

# CHAPTER 1

## Reference

1.1 On 11 December 2013, the Senate referred the inquiry into technical and further education in Australia to the Education and Employment References Committee for inquiry and report by 13 May 2014.

(1) Technical and further education (TAFE) in Australia, including:

(a) the role played by TAFEs in:

- i. educational linkages with secondary and higher education,
- ii. the development of skills in the Australian economy,
- iii. the development of opportunities for Australians to improve themselves and increase their life, education and employment prospects, and
- iv. the delivery of services and programs to support regions, communities and disadvantaged individuals to access education, training and skills and, through them, a pathway to further education and employment;

(b) the effects of a competitive training market on TAFE;

(c) what public funding is adequate to ensure TAFEs remain in a strong and sustainable position to carry out their aims;

(d) what factors affect the affordability and accessibility of TAFE to students and business;

(e) different mechanisms used by state governments to allocate funding; and

(f) the application and effect of additional charges to TAFE students.

(2) That, in conducting its inquiry, the committee must:

(a) consider any public information provided to the 2013 House of Representatives inquiry by the Standing Committee on Education and Employment on the role of the technical and further education system and its operation; and

(b) hold public hearings in all capital cities, with a minimum of Melbourne, Sydney, Perth and Brisbane, as well as a major regional centre in either New South Wales or Victoria.

## Conduct of inquiry

1.2 Details of the inquiry were made available on the committee's website. The committee also contacted a number of organisations inviting submissions to the inquiry. Submissions were received from 195 individuals and organisations, as detailed in Appendix 1. Public hearings were held in Sydney, Perth, Melbourne and Wollongong. The witness list for the hearings is available in Appendix 2.

1.3 The Terms of Reference stipulated that hearings be held in number of cities, including Brisbane. Following receipt of submissions, it became evident that there were very few substantial submissions received from Brisbane, or even from Queensland as a whole, whereas there were many submissions from other states. In considering hearing locations, it is usual practice to – amongst other things - look at where substantial submissions have originated from as this tends to indicate a level of interest in a community.

1.4 At a private committee meeting held on 31 March 2014, the committee carefully considered whether to proceed with a hearing in Brisbane. It took into account the time and expense involved in transporting committee members and the necessary support staff to Brisbane from other cities, and ultimately decided that it would not be a good use of committee resources to proceed on this basis. This being the case, the committee unanimously decided not to hold a hearing in Brisbane.

### ***Parliamentary Privilege issue***

1.5 During the course of this inquiry, several witnesses contacted the committee with serious concerns about appearing at hearings because their employers had advised them against either appearing at the hearing, or against providing any evidence that could be construed as critical of the employer.

1.6 On one occasion, the committee was made aware that an employer had attempted to prevent employees from providing evidence to the committee that had been obtained during their employment, and had also threatened disciplinary action if the employees provided advice to the committee that the employer considered critical of, or detrimental to the employer.

1.7 Witnesses appearing at a senate committee hearing do so at the invitation of the committee and they are protected by Parliamentary Privilege. Any attempt to curtail the ability of these individuals to provide evidence to the committee during a hearing is serious and potentially amounts to a contempt of the Senate.

1.8 During this inquiry, the committee responded swiftly to the issues when raised, including writing to employers and assuring employees during hearings that they are protected in giving evidence during a hearing by Parliamentary Privilege.

### **Background**

1.9 The TAFE sector is the largest education and training sector in Australia. Australia's TAFE network comprises more than 1000 campuses located across urban, regional and remote locations, with many institutes offering further services throughout the Asia-Pacific and other offshore regions.

### ***House of Representative's Inquiries***

1.10 The House of Representative's Education and Employment Committee commenced an inquiry into the role of the Technical and Further Education system and its operation in March 2013. The Inquiry lapsed on the dissolution of the 43<sup>rd</sup> Parliament. When the committee was established in the 44<sup>th</sup> Parliament it decided to take up the inquiry again.

1.11 As part of the inquiry they an extensive number of hearings are planned across the country in both urban and regional areas. The Terms of Reference for the inquiry are:

The Committee will inquire into and report on the role played by TAFEs in:

- the development of skills in the Australian economy

- the provision of pathways for Australians to access employment
- the provision of pathways for Australians to access University education; and
- the operation of a competitive training market

1.12 The hearing venues and dates for the inquiry are:

- Canberra – 19 March 2014
- Sydney - 8 April 2014
- Melbourne – 15 April 2014
- Hobart – 29 April 2014
- Launceston – 30 April 2014
- Townsville – 7 May 2014
- Adelaide – 12 June 2014
- Perth – 13 June 2014

## Policy background

### COAG and the National Partnership Agreement

1.13 In 2012 the Council of Australian Governments (COAG) agreed a National Partnership Agreement for Skills Reform which will:

[C]ontribute to the reform of the Vocational Education and Training system to deliver a productive and highly skilled workforce which contributes to Australia's economic future and ... enables all working age Australians to develop skills and qualifications needed to participate effectively in the labour market.

1.14 The Agreement identified a number of reform directions, including:

- introduction of a national training entitlement and increased availability of income contingent loans
- improving participation and qualifications completions at higher levels
- encouraging responsiveness in training arrangements by facilitating the operation of a more open competitive market
- recognising the “important function of public providers “ in servicing the training needs of industries, regions and local communities” and their “role that spans high level training and workforce development”
- assuring the quality of training delivery and outcomes

1.15 At the heart of these reforms is the adoption of the Commonwealth proposal for a national training entitlement and a more open and competitive training market.

