

Chapter 3

Education and Training portfolio

3.1 This chapter summarises certain key areas of interest raised during the committee's consideration of budget estimates for the 2017-18 financial year for the Education and Training portfolio.

3.2 On 31 May and 1 June 2017, the committee heard evidence from Senator the Hon. Simon Birmingham, Minister for Education and Training, along with officers from the Department of Education and Training (the Department) and agencies responsible for administering education and training policy, including:

- Australian Research Council (ARC)
- Australian Skills Quality Authority (ASQA);
- Tertiary Education Quality and Standards Agency (TEQSA); and
- Australian Institute for Teaching and School Leadership (AITSL).

Australian Research Council

3.3 Ms Leanne Harvey, Acting Executive General Officer, advised the committee that a new CEO is due to start in July. The committee congratulated Ms Harvey's performance in her temporary role.¹

3.4 Committee members enquired about the status of the *Australian Code for the Responsible Conduct of Research*. Ms Harvey confirmed that there was a review of the code underway.² There was discussion of the removal of the definition of research misconduct from the code and the reasoning behind this decision.³

3.5 The number of new matters of actual or potential research integrity breaches or misconduct was sought by the committee. Ms Harvey informed the committee that eleven new matters were notified in 2016.⁴ Ms Kylie Emery, Acting General Manager, noted that these matters mostly related to authorship disputes, peer assessment processes and plagiarism.⁵

Tertiary Education Quality and Standards Agency

3.6 Committee members questioned Professor Nicholas Saunders, Chief Commissioner, about the operational challenges facing the agency. Professor

1 *Committee Hansard*, 31 May 2017, p. 4.

2 *Committee Hansard*, 31 May 2017, p. 4.

3 *Committee Hansard*, 31 May 2017, p. 4.

4 *Committee Hansard*, 31 May 2017, p. 8.

5 *Committee Hansard*, 31 May 2017, p. 8.

Saunders advised that the Tertiary Education Quality and Standards Agency (TEQSA) had faced two major challenges over the past five years: the major review which resulted in a reduction of funding; and an increase in prospective providers in the VET industry.⁶

3.7 TESQA was asked about its staffing arrangements, particularly in relation to temporary staffing contracts. Mr Elmer Wiegold, Director, advised that the agency spent approximately \$1.3 million on contract staff and external experts in the 2015-16 financial year. He further noted that the agency has had a significant reduction in APS staff, dropping from 100 in 2014-15 to 48 currently.⁷

Australian Skills and Quality Authority

3.8 Mr Mark Paterson, Chief Commissioner, was asked whether RTO compliance rates stated in the Australian Skills and Quality Authority (ASQA) 2015-16 annual report remained current. He confirmed that this was the case, stating that RTOs being audited had low rates of compliance during the initial auditing phase, and noted that rates of non-compliance had increased due to ASQA's shift towards a 'risk-based system of regulation'.⁸

3.9 The committee enquired about the collapse of training provider the Sage Institute. Mr Paterson informed the committee that, due to Sage's lack of electronic filing practices, it had provided ASQA with 2500 boxes of hard copy student notes, equivalent to about 3½ semi-trailer loads of paper records, which was causing significant delays in assessment.⁹ The committee asked why Sage had not been identified as at risk of collapse during earlier audits:

Mr Paterson: Our assessment and our audit processes do not—and we do not have a remit to enable us to—examine with precision the financial standing of an organisation at the point in time like that.

Senator CAMERON: So who does? Would that be ASIC?

Mr Paterson: I do not think anybody other than the shareholders have a very clear idea. There are reporting obligations that exist for corporations. Not all of these RTOs are corporations; some of them are partnerships; the smaller ones can be sole traders. They are not all proprietary limited companies. They can be owned by offshore entities. They can be owned by onshore entities. We do not have an opportunity to examine in that detail to be able to assess imminent collapse.¹⁰

3.10 Information was also sought in relation to the number of high-risk providers which had been identified for audit. Professor Michael Lavarch, Commissioner, advised that 'something like 1300 audits are currently scheduled, currently being

6 *Committee Hansard*, 31 May 2017, p. 20.

7 *Committee Hansard*, 31 May 2017, p. 18.

8 *Committee Hansard*, 31 May 2017, p. 27.

9 *Committee Hansard*, 31 May 2017, p. 32.

