

## Second Reading

**The Hon. MICHAEL VEITCH** (Parliamentary Secretary) [11.01 p.m.], on behalf of the Hon. John Hatzistergos: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

### Leave granted.

With the introduction of this bill today the Government is initiating a major reform that will have an impact for learners, employers and industries well beyond the borders of New South Wales.

This bill will support national reform which has the capacity to increase the quality of vocational education and training delivery across the country and to increase consumer confidence in the performance of vocational education and training providers.

The Vocational Education and Training (Commonwealth Powers) Bill refers power for regulating the vocational education and training sector to the Commonwealth, which will then take responsibility for regulating this sector across Australia.

Referring powers to regulate training organisations is not an action the Government is taking lightly. For a number of years New South Wales has been the benchmark in the regulation of training.

Through our Vocational Education and Training Accreditation Board we have taken a rigorous approach to regulating the quality of training and protecting the rights of consumers of training, our vocational students and their employers.

By supporting national regulation, the Government is working with the Commonwealth Government to ensure such rigorous, risk-based regulation is extended to training organisations across the country.

Regulation of vocational education and training in New South Wales has supported the growth of a quality training system within the State. Each year over 500,000 students engage in publicly funded training through our wonderful TAFE institutes and many private and community providers within the State.

Possibly as many students again take privately funded vocational qualifications with private or community providers. It is a very large market and one that many interstate registered training organisations have been keen to be a part of.

Under our current national training system, the New South Wales Vocational Education and Training Accreditation Board has regulated the performance of some 1,000 training organisations that are headquartered in the State.

However, it has been frustrated in this task by national rules that have prevented it from taking action when it has identified training organisations from other States that have been providing poor quality training in New South Wales.

Our current national agreements enable training organisations registered in one State to operate across State borders.

This provides greater flexibility for those training organisations. However, it has proved to be problematic for consumers of training.

Currently around 1,000 training organisations registered interstate are delivering training services in New South Wales, mostly in Sydney.

These organisations do not come under the control of our State regulatory process. When problems arise and quality concerns come up, as they have on many occasions, the Government has had no capacity to act to protect students and their entitlements.

We have had to refer to our interstate colleagues to apply their regulatory regimes. This has been a limited and inefficient approach that has often fallen short due to the capacity of other States to examine and act upon matters outside their borders.

Our current national system has failed to guarantee to industry and the community that it can ensure the quality of training provision, no matter where it occurs.

This bill, which refers regulatory powers to the Commonwealth, will enable a national vocational education and training regulator to register, audit and monitor and to apply sanctions if necessary to nationally registered training organisations in all jurisdictions and training markets.

This is a significant reform and has the potential to provide great comfort to industry and the community.

New South Wales is Australia's largest market for overseas students. International education is a huge part of the State's economy. Members will be aware of the significant concerns raised over recent years regarding quality of training for international students.

Vocational education and training was the fastest growing sector of our international student market.

Providers were keen to capitalise on student demand, particularly in skill areas linked to migration.

The Government strived to manage the quality of this sector during this time of growth.

However, our efforts in this endeavour were hampered by inconsistent regulation of the sector nationally and a confusing split of responsibilities between the Commonwealth and the States. In his review of the Education Services for Overseas Students Act, the Hon. Bruce Baird, AM, found:

... widespread confusion and gaps between Australian and State and Territory Governments, where no one seems to know who is responsible for interpreting or enforcing particular aspects of the National Code.

Mr Baird recommended that:

... wherever possible each provider should have only one regulator.

This bill will support that significant reform. A national vocational education and training regulator will be a single point of regulation of the international vocational education and training market within Australia.

This global market for international students is becoming increasingly competitive. When students and parents from around the world decide where to study, the quality of education being offered is critical to their decision.

We need to rebuild Australia's reputation to ensure that we remain a destination of choice for international students.

National regulation of vocational education and training not only will improve standards and consistency but also will send a message to prospective international students that we are serious about providing high-quality training and committed to ensuring these high standards are maintained.

I turn now to the specific provisions of the bill.

Section 5 (1) of the bill refers power to the Commonwealth to register and regulate training organisations; to accredit vocational courses; to issue and cancel vocational qualifications; to set standards for regulators; to collect and publish information; and to grant powers to investigate and sanction training organisations.

This referral does not mean that we are avoiding responsibility for vocational education and training. That could not be further from the truth.

Section 5 (2) of the bill protects New South Wales's power regarding the funding of vocational education and also the management of State bodies that deliver vocational education, such as TAFE New South Wales.

This section also protects this Parliament's power to make laws with regard to primary and secondary schooling, higher education, apprenticeships and traineeships, and occupational licensing.

This referral is limited in scope and is about more effective regulation of an important industry. Section 8 of the bill allows for the Governor of New South Wales to terminate this referral at any time, with six months notice.

Schedule 1 repeals the Vocational Education and Training Act of 2005.

Attached to this bill is the Commonwealth's National Vocational Education and Training Regulator Bill.

I have said that our intention in this reform is to extend our rigorous, risk-based model of regulation across the country.

I am confident that the provisions we have negotiated within the Commonwealth bill will enable the national regulator to achieve that.

The Vocational Education and Training (Commonwealth Powers) Bill 2010 delivers on a commitment to reform that the Government made at the Council of Australian Governments in November 2009.

It will strengthen regulation of training organisations in New South Wales and nationally, and it will provide greater certainty for students, employers and industry that they will receive high-quality training whether they attend TAFE New South Wales or a private training organisation.

I commend the bill to the House.