



EDUCATION AND INNOVATION COMMITTEE

Members present:

Mrs RN Menkens MP (Chair)
Mr SA Bennett MP
Mr MA Boothman MP
Mrs YM D'Ath MP
Mr RG Hopper MP
Mr MR Latter MP
Mr NA Symes MP

Staff present:

Ms B Watson (Research Director)
Ms E Booth (Principal Research Officer)

PUBLIC HEARING—TAFE QUEENSLAND (DUAL SECTOR ENTITIES) AMENDMENT BILL 2014

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 2 APRIL 2014

Brisbane

WEDNESDAY, 2 APRIL 2014

Committee met at 9.16 am

CHAIR: Welcome. Before we begin, I remind everyone present to please turn off your mobile phones or set them to silent. I also ask members of the media who might be recording these proceedings to adhere to the committee's endorsed media guidelines. Committee staff can provide a copy of the guidelines should they require one. This hearing is to inform our inquiry into the TAFE Queensland (Dual Sector Entities) Amendment Bill 2014. Let me introduce the members of the Education and Innovation Committee. I am Rosemary Menkens, the member for Burdekin and the chair of this committee. With me are the committee members: Mr Ray Hopper, member for Condamine and deputy chair; Mrs Yvette D'Ath, who is the member for Redcliffe; Mr Steve Bennett, the member for Burnett; Mr Mark Boothman, the member for Albert; Mr Michael Latter, member for Waterford; and Mr Neil Symes, who is the member for Lytton. Also on my left is our research director, Ms Bernice Watson. This hearing is a formal process of the parliament and parliamentary privilege applies to all evidence presented. Any person intentionally misleading the committee is committing a serious offence. Although this briefing is public, you are able to request through me as chair that any material or information you provide be kept private and you can also object to a particular question. You might also wish to take questions on notice if you do not have information at hand. The briefing today is being broadcast, recorded and transcribed by Hansard. The transcript will be published on the committee's webpage when it is available and the video recording will be available until it is superseded by more recent committee hearings and briefings.

This morning we will hear from the Queensland Teachers Union and the Central Queensland University, who are appearing via teleconference. Firstly, from the Queensland Teachers Union may I welcome Mr Kevin Bates, the President, and Dr John McCollow, who is the research officer.

BATES, Mr Kevin, President, Queensland Teachers Union

McCOLLOW, Dr John, Research Officer, Queensland Teachers Union

CHAIR: Would you like to make an opening statement?

Mr Bates: If I may, chair, just a brief opening statement.

CHAIR: For the benefit of Hansard could you state your name the first time?

Mr Bates: My name is Kevin Bates and I appear as the President of the Queensland Teachers Union.

Dr McCollow: I am John McCollow. I appear with Mr Bates from the Queensland Teachers Union.

Mr Bates: We do not intend to address any of the issues raised in the submission. Clearly, the committee has had the opportunity to read through that. However, we do note that there was a response provided by the Department of Education, Training and Employment. We just wanted to address a couple of the issues raised through that response if we may.

We certainly note that response and in particular the issue of employee entitlements. We certainly acknowledge that very productive discussions have occurred with the Central Queensland University, in particular in relation to the preservation of employee entitlements, which is a critical issue for our members as they transfer over to their new employer. We also appreciate the clarification provided in respect of the issue of industrial relations jurisdiction that will cover those employees transferred into the new dual sector entity as a consequence partly of the legislation before the committee.

It is, however, still a concern in relation to the department's response in respect of the issue of the public role of the VET provider in this legislation, in particular the provisions around a protection of the TAFE brand. That comes into sharp focus in the context of what we perceive to be a very narrow and instrumental conception of what VET is about, that is, that the government's position appears to us to be that it is about the provision of specific skill sets to individuals and employers and does not recognise the broader role of the public provider or provide a basis for

differentiating the role of TAFEs from those private providers. In particular, it would be our argument that public VET providers branded as TAFE play a unique and important role in doing a number of things. Firstly, they address issues of access, particularly in relation to disadvantage. That goes across the area of training, work and further education. They provide VET across a range of geographical locations, including in particular rural and remote settings—something that is not profitable and yet is a critical part of the service to Queenslanders. They provide courses across a range of vocational and general knowledge skills. While they might not necessarily be areas of significant demand, they are areas nonetheless that Queenslanders seek to educate themselves within, and that is also a critical role.

Finally they set a quality benchmark around what vocational education and training delivery should be about. It is our belief that the dual sector institutions constituted by public universities and TAFE institutes as well as the more traditional TAFE institutes can play a broader role that cannot be played by the private for-profit providers. The failure of the bill to limit the designation to public providers, its failure to require those institutions to outline their roles as public providers and its failure to establish a process for consultation between entities entitled to use the TAFE brand all reflect, in our view, an impoverished market based approach to VET. If TAFE as a brand has no distinctive meaning or role, then it does seem to beg the question why it is necessary to limit its use. We obviously believe that it should be limited, but it should be limited because of the need to protect the brand and what it delivers.

