



## **Australian Government**

Australian Government response to the  
House of Representatives Standing Committee on Education  
and Employment report

TAFE: an Australian asset  
Report of the inquiry into TAFE and its operation

February 2018

## Introduction

On 21 March 2013 the House of Representatives Standing Committee on Education and Employment of the 43rd Parliament adopted an inquiry into the role of the Technical and Further Education (TAFE) system and its operation. The Committee ceased to exist when the 43rd Parliament was dissolved and the inquiry lapsed.

The Standing Committee on Education and Employment for the 44th Parliament (the Committee) was established on 14 November 2013. On 24 February 2014 the then Minister for Industry, the Hon Ian Macfarlane MP, referred terms of reference for the inquiry. These differ from those of the previous inquiry and are at [Appendix A](#).

The Committee released its report *TAFE: an Australian asset* (the report) on 24 November 2014.

## Australian Government response

The Australian Government recognises and supports the important role played by public providers (referred to as TAFE institutes) in the broader vocational education and training (VET) sector. In 2016, approximately 52 per cent (660,400) of all Government subsidised VET students were enrolled at a TAFE or other government provider.<sup>1</sup> TAFE plays an important role in providing training to students from disadvantaged backgrounds, and in rural and regional areas. The Australian Government notes that the Committee's report highlights some of these important roles, and the significance of TAFE in the provision of high quality training that delivers workers with the skills needed by industry.

Since the tabling of this report, the Australian Government now has the benefit of Total VET Activity (TVA) data from 2014, 2015 and 2016 including information about unsubsidised training at private providers. The 2016 TVA data shows students choose a variety of training providers: around 2.5 million (58.7 per cent) were attending private training providers; around 740, 000 (17.6 per cent) were attending TAFE institutions; and the remainder undertook VET with community education providers, schools, enterprise providers and universities.<sup>2</sup>

Many of the recommendations of the report are outside the scope of the Australian Government as states and territories manage the delivery of VET within their jurisdictions.

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<sup>1</sup> NCVER 2016, *Australian vocational education and training statistics: government-funded students and courses 2015*, NCVER, Adelaide (calculated from data in Table 13).

<sup>2</sup> NCVER 2017, *Australian vocational education and training statistics: total VET students and courses 2016*, NCVER, Adelaide (Table 3 – proportion calculated).

The Government will spend approximately \$3.1 billion on VET in 2017–18. This includes \$1.85 billion in payments to states and territories for the operation of their training systems and \$1.2 billion for the Government's own programs.

Australian Government financial support to TAFE also flows through income contingent loans to TAFE students, both full fee paying and state subsidised students, studying at or above Diploma level.

The VET Student Loans program commenced 1 January 2017, replacing VET FEE-HELP. TAFEs that were provisionally approved as VET student loans approved course providers were able to commence operating under VET Student Loans from 1 January 2017 and were granted an approval period of seven years. Additionally, the Government considered individual applications from not-for-profit and listed providers (including TAFEs) to have additional courses added to their scope where they could demonstrate strong employment outcomes. The full list of courses is outlined in the Courses and Loan Caps Determination.

States and territories have historically provided approximately two thirds of government funding for subsidised training. However, the Mitchell Institute paper *Expenditure on education and training in Australia*<sup>3</sup> showed that Commonwealth expenditure on VET grew at a faster rate than expenditure by all states and territories except Victoria, Tasmania and Western Australia between 2003-04 and 2012-13.

States and territories also ensure the effective operation of the subsidised training market in their jurisdiction. As part of this, each jurisdiction decides how much funding to provide to their training system and how it should be spent, including the proportion of funds provided to public providers (TAFE institutes) and the role of public providers in their state system. Fees for students are set by state governments or registered training organisations (RTOs), depending on the jurisdiction.

Over 2017–18 to 2020–21, the Commonwealth will commit an estimated \$1.5 billion to the new and ongoing Skilling Australians Fund (the Fund). The Fund is for payments to the states and territories through a new partnership agreement. With matched funding from the states and territories, the Fund will support up to 300,000 more apprentices, trainees, pre- and higher-level apprentices over the next four years. Spending from the Fund will be prioritised towards projects brought forward from states and territory governments which support apprenticeships and traineeships in: occupations in demand, industries and sectors of future growth, trade apprenticeships, rural and regional Australia, and industries facing structural adjustment.

