



ACT
Government

Chief Minister, Treasury and
Economic Development

Freedom of Information Publication Coversheet

The following information is provided pursuant to section 28 of the *Freedom of Information Act 2016*.

FOI Reference: CMTEDDFOI 2019-217

Information to be published	Status
1. Access application	Published
2. Decision notice	Published
3. Documents and schedule	Published
4. Additional information identified	No
5. Fees	Waived
6. Processing time (in working days)	16
7. Decision made by Ombudsman	N/A
8. Additional information identified by Ombudsman	N/A
9. Decision made by ACAT	N/A
10. Additional information identified by ACAT	N/A

From: [REDACTED]
To: [CMTEDD FOI](#)
Subject: Freedom of Information request
Date: Tuesday, 17 September 2019 3:41:30 PM

Please find online enquiry details below. Please ensure this enquiry is responded to within fourteen working days.

Your details

All fields are optional, however an email address OR full postal address must be provided for us to process your request. An email address and telephone contact number will assist us to contact you quickly if we need to discuss your request.

Title:

First Name:

Last Name:

Business/Organisation:

Address:

Suburb:

Postcode:

State/Territory:

Phone/mobile:

Email address:

Request for information

(Please provide as much detail as possible, for example subject matter and relevant dates, and also provide details of documents that you are not interested in.)

Under the Freedom of Information Act 2016 I want to access the following document/s (*required field):

Incoming minister's brief for the Minister for Tertiary Education prepared in June and July 2019.

I do not want to access the following documents in relation to my request::

Thank you.
Freedom of Information Coordinator




ACT
Government

Chief Minister, Treasury and
Economic Development

Our ref: CMTEDDFOI 2019-217



via email: 

Dear 

FREEDOM OF INFORMATION REQUEST

I refer to your application under section 30 of the *Freedom of Information Act 2016* (the Act), received by the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) on 17 September 2019, in which you sought access to:

- Incoming minister's brief for the Minister for Tertiary Education prepared in June and July 2019.

Authority

I am an Information Officer appointed by the Director-General under section 18 of the Act to deal with access applications made under Part 5 of the Act.

Timeframes

In accordance of section 40 of the Act, CMTEDD was required to provide a decision on your access application by 16 October 2019.

Decision on access

Searches were completed for relevant documents and 6 documents were identified that fall within the scope of your request.

I have included as **Attachment A** to this decision the schedule of relevant documents. This provides a description of each document that falls within the scope of your request and the access decision for each of those documents.

I have decided to grant full access to all relevant documents. The documents released to you are provided as **Attachment B** to this letter.

Charges

Pursuant to *Freedom of Information (Fees) Determination 2018* processing charges are applicable for this request because the total number of pages to be released to you exceeds the charging threshold of 50 pages. However, the charges have been waived in accordance with section 107(2)(b) of the Act.

Online publishing – Disclosure Log

Under section 28 of the Act, CMTEDD maintains an online record of access applications called a disclosure log. Your original access application, my decision and documents released to you in response to your access application will be published in the CMTEDD disclosure log after 14 October 2019. Your personal contact details will not be published. You may view CMTEDD disclosure log at

<https://www.cmtedd.act.gov.au/functions/foi/disclosure-log>.

Ombudsman Review

My decision on your access request is a reviewable decision as identified in Schedule 3 of the Act. You have the right to seek Ombudsman review of this outcome under section 73 of the Act within 20 working days from the day that my decision is published in CMTEDD disclosure log, or a longer period allowed by the Ombudsman.

If you wish to request a review of my decision you may write to the Ombudsman at:

The ACT Ombudsman

GPO Box 442

CANBERRA ACT 2601

Via email: actfoi@ombudsman.gov.au

ACT Civil and Administrative Tribunal (ACAT) Review

Under section 84 of the Act, if a decision is made under section 82(1) on an Ombudsman review, you may apply to the ACAT for review of the Ombudsman decision. Further information may be obtained from the ACAT at:

ACT Civil and Administrative Tribunal

Level 4, 1 Moore St

GPO Box 370

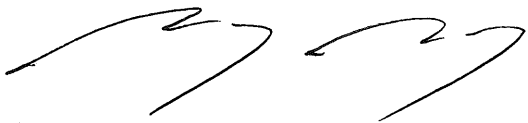
Canberra City ACT 2601

Telephone: (02) 6207 1740

<http://www.acat.act.gov.au/>

Should you have any queries in relation to your request please contact me by telephone on 6207 7754 or email CMTEDDFOI@act.gov.au.

Yours sincerely, -



Daniel Riley

Information Officer

Information Access Team

Chief Minister, Treasury and Economic Development Directorate

10 October 2019



ACT
Government

Chief Minister, Treasury and
Economic Development

FREEDOM OF INFORMATION REQUEST SCHEDULE

NAME	WHAT ARE THE PARAMETERS OF THE REQUEST	Reference NO.
	Incoming minister's brief for the Minister for Tertiary Education prepared in June and July 2019.	2019-217

Ref No	Page number	Description	Date	Status	Reason for Exemption	Online Release Status
1	1-8	Final Combined Incoming Minister Portfolio Brief – Minister for Tertiary Education	July 2019	Full release	N/A	Yes
2	9-17	Incoming Minister Brief – Tertiary Education (CIT)	July 2019	Full release	N/A	Yes
3	18-30	Attachment A – Strategic Compass 2020	Undated	Full release	N/A	Yes
4	31-88	Attachment B – KPMG Report – CIT Contribution to the ACT	November 2018	Full release	N/A	Yes
5	89-118	Attachment C – Statement of Intent 2019-20	May 2019	Full release	N/A	Yes
6	119-124	Attachment D – CIT Board Charter	October 2015	Full release	N/A	Yes
Total No of Docs						
6						



PORTFOLIO BRIEF FOR INCOMING MINISTER

MINISTER FOR TERTIARY EDUCATION

PORTFOLIO BRIEF FOR INCOMING MINISTER
JULY 2019

SENSITIVE - CABINET



TABLE OF CONTENTS

PORTFOLIO OVERVIEW	3
PORTFOLIO PRIORITIES OVER THE NEXT MONTH.....	5
PORTFOLIO FINANCIAL OVERVIEW	6
LEGISLATIVE AND INTERGOVERNMENTAL RESPONSIBILITIES.....	7
KEY APPOINTMENTS	8
MINISTERIAL COUNCILS AND CONSULTATIVE BODIES	8

PORTFOLIO OVERVIEW

The Tertiary Education Portfolio brings together responsibilities for oversight and delivery of:

- connections with the university and research sector to assist with its development as a key driver of the ACT economy
- a training system in the ACT, as part of the national VET system
- training services for employers and apprentices and trainees
- destination marketing and support for international students.

Vocational Education and Training

The portfolio is responsible for the provision and overall management of vocational education and training (VET) in the Territory. This includes administering, monitoring and auditing Territory and national funds for a variety of programs addressing skills development for entry-level and existing workers, and adult community education. The portfolio gathers advice from research and industry stakeholders to predict industry trends, and identify the future training requirements of the ACT.

The ACT is part of a national VET system, in which quality is regulated at the Commonwealth level through the Australian Skills Quality Authority. Training Package development (on which curriculum is built) is led by industry nationally and partially funded by the Commonwealth government through various intergovernmental agreements.

More information about the national system can be found at <https://www.education.gov.au/about-skills-sector>.

State Training Authority

The *Training and Tertiary Education Act 2003 (ACT)* outlines the responsibilities of a State Training Authority. Skills Canberra, is the ACT State Training Authority and is responsible for:

- regulating apprenticeships and traineeships
- overseeing the expenditure of public funds for, and delivery of, training within states and territories
- ensuring the effective operation of the training market.

Skills Canberra also manages the ACT Skilled Migration Program.

Tertiary Education and Research

The Tertiary Education and Research includes responsibilities for overseeing the ACT Government's economic strategies, policies and partnerships with Canberra's tertiary education institutions and research sectors. This includes:

- developing a strong economic focus in the sector
- leveraging off the sector's strengths, including its national and international reputation, to attract high quality national and international talent
- working with the sector to increase the number of international and interstate students who choose Canberra as their education destination.

The universities are regulated and funded by the Australian Government.



Key statistics

- The tertiary education and research sector is estimated to add \$3.3 billion in value to the ACT economy and supported approximately 20,000 jobs.
- International education services exports for the ACT were valued at \$1.009 billion in 2018, the first time they have been valued over \$1 billion - 15 per cent growth over 2017 and a more-than doubling from 2013.
- There are over 43,000 students engaged in higher education in Canberra – including 12,400 international students and 13,000 interstate students
 - Total international student numbers in Canberra grew 14 per cent from 2017 to 2018 –42 per cent of all Canberra’s international students come from China followed by India at 5 per cent.
- ACT supports approximately 16,500 VET students across 100 training providers in the ACT
 - 8300 apprentices and trainees (known as Australian Apprenticeships)
 - 700 Aboriginal and Torres Strait Islander students
 - 1900 students with a disability.
- Since 2015, commencements of Australian Apprenticeships were 27 per cent higher in 2017 than in 2012 in the ACT—the highest proportional increase in Australia and against backdrop of falling numbers nationally since 2012
- 90.5 per cent of students are in employment and/or going on to further study after completing their courses—the second-highest in Australia, behind Northern Territory (based on 2018 figures).
 - 97.9 per cent for Aboriginal and Torres Strait Islander students (83.7 per cent nationally)
 - 85.7 per cent for people with a disability (72.4 per cent nationally).
- The ACT VET budget in 2018-19 was \$119.3 million—\$74.2 million funding from the ACT government and \$45.1 million from the Australian Government.
 - CIT received \$73.1 million through direct budget allocations from ACT Treasury and accessed significant funding through contestable initiatives (the combined allocation representing 84 per cent of the total ACT VET Budget allocated for training purposes).

PORTFOLIO PRIORITIES OVER THE NEXT MONTH

Australian Government's Skills Package

The Joyce Review was commissioned by the Australian Government and the report delivered just prior to the recent Federal election. The report is based around six high level points:

1. strengthening quality assurance
2. speeding up qualification development
3. simpler funding and skills matching
4. better careers information
5. clearer secondary school pathways
6. greater access for disadvantaged Australians.

The ACT agrees to the six points, however, the 71 underpinning recommendations require further consideration. The Skills Package announced in the 2019-20 Australian Government Budget includes implementation of several Joyce Review recommendations, including a National Skills Commission, pilot Skills Organisations, and a National Careers Institute and National Skills Ambassador. The national VET system is expected to be an item for COAG consideration.