Finally, in relation to the assertion made by the department that the TAFE Queensland Act already enables the TAFE Queensland board to include persons with experience in vocational education and training—while we agree that that is the case, we would argue that, unlike the governing board of the CQIT, it does not require that to happen and, as a consequence, a board could be constituted without any relevant vocational education and training expertise, and that is a concern. That is all I need to say at this stage.

Mr BENNETT: I am just curious about expanding out the assumptions regarding rural and remote Queensland and how the TAFEs are geographically located now—and of course we have always had a migration to these institutions for rural and remote Queenslanders. Would you be prepared to expand regarding the assumptions you have made in your opening remarks that a dual sector type entity would somehow limit the capacity of TAFE to provide VET, particularly for rural and remote Queenslanders?

Mr Bates: I think the issue goes more to the fact that the provision of vocational education and training in rural and remote centres is unlikely to occur under private providers because of the cost associated with those provisions. It is more an issue about recognising the fact that a dual entity involving TAFE as a public provider is more likely to have the capacity to deliver right across the broad geographic diversity of Queensland centres. I go specifically to a range of centres such as Charleville—which has a very small TAFE provision, but it is there and it does address the needs of people there—the Tablelands behind Cairns. Those communities have been in contact with us over the last couple of years very concerned about the ongoing provision of TAFE in those particular communities because of the value that they place on having the TAFE provider in their local area and their concern, which is shared by us, that the private provider simply could not make money out of it so they will not go there.

Dr McCollow: If I could just add to that, there are two aspects to the bill. There is the aspect of the bill that relates specifically to the Central Queensland merger, and our concerns about the protection of the TAFE brand go to this aspect of the bill. The other aspect of the bill is that it lays a basis for the establishment down the line of future dual sector entities. That is the aspect of the bill that is the most worrying to us in that, unlike Central Queensland University and TAFE, which are both public education providers, there is no requirement that that be the case for any future dual sector entity. Therefore, there is the risk that the word 'TAFE', which is being specifically restricted at the present time to public providers, will in the future be able to be used by private providers and that will dilute the brand.

Mr BENNETT: Leaving the branding part to one side for the minute, my focus in particular as a new member is about VET outcomes in my community and, ultimately, VET outcomes in Queensland. If we park the brand debate for one moment, can I come back to a concept regarding the concerns about dual sector entities? I for one have been investigating and getting a little bit excited about the prospect of a university having the capacity to be able to drive VET outcomes particularly for Charleville, the centre you raised—or whether it be Townsville, Bundaberg or Hervey Bay, for example—about skills needs. The skills taskforce has set a direction for Queensland. They are actively monitoring where the skills needs will be into the future, in a decade or two decades.

The dual sector capacity was about—this is a statement, and correct me if I am wrong—being able to put those skill sets in your communities, whether it be Charleville, and be more commercially effective about VET sector for our young people. So I do not see that it is about protecting a brand. It is about the flexibility in providing VET outcomes. Again, I make a point that it is about the young people or those people in our community who need upskilling, not so much about where we go with this dual sector stuff. Universities, traditionally, have put a course into an institution a lot quicker, I believe, without what used to happen with the core numbers—you needed 25 kids to run a course in hospitality or whatever it may be. The universities can have a lot more flexibility in that assessment. Would you comment on that?

Mr Bates: One of the unique differences between the university sector and the TAFE sector I think is the location in which the delivery occurs. Traditionally, universities are about students coming to them. TAFE very much is about going to the community and delivering. Often the students who are going to TAFE do not have the same sort of capacity for access as do others who might be accessing the higher education provided by the university. So the concern is about ensuring that all of Queensland, regardless of where people are located and regardless of the disadvantage that might limit their capacity to access university courses—and acknowledging that in this day and age university courses are offered online and they are offered via a range of different delivery methods. Nonetheless, many of our regional communities still have access issues in terms of internet, broadband bandwidth et cetera. So there are limitations. Our concern is to ensure that the access continues to occur in a way which recognises the value of the public provider, and that means in the local community for local people next door, not in some other major centre where they have to travel away from home to access that sort of education.

Mr BENNETT: The TAFE institutes are going to stay there and the Central Queensland University is a vast organisation right up and down the Central Queensland coast from Cairns to Hervey Bay. So it is a huge institution. All the TAFE facilities are staying effectively as outreach centres, using your terminology. I just do not understand how we are making an assumption that we are removing services from the TAFE or the VET sector as opposed to enhancing it with this bill.

