




Speech By
Hon. John-Paul Langbroek

MEMBER FOR SURFERS PARADISE

Record of Proceedings, 8 May 2014

**TAFE QUEENSLAND (DUAL SECTOR ENTITIES) AMENDMENT BILL; FURTHER
EDUCATION AND TRAINING BILL**

Second Reading (Cognate Debate)

 **Hon. JH LANGBROEK** (Surfers Paradise—LNP) (Minister for Education, Training and Employment) (6.03 pm): I move—

That the bills be now read a second time.

I would like to thank the Education and Innovation Committee for its reports tabled on 29 April 2014 supporting the passage of the Further Education and Training Bill 2014 and the TAFE Queensland (Dual Sector Entities) Amendment Bill 2014. These two bills are part of this government's agenda to reform the vocational education and training sector, or VET sector, and ensure that Queenslanders have the appropriate skills and access to training. The committee had a relatively short amount of time to examine both bills and I would like to thank the committee for its work. I note that the committee received a detailed briefing from the Department of Education, Training and Employment, considered written submissions from stakeholders and invited selected stakeholders to a hearing before preparing its reports. The committee has recommended that both bills be passed and I thank the committee for its support of the bills and reform of the VET sector in Queensland. I now table the government's response to the committee's reports.

Tabled paper: Education and Innovation Committee: Report No. 31—TAFE Queensland (Dual Sector Entities) Amendment Bill 2014, government response [\[5056\]](#).

Tabled paper: Education and Innovation Committee: Report No. 32—Further Education and Training Bill 2014, government response [\[5057\]](#).

In relation to each bill, the committee made further recommendations and raised some points of clarification. In relation to the Further Education and Training Bill 2014, the committee has made one recommendation for a minor amendment to the bill. Recommendation 2 was that the terms 'calling' and 'restricted calling' be defined in the bill. The dictionary to the bill already defines these terms and uses the same definitions included in the Vocational Education, Training and Employment Act 2000. I can assure the committee that these terms are well understood by stakeholders in the industry and the current definitions meet the needs of government and industry. Therefore, the government does not support this recommendation. The committee also raised a number of points for clarification in its report. Responses to these matters are contained in the government's response to the committee's report. After the bill was introduced, a number of technical issues were identified that require amendment, including a typographical error identified by the committee. I propose to move amendments during consideration in detail of the Further Education and Training Bill 2014 to address those technical issues.

The committee made a number of recommendations for amendments to the TAFE Queensland (Dual Sector Entities) Amendment Bill 2014. Recommendation 2 was that the bill or the explanatory notes be amended to clarify that dual sector entities are public providers of vocational education and training, or VET. I appreciate the committee's concerns about the quality of VET in Queensland, the need to ensure access for persons in rural and remote locations and the need to meet the skilling needs of industry and the community. I reassure the committee that this government is committed to ensuring its investment in training is provided by high-quality providers, including TAFE Queensland, dual sector entities and selected other training providers.

The Department of Education, Training and Employment will enter into a funding agreement with the dual sector entity to purchase vocational education and training. The terms of that agreement, as for any agreement with a VET provider, will outline the department's expectations for the delivery of VET. The bill already includes a number of provisions which will give me as the minister oversight of the dual sector entity. For example, the bill provides for me as the minister to approve of the dual sector entity's operational plan, to request information and give directions in the public interest. These measures will ensure that the government's investment in the dual sector entity is protected, that the dual sector entity achieves the government's objectives and that the quality of the TAFE brand is protected. Stating that the entity is a public provider would not add anything to these obligations and, with respect to the committee, the government does not support this recommendation.

Recommendation 3 was that the dual sector entity at Central Queensland University, or CQ University, be considered a pilot project and that the minister publish a report on the establishment of the entity. The government supports this recommendation and I can advise the committee that I will publish a report on the operation of the dual sector entity after it has been established.