In April 2012 the Council of Australian Governments (COAG) agreed to a revised National Agreement for Skills and Workforce Development (NASWD). Associated with the NASWD

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<sup>3</sup> P Noonan, G Burke, A Wade and S Pilcher, *Expenditure on education and training in Australia. Analysis and background paper No 01/2014*, Mitchell Institute, 2014 using ABS Government Finance Statistics, Education 2012-13 and a custom data request.

is \$1.5 billion that the Commonwealth provides to states and territories each year through the National Skills and Workforce Development Specific Purpose Payment.

In the context of the NASWD, COAG identified a number of policy reform directions for the national training system. In particular, all governments committed to:

*encourage responsiveness in training arrangements by facilitating the operation of a more open and competitive training market;*

*enable public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities;*<sup>4</sup>

In April 2012, COAG also agreed the National Partnership Agreement on Skills Reform (Skills Reform NP). The Commonwealth committed \$1.75 billion over five years from 2012 for the Skills Reform NP to improve the accessibility, transparency, quality and efficiency of the national VET system.

Key reforms included a national entitlement to a government subsidised training place to a minimum of the first Certificate III qualification, which:

*a) is accessible through any registered training organisation (RTO), public or private, which meets state-based criteria for access to the national training entitlement;*<sup>5</sup>

States and territories also committed to develop and implement:

*... strategies which enable public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities.*<sup>6</sup>

Importantly, this support for TAFE to adapt to a more competitive training market does not need to be in conflict, or at the expense of contestability and provision of choice for consumers.

These commitments to greater contestability in training subsidies between public and private providers continue earlier market-like approaches to the national training market. For example, ‘user choice’ funding for apprenticeships was introduced in 1998 to enable

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<sup>4</sup> COAG, *National Agreement for Skills and Workforce Development*, Clause 25c and d, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/national-partnership/skills-reform\\_NA.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/national-partnership/skills-reform_NA.pdf)> viewed 24 August 2017

<sup>5</sup> COAG, *National Partnership Agreement on Skills Reform*, Clause 28a, <[http://federalfinancialrelations.gov.au/content/npa/skills/national-partnership/past/skills-reform\\_NP.pdf](http://federalfinancialrelations.gov.au/content/npa/skills/national-partnership/past/skills-reform_NP.pdf)> viewed 24 August 2017

<sup>6</sup> COAG, *National Partnership Agreement on Skills Reform*, Clause 29b, <[http://federalfinancialrelations.gov.au/content/npa/skills/national-partnership/past/skills-reform\\_NP.pdf](http://federalfinancialrelations.gov.au/content/npa/skills/national-partnership/past/skills-reform_NP.pdf)> viewed 24 August 2017

employers to send their apprentices and trainees to the training provider of their choice (public or private).

### **Recommendation 1**

*The Australian Government should, through the Council of Australian Governments, make a value statement comprehensively defining the role of TAFE within the VET sector together with its future direction in the competitive training market, from a national perspective.*

*This statement should recognise that the affordability and accessibility of the training market is underpinned by a strong public sector provider and acknowledges the following functions that TAFE, as a major and significant not-for-profit public provider, can uniquely bring to the VET sector:*

- *setting a benchmark for price that ensures the market doesn't simply drive prices up to meet either public or private funding maximum levels;*
- *delivering community support obligations and ensuring the provision of support across all population centres and groups;*
- *ensuring that thin markets are covered to maximise the provision of skills needed by both the economy and society;*
- *delivering support for regions and industries in transition, including working with community leaders to identify changing skills profiles needed for the future and analyse training needs for displaced workers and jobseekers;*
- *identifying and investing in skills development for new, innovative and emerging industry sectors such as advanced manufacturing, green skills, and ICT;*
- *providing pre-employment courses, particularly language, literacy and numeracy and digital skills as well as job readiness courses;*
- *providing mature age learners and early school leavers for whom TAFE is the most appropriate pathway with access to pathway qualifications in order to undertake further study;*
- *providing other specialised training pathways such as pre-apprenticeship courses; and*
- *providing a sound, government-backed institution that can attract strong support in the education markets of the Asian region.*

### ***The Australian Government notes this recommendation.***

The Australian Government believes the commitment made as part of the NASWD in 2012 provides a clear statement of policy direction on the role of TAFE. As part of the NASWD, COAG identified a number of policy reform directions for the national training system. In particular, all governments committed to:

*encourage responsiveness in training arrangements by facilitating the operation of a more open and competitive training market;*

*enable public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training*

*and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities.*<sup>7</sup>

In addition, the Australian Government considers that, as TAFEs are owned by state and territory governments, it is state and territory governments that are responsible for setting the vision and direction for TAFE within their jurisdictions.

