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Upper House Committees
Parliament of New South Wales
Parliament House
Macquarie Street
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Contact: Kathrina Lo
Phone no: 9275 7310
Our ref: P001915
Your ref:

18 November 2015

Dear Ms Ohnesorge

**Inquiry into vocational education and training in New South Wales
Transcript corrections and responses to questions on notice**

I refer to your message of 11 November 2015 requesting our review of the 9 November 2015 hearing transcript and responses to the questions taken on notice.

I enclose the requested information in two attachments.

Should you wish to discuss this matter, please contact me on 9275 7101 or Kathrina Lo, Assistant Auditor-General Performance Audit on 9275 7310.

Thank you for the opportunity to assist the Committee with its work.

Yours sincerely



A T Whitfield PSM
Acting Auditor-General

Encl

Question 1 –

Dr JOHN KAYE: Did you do any analysis of the impacts of contestability and various market designs on the quality of learning?

Response to Question 1

We did not do any direct analysis of the impacts of contestability and various market designs on the quality of learning.

We assessed whether the Department's framework for the Smart and Skilled reform contained key design features to address quality control.

In section 3.3 of the report, we note that the Department is responsible for quality assurance. We also note that the Department is developing systems with the potential to avoid the issues with training quality and value experienced by Victoria. For example, the Department advised us that it was developing monthly reporting of VET activity to keep it informed of trends and anomalies in the delivery of training.

Question 2 –

Dr JOHN KAYE: How did you know that the amount of money given to TAFE would maintain its viability? What analysis did you do to tick off on that point?

Response to Question 2

We did not assess the amount of money required to maintain the viability of TAFE, as TAFE was not the subject of the audit.

Question 3 –

The Hon. DANIEL MOOKHEY: In respect to the audit, you say on 20 July 2015 established six monthly public reporting metrics and published initial data on trends in training activity provided type industry equity given region, progress against NSW 2021, accepting the fact that the goals have changed since that period of time, quality indicators such as graduate employment outcomes and student and employer feedback. Do you have a view that data on RTO quality indicators such as that was not available during the assessment process or the contract letting process?

Ms LO: My understanding is that it was not available at that time and we thought that there needed to be more information out there particularly for students when they are making choices about courses.

The Hon. DANIEL MOOKHEY: When you say "was not available", do you mean not available to students or the—

Ms LO: It was not publicly available; it was not on the website.

The Hon. DANIEL MOOKHEY: Was it available to STS?

Ms LO: I do not know whether it was available to STS or not.

The Hon. DANIEL MOOKHEY: In your audit did you discover any evidence as to whether that criterion was a factor in decisions by STS to let contracts?

Ms LO: We would have to take that on notice and have a look at our evidence.

Response to Question 3

We did not examine the Department's decisions around the allocation of Smart and Skilled contracts to individual training organisations. This was a stated audit exclusion on page 14 of the report.

However, in section 2.2 of the report, we note that the Department advised us it was allocating subsidised training places through a competitive tender, assessing RTO's organisational capacity and capability, past performance and capacity and capability to deliver particular qualifications in specific regions.

Question 4 –

The Hon. DANIEL MOOKHEY: I will persist with the line of questioning pursued by the Hon. Greg Donnelly. I refer to recommendations 8.2 and 8.3, which deal with what is meant by "reflective-public value". What do you mean by "weighted"? That goes back to the IPART methodology. In recommendation 8.3 you call for, among other things:

... assess the impact of the partial implementation of the 2013 IPART recommendations on pricing for VET in relation to the efficient price for student fees and the decision not to define the fee as a maximum and allow RTOs to charge up to 50 per cent less, the efficient price mechanism that IPART has developed to assess the impact of the partial implementation of the 2013 IPART recommendations on pricing for VET in relation to the efficient price of students fees.

When you say "efficient price", I presume you are referring to the price produced by the IPART methodology after it is applied.

The Hon. DANIEL MOOKHEY: Page 24 contains the more detailed section that gives rise to that recommendation.

Mr WHITFIELD: We believe we are referring to the IPART process. However, we can take the question on notice and check that.

Response to Question 4

We confirm that we were referring to the IPART process.

Question 5 –

The Hon. DANIEL MOOKHEY: You say "collect robust data on the cost of training delivery". Did you come across any data in your audit that related to the cost of training delivery? How much it actually costs has been a point of contention.

Ms LO: We will take that question on notice and check the data we looked at.

Response to Question 5

The data that we came across was contained in IPART's 2013 report: Pricing VET under Smart and Skilled.

Question 6 –

The Hon. CATHERINE CUSACK: There are two main types of policy levers that governments use. One is regulation and the other is funding. Did you look at whether the Government has a valuation methodology in place to monitor those kinds of levers and to calibrate them over time?

Ms LO: I do not think we looked at that. However, I will take that question on notice and double check.

Response to Question 6

I confirm that we did not look at whether the Government has a valuation methodology in place to monitor those kinds of levers and to calibrate them over time.

Question 7 –

Dr JOHN KAYE: Can I take you to page 2 of your report. And it says, in about the fifth paragraph: In 2013-14, the New South Wales Government spent \$2,185.5 million subsidising VET.

Is that statement true? Because I think you have included in that, fees and charges. Is that correct? You have actually added in what they spent in what they call vocational education and training, what they gave to TAFE—and in that year it would have been direct funding to TAFE—and then you have added to that, which comes, by my calculations, to about \$1.6 billion and then the rest is about the \$453 million in TAFE fees.

Ms LO: We will double check that figure and come back to the Committee.

Dr JOHN KAYE: I think this is important because you might note that the Minister has picked up on that and he talks about the \$2.2 million he spends on training in New South Wales. It is not all government money, is it?

Ms LO: As I said, we will check the figures and where we got that from.

Response to Question 7

The data used for this figure came from the 2014-15 Budget Estimates, Budget Paper 3 for the education and communities cluster. The figure reflects state government expenditure.

AO update/clarifying note to page 34 of the transcript

The Hon. DANIEL MOOKHEY: You make this comment in the second last paragraph on page 27: The national regulator, ASQA, has only 204 staff, including five investigators, to monitor the compliance of around 5,000 RTOs with national standards. Four out of five RTOs reviewed by ASQA in 2013-14 had misleading marketing, offered courses with unrealistically short duration or did not comply with standards around student assessment. That was obviously before Smart and Skilled but was that four of five New South Wales RTOs or do you have to give that answer on notice?

Ms LO: We would not know.

Clarification:

The ASQA data relates to RTOs in each state except Victoria and Western Australia. The data is reported in aggregate, not by state.