



# ***EDUCATION AND INNOVATION COMMITTEE***

**Members present:**

Mrs RN Menkens MP (Chair)  
Mr SA Bennett MP  
Mr MA Boothman MP  
Mr MR Latter MP  
Mrs DC Scott MP  
Mr NA Symes MP

**Staff present:**

Ms E Booth (Principal Research Officer)  
Mr G Thomson (Principal Research Officer)

## **BRIEFING—TAFE QUEENSLAND BILL**

### **TRANSCRIPT OF PROCEEDINGS**

**THURSDAY, 18 APRIL 2013**

**Brisbane**

## THURSDAY, 18 APRIL 2013

Committee met at 1.55 pm

**RONEY, Mr Christopher, Principal Adviser, Policy and Legislation, Department of Education, Training and Employment**

**SCHMIDT, Ms Jodi, Deputy Director-General, Training and Employment, Department of Education, Training and Employment**

**STRAUGHAN, Ms Aleisha, Director, Skills-Reform, Department of Education, Training and Employment**

**WATTERSTON, Dr Jim, Director-General, Department of Education, Training and Employment**

**WHITEHEAD, Ms Annette, Deputy Director-General, Policy and Programs, Department of Education, Training and Employment**

**CHAIR:** I welcome representatives from the department to brief us on the TAFE Queensland Bill.

**Dr Watterston:** I want to thank the committee for giving my department the opportunity to provide a briefing on the TAFE Queensland Bill 2013. I propose to provide the committee with some details about the background to this bill, its provisions and the proposed transitional arrangements to establish TAFE Queensland. As requested by the committee, I will also provide information about the consultation process for the bill. TAFE Queensland is the largest vocational education and training service provider in Queensland, delivering quality, practical and industry relevant training to more than 230,000 students each year. TAFE Queensland comprises a state-wide network of 13 institutes with 70 campuses across metropolitan and regional centres, delivering more than 800 courses. Two-thirds of vocational education and training in Queensland is currently delivered by TAFE Queensland and over half the department's direct investment in training is accounted for by TAFE Queensland. TAFE Queensland is an integral part of the government's reform agenda for skills and training in this state.

In June 2012 the Queensland government established the Skills and Training Taskforce to provide independent advice and recommendations to reform and revamp the operations and outcomes of the state's vocational education and training, or VET, sector. In undertaking this work, the Taskforce considered a range of reviews and reports on the national and Queensland VET sectors and examined the sector's performance, governance, regulatory and funding arrangements and mechanisms for industry engagement in training. In relation to TAFE specifically, the Taskforce focused on the appropriate role for TAFE in supporting the economy, with consideration given to the roles played by registered training organisations and schools; the current offerings and outputs of TAFE and the quality of those offerings and outputs; the level and nature of industry involvement in setting the direction of TAFE; and the operational efficiency of TAFE, including asset management, workforce management, organisational structures and operating systems.

The Taskforce released its final report in November 2012 and the government responded to that report. The Taskforce recommended creating a new TAFE Queensland that is fit for purpose in the emerging VET and economic context and capable of meeting market and government policy expectations in the medium to longer term. To move toward to a new TAFE Queensland, the Taskforce specifically recommended that a TAFE Queensland parent entity be established outside the current department structure as a statutory body in a way that provides a potential future opportunity to transition to a more commercially focused organisational form such as, for example, a government owned corporation, or GOC. The Taskforce recommended that the TAFE Queensland parent entity be driven by a commercially focused board constituted by and accountable directly to the minister responsible for training and drive a business focus to TAFE Queensland's operations and supporting products and services. In responding to the Taskforce report, the government  
Brisbane

supported all of the recommendations relating to the establishment of TAFE Queensland as a separate entity that has greater autonomy to operate as a more commercially focused organisation while still delivering on government training priorities as required.

I can advise that the Taskforce conducted extensive consultation on the proposed reform of TAFE and the current performance of TAFE as part of preparing its report. Organisations consulted included the Australian Skills Quality Authority, Queensland Commission of Audit, Australian Council for Private Education and Training, Central Queensland University, Victorian TAFE Reform Panel, TAFE Directors Queensland, TAFE Queensland Council and Board Chairs and TAFE Directors Australia. The Taskforce received 91 submissions. Organisations and individuals who provided submissions were broadly supportive of the need for a change in the VET sector while supporting the continued existence of a public provider. Stakeholders believed that TAFE's efficiency, effectiveness and profitability are hampered by departmental control and supported the separation of TAFE from DETE in order to give TAFE institutes the autonomy and independence to renew their organisational form and structure and compete commercially. Stakeholders also supported a more commercial approach to developing a training market in Queensland, necessitating a public provider that is more removed from government.

