

# Chapter 1

## Government Senators' Report

1.1 On 15 June 2005, the Senate referred to the Legislation Committee the Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Bill 2005 for inquiry and report by 18 August. A total of eight submissions were received.

### Background and purpose of the bill

1.2 In September 2004, the Government announced an election commitment to establish Australian Technical Colleges in 24 identified regions as part of a broader strategy to address skills needs. The election commitment reflects the view that the Government should target regional and metropolitan areas which have experienced skills shortages in certain trades and which are supported by a strong industry base. It is expected that each college will provide tuition for up to 300 students each year.

1.3 The purpose of the Australian Technical Colleges Bill is to implement the Government's election commitment. It appropriates \$343.6 million over five years for their establishment and operation. This funding is in addition to recurrent funding by the Commonwealth that the colleges will be eligible for under the Schools Assistance Act (2004), and recurrent funding that states and territories also provide for schools. The additional funding provided under the bill will be allocated to colleges on the basis of need, to cover establishment and operational costs.

1.4 Students attending the colleges will have the opportunity to combine academic studies relevant to the trades, leading to a senior secondary certificate of education. Combined with a Schools-Based New Apprenticeship in a trade, students will end up with a nationally recognised training package qualification.<sup>1</sup> The Government believes that the colleges will provide high quality education and training facilities, and an integrated program of academic and vocational education that is relevant to a trade career. According to the Minister for Vocational and Technical Education, The Hon Gary Hardgrave MP:

The Colleges will promote pride and excellence in trade training skills by creating a distinct culture and ethos. Attracting talented and committed staff to the colleges will be a high priority as well as offering appealing and flexible working conditions, including rewards linked to excellent performance, and by giving staff the option of an Australian Workplace Agreement.<sup>2</sup>

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1 DEST, *Submission 7*, p.3

2 *New Bill Supports Australian Technical Colleges*, Media Release, The Hon Gary Hardgrave MP, Minister for Vocational and Technical Education, 11 May 2005

## Addressing skills shortages

1.5 We have heard much from the Opposition and other critics to the effect that the technical colleges initiative amounted to policy making on the run and that the Government was allocating Commonwealth funds for a proposal very short on detail. This ignores the fact that establishment of the colleges is part of the Government's overall strategy to tackle the skills shortage problem and consolidate work that has already been done with industry to develop practical solutions to current and future industry skills needs. This legislation is fundamental to the Government's reform of the vocational and education training system. As Minister Nelson told a conference at the University of Melbourne in March 2005, the Government's reform is underpinned by three key objectives:

- that industry and business needs to drive training policies, priorities and delivery;
- that better quality training and outcomes for clients, through flexible and accelerated pathways, be achieved; and
- that all processes be simplified and streamlined.<sup>3</sup>

1.6 There is nothing new about the problem of labour and skill shortages. The Government acknowledges that some trades have experienced skills shortages for the better part of 25 years. It is widely accepted that labour and skills shortages are exacerbated during times of economic growth and low unemployment, both of which are hallmarks of this Government's record of economic management. Government members on the committee agree with the Australian Chamber of Commerce and Industry that skill shortages is a complex labour market problem for which there are no easy solutions.<sup>4</sup> For over nine years, the Coalition Government has been active in working with industry to address shortages through a mix of initiatives and strategies of which this proposal is arguably the most important.

1.7 The colleges will play an important role in expanding the School-Based New Apprenticeships. The DEST submission makes the important point that of the 12,500 School-Based New Apprenticeships offered in the 12 months to December 2004, approximately 65 per cent were in sales and personal services, tourism and hospitality, and business whereas only 14 per cent were in trade related areas (six per cent in automotive, four per cent in building, three per cent in engineering and mining, and one per cent in food processing). It is expected that the colleges will address this imbalance by requiring that students are offered a Schools-Based New Apprenticeship in a trade, wherever possible.<sup>5</sup>

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3 *Underpinning Prosperity: Our Agenda in Education, Science and Training*, Speech by Dr Brendan Nelson, 'Sustaining Prosperity' conference, University of Melbourne, 31 March 2005

4 *Australian Technical Colleges – Raising the status of the traditional trades*, Australian Chamber of Commerce and Industry, 2005

5 DEST, *Submission 7*, p.7

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1.8 Government senators believe that the Prime Minister's election-campaign initiative is an instance of creative and innovative policy-making that takes the vocation and training system in a new direction. Uncoordinated VET in schools policies adopted in different states have not proven to be successful overall in addressing the national skills shortage. The technical colleges will breathe new life into the national training system by focusing on those trades identified by the 2004 National and State Skill Shortage List as currently having high skill needs. The five priority industries include:

- metal and engineering (machinists, fabricators, toolmakers, welders, sheet metal workers);
- automotive (mechanics, auto electricians, panel beaters, vehicle painters);
- building and construction (bricklayers, plumbers, carpenters);
- electrotechnology (refrigeration, air-conditioning, electricians); and
- commercial cookery.<sup>6</sup>