In the 2017-18 Federal Budget, the Government announced the establishment of the Skilling Australians Fund. The Fund is an ongoing and permanent commitment to the VET sector and skilling of Australians through a national partnership with the states and territory governments.

Spending from the Fund will be prioritised towards projects bought forward from state and territory governments which support apprenticeships and traineeships in: occupations in demand, industries and sectors of future growth, trade apprenticeships, rural and regional Australia, and industries facing structural adjustment. All approved projects will have a strong emphasis on accountability, transparency and the delivery of clear outcomes for skills training and the broader economy.

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<sup>7</sup> COAG, *National Agreement for Skills and Workforce Development*, Clause 25c and d, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/national-partnership/skills-reform\\_NA.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/national-partnership/skills-reform_NA.pdf)> viewed 24 August 2017

## **Recommendation 2**

*That the Australian Government addresses ongoing concerns about the highly variable quality of training. Two approaches are possible and may be applied differentially depending on the particular circumstance:*

- *seeking a greater level of prescription and precision around national Training Packages; or, alternatively,*
- *tasking the Australian Skills Quality Authority, or relevant state authorities, to develop more output-based measures that focus on assessment of skills acquired.*

### ***The Australian Government supports this recommendation.***

The Australian Government is committed to lifting the quality of Australia's VET system to ensure training delivers to students the skills they need for real jobs in the modern economy. This commitment includes a focus on placing employers at the centre of the training system to enable it to be more responsive to the needs of industry.

The Australian Government recognises that it is industry and employers who should be driving the nation's training system, as their knowledge and input is crucial to ensuring that skills standards and competencies align with modern work practices. Developing a more dynamic approach to industry engagement will facilitate a more flexible training system capable of meeting the current and emerging skill needs of employers, of all sizes and across all industry sectors.

To secure an industry-driven training system, the Australian Government has implemented a number of measures. These include:

- establishing the Australian Industry and Skills Committee (AISC)
- developing new arrangements for training product development
- undertaking a comprehensive review of training packages and accredited courses.

### **VET Quality Framework**

In 2014, aspects of the VET Quality Framework were reviewed under the auspices of the COAG Industry and Skills Council. This included review of the national standards for RTOs and for VET regulators. More stringent measures were introduced and are being applied to limit the proliferation of a number of unscrupulous providers.

The Standards for Registered Training Organisations 2015 (the Standards for RTOs 2015) form part of the VET Quality Framework. As defined in section 3 of the *National Vocational Education and Training Regulator Act 2011* (the NVETR Act), the VET Quality Framework is comprised of the Standards for RTOs 2015, the Quality Standards, the Australian Qualifications Framework, the Fit and Proper Person Requirements, the Financial Viability Risk Assessment Requirements and the Data Provision Requirements.

The Standards for RTOs 2015 are supported by amendments to the NVETR Act, passed by the Australian Parliament on 16 March 2015, to better facilitate the efficient and effective operation of the national VET regulator, the Australian Skills Quality Authority (ASQA).

The new Standards for RTOs 2015 will improve the quality of VET delivery by:

- increasing the responsiveness of training providers to the needs of industry
- focusing on quality training and assessment outcomes
- protecting consumers by ensuring that training providers are ultimately responsible for services delivered on their behalf, including services delivered by brokers
- streamlining the regulatory framework to free providers from unnecessary red tape and enable regulators to better respond to poor quality providers.

The new Standards for RTOs 2015 came into effect from 1 January 2015, applying to new RTOs immediately, and to existing RTOs from 1 April 2015.

Specifically, the new Standards for RTOs 2015 and the legislative amendments:

- set out the requirements that an organisation must meet in order to be an RTO
- ensure that training products delivered by RTOs meet the requirements of training packages or VET accredited courses, and have integrity for employment and further study
- require training providers to provide more detail about assessment strategies and practices
- require RTOs to implement a plan for ongoing systemic validation of assessment practices
- require validation of training products at least once every five years
- impose greater obligations around third-party arrangements including agents/brokers and VET FEE-HELP
- require greater disclosure to prospective students to enable informed choices
- require clearer and more detailed requirements around marketing
- set out strengthened requirements for trainers and assessors.