10 *Committee Hansard*, 31 May 2017, p. 33.

undertaken or are in the process of being finalised'.¹¹ These audits were noted to be a combination of those 'triggered by applications, those which are triggered by risk factors and those which are follow-up audits as a result of evidence reviews, AAT proceedings and the like'.¹²

Australian Institute for Teaching and School Leadership

3.11 The committee enquired into the implementation of the Australian Professional Standards for Principals. Ms Lisa Rodgers, Chief Executive Officer, expanded on information that had been previously provided in a question on notice from the March 2017 hearings. Ms Rodgers noted that the AITSL runs a stakeholder survey in which they analyse principals' awareness of the standards, and also operate the School Leader Self-Assessment Tool to measure principals' compliance with the standards.¹³ She further advised that AITSL would monitor the standards from 2018, in addition to reviewing them as needed.¹⁴

3.12 Information was sought regarding the newly released My Induction app. Ms Rodgers advised that the app was designed to 'provide induction and support for beginning teachers...'¹⁵ In addition to in-app resources and tools, the app also connected beginning teachers with highly accomplished and leading teachers.¹⁶

Department of Education

Cross-portfolio

3.13 The committee enquired into the funding of the Healthy Harold program run by Life Education Australia. The Minister advised that a budget submission for the Healthy Harold program had been submitted to the Department of Health, not the Department of Education and Training. Life Education had been contacted shortly after the Minister became aware of the situation, and were meeting with department officials within the next week to confirm ongoing funding arrangements.¹⁷

Outcome One

3.14 There was an exchange between the committee and the Department in relation to the online school funding estimate calculator. Of particular interest was the way that data was represented in the calculator, namely the calculator's 2017 'starting point'. Mr Tony Cook PSM, Associate Secretary, Schools and Youth, noted that the

11 *Committee Hansard*, 31 May 2017, p. 37.

12 *Committee Hansard*, 31 May 2017, p. 37.

13 *Committee Hansard*, 1 June 2017, p. 5.

14 *Committee Hansard*, 1 June 2017, p. 6.

15 *Committee Hansard*, 1 June 2017, p. 7.

16 *Committee Hansard*, 1 June 2017, p. 7.

17 *Committee Hansard*, 1 June 2017, pp. 9–10.

calculations represented in these figures were based on amendments to the Act that are currently before the Parliament.¹⁸

3.15 The committee also enquired into the 'common share' approach adopted in the new school funding model. The Minister advised the committee:

Over a 10-year transition period we are transitioning to more balanced funding rates, in fact balanced funding rates that will treat each of the states equally and each of the non-government sectors equally. In terms of assuming a greater role in relation to government schools, we are transitioning from an average 17 per cent contribution to the Schooling Resource Standard up to 20 per cent contribution of the Schooling Resource Standard... You do not have to go back too far to when the Australian government's contribution to state government schools was in the single digit territory. It is come up to 17 per cent, and we are proposing to take it, with a greater role, to 20 per cent balanced equally across the states and territories.¹⁹

3.16 The Minister further noted that the legislation proposed by the Government would provide 'certainty and stability' in relation to school funding for the program's ten-year life.²⁰

3.17 Information was sought regarding bullying in schools. Dr Michele Bruniges, Secretary, noted that state and territory governments are ultimately responsible for their schooling systems and thus the Commonwealth had limited capacity to address the issues. However, she also advised that broad frameworks exist in relation to child protection, which are then enforced on a state level. State-based mandatory reporting schemes were also noted as a method of addressing bullying issues.²¹

Outcome Two

3.18 The committee asked for an update regarding the Ford Transition Project. Dr Subho Banerjee, Deputy Secretary, Skills and Training, advised that the Federal Government had worked with Ford and other stakeholders to 'support the transition to new employment opportunities for up to 1500 workers from Ford and the component manufacturing supply chain'.²² Dr Banerjee further noted that after Ford's closure in October 2016, the project focussed on providing support services through outreach centres in Geelong and Broadmeadows, which was concluded in April 2017.²³

3.19 The committee examined the funding arrangements to the university sector announced in the 2017-18 Budget. The Minister advised that the measures outlined in the budget would result in \$1.8 billion saved over the forward estimates in fiscal

¹⁸ *Committee Hansard*, 1 June 2017, p. 17.

¹⁹ *Committee Hansard*, 1 June 2017, pp. 32–33.

²⁰ *Committee Hansard*, 1 June 2017, p. 33.

²¹ *Committee Hansard*, 1 June 2017, p. 41.

²² *Committee Hansard*, 31 May 2017, p. 41.

²³ *Committee Hansard*, 31 May 2017, p. 41.

balance terms.²⁴ Minister Birmingham also advised the committee that a recent Parliamentary Budget Office (PBO) report had indicated that:

...the very steady level of higher education grants, that even with the government's reforms, will continue to flow into the education sector. In fact, [the PBO] seem to indicate a level of grants higher than that which had previously been forecast under previous budget statements, showing that there is good strong funding available for universities into the future.²⁵

3.20 The committee enquired into the efficiency dividend proposed to be applied to universities, asking what kinds of analysis the Department had taken, whether it had modelled the impact on individual universities.²⁶ Mr David Learmonth, Deputy Secretary, Higher Education, Research and International, stated that universities would respond individually to the application of the efficiency dividend. He also gave several specific examples where universities had achieved significant efficiencies, in the order of \$40–50 million per annum, through the introduction of an integrated professional services delivery model or improved internal efficiencies in corporate IT finance systems.²⁷ He also pointed out that in 2015 the university sector spent more than a quarter of a billion dollars on advertising and marketing, suggesting this as another area for efficiency gains.²⁸

