

REPORT OF PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE

**EXAMINATION OF THE RESPONSE TO THE AUDITOR-GENERAL'S
REPORT ON AGEING WORKFORCE—TEACHERS**

At Sydney on Wednesday 12 August 2009

The Committee met at 10.00 a.m.

PRESENT

Mr P. E. McLeay (Chair)

Mr G. A. McBride

Mr P. R. Draper

Mr N. Khoshaba

Mr A. J. Roberts

Mr J. H. Turner

MICHAEL PAUL COUTTS-TROTTER, Director-General, Department of Education and Training, 35 Bridge Street, Sydney, sworn and examined:

ROSEMARY MILKINS, Assistant Director-General, Public Sector Workforce, Department of Premier and Cabinet, 4-6 Bligh Street, Sydney, affirmed and examined:

PETER CHARLES ACHTERSTRAAT, Auditor-General, Audit Office of New South Wales, 1 Margaret Street, Sydney, and

SEAN MICHAEL CRUMLIN, Director, Performance Audit, Audit Office of New South Wales, 1 Margaret Street, Sydney, on former oath:

CHAIR: Good morning. I thank the representatives of the Department of Premier and Cabinet, the Department of Education and Training and the Audit Office of New South Wales for appearing today to provide evidence to the Public Accounts Committee examination of the response to the Auditor-General's report on Ageing Workforce—Teachers. Try to avoid the use of any acronyms. If you use them specify what they are in the first instance. I draw your attention to the fact that your evidence is given under parliamentary privilege and that you are protected from legal or administrative action that might otherwise result in relation to the information that you provide. I also point out that any deliberate misleading of the Committee may constitute a contempt of the Parliament and an offence under the Parliamentary Evidence Act 1901. I invite the Department of Education and Training, the Department of Premier and Cabinet and the Auditor-General to make a brief opening statement. The Committee will then ask questions. If witnesses wish to discuss between themselves those discussions should be directed through the Chair. Mr Coutts-Trotter, would you like to make a brief opening statement?

Mr COUTTS-TROTTER: Thank you, Chair. Just to reiterate, this was a useful process for the department. It was an open and collaborative process that helped us to think again about aspects of what we do to plan for and meet the needs of children in our schools. Since our March correspondence, which informed the Committee of our response to the recommendations of the audit, we as a departmental executive met and modified to some extent the bald rejection of a couple of those proposals. Undoubtedly we will get into that in our discussion. We have thought again about the value of exit surveys and we have thought about some lower cost ways of doing it among large groups of people. We have also determined that it is worth burrowing into the reasons why certain groups of our teaching workforce are leaving.

The other chief recommendation we rejected was the suggestion by the Audit Office that we undertake another retirement intention survey, or use that as a tool to find out about people's retirement intentions. Initially we rejected that because we did not have a strong correlation between the results of a public sector-wide retirement intention survey and people's behaviour. We thought that past behaviour was a better guide to future behaviour than expressed intentions. Again I think there is a way of coming back at that in a slightly different approach from the approach that we used last time. Again it is a weighing of the costs and benefits, but I think there are more cost-effective ways of approaching that and it is probably worth re-asking the question.

CHAIR: I suppose that there is no need for us to proceed! That is good to hear. Ms Milkins?

Ms MILKINS: I would like to make some broad contextual remarks about the role of the Department of Premier and Cabinet and our workforce area in relation to this audit and to how agencies go about their workforce plan. I will keep my remarks extremely brief. Our basic role is to provide broad frameworks for workforce management in response to sector-wide issues that we see emerging. We also produce tools that assist agencies in going about their workforce planning. We also provide strategic advice and support and we coordinate knowledge sharing across the sector so that as agencies develop better expertise and more experience, face challenges and pilot programs, we share that with other agencies. So there is a pooling, if you like, of that knowledge.

We also monitor progress across the sector against workforce planning, so we have an annual collection when we look at how the sector is travelling in a macro sense. We have a positive and ongoing relationship with the Department of Education and Training at a variety of levels. We work with that department on a whole range of public sector workforce issues. Key amongst those are the two things that we are interested in this morning, which is about an ageing workforce but also about recruitment and retention strategies that are used, which is the feed-in tube as others are exiting. We believe that the audit has been a positive thing. It has

provided to us as well as to the Department of Education and Training an opportunity to reflect on how we are going in this area of workforce planning.