Skilling Australian Fund (SAF)

The ACT will be working with the Australian Government to develop and agree the projects and budget to be undertaken under the SAF National Partnership, noting this will include the two budget measures announced in the ACT 2019-20 budget for 'Future Skills for Future Jobs' and 'Matching Apprentices and Trainees to the Right Job'.

CIT Campus Renewal

Economic Development Division is leading cross-directorate work on a potential new campus in Woden. An analysis of options, including a comparison with the current Reid location, is expected to be brought to government for consideration later this year.

Reviews of Skills Canberra

Two reviews of the roles, functions and finances of Skills Canberra were recently undertaken. The reviews found that Skills Canberra was meeting statutory requirements and obligations, and there were opportunities to improve its efficiency. Implementation of recommendations continues.

Vice Chancellors' Forum

Following discussions with members of the Forum last year, work is underway to change the nature and structure of the Forum, to focus on more strategic issues that would benefit from discussion and collaboration across the leaders of the tertiary education sector.

Student Safety Campaign

Members of the Vice Chancellors' Forum agreed there was a need for a Territory-wide campaign to disseminate targeted safety information and prevention measures to arriving students. The ACT Government is leading a working group that includes tertiary education institutions, the Education Directorate, Transport Canberra and ACT Policing to develop a student safety campaign. This campaign will be further developed for Semester 2.

University of Canberra (University Seal) Statute 2019

The University of Canberra (University Seal) Statute 2019 will be tabled before the Legislative Assembly during Sitting Week 7 (30 July-1 August).

PORTFOLIO FINANCIAL OVERVIEW

Source		Total Cost	FTE
		2019-20 Budget Initiatives (\$'000)	2019-20 Forecast
	Skills Canberra		
Specific Purpose Payments (SPP)	Staffing & Admin	5,099	35.55
	User Choice	14,251	
	Australian Apprenticeship Support	510	2.6
	Skilled Capital (Former Priority Support Program funding)	2,532	
National Partnerships	Skills Reform National Partnership	5,087	
	Skilling Australians Fund	7,672	4.85
	Growing future skills with more apprenticeship and vocational training places	500	
	Matching apprentices and trainees to the right job	94	1
ACT Funding	Adult & Community Education (ACE) Grant	210	
	AVETARS	864	2
	Skilling Support for Women and Mature Aged Workers	250	
	Total	37,069	46
	Tertiary Education, Training & Research		
ACT Funding	Study Canberra	750	4

LEGISLATIVE AND INTERGOVERNMENTAL RESPONSIBILITIES

Training and Tertiary Education Act 2003 (ACT)

The objects of this Act are to regulate apprenticeships and traineeships; support quality assurance and best management practices for vocational education and training; and encourage awareness in the community of the need for, and to promote the development of, vocational education and training that is relevant to industry.

Building and Construction Industry Training Levy Act 1999 (ACT)

The Act establishes the ACT Building and Construction Industry Training Fund Authority (TFA), the statutory body responsible for providing funding for the training of eligible workers in the ACT Building and Construction Industry.

University of Canberra Act 1989 (ACT)

The University of Canberra Council consists of 15 members, eight of whom are appointed by the Chief Minister (s11). The Minister is responsible for:

- tabling the University of Canberra's annual report before the Legislative Assembly (s36).
- for approving and presenting to the Legislative Assembly statutes concerning the University of Canberra's governance (s42).

The Minister may request information about the University of Canberra's financial partnerships with private companies if you believe there is a significant financial risk or Territory interest (s38).

Relevant Commonwealth Legislation

- Skilling Australia's Workforce Act 2005 (Commonwealth)
- National Vocational Education and Training Regulator Act 2001 (Commonwealth)

Relevant Intergovernmental Agreements

National Agreement for Skills and Workforce Development (NASWD) – a COAG agreement that identifies long term objectives of Australian governments to develop the skills of the Australian people, including through a national training system which is responsive to local needs and delivers high quality training outcomes. The agreement is signed by all Australian governments and establishes the outcomes to be achieved and the performance indicators and targets to track governments' progress towards this objective. All states and territories signed the NASWD in 2009 and a revised agreement in 2012.

National Partnership on the Skilling Australians Fund - The purpose of the NPSAF is to contribute to improved employment outcomes by supporting Australians to obtain the skills and training they need for jobs in demand through increasing the uptake of apprenticeships and traineeships and other relevant employment-related training. Six states signed the NPSAF in 2018: New South Wales, South Australia, Western Australia, Tasmania, Australian Capital Territory and Northern Territory.

KEY APPOINTMENTS

Statutory Appointments

1. Building and Construction Industry Training Fund Authority Board (established under the *Building and Construction Training Levy Act 1999*)
NB. Chair's tenure ends on 30 December 2019.
2. Eight members of the University of Canberra Council (Chief Minister). Established under the *University of Canberra Act 1989 (ACT)*

Non-Statutory Appointments

ACT industry representative on the Australian Industry and Skills Committee (AISC).

MINISTERIAL COUNCILS AND CONSULTATIVE BODIES

COAG Industry and Skills Council (CISC)

CISC is the ministerial council for industry and skills-related policy areas. CISC considers and advises on issues relating to industry competitiveness, productivity and labour market pressures, skills development and national training arrangements. The CISC industry and skills streams routinely meet separately.

Skills Senior Officials Network (SSON)

SSON comprises senior skills officials from the Commonwealth and each state and territory. It does not have a formal decision-making role, however is a useful forum for raising issues, providing input to policy development and processes, and sharing information to support ministers at CISC.

Australian Industry and Skills Committee (AISC)

AISC was established by CISC in May 2015 to ensure ministers are informed by an industry-based perspective on the quality and relevance of the national training system, including training products.

ACT Vice-Chancellors' Forum

The ACT Vice-Chancellors' Forum (the Forum) is the key strategy setting body overseeing collaboration between the ACT Government and the local tertiary education institutions to support the growth and diversification of Canberra's economy and to build Canberra's reputation as a centre for high quality education, research, innovation and in other areas.

Membership:

- Australian National University
- University of Canberra
- Canberra Institute of Technology
- University of New South Wales – Australian Defence Force Academy
- Australian Catholic University
- Charles Sturt University
- ACT Government Education Directorate



PORTFOLIO BRIEF FOR INCOMING MINISTER

MINISTER FOR TERTIARY EDUCATION

PORTFOLIO BRIEF FOR INCOMING MINISTER
JULY 2019

SENSITIVE - CABINET



TABLE OF CONTENTS

PORTFOLIO OVERVIEW	3
PORTFOLIO PRIORITIES OVER THE NEXT MONTH.....	5
PORTFOLIO FINANCIAL OVERVIEW	7
LEGISLATIVE RESPONSIBILITIES	8
KEY APPOINTMENTS	8
MINISTERIAL COUNCILS AND CONSULTATIVE BODIES	9

PORTFOLIO OVERVIEW

CIT is the ACT's publicly-owned education institution and the largest registered training organisation (RTO) in the ACT. It provides publicly funded vocational education and training for around 20,000 students each year. With a focus on workforce development, CIT serves both large and small local and national employers through the provision of Training Packages, accredited courses, and customised and fee-for-service programs, contributing significantly to the ACT economy and community.

CIT operates over three main campuses at Reid, Bruce and Fyshwick and two learning centres in Gungahlin and Tuggeranong and is at the forefront of developing 21st century capabilities needed by individuals, communities and industries. CIT supports the priorities of the ACT Government through skills development to grow the region's economy in emerging sectors, such as renewable energy and cyber security, as well as established industries including trades, health, business and the creative industries.

CIT is a territory authority established under the *Canberra Institute of Technology Act 1987* (CIT Act). The governance of territory authorities is regulated by the Financial Management Act 1996 and the establishing Act. The CIT Board is established under the CIT Act and the Chief Executive Officer is appointed by the CIT Board.

CIT's Strategic Compass 2020 – Evolving Together sets out a vision and direction for the Institution. Its four pillars of Vision (Shaping Change), Learning (Growing our Region's Economy), Workforce (Advancing Canberra's Workforce) and Business (Transforming our Business) are identified as the following four promises to the ACT community:

- to raise CIT's ambitions to meet new expectations;
- to adapt CIT's offerings to provide skills for the future;
- to contribute to the new economy and position for prosperity; and
- to invest in CIT's business for viability and value.

A copy of CIT's Strategic Compass 2020 – Evolving Together is at [Attachment A](#).

CIT is an important contributor to the prosperity of the ACT economy and the ACT community. The benefits that CIT brings to the ACT community were confirmed through a 2018 report commissioned by CIT – Canberra Institute of Technology: Economic and Social Contribution to the ACT. The report provided at [Attachment B](#) found that for every \$1 spent by CIT \$1.99 of value add was returned to the ACT community. The report also found that CIT contributes to significant employment outcomes for its students and lifts the overall productivity of ACT’s workforce.

CIT is also an important agent within the Canberra ecosystem with unique abilities and offerings. As Canberra’s ecosystem changes, CIT is inevitably adapting and coevolving with the ecosystem and preparing for the opportunities and challenges ahead. CIT is increasing connections and building partnerships with ACT businesses, employees, higher education institutions and entrepreneurs to share ideas, develop industry workforce solutions and shape the Canberra innovation ecosystem. CIT is seeing a shift within the ecosystem where it is increasingly approached by university partners to provide job ready VET skills to compliment university graduates qualifications and skills. As a foundation member and leader within the Canberra Innovation Network (CBRiN) CIT’s continued connectivity to CBRiN, businesses and other higher education institutions is increasing.

The ACT Government provides a significant proportion of funding for CIT and agreed outcomes are described in CIT’s annual Statement of Intent (SOI). A copy of the CIT’s 2019 SOI is at [Attachment C](#). CIT is also a major contributor to the ACT Government achieving its Commonwealth targets and funding in relation to National Partnership Agreements related to vocational education and training initiatives and reforms.

CIT also receives significant revenue from contestable sources (Australian and ACT Government funding) including User Choice (Australian Apprenticeships funding), Skilled Capital funding, international students, commercial activities and national projects. Further revenue is generated through CIT Solutions Ltd, a wholly-owned subsidiary.



