

## **GOVERNMENT SENATORS' REPORT**

1.1 The Committee's work over the past twelve months has served as a most useful review of current government policy on vocational education and training since the advent of significant reforms to the VET sector from 1997 on. The report evaluates the success of these reforms in detail: in particular the emphasis on a market-driven approach to training and the advent of New Apprenticeships. The analysis of progress which is detailed in the majority report presents a complex picture of a reform process at varying stages and levels of development. The overwhelming response of participants in the reform process was encouraging, as is evident from the submissions received by the Committee. Most submissions anticipated continued progress and reform, and expressed expectations of the eventual removal of anomalous and superfluous elements in the current process: the inevitable consequence of any large-scale policy and administrative change.

1.2 Significantly, the majority report makes no recommendations which question the broad framework of current VET policy. It is not logical to claim, as the majority report claims in the one sentence, that VET is at once the 'overlooked Cinderella of the education system' (para. 1.16) which has at the same time seen 'immense and sweeping change' in the way it is delivered and in the philosophy that drives it. There is a general flavour of disapproval of these changes evident in the majority report, but in the face of evidence that such radical changes as the introduction of New Apprenticeships have received wide acceptance, recommendations have been confined to details of implementation. To the extent that the Government and its agencies see practical merit in these recommendations, Government senators would have no objection to them.

### **Quality and the Australian Recognition Framework**

1.3 The principal concern of the report has been the issue of quality as it has related to the Australian Recognition Framework. It should be noted that the Committee's investigations of quality issues have been largely overtaken by events: if not yet at the level of implementation, then at least at the policy level. MINCO's determination to address the quality issue will see many of the structural weaknesses and attitudinal deficiencies overcome.

1.4 This inquiry was conceived in circumstances of early difficulties faced by state regulatory bodies in carrying out their functions, and in the light of revelations of unethical practices by a small handful of registered training organisations. The Committee had a role in drawing public attention to this state of affairs, although it cannot be established that the remedial action which followed was due solely to the Committee's work. State agencies and ANTA have sufficient motive, power and resources, for the most part, to deal with such problems. The work done by Ms Kaye Schofield in three states warrants particular recognition here, as being indicative of the commitment of states to implement reform within the wide latitude allowed by the current structure.

1.5 An important task to be tackled is that of ensuring that appropriate legislation across all states underpins the national VET system. The Minister, Hon David Kemp MP, wrote to all state and territory ministers in April, calling on them to agree to nationally consistent model industrial training legislation so that existing legislative barriers to the implementation of training reforms across the country will be removed. A 'rail gauge' approach still makes it difficult for companies to operate and access training across state borders, because of differing rules.

1.6 This issue was canvassed by the Committee at its final Canberra hearings in the context of mutual recognition of courses, which had implications for uniform quality assurance measures. The weight of opinion suggested that the solution would come through complementary legislation rather than through uniform legislation, and it appears that states were aware of the necessity for such legislation. Government senators note the contrived alarm of Opposition senators on the Committee about what they see as a grave threat to current arrangements as a result of some sort of constitutional crisis. In the view of Government senators, the introduction by the states and territories of complementary legislation, as agreed to by MINCO, will be routinely addressed by governments.

1.7 Almost as fundamental as the legislative basis for national VET is the government's proposal to develop a National Code of Good Practice in New Apprenticeships, and to establish a new National Training Quality Council. It is proposed that the NTQC be based on the former National Training Framework Committee and takes over that Committee's functions, but with strengthened roles in relation to quality assurance arrangements. Specifically, the NTQC will:

- provide advice on the operation of, and any necessary change to, the Australian Recognition Framework;
- provide information and advice to State recognition authorities on the implementation of the ARF; and
- provide to the ANTA Board, for incorporation in the Board's reports to the MINCO (including the Annual National Report), information and advice on the operation of the ARF in each state and territory, including by providing such independent advice on state and territory registration, audit and related processes and related Commonwealth processes as deemed necessary by the NTQC.

1.8 The NTQC is a Committee under the ANTA Board with industry leadership and state representation. It does not require separate legislation and builds on the spirit of partnership between industry, states and territories and the Commonwealth embodied in the ANTA Agreement. Government senators support this arrangement for strengthening the Australian Recognition Framework. It will 'raise the bar' on quality assurance (as Victorian government officials expressed the wish for), and maintain the symmetry of current administrative structures in a way which preserves state responsibilities and functions.