I will turn to the provisions of the bill. The purpose of this bill is to establish TAFE Queensland as an independent statutory body that will be the public provider of VET in Queensland. TAFE Queensland will be separate to the department and will be accountable directly to the minister. This will ensure that TAFE Queensland will perform its functions independently whilst allowing the minister to retain oversight of the performance of those functions. Clause 8 of the bill sets out TAFE Queensland's functions. These functions will require TAFE Queensland to deliver VET in a way that is commercially successful and efficient. TAFE Queensland will be expected to actively engage with industry in developing its training products to ensure that TAFE Queensland is responsive to the needs of industry. The Taskforce was of the view that deep industry engagement is the essential ingredient to a sustainable quality VET sector. Ultimately, the objective of TAFE Queensland is to provide high-quality VET to students, and these functions clearly set out how TAFE Queensland will achieve this.

The bill also includes governance, reporting and accountability arrangements for TAFE Queensland which are consistent with the requirements for statutory bodies in Queensland. The bill provides that TAFE Queensland will have a board of seven to nine members appointed by the Governor in Council. The board will have the necessary commercial acumen to provide a strategic vision for TAFE Queensland and drive a business focus to its operations. The board can, with the approval of the minister, appoint a chief executive officer to manage the day-to-day operations of TAFE Queensland. TAFE Queensland will also be required to develop strategic and operational plans for the minister to approve. The bill outlines the content required in the operational plan and process for obtaining approval. The government response to the Taskforce report supported the proposed organisational structure of six or seven TAFE institutes under TAFE Queensland. The bill does not prescribe the structure of TAFE Queensland, as this will be a matter for TAFE Queensland to determine once it is established.

Because TAFE Queensland will operate in a more commercially focused way than TAFE currently does, it is important that it has a higher degree of flexibility to negotiate employment conditions directly with its staff and unions that meet its business needs. The bill enables TAFE Queensland to employ staff outside the Public Service Act 2008 so that it has more flexibility in determining its employment arrangements. This will include, for example, the ability to employ staff on common law contracts and on structured awards.

Until TAFE Queensland establishes its administrative systems, it will rely on staff from the department to perform its work under work performance or interchange arrangements. These staff will continue to be employed under the Public Service Act 2008 during these arrangements. Ultimately, it is proposed that TAFE Queensland will directly employ its own staff under the Queensland industrial relations system. This will allow the government to retain ultimate control of the employment conditions of staff in TAFE Queensland. This will be achieved through seeking the approval of the Commonwealth government to exclude TAFE Queensland from the national system of industrial relations. It is proposed that a regulation will be made defining TAFE Queensland as being exempt from the Commonwealth Fair Work Act 2009. Once that regulation is made, existing TAFE staff will be transferred from DETE to TAFE Queensland and will be employed under this bill and not the Public Service Act 2008. TAFE employees' terms and conditions of employment are prescribed in a number of awards and certified agreements currently. These conditions will continue to apply when staff are transferred to TAFE Queensland.

The bill includes a regulation-making power to deal with a range of transitional issues such as assets, staff, legal proceedings, registrations and applications not yet finalised. I propose to now discuss the transitional arrangements for the establishment of TAFE Queensland as the regulation-making powers will be used to facilitate these arrangements. The establishment of TAFE Queensland is a significant reform and it will be necessary to transition gradually to a new public provider for VET in Queensland. Subject to passage of the bill, it is proposed to commence the new TAFE Queensland on 1 July 2013. It is proposed to appoint the board members and chief executive after the bill is passed, with appointments to take effect on commencement to support the commencement of operations on 1 July 2013. On 1 July 2013 the two statutory TAFE institutes, the Southbank and the Gold Coast institutes, will be abolished and absorbed into the department. The bill achieves this by repealing chapter 6A of the VETE Act and providing for a regulation to dissolve the statutory TAFE institutes. These former statutory TAFE institutes will then be established administratively as TAFE institutes under chapter 6 of the VETE Act.

