

HAIRDRESSING & BEAUTY SERVICES

ENVIRONMENTAL SCAN 2010



2010



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This document supports the *Service Skills Australia 2010 Environmental Scan*.

For information on trends in other service industries, see our Environmental Scan findings for:

- Community Pharmacy
- Funeral Services
- Retail, Wholesale and Floristry
- Sport, Fitness, Community and Outdoor Recreation
- Tourism, Hospitality and Events.

All of these documents can be viewed and downloaded from our website, www.serviceskills.com.au

INTRODUCTION

THE ROLE OF SERVICE SKILLS AUSTRALIA

Service Skills Australia (SSA) is the Industry Skills Council for the service industries. Skills councils are the recognised national bodies providing advice to government and industry on industry training and skill development needs.

SSA is an independent, not-for-profit body, managed by industry members and funded by the Australian government to:

- develop a culture within the service industries which promotes and enhances the skills development of its workforce
- develop policies, programs and services, including industry training packages, that support industry needs in relation to skills and workforce development
- achieve quality skills outcomes throughout the service industries
- produce quality workforce development information and use industry intelligence to inform decision making.

SSA represents the interests of businesses across sectors, including tourism, hospitality and events; sport, fitness and recreation; and retail, wholesale and personal services.

OBJECTIVES

This environmental scan provides an industry-specific overview of current and future trends and developments in the hairdressing and beauty industries in relation to workforce development and vocational education and training (VET). Developed in partnership with industry and based on data mostly collected between February 2009 and January 2010, the scan reflects key issues and provides information on current and future skill demands, and their context, to inform the continuous improvement of training packages in this sector.



“There is a lack of recognition of the significant contribution that the hairdressing and beauty industries bring to the Australian economy.”

KEY MESSAGES

SSA’s Environmental Scan 2009 advocated for skill development in the right way and in the right timeframe. Skill development needs to occur in a way that ensures that the right skills are being developed for the job outcome, context of learners, and learners’ work circumstances¹. These issues are still valid and current.

There is a lack of recognition of the significant contribution that the hairdressing and beauty industries bring to the Australian economy.

Businesses and employees in these industries bear the consequence of a broad misconception that workers are low skilled, with a lesser need for support and resourcing to develop skills. Consequences may be seen to include poor funding support, lack of recognition of careers in the industry, and ongoing issues in the quality of training and assessment delivered by some providers.

LATEST INDUSTRY INTELLIGENCE

THE CONTRIBUTION OF THE INDUSTRIES

The hairdressing and beauty industries in Australia are characterised by a substantial number of small and medium-sized owner-operated businesses, with a growing number of franchises emerging. Most businesses are Australian owned, but there is also a small amount of international ownership. In 2007:

- hair and beauty industries included more than 18,300 businesses, and
- the majority of these businesses (69%) were small, employing less than 20 people².

NATURE OF THE WORKFORCE

In mid-2009:

- the hairdressing and beauty industries employed over 84,000 people, of which approximately 88% were female and 45% worked part time³, and
- the median age of employees in hairdressing was 29 and in beauty 30⁴.

Industry feedback to SSA confirmed that this industry consists of a high proportion of young, mainly female labour. Industry also advised that a large proportion of ‘Generation Y’ workers contribute significantly to the turnover in the workforce, citing a variety of reasons for this cohort leaving, including pay rates, lack of development, attraction to another employer, relocation and professional development.

Retention

Retention of talent is an important focus for the hairdressing and beauty industries. Feedback to SSA indicates that critical to the retention process is harnessing the potential to fully engage employees in the industry.

Skill and workforce development strategies are among the most influential retention tools to workers. However they need to be congruent with and accommodate the specific requirements of industry needs. **QUALITY DELIVERY INCLUDES BEING ABLE TO RESPOND TO THE VARIABILITY OF INDUSTRY.**

Small and medium enterprises

As mentioned earlier, a significant feature of the hair and beauty industries is the large number of small and medium sized enterprises (SMEs).

There is a range of qualities that successful businesses must have to effectively build and sustain their operations. SSA believes that a key role of government should be to provide advice and support to SMEs to support the development of skills and systems to improve productivity.

Leaders and managers of SMEs fulfil a wide range of roles requiring a variety of skills. The global financial crisis (GFC) has highlighted the need for managers to have a greater knowledge and understanding of financial matters, technology, business planning and human resource management. Industry feedback to SSA strongly supported the need for managers to have a better understanding of the global economy and how it relates to their businesses, and to have financial management skills to understand business processes that maintain profitability.

The importance of having succession plans in place was raised by industry. Effective succession planning reduces the time and expense faced by employers when continually recruiting, and increases staff motivation through training opportunities and advancement within the business.

Human resource management skills are critical to managing workforces with diverse needs and improving their productivity and morale, which in turn can improve individual and social wellbeing and so contribute to socioeconomic mobility and economic growth

To be effective, training for managers in broad areas of finance and human resource in the hairdressing and beauty industries requires a long-term approach. Convincing employers that training at Certificate IV and Diploma levels is necessary for relevant existing workers may be a way of starting the process. While this may be relatively easy for large businesses, it will be more difficult for smaller businesses where the employer is also the manager.

Industry consultation revealed a perception that many people who buy into small business are motivated by a belief in their business experience and are not aware of the limitations of that experience. The consequences of poor management are dire for others in the supply chain, who are left with large debts when businesses fail.

REGIONAL ASPECTS

While broad conclusions may be made about certain sections of the service industries, it is crucial to the nation's workforce development not to homogenise workforce development responses.

Not unexpectedly, not every national trend is reflected at state level. There are regional variations based on the state of the industries, demographic trends (employment, growth, ageing, migration, etc.) and local economic drivers.

As shown below in Table 1, hairdressing and beauty businesses are predominantly located in direct proportion to population size⁵:

STATE/TERRITORY	PERCENTAGE OF HAIRDRESSING AND BEAUTY SALONS	PERCENTAGE OF POPULATION IN THAT STATE
New South Wales	36%	33%
Victoria	23%	25%
Queensland	20%	20%
South Australia	8%	8%
Western Australia	9%	10%
Tasmania	2%	2%
Northern Territory	1%	1%
ACT	1%	2%

TABLE 1 HAIRDRESSING AND BEAUTY SALONS IN AUSTRALIA (MID-2007)

Between 2003 and 2007, the number of hairdressing and beauty businesses increased in Queensland (5.3% average annual growth rate) and Western Australia (5.1% average annual growth rate). Hairdressing and beauty industries had in all states and territories (with the exception of Tasmania) the highest volatility (volatility calculated through total number of entries and exits of businesses as a percentage of the total business count)⁶ of any other service industry in SSA's scope. See Table 2 below for details.

