

Senate Standing Committee on Education Employment and Workplace Relations

**QUESTIONS ON NOTICE
Supplementary Budget Estimates 2011-2012**

Outcome 3 - Tertiary, Skills, International and Indigenous Strategy

DEEWR Question No. EW0675_12

Senator Rhiannon provided in writing.

Question

VET Tender process

What is 'competitive neutrality adjustment' and how is it applied in the VET tender process?

Answer

The term "competitive neutrality adjustment" is used in the Commonwealth Competitive Neutrality Guidelines for Managers (February 2004) and refers to the adjustments that significant government businesses may need to make to their cost structure, through organisational separation of commercial and non-commercial activities and the implementation of necessary adjustments for known advantages.

Competitive neutrality policies aim to promote efficient competition between public and private businesses. Specifically, they seek to ensure that government businesses do not enjoy competitive advantages over their private sector competitors simply by virtue of their public sector ownership.

The Australian and all State and Territory Governments have agreed to implement competitive neutrality policies as part of the National Competition Policy reform package.

In addition, COAG has recognised (19 August 2011) the important role in VET of the public provider including in the provision of a full range of training, including capital intensive trade training, and training in regional areas and to disadvantaged students. This recognition will also be reflected in the forthcoming National Agreement (between the Australian Government and the states and territories) on Skills and Workplace Development and therefore in the responsibilities of states and territories as VET system managers.