Mr Bates: Just very briefly, the issue is the fully competitive funding market. What that means is setting up competitors in those markets.

Mr BENNETT: Contestable.

Mr Bates: Yes, contestable. That is clearly an issue which has the potential then to limit the capacity of TAFE institutes to continue to provide in the more expensive centres because there is offset that occurs in those arrangements. Where the funding is limited, that will limit the capacity of those institutes to actually continue to provide those services, and that would be the concern that we have.

CHAIR: Mr Bates, this is not the first dual sector entity that is being formed. Are you drawing some of these conclusions from the way that some of those others may be working?

Mr Bates: Yes, chair. The reality is that we have closely observed dual sectors in other states in particular and are looking at what is happening in Victoria, where the experience has been a less than positive one, particularly in recent times. So the competitive marketplace, the contestability of funding—all of those things have had significant impacts on the Victorian market, and dual sectors are, in fact, disintegrating as we speak as a consequence of that process. So there is a real concern.

Dr McCollow: Additionally, all dual sector entities to date have been public university, public VET provider, dual sector entities. Our concern is that in this bill there is no specification that the dual sector entities that will be created in the future will be public VET institutions. There is no requirement for it to be a public university. What it does is open up the possibility of there being a private entry and then private use of TAFE. We know from the Victorian experience that the concern about the brand is that there is something behind the brand, which is a concern for the community service obligations that public providers have to rural and remote locations, to people of disadvantage, to maintaining a high benchmark of quality and not engaging in unethical sorts of practices. I am sure you are aware that there has been a number of reports recently of regulators about behaviours that have arisen as a result of the competitive market environment.

Ms D'ATH: Further on that situation, can you just go through state by state which states do have the dual sector entities and which are limited through the legislation to public provider entities? You are saying that Victoria allows private providers in. Which ones have been successful and which ones have not been?

Dr McCollow: My understanding—and I stand to be corrected on it—

Mr Bates: We will need to check on it.

Dr McCollow: My understanding is that the two jurisdictions that have the dual sector are the Northern Territory and Victoria. In the Northern Territory it is Charles Darwin University that provides it. In Victoria there are a number of universities. There is a little bit of difference between the situation in those jurisdictions and what is happening in Queensland in that in the creation of the dual sector in Victoria some of those institutions created their VET arm, for lack of a better word. They were not originally driven by amalgamations; they were driven by universities, particularly places like RMIT which had a long history of vocational orientation, developing their own VET arm. So some of those are amalgamations; some of those are universities that had developed their own. The difficulties that have occurred in Victoria—and this would be my view—are not directly related to the fact that there are dual sector institutions; it is that those institutions operate in a highly competitive VET market where there has been a reduction of resources for the public TAFE provider and inadequate regulation. So it has become quite cut throat and the behaviours that the VET providers have engaged in in that market have resulted in serious problems.

Ms D'ATH: What would be your recommendation to try to learn from those lessons of what is happening in Victoria in relation to the legislation that the committee is now considering to try to avoid those problems arising in Queensland?

Mr Bates: One of the difficulties is that the underlying issue is funding. There is a problem that relates specifically to the notion of the market based and contestable funding model because that is, in fact, what has made that dual sector in Victoria unviable. That is why universities have jettisoned their VET arms, in Dr McCollow's words. It is an issue about, 'We cannot afford to continue to provide that level of service around vocational education and training.' So the protection of the legislation for a public provider, a TAFE institute, a public education provider in the tertiary sector university partnerships would see a potential there for the positive relationships that one would hope. The issue is, however, that those would need to be on a commercial basis because clearly the business plan has to support the delivery of that particular type of education for the university as well as for the TAFE institute. So there is a more fundamental problem I guess. The protection that is built into the legislation might be of no value in the context of those universities and TAFE institutes not having sufficient viability in terms of the income that they can win through this process.

Dr McCollow: The difficulty we face is that, from our perspective, there is a larger issue which is the larger VET agenda that is taking place. Much of that VET agenda, much of the issues that give rise for concern from us are outside of the specific focus of this particular bill. So you are not going to be able to address the real root cause of our concern by amending this bill. However, there are some remedial steps that are available. So to directly answer your question, 'What can be done within the context of this bill?', the first thing would be (a) to restrict the use of dual sector entity to institutions that are public institutions, that is, public universities and public TAFE providers. So make it clear that a dual sector institution is going to be a similar institution to the one that is being proposed in Central Queensland. It could be the University of Southern Queensland in the Charleville area that you are talking about. That is our concern. That is the first step. The second step is—we support the provisions in the current TAFE Act that reserve the use of the word 'TAFE' to the public provider. But if that is going to mean something, then there has to be something that marks TAFE as distinctive. What in our view marks TAFE as distinctive is its role in addressing community service obligations and its role in providing the quality benchmark. Therefore, if that is the case, then there has to be in the bill some communication made available between any institutions that are going to use the word so that they have a common understanding of what it means to be called TAFE. So we would like there to be a formal communication process established between any dual sector institution that is created and TAFE Queensland. In the DETE response they said, 'That's not appropriate because Central Queensland will be competing against TAFE Queensland.' Every single institute in TAFE Queensland is competing against every other institute in TAFE Queensland. So we do not see that that is a relevant argument. It can communicate on the same basis as all the different institutes in TAFE Queensland communicate.