CHAIR: Thank you.

Mr ACHTERSTRAAT: Mr Chairman and members of the Public Accounts Committee, I welcome this opportunity to assist the Committee's inquiry into our performance audit on the ageing workforce tabled in Parliament on 13 February. I would like to give the Committee some context to the report's recommendations, which were developed after detailed consultation with the department and with TAFE NSW. The Department of Education and Training is faced with the loss of large number of retiring teachers and their associated skills. Statistics show that over 40 per cent of schoolteachers are aged over 50 years and the department estimates that in the next five years more than 16,000, or 33 per cent of permanent schoolteachers, will be reaching retirement age. The TAFE situation is similar.

Overall, we found that the department has focused considerable effort recruiting and retaining younger teachers—and that is a good thing—but a continuing reliance on the recruitment and retention of younger workers may not be the sole solution. We recommended that the department needed to build on its current efforts to enhance and keep the mentoring skills of the older and more mature teachers. The department's aggregate projections may show that statewide there is an adequate supply of schoolteachers. However, we consider that this could mask shortages at specific schools or specific subjects. We made a series of recommendations. It is heartening to hear the director-general now indicating that the department is reconsidering a number of recommendations that were rejected. We have had very professional relations with the department. While there might be professional differences we are not questioning the commitment and dedication of the teachers and the staff with whom we dealt.

CHAIR: Mr Coutts-Trotter, you said that a recent board meeting reviewed the decision. Does that mean you are now open to it or that you are committing to it?

Mr COUTTS-TROTTER: We are committing to conducting exit surveys and at the moment we are designing those surveys. We are committed to re-examining the design of a retirement intention survey and I understand that a sector-wide retirement retention survey is soon to be run. We would like to get in and provide some advice on the design of that survey from our perspective so that we get agency-specific information that we could then use, not simply workforce-wide but also looking into subject area speciality, particular skills that teachers may have, details about where they are working, where they are prepared to work, and the range of more specific things that would give us that we could respond in our planning.

In the past we have found that the assumptions on which we base our planning to a degree are a bit crude. In other words, we assume that women leave at the age of 55 and that men leave at the age of 60. When we dig into that we find that, because of the history of policy in New South Wales and in other States, a lot of women have periods away from work to have children and, as a result, they have not stayed in the defined benefit superannuation scheme. We assume that people leave at 55 because a cohort of a certain age is assumed to be in the defined benefit scheme. We found that only one-third of that group of women retained their membership of defined benefit superannuation.

Obviously everybody's decision-making is entirely personal. But the assumptions about the financial incentives that are embedded in the pension scheme are a crude, conservative and appropriate assumption that is not borne out individual by individual. That takes us back to gathering better information about individuals' decision-making. Hence in reviewing this data we thought that a retirement intention survey, differently designed and better targeted, would probably be a useful tool.

CHAIR: Is it because you are concerned that people put their intention, but that may change and therefore you have based it on something else?

Mr COUTTS-TROTTER: I could fantasise about retiring at 50, and I may not. Or, I could assume that my financial position will be X, and it is not. Particularly if you have people who have an element of a superannuation investment rising and falling with the equity market, people's assumptions about their financial position have been challenged harshly in the past few years.

CHAIR: Have you found that that has had an impact and that fewer teachers have left in the past few years?

Mr COUTTS-TROTTER: We assumed women would leave at 55, and they are not. We assumed men would leave at 60, and they are not. That is, 100 per cent of people are not leaving. That then presents a different challenge, a challenge that the audit report goes to, which is that you have people who planned to leave but now find that they cannot for a range of reasons. As an employer, how do you continue to engage them and keep them thrilled with the job of teaching?

CHAIR: Do you want to answer that question?

Mr COUTTS-TROTTER: Yes. It is about supporting the professional development that happens within schools and across groups of schools. It is about challenging teachers with contemporary techniques. It is about challenging schools to operate in different ways, so instead of remaining alone in the classroom you are working with groups of teachers, and groups of teachers are working across schools. You have primary school teachers going into years 7 and 8 at a high school to help high school teachers with literacy and numeracy, which is done superbly at the primary level but becomes a more complex task at secondary level. How do you identify literacy and numeracy in each of the subject areas?