STATE/TERRITORY	AVERAGE ANNUAL GROWTH RATE (2003–2007)	VOLATILITY (2006)
Queensland	5.3%	42.5%
Western Australia	5.1%	40.3%
New South Wales	3.8%	38%
South Australia	3%	34.5%
ACT	2.2%	48.7%
Victoria	1.9%	37.7%
Tasmania	1.9%	31.6%
Northern Territory	-2.4%	61.9%

TABLE 2 GROWTH RATE AND VOLATILITY IN HAIRDRESSING AND BEAUTY

High volatility can be the result of changes in economic climate and hence changes in profit/loss, forcing companies to close and/or attract new entries. This change requires employers to have the ability to adapt, as well as business management skills to plan and budget and better understand the value of their business, the impacts on the bottom line, and how well-trained staff can have a positive effect on business growth. Employees need to have good foundation/core skills to maximise their employability in the labour market. Skill development to improve service, marketing and management skills would help businesses remain in the industry and reduce the annual rate of exits.

Differences in regional economies, demographics and socio-economic characteristics bring about different needs for workforce development.

The Northern Territory (NT) encompasses a large number of remote areas. The population of the NT is the youngest of any Australian state or territory, and will continue to be so in the future. In mid 2007, the NT had a median age of 31.1 years, followed by the Australian Capital Territory (ACT) with 34.5. By 2056, the median age in the NT will have only increased to 34.5, while the Australia-wide median age is forecast to be 42.4⁷. Additionally, the NT's population is projected to increase by 186,600 people between mid-2007 and 2056, to 401,600 people. This is a significant increase relative to the NT's population of 214,900 people in 2007⁸. The effect of an ageing population, as described below, while still noticeable, may not be felt as keenly in the NT compared to other Australian states.

Queensland, with the highest annual growth rate of any hairdressing and beauty business in Australia (between 2003 and 2007), continues to be the most popular destination for Australians moving interstate. The state is projected to experience the largest percentage increase in population between mid-2007 and 2056 of any state or territory, more than doubling the 2007 population of 4.2 million to 8.7 million people

by 2056. Of importance for employment in Queensland's hairdressing and beauty industries is that the state was the major beneficiary of interstate migration in the 20–34 year age group. At the same time, the state recorded the highest number of movers aged 50 years and over⁹.

South Australia, New South Wales and Victoria are experiencing high net overseas migration (NOM). In 2008, NOM was the major component of population growth in South Australia (16,100 persons). Victoria recorded the second greatest gain (67,800 persons) after New South Wales (74,300 persons)¹⁰. For service-related industries, this indicates the need for cultural awareness and an ability to work with different cultures.

Tasmania is forecast to have the fastest ageing population in Australia, which will result in Australia's highest median age of 45.7 in 2056, compared to an Australia-wide median age of 42.4¹¹. This trend is mainly based on the fact that Tasmania traditionally experiences a loss to interstate migration in younger age groups and a gain in older age groups¹². The effects of this ageing population will be felt, and so employers should support the participation of older workers, to not only maintain the skill and experience base but also to better align their workforce with the ageing customer base¹³.

The continuous increase in Western Australia's population, which is projected to more than double between 2007 and 2056, reaching 4.3 million people¹⁴, will further boost the demand for the service industries. However, this growth rate may not be the same as in past years.

Of importance for employers is that between June 1998 and June 2008, ACT's net interstate migration fluctuated considerably, but declined overall. In 2007–08, the ACT recorded a net loss of 265 persons¹⁵.

MACRO-ENVIRONMENT FACTORS

The changing landscape

Industry would argue that although hairdressing and beauty services are aligned, their differing cultures are distinct.

Demand for hairdressing and beauty salon services is sensitive to changes in household disposable income, fashion and social mores. The industries are highly competitive and competition will remain high as a large number of salons in each local area compete for clients. In addition, the competition for sales of hair and beauty products has increased with a rise in sales by supermarkets, department stores and community pharmacies, as well as by mobile hairdressers and beauty consultants who perform their services at home.

Hairdressing services are expected to account for 85% of total revenue of hairdressing salons, manicures and beauty treatments account for 5% and retail sales (such as shampoos and styling products) account for the remaining 10%.

It is estimated that about 50% of hairdressers provide basic beauty services, such as eyelash and eyebrow tinting, manicures and hair removal by waxing. A lesser number provide application of make-up, facials, ear piercing and advice on cosmetics. Less than 5% provide body massage, skin treatment with electrical equipment, and pedicures¹⁶.

While opportunities to work within the hairdressing and beauty industries are mostly in a salon – either as an employee or salon owner – there is a large range of career opportunities available within the industry. Hairdressers, make-up artists and beauty therapists are also employed by magazines, photographic studios, theatre and television companies, cruise ships and health resort accommodation. They can also work as educators for product companies and, with further study to achieve the required trainer and assessor qualification, can work within the VET sector.

New technologies are also having a significant impact on the type of treatments offered by the beauty industry, and will continue to do so at a rapid pace. Some of these technologies, such as intense pulsed light (IPL) and laser treatments, require substantial economic investment. They also require the development of new skills and, perhaps more importantly, the development of substantial knowledge to support the provision of these treatments.

Many of the contexts in which beauty professionals work are also increasingly linked to the broader field of health and wellness, including fitness. Opportunities for beauty professionals include:

- Facilities in hotels and health resorts; an area of rapid growth and provider of extensive employment opportunities for beauty professionals.
- New technologies, which are forging employment links between other professions and health contexts and which reflect the emerging technologies (e.g. IPL and laser), potentially demand more sophisticated skills on the part of the beauty therapist. Many specialist hair reduction organisations now employ registered nurses to provide treatments. In addition, links between beauty therapists and health professionals, such as plastic surgeons, are becoming stronger with more employment opportunities in medical and paramedical contexts, as the line blurs between beauty therapy and cosmetic medicine. It is worth noting that some stakeholders expressed the view during industry consultation that clear distinctions between these areas should remain.
- Further development of complementary health skills in areas such as massage, aromatherapy and reflexology are also potential opportunities to be considered.
- On a smaller scale, beauty professionals also work in film, television and live entertainment, which is an area where greater synergies could be explored.

There has been extensive stakeholder comment about the broadening of the beauty industry and the potential it brings for enhancing career pathways and options. However, it is true to say that some care needs to be taken to ensure that these opportunities are effectively managed in consultation with the health and medical community. In addition, it is important to recognise that while beauty salons are offering an increasing range of services, those offering a traditional range of services probably still account for a large proportion of the industry.

The hairdressing and beauty industries are facing increased pressure from increasing consumer demands. As consumers become more well-informed and expect more value for money, the level of service that is expected from the industries is increasing.

The success of each business is reliant on the quality of its staff and businesses increasingly need to ensure that the services they offer distinguish them from their competitors. Therefore, it is essential that staff have a thorough knowledge of products and services as well as the required skills to provide a high level of service.