Finally, we have some concerns about the way in which the current TAFE Act defines community service obligations, which is by saying a community service obligation is something that is not addressed elsewhere. It is a sort of a circular definition; it does not actually say what it is. We want a more robust definition of what the obligations are and what the role of the public provider is. It is not just to say, 'A community service obligation is something that nobody else wants to do.' It should be something of value and it should be positively defined, not negatively defined. Those would be the three things that could happen in terms of the bill.

CHAIR: Thank you. I really do appreciate those comments. As you can see, our time is drawing to a close. I would like to thank you both very much for those very relevant comments. We appreciate that. Thank you very much for your time today.

BABOVIC, Mr Nic, Deputy Vice-Chancellor, Industry and VET, Central Queensland University

MOORE, Ms Jenny, Executive Officer to Deputy Vice-Chancellor, Central Queensland University

CHAIR: Good morning. I welcome you both this morning to this videoconference, which is actually a little bit new to us as a committee. This is our first videoconference. So please pardon us if we are a little unsure. I will introduce the committee for your sake: the deputy chair, Mr Ray Hopper; Ms Yvette D'Ath, member for Redcliffe; Neil Symes, the member for Lytton; Michael Latter, the member for Waterford; Mark Boothman, member for Albert; and Steve Bennett on the other side, who is the member for Burnett. I welcome you both, Mr Nic Babovic and Ms Jenny Moore. Would you like to make an opening statement? I would also say that this is being broadcast live and it is also being transcribed by Hansard. For the benefit of Hansard I ask you to please state your name the first time you speak.

Mr Babovic: My name is Nic Babovic. We certainly support the bill from the CQU perspective. We have engaged in feedback with the department going through the process. Obviously, we have been very supportive of the bill all the way through. The merger is well and truly in process with the Central Queensland Institute of TAFE. That merger is due to go ahead on 1 July, given that the legislation goes through and the regulation is finalised in time and our university council has signed off as well. From our perspective, we are very supportive of the bill and do not have any issues with the bill at this point.

CHAIR: Thank you. From the experiences of the dual sector entities that have been established in other jurisdictions we know that there are some potential issues regarding double reporting requirements, double funding arrangements and different regulations between sectors. Is this something that has been considered during the planning stage of your potential dual sector entity?

Mr Babovic: Yes, it has been considered, and we have been working really closely with the department around our reporting requirements as per the merger agreement that we have agreed to with the department. As part of the process what the university will do is produce an operational plan and work through a funding agreement with the department prior to commencing the process. Probably the biggest issue that we are having at the moment is the lag time in the department being able to provide us with the correct pricing of courses, just to finalise that operational plan. Once the ministerial industry council finalises that pricing that process will then go ahead.

We do not envisage there will be any issues around dual access to funding. We have been very careful to ensure that the higher education funding and the vocational funding is very much separate. We have been doing a lot of work I guess on pathwaying and articulations and embedding qualifications within qualifications so that our community has easy access to exit qualifications and parallel qualifications, but no issues with dual funding.

Mr HOPPER: You pretty well touched on this in your last answer, but what is the impact, if any, of the new financial requirements of a dual sector entity on the role of the Central Queensland University Council? For example, what will the role of the council be with respect to providing an annual return to the state?

Mr Babovic: The council obviously oversees and has a governance role over the entire entity and actually has responsibility for ensuring that we meet all the requirements set in the merger agreement as far as generating a return. Part of the agreement is that any losses from the TAFE side of the business will be underwritten by the department for the first three years as we get going. We do not envisage that there will be losses. Currently TAFE is at a break-even point in its history. The only issue I guess that we will pick up as a new entity is that we will pick up the depreciation which has always been funded on a cost recovery basis by Treasury. That will not be the case. There will be some efficiencies gained through not having to use the department's shared services provision and all the efficiencies going from back office work and services work within the university. We do not envisage there will be losses and we have developed a growth strategy with the department and also a strategy where we will be working really hard to diversify the fund sources of the TAFE. Currently they are very reliant, going through their budgetary process, on state government funding. That reliance needs to be reduced significantly and a range of different diversified activities around funding opportunities be created. Just going through their student numbers, they have around 17 international students at the moment, from memory. The university has around 6,000 international full fee paying students, so we bring that to the table, I guess, with

the merged entity and an opportunity to grow in that area, also an opportunity to grow in the diploma area where there are student contingent loans through VET Fee-Help and a whole range of fee-for-service activities with our resources in the health sector. I think that is growing.