## Dealing with the issue of ‘quality’ – a states response

1.9 The Committee heard quite detailed evidence of steps that were being taken to deal with quality assurance, both at state and Commonwealth level. By the time the Committee heard final evidence from ANTA in July 2000, the CEO of that agency was able to advise the Committee that MINCO had reached agreement on achieving a fully-integrated national VET system, particularly in relation to fundamental regulatory issues underpinning mutual recognition; risk management strategies and quality and consistency of training.<sup>1</sup> There was well-documented evidence that the VET system was fundamentally sound. The states also reported progress, as in the case of Queensland, whose officials informed the Committee at its final hearing of recent progress:

We believe that the work we have done in raising the quality issue from early last year has led to the quality issue now being addressed much more vigorously on a national basis. We are continuing with the implementation and roll- out of training packages, while continuing to focus on the need to ensure that there is a range of courses available for students who are not able to access training package qualifications, particularly those in institutional pathways who may not be able to gain access to a workplace for workplace assessment.<sup>2</sup>

1.10 The Queensland official proceeded to explain that progress thus far would require for its continuation an urgent review of the Australian Recognition Framework and some new standards developed, and this could only be done on a bilateral basis between the states, ANTA and DETYA. The Committee heard later from ANTA that this process would be followed through.<sup>3</sup>

1.11 Officials from New South Wales described the task of maintaining quality assurance in that state: a description which confirms the view of Opposition senators on the Committee that this is a task which must remain the responsibility of the states:

We are working through a most comprehensive compliance audit of registered training organisations to bring them within the Australian Recognition Framework. I am advised that, to date, we have audited 435 registered training organisations. I should say that each of those audits in New South Wales involves a detailed process of submission from the training organisation itself. That is then followed up by a visit from an audit team usually of two or three people who may visit the organisation for up to two days to do a full compliance visit.

**Senator CARR**—How many RTOs are there in New South Wales?

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1 Ms Moira Scollay, *Hansard*, Canberra, 5 July 2000, p. 815

2 Mr Peter Noonan, *Hansard*, Canberra, 5 July 2000, p.784

3 Ms Moira Scollay, *op.cit.*, p.827

**Dr Wilmott**—In the order of 900, and we expect to have completely compliance audited of all those training organisations that wish to be assessed for the Australian Recognition Framework by the end of this year. In the order of 100 of the previously registered training organisations—and I believe the exact figure was reported to the last hearing—chose not to seek registration under the Australian Recognition Framework because of the level of compliance they would have needed to have met, and they chose to move out of the sector.

So we have been undertaking a substantial compliance audit. I have not got a precise figure for the number of those organisations that have been found wanting and either have been not successfully compliance audited or have been given a reserve judgment where they had to resubmit for further visits. But in the process of that compliance audit system, indeed, there have been a number of circumstances where the more stringent compliance audit processes that we have applied have resulted in organisations either not choosing to continue as registered training organisations or being not successfully audited and having to be reassessed.<sup>4</sup>

1.12 Officers from the Victorian Office of Post-Compulsory Education and Training, quoting Schofield's research, advised that the Australian Recognition Framework was insufficiently rigorous. It allowed for accreditation of poor quality training. Specific weaknesses included inadequate monitoring of workplace training arrangements, patchy auditing of training plans, heavy reliance on desk-audits and inconsistent audits and perceptions of inadequate penalties for breaches by providers.<sup>5</sup> Schofield recommended that Victoria seek amendments to the Australian Recognition Framework through ANTA. There will most likely to be a proposal to strengthen the ARF at the MINCO meeting scheduled for November 2000.

1.13 Government senators commend the work undertaken by states to investigate the extent of deficiencies in the current VET system (though it is no more than would be expected) and accept the validity of most of the informed judgements made of the current system by state officials and their consultants. Given the pace of reforms at the Commonwealth level, and the continuing 'shake-down' which has followed, such deficiencies as have been found should not surprise anyone with any knowledge or experience in public policy implementation. For, as many witnesses and submissions affirmed, the essence of VET policy is soundly based.