The department and TAFE Queensland will, from 1 July 2013, work on the transition of current TAFE institutes to TAFE Queensland. The transition of TAFE Queensland as recommended in the Taskforce report will involve significant systemic and cultural change consisting of new asset management strategies, changes to industrial agreements, rationalisation of institutes and campuses, strong central leadership and management, as well as new corporate and ICT systems. TAFE Queensland will, once established, be charged with developing new models for the delivery of VET and planning its organisational structure. It is proposed that a regulation will be made to deal with the immediate issues for transition to the new entity such as transfer of assets, staff and student enrolments. Upfront and ongoing investment will be required to establish TAFE Queensland as a separate entity to DETE. This investment will be met from within DETE's existing budget. TAFE Queensland's core establishment will be lean and limited to remain in line with its administered funds as appropriate for the current fiscally responsible environment.

It is anticipated that from January 2014 TAFE institutes will gradually be transitioned from DETE to TAFE Queensland as each institute is ready to be established, including institute amalgamations. Institutes will be transferred from DETE to TAFE Queensland as part of the machinery-of-government process that will occur in 2013-14. This process will finalise the establishment and ongoing budget for TAFE Queensland. Responsibility for funding, management and operations of TAFE institutes will remain with DETE until the machinery-of-government process is affected. The changes proposed are significant and the transition of institutes to the parent entity must proceed gradually to ensure each institute is viable and will be able to operate effectively within this new environment. All institutes will be transferred from DETE to TAFE Queensland by 30 June 2014.

**CHAIR:** Thank you, Dr Watterston. Do I understand from that that we would hope that TAFE Queensland would be fully operational as an independent body then by 1 June 2014?

**Dr Watterston:** That is certainly my understanding.

**Ms Schmidt:** The intent is that the amalgamations of the institutes and the transition would be executed by 1 July 2014.

**CHAIR:** It will be a busy year.

**Ms Schmidt:** It will.

**Mr BENNETT:** Thank you very much for the briefing. Very much the words 'commercial' and 'business models' were evident in your presentation. Rural and remote Queenslanders obviously do not necessarily have the capacity to be able to train in a full classroom, if you like, under a fee-for-service model. I am just a bit concerned. Are there provisions in the bill of guaranteed service for those of us who probably do not have full classrooms on every available subject? I suppose the concern is then we structure training to suit the numbers as opposed to the skills or the shortages in our communities.

**Ms Schmidt:** The obvious intention is to ensure that the right skills are delivered to Queenslanders for the right outcomes in terms of jobs. This bill does not deal with funding issues for TAFE Queensland specifically; they are dealt with separately under the VETE Act. Appropriate arrangements are of course being made in order to ensure continuity of that delivery, but it is not contained in this bill.

**Mr BENNETT:** So how would I just as an individual, if you like, or as an MP be able to follow that through just for my own peace of mind knowing that that funding model is being maintained in that space?

**Ms Schmidt:** It is anticipated that the new funding model will be released for consultation prior to its implementation in the coming months.

**Mr BENNETT:** Is there certain CSO sort of capacity, is that what you are seeing it as, or subsidies, if you like, for those TAFEs across regional Queensland that may not have large numbers wanting to take up subject offerings?

**Ms Schmidt:** The Skills and Training Taskforce acknowledged that there is a differential end cost for the delivery to different cohorts and a differential cost at this point in time between public and private provision and it recommended, and the government agreed, that there should be a transparent calculation for the ongoing commissioning of those services to meet the needs of Queensland.

**Mr SYMES:** When would statutory TAFE institutes be dissolved and what would be involved in that process?

**Ms Schmidt:** The passing of this bill would see the repeal of chapter 6A of the VETE Act that establishes the statutory institutes. This bill goes further to allow for a regulation to dissolve them fully to ensure that all legal matters are captured in that process. That would occur at the same time, so on 1 July simultaneously.

**Mrs SCOTT:** I am from Logan and we have a high disability sector and a high number of refugee students learning English language and that type of course. I guess I am wondering about the retention of such courses when it goes fully commercial.

**Ms Schmidt:** That is a funding question obviously, but in terms of the government's intent, which is separate to this bill, there are clear directions and targets being set at the COAG level with relation to disadvantaged students, which includes those with a disability and those from Indigenous backgrounds, for instance, as examples. Similarly, adult migrant English and language, literacy and numeracy programs are already federally funded commercial work that TAFE Queensland tenders for and wins in a commercial setting today.

