant number keen to work past retirement age in a part time capacity
- a significant number of near retirement employees wanted to remain in some type of employment past the expected retirement date.

Source: TAFE NSW, 2007.

Alternatives to the use of a formal retirement intentions survey can include:

- a small number of questions about retirement intentions in confidential surveys of organisational health
- using a “manager once removed strategy” where informal discussions about career development and retirement options occur with someone other than one’s immediate supervisor or manager
- drawing upon the knowledge of head teachers.

Exhibit 21: Changing age profile and retirements at an Institute

Note: The percentage of teachers has been divided by a factor of ten.
Source: TAFE NSW, 2007.

Analysing impact by skill set and by campus location

This tends to be done informally at an Institute level. We found that in 2005 one Institute undertook a formal assessment of its teaching workforce, identifying potential skill gaps based on the ages of its teachers and using a simplified assumption that all teachers would retire at 60 years of age.

We found another Institute using a more systematic approach. It routinely identifies staff members likely to retire or resign in the near future. Head teachers provide the input to this system on a half yearly basis, based on their formal and informal knowledge of each individual's circumstances and section requirements. The information in the system is confidential and used only to assist in workforce planning.

The value of the more systematic approach is that it becomes embedded in the organisational practice. The value of looking further ahead is that it allows more strategic options to be considered. Other TAFE Institutes could use such an approach to strengthen their identification and assessment of the impact of the ageing workforce.

- Recommendations** We recommend that TAFE NSW Institutes develop a clearer picture of its future workforce and potential risk areas, such as with:
- improved information on retirement intentions with more frequent use of on-line retirement intentions surveys
 - more localised impact, risk assessment and reporting, as this where shortages will first appear
 - development of medium term (3 to 5 year) projections of the future supply and demand in critical skill areas for permanent, casual and temporary teachers.

3.3 Developing new measures

We looked at whether TAFE Institutes had developed policies and measures to reduce the impact of an ageing teaching workforce.

- Our assessment** We found that TAFE Institutes have focused considerable effort on the recruitment and retention of younger teachers. An emerging area of focus is succession planning and training. 'Managing to retirement' is emerging as an area of focus for the future. TAFE Institutes are able to offer a range of flexible work options. These tend to be negotiated on an individual basis. The Department is currently in the process of finalising "Phased Retirement Guidelines". We see potential for TAFE NSW Institutes to be more proactive, at an agency level, in modelling new practices to:
- retain mature age staff in critical skill areas
 - retain the critical knowledge and skills of staff who retire
 - establish organisational practice and culture whereby this is achieved
 - promote its use of flexible workforce practices.

- Recruitment processes** TAFE Institutes direct considerable effort to improving recruitment processes, particularly to attract younger teachers to the teaching profession. This involved:
- examining the age profile projections and targeting younger applicants wherever possible
 - reviewing recruitment processes to focus on emerging skill shortage areas
 - targeting shortage areas with a new Graduate Diploma of Adult and Vocational Education
 - developing targeted recruitment campaigns (for example placing advertisements in industry journals and promoting the Institute as an employer of choice).

Staff turnover There are also measures to reduce the turnover of new staff members. For example one Institute is developing an *Onboarding* program to allow it to:

- recruit staff with the correct mix of technical and professional skills as well as having the right cultural fit
- ensure that, once recruited, the staff are kept "onboard"; strategies are in place to ensure workplace capability and viability; staff are aligned to the goals and cultural fit of the Institute throughout their working life.

Exhibit 22: Institute - *Onboarding Program*

- revising Institute selection techniques-training to ensure that Institute culture and fit is addressed in the selection process
- providing mentors for new teachers in a way that is supportive and helps staff make the transition to the Institute more meaningful
- establishing a talent management program as part of a workforce succession plan.
- ensuring development initiatives for new and existing talent are focused on leadership behaviours and capabilities which support the Institute's strategic direction
- ensuring meaningful exit interview data with a view to enhancing recruitment processes, staff retention strategies and potential recruits for alumni.

Source: TAFE NSW, 2007.

