



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

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

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Links: The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

Purpose

The purpose of the Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Amendment Bill (No. 2) 2007 (the Bill) is to amend the *Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Act 2005* (the Act) to implement a 2007–08 budget measure for the establishment and operation of another three Australian Technical Colleges (ATCs).¹ These ATCs, catering for approximately 900 students, will be located in Northern Perth, Southern Brisbane and the greater Penrith region of NSW. They are scheduled to open by 2009.

Background

ATCs were established as the result of a 2004 Coalition election policy commitment. They are part of the government's broader strategy to address skills needs—in the case of ATCs, in regional areas where there is a high youth population and a strong industry base.

ATCs operate as schools, providing both academic and vocational education and training (VET) programs for Year 11 and Year 12 students. They are directly funded by the Australian Government and are run by consortia which can include representatives from local businesses, industry, schools, and training organisations. As explained in recent Senate Estimates hearings, there is no single model for their operation:

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1. A. Robb (Minister for Vocational and Further Education), *Three new Australian Technical Colleges announced*, media release, Parliament House, Canberra, 8 May 2007, http://www.dest.gov.au/ministers/robb/budget07/bud03_07.htm, accessed on 30 July 2007.

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The delivery models vary significantly across the colleges. Some of them are stand alone, which means that they are providing all the academic and trade training in the school or in the college. Others are partnering with existing organisations and using existing infrastructure. So some of those are purchasing or outsourcing their trade training to existing RTOs (registered training organisations).²

Originally 24 ATCs were to be established for up to 7200 Year 11 and 12 students in nominated regions across Australia. In July 2005 the government decided to establish an additional college in Adelaide. This Bill will bring the total number of ATCs to 28 with a target enrolment, once all ATCs are fully operational, of 8400 students each year. Currently 21 ATCs are operating (the most recent commencement is the Pilbara ATC which opened in July). Five ATCs are due to open in 2008, although a successful proponent for one of these—the proposed Lismore/Ballina ATC—has yet to be announced.³

ALP policy commitments

The ALP has committed to maintaining established ATCs but proposes to transfer their management to state and territory government and non-government school sectors. This will be done ‘through consultation with all interested parties and as contractual agreements allow.’⁴

If elected, the ALP has stated it will also provide \$2.5 billion in capital funding over 10 years to build new trades training centres in all Australia’s secondary schools to promote vocational education for students in Years 9 to 12. This commitment will be augmented by programs targeting stronger links between schools and industry and improving student access to on-the-job training.⁵

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2. Senate Standing Committee on Employment, Workplace Relations and Education, *Estimates (Budget Estimates)*, 31 May 2007, p. EWRE 24, <http://www.aph.gov.au/hansard/senate/committee/S10265.pdf>, accessed on 31 May 2007.
 3. For further information about ATCs see the Department of Education, Science and Training’s *Australian Technical Colleges* website, <http://www.australiantechnicalcolleges.gov.au/>, accessed on 31 July 2007; and Australian National Audit Office (ANAO), ‘Australian Technical Colleges Programme’, *Audit Report*, no. 3, 2007–08, http://www.anao.gov.au/uploads/documents/2007-08_Audit_Report_03.pdf, accessed on 1 August 2007.
 4. K. Rudd and S. Smith, *Labor’s Education Revolution: New Directions for Vocational Education and Training: Trades Training Centres in Secondary Schools*, ALP, Canberra, 2007, p. 19, http://www.alp.org.au/download/now/new_directions_for_vet_final1.pdf, accessed on 31 July 2007.
 5. *ibid.*, pp. 18–21.

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Financial implications

The Bill provides for an increase in appropriations of \$74.701 million over the period 2008 to 2011 (thereby also extending the ATCs Programme by two years) as follows:

- 2008–09: \$17.125 million
- 2009–10: \$24.802 million
- 2010–11: \$15.823 million
- 2011–12: \$16.951 million.⁶

Key issues

The proposed establishment of three additional ATCs comes amidst continuing concerns about the establishment and operation of ATCs, most recently from the Australian National Audit Office (ANAO). Their establishment is also occurring ahead of a review of the ATCs Programme that has been foreshadowed for 2008.⁷

The establishment and operation of ATCs has not gone to plan. Additional funds of \$112.6 million were provided in 2006 because, as the then Minister explained, the earlier opening of more ATCs than anticipated had resulted in higher operational costs. He also attributed the additional costs to the flexibility of the program which had resulted in more new sites and multiple campuses than were anticipated.⁸

As at the enrolment census on 31 March 2007, of the 20 ATCs that were then operating, one had exceeded its enrolment target for 2007, one had matched its enrolment target, and

6. Australia. Parliament. House of Representatives, *Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Amendment Bill (No. 2) 2007: Explanatory Memorandum*, p. [2], http://parlinfoweb.aph.gov.au/piweb/TranslateWIPILink.aspx?Folder=ems&Criteria=BILL_ID:r2833%3BEM_TYPE:EM%3BSOURCE:House%3B, accessed on 1 August 2007.