In addition, the Standards for VET Regulators 2015 ensure:

- the integrity of nationally recognised training by RTOs and VET accredited courses using a risk-based approach that is consistent, effective, proportional, responsive and transparent
- consistency in the VET Regulator's implementation and interpretation of the Standards for RTOs 2015 and Standards for VET Accredited Courses 2012
- the accountability and transparency of the VET Regulator in undertaking its regulatory functions.

To support the VET regulator in addressing quality issues, the Australian Government committed more than \$68 million to support ASQA's capacity to implement the new standards and provide a risk-based approach to regulation, enhancing its ability to crack down on serious breaches while ensuring high quality training providers have the autonomy to spend more time skilling the workers of the future.

This autonomy includes the rolling out of delegations to highly compliant RTOs, allowing for transition between equivalent training packages without the need for an application and removing financial viability risk assessments for most renewal applications.

Further, in November 2015, the COAG Industry and Skills Council agreed that the Australian Government Skills Minister would consult with VET stakeholders and all jurisdictions on reform options to improve assessment in VET, and that the Council will give further consideration to actions to improve the quality of assessment outcomes. Priority areas for investigation included approaches to strengthening the skills of VET trainers and assessors, consideration of improved validation of assessment, including potential for greater industry involvement, and options for tougher regulatory reforms.

The consultation process was supported by the Training and Assessment Working Group, comprised of industry and training leaders, regulators, peak bodies, and employer and worker organisations. In May 2016, the Working Group finalised its report on improving the quality of assessment in VET. The COAG Industry and Skills Council agreed to undertake further work on the Working Group's recommendations to improve the quality of assessment in VET.

#### *New arrangements for training product development*

On 21 April 2015, the Australian Government announced the *New Arrangements for Training Product Development for Australian Industry*, an industry-led approach to training package development that focuses on ensuring that training aligns with skills needs across industry.

The new arrangements became fully operational in January 2016. Under the new arrangements, the AISC plays a critical role in overseeing the development of training packages and other training products, to ensure that the VET system is focused on the needs of industry and able to produce highly-skilled and job-ready workers.

As part of its role in overseeing the process for reviewing and developing training packages, the AISC has established a network of Industry Reference Committees (IRCs). IRCs provide the industry engagement mechanism at the centre of training package development. They are the formal point through which industry requirements for skills are considered and defined in training packages. IRCs provide a conduit for industry feedback to government on industry trends and for promotion of VET to employers.

### Review of training packages and accredited courses

In September 2014, the former minister with responsibility for skills, the Hon Ian Macfarlane MP, sought the agreement of the COAG Industry and Skills Council to commence the *Review of Training Packages and Accredited Courses* (the Review), with the aim of determining whether the design of training packages, qualifications and other nationally recognised training products is meeting the needs of industry, employers, students and the economy more generally. The *Review of Training Packages and Accredited Courses Discussion Paper* was released for public consultation in October 2014.

Extensive stakeholder consultation in response to the Review revealed strong support for the current system of industry-informed training packages, with the view that the implementation of training packages rather than their design plays a more significant part in concerns over industry responsiveness and quality.

Stakeholders also acknowledged during the public consultations and since, that there were already significant training package reforms underway. Existing reforms include things such as the transition of all training packages across to the *Standards for Training Packages 2012* by the end of December 2015 and the implementation of the new model for engaging industry in the development of training packages from 1 January 2016.

Feedback from the Review also indicated a number of areas where stakeholders saw value in more work being done. On 8 May 2015, the COAG Industry and Skills Council agreed that further work be undertaken to develop initiatives aimed at strengthening the system and better preparing students for changing workplaces and jobs in a modern economy, reducing complexity in the system, including rationalising the number of qualifications, and placing a greater focus on resolving systemic issues around the quality of assessment.

At the 20 November 2015 meeting of the COAG Industry and Skills Council, ministers agreed to a suite of reforms to the training package system in response to the Review. Given the feedback from stakeholders, the Council agreed to limit the reforms to those areas where the most improvement can be made with the least disruption to those reforms already being rolled out.

The reforms include a review of the *Standards for Accredited Courses 2012* being led by the Commonwealth. The purpose of the review is to evaluate the alignment of the *Standards for VET Accredited Courses 2012* with the *Standards for Training Packages* to ensure consistency across the two standards.

A further five reforms are being implemented by the AISC:

- removing obsolete and superfluous qualifications from the training system to make it easier for consumers to find the training relevant to their needs
- making more information available about industry's expectations of training delivery to training providers to improve their delivery and to consumers to enable them to make more informed course choices
- ensuring the training system better supports individuals to move easily from one related occupation to another
- improving the efficiency of the training system by creating units that can be owned and used by multiple industry sectors and housing these units in a 'work and participation bank'
- fostering greater recognition of skill sets.