Another Institute has mentoring, coaching and "Institute Friends" programs for new staff which predominantly involve use of mature aged teachers and head teachers. This is of particular importance to teachers working in isolated and disadvantaged areas. In addition the Institute has two annual head teacher forums and a new teacher orientation program that focuses on knowledge building and professional development of teachers. All new teachers are aligned with a mentor on entry.

Maintaining currency We also found a continuing focus on the maintenance of vocational competence and industry currency. Institutes see industry currency and the use of technologies as a primary development area for both new and experienced teachers in all faculties. This entails engagement with customers, as well as industry partnerships and alliances.

Succession planning An emerging area of focus is succession planning and training, the development of business management skills and improving responsiveness to changing external demands.

For example, we found one Institute proactively using expressions of interest to create opportunities for acting and relieving in promotional positions. The Institute also has a development program for new and acting head teachers, as well as those aspiring to be head teachers. Additionally it is looking at programmed group meetings to identify and deal with common issues, open communication channels, and discuss initiatives to ensure knowledge continuity.

Managing to retirement The 'managing to retirement' area is emerging as a focus area for the future. As part of negotiation on the TAFE Staffing Agreement, a joint management/union working group is looking at ways to renew the TAFE workforce focusing on attraction, retention and exit strategies.

An emerging area is how to keep effective involvement and productivity of staff in the pre-retirement phase. Initiatives include:

- phased retirement options are being examined and Institutes are identifying staff in the retirement bracket for the next 5 years. The Department is currently in the process of finalising “Phased Retirement Guidelines” as outlined in Chapter 2
- means of implementing a wider range of flexible work practices are being considered. Two Institutes have implemented training of selection panel convenors in new approaches and models to recruitment for full-time teachers.

Flexible work options

TAFE Institutes are able to offer a range of flexible work options. These tend to be negotiated on an individual basis. For example:

- flexible locations have been agreed to for senior management positions with no specific campus based location responsibilities
- staff may (voluntarily) be redeployed, transferred to an equivalent position at another campus or Institute, or transferred to a lesser graded position
- permanent part-time work is possible, subject to satisfying teaching requirements and cost effectiveness
- periods of full time and part time leave without pay are also possible.

We found that Institutes often employ retired permanent teachers for casual teaching. For example, at one Institute approximately 20 per cent of full-time permanent teachers return after normal retirement to undertake paid casual part-time teaching on an intermittent and irregular basis. This number is expected to increase as a result of the increasing level of interest expressed at retirement. Retirees are also engaged in many campus related functions on a voluntary basis such as award presentations, guest lectures and projects.

Retaining links with former employees

One Institute is developing an ‘alumni’ association of former employees of the Institute. The purpose of the alumni association is to retain a link with these former employees to enable them to share their knowledge of the Institute, in particular its practices and its people, with new Institute employees.

Exhibit 23: Institute - (Proposed) Alumni Association
<p>It is envisaged that the members of the alumni association (ex-staff members) would be willing to share their expertise with new staff members as well as those aspiring to leadership positions within the Institute.</p> <p>Potential members of the alumni would be retiring directors of business units, faculty directors, head teachers, team leaders, teachers and administrative staff.</p> <p>The expertise of members would be utilised in leadership, systems training, specific teaching areas (particularly in hard to fill positions such as accountancy, law, mining technology, electro-technology), human resources and information technology.</p>

Source: TAFE NSW, 2007.

Staff willing to join the alumni would be identified at an exit interview.

Exhibit 24: Institute - Confidential Exit Questionnaire

The departing staff member is asked:

- to rate various aspects of the job they are leaving
- the reasons influencing their decision to leave TAFE NSW
- whether they would seek re-employment at the Institute and, if so, in what capacity
- whether they would be willing to join the Institute alumni.

Source: TAFE NSW, 2007.

Scope for new approaches

We found TAFE Institute management interested in learning more of Government policy and guidelines and better practice in relation to the mature age workforce. As outlined in Chapter 1, the NSW Government Sage Centre provides specialist information and resources to assist agencies to manage the risks associated with the loss of critical skills and knowledge as staff transition to retirement. TAFE NSW has yet to place a link to the NSW Government's Sage Centre on its intranet and recommend the Centre to their staff.

Establishing a business case

Before the use of such practices is encouraged and promoted, the Department needs to first establish the business case (or otherwise) for seeking to retain mature age teachers.