3.21 There was also discussion about the policy to lower the HECS/HELP repayment income threshold. Mr Learmonth advised that the lowering of the threshold would affect 180 000 people with HECS/HELP debts, noting that this figure includes 'people who would not otherwise have paid but for the reduction in threshold, and people who would have paid but would have paid less'.²⁹

3.22 The committee asked the Department why \$42 000 was settled upon as the threshold for repayments. The Minister explained how this figure was determined:

We have looked at the growing rate of debt expected to not be repaid, we have looked at the scale of growth overall of the HELP loan scheme, we have looked at international comparisons of repayments around student loans, we went through a long process that was very open and in a discussion paper that we released ahead of last year's budget and submissions were being received, and during the election campaign last year we openly canvassed options for lowering of the repayment threshold for the HELP scheme. We also openly canvassed the setting of new or different repayment rates. In the end the judgement was made that setting a new level at \$42,000, some 20 per cent or thereabouts above the minimum wage and well above international comparisons such as repayment rates in

24 *Committee Hansard*, 31 May 2017, pp. 41–42.

25 *Committee Hansard*, 31 May 2017, pp. 88–89.

26 *Committee Hansard*, 31 May 2017, p. 90.

27 *Committee Hansard*, 31 May 2017, p. 90.

28 *Committee Hansard*, 31 May 2017, p. 121.

29 *Committee Hansard*, 31 May 2017, p. 42.

New Zealand or the United Kingdom, was a way to deal with the problem of debt not being repaid, to ensure the long-term sustainability of the HELP scheme that underpins access to university education without Australians facing any up-front fees, and to do all that in a way that was carefully calibrated with more even steps in the application of those HELP repayment levels that had historically been the case for a new lower repayment rate, which as we have said equates to about \$8 per week of repayments compared to the much higher starting level under the current arrangements, and at the other end of the spectrum some increased levels of repayment rates for graduates earning higher incomes to ensure that they too are being asked to make a contribution to repay debts a little faster.³⁰

3.23 The Department was also asked whether it had specifically considered the impact on female graduates. Mr Learmonth noted that the proportion of female graduates comprises of sixty per cent of the total number of completing students, and advised that overall the measure 'will impact on any individual according to their earnings'.³¹

3.24 There was discussion about whether the proposed threshold would affect high education enrolments. Mr Learmonth noted that domestic and international evidence indicates that a lowered repayment threshold has no effect on demand for higher education enrolments.³² The Minister further noted:

Evidence in Australia and overseas shows that where there is access to a student loan program of this nature, particularly an income-contingent student loan program but even frankly others that do not have the income-contingent generosity of HELP, there is not a real barrier to entry created at all. In fact, people become, if anything, less sensitive to the price of their studies and simply assess the benefit or otherwise of undertaking that degree. On the anecdotal example you gave before, we do not want people to be deterred from studying because of the way in which loan schemes occur, but we are confident the evidence is there that shows they will not be deterred from studying due to the structure of the loan scheme.³³

3.25 The Minister further noted that the Federal Government recommended that students consider a range of pathways to make an informed choice about their career options.³⁴

3.26 The committee enquired into the Skilling Australians Fund, asking the Department whether employers with turnover of less than \$10 million per annum will be required to contribute to the fund each year that the visa is valid. Dr Banerjee stated that temporary visas will attract the payment yearly, and permanent visas will have a

30 *Committee Hansard*, 31 May 2017, p. 43.

31 *Committee Hansard*, 31 May 2017, p. 45.

32 *Committee Hansard*, 31 May 2017, p. 48.

33 *Committee Hansard*, 31 May 2017, p. 48.

34 *Committee Hansard*, 31 May 2017, p. 48.

higher flat rate applied.³⁵ Mr Bryan Palmer, Group Manager, Skills Market, further noted that the fund would supply \$88.8 million in 2017-18, increasing to almost \$400 million in the forward estimates.³⁶ The Minister stated that the modelling of these funding estimates had been prepared with the Department of Immigration and Border Protection and the Department of the Treasury, and that the Government 'has confidence in the revenue forecasts'.³⁷

3.27 An update was also sought by the committee on the Adult Migrant English Program (AMEP). Mr Brendan Morling, Group Manager, Skills Programs, advised that AMEP's estimated funding for 2016-17 is \$279 million and around \$300 million over the forward estimates. He further noted that the number of students in AMEP in 2016-17 is expected to amount to 63 733.³⁸

Senator Bridget McKenzie
Chair

35 *Committee Hansard*, 31 May 2017, p. 69.

36 *Committee Hansard*, 31 May 2017, p. 70.

37 *Committee Hansard*, 31 May 2017, p. 70.

38 *Committee Hansard*, 31 May 2017, p. 97.