### **Recommendation 17 – National Code of Standards**

1.14 In their quest for changes which improve quality, Opposition senators have made a number of recommendations aimed at structural changes to regulatory and compliance agencies. The Opposition's core belief - which is only implied in its report - is that the states and territories are not entirely to be trusted with the administration

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4 Dr Gary Willmot, op.cit., p.810

5 Kaye Schofield, *Delivering Quality: report of the independent review of the quality of training in Victoria's apprenticeship and traineeship system*, May 2000, pp.19-23

of the Australian Recognition Framework in a way that ensures consistent standards of training delivery across the country. This is based on evidence given to the Committee in the early stage of the inquiry by some ITABs and employers complaining about inconsistent regulations across jurisdictions. There were perceptions that some states enforced a less rigid compliance with quality assurance processes than did others. It is noteworthy that the Committee had no evidence which would enable it to assess the relative success of states and territories in achieving desired quality outcomes.

1.15 The Opposition has proposed a National Code of Standards for VET to replace the Australian Recognition Framework. Recommendation 6 proposes the establishment of a National Qualifications and Quality Assurance Authority as a Commonwealth statutory body to apply and administer compliance with the National Code of Standards. Government senators consider this recommendation superfluous on the grounds that MINCO has already approved in principle the establishment of the National Training Quality Council, a body with enhanced powers to replace the current National Training Framework Council.

1.16 In the view of Government senators, there are two objections to this recommendation. First, the establishment of a new Commonwealth statutory body would create potential problems for its relationship with ANTA and create potential difficulties for a minister in dealing with two bodies of equal status. In practice, the National Qualifications Authority would work in a subordinate capacity to ANTA, although in legislative terms they would be equal bodies. Second, it is unlikely that the states would agree to an arrangement that might further diminish their administrative role in vocational education and training.

1.17 Opposition Recommendation 6 provides for the NQQAA to be given powers to administer the National Code in all its multifarious aspects, such as registration and auditing of RTOs, and all matters to do with trainee management and Training Package administration. This power would then be delegated to the states, whose STAs would continue to operate as they currently do under state powers. The purpose of giving the NQQAA the principal head of power is to ensure that the NQQAA will act on these in the absence of sufficiently determined action by any state. The appropriation of state powers to the Commonwealth by legislation always raises questions about constitutional validity, although it is sufficient at this time for Government senators to state that it is highly unlikely that such a proposal would receive the support of MINCO. Nor would it attract support from any Commonwealth government (of whatever party persuasion) if it entailed potentially onerous Commonwealth financial obligations to assume direct responsibility for maintaining a moribund or recalcitrant STA.

1.18 The states and territories are major stakeholders in training delivery. While there may have been earlier doubts about the capacity of state agencies to enforce compliance standards on registered training organisations, this is now longer the case.

## **The realities of federalism**

1.19 Government senators are prepared to accept the assurances of state government officials of all mainland states who appeared before the Committee to explain their quality assurance procedures. Government senators note that three states have demonstrated their concern for improved procedures by having eminent VET consultant Kaye Schofield identify changes and reforms that are necessary. It is clearly apparent that states and territories have a commitment to improving the quality of VET, something which has been demonstrated during the Committee's inquiry and has been made apparent in recent decisions of MINCO.

1.20 While it is not stated explicitly in the majority report, the sentiment behind the recommendation by Opposition senators of a National Qualifications and Quality Assurance Authority assumes that Commonwealth agencies, presumably much better resourced, could be easily established to undertake the current responsibilities of state and territory agencies. State ministers may well see in this recommendation the long-term aim of removing state agencies from any significant area of responsibility beyond that of maintaining state TAFE networks. The concept of 'federalism' in the area of post-compulsory education would disappear to the point where the continuation of state and territory participation in ANTA would be called into question. MINCO would become irrelevant.

1.21 The Committee received a great deal of advice from state agencies which appeared before it, and none of it pointed to any willingness to abdicate from state responsibilities. On the contrary, the evidence pointed to states' frustration about deficiencies in administration and quality assurance, and their impatience with delays in having them fixed. Some of the blame was laid at the feet of the Commonwealth: some was attributable to the pace of change and the defective processes of state administration which they had themselves uncovered. Some of the flavour of state attitudes to VET reform was conveyed to the Committee by witnesses from the New South Wales Department of Education and Training at the final Canberra hearing. A draft statement was circulated by New South Wales with the claimed endorsement of four other states. While the statement was a call for increased Commonwealth funding for VET, it can also be regarded as a statement by the states affirming their own determination to accelerate the pace of reform:

That statement represents the efforts and the contribution of most states and territories in looking at the submissions that have been made to this inquiry to see if we could extract from them the key issues. We have tried to come up with a statement, the rhetoric of which at least presents a basis for a new partnership between government, industry and the community. We think it is a process which could lead to some renewal. We particularly need a renewal of interest and enthusiasm within industry, but we also think it is timely to get some clear statements of commitment from governments as well. We do not just want to cut and paste the current agreement; we want something that is fundamentally different. We do not want a system that is

about just promoting rivalry between states and territories and providers. We want to work constructively towards improving quality.<sup>6</sup>

1.22 Opposition senators appear to have difficulty in concealing their disdain for state governments and their role in education. Whereas Coalition education policy has aimed at ensuring that states fulfil their constitutional responsibilities, Opposition policy would appear to favour an incremental reduction of state responsibility. This is a recommendation that can be safely made from the shelter of the Opposition benches.

### **Funding**

1.23 The Committee heard a great deal about the funding needs of the states and territories in evidence given by state officials. There was general agreement that the Commonwealth's policy of promoting 'growth through efficiencies' had resulted in improved productivity in the training sector, but that there was little further scope for efficiencies through this policy.

1.24 No targets were set by the Commonwealth for the level of efficiency improvements required: the states and territories determined these for themselves using their own judgements of what was feasible and responsible. States and territories originally estimated they could deliver an extra 70,000 student places through efficiency improvements, but latest estimates place this more at 160,000 extra places being made possible through efficiency improvements over the life of the ANTA Agreement.

1.25 The majority report calls for a reinstatement of growth funding in the next ANTA Agreement. The offer by the Commonwealth for the next ANTA Agreement does not include a 'growth through efficiency' component: rather it seeks agreement from the states and territories to strive for continuing efficiency improvements. Government senators believe that this represents a reasonable requirement to ensure that value for money is achieved for taxpayer funded government services and is an objective that would be shared across many areas of state and territory government activity.

1.26 The Commonwealth contributes funds to states and territories through ANTA, but states and territories are responsible for any allocation decisions within their own jurisdictions. Funding to states and territories from the Commonwealth has been maintained in real terms over the life of the current ANTA Agreement, as set out in legislation. Funding allocations to individual states and territories within this envelope is the decision of MINCO. In addition, the Commonwealth provides continuing funding for ANTA operational costs and ANTA national programs. The Commonwealth also provides considerable funding for employer incentives for New Apprenticeships, operation of New Apprenticeships Centres, VET in Schools and a range of other programs related to workforce skills development.

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6 Dr Jim McMorrow, *op.cit.*, p.798

1.27 Consistent with Government senators views on the partnership between the Commonwealth and the states in administering VET, is the view they hold that state contributions to the funding of VET needs to be maintained at a high level. As noted in the majority report, ABS figures appear to show that in real terms, states and territories have reduced their expenditure on VET for some years after 1992, and current expenditure is only now returning to those earlier levels.<sup>7</sup> New South Wales and Queensland argued before the Committee that their expenditure over that period had been maintained in real terms. Yet, when the Commonwealth maintains its expenditure in real terms this is regarded as a failure to face up to its responsibilities. The capacity of the states to respond to the increased demand for VET is not in doubt. The Committee was advised of an additional \$180 million allocated by the Victorian government to VET over the current quadrennium. Commonwealth funding is supplementary to state funding.

### **Conclusion**

1.28 This report can be most accurately be described as a description of a training system in the process of transition. Any policy implementation as radical as this inevitably shows the marks of a break-through. What has been revealed in evidence has in many cases been the rough edges of implementation. Many of these do relate to quality issues. Government senators do not dispute evidence that weaknesses in the Australian Recognition Framework have resulted in lower standards of training in a small number of registered training organisations. It is clear that relevant agencies in some states have not, at least in recent past, always adopted adequate quality assurance processes. There are reservations about how states and territories have implemented User Choice. While New Apprenticeships have been, by most accounts, a striking success, there are residual problems which need to be addressed in the implementation of this scheme.

1.29 Ultimately, the success or otherwise of the new national VET system will be determined by the employment market. The ultimate test is whether industry has the capacity to grow as a result of having a good supply of skilled employees. Submissions from employers have indicated strong support for the broad direction of training reform, and there is every indication that MINCO and ANTA are addressing those implementation problems which have been identified both in this report and in others cited by the Committee.

Senator John Tierney  
Deputy Chair

Senator George Brandis

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7 Submission No. 110, Australian Education Union, vol.6, p.1743