The business case would likely include:

- assessing the economics of retaining mature age teachers
- identifying the major risks
- determining the circumstances in which it is advantageous to retain mature age teachers, such as gaps in a skill set
- identifying the most effective approaches to use
- developing a strategy or plans
- aligning workforce policies
- issuing appropriate guidance to management and staff.

Recommendations

We recommend that TAFE NSW Institutes continue to develop new measures to enhance its workforce capability, such as by:

- encouraging the retention of mature age workers; for example by facilitating a phased retirement
- targeting the recruitment of mature age workers from industry (we understand that already there has been a noticeable increase in mature age people applying for new teaching positions)
- increasing its focus on knowledge continuity, where critical skills are mapped and mature workers take on a mentoring role to support younger staff
- keeping in touch with retired staff and drawing upon their skills, knowledge and expertise in filling short term vacancies (as proposed by the Alumni guidelines by Department of Premier and Cabinet)
- requiring exit interviews of retiring teachers as a matter of course.

3.4 Dealing with the impact

We looked at how well TAFE Institutes are dealing with the impact of an ageing teaching workforce. We wanted to see if TAFE Institutes had workforce plans that addressed the potential impact and outlined measures to counteract it.

Our assessment

Institutes have commenced developing workforce capability development plans, but workforce planning typically only looks forward a year. In our view TAFE Institutes need to strengthen their workforce planning capability with targeted workforce action plans focused on the medium term outlook for their most critical skill sets/areas.

Focus on shaping the workforce

A key commitment of the recently released document, *TAFE NSW: Doing Business in the 21st Century* is to shape the TAFE workforce development to ensure TAFE NSW has the capabilities to meet current and future service needs. The proposals include a 'workforce development guarantee' to develop 'innovative recruitment approaches and employment options to attract high performers from different generations and different industries'.

We found that the Department has a high level document called *Strategic Human Resources Plan 2005-2008*. In particular, this identifies:

- the importance of 'actively shaping the workforce' and the need for a 'capability framework defining workforce, management and leadership requirements'
- the importance of 'building and maintaining a skilled workforce' including the need for HR policies that address multi-generational workforce needs and support retention of talent'.

We also found a draft high level document *TAFE NSW Workforce Development and Sustainability Plan 2007-2010* (attached). The document is intended to respond to changing workforce profiles, industry needs and national and state priorities. For example, a key capability is: *Manage to retirement - keep effective involvement and productivity in pre-retirement phase*.

Institutes have commenced developing their own workforce capability development plans to support this.

Annual review of teaching positions

Each year Institutes review and assess their teaching needs, typically as follows:

- fulltime permanent teacher positions are assessed twice each year against the Institute's educational profile and a range of criteria, and for recruitment and filling by the following academic year
- temporary fulltime teacher positions are similarly assessed each semester or twice a year on an ongoing basis
- casual teacher positions and needs are assessed through an Institute wide recruitment program in June with Institute suitability lists established by October for those teachers that meet relevant criteria and are both vocational and teacher qualified.
- emergent or one off casual teacher needs are addressed on demand.

Review with two to five year look ahead

We found that one Institute has a *Workforce and Succession Plan* that looks further ahead, drawing upon the knowledge of head teachers and management to:

- assess the staff likely to leave within one year, in one to two years, in two to five years
- analyse the risk of loss and impact of loss against each position
- identify local and faculty specific recruitment issues and options
- identify recruitment actions necessary over the next two years for each priority position.

For example, analysis of the age profile of one faculty highlighted that 72 per cent of promotional positions were occupied by staff over the age of 50 years and concluded that it was imperative that the faculty have a formal succession plan in place to meet future needs.

Uncertainty about shortages in the future

We have not seen any assurance that the TAFE NSW programs will be adequate to prevent teacher shortages in critical areas. We understand that in some cases, as permanent teachers retire they are not being replaced. Casuals are being employed to do the work of teachers in previously permanent positions. Temporary teachers may replace casual teachers. One Institute indicated it did not presently have a problem in filling positions, because it had such a large casual/temporary base as qualified industry and teaching successors.

This approach may be adequate when the labour market is not so tight, but it may be less effective in the future environment - particularly if the demand for courses changes.