Ageing population

Population ageing is occurring globally, with a substantial shift in the age structure towards older ages. The median age of Australia's population (36.8 years mid-2007) is projected to increase to between 38.7–40.7 years in 2026 and to between 41.9–45.2 years in 2056¹⁷.

Australia's population aged 15–64 years, which encompasses much of the working-age population, is projected to decline from 67% in 2004, to between 57–59% in 2051¹⁸. As labour force growth is forecast to be slower than population growth, participation rate decreases.

With the reduced youth pool, hairdressing and beauty businesses need to look at other groups as sources of labour. Mature age workers in particular are increasingly valued for their life experiences and preference for part-time work.

Sustainability

Environmental sustainability, such as reducing water and energy use and buying locally grown or produced products, is on the rise among Australians. Companies are being urged to become more environmentally friendly, because customers are looking for companies that incorporate sustainable practices and provide 'green' products and services.

Hairdressing and beauty are making steps to improve the environmental sustainability of their industries. More businesses are dealing with product companies that supply environmentally friendly products (such as low ammonia hair colouring products), and are taking measures to reduce energy and water use and improve waste management.

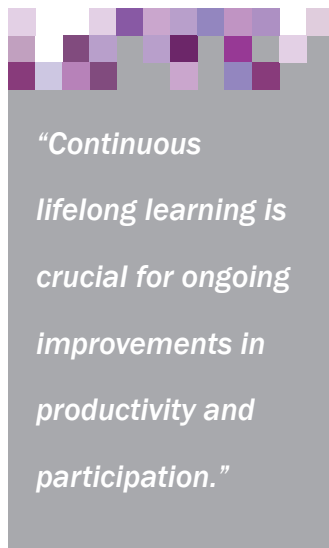
Economic factors

Feedback to SSA indicated that while many companies adapted a cautious, conservative business approach, the direct impact of the GFC has been weaker than expected, especially for 'good' salon operators. It was reported that salons that have suffered have done so more as a result of poor management than the GFC.

The GFC and its associated negative coverage in the media had some effect on customers cutting back on purchasing products in salons and increasing the time between appointments. There is a strong belief in industry that most women are more likely to cut discretionary spending on 'luxury' items such as dining out than give up on hair and beauty treatments.

Some industry stakeholders suggested that there were employers who did in fact release apprentices, citing financial difficulties caused by the GFC. If this is the case, there is a need for employers to get some advice on maintaining their training regimes through 'down' periods so as not to jeopardise their capacity to provide services once a situation improves; especially important when considering the shortage of skilled personnel that hairdressing is experiencing.

The federal government supports the retention of apprentices. The Council of Australian Governments (COAG) has promoted the need for an appropriately trained and skilled workforce to provide response capability as the economy recovers in the wake of the GFC. With this in mind, COAG has stated that actions need to be taken in order to maximise the number of people who commence and complete apprenticeships, and to strengthen the apprenticeship system¹⁹.



“Continuous lifelong learning is crucial for ongoing improvements in productivity and participation.”

IDENTIFIED WORKFORCE DEVELOPMENT NEEDS

People are critical to the hairdressing and beauty industries.

The industries firmly believe that building a highly skilled workforce will deliver a highly productive economy. Continuous lifelong learning is crucial for ongoing improvements in productivity and participation.

The following issues and recommendations regarding workforce development are predicated on the fact that training and skill development need to be relevant to the specific needs of industry.

One of the ways that hairdressing salons are addressing the need for highly specialised services is to further develop existing staff or recruit additional staff to provide those services. It is becoming increasingly common for salons to employ ‘stylists’ or ‘colourists’ or allow their apprentices to develop specialisations of preference or ability, particularly in the ‘higher end’ of the market or businesses that employ more staff. This is also evident in the employment sections of newspapers and suggests that these specialist hairdressers are able to transfer their skills to other businesses within the industry. Furthermore, as salons differentiate themselves and cater for certain markets, specialist hairdressers are developing in their area above the skill level required at Certificate III.

These specialisations do not by any means remove the need for hairdressers to develop the fundamental skills of cutting, styling, colour and perming. Feedback from industry indicates that these basic skills are essential in meeting the demands of changing fashion trends.

New beauty products are also being developed at a rapid rate, as research provides more and more information about issues and treatments for such areas as anti-ageing. Industry’s knowledge base is changing to reflect the developments, and as a result there is an ongoing professional development imperative for individuals working in the beauty industry.

The hairdressing and beauty industries share similar challenges in establishing and running a personal services business. The majority of salons are small businesses which tend to compete heavily on price, even though many of the more successful businesses compete on the basis of consistent quality service and high client satisfaction and return rates. Owners and managers are expected to fulfil many roles in an increasingly competitive market.

Many businesses have failed due to significant financial problems caused by a general lack of owner/manager management and marketing skills. Management skills include financial areas such as pricing, cash flow management and cost control, as well as keeping abreast of industry technical developments. Marketing skills include service packaging, merchandising and promotional strategies.

Feedback from industry indicates the need to develop management and leadership skills. The small but rising number in enrolments for the Diploma of Hairdressing Salon Management mirrors the growing acceptance and uptake of this VET pathway by the industry. However, small increases in salary on successful completion and the lack of a career path hinder further uptake.

Advice was received that industry leaders and managers need to develop their 'soft' management skills to attract and retain their workforce. To increase the creative skill level of their hairdressers they need training to develop their skills in areas such as conflict management and employee engagement, which would include managing the cultural diversity of employees and motivating employees to be more productive and innovative.

Similarly, in response to the needs of the beauty industry, the Diploma for Beauty Salon Management includes imported units that address soft skills in human resource related issues.

The growth of the industries is also dependent on innovative qualified professionals who are constantly developing their design, technical and training skills. The industries seek many ways of further developing skills, which include in-salon training, participation in industry events or through training seminars provided by product manufacturers – which are not only limited to product knowledge and technical training, but extend to areas such as business management, leadership and customer service. Over the last few years, there has been a growing number of salon owners who engage consultants to act as a 'salon management coach' or 'business coach' as a way of improving their businesses.

While hairdressing is an industry where creative and technical leadership are highly regarded, it is also an industry with a well understood tradition of apprenticeship training that provides for a combination of on and off-the-job learning.

Please refer to Appendix B for further information on the occupations in demand for the hairdressing and beauty industries.

Institutional delivery

There is much industry discussion concerning the large numbers of international students accessing hairdressing vocational education and training in Australia (see Table 3 below) with very few gaining employment in the industry at the end of the training. Industry feedback indicates that language barriers prevent most international students from operating effectively in a customer service environment such as hairdressing.