Mr SYMES: What opportunities would be realised by operating as a dual sector entity that cannot happen while operating as two separate entities?

Mr Babovic: I think the most obvious one there is the pathways that will be created. I think we have been able to cut a lot of the barriers down, the academic barriers or perceived barriers that are there between competency based training and graded assessment. We have been working very hard with our TAFE colleagues to embed qualifications, run parallel qualifications. We have worked on the philosophy of a guaranteed progression for all students no matter at what AQF level they come in, whether that be at degree level, diploma level or certificate I level. So we have worked all of our pathways, including for our trade based students as well. Central Queensland Institute of TAFE is the second largest provider of apprenticeship and traineeship training. So, working on developing those pathways for students should they wish to pursue that. I think that pathways are a distinct advantage. I think having the one-stop shop within our regional setting and the utilisation of our resources from both the higher education and the vocational studies and sharing those resources will be a distinct advantage as well within our region, within our footprint.

Mr SYMES: My follow up question, and you probably touched on a bit of the answer in your answer to that question, is could you please tell us what key changes would take place from the perspective of the student with the TAFE and university becoming a dual sector entity?

Mr Babovic: I think what the students will see is that they will have one student number, one system, so they will never step out of the system once they are enrolled. Certainly we will be focusing on growth and new pathways and new diplomas. Currently we are developing 14 new programs. What the student will see that we are implementing as well is a much closer relationship to industry. Currently the TAFE is fantastic at engaging with industry from an apprenticeship and traineeship perspective. We intend to bring industry a lot closer through internships and a range of industry activities through diploma and certificate programs as well to create that soft skill knowledge for the student around resume building, connecting them into industry via the workplace so they have an understanding of workplace requirements, also interview preparation and those sorts of skills that students will require to optimise their employment opportunities. Students enter into a vocational program and a higher education program to ultimately gain employment so I think that this entity will provide a very close link in that way. Just to add to that, as well as providing this seemingly one-stop shop, or a certificate 1 to Phd for our community, more so hopefully we will be able to realise those opportunities of that certificate I to Phd and open doors.

CHAIR: The Teachers Union has raised concerns about the community service obligations of TAFE. How does this fit within your model?

Mr Babovic: It fits very well within our model. We probably have the most low socio-economic students, double the sector average of Aboriginal and Torres Strait Islander students and the highest number of rural and remote students so I think it fits very well with us. Also the courses currently of that nature, Access 10 courses, literacy numeracy, they will very much figure highly in our plan. There is no intention to move out of those programs at all.

Ms D'ATH: I have two questions. Firstly, do you see a benefit in maybe establishing a formal process for consultation and cooperation between the dual sector entity and TAFE Queensland on an ongoing basis?

Mr Babovic: Absolutely. The view of the university and the university council and the university executive is that we would want to form a natural partnership with TAFE Queensland. I have already spoken to the acting TAFE Queensland CEO. The articulation arrangements, the dual offers, the pathways that we have been able to create with Central Queensland Trade, they can be mirrored on TAFE Queensland to provide opportunities for all Queenslanders wanting to progress and use those pathways. There is no reason why that cannot happen. That is just the want of the two organisations to come together and we have started those discussions—we are just beginning to start those discussions at the moment. There is also the opportunity, I guess, for more progress to be jointly delivered across Queensland through our university within the other TAFE Queensland sites.

Ms D'ATH: My second question is can you explain what you understand would be the process and where the authority lies with the dual sector entity if they wish to transfer or dispose of any of the TAFE assets that fall within the dual sector entity?

Mr Babovic: It is difficult for me to speculate. It is clearly laid out in our merger agreement so I would not want to get that wrong. There is a covenant that exists that we have agreed to of what is to be delivered on those sites and also there is a clear process with the Queensland government where the university would have to seek agreement on any disposal of assets. There is no intent by the university to pursue that action. We believe that those sites will add considerable value to all of our existing sites that we have.

Mr BENNETT: I think it is a very exciting process you are going through and I was wondering about the process you are doing now. Is it thought that it may be a pilot for other mergers or perhaps dual sector entities emerging in Queensland in the future?

Mr Babovic: I think it very much could be used as a pilot. We have documented our process that we have gone through quite significantly and there are certainly opportunities to pick up that pilot. I guess the side of caution that I err on is that it has taken significant investment. We have had significant investment from the federal government as well as the state government—the state government with the assets, the federal government with our grant funding to pursue this merger. That is probably the only restriction I would think that would exist against doing that. Apart from that, to be a pilot site I think would be very exciting for us to be part of that process to provide that information to people.