Risks are higher in the thin labour markets in regional areas, where skills are highly specialised, in very limited supply and difficult to replace.

The Independent Pricing and Regulatory Tribunal's (IPART) 2006 report found that NSW was already experiencing state-wide shortages in a range of:

- occupations including engineering, electrical, construction
- trades including food, cabinet making, hairdressing, furniture upholstery and boat building and repair.

In particular, we have not seen:

- assurance that present efforts, particularly the focus on recruitment of a new younger workforce, will be adequate in the future to mitigate the impact of the ageing teacher workforce
- evaluation of the effectiveness of Institute programs, particularly those targeted at skills/areas most likely to experience shortages
- medium term staffing projections, risk analysis, workforce plans (with key staffing objectives, strategies, actions, milestones and timelines)
- any strategy or plans to retain elements of the mature aged teaching workforce
- routine monitoring by all Institutes of key human resource performance measures such as separation rates, time to fill, staffing rate by age, staffing rate by tenure.

Planning horizon is very short Partly this is because TAFE Institutes have not been encouraged to plan very far ahead. IPART noted:

TAFE Institutes currently manage their budgets on an annual basis. Submissions to the review argued that this budgeting horizon is too short to allow TAFE Institutes to effectively manage their workforce and plan for the medium term. For example, in its submission to the review the Department argued that longer term funding arrangements could improve TAFE NSW's capacity to enter into longer term partnerships with industry, and to invest in new products and markets.

The Tribunal agrees with the Department's view, and also considers that longer term funding arrangements would enable and encourage Institute Directors to implement investment strategies that relate to longer term needs, without needing these investments to deliver a return within the same year. Indeed, the Tribunal considers that longer term funding arrangements, and the investment that they will allow, are a vital pre-condition for meeting the state's long-term training needs.

Source: Independent Pricing and Regulatory Tribunal, *Up-skilling NSW: How vocational education and training can help overcome skill shortages, improve labour market outcomes and raise economic growth*, 2006.

TAFE NSW has advised that in future Institutes will be accountable for achieving key targets within three year rolling purchasing agreements. Addressing workforce planning requirements in the medium to longer term will increasingly become a prerequisite of meeting these targets.

Recommendations We recommend that TAFE NSW Institutes strengthen its workforce planning capability by:

- developing targeted workforce action plans, focusing on the medium term outlook for their most critical skill sets/areas
- subject to the establishment of a business case, targeting the participation and retention of staff for critical skill sets/areas, such as mature-age workers, through specialised strategies
- improving workforce management information on emerging shortages, take-up of new programs, and effects of policy measures
- routinely evaluating the success of its workforce programs to ensure that successful programs are enhanced, new programs developed in timely fashion, and ineffective programs discontinued or modified.

Reporting critical areas As TAFE shortages are likely to have state-wide implications, our view is that the Department should also report annually to the Public Sector Workforce Office on critical areas of need, with specific plans for addressing problem areas (that may or may not involve mature age workers).

At a time when labour market is tightening with labour shortages already emerging in certain occupations, the Public Sector Workforce Office will need this information if is to develop effective sector-wide and cluster strategies.

Appendices

Appendix 1 About the audit

Audit Objective The objective of the audit was to examine how well the NSW Department of Education and Training is managing the impact of an ageing teacher workforce on the services it delivers.

Lines of inquiry and audit criteria Has the impact of an ageing teaching workforce on the delivery of educational services been identified and assessed?

- Has the Department assessed the impact of the ageing teacher workforce, the potential labour and skills shortages and socio-economic effects?
- Has there been adequate scenario development, impact and risk assessment and prioritisation to guide overall preparedness?

Have policies and measures been developed to reduce the impact of an ageing teaching workforce?

- Have policies, codes and procedures been developed to reduce the impact?
- Have policies and other measures been developed to offset the impact?

Is the Department dealing with the impact of an ageing teaching workforce on its educational services?

- Do the Department's workforce plans address the potential impact and outline measures to counteract it?
- Where policies, codes and procedures exist to reduce the risks associated with an ageing teaching workforce, are they actually employed?