Recommendation 4 was that the bill be amended to require ministerial approval before a dual sector entity undertakes significant action. This recommendation was made on the basis that the Queensland Training Assets Management Authority Bill 2014, the QTAMA Bill, included this type of provision. The government does not support this recommendation. The objectives of dual sector entities are very different to those of the Queensland Training Assets Management Authority, or QTAMA, which is being established for the primary purpose of managing training assets and obtaining the best possible return on the government's investment in training assets. Therefore, it is appropriate that any proposed sale of training assets by QTAMA be approved by government. By contrast, dual sector entities are established to deliver high-quality VET through merger of a VET provider with a higher education provider. In the case of CQU, the government will transfer assets to the entity. The bill includes safeguards to protect that investment, including a requirement to notify me before taking a significant action such as sale of a transferred asset. As minister I will also have the power to give directions to the entity that are in the public interest. The assets transferred to CQU will be subject to covenants registered on the title, ensuring the assets are used to further the objectives of the transfer. Given these differences between dual sector entities and QTAMA, the government does not consider it necessary to make the amendment recommended.

The committee also raised a number of points for clarification in its report. In point for clarification 1, the committee requested that the Minister for Housing and Public Works clarify whether the QTAMA Bill provides for the transfer of TAFE assets to a future dual sector entity, and how such assets would be managed post transfer. On behalf of the Minister for Housing and Public Works, I will respond to this point for clarification.

The QTAMA Bill allows for the transfer of assets to a future dual sector entity through its transfer regulation-making power in section 50. A transfer regulation may make provision about the transfer of an asset or liability of the relevant entity to another relevant entity. This power could be used to transfer assets to a future dual sector entity. The assets would then be managed by the dual sector entity, not QTAMA.

Point for clarification 2 requested clarification of how a transfer regulation would provide for the separation of dual sector entities back to two independent entities, including how assets would be distributed between the entities. Section 50 of the TAFE Queensland Act 2013 provides that a transfer regulation may make provision for a relevant TAFE entity about the transfer of a business, asset or liability of the relevant TAFE entity to another relevant TAFE entity. This transfer regulation could transfer assets to and from government, if that was considered appropriate.

If the government decided that CQ University should no longer be recognised as a dual sector entity it could repeal the regulation which prescribes CQ University as a dual sector entity. It could also make a transfer regulation under section 50 of the TAFE Queensland Act to provide for the transfer of assets back to the state or another relevant TAFE entity.

Point for clarification 3 sought advice about how the annual returns of dual sector entities will be calculated and whether guidance will be provided and published to assist in the calculation of annual returns. The bill provides for how annual returns will be calculated. Each year the dual sector entity will give an estimate of its surplus from VET operations and a recommendation about the amount of the annual return, if any, to be paid. VET surplus is defined to mean the surplus generated by the entity for the year in the performance of its VET operations after (a) providing for income tax or its equivalent; and (b) excluding any unrealised capital gains from upwards revaluation of non-current assets. The amount of the annual return must not be more than the VET surplus for the year. However, a dual sector entity is not stopped from recommending that no return is payable for a particular year.

Given the definition of VET surplus and the process for payment of returns in the bill, it is not proposed that guidance will be published to assist in the calculation of annual returns. The amount of the annual return will be a matter for me, as the responsible minister, to determine taking into account the dual sector entity's surplus and its recommendation about the annual return that should be paid.

Finally, in point for clarification 4 the committee requested clarification of whether the bill would allow the minister to amend a dual sector entity's operational plan beyond the scope of VET matters. I can confirm that the bill does allow for me, as the responsible minister, to amend a dual sector entity's operational plan beyond the scope of VET matters. As the responsible minister, I have an interest in all operations of the dual sector entity in so far as it impacts on its VET operations. The ability for me to agree to and amend an operational plan beyond its VET operations is appropriate given the significant investment the government will make when transferring assets to CQ University.

The bill does allow for a regulation to be made limiting the minister's powers in relation to the operational plan and other matters to VET operations only. This provision provides flexibility for the government to prescribe that operational plans are no longer required for all the dual sector's operations just the VET operations at a point in time, if this is considered appropriate.

Revitalising the vocational education and training sector is essential if Queensland's economy is to prosper. 'Great skills. Real opportunities.' sets out the government's five-year plan for modernising and improving the way VET is delivered, to better meet the needs of industry and employers as well as meeting individual and community needs. Introduction of the Further Education and Training Bill, which streamlines and modernises the regulation of apprenticeships and traineeships, is a key component of effectively progressing these crucial reforms.

The merger of Central Queensland Institute of TAFE and CQ University will benefit not only the Central Queensland region, but the Queensland economy more broadly. Students will benefit from a broader range of offerings that improve articulation between vocational and higher education courses. Industry and employers will benefit from courses that effectively respond to the particular and changing needs of the region. I commend the bills to the House.