PORTFOLIO PRIORITIES OVER THE NEXT MONTH

Campus Renewal

- In the 2019-20 ACT Government Budget, approximately \$3 million was allocated to CIT over three years (\$1.8 million in 2020-21 and \$1.1 million in 2021-22) to expand the CIT Fyshwick campus by constructing an additional 1,450m² of new workshop space.
- The new workshop space at CIT Fyshwick will create simulated work environments to deliver enhanced hands-on training for Canberra's future tradespeople, and support CIT in providing more contemporary models of teaching and learning.
- On 6 June the ACT Government announced that they will be commencing work to scope sites in the Woden Town Centre for a potential new CIT campus.
- The announcement for new scoping work includes an opportunity to relocate CIT Reid to a site within the Woden Town Centre to create a new, modern, purpose-built campus consistent with our campus modernisation vision.
- The CIT Board and the CIT Chief Executive Officer are working closely with the ACT Government on finalising the Terms of Reference for this work, which will include fully understanding this opportunity and seeking independent advice on site options.

Digitalisation

- In the 2019-20 ACT Government Budget CIT received \$5.49 million over two years which will enable CIT to implement a contemporary and sustainable ICT environment for CIT staff and students.
- CIT is also internally funding a range of smaller projects in parallel to the Digitalisation project which will improve student's digital experience.
- Currently, CIT is unable to offer students a modern classroom experience (unfettered access to WIFI, single sign on to applications, education in industry standard application e.g. Microsoft Office 365) and staff do not have contemporary ICT systems and are unable to take advantage of ACT Government Activity Based Working principles and benefits due to the current physical and technical ICT environment limitations.



CIT/ CMTEDD Discussions – Strategic Options for the Future

- On 30 November 2018, the CIT Board Chair wrote to the Minister for Vocational Education and Skills to highlight the significant progress and challenges of the Strategic Compass 2020 – Evolving Together implementation. This letter also provided information about CIT’s budget constraints and possible treatments including the request for additional funds to be directed to CIT from the *National Partnership on the Skilling Australians Fund*.
- On 6 February 2019, the Minister for Vocational Education and Skills responded to the CIT Board Chair and requested CIT works together with areas of Chief Minister, Treasury and Economic Development (CMTEDD) including Treasury and Economic Development (Skills Canberra) on options that could be presented to her for consideration.
- On 9 May 2019 CIT and CMTEDD met and outlined a program of works for the next 12-18 months including:
 - A Funding Model Review including the Statement of Intent and ACT Funding Agreement
 - Business Process Review – administration and obligations in relation to the Statement of Intent and the ACT Funding Agreement
 - Developing Formal Consultative Mechanisms including how CIT works with areas across ACT Government and agreement that monthly meetings would be scheduled for the group now a CMTEDD representative is no longer on the CIT Board.
 - Designing and developing 2019/2020 Skilling Australians Fund (SAF) projects.
- Regular monthly meetings have been scheduled for CIT and CMTEDD to progress this work. The CEO also meets monthly with the Head of Service and Director-General CMTEDD and discusses the above work.

PORTFOLIO FINANCIAL OVERVIEW

OPERATING STATEMENT (YEAR ENDING 31 DECEMBER 2018)

MEASURE	FIGURE
Total Revenue	\$107.6 million
Total Expenses (excluding Depreciation of \$9.077)	\$111.5 million
Total Assets	\$215.9 million

SUMMARY OF PERFORMANCE (2018)

MEASURE	FIGURE
Total Training Hours Delivered	5.4 million hours
Training Hours delivered under ACT Government Appropriation	3.016 million hours
Total number of Students training at CIT (headcount)	18,624
Number of International Students (headcount)	856
Number of Apprentices or Trainees (headcount)	3,570
Learner Satisfaction Rate	89%
Employer Satisfaction Rate	94%
Number of Staff FTEs (2018-19 Est outcome)	707
Number of Staff Headcount	822

- A copy of CIT's 2019-20 Statement of Intent is at [Attachment C](#).
- CIT is operating within a challenging environment with increased regulation and competition. It is trying to meet the education and training needs of emerging industries whilst still maintaining service delivery across more traditional areas on a fixed budget. As a transitional step towards a balanced budget in 2020 the CIT Board is budgeting for an operating deficit of \$2.9 million in 2019 (\$3.9 million in 2018).
- The 2019 budget is directed toward a gradual resizing of the institute by possibly reducing services with the longer-term target of returning CIT to a breakeven position in 2020.

LEGISLATIVE RESPONSIBILITIES

CIT has a range of responsibilities under the *Canberra Institute of Technology Act 1987* (CIT Act) relating to its role as an education and training provider and the public provider in the ACT. The CIT Act prescribes various statutory powers to the Minister including the power to approve, determine and provide directions on the functions of CIT as described in Section 6, to appoint members of the CIT Board in Sections 11 and 12, and the power to make guidelines in relation to fees in Section 24.

CIT has the following functions:

- (a) to conduct an educational institution to provide excellence in study in the fields of vocational education and training and higher education that— (i) the CIT board, with the Minister’s written approval, decides; or (ii) the Minister directs;
- (b) to provide educational products and services, and use the facilities and resources of the CIT, to advance and develop knowledge and skills in the community;
- (c) to support ACT industry and business in pursuing economic growth and sustainability for the community; (d) to perform the role of public provider of vocational education and training in the ACT;
- (e) to issue awards to people who have satisfactorily completed a course of study at the CIT;
- (f) to issue awards posthumously and to issue honorary awards;
- (g) to consult and cooperate with other entities and businesses to promote education and training and employment pathways for learners;
- (h) to make suitable financial arrangements with industry and business for the purpose of the CIT’s functions under paragraphs (a) to (e).

On 5 April 2019, the ACT Government introduced changes to the CIT Act to enable CIT to build a skills-based Board which will contribute to CIT’s long-term success. The changes removed the two ACT Government representatives from the CIT Board and retains the elected CIT student and elected staff member to ensure the CIT Board maintains strong links to the CIT community.



KEY APPOINTMENTS

Statutory Appointments

- CIT Governing Board (established under the CIT Act). Membership as at 1 July 2019:
 - Mr Craig Sloan (Chair)
 - Ms Michelle Melbourne (Deputy Chair)
 - Ms Leanne Cover (CEO – CIT)
 - Mr Peter McGrath
 - Mr Raymond Garrard
 - Professor Frances Shannon
 - Mr Nigel Phair
 - Mr Sam Mills (Elected CIT Staff Member)
 - Mr Giancarlo Cabrales (Student Representative – CIT Student Association Board Chair)

- A copy of the CIT Board Charter is at [Attachment D](#).

Non-Statutory Appointments

- Nil.

MINISTERIAL COUNCILS AND CONSULTATIVE BODIES

- Nil.

Evolving Together

Shaping Change
Growing Our Region's Economy
Advancing Canberra's Workforce
Transforming Our Business



cit.edu.au

VISION

Shaping
Change

Raising our
ambitions
to meet new
expectations

LEARNING

Growing
Our Region's
Economy

Adapting our
offerings to
provide skills
for the future

WORKFORCE

Advancing
Canberra's
Workforce

Contributing to
the new economy
and positioning
for prosperity

BUSINESS

Transforming
Our Business

Investing in
our business
for viability
and value



Shaping Change

Raising our ambitions
to meet new expectations

Canberra is experiencing a shift in pace. The city is transforming in every way: from its vision and direction, to local attitudes and the economy. Canberra is already listed as the World's Most Liveable City and the entire region is becoming smarter, more innovative and more diverse.

Canberra Institute of Technology (CIT) is a major contributor to the Canberra economy. Along with Canberra's universities, we give the region an edge as a world-class knowledge economy.

We are deeply ingrained in the fabric of Canberra. We enhance the community with essential skills and knowledge, and we are at the heart of local initiatives and events. Our students have a variety of backgrounds, skills and needs. We take pride in our diversity, as it enriches our community and our innovation ecosystem.

By adapting to meet the needs of our fast-paced future, we will provide the skills for the new economy and continue to be the region's most trusted and dedicated vocational education and training provider.

Recently, the ACT Government appointed a dynamic new governing board to CIT. Our innovative board members are leading business professionals who are prepared to engage with risk and embrace new business opportunities. They are dedicated to meeting our twin objectives: to perform as a public provider of vocational education, and to meet the needs of an increasingly competitive commercial marketplace.

By evolving together and strengthening our partnerships with industry, business, educational institutions and government in the years ahead, we will ensure growth and viability. This will benefit CIT, the ACT region and the nation as a whole.

CIT is a trusted, iconic feature of Canberra's landscape and is ready to drive the future of skills development.

CIT provides training
to **more than 20,000**
students every year



Growing Our Region's Economy

Adapting our offerings to provide skills for the future

What we do is crucial to industry success. We build a culture of entrepreneurship by going beyond skills, technical competence and subject knowledge. We encourage our students to think deeply and differently.

As a trusted and quality training provider, we work collaboratively with industry, community and students to achieve excellence in a fast changing tertiary education sector.

Our teachers are experts in their industry fields. They bring invaluable knowledge, experience and connection to industry that benefits the entire student community.

This extends to students across the globe as we attract and retain international students from more than 90 countries. Many international students stay on to further their qualifications, strengthening our local economy and community, and building recognition of Canberra as an international city.



Our students are valued as individuals. They receive enriching personal engagement with teachers, practical experience and real opportunities to meet future employers. Through our collaboration with our CIT Student Association we will enhance the student experience.

As skills demand increases, and workplaces change, our preparation for the future of learning will ensure we continue providing the best, most diverse and adaptive education possible.

We are actively implementing more flexible learning spaces, both in the physical and virtual realm, and offering contemporary facilities and technology. We are also adapting our education models to inspire collaborative and creative learning with fresh teaching approaches. This will allow students to prosper and excel.

CIT continues to develop innovative courses and training environments for **more than 25,000 small to medium businesses** in the ACT contributing to a confident, bold and ready city of the future

↘	HOW WE ARE EVOLVING
→	We will ensure students have access to contemporary learning environments on all campuses.
→	We will implement new digital learning platforms and capabilities to keep our students connected, enabling them to learn with confidence and integrate study into their everyday lives.
→	We will establish centres of excellence in areas such as trades and renewable energy, and innovative teaching and learning practices.
→	We will build upon the ACT health precinct in Bruce by co-locating our health and fitness programs in custom designed facilities at CIT Bruce.
→	We will increase digital connectivity for students to seamlessly integrate learning from the workplace to the classroom and into everyday life.
→	We will continue to strengthen industry connections to ensure students have the best access to their future employers.
→	Through our connection and proximity to government we will lead the nation in training for government.
→	We will augment immersive industry learning experiences to empower the next generation of entrepreneurs and skilled workers.
→	We are collaborating with forward thinking bodies such as Canberra Innovation Network, peak industry bodies and other tertiary and research institutions connecting CIT students with other leaders in Australia's knowledge capital.