Mr HOPPER: Back to my earlier question in relation to your returns to the state, did you say depreciation was taken out of that? I used to follow our ag colleges very closely and depreciation quite often only just got them over the line. Is that something you said earlier?

Mr Babovic: From my understanding, having managed a couple of TAFE colleges, depreciation comes in as an expense line but then comes back in as a revenue line so is neutral to an institute. Obviously once we take over the assets that is not the case. We will inherit that depreciation.

CHAIR: As there are no further questions, I would like to thank you both very much. We are certainly heading into quite exciting times with dual sector entities and we will be looking forward to the future as this rolls out. This brings to a close the public hearing in relation to the TAFE Queensland (Dual Sector Entities) Amendment Bill. I would like to thank everyone we have heard from this morning on this bill because your contributions have been most valuable. In a moment we will commence our second hearing on the Further Education and Training Bill 2014. I now declare this part of the hearing closed.

Proceedings suspended from 9.58 am to 11.30 am

BUSBY, Mr Stuart, Executive Director, Policy and Programs, Department of Education, Training and Employment

FAVELL, Mr Geoff, Assistant Director-General, Employment, Skills and Training, Department of Education, Training and Employment

MULLER, Ms Carina, Executive Director, Strategic Policy and Portfolio Relations, Department of Education, Training and Employment

RONEY, Mr Christopher, Principal Advisor, Legislative Services, Department of Education, Training and Employment

STEPHENS, Mr Wayne, Director, Queensland Apprenticeship and Traineeship Office, Department of Education, Training and Employment

CHAIR: Welcome. The committee has invited the Department of Education, Training and Employment to meet with us in respect of our inquiry into the TAFE Queensland (Dual Sector Entities) Amendment Bill 2014 and the Further Education and Training Bill. I thank the DETE officials who are here to advise us today.

I understand we have an apology from Ms Gabrielle Sinclair, who is the Deputy Director-General, Policy and Programs. Let me introduce the members of the EIC. I am Rosemary Menkens, the member for Burdekin and the chair of this committee. With me are the committee members: Mr Ray Hopper, the member for Condamine and deputy chair; Ms Yvette D'Ath, the member for Redcliffe; Mr Neil Symes, the member for Lytton; Mr Michael Latter, the member for Waterford; and Mr Mark Boothman, the member for Albert. I extend apologies from Mr Steve Bennett, the member for Burnett, who is participating in a public hearing this morning on the Queensland Training Assets Management Authority Bill by another portfolio committee. As you would appreciate, that bill is also part of the VET reform agenda and so of interest to members of this committee as well.

This briefing is a formal process of the parliament, and parliamentary privilege applies to all evidence presented. Any person intentionally misleading the committee is committing a serious offence. Although this briefing is public, you are able to request through me as chair that any material or information you provide be kept private and you can object to particular questions. You might also wish to take questions on notice if you do not have that information at hand. The proceedings today are being broadcast, recorded and will be transcribed by Hansard. The transcript will be published on the committee's web page when it is available, and the video recording will be available until it is superseded by more recent committee hearings and briefings.

The department provided us with an initial briefing on both bills in March. We have now had the opportunity to read the bills and the explanatory notes and consider submissions from stakeholders in respect of the bills. As a result, we now look to you for advice again on some aspects of those bills. To keep things neat, we will discuss each bill separately—first, the TAFE Queensland (Dual Sector Entities) Amendment Bill. I understand that you would have heard the proceedings this morning. Can I ask DETE officials whether you would like to make any preliminary comments on that bill?

Mr Busby: We are happy to take questions. We have no opening statement.

Ms D'ATH: I want to follow up on a couple of points that were raised in submissions—firstly, the one about establishing a formal process for consultation and cooperation between dual sector entities and TAFE Queensland. I note the department's response which is that that would not be appropriate as the dual sector entities are still competing with TAFE Queensland, but we heard evidence today from the one pilot example that we have that the university does not just think it is a good idea but it is actually doing it now. I am interested in the department's feedback based on what the university said today why that would not be something that could help enhance the relationship between the dual sector entities and TAFE Queensland if we were to put that into legislation.

Mr Roney: As the department indicated in its response, which the committee has received, it is not really appropriate to impose an obligation on the entities to consult. Certainly the bill does not prevent them from working together in whatever way they consider appropriate. CQU indicated this morning that it is doing that or it is looking to do that. So I would say that the bill does not prevent that from happening, but as we have indicated in our response it may not be appropriate to impose an obligation for that to occur given that the entities are independent of each other and accountable in different ways. So that would be the response to that question.

Ms D'ATH: Despite that, they are separate entities, they are still carrying the name of TAFE. To uphold the quality that we have come to expect from TAFE, you do not think it is important to not just leave it as a discretion between the parties but it is important that that cooperation and consultation actually occurs?