	LEVEL OF STUDY	2008	2009
Hairdressing	Certificate II	6	4
	Certificate III	3,811	6,473
	Certificate IV	559	1,625
	Diploma	3,062	3,765
Hairdressing total		7,438	11,867

TABLE 3 INTERNATIONAL VET STUDENT ENROLMENTS HAIRDRESSING TRAINING PACKAGE (YTD AUGUST)²⁰

SSA understands that a significant number of students in fee-paying colleges undertake a number of service industry qualifications (in this case hairdressing) through an institutional pathway, with minimal exposure to a real workplace context. An increasing number of employers are reporting that graduates of institute or wholly classroom-based programs do not have the equivalent skill depth and breadth to graduates from a program that is based in the workplace (for instance an apprenticeship).

Evidence is mounting that the typical institutional delivery approach used by many colleges delivering to international students is of an inferior quality because:

- many students do not get access to workplace training or work experience, and
- without a workplace component, the training is shorter and inadequate for the development of employability skills relevant to real work.

It would appear that a number of providers are not meeting the delivery requirements specified in the Hairdressing Training Package. It has been reported that training facilities often do not meet the recommended standard and that students graduate without ever getting access to industry application at work or in training. As a result, employers are reluctant to employ graduates from 'institutional course pathways' as they are not considered to be work-ready. This significantly disadvantages international students, who in effect receive a less valuable qualification than others simply because of their choice of provider and despite a regulatory system which assures standardised quality for all recognised providers.

A high volume of enrolments for Certificate II in Hairdressing occur through private registered training organisations (RTOs), which deliver via the institutional-based pathway. Industry feedback has voiced serious concern that a large number of graduates are not work ready and therefore will struggle to find employment within the industry. Consequently, industry has expressed the view that there is a limited role for the qualification in the future.

It is also problematic for employers and for employees who work with these graduates if they find employment. There are certain expectations in relation to a qualification which they cannot fulfil, through no fault of their own, which have implications for workplace safety and productivity. Students who experience this are often left with a poor sense of mastery, achievement and possibly self worth.

While vocational training in hairdressing has grown out of traditional apprenticeships, with a model of learning and assessment that often occurs best in the workplace, training for the beauty industry has evolved through institutional training, predominantly via the Diploma of Beauty Therapy.

Assessment practice

The question of assessment practice in institutional pathway delivery is of great concern to SSA and the hairdressing industry. If students are gaining qualifications without gaining the skills articulated in the industry training packages, the assessment processes must not be sufficiently thorough.

The perception is that there is widespread inconsistency and poor practice in relation to assessment, resulting in the awarding of qualifications which industry views as lacking value. Examples of this include:

- lack of rigour in the interpretation and application of competency standards
- poor attention to industry expectations and requirements in the context of assessment, and
- lack of industry experience among assessors.

For the beauty industry, issues of privacy impact on the assessment of intimate treatments.

The industry has identified a number of units of competency for which training delivery and assessment in a real workplace are considered inappropriate. This means that significant skills and knowledge areas are best assessed in simulated environments. However, for both the hairdressing and beauty industries it is crucial that in cases where a simulated environment is used, it meets the criteria described in the assessment guidelines section of each training package.

Quality delivery – industry’s contribution

As observed earlier, while SSA represents industry’s voice within the VET sector, its influence in strengthening training provision is limited to ensuring the robustness of its training packages. However, industry representatives are keen to become more involved in implementation to support the national training system and build the nation’s productivity.

In response to ongoing industry concern, SSA has already made improvements to the quality of its industry training packages, resulting in more specific units of competency, tighter assessment guidelines, more helpful/detailed resource checklists, and more detailed requirements for assessors.

Further, SSA has recently implemented two innovations to provide more input into provider recognition processes, which have been very well received.

- The ‘pink slip’ system, whereby in NSW the Vocational Education and Training Advisory Body (VETAB) contracts an industry specialist to inspect the RTO prior to registration to ensure that its facilities meet industry standards.
- In the development of its most recent training packages, SSA has produced a User Guide which specifies:
 - minimum assessment and learning requirements to achieve qualifications
 - required assessor/trainer qualifications and experiences above and beyond those required by regulation
 - professional development requirements for trainers and assessors
 - requirements around work placement and/or experience
 - guidelines for selecting and recruiting students
 - minimum equipment and facility requirements for delivery
 - minimum recommended duration for delivery of units and/or qualifications.

SSA RECOMMENDS THAT AUDITING AND QUALITY PROCESSES BE MADE MORE EFFECTIVE THROUGH A MORE ACTIVE INDUSTRY ROLE, INCLUDING THE USE OF INDUSTRY ADVISERS.

The service industries are ready, willing and able to be more supportive of the national training system. SSA’s commitment to ensuring that the skilling system is able to support productivity growth has been reiterated in a range of projects, including the ‘New Deal’²¹ project which explored ways that industry can value add and support better quality outcomes in its training system.

In 2010 SSA will implement recommendations of the ‘New Deal’, which will result in:

- retaining a panel of technical industry advisers that will be available to audit systems to assist in the audit process and spot checks
- establishing a provider recognition and information system to support the selection of quality training providers
- establishing a service industry assessor network to enhance VET practitioner capability, and
- implementing a strategy to improve the capability of VET practitioners working with the service industries, including an annual series of professional development activities aimed at improving industry and pedagogical skills and knowledge.

Completion rates

Completion rates continue to be a concern for this industry. Critically, industry overall and the service industry in particular, believes that it has been unnecessarily disadvantaged by use of completion rates as a measure of success of industry training.

There is a range of measures that assess the inputs, outputs and outcomes of the VET sector. A primary outcome measure is recording the number of students who complete government-funded VET courses. Government funding is usually provided through traineeships, short course programs and skill shortage courses.

Operating revenues for the VET system in 2007 were \$5,765 million. Both federal and state and territory governments provided 76% of funding in 2007 (\$4,436m). The remaining 23% of VET revenue (\$1,329m) was made up of fee for service, student charges and ancillary trading²².

The completion rates of government-funded courses vary significantly across industry sectors and qualification levels. While completion rates are considered quite high, there is minimal information on the context in which this data is collected.

Within the service industry and in other sectors, little is known about why completion rates vary and, in particular, why students do not complete courses. Further research on completion rates is warranted if this issue is to be properly understood.

The issue of completion rates and how VET is measured is currently a high-profile issue, as the federal government outlined in its response to the Bradley Review of Higher Education²³. The federal Minister for Education has stated that VET course completion rates should be a primary indicator of success when looking to increase the number of students who receive a qualification.

In addition, the National Senior Officials Committee (NSOC), which is the administrative arm of the Ministerial Council for Vocational and Technical Education (MCVTE), has responsibility for the development of a National VET Data Strategy. This forms part of the reform program of the COAG.

SSA CONSIDERS IT TIMELY AND APPROPRIATE THAT IT PROVIDES INPUT INTO THIS NATIONAL VET DATA STRATEGY AND TO PROVIDE NSOC WITH PROPOSALS IN REGARD TO COMPLETION RATES.