Advancing Canberra's Workforce

Contributing to the new economy and positioning for prosperity

More employers and students trust CIT for their training than any other organisation in the ACT. As a major contributor to the economy, we provide the skills for an adaptive, modern workforce.

We have diverse education opportunities and one of the best graduate outcomes in Australia. We will continue offering training that benefits the ACT economy in growing niche markets such as renewable energy and cyber security, in addition to traditional areas such as trades, health, business and the arts.

We are leaders in providing education in skills shortage areas and developing targeted programs. This includes helping people from all walks of life to reach their potential. Through targeted training, foundation skills and student support services we increase workforce participation and productivity, empowering the community as a whole.




Sasa Sestic
CIT graduate
2015 World
Barista Champion

As technology accelerates around us, we will inject new ideas and practices into our skills training so we retain our ability to contribute to the growing economy. As leaders in innovation, we will inspire and support an entrepreneurial culture. This will ensure we are always ahead of the curve, equipping our workforce with the industry skills they need today and into the future.

By connecting with a network of industry, business, education institutions and government, we will generate economic growth for the ACT and region. This includes partnerships with Canberra-based companies and organisations that are competing successfully at a national and international level and progressing the city's agenda to become a truly global region.

1,430 businesses chose CIT as the training provider for their apprentices in 2016

	HOW WE ARE EVOLVING
→	We will boost our exceptional job outcomes to continue providing the best employment opportunities for our graduates.
→	We will increase our leading position as the preferred trainer of apprentices in the ACT and surrounding areas.
→	We will drive the connection of graduates to employment or further study from areas such as: <ul style="list-style-type: none"> • Aboriginal and Torres Strait Islander programs • Specialist support for students with a disability • English as a Second Language support • Tailored programs for women returning to the workforce • Year 12 program
→	We will develop a Trade and Renewable Energy Centre of Excellence with a vision of becoming the national and global leader in renewable energy training.
→	We will provide graduates with up-to-the-minute skills for established and emerging areas such as cyber security, building and construction and healthcare, to strengthen economic growth for the ACT and region.
→	We will enhance our connection with employers to guarantee our training has an industry first focus.
→	We will connect with industry to develop thriving business partnerships and contemporary customised training.



Transforming Our Business

Investing in our business for viability and value

We are adopting an organisation-wide shift in new thinking and new practices with a vision of being the leader in vocational education and training locally, nationally and globally.

Stepping up as an industry partner will help us become nimble and responsive to local business needs. We will strengthen our relationships by understanding business challenges and supporting a network of connections between our staff, students and industry.

Offering customised training programs will help us meet the unique requirements of local businesses. This will ensure our training remains relevant and makes a positive impact on the economy.

We are investing in our campuses by building infrastructure to support better learning outcomes and providing significant economic benefits to the community. This investment allows us to embrace contemporary teaching methods and learning approaches so we can offer accessible, quality training to more students and businesses using the latest technology, equipment and learning spaces. We will also give our staff support and resources for new ideas so we encourage an engaging and energising working environment.

We will create a collaborative culture of innovation for our institution and for the entire region. This will allow us to lead our community confidently, cultivating a skilled and creative society for work and life.

CIT teaching staff are
highly experienced
industry practitioners

↘	HOW WE ARE EVOLVING
→	We will invest in our staff to attract and retain talented people for an energetic, innovative workplace.
→	We are upgrading and updating our physical footprint, including a new modern learning space in Tuggeranong, to provide better training opportunities for industry, business and community.
→	We are ensuring our facilities are built for the future.
→	We will refresh our digital footprint with a new responsive CIT website and mobile apps for contemporary communication, keeping staff and stakeholders connected.
→	We will streamline our systems and processes by exercising the autonomy provided to us by the ACT Government.
→	We will revolutionise our business processes to empower staff to be customer centric.
→	We are investing in our staff with exceptional professional development opportunities.
→	We will attract and retain leading professionals for a workforce that positions CIT to lead the delivery of vocational education and training locally, nationally and globally.
→	We will develop new delivery models to increase flexibility and accessibility of our courses.

New Commitments



Product Innovation Fund

Promote and encourage innovative ideas from teachers and staff for products and courses in new and established markets



CIT Digitalisation Strategy

Create intuitive and streamlined processes for all stakeholders through digitalisation



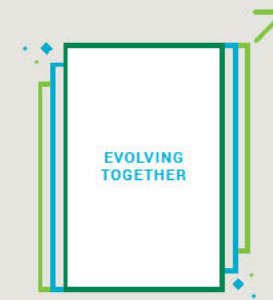
CIT Customer Experience Journey

Provide an exceptional customer experience for every customer interaction across CIT



Innovative Learning Resources Project

Modernise our teaching and learning resources



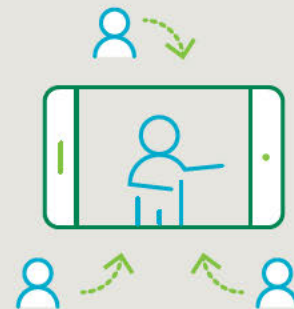
Evolve Together Project

A cultural change program within CIT to meet emerging training needs



Centres of Excellence

Create centres of excellence through investing in campus modernisation and digital infrastructure



Evolving Teacher Program

Preparing the CIT teaching workforce to design, develop and deliver contemporary training programs



Australian Apprenticeship Project

Enlist employer liaison officers to work with employers and their apprentices to better meet employer needs and improve the student experience



Business Development and Industry Partnerships

Strengthen our business development and industry partnerships to grow in emerging and established markets



Raise our ambitions to
meet new expectations.



Adapt our offerings to provide
skills for the future.



Contribute to the new economy
and position for prosperity.



Invest in our business for
viability and value.

Our promise



Final Report

**Canberra Institute of
Technology: Economic
and Social Contribution
to the ACT**

November 2018

Disclaimers

Inherent limitations

This deliverable has been prepared as outlined in the Introduction section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently, no opinions or conclusions intended to convey assurance have been expressed.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the stakeholders consulted as part of the process.

KPMG has indicated within this deliverable the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the deliverable.

KPMG is under no obligation in any circumstance to update this deliverable, in either oral or written form, for events occurring after the deliverable has been issued in final form.

Third party reliance

This deliverable is solely for the purpose set out in the Introduction section and for the information of the Canberra Institute of Technology, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This deliverable has been prepared at the request of the Canberra Institute of Technology in accordance with the terms of KPMG's contract with the Canberra Institute of Technology, dated 2 October 2018. Other than our responsibility to the Canberra Institute of Technology, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this deliverable. Any reliance placed is that party's sole responsibility.

Contents

1. Executive Summary	6
2. Introduction	10
2.1 Scope of work	10
2.2 Structure of this report	10
3. Overview of CIT's role in the ACT	11
3.1 Overview of CIT and its role in the ACT	11
3.2 CIT enrolments	12
3.3 CIT's operating environment	12
4. Impact Analysis	14
4.1 Economic modelling overview	14
4.2 Key findings overview	16
4.3 Future focused training	17
4.4 Adaptive to industry needs	20
4.5 Workforce-ready graduates	24
4.6 Inbound and outbound international focus	29
4.7 CIT's social contribution	32
4.8 Pathways to continued education	36
Appendix A	38

Key findings

Canberra Institute of Technology

CIT has four campuses and two Learning Centres in southern, northern and central metropolitan locations in Canberra.

Economic contribution



Every \$1 spent by CIT supports \$1.99 of value-added in the ACT economy

CIT contributes towards significant improvement in employment outcomes for its students



81.5% of CIT's students are employed after training

CIT directly employs

over 670

full-time equivalent teaching and non-teaching staff and supports an **additional 830 jobs across the ACT economy**



In 2017, CIT contributed **\$209 million** to ACT's Gross State Product

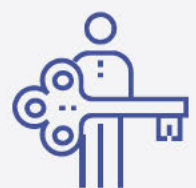
87 per cent of employers are **satisfied with CIT training**



CIT lifts the overall productivity of ACT's workforce

CIT's **international students contribute**

\$15 million of value-added to the ACT economy



Summary

KPMG's report identified six key themes of CIT's contribution to the ACT's prosperity. **Many of the key themes highlighted are interrelated**, and demonstrate CIT's holistic impact on the ACT's community and economy.

CIT's training results in a **17 per cent increase in the proportion of its students employed full-time**

Through its unique location in Australia's capital, CIT is developing its **position as a trusted provider of sensitive Commonwealth Government training**, for example through the National Centre for Forensic Studies

CIT contributes to social outcomes in the ACT, through providing **training to 795 Aboriginal and Torres Strait Islander students** and support through its Yurauna Centre, and through activities to support social cohesion include targeted support for refugees and migrants, and supporting women to re-enter the workforce



CIT maintains **two-way relationships with universities – through providing ongoing pathways of study and credit transfer initiatives** for CIT students who want to participate in higher education, and for university students who are seeking additional practical training at CIT

Case Studies throughout this report bring to life the breadth of tangible examples where **CIT is delivering outcomes and impact for the ACT**. These exemplars illustrate the significant influence CIT has on its community, including through supporting Government priorities, leading high-quality education provision and supporting the ACT community

CIT provides **education and training that targets future industries within the ACT's economy and that is aligned to the ACT Government's Key Capability Areas**, for example through its cyber security and renewable energy training

CIT **attracts over 900 international students to study in Canberra** and supports its students to study overseas, ultimately **contributing to an international orientation for the student cohort**



Shaping the
ACT's future

CIT supports the ACT to address ongoing challenges to its prosperity through:

- supporting Government priorities
- addressing skill shortages in key occupations to allow the economy to grow
- supporting growth and innovation in key sectors

1. Executive Summary

INTRODUCTION

Canberra Institute of Technology (CIT) is the largest vocational education and training provider in the ACT, and has been the primary provider of public vocational education and training in the ACT over the past 90 years. CIT provides training through its four campuses and two Learning Centres that are spread across southern, northern and central parts of metropolitan Canberra. CIT is established as a statutory authority under the *Canberra Institute of Technology Act 1987*, which sets out CIT's objectives, functions and powers, and outlines the governance requirements. In 2017, CIT recorded over 19,000 program enrolments, over 7,700 program completions (over 4,100 when excluding statement of attainments), and over 87,400 subject completions.