Literally there are a zillion things that go into this and they are all about giving teachers a challenge and giving them professional support and training in the professional development that they need to take it up. You do find people who, in their thirty-fifth or fortieth year of teaching, are just reawakened and find it a thrill again. That is really important because you do not want a cohort of people who are waiting for the clock to tick around to retirement day; you want people who are giving to the classroom every day.

CHAIR: I am mindful that I am the only member of this Committee who is not married to a teacher or to someone who works at a school, but my mother was a teacher. Members of the Committee will now ask you some questions.

Mr PETER DRAPER: The Committee is interested in feedback on the conduct of performance audits and its own investigations. The Committee is aware that performance audits come at a cost to the agencies, and is very keen to maximise the benefits that come out of them. In your submission you noted that the audit was valuable to the department.

Mr COUTTS-TROTTER: Yes.

Mr PETER DRAPER: You noted also that the audit staff were professional and collaborative. You noted also that the same recommendations were made for both the TAFE and school sectors of the department, and that this did not recognise the significantly different factors that drive the operations and context of TAFE and schoolteachers. Can you elaborate on that and tell us what the differences are?

Mr COUTTS-TROTTER: Certainly.

Mr PETER DRAPER: Have you any further feedback about either the initial performance audit or the Committee's follow-up inquiry?

Mr COUTTS-TROTTER: First, in my experience the way that the Audit Office works with this agency has been entirely constructive. It is an independent process, but it is initiated with good, open discussion about what the Audit Office objectives are, about the framework within which the work will take place, and the normative standards that we would be audited against. We were able to contribute greatly to that process. They understand how best to use their time, people and effort. It is an excellent process; it is not co-designed, because it is an independent process. But we have a very good input into it and we have good input during the carriage of the audit as well at a very senior level.

The follow-on within the agency is very good. As an audit committee, a standing item is a report to the committee on the progress of implementing the recommendations of the Audit Office, specifically the recommendations on performance audits. That is a good mechanism for keeping the pressure on us and, frankly, it was part of the reason that we as an executive revisited the March response. When it comes to TAFE, I suppose there are a number of fundamental differences in the teaching workforce. One within TAFE is that casual teachers do half the teaching task and there is a range of reasons for that including that that is how a lot of people want to work. They all have occupational experience and in many cases are working in the industries that they are training in.

TAFE is a much more devolved management, so we do a lot of things through central formulae in schools and central controls and that is a form of management that we are in part trying to change. We are trying to move more decision-making into schools. Faculties within TAFE institutes and TAFE colleges have much greater control over what they do and they actually compete for \$300 million a year of training activities. So they are in direct and immediate day-to-day competition with other public sector TAFEs and private training providers. They have to be a lot more fleet-footed and respond to signals about demand for commercial training. As a result of that, it is a much more volatile environment. They would change far more radically from year to year the mix of things they are doing at an institute level and a college level.

As a result, they have a more volatile set of demands on their workforce. We might be doing electro-technology this month, but we will not be next month, or conversely we might need to do four times as much of it if we secure a commercial contract. The recommendations as they touch on principles of management make sense. When it comes to the application between a TAFE college and a school, given those differences, we can recognise the principle but the implementation of the principle coming out of the recommendation would be very different in a TAFE college.

CHAIR: Mr Achterstraat, do you want to respond to that?

Mr ACHTERSTRAAT: I accept what the director-general said. There is a difference in the mechanisms in relation to TAFE and schools, but I do not know whether that necessarily translates to some of our recommendations not being applicable to one but being applicable to the other. I think one originally had been that exit interviews were applicable to TAFE but not to schools. I am pleased to see that the director-general is suggesting that we can go forward on that. I do not think it is a big issue.

From my point of view, I would be interested to know whether there are any specific recommendations we made which do not apply to one but do apply to the other? I do not want to hold up the Committee. Maybe we can do that out of session, it is not necessary for this Committee to go through that.

Mr GRANT McBRIDE: With experienced teachers versus new teachers coming into the system, do you try to get a balance so that you have mentors in the system as new teachers come on line? You commented on re-energising mature-age teachers and keeping them interested. Does that involve more than group teaching? Can they change disciplines? I know a teacher who is an international artist but he teaches maths. Over a period of time I have found that a lot of teachers have many skills as an interest, but they may not be qualified. However, they would be more than able to teach, because of their skills.