VET in schools

Industry feedback to SSA indicated problems around the delivery of vocational education and training in schools (VETiS). Industry has reported concerns regarding hairdressing qualifications that are delivered in school-based settings with high school teachers rather than VET teachers, and strongly believes that full hairdressing qualifications should not be delivered in schools. However, it should be noted that any school offering Certificate II in Hairdressing must have a qualified hairdresser to deliver it.

Feedback further suggested that typical delivery of VETiS does not achieve required industry outcomes and, often in school

environments, VET training requirements are in competition with a fundamentally different pedagogical approach than that required by VET. Furthermore, inconsistency of VETiS practice and delivery across the states and territories makes delivery difficult for those providers and employers who employ across state borders.

Working with industry, SSA is addressing these issues through its VETiS project in 2010, which includes the development of an industry position paper and 'rules of engagement' for the service industries. Further it aims to develop 'resource ready' tools to assist VETiS delivery, as well as case studies that reflect what is occurring in industry.

CURRENT IMPACT OF TRAINING PACKAGES

As may be seen in Figure 1 below, the majority of enrolments in WRH06 Hairdressing Training Package in 2008 were for Certificate III in Hairdressing.

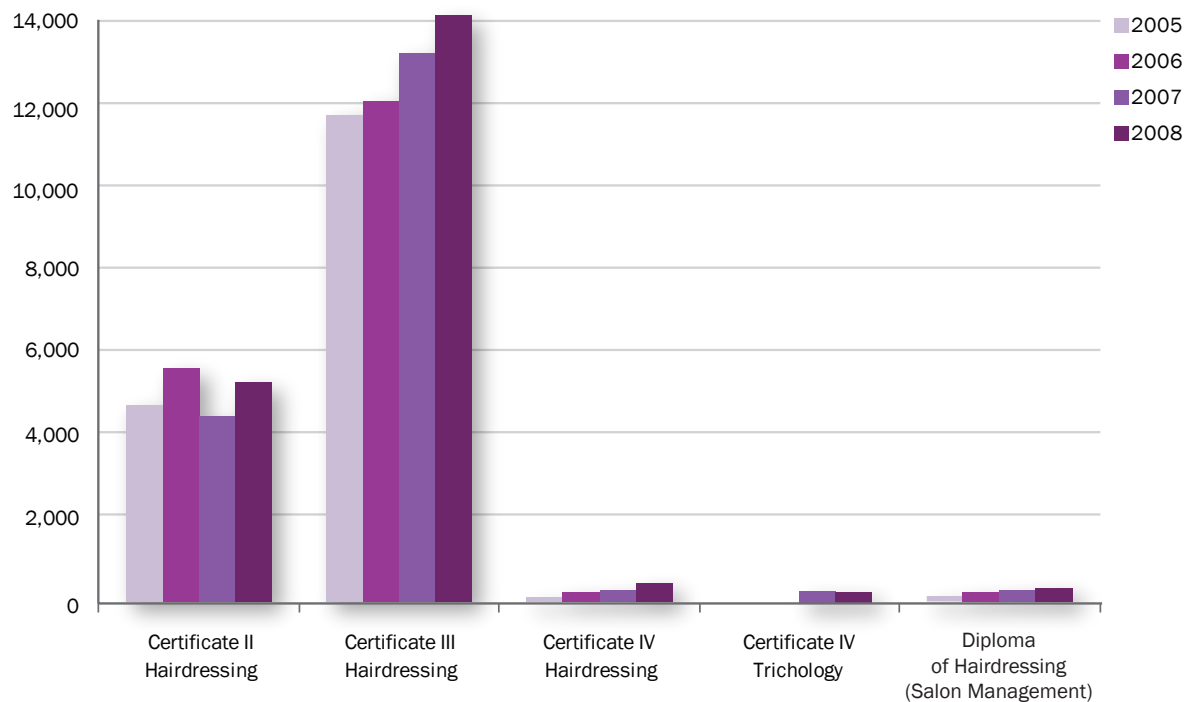


FIGURE 1 VOCATIONAL COURSE ENROLMENTS IN HAIRDRESSING QUALIFICATIONS (2005–2008)

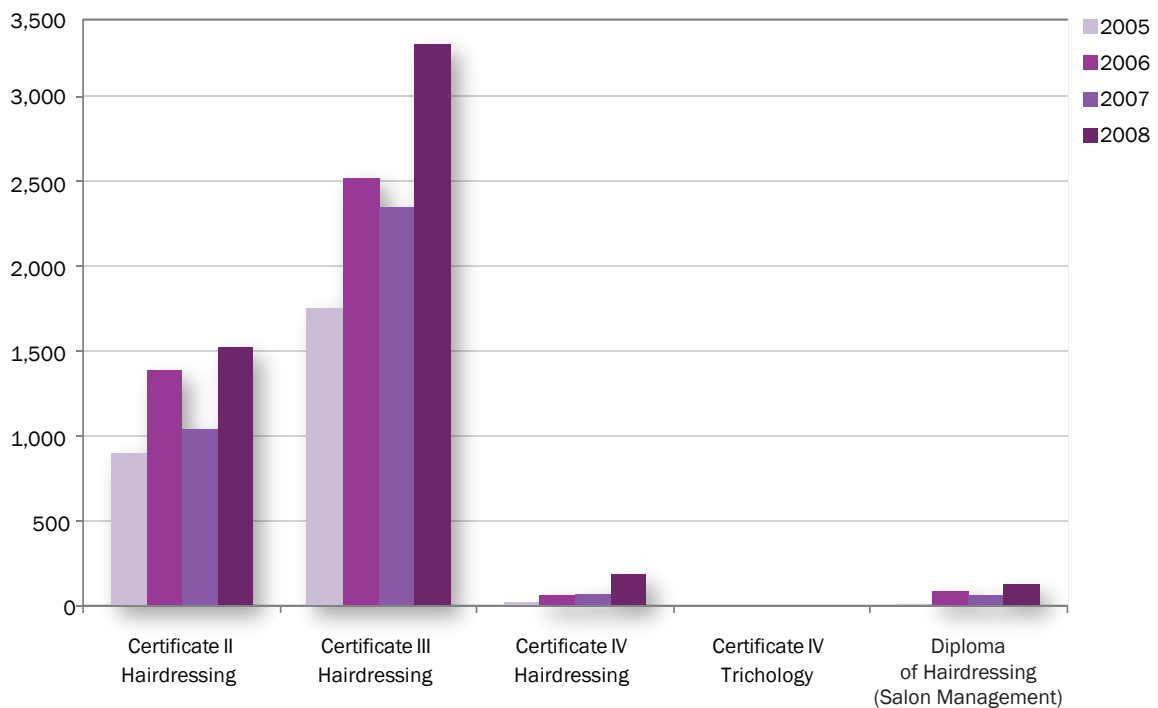


FIGURE 2 VOCATIONAL COURSE COMPLETIONS IN HAIRDRESSING QUALIFICATIONS (2005–2008)

The highest compound annual growth rate in enrolments between 2005 and 2008 was in Certificate IV in Hairdressing and Diploma of Hairdressing Salon Management, albeit from a small starting point.