Given the substantial public investment in the CIT and its wide-ranging presence within the ACT community, it is appropriate to take time to reflect on the economic and social contribution of CIT to the ACT.

SCOPE

KPMG has been engaged by the Canberra Institute of Technology to undertake analysis of its economic and social contribution to the ACT.

In undertaking its analysis, KPMG used a variety of data sources, including CIT student and financial data, and data from the Australian Bureau of Statistics (ABS), National Centre for Vocational Education Research (NCVER), Commonwealth Department of Education and Training, Commonwealth Department of Jobs and Small Business and analysis based on Household, Income and Labour Dynamics in Australia (HILDA) Survey data. These sources have been used to guide the assessment of the social and economic benefits of CIT – including identification of the direct economic impacts, and indirect economic and social impacts.

KEY FINDINGS

KPMG's analysis found that CIT is uniquely positioned to support the ACT in rising to the challenge of industry diversification and modernisation while supporting inclusion and shared prosperity.

CIT has demonstrated, and continues to demonstrate, that it is able to improve employment outcomes for its students, establish and maintain relationships with industry to adapt its education and training to address skills shortages and meet the future needs of the economy, and to perform a role as a trusted partner for Government through delivering training in sensitive areas and in support of public sector skills development.

CIT fosters inclusion in the ACT community, supporting shared prosperity for all individuals in the ACT particularly through its work in supporting Aboriginal and Torres Strait Islander peoples.

KPMG's economic modelling estimates that:

- CIT makes a substantial contribution to the ACT economy. In 2017, **CIT contributed \$209 million to Gross State Product (GSP)**. This comprised:
 - International exports and purchases by other states, which **enable ACT industries to sell an additional \$116.8 million in products and services**. Examples include international students fees and expenditure (which form a part of these exports), and other sales stimulated by ACT industries becoming more competitive (as a result of a more productive workforce lowering production costs relative to other states and overseas competitors).
 - **CIT Government contributions of \$77.7 million** drove additional expenditure by CIT through the form of additional local employment and re-investment in the ACT.
 - **Household consumption of \$23.3 million**, relating to education spending and additional consumption due to higher household incomes as a result of higher workforce participation, higher employment, and increased household wages.¹
- **Every \$1.00 spent by CIT, combined with the attraction of international students and the up skilling of the population, supported \$1.99 of value-added in the ACT economy.**

KPMG's analysis highlighted that CIT plays a role broader than the delivery of training and education alone, with a role in providing a substantial service to the public and in supporting local communities. CIT's public charter differentiates it from private VET providers in the ACT. CIT's activities in support of the local community include the Yurauna Centre and CIT's Indigenous Scholarship program, which support Aboriginal and Torres Strait Islander students, and have seen **CIT's Indigenous enrolments reach 795 student enrolments in 2017**.

Further, **CIT makes a substantial contribution to the ACT community through inclusive programs** such as the Return to Work for Women Program, English Language Program for refugees and asylum seekers, and the Ginninderry Spark Program which all aim to support social inclusion and shared prosperity across the ACT. As an indicator of its contributions to social inclusion, **CIT students are more likely to be Indigenous** than for private providers in the ACT, and **more likely to identify as having a disability** than for private providers or TAFEs across Australia. CIT also provides training and support even when there may be low demand, or require long-term commitments which are not commercially viable in the short-term.

CIT has a focus on **delivering training that is fit-for-purpose, and results in workforce-ready graduates**. The results of CIT's work are evident in the high student employment outcomes – **employment in CIT's student cohort increased from 72.3 per cent prior to training to 81.5 per cent after training**. While a significant proportion of students were employed prior to undertaking their TAFE study, **CIT's training resulted in an increase in the proportion of the student cohort in full-time employment by 17 per cent**, and a **transition of students from lower wage sectors to higher wage sectors**.

The rate of student satisfaction with the quality of training at CIT (87.9 per cent) is similar to the rate for Australian TAFEs generally (87.8 per cent) and private VET providers in the ACT (87.6 per cent), however, **CIT has a higher rate of students employed or in further study after training compared to Australian TAFEs generally** (92.9 per cent for CIT compared to 85.7 per cent for Australian TAFEs generally) and a similar rate to private VET providers in the ACT (91.9 per cent).

Through its commitment to industry and product innovation, **CIT also contributes to Canberra's ranking as the nation's highest performing jurisdiction on measures of innovation and entrepreneurship**.² CIT maintains a broad range of partnerships with industry which support innovation and help businesses to transform, and also actively fosters its wider contribution to innovation in the ACT, for example, through its role in the Canberra Innovation Network (CBRIN). CIT continues to innovate externally through collaborative projects such as the Health and Active Living Precinct in Bruce (working alongside the University of Canberra and the ACT Cybersecurity Network), and innovate internally through its Product Innovation Fund which encourages student and teacher ideas for product and course innovations.

¹ - In addition to these three components, the remaining contributors to GSP are higher investment and imports. Higher imports have a negative impact on GSP which is greater than the positive impact of higher investments, and as such, the net effect of these two impacts is a small reduction in ACT GSP, leading to the \$208 million result.

² ACT Government, 'Canberra: Australia's Education Capital – An International Education Strategy for Canberra', 2018.

CIT has long-standing relationships with industry which aim to meet demands for new skills as industry transformation occurs. Working in collaboration with industry, CIT provides practical training to equip graduates with workforce skills that are essential for entering the job market, in particular for ACT industry sectors facing potential skills shortages. **Of the occupations with skill shortages in the ACT, the vast majority relate to occupations supported by VET qualifications rather than higher education qualifications.**

Through CIT's training, an increasingly skilled workforce allows industries to fill labour shortages and produce more output, providing growth for the ACT economy. A raft of sectors benefit directly from the skills provided by CIT-trained students. In 2016-17, an **additional \$16.8 million could be attributed to outputs in the tertiary education sector due to productivity increases related to TAFE training, \$14.5 million to the professional, scientific and technical services sector and \$11.2 million to the public administration and safety sector.** This report highlights numerous case studies of the impacts of CIT students across the ACT's economy, for example, in its creative services and outdoor building services industries.

CIT is delivering training to meet the future needs of the ACT's economy, and in the process is **supporting the ACT Government's ability to deliver on its investments and Key Capability Areas** – including Cyber Security, Renewable Energy, Further Education Partnerships, and Healthy and Active Living. **Without CIT's leadership in developing and providing the training to support Government initiatives such as renewable energy investment, skills shortages would impede progress in the ACT economy.** CIT has also **continued to develop its position as a trusted provider of training to support the Commonwealth Government's activities**, for example, through the National Centre for Forensic Studies initiative and the delivery of project management training to Australian Public Service Graduates.

Given the ACT's low unemployment rate (3.7 per cent) compared to the rest of Australia (5.3 per cent), CIT's training is particularly important in ensuring that the available workforce can quickly train and re-train to meet changing employer demands. KPMG estimates there was a net **positive difference of 0.1 per cent in ACT's 2017 unemployment rate attributable to TAFE education attainment in 2017.**

CIT also supports its students to train overseas through 78 Endeavour VET Outbound Mobility Program Grants in 2017, and also **attracted 944 international students to the ACT in 2017** to undertake training at CIT and continue on to further educational pathways. This focus on international exchange supports multiculturalism in the ACT, and also contributes to the ACT's economy through supporting international education (the ACT's largest international export) and through attracting international students to reside in the ACT longer term.

CIT has established relationships with universities in the ACT, including **partnerships with the University of Canberra, Charles Sturt University, the Australian National University, the University of New South Wales and the Australian Catholic University.** These relationships support two-way exchange, including articulation which allows CIT students to gain university credits for their CIT training, and also through **providing training to university graduates in order to assist them to gain practical skills that employers value** such as project management.

CONCLUSION

The ACT has a relatively highly educated population and a focus on extending its knowledge-based industries and infrastructure development. To continue to thrive, it will be important for the ACT to address ongoing skills shortages in key growth sectors and the continued need for workforce up-skilling, while ensuring that the ACT's prosperity is inclusive and shared across its population.

Through CIT's strong industry partnerships, investments in developing training to meet changing employer needs, and the leadership role of CIT in reaching out to the ACT's more marginal communities, CIT's role is crucial in sustaining, growing and sharing the ACT's prosperity into the future. CIT's contribution to the ACT is highlighted through:

- Generating \$1.99 of value-add in the ACT economy for every \$1.00 spent by CIT
- Contributing \$209 million to the ACT's Gross State Product (GSP)
- Contributing to reducing the ACT's already low rate of unemployment (3.7 per cent) by approximately 0.1 per cent
- Increasing full-time employment for its students by 17 per cent
- Attracting over 900 international students per year to the ACT
- Directly providing over 670 full-time jobs in the ACT, and indirectly supporting around 830 additional jobs across the ACT economy.

2. Introduction

2.1 Scope of work

KPMG was engaged by CIT to undertake an analysis of its social and economic contribution to the ACT.

As part of this engagement, a range of data sources were used to guide the assessment of the social and economic benefits of CIT to the ACT – this includes identification of the direct economic impacts, and indirect economic and social impacts.

To support the economic modelling and broader analysis that was undertaken as part of this engagement, KPMG assessed both CIT data and publicly available data sources. KPMG received student and financial data from CIT, and sourced additional inputs for analysis from the National Centre for Vocational Education Research (NCVER), Australian Bureau of Statistics (ABS), HILDA, and other relevant Commonwealth Department data (refer to Appendix A for further discussion).

To estimate the *economic contribution* of CIT to the ACT, KPMG used computable general equilibrium (CGE) modelling, a comprehensive tool for estimating economy-wide effects. Economy-wide impacts consist of the direct and indirect (or flow-on) effects of CIT's activity on the economy and the broader community. KPMG's sophisticated in-house regional CGE model (KPMG-REG), used extensively to analyse policy reform and economic impacts at the regional level, was used for the analysis. Detailed information regarding the KPMG-REG Model is provided in Appendix A.

To analyse the *social impact* that CIT makes to the ACT, a comprehensive and strategic analysis of current literature was undertaken to identify emerging themes, including reference to domestic and international evidence.

To support the key themes emerging from the social impact analysis, case studies were sourced to provide additional context and tangible examples of the wider benefits to individuals, businesses, and communities. Case studies were provided by CIT and supplemented by publicly available sources, including annual reports, CIT's Strategic Compass and other published materials.