Mr Roney: I have probably said what I can say on the cooperation issue. In terms of maintaining quality, there are other provisions in the bill that give the minister the power to give directions or receive reports and information from a dual sector entity. It is our intention that those provisions would allow for the minister to ensure that the dual sector entity is operating efficiently and effectively in achieving the government's objectives. I think the quality issue in the bill is addressed through the accountability mechanisms in the bill—operational plans, how to give directions, notices of significant action and those matters.

Ms D'ATH: Section 57O relates to the transfer or disposal of TAFE assets. The bill itself simply requires the dual sector entity to notify the minister of their intention. Where that intention has already been put into the original agreement, that notice can occur after the event. This is very different from the QTAMA Bill being considered by a different committee which requires ministerial approval. Are you able to explain why in this case ministerial approval should not be sought in relation to disposing of TAFE assets?

Mr Roney: I might just explain how the provision operates and the connection with some of the other provisions in the bill. You correctly identified in clause 57O—notice of proposed significant action that before undertaking an action the dual sector entity must give notice, or if they have previously included it in their operational plan there is no requirement to give another notice of that.

In relation to the operational plan, that must be submitted to the minister and agreed between the minister and the dual sector entity. Any of these matters that they tried to raise in the operational plan would be considered as part of that process, and I suppose approval, if you like, could be given as part of approving the plan and that would be considered. It is correct to say that the provision here is different from what is in the Queensland Training Assets Management Authority Bill. That bill is obviously not a bill that this department has worked on in terms of our minister introducing it; it is a slightly different situation in terms of the relationships involved between the different ministers and agencies compared to what we have here, where we have a single minister responsible for oversight of a dual sector entity.

I guess the other point I would make is that, if the minister did receive a notice of proposed significant action under section 57O, although there is no requirement to get consent the minister of course always has reserve powers to give directions to a dual sector entity, which is in division 5, and other powers to request information which would always apply. Although it does not specifically say that after giving a notice you have to wait for approval, there are other provisions that could come into play if the minister decided that he or she wanted to take action in response to receiving a notice.

Mr HOPPER: With the annual returns paid by the dual sector entities to the state, would this be reinvested into VET or go into consolidated revenue?

Mr Roney: I could not comment on those financial matters about where money may or may not go. I can only really explain how the provision that we have there about the power to require payment of the return would operate. We would have to take that on notice if you want an explanation of what would happen.

Mr HOPPER: I would like an explanation. That would be good.

Mr Roney: I think we can agree to take that on notice and find out from colleagues in other government agencies or from our own department how that might work.

Mr HOPPER: Because it could be quite different under a dual sector system. In Dalby with the TAFE college the mining sector is moving into it to give students their tickets. So there is going to be a lot of money changing hands in that area, do you know what I mean?

Mr Roney: Yes. I guess in terms of this—

Mr HOPPER: It could be quite a revenue raiser for government, and that money could well and truly go back into VET. That is the point I am raising.

Mr Roney: Sure. This bill of course only deals with the entities that are prescribed as dual sector entities.

Mr HOPPER: Yes, I understand that.

CHAIR: While we are discussing the financial and reporting obligations of the CQU, have they been considered with regard to their compatibility with provisions in the TAFE Queensland Act and the bill? For example, is there a possibility of duplicate annual reporting?

Mr Roney: The provisions for dual sector entities—accountability and the other obligations—are similar to those that apply to TAFE Queensland but there are some different provisions in here to reflect the unique nature of the dual sector entities that are established under this bill potentially. In terms of duplicate reporting, the bill tries to minimise this by allowing for alignment of reporting obligations for a dual sector entity. For example, Central Queensland University as a statutory body has an annual reporting cycle which is the calendar year for its annual reports that it tables in parliament, and the bill provides for operational plans to also be done on that calendar year basis under this bill so there is one cycle for reporting even though in government generally the financial reporting cycle would be the financial year.

Mr Busby: There is no potential for duplication with the TAFE Queensland Act. What Christopher is referring to is that CQU have obligations under their own establishing act.

Mr BOOTHMAN: My question is about the separation of a dual sector entity. If they decide to separate, what would happen to the assets which are managed under that dual sector entity? How would it all be split up per se? Is there anything in the bill itself that would determine that process?

Mr Roney: I am not quite sure what is meant by 'separation'. Would you be able to clarify?

Mr BOOTHMAN: If there is a potential separation of the dual sector entity to two separate entities—for instance, if the Central Queensland University and the Central Queensland Institute of TAFE decide they want to go their separate ways again—what would happen to each and every asset?