In November 2016, the COAG Industry Skills Council agreed Senior Officials and industry peak bodies and the AISC would undertake longer term work to examine the case for enhancements to the design of qualifications and courses in VET and the merits of the existing model and report back to ministers in November 2017.

### **Recommendation 3**

*That the Australian Government, in its discussions with the states and territories regarding the impact of current funding arrangements on TAFE provision of pathways to employment, also raise the impact of these arrangements on TAFE provision of pathways to tertiary education and/or higher level studies.*

#### ***The Australian Government notes this recommendation.***

The Australian Government believes that training should improve an individual's chances of getting a job and progressing their career, with pathways between VET and higher education playing an important role in facilitating access to skills, qualifications and employment opportunities.

In relation to the second part of the recommendation, the Australian Government notes that another reform direction agreed as part of the National Agreement for Skills and Workforce Development (NASWD) was to:

*facilitate more interconnected tertiary and training sectors that cross boundaries between school, adult, vocational and higher education, with better links between employment services and training provision in order to improve labour market outcomes.*

An important element in supporting pathways to tertiary education or higher level skills is the availability of subsidised training for the Australian Qualification Framework (AQF) levels 5 (Diploma) and 6 (Advanced Diploma). The allocation of subsidies to qualifications is decided by states and territories.

#### **Recommendation 4**

*The Australian Government should continue its current actions through the Australian Skills Quality Authority, other regulators, national Training Standards and any other involved parties, to take suitable action to address loopholes that are allowing high-risk and unscrupulous practices to endanger the experience of students and the reputation of training provision.*

#### ***The Australian Government supports this recommendation.***

The Australian Government is concerned about poor quality training and has implemented a range of strong measures to address this.

The new Standards for Training Packages, endorsed by ministers in November 2012 for full implementation by December 2015, include strengthened assessment requirements.

The new Standards for RTOs 2015 which came into effect on 1 January 2015 for new training organisations and from 1 April 2015 for existing training organisations require RTOs to demonstrate that the amount of training provided enables each learner to meet the competency requirements of that training.

The Standards for RTOs 2015 also include new provisions relating to third parties, which require RTOs to:

- have a formal agreement with any broker recruiting students on their behalf
- notify the regulator of any such agreements
- ensure any brokers operating on their behalf meet the Standards for RTOs 2015 in relation to any services they deliver on behalf of the training provider, for example the recruitment of students.

In March 2015, the Australian Government also passed amendments to the *National Vocational Education and Training Regulator Act 2011* (the NVETR Act) which require persons marketing VET courses to clearly identify the RTO responsible for issuing the qualification. This will allow ASQA to take action against an RTO whose agent fails to provide clear information to a prospective student about the qualification they are signing up for, available support services, and the costs associated with the qualification, including any debt which may be incurred.

The NVETR Act also enables the Australian Government to implement a Quality Standard to allow swift action to be taken in response to any concerns students, employers, ASQA, the states and territories or the Australian Government may have about the quality of VET providers or courses.

In 2015 the Australian Government established a National Training Complaints Hotline to streamline and simplify the reporting of complaints by training consumers and help

authorities deal with poor quality providers. The Hotline directs student complaints to the appropriate Commonwealth, state or territory organisation for help and provides evidence to governments to inform policy development.

The *Higher Education Support Amendment (VET FEE-HELP Reform) Act 2015* passed through Parliament in December 2015 and enacted new measures from 1 January 2016 to further strengthen the scheme. These changes controlled growth ahead of the replacement of VET FEE-HELP with VET Student Loans, which better reflects the nature and practice of the VET sector.

The new VET Student Loans program commenced on 1 January 2017, and offers greater protections for students and is underpinned by strong legislation and hard hitting compliance measures.

The new legislation gives the Government greater power to take action against training providers who breach requirements of the program and its associated guidelines. This includes escalating actions ranging from warnings to simplified provider suspension and revocation powers.