The Certificate IV in Hairdressing is still predominantly delivered in most states and territories as additional part-time training to be undertaken outside of the workplace. Participation is frequently initiated and paid for by the candidate. These may be factors in the choice by many candidates of Certificate IV in selecting units as skills set in areas where they have a particular interest. The Certificate IV is not well understood by many employers, most of whom tend not to be directly involved in this additional learning. The industry has a widespread lack of understanding of the VET system with regard to accessing training places and funding (other than apprenticeships) where available²⁴.

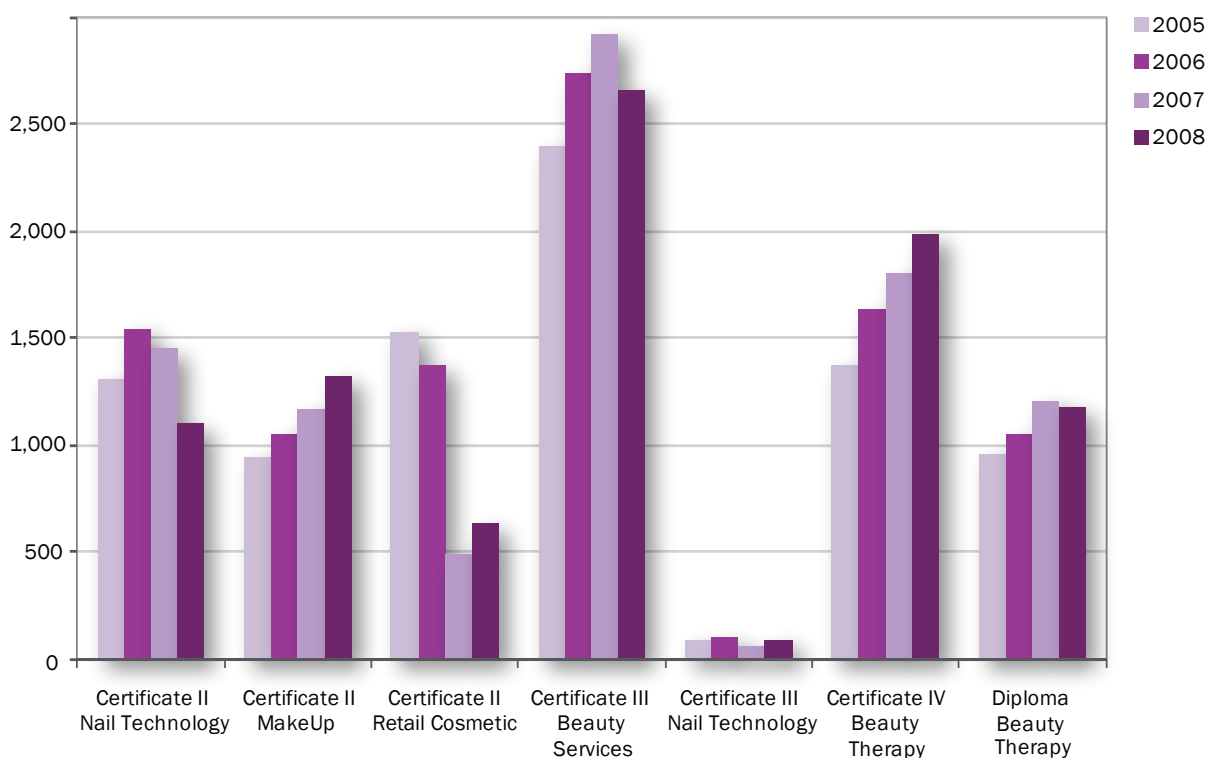


FIGURE 3 VOCATIONAL COURSE ENROLMENTS IN BEAUTY QUALIFICATIONS (2005–2008)

As may be seen in Figure 3 above, most enrolments in WRB04 Beauty Training Package in 2008 were in Certificate III in Beauty Services. This qualification covers the basic skills required to operate in a beauty services context.

Between 2005 and 2008 the highest compound annual growth rate was in Certificate IV in Beauty Therapy. This is mainly based on the fact that with the endorsement of WRB04 Beauty Training Package, Certificate IV in Beauty Therapy became an apprenticeship in NSW; in other states a traineeship.

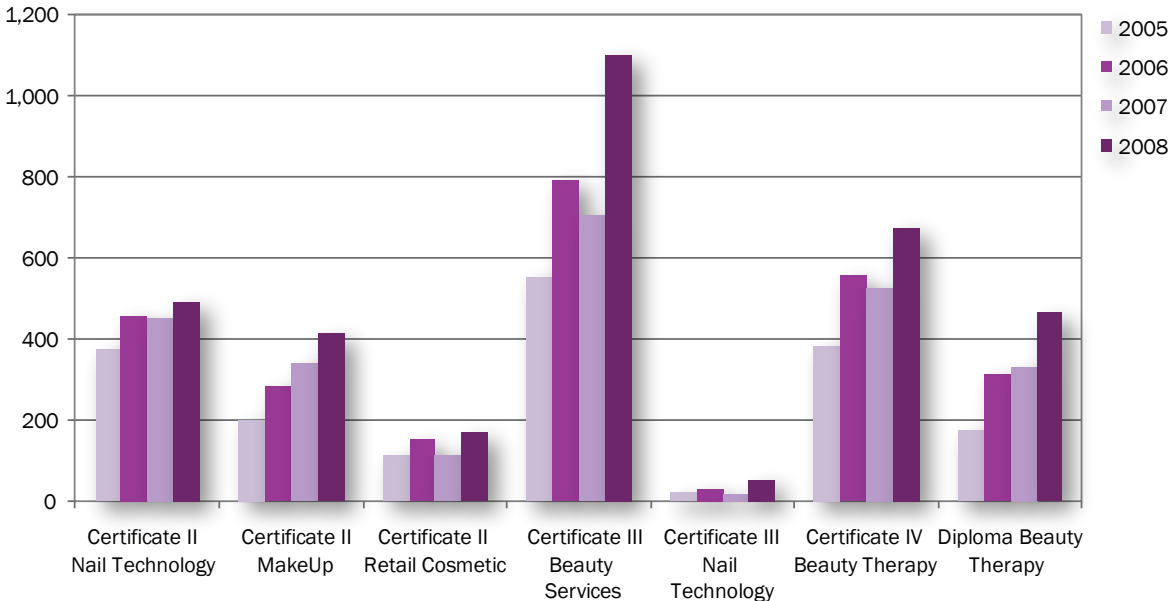


FIGURE 4 VOCATIONAL COURSE COMPLETIONS IN BEAUTY QUALIFICATIONS (2005–2008)

FUTURE DIRECTIONS FOR ENDORSED COMPONENTS OF TRAINING PACKAGES

For detailed information on the continuous improvement of the hairdressing and beauty training packages, refer to Appendix A.