2.2 Structure of this report

This report is structured around the following sections:

- **Infographics:** The infographic at the start of this report provides a graphical overview of the key findings and insights contained throughout this report.
- **Section 1 – Executive Summary:** The Executive Summary provides an overview of the development of the report and its key messages.
- **Section 2 – Introduction (this section):** The introduction outlines the scope of work that KPMG has been engaged to provide, and the methodology for developing this report.
- **Section 3 – Overview of CIT's role in the ACT:** This section provides an overview of CIT, its distinct role in the ACT's education system, and a brief overview of its student data.
- **Section 4 – Impact Analysis:** This section provides detailed analysis and discussion of each of the key messages contained in this report. Each of the social and economic impacts is supported by case studies and impact snapshots which illustrate specific practical examples of the contribution of CIT.
- **Appendices:** The appendices provide technical details regarding key aspects of the analysis undertaken as part of this report.

Throughout this report, Case Studies have been included to bring to life the breadth of tangible examples where CIT is delivering outcomes for the ACT's economy and community.

3. Overview of CIT's role in the ACT

3.1 Overview of CIT and its role in the ACT

CIT is the largest vocational education and training provider in the ACT.³ CIT has been the primary provider of public vocational education and training in the ACT over the past 90 years.^{4,5} The institute was established as a statutory authority under the *Canberra Institute of Technology Act 1987*, which sets out the institution's objectives, functions and powers, and outlines the governance requirements.⁶

CIT has four campuses and two Learning Centres that are spread out across southern, northern and central parts of metropolitan Canberra (**Table 1**).

This report considers the contribution of the following CIT campuses listed in Table 1, to the ACT economy. CIT Solutions is a subsidiary of CIT that operates as a private training provider out of CIT's Bruce Campus.⁷ For the purposes of this report, data from CIT Solutions has not been included in any analysis unless explicitly stated.

Table 1: CIT locations across the ACT

Campus Name	Campus Type
CIT Bruce	Campus
CIT Reid Campus	Campus
CIT Fyshwick Campus	Campus
CIT Woden Campus	Campus
CIT Tuggeranong (Learning Centre)	Learning Centre
CIT Gungahlin (Learning Centre)	Learning Centre

Source: Canberra Institute of Technology

CIT's campuses are distributed across the southern, northern and central metropolitan parts of Canberra which are accessible to the public, providing library services, health and beauty services, fitness and wellbeing services and student facilities at scale and often with access provided to the broader community.⁸ The two Learning Centres also provide access and wide-ranging support to students participating in flexible and distance learning.⁹

CIT offers 400 courses across a range of fields of education, including health, natural and physical sciences and education.¹⁰ CIT offers a wide range of qualifications spread across the spectrum of AQF qualification types. CIT also collaborates with the University of Canberra, Australian Catholic University and the Charles Sturt University on a number of pathway and credit transfer initiatives.¹¹

³ Canberra Institute of Technology, *Chief Executive's Message*, accessed online: https://cit.edu.au/about/chief_executive. (Accessed: 8/10/2018).

⁴ About CIT. Accessed online: <https://cit.edu.au/about>. (Available: 9/10/2018).

⁵ Canberra Institute of Technology, *Annual Report 2017*, p 8.

⁶ Canberra Institute of Technology Act 1987. Accessed online: www.legislation.act.gov.au/a/1987-71/current/pdf/1987-71.pdf. (Accessed 8/10/2018).

⁷ About CIT Solutions, accessed online: <http://citsolutions.edu.au/about-us/> (Accessed: 8/10/2018).

⁸ CIT Commercial Services. Accessed online: https://cit.edu.au/services/cit_fit_and_well (Accessed: 9/10/2018).

⁹ CIT Locations. Accessed online: <https://cit.edu.au/about/locations> (Accessed 9/10/2018).

¹⁰ Ibid.

¹¹ CIT Pathways. Accessed online: https://cit.edu.au/study/applying_and_enrolling/pathways (Accessed 9/10/2018).

3.2 CIT enrolments

In 2016 and 2017, CIT recorded approximately 19,000 new program enrolments.¹² Program enrolments at CIT increased by 0.46 per cent in 2017, compared with 2016. Across this period, international student enrolments increased by 1.61 per cent. There was a marginal decline in number of total enrolments (0.19 per cent) between 2017 and 2016. While subject completions increased by 0.09 per cent between 2016 and 2017, program completions, excluding statement of attainments, were much lower in 2017 than in 2016 (-6.89 per cent) (Table 2).

Table 2: CIT training delivery in 2016 and 2017

	2016	2017	Percentage Change
New program enrolments	19,115	19,203	+0.46%
International students	929	944	+1.61%
Program completions (total)	7,784	7,769	-0.19%
Program completions (excl. Statement of Attainments)	4,448	4,179	-6.89%
Subject Completions (students who passed or gained recognition of prior learning in the subject)	86,627	87,405	+0.09%

Source: CIT Data – Calendar Years 2016- 2017, KPMG analysis

In 2017, 67.2 per cent of students were from the ACT, with a further 18.7 per cent from New South Wales, 8.3 per cent from other states, and the balance of students were from overseas (5.8 per cent).¹³ As outlined in Table 3 below, approximately 60.7 per cent of CIT's students are under 25 years of age, and a significant proportion of CIT students study part-time (83 per cent).

Table 3: CIT Student comparative cohort 2017 – age and full-time status

	CIT	Australian TAFE	ACT private VET providers
Age – 25 years and under	39.3%	45.2%	20.8%
Age – over 25 years	60.7%	54.8%	79.2%
Status – Part-time	83.0%	81.9%	97.4%
Status – Full-time	17.0%	18.1%	2.6%

Source: NCVET Total VET students and courses 2017 Data slicer – estimates of students, KPMG analysis

3.3 CIT's operating environment

The ACT Government is committed to a stronger economy growing more jobs – estimating that its efforts to diversify the ACT economy have helped to create almost 10,000 new jobs in 2017.¹⁴ The Government continues to make investments which aim to support growth and innovation in key sectors such as cyber security, information and communications technology and e-government, defence technology, agritech and environment, renewable energy, and space, spatial and satellite technology.¹⁵

¹² CIT data.

¹³ Canberra Institute of Technology, *Annual Report 2017*.

¹⁴ Media Release: A stronger economy growing more jobs. Budget 2018-19. ACT Government. Available at <https://apps.treasury.act.gov.au/budget/budget-2018-2019/media-releases/a-stronger-economy-growing-more-jobs>

¹⁵ Ibid.

Training provided by CIT is intended to underpin the success of this agenda through meeting the skills needs of employers, now and into the future.¹⁶ CIT considers its work to be central in delivering the ACT Government's strategic priority related to the development of a qualified and skilled workforce.¹⁷

¹⁶ Canberra Institute of Technology. *Strategic Compass 2020-Evolving Together*, pp 2-5.

¹⁷ Canberra Institute of Technology, *Annual Report 2017*, p 29.

4. Impact Analysis

4.1 Economic modelling overview

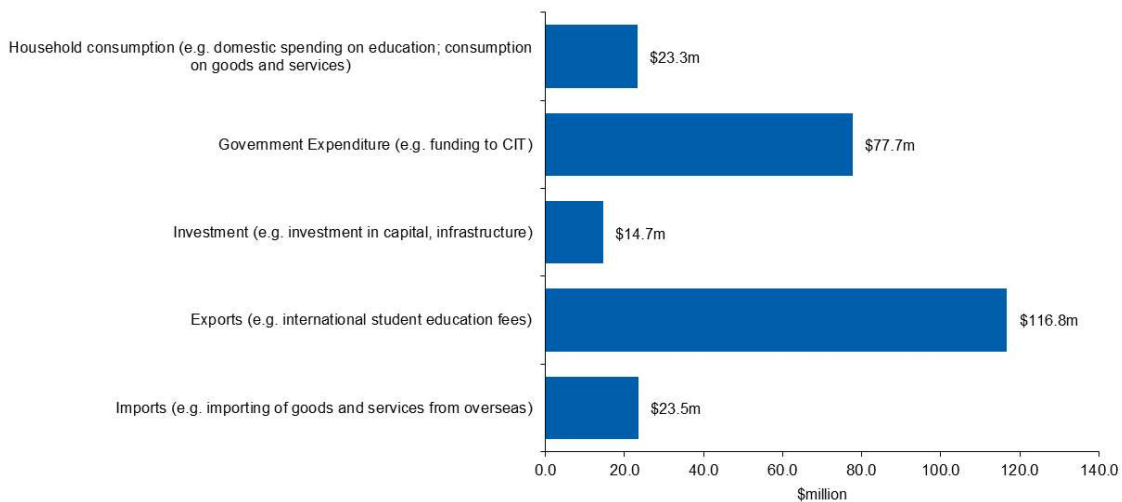
KPMG’s economic analysis found that **CIT makes a vital contribution to the ACT economy.**

CIT provides pathways for students to enter the labour force, up-skill, increase productivity, and achieve higher wages. As a result, ACT businesses, and the ACT economy as a whole, benefit from a more productive workforce. CIT provides strong employment opportunities for ACT students, and its operational expenditure supports local industries. Further, international CIT students studying in the ACT deliver benefits to the economy via education fees and consumption spending that supports local business.

The headline aggregate result of KPMG’s modelling of these economic impacts is that, **in 2017, CIT contributed \$209 million to ACT’s GSP** (refer to Sections A.3 and A.4) and supported around **1,500 jobs in the ACT economy.**

All ACT businesses and individuals benefit from the operations of CIT. In addition to expenditure in the local economy, CIT delivers productivity benefits that enhance the productive capability of ACT industries, and attract international students which increase exports. Total expenditure by CIT was around \$105 million in 2017, but the total economic value realised by ACT was \$209 million. That is, every dollar spent by CIT, combined with the attraction of international students and the up-skilling of the population, supported around \$1.99 of value-added in the ACT economy – demonstrating the substantial contribution of CIT to the ACT’s economy.

Figure 1: Dollar change in components of real expenditure-side GSP (ACT)



Source: KPMG-REG model

Note: $GSP = Household\ Consumption + Government\ Expenditure + Investment + (Exports - Imports)$

In technical terms, the increase in the size of the ACT economy occurs as follows:

- The largest contributor to higher GSP is international exports and purchases by other states which **enables ACT industries to export products and services of an additional \$116.8 million.** International students directly contribute to the ACT’s exports, whilst a more productive workforce lowers production costs for ACT industries relative to other states and overseas competitors.
- The second largest contributor to higher GSP is the direct funding of CIT by the ACT Government of \$77.7 million.