The VET Student Loans legislation provides for:

- expanded monitoring and regulatory powers
- the power to freeze payments to providers in the event of poor performance, non-compliance or suspected non-compliance
- a lower threshold by which to suspend a provider's approval on the basis of poor performance or reasonable satisfaction that there has been non-compliance
- the ability to re-credit all student debts that have arisen where a particular enrolment or cohort of enrolments have been deemed non-genuine
- the ability to cap individual provider loan amounts on a case by case basis as a result of compliance activity or to control non-genuine growth in enrolments or unreasonable fee increases
- capacity to place conditions on providers, such as restricting the scope of delivery of courses a provider can offer under the program, and greater protection for students by prohibiting providers from seeking outstanding fees from students if a provider's approval is suspended or revoked, or its payments frozen.

Under VET Student Loans, providers are prohibited from using brokers or marketing agents to interact or engage with students at the time of enrolment, or any other time throughout their training, ensuring enrolment processes and student engagement are the sole responsibility of approved providers. Providers will only be permitted to subcontract training to other approved VET Student Loans providers or higher education providers accredited by the Tertiary Education Quality and Standards Agency (TEQSA).

### **Recommendation 5**

*The Australian Government should put in place reporting, via the National Centre for Vocational Education Research, that captures the exact federal financial contribution made to TAFE and its application by state and territory governments.*

#### ***The Australian Government does not support this recommendation.***

As noted previously, the Australian Government provides direct funding to state and territory governments for their training systems and budgeted \$1.85 billion in 2017-18 for this purpose. This includes \$1.5 billion through the National Agreement for Skills and Workforce Development (NASWD). Under this agreement, state and territory governments determine the amount of funding provided to TAFE. From 2017-18 the Skills Reform NP will be superseded by the Skilling Australians Fund which will provide an estimated \$1.5 billion in funding to the jurisdictions over four years.

The states and territories use these payments, combined with their own contributions, to subsidise the delivery of training by RTOs, including TAFEs. The combination of different funding sources means it is not possible to capture the exact federal financial contribution made to TAFEs.

The Government supports increased transparency around funding provided to TAFEs, including funding for community service obligations and other non-contestable amounts.

### **Recommendation 6**

*The Australian Government, should, via the Council of Australian Governments, seek to ensure that VET funding takes into account TAFE capital requirements.*

***The Australian Government does not support this recommendation.***

The operation of TAFEs and capital arrangements is a matter for jurisdictions.

Many states and territories have capital programs for their public providers, for example in their respective 2017-18 Budgets:

- New South Wales will provide \$131.0 million to the TAFE Commission through the capital expenditure program, including for seven new major capital projects and continued work on 26 existing projects.
- Victoria will invest \$46.5 million through the TAFE Rescue Fund and TAFE Structural Adjustment Fund.

### **Recommendation 7**

*The Australian Government, should, via the Council of Australian Governments, seek to ensure that VET funding takes into account the particular role of TAFE in providing opportunities for those in positions of disadvantage and vulnerability.*

#### ***The Australian Government notes this recommendation***

State and territories' current funding arrangements already take account of TAFE's broader role. Most states provide separate funding to TAFE's for community service obligations and other differential costs.

In the NASWD, all governments committed to:

*encourage responsiveness in training arrangements by facilitating the operation of a more open and competitive training market;*

*enable public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities.*<sup>8</sup>

The National Partnership Agreement on Skills Reform included targets for improvements in commencements or completions for Indigenous Australians, and two additional targets in areas of priority such as rural and remote, students with disability, students from low socio-economic status backgrounds and groups of policy focus (e.g. long-term unemployed youth, single and teen parents or mature aged workers).

In 2017-18 the Skills Reform NP will be superseded by the Skilling Australians Fund, which provides an estimated \$1.5 billion in Commonwealth funding for a new national partnership from 2017-18 to 2020-21. The Fund will support up to 300,000 more apprentices, trainees, pre-and higher-level apprentices over the next four years. The new partnership focuses on strong accountability, transparency and the delivery of clear outcomes for skills training and the broader economy.

All project proposals will need to demonstrate engagement with, and support from employers and industry. Payments to states will require the signing of the new agreement, agreeing to projects with clear milestones and the states demonstrating achievement of those milestones.

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<sup>8</sup> COAG, *National Agreement for Skills and Workforce Development*, Clause 25c and d, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/national-partnership/skills-reform\\_NA.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/national-partnership/skills-reform_NA.pdf)> viewed 24 August 2017

## **Appendix A**

### **TERMS OF REFERENCE**

TAFEs have played a critical role in the training and development of Australians for more than one hundred years. For many Australians, TAFEs provide a critical pathway to training and skills which are increasingly needed to access employment. They also play a critical role in regions and in providing access for disadvantaged groups.

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
- the operation of a competitive training market.