BEAUTY

WRB04 Beauty Training Package is currently under review and its replacement SIB10 is expected to be endorsed in 2010.

The proposed qualifications framework for this reviewed Training Package consists of the following seven qualifications, with two deleted qualifications and two new qualifications added in response to an industry need for management skills and specific technical skills.

- Certificate II in Nail Technology.
- Certificate II in Retail Make-Up and Skin Care (combination of two previous qualifications).
- Certificate III in Beauty Services.
- Certificate IV in Beauty Therapy.
- Diploma of Beauty Therapy.
- Diploma of Salon Management (new beauty qualification).
- Vocational Graduate Certificate in Intense Pulsed Light and Laser Hair Removal (new qualification).

SSA is proposing an increase in the number of units to address emerging trends within the beauty industry. These include intimate waxing for females and males, cosmetic tanning, micro-dermabrasion and the associated skills for the use of intense pulsed light and lasers for hair reduction.

Sustainability skills

The proposed draft training package includes sustainability skills from the perspective of both individual tasks and management. Sustainability skills are to be integrated into units in the following functional areas.

- Body services.
- Client services.
- Facial services.
- Hair reduction services.
- Nail services.
- Spa services.
- Skin services.

HAIRDRESSING

In 2009, SSA commenced the review of WRH06 Hairdressing Training Package. A full review of the industry's training package will continue in 2010 with a range of issues being addressed.

The nature of the hairdressing industry means that the entry point to the sector is at the Certificate III trade qualification level, which includes technical skills, as well as supervising and coaching staff. There is strong support in industry for the Certificate III qualification with the key issue being the quality and effectiveness of training associated with the trade qualification.

Industry uses the apprenticeship pathway as its benchmark, as it allows for the full range of hairdressing skills and knowledge to be developed over time. It is for this reason that industry believes that the 'short' delivery duration of a number of institutionally delivered programs is a key factor in their inability to produce salon-ready graduates.

Many employers believe that the concept of 'accelerated' or 'fast track' training is also diminishing the development of communication and integrated skills in apprenticeship training.

A major factor contributing to this issue is that the allocated nominal hours that impact on some state funding models do not adequately reflect the realities of training fully qualified and employable hairdressers in apprenticeship and particularly institutional pathways.

The following units were developed to address issues around institutional pathway delivery.

- WRHWP201A Assist colleagues providing multiple salon services as a team member for the Certificate II in Hairdressing.
- WRHWP30A Operate effectively as a hairdresser in a salon work team for the Certificate III in Hairdressing.

The Certificate IV in Hairdressing and Diploma of Hairdressing Salon Management were designed to provide advanced technical and business management/leadership skills. However, while the statistics show that enrolments and completions are increasing slightly, there is still little take-up of these qualifications, with the take-up of the Diploma mainly being by international students. One of the reasons for this low take-up may be industry's lack of understanding of the VET system and accessing available training places and funding. Another reason, which is supported by the statistics, may be industry's preference to undertake training in particular skill sets rather than a full qualification. The low take-up of full qualifications provides opportunities for innovative RTOs with the capacity to work flexibly with employers, manufacturers and individuals, to recognise existing skills and knowledge developed via any of these modes, and offer training to address skill gaps.

Industry is reporting an increase in the employment of salon receptionists or assistants. These roles move beyond the job role associated with the current Certificate II in Hairdressing, focusing more on non-hairdressing tasks such as booking clients, maintaining hairdressers' schedules, ordering products, recommending products and services, and managing the register.

Sustainability skills

SSA is committed to its role in ensuring that sustainability issues and 'green skills' are incorporated into training packages, and sustainability issues will be considered during the review process.

Sustainability issues are already addressed in version 2 of WRH06 Hairdressing Training Package in the following areas of client services.

- WRHCS204A Maintain and organise work areas.

Requirements for this unit include skills around the safe use of electrical and other equipment, and knowledge of waste disposal and environmental protection.

- WRHCS207A Develop hairdressing industry knowledge.

The range statement for this unit includes issues around environmental and social factors.

In addition, there are other competency fields in the training package that may include more specific references to sustainability skills; for example, units relating to colour and lighting, chemical reformation and salon management.

APPENDIX A – REPORT OF CONTINUOUS IMPROVEMENT OF SIB10 BEAUTY TRAINING PACKAGE

TRAINING PACKAGE		SIB10 BEAUTY TRAINING PACKAGE / WHR06 HAIRDRESSING TRAINING PACKAGE		
BRIEF SUMMARY OF CHANGE	INDUSTRY IMPERATIVES/RATIONALE FOR CHANGE	DATE SUBMITTED TO NQC SECRETARIAT	DATE ENDORSED BY NQC/or ISC UPGRADE	DATE MADE PUBLIC THROUGH NTIS
<p>Service Skills Australia commenced the continuous improvement of WRB04 Beauty Training Package in 2008. This project is reviewing revised competency standards to ensure that the skills and knowledge identified in the training package reflect what is required by industry to meet job outcomes. The report into the continuous improvement of WRB04 Beauty Training Package was released in March 2008. By December 2008, Service Skills Australia had received feedback on additional areas that were further covered in a discussion paper. This discussion paper was developed to explore new technologies and national standards.</p> <p>At the end of 2009, Service Skills Australia has consulted on the first draft of units and qualifications, and validated a second draft. The second draft included 54 units of competency, with the inclusion of 16 new units.</p> <p>The proposed qualifications framework consists of seven qualifications, with two deleted qualifications and two new qualifications:</p> <ul style="list-style-type: none"> • Certificate II in Nail Technology • Certificate II in Retail Make-Up and Skin Care • Certificate III in Beauty Services • Certificate IV in Beauty Therapy • Diploma of Beauty Therapy • Diploma of Salon Management • Vocational Graduate Certificate in Intense Pulsed Light and Laser Hair Removal 	<p>WRB04 Beauty Training Package was last reviewed and endorsed in 2004. Since this time industry has evolved, with new technologies and demand for higher quality products and services. The current review project will explore and analyse current and future trends in the industry to ensure that the training package reflects them and meets industry skill needs.</p>	April 2010		

