

A. Full responses from agencies

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Department of Employment, Small Business and Training and TAFE Queensland.

The heads of these agencies are responsible for the accuracy, fairness, and balance of their comments.

This appendix contains their detailed responses to our audit recommendations.



Comments received from Director-General, Department of Employment, Small Business and Training



Department of
Employment,
Small Business
and Training

Our Ref: 19/368726
Your Ref: 9178P

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
Email: gao@gao.qld.gov.au

Dear Mr Worrall

Thank you for your email dated 8 July 2019 and for the opportunity to comment on the *Investing in vocational education and training* report.

I acknowledge the report's conclusions regarding the Department of Employment, Small Business and Training's contribution to successful learning and employment outcomes for students and industry by providing students with greater access to and choice of qualifications that focus on the skill needs of industry. The Department is pleased to see that the increased support for disadvantaged students to get a job has also been acknowledged, as has the focus on cost-effective management and risk management practices of the Department.

The Department is able to accept all of the recommendations of the report.

With respect to the first recommendation regarding the finalisation of the draft Skills Strategy, the Department has facilitated an extensive consultation process to develop a strategy that helps build Queensland's future economic prosperity, by ensuring that the workforce is skilled in order to undertake the jobs of today, as well as the jobs of tomorrow. This important work has been developed with stakeholders and is expected to be finalised imminently.

I note the recommendations regarding the State Contribution Grants, and specifically the recommendation to develop a performance measure to support the expected value of the grants. I agree with the comments within your report, that this is a complex area given the different dimensions of public value. The existing State Contribution Grant agreements are in their final year, and as such, these recommendations will be considered as the Department and the public providers work towards the next State Contribution Grant agreements.

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The Department is committed to continuously improving the processes to ensure that vocational education and training programs are delivering priority skills outcomes for Queensland. The Department is therefore supportive of the recommendations that relate to increasing transparency on the inputs into the annual investment plan and subsidy lists, and for improving the management of the Pre-qualified Supplier contract renewal process. As part of these improvement measures, the Department is cognisant that the appropriate governance needs to be embedded into the processes to mitigate any risks to the VET programs.

In relation to the recommendation for the Skilling Queenslanders for Work program, the Department is considering the areas of improvement, with a view to incorporating as many of the changes as practicable for the second round of funding in 2019.

With regard to the last recommendation, the Department has a collaborative working relationship with TAFEQ and the Department looks forward to working with TAFEQ in finalising strategies to address ongoing financial sustainability of the state's primary public provider of VET services.

I have enclosed the Department's response to the proposed report.

Should you require any further information, please contact Ms Irene Violet, Deputy Director-General, Investment, Department of Employment, Small Business and Training by email at _____ or on telephone _____

I look forward to the Department's feedback being included in the tabled report for Parliament. In the interim, should you wish to discuss any of the issues raised, please contact me directly on _____

Yours sincerely



Mary-Anne Curtis
Director-General

Enc: Department of Employment, Small Business and Training's response to QAO recommendations



Responses to recommendations

Department of Employment, Small Business and Training

Investing in vocational education and training

Response to recommendations provided by Deputy Director-General, Investment, DESBT

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
We recommend that the Department of Employment, Small Business and Training:			
1. finalises its draft Skills Strategy ensuring it addresses: <ul style="list-style-type: none"> Queensland's longer-term strategies for developing and sustaining the VET sector (Chapter 2) clear roles, responsibilities, and future purpose of VET public providers (Chapter 4) 	Agree	Quarter 1, 2019-20	The Queensland Skills Strategy, which is anticipated to be publicly released in Quarter 1, 2019-20, will set out a clear plan for skills in Queensland. The Skills Strategy will build on the existing strengths of the skills and training (VET) system, including positioning of the public providers.
2. develops and applies performance measures supporting the expected public value of the State Contribution Grants (Chapter 2)	Agree	Quarter 1, 2020-21	Work to establish appropriate performance measures to be undertaken in 2019-20 and implemented in 2020-21.
3. periodically reviews the methodology used to determine the value of State Contribution Grants to public providers to account for changes in the training environment and public providers' costs (Chapter 4)	Agree	Quarter 1, 2020-21	Methodology to be reviewed in 2019-20 and any changes implemented in 2020-21.
4. improves transparency over investment decision-making by clearly documenting information, data, and analysis used in developing and reviewing the annual investment plan and subsidy lists (Chapter 2)	Agree	Quarter 1, 2020-21	Information and process will be documented in 2019-20
5. increases the effectiveness of the Skilling Queenslanders for Work program by: <ul style="list-style-type: none"> improving the grant process with the aim of reducing the timeframe between the funding round opening and the announcement of the successful applicants—to help grant recipients better plan resources and service delivery 	Agree	Quarter 2, 2019-20	Funding Round Timelines to be reviewed and streamlined with proposed set dates for opening and closing of rounds and announcement of results. This will improve timeliness in communication of decisions.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<ul style="list-style-type: none"> requiring community-based organisations to provide evidence with their application that they have agreed on training delivery expectations with the selected pre-qualified supplier (Chapter 2) 			Applicant organisations will be required to submit evidence of partnership arrangements with pre-qualified suppliers for the delivery of proposed training e.g. email advice or letter of confirmation. SQW online application form to be amended.
<p>6. improves the efficiency and quality of the pre-qualified-supplier contract-renewal process by:</p> <ul style="list-style-type: none"> renewing the contracts at least one month before the new financial year start date to help suppliers better plan resources and training delivery extending the timeframes of contracts for low-risk suppliers (Chapter 3). 	Agree	Quarter 4, 2019-20	Work will be undertaken in 2019-20 regarding assessment of PQS and relative risk under the Skills Assure project.