- The third largest contributor to **higher GSP is household consumption of \$23.3 million**. This relates to education spending and additional consumption due to higher household incomes as a result of a more productive workforce and higher household wages.
- The remaining contributors to GSP are higher investment and imports. Higher imports more than offset higher investments so that the net effect is a small reduction in ACT GSP.

KPMG estimated these economic impacts through a computable general equilibrium (CGE) model. This type of model uses the input-output (IO) table data published by the Australian Bureau of Statistics (ABS) as a starting point in the construction of its database, but is extended to make more sophisticated economic assumptions. These more sophisticated economic assumptions allow the CGE model to account for feedback responses by producers, consumers, investors and foreigners in order to avoid overstating economic benefits, particularly over the medium to long run.

For further information and graphical representations regarding the economic modelling methodology, refer to Sections A.3 and A.4.

4.2 Key findings overview

The remainder of this section steps through the key impact themes identified through the development of this report. A snapshot of our key findings relating to our analysis is set out below, and is then discussed in further detail in the following pages.

1	Future-focused training	CIT is delivering training to meet the future needs of the ACT's economy, and in the process is supporting the ACT Government's ability to deliver on its investments and Key Capability Areas. Without CIT's leadership in developing and providing the training to support Government initiatives such as renewable energy investment, skills shortages would impede progress in the ACT economy.
2	Adaptive to industry needs	CIT has long-standing relationships with industry to be able to meet demands for new skills as rapid industry transformation occurs. Working in collaboration with industry, CIT provides 'hands-on', practical training to equip graduates with workforce skills that are essential for entering the job market. CIT has shown its ability to understand and respond to skills needs through its delivery of leading cyber security training and the National Centre for Forensic Studies.
3	Workforce-ready graduates	CIT has a focus on delivering training that is fit-for-purpose, and results in workforce-ready graduates. This focus applies to its pre-employment training and post-employment re-training. The results of CIT's work are evident in the high student employment outcomes – supporting the ACT economy through meeting skills needs.
4	International orientation	CIT maintains an international focus, including supporting its students to train overseas, and attracting students to the ACT to undertake training at CIT and continue on to further educational pathways. This focus on international exchange supports multiculturalism in the ACT, and also contributes to the ACT's economy through supporting international education and through attracting international students to reside in the ACT longer term.
5	CIT's social contribution	Through supporting Aboriginal and Torres Strait Islander students, and maintaining female participation at a rate higher than TAFEs across Australia, CIT provides an inclusive training environment that encourages learning for all students. This training environment is likely a contributing factor in CIT's relatively high student outcomes and satisfaction rates.
6	Pathways to continued education	CIT has established relationships with universities in the ACT, including the University of Canberra, Charles Sturt University and the Australian Catholic University. These relationships support two-way exchange, including articulation which allows CIT students to gain university credits for their CIT training, and also through providing training to university graduates in order to assist them to gain practical skills that employers value, such as project management.

4.3 Future focused training

Future-focused training

1

CIT is delivering training to meet the future needs of the ACT's economy, and in the process is supporting the ACT Government's ability to deliver on its investments and Key Capability Areas. Without CIT's leadership in developing and providing the training to support Government initiatives such as renewable energy investment, skills shortages would impede progress in the ACT economy.

Skills are critical for Australia's economic and social prosperity – given that 'skills have become the global currency of the 21st century'.¹⁸ Increasingly, education and training must be future focused and teach broader skills and attributes that will allow students to be prepared to undertake the jobs of the future.¹⁹ As the public provider of tertiary education in the ACT, CIT is a leading training organisation that is growing the region's talent by developing and delivering innovative skills training for new and emerging industries.

CIT provides students with flexibility, allowing them to enroll, exit, and re-enter study as required, and provides ongoing lifelong learning and the opportunity to access education to specialise, re-skill, or change careers, with pathways that are designed for all types of students, at all ages, and at all points in their career. These education pathways align with contemporary approaches to workforce professional development supporting rapid industry transformation, and further contribute to the socio-economic prosperity of individuals, including through higher levels of per capita income related to higher living standards and social prosperity.²⁰

The ACT Government has established its Key Capability Areas for priority sector development within the ACT, including:²¹

- Cyber Security
- Renewable Energy
- Space and Spatial Information
- Plant and Agricultural Sciences
- Health and Active Living (Preventive Health), and
- Further Education Partnerships.

CIT has embraced a future-focused approach to training development to underpin the ACT Governments Key Capability Areas – this is exemplified through the introduction of new and novel course offerings in cyber security and through continual improvements to CIT's health and community service offerings.²² The case studies on the following pages provide further detail on these efforts – particularly in relation to renewable energy and cyber security. CIT's activities support the ACT Government to achieve a strong economy with a productive workforce and growth these key priority areas.²³

Canberra's education strengths contribute to Australia's innovative capacity, with Canberra ranked the nation's highest performing jurisdiction on measures of innovation and entrepreneurship.²⁴ CIT contributes to this outcome, through its broad range of successful partnerships and linkages with industry, which support innovation and help businesses to transform and grow. These relationships are critical, particularly in aligning with training delivery in areas of emerging and future industry need, e.g. in sectors where job

¹⁸ OECD, 'Better Skills, Better Jobs, Better Lives', OECD Publishing, 2012.

¹⁹ Mann, A. (2015) How should our schools respond to the changing demands of the twenty first century? Education & Skills Today. Available online: <http://oecdeducationtoday.blogspot.com/2015/03/how-should-our-schools-respond-to.html>

²⁰ Deloitte Access Economics, 'The importance of universities to Australia's prosperity', 2015.

²¹ ACT Government, Key Capability Areas, 2018. Available online: <https://www.business.act.gov.au/grants-and-assistance/grants/kca-funding>

²² Canberra Institute of Technology, Annual Report, 2016.

²³ ACT Government, 'Confident and Business Ready – Building on our Strengths', 2015.

²⁴ ACT Government, 'Canberra: Australia's Education Capital – An International Education Strategy for Canberra', 2018.

growth is occurring or expected, or to assist in the offset of losses in other sectors experiencing transformation.

CIT also actively fosters its wider contribution to innovation in the ACT through its role in the Canberra Innovation Network (CBRIN). CBRIN is an initiative of the ACT Government, which is set up as independent not-for-profit organisation with six Foundation Members: CIT, the Australian National University, the University of Canberra, the University of New South Wales Canberra, Data61 and CSIRO. Through CBRIN, CIT actively collaborates with other ACT knowledge leaders to foster the innovation ecosystem in the ACT. For example, through CBRIN, CIT has taken a role in the Health and Active Living Precinct in Bruce – working alongside the University of Canberra and the ACT Cybersecurity Network. In addition to CIT's external projects through CBRIN, CIT is also using lessons on innovation through CBRIN to continually improve the way that it meets students' needs. For example, CIT is encouraging students and teachers to develop and adopt new ideas for products and courses through its Product Innovation Fund – the fund is also overseen by a panel with CBRIN representation.

Through links with industry, CIT also helps to diffuse innovation by translating knowledge into the workforce. In parallel, through their partnerships with CIT, businesses are able to access a range of services, including training expertise and infrastructure, to explore their pressing challenges and drive their innovation agenda.²⁵ For example, CIT launched its Renewable Energy Skills Centre of Excellence working with industry partners to develop skills training in wind and solar photovoltaic energy systems and battery storage to support the ACT and region's emerging industry (see *Case Study for more information*).²⁶

With a global focus on knowledge, innovation and talent, and Canberra's education focus on 21st century industries, CIT is delivering new, relevant skills and training to prepare graduates for the jobs of today, and tomorrow.

Productivity growth is one of the key pillars of long-term growth in the economy. Education and training has substantial benefits for individuals and the economy by providing them with the skills to improve their productivity. The skills and technical abilities provided to students by CIT contributes to more productive employees, which in turn results in a larger ACT economy. Having more productive employees in one industry also results in flow-through benefits for other industries (i.e. if a builder can build faster, this can in turn result in benefits for other industries using buildings).

KPMG estimates that in 2017, **productivity benefits** as a result of up-skilling students through CIT **supported an additional \$91.8 million of industry output in the ACT economy.**

²⁵ Beddie F, Simon L, 'VET applied research: driving VET's role in the innovation system', National Centre for Vocational Education Research, 2017.

²⁶ Canberra Institute of Technology, Annual Report, 2016.

Case study

Providing the skills that underpin ACT Government priorities

In direct response to ACT Government policy, and industry need, CIT established the Renewable Energy Skills Centre of Excellent (CoE), which is funded through an industry partner, NEOEN.

Overseen by the CIT Renewable Skills CoE Board, the Centre develops a range of training offerings in partnership with industry to meet current and future business needs, while providing students with a unique and engaged learning experience.

The training offerings developed in partnership with industry include:

- Global Wind training – Internationally accredited training developed in partnership with Siemens Gamesa, who have contributed to course content and host students at the Hornsdale Windfarm to facilitate up-skilling. Expert trainers demonstrate in-depth, practical professional experience and knowledge, through a collective of over 100 years of high risk and wind safety training experience in both technical and safety operations within the renewables industry, and CIT students undertake relevant interactive and hands-on workshops, with industry specific scenarios to apply in practical assessments.
- Photovoltaic and Battery Storage training – As a part of its Next Generation Energy Storage program, the ACT Government introduced a household batteries trial, which highlighted a critical skill gap in the region. In response, CIT has expanded its renewable skills training to up-skill licensed electricians for Photovoltaic (PV) installation and domestic battery storage – training offerings are relevant and industry informed, with input from local business, including EPC Solar, ITP and Beast Solutions, the South Eastern Region of Renewables Excellence industry cluster, and the Clean Energy Council.
- Specialist training in a range of energy-related foci, including Basic Safety and Technical training, and across Solar Thermal, Building Design, Conservation, Land Management, Battery Vehicle, and Interior Design.

The breadth of programs added to CIT's training suite demonstrate CIT's ability to play a key part in anticipating and quickly responding to new demands for innovative and emerging workforce skills.

The training through the Renewable Energy Skills CoE delivers a unique model for the development of tertiary education that provides a highly skilled productive workforce for business, while supporting the ACT Government achieve growth in a priority industry sector.



4.4 Adaptive to industry needs

2

Adaptive to industry needs

CIT has long-standing relationships with industry to be able to meet demands for new skills as rapid industry transformation occurs. Working in collaboration with industry, CIT provides 'hands-on', practical training to equip graduates with workforce skills that are essential for entering the job market. CIT has shown its ability to understand and respond to skills needs through its delivery of leading cyber security training and the National Centre for Forensic Studies.