**Mr LATTER:** Just a little bit of a different approach for the moment. In regard to transitioning from the current IR agreements to, as you mentioned, a more modern EBA, can you provide any sort of further information about any perhaps consultations or discussions you may have had with the unions in that space, when do you expect that EBA agreements may kick off and, as well, are there any significant changes or specific changes that you would envisage through that transition that would affect teachers?

**Ms Schmidt:** The current enterprise bargaining agreement actually concludes on 30 June 2013. As is appropriate, the department, with the approval of government, has entered into negotiations with the unions last week, in fact. That is underway, as is customary three months before the end of the agreement. The Taskforce outlined very clearly that flexibility in order to increase productivity was the objective that should be sought by government in relation to the enterprise bargaining agreement. The government endorsed those recommendations. So it is more about creating that flexibility to the employer in order to deliver programs where they are needed, when they are needed and to where traditionally the enterprise bargaining agreement is centred around classroom delivery in a central place and increasingly training delivery is more appropriately delivered in the work place, and when you take that flexibility from there it cascades. The details of that negotiation will be made available as negotiations progress.

**Mr LATTER:** I note your provisions allowing for a smooth transition, allowing current employees the option to transition to other areas of government should the future direction of TAFE not be something that particularly interests them. Is there anything more that you would like to elaborate on in that space with regard to giving staff the opportunity to transition elsewhere?

**Ms Schmidt:** You quite rightly identify that it allows mobility from an independent organisation within government and through government to provide ultimate flexibility, both to the organisation and to not detriment employees in that process. I do not know that I can go further than you did.

**CHAIR:** I understand in individual TAFEs now there are staff members who have been tasked as, shall we say, the merchants of change and that is starting to progress already. Once the chair of the board and the executive board directors have actually been announced will that process then be under their direction or will this process still remain under the department?

**Ms Schmidt:** The intent is that governance arrangements have been put in place now by the minister in terms of a reform board to oversee the preparations for the transition. With the appointment of the TAFE Queensland Board should this bill pass, that responsibility will transfer to that board and under a machinery of government process the approval process and the empowerment of that board will take place immediately, allowing some time for induction and understanding and setting of strategic direction by that board and liaison with the minister. In short, the answer is yes, that board would be empowered to take that lead and the staff associated or, in fact, other decisions that they may make would either report there under a staffing arrangement that they will start to develop.

**CHAIR:** Much of this model is still in the process of being built in that the actual number of campuses within the institutes and those decisions are still to be made, I would understand.

**Ms Schmidt:** Absolutely. At the time of the government response to the Taskforce, the minister publicly announced that assets, in terms of TAFE Queensland, would need to be reviewed, but that that would happen under a strategic asset management planning process with a time frame to December 2013 and that is purposefully to enable the TAFE Queensland Board to quite rightly determine the strategic direction of the entity that it will be responsible for.

**Mrs SCOTT:** Some time ago I got the perception that Southbank Institute of Technology was moving up towards higher education. Is that going to still be possible under this model where they have flexibility? I am thinking of such things as engineering type courses. Being autonomous and commercial, if that is where they want to go, is open?

**Ms Schmidt:** Quite right. In fact, it would be to support those types of moves. Southbank Institute of Technology is currently a non self-accrediting higher education provider, as is Metropolitan South Institute of TAFE with a number of partnerships with higher education institutions delivering bachelor programs now. Strategic direction from the government will determine the future, but the bill provides for the ability to maintain those things, similarly pathways between school and vocational education and training. Vocational education and training and higher education I believe will be strengthened, and that is the intent.

**Mrs SCOTT:** Might they also have the ability to operate offshore?

**Ms Schmidt:** The bill specifically provides for the ability to operate interstate and internationally.

**CHAIR:** Do we have any further questions? I thank you very much for that comprehensive briefing. I think it is an exciting time in education. Certainly as a committee we are looking forward to working with you further as this develops to see the outcome of where this goes. I particularly thank you for appearing to brief us today, especially given the short notice that you had to prepare. I believe that the committee has gathered some valuable information from this that will assist us in the examination of the bills. I urge those people who do have an interest in the work of the Education and Innovation Committee to subscribe to the committee's email subscription list via the Queensland parliament's website. We will be calling for submissions to both of these bills shortly before we actually prepare the report on them. I now declare the briefing closed and thank you all very much.

**The committee adjourned at 2.20 pm.**