Comments received from Chief Executive Officer, TAFE Queensland



29 July 2019

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
Level 14, 53 Albert Street
BRISBANE QLD 4000

Dear Mr Worrall

Thank you for your letter dated 8 July 2019 regarding the Queensland Audit Office (QAO) report to parliament - *Investing in Vocational Education and Training* and the opportunity to comment on the report.

The report examined whether the Department of Employment, Small Business and Training (DESBT) is achieving successful learning and employment outcomes through its public and private providers by assessing whether public investment in vocational education and training (VET) is meeting Queensland's skilling needs, achieving student learning and employment outcomes and is cost-effective.

TAFE Queensland was examined, as Queensland's largest public provider in VET and who receives government funding and subsidies. Within the fully contestable training market, the Queensland Government looks to its largest public provider to:

- provide strong leadership in the delivery of quality VET services
- provide access to training in inefficient parts of the market including servicing remote and regional areas of Queensland
- provide services in VET market gaps or where priority training needs are required
- provide training in thin markets and to disadvantaged and marginalised cohorts of students
- provide training delivery that focuses on meeting the skills needs of industry and employers
- provide training to displaced students from the collapse of other providers

The responsiveness and high quality of TAFE Queensland's education and training provision is fundamental to the operation of a strong, efficient and sustainable VET sector. TAFE Queensland plays an important role in the Queensland training system, particularly in technical and trades training and in servicing rural and remote communities across the state which can be a significant financial challenge in such a highly-dispersed state.

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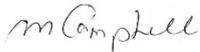
Despite these challenges, TAFE Queensland continues to manage its operations efficiently and effectively producing consistent and above average student outcomes and employer satisfaction rates compared to other state and national VET providers, as it has repeatedly performed in its proud 137-year history.

TAFE Queensland continues to implement a range of strategies and operational activities to grow and diversify its revenue, increase market share, support program delivery outcomes and reduce costs as part of its current 2018-2022 Strategic Plan, Annual Operating Plan and Sustainability Plan in consultation with DESBT.

With respect to the last recommendation of the report, TAFE Queensland is committed to continuing to work collaboratively with DESBT in finalising funding strategies and initiatives to address ongoing financial sustainability to ensure the continued delivery of high quality and affordable training outcomes to all Queenslanders that provide the skills needs that industry and employers require to create jobs and continue to grow Queensland's economy.

TAFE Queensland appreciates the opportunity to provide comment on the report. Should you require any further information, please do not hesitate to contact Ms Sue Davis, Chief Financial and Operations Officer by email at sue.davis@tfe.qld.edu.au or on telephone [0755234444](tel:0755234444).

Yours sincerely



Mary Campbell
Chief Executive Officer
TAFE Queensland

Ref: TQ19/33131



Responses to recommendations



TAFE Queensland

Investing in vocational education and training

Response to recommendations provided by the Chief Executive Officer, TAFE Queensland, on 29 July 2019.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<p>We recommend that TAFE Queensland, in consultation with the Department of Employment, Small Business and Training:</p> <p>7. finalises specific and measurable strategies and plans to improve the financial sustainability of its training delivery, including:</p> <ul style="list-style-type: none"> • strategies for increasing its student revenue and market share • workforce management plans that support program delivery outcomes and financial sustainability. 	Agree	Quarter 4, 2020	<p>TAFE Queensland will continue to develop strategies for increasing student revenue and market share within the contestable training market, complemented by workforce management plans that support program delivery outcomes and financial sustainability.</p> <p>As the state's largest public training provider, TAFE Queensland will work in consultation with the Department of Employment, Small Business and Training on these strategies and plans to ensure they are responsive to the Government's skilling priorities.</p>