Mr Roney: The bill does not provide for this specifically because it relies upon the transfer regulation power in the TAFE Queensland Act. That regulation-making power in the TAFE Queensland Act currently allows for the transfer of assets between, in this case, the state and then the to be established dual sector entity. That transfer regulation would also allow in appropriate circumstances for the transfer back of assets that had been transferred from the state to the dual sector entity. So that transfer regulation could deal with that issue of transferring assets back that had been given. The process of disestablishing or separating Central Queensland University and Central Queensland Institute of Technology, if that were to happen, is not specifically provided for here in terms of the organisational arrangement but rather the transfer regulation deals with those matters that are transferred—staff, assets and the things listed in the TAFE Queensland Act. Given that the Central Queensland University Act is being amended specifically because it is becoming a dual sector entity, I guess it would be conceivable that if it were to no longer be one it may be necessary to undo that amendment that is being made in this bill if that were to happen.

Ms D'ATH: Has the department specifically looked at the TAFE Act and those transfer powers to establish whether those provisions adequately deal with this potential scenario of the dual sector entities separating?

Mr Roney: We are relying on that regulation-making power for the establishment of it. The way that section 50 of the TAFE Queensland Act is drafted, we believe the policy intent of that would allow for the transfer to the dual sector entity and then the transfer back of those matters if necessary.

Mr LATTER: Following on from the submission provided to us this morning by the Queensland Teachers Union, is there anything that you would like to add or have you got any comments in response to some of the concerns from the Queensland Teachers Union about the ability to continue to deliver a service in line with the TAFE obligation to provide that community service level? I know this was an issue that they raised and I note that you have responded, but is there something you would like to add to that?

Mr Roney: I might respond in terms of what is in the bill. With regard to the issue of quality of training, as I might have mentioned earlier, there are reporting obligations on a dual sector entity and the minister's power to approve an operational plan, give directions and receive information which could be used as a mechanism for ensuring that the training delivered by the dual sector entity met the government's objectives. So that would be one thing to do with quality. In terms of legislation generally, the committee will recall that it considered a bill two years ago where the Queensland parliament was referring its power to regulate registered training organisations to the Commonwealth—

Mr LATTER: I am not talking about quality assurance of training; I am talking about the expectation that TAFE as

ity service obligations?

Mr Busby: I am referring to the governance and oversight arrangements that are set up around operational planning, the ability to provide information to the minister, powers of direction—those kinds of governance arrangements.

Ms D'ATH: Following on from that, we were given not specific examples but comments about dual sector entities in Victoria. I am interested to find out whether the department looked at what is happening interstate in relation to dual sector entities and whether any lessons have been learnt as far as what is successful and what are failings, and how those lessons have been used in drafting this bill.

Mr Busby: Certainly in drafting the bill consideration was had to how the arrangements were set up in other jurisdictions. We looked at ensuring that we were able to provide for flexible arrangements within the university to garner the most efficiencies—to the articulation in courses and how that is set up within faculties at some of the universities, how they set up their VET courses and higher education courses in the same faculty to ensure that articulation. So we looked at those arrangements.

Ms D'ATH: Maybe this is not a position you can give me, but I am interested to know whether the department believes that what has been happening in Victoria has been successful in the way they are operating their dual sector entities and whether this is seeking to operate in the same way?

Mr Busby: I am unable to respond to that. I think that is a policy and deliberative assessment.

Ms D'ATH: Thank you.

CHAIR: I have one further question. Would the minister have the power under the bill to receive, amend and impose conditions on a dual sector entity's operational plan beyond the scope of VET matters? I am referring to clause 57K 'Amendment of plan', which states—

A dual sector entity may amend its operational plan only with the Minister's written agreement.

What prevents the minister having that power and, if so, what would be the impact of this on the management of universities? I guess what we are talking about is directing past the VET sector and into university level areas?

Mr Roney: If we look at the operational plans division in part 2, we see that clause 57C talks about the application of the division. The operational plans division applies to a dual sector entity in the performance of all of its operations. That is the general rule. That would include if a dual sector entity had vocational education training and higher ed operations, as they would almost by definition. It applies to all of those operations unless a regulation is made under subsection (2). So the operational plan that must be submitted to the minister for approval would, unless a regulation was made, cover all of its operations—higher ed and VET—and there is a process briefly set out in the division for how the plan is drafted and submitted, the timing and that sort of thing.

You will see in clause 57K that the entity may only amend its plan with the minister's written agreement. The provision does not specifically allow the minister to unilaterally amend the plan. What it provides for is the entity to seek to amend its plan and then obtain the minister's agreement to that amendment. The plan of course is submitted each year so it is an operational plan rather than its strategic plan, which could be a document that continues for some years. That is the process that has been set out in the bill in terms of the operational plan and the amendment of the plan.

CHAIR: Thank you for that. I believe our time on this bill has come to an end.

Committee adjourned at 11.59 am