Mr COUTTS-TROTTER: To answer the first part of your question, we are very conscious within schools and groups of schools and regions about the mix in staff. Some of that we cannot control. In other words, over a very long period of time, because of the way that staff have been allocated to schools by a transfer mechanism, if you look at the coastal regions they tend to be a much older demographic than other areas of the State, because of people's choices. They want to move to the coast at a certain point in life.

CHAIR: Be they young, middle-aged or whatever. At which time do they not want to live on the coast?

Mr COUTTS-TROTTER: That is a good point. A lot of people are choosing regional lifestyles.

Mr PETER DRAPER: It is easier.

Mr COUTTS-TROTTER: That is a big factor. We know this because we are openly advertising for more classroom teaching positions and there are huge fields of candidates. For a visual arts job in Molong, there were 46 people who wanted the job because they fundamentally love the job but they wanted to do it in Molong. The flip side of the challenge for a group of people leaving the system is the opportunity to get new teachers of all ages. We are seeing about one-third of new teachers coming from other degrees or other careers into teaching. A new teacher is not necessarily someone in his or her early twenties, he or she may be in their early thirties or forties, which I think is a very good thing.

We chart that and we are particularly conscious of keeping a track on the employment of new graduates. We want to continue to send a strong signal to new graduates, of any age, that we value them and we are interested in their skills. We do encourage and support people who want to retrain from one discipline to

another. That is a really important part of career development. Then under the new national partnerships with the Commonwealth we are looking to create new positions in schools that would allow people who are excellent classroom teachers, objectively excellent classroom teachers, to take up higher paying jobs that keep them in the classroom and give them responsibilities to develop the skills of other teachers: highly accomplished teachers, or HATs. Quite a few initiatives are under way to deal with the issues we have discussed.

Mr ANTHONY ROBERTS: I notice with respect to the localised assessment of shortages that the Auditor-General was concerned—and I must put on the record that this Committee frowns upon rejections of recommendations from the Auditor-General—that the aggregate figures obtained through the department's centralised projection process may fail to uncover teacher shortages at the local level. To address that problem, the Auditor-General recommended that you undertake more localised impact risk assessment and reporting. I notice that you rejected that. In that rejection you stated that vacancies at the individual school level were not classified as "shortages", but were addressed as "operational issues".

Mr COUTTS-TROTTER: Yes.

Mr ANTHONY ROBERTS: That is something you hear from North Korea: they do not have food shortages, they have operational issues. You say that you are addressing shortages and that addressing them as operational issues has proved successful. In what way has treating vacancies or shortages as operational issues proved successful, apart from not having shortages but operational issues?

Mr COUTTS-TROTTER: If Gilgandra High School's permanent science teacher leaves for whatever reason and the school spends a term looking for a science teacher, we manage that within the school. We do not say that that is an indication of a science teacher shortage in a broader region. The point that the Audit Office made is a point that we have reflected on. We do need to get down to smaller groups of schools in our consideration. So we are now taking the analysis down to groups of 30 schools. We are configured in 10 regions, and within regions there are school education groups. Broadly there are 28 to 30 schools in a group. The principals in that group work with the school education director. We will take the analysis down to that level so that if there was a problem in Gilgandra High School and also in a problem in some other schools in that group, that becomes something we need to think about and be concerned about.

We are also getting a brand-new source of great information. Prior to April last year only one in 10 classroom teacher appointments involved a decision by the school. The transfer system simply allocated someone. Now about 50 per cent of classroom teacher appointments involve a decision by the school on how to appoint that person. They may still use a transfer mechanism, but it is the school's choice whether to do that. In the most recent period, term two, the schools advertised 70 per cent of those positions. Suddenly there is a whole lot of classroom teacher positions that are openly advertised and available to anyone who wants to have a crack at it. That is giving us really good information about who is prepared, in that different approach, to work in Gilgandra, Leeton or Molong, or elsewhere, or in south-western Sydney in subject specialties. That is good contemporary information that tells us a lot more about a trend, a pattern, about something we need to be concerned about rather than a decision by a school to let one science teacher go and an inability to find someone who is prepared to fill in for a term, and we have to fill it by casuals.

Mr ANTHONY ROBERTS: Just to clarify that, what we are looking at now is that you have taken up the Auditor-General's recommendation—in the case of Gilgandra, for example, where you are a science teacher down—in pursuing and identifying that as a shortage of a science teacher, not as an operational issue on a broader level.