### National Agreement for Skills and Workforce Development

1.16 At the same time COAG also agreed the **National Agreement for Skills and Workforce Development**. The Agreement identifies the long-term objectives of the Commonwealth and State and Territory Governments in the areas of skills and

workforce development, and recognises the interest of all Governments in ensuring the skills of the Australian people are developed and utilised in the economy.

1.17 As part of the Agreement COAG allocated certain roles and responsibilities to the Commonwealth and the State and Territories. Some of these responsibilities will be shared between the two levels of government.

### ***Commonwealth responsibilities***

The Commonwealth will:

- (1) provide funding contributions to States and Territories to support their training systems;
- (2) provide specific interventions and assistance to support:
  - (a) industry investment in training;
  - (b) Australian Apprenticeships;
  - (c) literacy and numeracy; and
  - (d) those seeking to enter the workforce.
- (3) coordinate the development and publication of the Annual National Report as legislated under the *Skilling Australia's Workforce Act 2005*; and
- (4) ensure data is provided as required.

### ***State and Territory responsibilities***

States and territories will:

- (1) determine resource allocation within their State/Territory;
- (2) oversee the expenditure of public funds for, and delivery of, training within states and territories; and
- (3) ensure the effective operation of the training market.

### ***Shared responsibilities***

Develop and maintain the national training system including:

- (1) developing and maintaining a system of national regulation of RTOs and of qualification standards;
- (2) ensuring high quality training delivery;
- (3) supporting and implementing the reform directions;
- (4) establishing priorities and developing strategic policy initiatives to deliver the objectives and outcomes of this Agreement, including through the Standing Council on Tertiary Education, Skills and Employment (SCOTESE) and supporting groups;
- (5) ensuring RTO compliance with data requirements as specified through regulation and contractual arrangements for public funds, with improved access to data by students and others, including the release of data on a national website such as MySkills and on RTOs' own websites;
- (6) supporting industry to engage directly with RTOs; and
- (7) commitment by both levels of government to the sharing of an agreed set of data on the training system and the labour market.

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## The Kemp Inquiry

1.18 In November 2013 the Minister for Education, the Hon Christopher Pyne announced a review of the demand driven funding system for further education.<sup>1</sup> In 2012, the demand driven funding system was introduced for public universities. This has resulted in the number of Commonwealth supported places expanding from around 469,000 places in 2009 to an estimated 577,000 places in 2013.

1.19 The review examined the following aspects of the demand driven system:

- (a) the effectiveness of its implementation, including policies regarding the allocation of sub-bachelor and postgraduate places;
- (b) early evidence on the extent to which it is:
  - (i) increasing participation;
  - (ii) improving access for students from low socio-economic status backgrounds and rural and regional communities;
  - (iii) meeting the skill needs in the economy;
- (c) extent to which the reforms have encouraged innovation, competition, diversity and greater responsiveness to student demand including development of new modes of delivery such as online learning;
- (d) whether there is evidence of any potential adverse impacts on the quality of teaching and of future graduates;
- (e) measures being taken by universities to ensure quality teaching is maintained and enhanced in the demand-driven system; and
- (f) whether less academically prepared students are receiving the support they need to complete the course of study to which they have been admitted.

1.20 While the Review is focussed primarily on the University Sector it is of interest to the TAFE sector because of the increasing number of TAFEs offering degree courses. TAFE Directors Australia's (TDA) submission to the review highlighted what they see as inequities in the way the system deals with TAFEs in the delivery of higher education courses compared to universities. The TDA are particularly concerned with the lack of access to Commonwealth Supported Places (CSP) for TAFE. TDA argue for the following:

[T]he review of demand driven funding is an opportunity for the Commonwealth to work toward a new industry-connected approach to CSPs which exhibits stronger market application and greater

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1 The Report of the Review of the Demand Driven Funding System was published on 13 April 2014. Available at: <http://www.education.gov.au/report-review-demand-driven-funding-system>.

transparency. Therefore our recommendations are based on four principles for consideration by the review:

- i. Relevance to industry trends for technological and specialist skilled higher education qualifications;
- ii. Accelerated workforce participation and productivity with greater enrolments in pathway programs into higher education;
- iii. Recognition of the role under a reformed demand driven system, that students in non-university higher education should receive equity in receipt of CSP subsidies vis-à-vis universities;
- iv. Greater alignment under a reformed demand driven regime with the 'entitlement' training models for VET being phased in under the National Partnerships Agreement in Skills and Workforce Development.<sup>2</sup>

### **Acknowledgement**

1.21 The committee thanks those individuals and organisations who contributed to the inquiry by preparing written submissions and giving evidence at the hearings.

### **Notes on references**

1.22 References in this report to the Hansard for the public hearing are to the Proof Hansard. Please note that page numbers may vary between the proof and the official transcripts.

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2 TAFE Directors Australia, Submission to the Review of demand driven funding system, 16 December 2013, p. 2. Available at: <https://submissions.deewr.gov.au/Forms/demand-driven-funding-system/pages/item?SubmissionID=DFS1400048> (accessed 28 March 2013).