Audit scope Our audit looked at the Department of Education and Training's TAFE teaching workforce and school teaching workforce. We initially focused on relevant workforce and mature age policies, guidelines and better practice from the Public Sector Workforce Office and the Department of Ageing, Disability and Homecare. We then examined the situation within the Department in relation to TAFE Institutes and schools.

The audit did not:

- duplicate reviews already conducted in relation to this topic
- question the merits of Government policy objectives.

This audit also did not review changing demand factors such as class sizes, enrolments and curriculum.

Audit approach	<p>We acquired subject matter expertise through:</p> <ul style="list-style-type: none">▪ interviews and examination of relevant documents including guidelines, reports, studies, strategies and reviews relating to the ageing of the teaching workforce▪ discussions with relevant staff as required, including staff of the Department of Education and Training▪ discussions with representatives as required of key stakeholders, including the NSW Teachers Federation▪ comparisons where appropriate with other States and countries▪ government and best practice guidelines relevant to the above.
Audit selection	<p>We use a strategic approach to selecting performance audits which balances our performance audit program to reflect issues of interest to Parliament and the community. Details of our approach to selecting topics and our forward program are available on our website.</p>
Audit methodology	<p>Our performance audit methodology is designed to satisfy Australian Audit Standards AUS 806 and 808 on performance auditing, and to reflect current thinking on performance auditing practices. We produce our audits under a quality management system certified to International Standard ISO 9001. Our processes have also been designed to comply with the auditing requirements specified in the Public Finance and Audit Act 1983.</p>
Acknowledgement	<p>We gratefully acknowledge the co-operation and assistance provided by the Department of Education and Training, the Public Sector Workforce Office, and the Department of Ageing, Disability and Homecare. In particular, we wish to thank our liaison officers and staff who participated in interviews, assisted with document review or provided other material relevant to the audit.</p> <p>We were also assisted by discussions with a number of external bodies including the NSW Teachers Federation, NSW Primary Principals' Association, NSW Secondary Principals' Association, and the NSW Institute of Teachers.</p>
Audit team	<p>Our team leader for this performance audit was Chris Yates, who was assisted by Angelina Pillay. Sean Crumlin provided direction and quality assurance.</p>
Audit cost	<p>Including staff costs, printing costs and overheads the estimated cost of the audit is \$216,000.</p>

Appendix 2 TAFE NSW Workforce Development and Sustainability Plan 2007-2010

Corporate Capability	Strategic Initiatives	Professional Development Programs and Projects	Human Resources Programs and Projects
<p>Organisation Development - creating right jobs for now and future</p>	<p>Actively shape an industry focused workforce</p>	<ul style="list-style-type: none"> - Comprehensive training in new thinking for selection panel members - Enable managers to review trends in their areas and respond to the future needs - Head teacher training in effective management, change management and leadership 	<ul style="list-style-type: none"> - Capability framework for workforce, management and leadership requirements - Effective recruitment policies that support emerging priority areas - Recruitment plans , informed by age cohort analysis and projected retirement dates, that encourage recruitment of a younger cohort of teachers with skills aligned with emerging skills gap
<p>Attract skilled innovative staff</p>	<p>Building and maintaining an industry focused workforce</p>	<ul style="list-style-type: none"> - Comprehensive training in new thinking for selection panel members - Support new recruits joining professional learning communities - Promote project work working with industry (Learnscope, Reframing the Future) - Refined new teacher induction/education supportive of an innovative workforce 	<ul style="list-style-type: none"> - Align demographics of selection panel with profile of prospective recruit - Package qualifications (CIV) with employment conditions - Flexible working options enabling part time employment in industry - Market and target employment opportunities to industry professionals
<p>Retrain staff - the best, creative, flexible, responsive staff</p>	<p>Building and maintaining an industry focused workforce</p>	<ul style="list-style-type: none"> - Career pathway options in PD plans - PD opportunities or scholarships - Link capability development to the TAFE NSW PD Framework 	<ul style="list-style-type: none"> - Scholarships and study subsidies - Accountability - link expenditure on people with business outcomes - Skills audit highlighting over and undersupply teaching areas - Flexible work options - Where appropriate, support separation and transitioning arrangements

