

# WESTERN AUSTRALIAN SEPTEMBER 2009 SUBMISSION

## POST SECONDARY EDUCATION

### Key Point

- Western Australia considers that there is both a conceptual basis and a potentially reliable and practical method for assessing the impact of industry mix on post-secondary education costs.

The Grants Commission acknowledged that industry mix is a potential cost driver in post-secondary education, but pointed to the difficulties that parties have had in developing a reliable and practical method of allowing for its effect.<sup>1</sup>

Western Australia believes that a policy neutral method could be based on the national cost weights determined by the Australian National Training Authority (ANTA) from information provided by the Australian Committee on Vocational Education and Training Statistics Unit Costs Working Party in 1995. These cost weights relate to student contact hours and are still used by the Department of Education, Employment and Workplace Relations to adjust training expenditures for the costs of different course types.<sup>2</sup>

Table 1 shows:

- the ANTA training area cost weights;<sup>3</sup>
- national training hours in 2008, split by industry on a consistent basis with the ANTA cost weights;<sup>4</sup> and
- cost weighted national training hours for each industry.

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<sup>1</sup> Draft Report on Revenue Sharing Relativities 2010 Review, page 221.

<sup>2</sup> Annual National Report of the Australian Vocational Education and Training System 2007, page 261.

<sup>3</sup> Sourced from the ANTA Annual National Report 1999, Volume 3 (National Vocational Education & Training Performance), page 157.

<sup>4</sup> Sourced by the Western Australian Department of Education from the National Centre for Vocational Education Research (NCVER). The data covers activity that fell under the *Skilling Australia's Workforce* Agreement.

To assess a disability factor, the cost weighted national training hours need to be apportioned among States using an appropriate training demand indicator.

- An appropriate indicator is considered to be each State's share of national employment in each industry.
- For this purpose, Western Australia considers that ABS data on employment by State and ANZSIC Industrial Classification (published in ABS 6291.0.55.003) can be used.
  - The ANZSIC Industrial Classification is reasonably similar to the industry classification used in the ANTA cost weights and NCVET training hours data.
- In a few cases, no employment indicator is available – in these cases, demand for training can reasonably be assumed to be distributed EPC.

For illustration, Table 2 provides a concordance that Western Australia has developed between the ANTA training areas and the ANZSIC Industrial Classification.

- Where more than one ANZSIC industry links to an ANTA training area (or areas), the appropriate indicator is total employment in the relevant ANZSIC industries.

Our calculations suggest the factor is material (e.g. 6% disability for Western Australia).

**Table 1: ANTA training area unit cost weights, and national training hours**

<b>Training Area</b>	<b>Weight</b>	<b>National hours</b>	<b>Weighted national hours</b>
<b>Category A</b>			
Arts, entertainment, sports and recreation	1.03	20,735,979	21,358,058
Automotive	1.33	10,698,808	14,229,415
Building and Construction	1.16	26,896,679	31,200,148
Communications	1.16	35,299,906	32,122,914
Community services, health and education	0.91	5,918,767	4,024,762
Engineering and mining	1.28	4,104,250	4,678,845
Finance, banking and insurance	0.68	4,667,629	5,507,802
Food processing	1.14	1,803,843	2,092,458
Primary industry	1.12	16,053,216	20,548,116
Process manufacturing	1.16	15,921,436	17,832,008
Sales and personal service	0.94	706,944	820,055
Textiles, clothing, footwear and furnishings	1.18	21,875,983	20,563,424
Tourism and hospitality	1.10	16,453,153	18,098,468
Transport and storage	1.20	5,617,289	6,740,747
Utilities	1.29	19,982,331	25,777,207
<b>Category B</b>			
Business and clerical	0.79	53,253,675	42,070,403
Computing	0.84	9,621,907	8,082,402
Science, technical and other	1.06	10,256,100	10,871,466
<b>Category C</b>			
General education and training	0.85	36,220,783	30,787,666
<b>Total</b>		<b>316,088,678</b>	<b>317,406,364</b>

**Table 2: Concordance between ANTA training areas and the ANSZIC Industrial Classification**

<b>ANTA Training Area</b>	<b>ANZSIC Industrial Classification</b>
<b>Category A</b>	
Arts, entertainment, sports and recreation	R: Arts and recreation services
Building and Construction	E: Construction
Communications	J: Information, media and telecommunication services
Community services, health and education	P: Education and training Q: Health care and social assistance
Engineering and mining	B: Mining E: Construction
Finance, banking and insurance	K: Financial and insurance services
Food processing Process manufacturing Textiles, clothing, footwear and furnishings	C: Manufacturing
Primary industry	A: Agriculture, forestry and fishing
Automotive	F: Wholesale trade
Sales and personal service	G: Retail trade L: Rental, hiring and real estate services S: Other services
Tourism and hospitality	H: Accommodation and food services
Transport and storage	I: Transport, postal and warehousing
Utilities	D: Electricity, gas, water and waste services
<b>Category B</b>	
Business and clerical	EPC
Computing	EPC
Science, technical and other	M: Professional, scientific and technical services
<b>Category C</b>	
General education and training	EPC