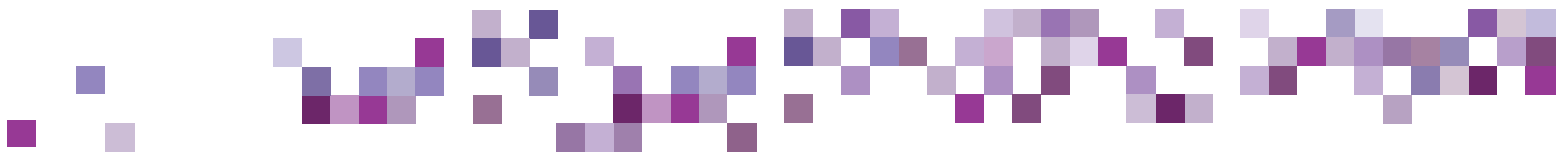
TRAINING PACKAGE	SIB10 BEAUTY TRAINING PACKAGE / WHR06 HAIRDRESSING TRAINING PACKAGE
<p>Continuous Improvement to WRH06</p> <p>Minor changes were made to WRH06 as a part of the continuous improvement process that fell under both the NQC endorsement and ISC upgrade categories.</p> <p>The changes that required NQC endorsement include:</p> <p>Inclusion of the unit WRBCS201B Conduct financial transactions to the elective bank of WRH20109 Certificate II in Hairdressing</p> <p>Inclusion of the unit WRHCR404A Apply chemical reformation techniques to enhance hair designs to the elective bank of WRH30109 Certificate III in Hairdressing</p> <p>Inclusion of the unit SIRXMG001A Coordinate work teams to the elective bank of WRH30109 Certificate III in Hairdressing</p> <p>Deletion of the term 'natural' in relation to curl throughout the unit WRHCR303B Perform chemical straightening and relaxing services.</p> <p>These changes resulted in qualification code changes:</p> <ul style="list-style-type: none"> • WRH20109 Certificate II in Hairdressing • WRH30109 Certificate III in Hairdressing • WRH40109 Certificate IV in Hairdressing • WRH40209 Certificate IV in Trichology • WRH50109 Diploma of Hairdressing Salon Management <p>Other changes that occurred as part of SSA's continuous improvement process include:</p> <p>Updating imported units from the Business Services, Health, Training and Assessment, and Retail Services Training Packages.</p> <p>Updating assessment guidelines to include reference to TAA04 v2.1 units.</p> <p>Inclusion of the employability skills summary table for all five qualifications. Employability skills are now also explicitly embedded in all units, with 15 units undated and receiving code changes from version "A" to "B".</p> <p>Updating the resources list and current contact details for the relevant Industry Skills Councils.</p>	<p>The rationale for these changes were two primary factors:</p> <ul style="list-style-type: none"> • The submission of WRH06 contained a condition of endorsement as a result of unresolved issues in Queensland. Service Skills Australia undertook the project to scope the issues identified, resulting in the changes listed for NQC endorsement. • The inclusion of employability skills through the national initiative is included in WRH06.
	<p>16 May 2009</p>
	<p>1 June 2009</p>
	<p>June 2009</p>

APPENDIX B – HAIRDRESSING AND BEAUTY OCCUPATIONS IN DEMAND

ANZSCO CODE	OCCUPATION	TRAINING PACKAGE QUALIFICATION	JUSTIFICATION/EVIDENCE
451111	Beautician	Certificate III in Beauty Services	Factors such as the growing affluence of the population, especially among women, have led to many people having greater levels of discretionary income and a desire to spend more of it on their personal appearance and wellbeing. The ageing of the population also encourages some to expend more in these areas. As a result of these factors, there is a steeply growing need for beauty services.
451111	Beauty therapist	Certificate IV in Beauty Therapy Diploma of Beauty Therapy	
451111	Nail Technician	Certificate II in Nail Technology	
391111	Hairdresser	Certificate III in Hairdressing Certificate IV in Hairdressing Diploma of Hairdressing Salon Management	Hairdressing has been formally recognised as one of the 'skill shortage professions' by the federal government and is listed on the Migration Occupations in Demand List (MODL). As with the occupations in the row above, factors such as the growing affluence of the population, especially among women, have led to many people having greater levels of discretionary income and a desire to spend more of it on their personal appearance and wellbeing. The ageing of the population also encourages some to expend more in these areas. As a result of these factors, there is a steeply growing need for hairdressing services.

ENDNOTES

- 1 Service Skills Australia, Environmental Scan 2009
- 2 Based on ABS 8165.0 Counts of Australian Businesses, including entries and exits, June 2003 to June 2007, latest data available; please note that these figures are based on the information provided by the company to the ATO when they register for an ABN. Prior to 1st July 2007, businesses with turnover of at least AUD50,000 per annum (AUD100,000 in the case of non-profit organisations) were required to register for an ABN and remit GST. Businesses with turnover under AUD50,000 were able to voluntarily register and these voluntarily-registered businesses are included in the counts. Please note that feedback to SSA indicated that this figure is too low
- 3 ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, August 2009, table 6291.0.55.003 E15_AUG06 - Employed persons by Sex, Industry (ANZSIC06), State, Status in Employment; part time is defined as working less than 35 hours per week in all jobs and can be permanent or casual
- 4 IBIS World, *Hairdressing and Beauty Salons in Australia: Q9526*, July 2009
- 5 ABS 8165.0 Counts of Australian Businesses, including entries and exits, June 2003 to June 2007, please see endnote 1 for details. SSA is of the view that these figures are likely to be under-represented
- 6 ABS 8165.0 Counts of Australian Businesses, including entries and exits, June 2003 to June 2007, please see endnote 2 for details
- 7 ABS 3222.0 Population Projections, Australia, 2006 to 2101, Series B
- 8 ABS 3222.0 Population Projections, Australia, 2006 to 2101, Series B
- 9 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 10 ABS 3101.0 Australian Demographic Statistics, Dec 2008
- 11 ABS 3222.0 Population Projections, Australia, 2006 to 2101, Series B
- 12 ABS 3412.0 Migration Australia, 2006-07
- 13 ABS 3412.0 Migration Australia, 2006-07
- 14 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 15 ABS 3412.0 Migration, Australia, 2007-08
- 16 IbisWorld, *Hairdressing and Beauty Salons in Australia*, July 2009
- 17 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 18 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 19 Council of Australian Governments – December 2009 - Communiqué
- 20 Australian Education International, *International Student Enrolments in the VET sector by broad and detailed field of education and level of study*
- 21 For further information on the New Deal project, please refer to http://www.serviceskills.com.au/index.php?option=com_content&task=view&id=974&Itemid=2265
- 22 NCVET *Australian vocational education and training statistics: Financial information 2007*
- 23 Department of Education, Employment and Workplace Relations *Transforming Australia's Higher Education System 2009*
- 24 NCVET *Vocational Course enrolment and completions 2005-2008*; information collected by NCVET encompasses TAFE institutes, some universities, secondary schools offering VET, industry organisations, Adult Migrant Education Scheme providers, private enterprises in receipt of government funding for training, agricultural colleges, community education providers and other government providers, but no private training organisations which do not receive government funding; NCVET Australian vocational education and training statistics: SSA is aware that data from public providers only describes part of the picture and is not a robust reflection of all training engagement. However, currently, data from private providers is not publicly available



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