1.9 On the supply side of the equation, there is some concern from business and industry that people in the VET system are being educated and trained in ways that do not always fulfil the needs of employers. The technical colleges will give substance to the Government's belief that the VET system should send a powerful signal to young people that trade skills offer a proven path to a rewarding career. These will be 'lighthouse' institutions to be emulated by other schools. They will provide an incentive for more students to stay on at school and encourage more students to pursue a trade qualification. Providing a high quality technical education and promoting pride and excellence in the acquisition of trade skills is essentially what the colleges are about. On the demand side of the equation, industry will have an opportunity to drive the VET options available to students who attend the new colleges by the provision of training that is relevant to industry needs. Government senators believe that the legislation will enable industry demand, rather than supply-side factors, to drive the VET options which the colleges will make available to students.

1.10 The initiative to establish new technical colleges is consistent with spending initiatives by the Government to encourage skills growth across a range of trades. The Government, for instance, has provided direct assistance to New Apprentices through extension of income support payment eligibility, an \$800 tool kit and \$1000 tax exempt trade learning scholarships. The Government has also created additional training places and has trialled new approaches, such as accelerated New Apprenticeships.<sup>7</sup> This is in addition to the current VET in Schools funding which is part of the \$8 billion in general recurrent funding provided in 2005 for government

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6 *ibid.*, p.9

7 *ibid.*, p.4

and non-government schools under the National Goals for Schooling in the Twenty-First Century declaration.<sup>8</sup>

1.11 The committee majority notes the strong interest which has been shown in the colleges so far. More than 160 expressions of interest were received in the six months to July 2004. The establishment of the colleges also has the strong backing of business and employer bodies such as the Victorian Employers Chamber of Commerce and the Australian Chamber of Commerce and Industry.<sup>9</sup> The level of interest shown in the colleges is partly a response to the extensive community consultation forums which Minister Hardgrave undertook in all 24 regions during February and March of this year. These forums, which were attended by representatives from business, employer and industry associations, followed the release of a discussion paper by DEST in January 2005.<sup>10</sup> In late March, the request for proposal documentation was released, seeking proposals to establish the colleges and setting out the selection criteria against which proposals would be assessed. A total of 73 proposals for the colleges were received.

1.12 The Government has recently announced that it will commence negotiations with successful applicants to establish the first 12 colleges in 2006 and 2007 for the following regions: Illawarra, Port Macquarie, Bairnsdale-Sale, Bendigo, Eastern Melbourne, Geelong, Gladstone, Gold Coast, Townsville, Adelaide and Darwin.<sup>11</sup> Information on the DEST website shows that a number of successful applications, including for the Gladstone, Gold Coast, Townsville and Darwin regions were initiated by consortiums of industry, employer and community interests. Taking Darwin as an example, the successful application from the Territory Construction Association, on behalf of the Darwin Industry Consortium, comprised all major industry associations, Chamber of Commerce Northern Territory, Motor Trades Association, Australian Hotels Association Northern Territory and Group Training Northern Territory. The consortium also has the support of the Northern Territory Department of Employment, Education and Training, the Charles Darwin University and local public and non-government schools. The committee majority believes that the speed with which these collaborative relationships involving parents, employers, young people, schools and industry have been formed is an encouraging development in first phase of the Government's initiative to reform the VET sector. The high level of interest already shown in the technical colleges from a broad range of industry sectors provides a strong foundation upon which the colleges can develop into

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8 *ibid.*, p.8

9 *VECCI supports Australian Technical Colleges Discussion Paper*, media release, 13 January 2005; *Australian Technical Colleges – Raising the status of the traditional trades*, Australian Chamber of Commerce and Industry, 2005

10 *Australian Technical Colleges: A Discussion Paper*, Department of Education, Science and Training, January 2005

11 *Australian Technical Colleges – the First Tranche*, Media Release, The Hon Gary Hardgrave MP, Minister for Vocational and Technical Education, 15 July 2005

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educational and training centres of excellence to meet the needs of employers and young people wishing to undertake a trade career.

1.13 It is especially significant that some state governments have shown interest in this initiative. The Victorian Government support has been acknowledged in the success of Ringwood Secondary College as lead partner with St Joseph's College, Ferntree Gully and mixture of public, private and community organisations. In Bendigo, the local senior secondary college is also an important partner in the local venture. This answers criticism about uncoordinated implementation of Government policy. Where state governments have permitted, there has been considerable collaboration in establishing a facility which will harmoniously complement existing local training facilities.

1.14 A decision as to the location of the remaining colleges will be made in late 2005. According to DEST, the first colleges will begin accepting students in 2006 with all 24 regions operational by 2008.

### **Technical colleges and their operation**

1.15 Each of the colleges will enable students to undertake academic studies and trades-related vocational courses, as well as the opportunity for each student to commence a Certificate III School-Based New Apprenticeship. However, the bill before Parliament does not provide a single model for the operation of the colleges. The Government believes that each of the colleges will need flexible and innovative delivery arrangements and timetables in order to fulfil a combination of academic tuition, vocational and technical training and School-Based New Apprenticeship training.