7. ANAO, op. cit., p. 25.

8. Gary Hardgrave, Minister for Vocational and Technical Education, 'Second reading speech: Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Amendment Bill (No. 2) 2006', House of Representatives, *Debates*, 7 December 2006, http://parlinfoweb.aph.gov.au/piweb/TranslateWIPILink.aspx?Folder=hansardr&Criteria=DOC_DATE:2006-12-07%3BSEQ_NUM:43%3B, accessed on 1 August 2007

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eight were within 10 per cent of their enrolment target. Some ATCs were significantly below their 2007 enrolment targets.⁹

The total planned expenditure on ATCs (\$530.9 million from 2005 to 2011) and the numbers of young people that will benefit (8400 students per year once all ATCs are fully operational) has drawn unfavourable comparisons with state and territory VET systems. In 2005 there were approximately 1.2 million publicly funded VET students and total government revenue to the VET sector was approximately \$4 billion—\$2.7 billion from state and territory governments and \$1.3 billion from the Australian Government.¹⁰ Critics typically argue that ATCs duplicate existing VET facilities at far greater cost and that the funds would be better invested in existing VET arrangements.¹¹

Since the establishment of ATCs some states have also announced the establishment of state-run technical colleges which the Australian Government sees as an endorsement of the ATCs Programme.¹² According to the Prime Minister ATCs have:

[created] a renewed interest in technical education all around Australia. As a result of what we did with Australian Technical Colleges, the states are now, in a number of areas, returning to dedicated technical schools, something that should never have been abandoned in our education system 30 or 40 years ago.¹³

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9. Answer to DEST Question No. E991_07, Senate Employment, Workplace Relations and Education Legislation Committee, 2006–2007 Estimates Hearing, http://www.aph.gov.au/Senate/committee/eet_ctte/estimates/add_0607/dest/e991_07.pdf, accessed on 31 July 2007.
 10. Department of Education, Science and Training (DEST), *Annual National Report of the Australian Vocational and Technical Education System 2005*, DEST, Canberra, 2006, http://www.dest.gov.au/NR/rdonlyres/6C090FC6-7D71-473F-859E-1728ADB19AA0/14807/ANR_2005_Nov2006_report.pdf, accessed on 1 August 2007, pp. 140 and 177.
 11. See, for example, H. Edwards, '\$175,000 – what we pay for each student', *Sun Herald*, 15 July 2007, http://parlinfoweb.aph.gov.au/piweb/TranslateWIPILink.aspx?Folder=pressclp&Criteria=CITATION_ID:EYNN6%3B, accessed on 1 August 2007.
 12. Andrew Robb (Minister for Vocational and Further Education), 'Second reading speech: Australian Technical Colleges (Flexibility in Achieving Australia's Skill Needs) Amendment Bill (No. 2) 2007', House of Representatives, *Debates*, 20 June 2007, http://parlinfoweb.aph.gov.au/piweb/TranslateWIPILink.aspx?Folder=hansardr&Criteria=DOC_DATE:2007-06-20%3BSEQ_NUM:29%3B, accessed on 1 August 2007.
 13. 'Howard defends hospital takeover', *AM*, 2 August 2007, <http://www.abc.net.au/am/content/2007/s1994637.htm>, accessed on 2 August 2007.

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In relation to the lower than expected enrolments for ATCs and the existence of state and territory publicly-funded VET alternatives, one issue that has not been generally raised is the affordability of ATCs for potential students. Most ATCs are non-government schools and are located in regional areas. Whether the fees they charge (including the usual fees non-government schools charge and any additional fees/costs involved for the VET courses) are a deterrent to enrolments may be a consideration. However as there is no separate information about the fees that ATCs are charging it is difficult to consider their impact.

The ANAO's report on the ATCs Programme concluded the Department of Education, Science and Training (DEST) adequately planned the program's implementation and consistently assessed the ATC proposals. However the report draws attention to what the ANAO regards as shortcomings in the program. While the Minister in his second reading speech highlights that, unlike the three years on average it takes to establish a new school, the Government established 20 ATCs in less than 18 months, the ANAO report raises concern about this haste:

The policy provided DEST with little time to plan for the establishment of the colleges. The new schools had to be established in far less time than is usual for new schools, which can take three to four years of preparation before acceptance of their first students. This limited time made more difficult DEST's tasks of selecting the best educational and financial models to achieve the programme's objectives.¹⁴

The ANAO identified that aspects of the program's implementation could have been improved by giving more attention to the interests of state and territory governments; that more attention needed to be given to the financial administration and management of the program, including the ATCs' ability to administer funding for capital projects; and that each ATC developing its own training curriculum is time consuming and costly. The report's recommendations to address the latter two issues have been accepted by DEST.¹⁵

Main provisions

Item 1 of Schedule 1 amends subsection 18(4) of the Act, providing \$74.701 million over the period 2008 to 2011 for the establishment and operation of three additional ATCs.

14. ANAO, op. cit, p.19.

15. *ibid.*, pp. 25–6.

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