Mr COUTTS-TROTTER: That would encourage us to ask a question. We would ask that through our school education director. Each school education director meets at least four times a term with the principal, so there is a really regular contact. The contact and communication in practice is actually a lot more regular than that, because we have a staffing operation that supports that, but that would be relevant information. Our first response would be to manage it within the school with the leadership of the principal in determining how that job is filled. But the point that the Audit Office made to us, and which we think it is actually worth reflecting on and moving on, is that we need to look at more local patterns because local patterns do matter.

Mr ANTHONY ROBERTS: Again, I wish to clarify that. With respect to the recommendations in the performance audit "Ageing Workforce—Teachers", including a recommendation for more localised risk assessment and reporting, this is where shortages will first appear?

Mr COUTTS-TROTTER: Yes.

Mr ANTHONY ROBERTS: Where you have rejected that, we can now effectively, through the Auditor-General's recommendations, state that you have accepted that there are such things as shortages; that shortages do exist. By its very nature and definition, a shortage is less than what is expected or acceptable. The department actually has agreed that there are such things as shortages rather than operational issues?

Mr COUTTS-TROTTER: I think you are trying to pin me down terminologically. We are saying that we will look at groups of 30 schools because that is our management structure. We are going to gather information about the availability of teachers in all specialties in those schools, or primary schools, and that is what we are defining as "local"—not a single classroom, but a group of 30 schools. We are focusing much more tightly and we are gathering that information. We will manage with it, and we will consider it absolutely relevant to our workforce planning.

Mr ANTHONY ROBERTS: We welcome that, but I have to say that we did not start the whole game of using terms such as "operational issues" to describe a shortage. As long as we are agreed as a Committee that if you really want to drill down to it, not having a teacher or a number of specialist teachers is a shortage or a lack of teachers, not an operational issue, and that they are being dealt with on a more local basis.

Mr COUTTS-TROTTER: I do not wish to chew on the bone too much longer, but the absence of a science teacher for two weeks is not a shortage. That needs to be responded to within the school, but in terms of workforce planning, how relevant is that to planning for science teachers? Well, not very. But if there is not an ability for a group of 30 schools in the region to consistently staff, as they should, science classes with credentialed science teachers, that is a shortage.

CHAIR: For the record, the Committee does not frown on non-acceptance of Audit Office recommendations. We encourage independence and you are at liberty to accept or reject recommendations. However, if you do reject them, you will have to justify that.

Mr JOHN TURNER: Director-General, you accepted a recommendation to target the retention of TAFE staff in critical areas such as mature age workers through specialised strategies. You informed the Committee that a proposal to establish a business case is to be developed. Can you update us on progress of the business case?

Mr COUTTS-TROTTER: I have pushed my colleagues to give us a point in time when that will be done. We have not fixed on that. It will certainly be by the end of the year but possibly well before the end of the year.

CHAIR: In relation to that, you reject the recommendation that you report to the Public Sector Workforce branch?

Mr COUTTS-TROTTER: Well, no.

CHAIR: Regarding TAFE shortages?

Mr COUTTS-TROTTER: No, I am sorry: To be clear about that, as I understand the concern of the Audit Office, it was that TAFE is such a crucial institution within the economy of New South Wales, let alone the society of New South Wales, that anything that threatens its capacity to do its job is of statewide significance and needs to be reported to the centre of government. We accept that, and will do that. We are not proposing to not report, through the Public Sector Workforce's office, TAFE's work in planning and TAFE's assessment of the risks in its own workforce as well as what we are doing about it.

CHAIR: I might just check that. The last one states, "As TAFE shortages in particular areas are likely to have statewide implications ..."—

Mr COUTTS-TROTTER: We accept that and will act on it.

CHAIR: Okay. As there are no further questions, would you like to comment, Mr Achterstraat?

Mr ACHTERSTRAAT: I thank the Director-General and also the Committee. This has been a very worthwhile exercise. There has been a good relationship all round. I think that, with a bit of tweaking, the four recommendations that were rejected can now be implemented.

Mr COUTTS-TROTTER: Yes.

Mr ACHTERSTRAAT: I think that is a very constructive approach from the department, but it also shows the efficacy of this forum.

Mr COUTTS-TROTTER: I would agree with that.

(The witnesses withdrew)

(Luncheon adjournment)