Corporate Capability	Strategic Initiatives	Professional Development Programs and Projects	Human Resources Programs and Projects
Develop current staff to agreed standard of performance - maintain technical and teaching skills	Building and maintaining an industry focused workforce	<ul style="list-style-type: none"> - Multifaceted approach to technical industry currency - Promote project work working with industry (Learnscope, Reframing the Future) - Support creation and expansion of professional networks, both nationally and internationally - Annual review mapped to capability framework 	<ul style="list-style-type: none"> - Capability framework defining workforce
Promote staff - Leadership - Entrepreneurship	Embedding a services focused culture	<ul style="list-style-type: none"> - Management, change management and leadership training - Promote best practice through recognition (Teacher Awards, Quality Awards) - Leadership and Development framework for aspiring, new and experienced leaders 	<ul style="list-style-type: none"> - Identify talent pools of potential leaders/key personnel - Increase workplace delivery
Manage to retirement - keep effective involvement and productivity in pre-retirement phase	Embedding a services focused culture	<ul style="list-style-type: none"> - Enable mentor/coach roles, for retention of critical knowledge and culture 	<ul style="list-style-type: none"> - Flexible working options - Phased retirement options

Performance Audits by the Audit Office of New South Wales

Performance Auditing

What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

Performance audits may review a government program, all or part of a government agency or consider particular issues which affect the whole public sector.

Where appropriate, performance audits make recommendations for improvements.

If you wish to find out what performance audits are currently in progress, visit our website at www.audit.nsw.gov.au.

Why do we conduct performance audits?

Performance audits provide independent assurance to Parliament and the public that government funds are being spent efficiently and effectively, and in accordance with the law.

Performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also assist the accountability process by holding managers to account for agency performance.

What are the phases in performance auditing?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team will develop audit criteria and define the audit field work.

At the completion of field work we will meet with agency management to discuss all significant matters arising out of the audit. Following this, we will prepare a draft performance audit report.

We meet with agency management to check that facts presented in the report are accurate and that recommendations are practical and appropriate. Following this, a formal draft report is provided to the CEO for comment. The relevant Minister is also provided with a

copy of the final report. The final report, which is tabled in Parliament, includes any comment made by the CEO on the conclusion and the recommendations of the audit.

Depending on the scope, performance audits can take several months to complete.

Copies of our performance audit reports can be obtained from our website or by contacting our Office.

How do we measure an agency's performance?

During the planning phase, the team develops the audit criteria. These are standards of performance against which the agency or program is assessed. Criteria may be based on best practice, government targets, benchmarks, or published guidelines.

Do we check to see if recommendations have been implemented?

Every few years we conduct a follow-up audit. These follow-up audits look at the extent to which action has been taken to address issues or recommendations agreed to in an earlier performance audit.

The Public Accounts Committee (PAC) may also conduct reviews or hold inquiries into matters raised in performance audit reports. Agencies are also requested to report actions taken against each recommendation in their annual report.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards. This includes ongoing independent certification of our ISO 9001 quality management system.

The PAC is also responsible for overseeing the activities of the Audit Office and conducts a review of our operations every three years.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament and from internal sources.

Further information

Further information can be obtained from our website www.audit.nsw.gov.au or by contacting us on 9275 7277.

