

The Senate

Standing Committee on
Employment, Workplace Relations
and Education

Australian Technical Colleges (Flexibility
in Achieving Australia's Skills Needs)
Amendment Bill (No. 2) 2007 [Provisions]

August 2007

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Chapter 1

Committee Majority Report

Conduct of the inquiry

1.1 The provisions of the *Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Amendment Bill (No. 2) 2007* were referred to the committee by the Senate on 21 June 2007, for report by 7 August 2007.

1.2 Notice of the inquiry was posted on the committee's website and advertised nationally in *The Australian*, along with other bills referred at the same time. The committee received one submission from the Department of Education, Science and Training. No public hearing was conducted for this inquiry.

Background

1.3 Australian Technical Colleges (ATCs) are a partnership between education, training, industry and community organisations that cater for student in years 11 and 12. Each ATC is a registered school offering an integrated learning program so students can complete senior secondary schooling while also undertaking a Certificate III level apprenticeship.

1.4 The *Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Act 2005* was originally referred to the committee in June 2005. In the report the committee concluded that:

the Government's main objective...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...will promote a career path in trade occupations in key industries as a valuable and rewarding option for young people...colleges will be able to play a pivotal role in raising the profile and status of vocational educational and training.¹

1.5 Currently, 21 of the 25 proposed ATCs are operating in 20 out of the 24 identified regions with a combined enrolment of over 1800 students. By 2009, the government anticipates that 28 ATCs will be operational with approximately 8,400 students enrolled.²

1 Chapter One, in Senate Employment, Workplace Relations and Education Committee, Inquiry into the provisions of the *Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Bill 2005*, August 2005, p. 7.

2 *Submission 1*, p. 5.

Previous inquiries

1.6 Since the act was given assent in October 2005, two further amendment bills have been referred. The previous bills have sought to alter funding for the ATCs either through bringing forward expenditure or appropriating additional funding. The first bill, referred in May 2006, sought to re-allocate existing funding between calendar years and the second bill, referred in December 2006, sought to appropriate additional funding. There was virtually no interest in the two inquiries, each receiving one submission from the Department of Education, Science and Training.

1.7 The committee believes that there is little point in referring appropriation bills to committees when the policies they fund have been established and supported by this parliament for some time. The committee may consider the possibility of reviewing policy on ATCs once the program has advanced beyond 2009.

Provisions of the bill

1.8 The bill seeks to amend the financial assistance table under subsection 18(4) of the act to provide an additional \$74.7 million over the period 2008 to 2011 for the establishment and operation of an additional three colleges. DEST advised in their submission that the calculation of the additional amount was based on experience gained in the negotiation of the twenty-one current funding agreements, which cover a variety of college models across Australia.³

1.9 The bill specifies that the three new ATCs will be established in southern Brisbane, northern Perth and the greater Penrith region of New South Wales. This will take the number of ATCs to 28, with 19 in regional areas. DEST's submission noted that these three locations were selected as they met the 'original criteria for establishing an Australian Technical College, with all regions having high youth populations, a strong industry base and local skill needs in skilled occupations.'⁴

1.10 The total appropriation for the period 2005 to 2011 will increase from \$456.2 million to \$530.9 million. The new funds will be distributed over the next four calendar years as follows:

	2008 \$m	2009 \$m	2010 \$m	2011 \$m
Current Appropriations	101.275	71.802	0	0
Proposed Appropriations	118.400	96.604	15.823	16.951

3 *Submission 1*, p. 5.

4 *Ibid*, p. 1.

Recommendation

The committee recommends that the bill be passed.

**Senator the Hon. Judith Troeth
Chairman**

Chapter 2

Opposition Senators' Report

Introduction

2.1 The *Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Amendment Bill (No. 2) 2007* was referred to the Senate Employment, Workplace Relations and Education Legislation Committee for inquiry and report by 7 August 2007.

2.2 This bill amends the *Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Act 2005* to provide funding for three additional Australian Technical Colleges.

Background

2.3 This bill gives effect to measures announced in the 2007-08 Budget providing for three new Australian Technical Colleges, to be located in Perth, Brisbane and Sydney.

2.4 In a previous Senate committee report on the Australian Technical Colleges tabled in June 2005, Labor Senators noted that:

The concept of Commonwealth funded year 11-12 technical schools appears to have been developed without any consideration of current initiatives or without consultation. The initiative has little connectedness with the activity that is already occurring in the designated regions where colleges are to be established ... The educational and training rationale represented in this policy has less to do with skills 'outcomes' and more to do with injecting confusion and uncertainty.

2.5 Labor senators note that this is the third amendment bill on the Australian Technical Colleges that has been referred to committee. The first occurred when the Government was forced to bring funding for the Colleges forward as costs mounted up earlier than expected and subsequently to increase funding from the initial \$343.6 million to \$456.2 million after further cost blowouts. The additional appropriation announced in the 2007-08 Budget will push the total cost of these Colleges over half a billion dollars, to \$548 million.

Provisions of the Bill

2.6 This bill provides an additional \$74.7 million for three new Australian Technical Colleges announced in the 2007-08 Budget, to be located in Perth, Brisbane and Western Sydney. This appropriation takes the total cost of establishing 28 Colleges to \$548 million by 2012.

Issues

2.7 Labor senators draw attention to the recent Australian National Audit Office report on the Australian Technical Colleges, tabled in Parliament on 19 July, 2007.

2.8 The audit found that insufficient attention was paid to state and territory governments, initial tender applications were weak and inadequate, and there was little choice amongst ATC applicants. ANAO found that there was no strategy to address the interests of state and territory governments, and states that:

In one region, the programme had to address significant issues because of the coexistence of a new college with existing State government secondary schools.

2.9 The report also finds that funding agreements could not be finalised as additional work was required to bring the ATC proposals up to scratch. Additionally, ANAO finds that in nearly half of the first 24 colleges, tenders were awarded based on only one or two applications. Given this limited choice, ANAO states that:

...an option...may have been to return to the market to develop more industry and community interest.

2.10 Labor senators note that this report is confirmation that the Howard Government's ATCs are a cynical political response to a critical policy challenge. The criticisms of the establishment of the ATCs by the ANAO report also raises issues about the future of the ATCs. Labor notes that to date, the ATCs have:

- not produced one graduate;
- only 1800 enrolments;
- only 21 out of 25 colleges open;
- just two out of these 21 colleges meeting their 2007 enrolment targets;
- an average cost of nearly \$175 000 per student;
- only one-third of colleges legally registered to provide training; and
- outsourced the bulk of their training to TAFEs or Registered Training Organisations.

Conclusion

2.11 Labor senators also note the criticisms expressed by the Australian National Audit Office regarding a lack of consultation or cooperation with state and territory governments, confirming the establishment of the Australian Technical Colleges has been a political, cynical and duplicative and inadequate policy response to the national skills crisis.

2.12 While not opposing the implementation by the government of its 2004 election commitment, Labor senators do however express grave reservations about the public policy, public administration and financial effectiveness of the Government's Australian Technical Colleges.

Recommendation

Opposition senators support the provisions of the bill, but note the difficulties associated with the establishment of the Australian Technical Colleges as noted in the Australian National Audit Office report dated 19 July 2007, and the limited scope of these ATCs to meet the needs of young people outside regions with an ATC.

**Senator Gavin Marshall
Deputy Chair**

Appendix 1

List of submissions

Sub No:	From:
1	Department of Education, Science and Training, ACT