1.16 In the drafting of its legislation, the Government has been careful not to prescribe any particular model of operation for the colleges. The Government believes that each college should be able to operate in a manner which best suits the needs of industry and students in each of the 24 regions. It will therefore consider any model which has the backing of the local community, business and industry groups and which meets the broad requirements for the colleges as set out in the department's discussion paper and request for proposal documentation. According to Minister Hardgrave:

The flexibility to tailor arrangements to local needs will be especially important in the initial years of each college. Colleges may commence operations by offering training in a specialised trade that is of particular relevance to the local region and is one of the industry groups which have been identified by the Australian Government as a priority. Over time the college could be expected to broaden the range of trade training offered, based on the needs of the local community.<sup>12</sup>

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12 Hon Gary Hardgrave MP, *Hansard* (House of Representatives), 11 May 2005, p.3

1.17 Be that as it may, the colleges will be required to meet some minimum requirements. According to DEST, each college will have to enter into a funding agreement with the Government which will set out key requirements, performance measures and reporting and monitoring arrangements. They will also be required to have an access and equity strategy in place to ensure that there are no barriers to students from different backgrounds who wish to pursue the opportunities the colleges offer.

1.18 A consistent criticism of the Government's proposal is that the new colleges will duplicate training already provided by schools and other registered training organisations, including TAFEs. This argument, however, shows a complete failure to understand how the colleges will be fundamentally different from existing training organisations. Unlike TAFEs, local industry and community representatives will play an important role in ensuring that the colleges teach relevant skills to students. According to the DEST submissions:

Local industry and community representatives, through their leadership role in the governance of each of the Australian Technical Colleges, will have an important role to play in ensuring that the Colleges teach relevant skills to students – that the training provided matches the skills required by local businesses to redress existing and projected skill needs.<sup>13</sup>

1.19 The colleges will be specialist schools with high quality facilities providing tuition for years 11 and 12 students. As the Minister has stated: 'The TAFE system is for what you do after school, the Australian technical college approach is for what you do while you're still at school'.<sup>14</sup> The colleges will be endorsed and led by industry. They will also be run autonomously by principals who will be able to offer employment to teaching staff under Australian Workplace Agreements (AWAs), including a performance pay element to attract and retain the best available staff. The discussion paper released by DEST states that the colleges will offer '...attractive work conditions emphasising flexibility, high quality facilities, strong professional learning and ongoing support for teachers'.<sup>15</sup> This reflects the Government's commitment to creating working environments which provide both flexible employment arrangements and rewards linked to excellent performance.

1.20 The issue of AWAs continues to be raised by Opposition senators. To argue that the Government has embarked on an ideological crusade by linking industrial relations reforms, including AWAs, indicates that Opposition senators are unaware of what flexibility in the workforce means. AWAs are the means by which teachers and other staff may be rewarded for time and effort which is beyond the standard hours of schooling. The militant opposition to AWA's by unions and the Opposition likewise

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13 DEST, *Submission 7*, p.9

14 *Meet the Press*, Sunday 17 July 2005, transcript

15 *Australian Technical Colleges: A Discussion Paper*, Department of Education, Science and Training, January 2005, p.15

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could be described as 'ideological'. Government senators believe that staff employed by the technical colleges should be given a choice in their working arrangements. Given that the new colleges are not linked to any system, AWAs offer the best way to proper remuneration in circumstances where a certified agreement is not likely to be practical. AWAs are fully consistent with the intention of the legislation. As Minister Hardgrave has explained:

There is no compulsion about people taking on individual agreements, but we allow people the opportunity to actually gain one. In other words, if you want to work for the base wage, then that's your business and that's your agreement. But if because you're a person of quality and a teacher of quality, we think a teacher of quality should be able to negotiate a higher wage and a better wage. I think teachers around Australia want to do that.<sup>16</sup>

### **Changing the culture of vocational education**

1.21 The committee notes the Government's determination that students in years 11 and 12 who complete apprenticeships should have their achievements valued as much as students who attain a university degree. Government senators believe that a cultural shift is required, away from the view that trade occupations and vocation training are less attractive than university. It is important that a high quality technical education comes to be valued as much as a university degree. This bill provides a practical way through to establishing this principle in formal schooling.

### **Conclusion**

1.22 The significant funding measures contained in the Australian Technical Colleges bill underpin the Government's bold new approach to Australia's skills shortage problem. The Government's main objective with this legislation is to maintain and further strengthen the vocational education and training sector by building an industry-led system that delivers what Australian businesses, communities and individuals need. The establishment of technical colleges in the 24 regions which have been identified by the Government will promote a career path in trade occupations in key industries as a valuable and rewarding option for young people. Passage of this legislation will ensure that the new colleges will be able to play a pivotal role in raising the profile and status of vocational educational and training.

**Recommendation**

**The committee majority commends this bill to the Senate and recommends its passage without amendment.**

**Senator Judith Troeth  
Chair**