Performance Audit Reports

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
91	University of New South Wales	<i>Educational Testing Centre</i>	21 November 2001
92	Department of Urban Affairs and Planning	<i>Environmental Impact Assessment of Major Projects</i>	28 November 2001
93	Department of Information Technology and Management	<i>Government Property Register</i>	31 January 2002
94	State Debt Recovery Office	<i>Collecting Outstanding Fines and Penalties</i>	17 April 2002
95	Roads and Traffic Authority	<i>Managing Environmental Issues</i>	29 April 2002
96	NSW Agriculture	<i>Managing Animal Disease Emergencies</i>	8 May 2002
97	State Transit Authority Department of Transport	<i>Bus Maintenance and Bus Contracts</i>	29 May 2002
98	Risk Management	<i>Managing Risk in the NSW Public Sector</i>	19 June 2002
99	E-Government	<i>User-friendliness of Websites</i>	26 June 2002
100	NSW Police Department of Corrective Services	<i>Managing Sick Leave</i>	23 July 2002
101	Department of Land and Water Conservation	<i>Regulating the Clearing of Native Vegetation</i>	20 August 2002
102	E-government	<i>Electronic Procurement of Hospital Supplies</i>	25 September 2002
103	NSW Public Sector	<i>Outsourcing Information Technology</i>	23 October 2002
104	Ministry for the Arts Department of Community Services Department of Sport and Recreation	<i>Managing Grants</i>	4 December 2002
105	Department of Health Including Area Health Services and Hospitals	<i>Managing Hospital Waste</i>	10 December 2002
106	State Rail Authority	<i>CityRail Passenger Security</i>	12 February 2003
107	NSW Agriculture	<i>Implementing the Ovine Johne's Disease Program</i>	26 February 2003
108	Department of Sustainable Natural Resources Environment Protection Authority	<i>Protecting Our Rivers</i>	7 May 2003
109	Department of Education and Training	<i>Managing Teacher Performance</i>	14 May 2003
110	NSW Police	<i>The Police Assistance Line</i>	5 June 2003
111	E-Government	<i>Roads and Traffic Authority Delivering Services Online</i>	11 June 2003
112	State Rail Authority	<i>The Millennium Train Project</i>	17 June 2003

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
113	Sydney Water Corporation	<i>Northside Storage Tunnel Project</i>	24 July 2003
114	Ministry of Transport Premier's Department Department of Education and Training	<i>Freedom of Information</i>	28 August 2003
115	NSW Police NSW Roads and Traffic Authority	<i>Dealing with Unlicensed and Unregistered Driving</i>	4 September 2003
116	NSW Department of Health	<i>Waiting Times for Elective Surgery in Public Hospitals</i>	18 September 2003
117	Follow-up of Performance Audits	<i>Complaints and Review Processes (September 1999)</i> <i>Provision of Industry Assistance (December 1998)</i>	24 September 2003
118	Judging Performance from Annual Reports	<i>Review of Eight Agencies' Annual Reports</i>	1 October 2003
119	Asset Disposal	<i>Disposal of Sydney Harbour Foreshore Land</i>	26 November 2003
120	Follow-up of Performance Audits NSW Police	<i>Enforcement of Street Parking (1999)</i> <i>Staff Rostering, Tasking and Allocation (2000)</i>	10 December 2003
121	Department of Health NSW Ambulance Service	<i>Code Red: Hospital Emergency Departments</i>	15 December 2003
122	Follow-up of Performance Audit	<i>Controlling and Reducing Pollution from Industry (April 2001)</i>	12 May 2004
123	National Parks and Wildlife Service	<i>Managing Natural and Cultural Heritage in Parks and Reserves</i>	16 June 2004
124	Fleet Management	<i>Meeting Business Needs</i>	30 June 2004
125	Department of Health NSW Ambulance Service	<i>Transporting and Treating Emergency Patients</i>	28 July 2004
126	Department of Education and Training	<i>School Annual Reports</i>	15 September 2004
127	Department of Ageing, Disability and Home Care	<i>Home Care Service</i>	13 October 2004
128*	Department of Commerce	<i>Shared Corporate Services: Realising the Benefit including guidance on better practice</i>	3 November 2004
129	Follow-up of Performance Audit	<i>Environmental Impact Assessment of Major Projects (2001)</i>	1 February 2005
130*	Fraud Control	<i>Current Progress and Future Directions including guidance on better practice</i>	9 February 2005
131	Follow-up of Performance Audit Department of Housing	<i>Maintenance of Public Housing (2001)</i>	2 March 2005
132	Follow-up of Performance Audit State Debt Recovery Office	<i>Collecting Outstanding Fines and Penalties (2002)</i>	17 March 2005

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
133	Follow-up of Performance Audit Premier's Department	<i>Management of Intellectual Property (2001)</i>	30 March 2005
134	Department of Environment and Conservation	<i>Managing Air Quality</i>	6 April 2005
135	Department of Infrastructure, Planning and Natural Resources Sydney Water Corporation Sydney Catchment Authority	<i>Planning for Sydney's Water Needs</i>	4 May 2005
136	Department of Health	<i>Emergency Mental Health Services</i>	26 May 2005
137	Department of Community Services	<i>Helpline</i>	1 June 2005
138	Follow-up of Performance Audit State Transit Authority Ministry of Transport	<i>Bus Maintenance and Bus Contracts (2002)</i>	14 June 2005
139	RailCorp NSW	<i>Coping with Disruptions to CityRail Passenger Services</i>	22 June 2005
140	State Rescue Board of New South Wales	<i>Coordination of Rescue Services</i>	20 July 2005
141	State Budget	<i>In-year Monitoring of the State Budget</i>	28 July 2005
142	Department of Juvenile Justice	<i>Managing and Measuring Success</i>	14 September 2005
143	Asset Management	<i>Implementing Asset Management Reforms</i>	12 October 2005
144	NSW Treasury	<i>Oversight of State Owned Electricity Corporations</i>	19 October 2005
145	Follow-up of 2002 Performance Audit	<i>Purchasing Hospital Supplies</i>	23 November 2005
146	Bus Transitways	<i>Liverpool to Parramatta Bus Transitway</i>	5 December 2005
147	Premier's Department	<i>Relocating Agencies to Regional Areas</i>	14 December 2005
148	Department of Education and Training	<i>The New Schools Privately Financed Project</i>	8 March 2006
149	Agency Collaboration	<i>Agencies Working Together to Improve Services</i>	22 March 2006
150	Follow-up of 2000 Performance Audit	<i>Fare Evasion on Public Transport</i>	26 April 2006
151	Department of Corrective Services	<i>Prisoner Rehabilitation</i>	24 May 2006
152	Roads and Traffic Authority	<i>The Cross City Tunnel Project</i>	31 May 2006
153	Performance Information	<i>Agency Use of Performance Information to Manage Services</i>	21 June 2006
154	Follow-up of 2002 Performance Audit	<i>Managing Sick Leave in NSW Police and the Department of Corrective Services</i>	June 2006
155	Follow-up of 2002 Performance Audit	<i>Regulating the Clearing of Native Vegetation</i>	19 July 2006

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
156*	Fraud Control	<i>Fraud Control Improvement Kit: Meeting Your Fraud Control Obligations</i>	20 July 2006
157	Roads and Traffic Authority	<i>Condition of State Roads</i>	16 August 2006
158	Department of Education and Training	<i>Educating Primary School Students with Disabilities</i>	6 September 2006
159	NSW Health	<i>Major Infectious Disease Outbreaks: Readiness to Respond</i>	22 November 2006
160	NSW Health	<i>Helping Older People Access a Residential Aged Care Facility</i>	5 December 2006
161	Follow-up of 2003 Performance Audit	<i>The Police Assistance Line</i>	6 December 2006
162	NSW Health	<i>Attracting, Retaining and Managing Nurses in Hospitals</i>	12 December 2006
163	Legal Aid Commission of NSW	<i>Distributing Legal Aid in New South Wales</i>	13 December 2006
164	Department of Juvenile Justice NSW Police Force	<i>Addressing the Needs of Young Offenders</i>	28 March 2007
165	Homelessness	<i>Responding to Homelessness</i>	2 May 2007
166	Follow-up of Performance Audit Department of Education and Training	<i>Using Computers in Schools for Teaching and Learning</i>	9 May 2007
167	Follow-up of 2001 Performance Audit: Ambulance Service of New South Wales	<i>Readiness to Respond</i>	6 June 2007
168	Ministry of Transport	<i>Connecting with Public Transport</i>	6 June 2007
169	NSW Police Force	<i>Dealing with Household Burglaries</i>	27 June 2007
170	RailCorp	<i>Signal Failures on the Metropolitan Rail Network</i>	15 August 2007
171	Department of Premier and Cabinet Department of Commerce	<i>Government Advertising</i>	29 August 2007
172	Department of Primary Industries	<i>Improving Efficiency of Irrigation Water Use on Farms</i>	21 November 2007
173	NSW Police Force	<i>Police Rostering</i>	5 December 2007
174	Department of Education and Training	<i>Ageing Workforce - Teachers</i>	February 2008

* Better Practice Guides

Performance audits on our website

A list of performance audits tabled or published since March 1997, as well as those currently in progress, can be found on our website www.audit.nsw.gov.au.

If you have any problems accessing these reports, or are seeking older reports, please contact our Office Services Manager on (02) 9275 7116.