CIT has long-standing relationships with industry to be able to meet demands for new skills as rapid industry transformation occurs. Working in collaboration with industry, CIT provides 'hands-on', practical training to equip graduates with workforce skills that are essential for entering the job market.

CIT adapts and responds to the rapidly changing needs of the region and industry by adapting to meet the needs of the future and providing specialist training in niche areas, as new trends emerge and business transformation occurs.²⁷ CIT also has hundreds of partnerships with local and regional businesses, industry groups and community organisations that provide various initiatives ranging from relevant on-the-job training and work experience, pro bono mentoring and training programs, scholarships and rewards programs and opportunities to develop new products and services, which all have a positive impact on the students and the community.²⁸

The diversity of the extensive partnerships that CIT has with industry and community organisations throughout the ACT and surrounding region highlights the central role CIT plays in the life of the community across a broad range of sectors²⁹, including Tourism, Hospitality and Events, Landscape Construction, Energy, and Health and Community Services.

As the trusted provider of training, CIT plays a critical role in ensuring a skilled workforce for the ACT and region. CIT's industry partnerships ensure it is able to swiftly respond to local employment needs and that it remains aware of business challenges, providing the organisation with intelligence on industry trends and potential opportunities to develop new products and services, including customised training to meet business needs.³⁰

CIT delivers capacity to support local needs, including the appropriate workforce skills for current and emerging industry priorities – this is particularly important in areas, where the provision of industry focused training and graduates with the appropriate work-ready skills are essential for attracting industries to the region and in meeting the specific needs of business and individuals. For example, CIT grasped the opportunity of cyber security training and was the first to offer a Graduate Certificate in cyber security, a course which targeted up-skilling the current information technology workforce. In addition, CIT partnered with the Australian Cyber Security Network and the national TAFE network to develop new cyber security courses for rollout in 2018 – establishing the ACT as the unique and nationally significant lead in Cyber Security in Australia. The breadth of CIT's Forensic Studies offerings is also testament to its commitment to partner with business to meet the demands for unmet, or new, skills development (*see Case Studies for more information*).

In addition, CIT provides a range of opportunities for 'hands-on', practical training to equip graduates with workforce skills that are essential for entering the job market, including through industry-linked apprenticeship and traineeship schemes. The core feature of the apprenticeship model, which integrates on- and off-the-job training and establishes a partnership between the employer, apprentice and training

²⁷ Canberra Institute of Technology. *Strategic Compass 2020-Evolving Together*, pp. 2-5.

²⁸ Canberra Institute of Technology, Annual Report 2017, p. 24.

²⁹ Canberra Institute of Technology, Annual Report 2017.

³⁰ Canberra Institute of Technology, Annual Report 2017.

provider, has stood the test of time.^{31 32} CIT Apprenticelink events enhance these activities, connecting employers and prospective CIT apprentices and trainees.

The critical contribution CIT delivers to business is underscored by recent employer satisfaction levels, with 87 per cent of employers indicating they were satisfied with CIT training.³³ While data sources are not directly comparable, this appears to be higher than the average employer satisfaction across all Australian states and territories (which ranges from the lowest result of 80.4 per cent in South Australia to the highest result of 86.7 per cent in the ACT).³⁴ In parallel with ongoing close collaboration with local businesses and community and industry groups, CIT plays a pivotal role in providing skills training and support to its students and lifting the ACT region's skills capability.

Through quality training, in-demand courses and links to industry, CIT provides improved employment prospects for students, trainees and apprentices. Training and skills can lead to higher employment, more full-time employment, and higher participation in the workforce. The difference between the employment rates in the below table before and after training show the beneficial employment impact attributable to TAFE education in the ACT for the cohort of students completing study in 2017.^{35,36}

Table 4: Labour force outcomes for CIT students, pre- and post-training, 2017

Labour Force Status	Before training	After training	Before training	After training
Employed	4,638	5,228	72.3%	81.5%
Employed full-time	3,087	3,629	48.1%	56.6%
Employed part-time	1,551	1,598	24.2%	24.9%
Not employed	1,776	1,186	27.7%	18.5%
Not in labour force	719	493	11.2%	7.7%
Unemployed	1,057	693	16.5%	10.8%
Total	6,414	6,414		

Source: NCVET Student Outcomes 2017. Note: Students who did not state their labour force status are counted as 'not in labour force'.

An additional **590 persons** became employed after completion of study in 2017 (4,638 before training compared to 5,228 after training), increasing those employed in the student cohort from **72.3 per cent prior to training to 81.5 per cent after training**. CIT training also resulted in students transitioning from part-time to full-time employment post-study. The proportion of students employed full-time after training increased to 56.6 per cent (compared to 48.1 per cent prior to training), whereas the proportion in part-time employment only marginally increased (to 24.9 per cent after training compared to 24.2 per cent prior to training). The results show that an additional **542** people were employed on a **full-time basis** after study (17 per cent growth – from 3,087 employed full-time to 3,629 employed full-time).

In addition, **the participation rate of the student cohort increased** (meaning that a greater proportion of the student cohort is choosing to participate in the labour force). The labour force participation rate of TAFE students increased to 89.2 per cent after completion of study (83.5 per cent prior), and the employment rate increased to 91.4 per cent after completion of study (86.6 per cent prior). At an aggregate level, KPMG estimates that a **reduction of 0.1 per cent in the ACT's 2017 unemployment rate is attributable to TAFE training in 2017**.

³¹ Hargeaves J, Stanwick J, Skujins P, 'The changing nature of apprenticeships: 1996-2016, National Centre for Vocational Education Research, 2017.

³² Atkinson, G, Stanwick J, 'Trends in VET: Policy and Participation', 2016, National Centre of Vocational Education Research.

³³ Canberra Institute of Technology, 'Employer Satisfaction Survey', 2017.

³⁴ NCVET, Survey of Employer Use and Views 2017. Note: result is based on Table 11: Employers satisfied with training as a way of meeting their skill needs by type of training and employer characteristics, 2015 and 2017, for the category 'Employers using nationally recognised training'. Note that the CIT employer satisfaction and NCVET employer satisfaction results may not be directly comparable, given that CIT's satisfaction data is administered through the CIT Satisfaction Survey which may result in different approaches from survey respondents.

³⁵ NCVET, National Student Outcomes 2017 (VOCSTATS).

³⁶ Data has been filtered to only include TAFE students (subject completers & graduates), by Student State of Residence (ACT). Data limitations restrict our ability to filter the data by State of Training Institution.

Case Study

CIT leading the provision of Cyber Security training

According to a survey recently conducted by Gartner and Cisco, the ACT is ranked number one in Australia for digital readiness. Within this context, CIT are leaders in Cyber Security training in Australia, establishing a national and global reputation in the development of an industry-focused, innovative response to training in a rapidly emerging sector.

CIT is proactively working towards addressing the “Basic Needs” gap in the ACT by providing pathways for people who are already in employment to increase their digital skills and become future fit for a technology-focused economy – CIT is responsive in addressing skills shortages and future directions set by local and federal government. For example, CIT developed a program of offerings relevant to a broad cohort of individuals looking to “upskill” into the cyber sector, partnering with Box Hill Institute, Victoria, to ensure the offerings were appropriate to meet the needs of local, national and international students.

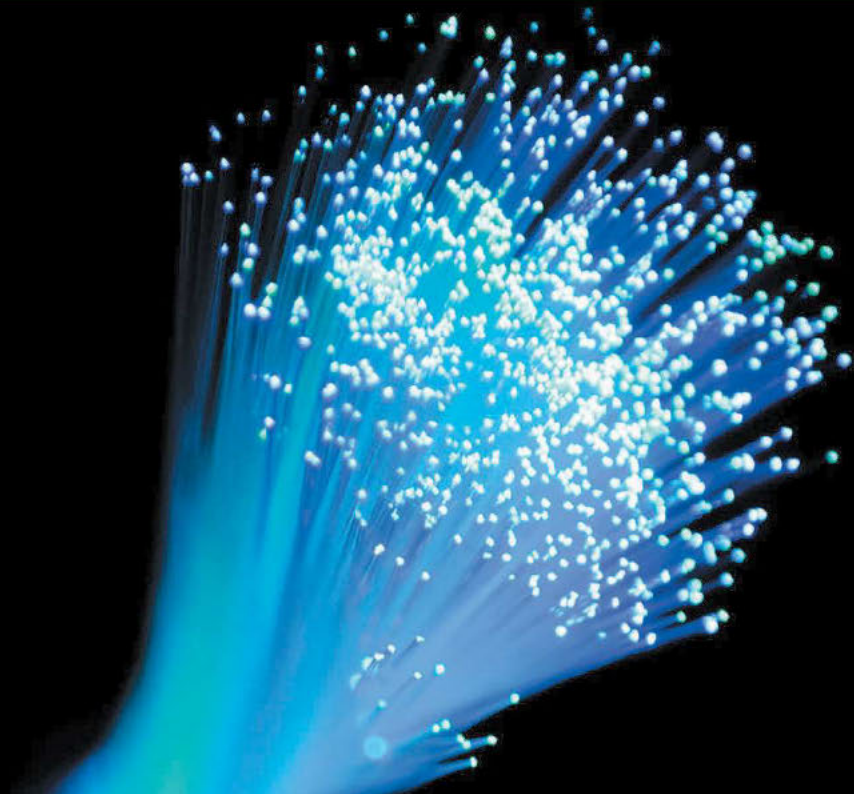
CIT is a proud member of the Canberra Node of Austcyber, taking a lead role in the development of the TAFE cyber network. This activity represents the first operational Austcyber node in Australia, and the only node to be working with a holistic cyber security ecosystem.

Through the node, CIT works closely with education and industry partners, including Accenture, Telstra, Optus, Fifth Domain, Nova Systems, Vault Systems, CISCO, ANU and UNSW, to shape training offerings and ensure that the ACT is well placed to lead in the skills development of this growth sector.

In partnership with business, CIT has pioneered training across this sector, first offering cybersecurity courses in 2015, and in 2018 to include a Graduate Certificate in Cybersecurity, Certificate IV in Cybersecurity, and the development an integrated ‘cybersecurity ecosystem’ that connects the programs to work in integrated solutions, industry partnerships, virtual internships, customised training and training needs analysis – currently, training is offered to over 250 students, with this number expected to grow through the launch of new industry-partnered projects.

Further, CIT continues to lead the sector and is the first training provider to implement a new, innovative virtual internship through the first Cybersecurity Workforce Alliance program in Australia. The offering has been implemented in the USA, with CIT the first VET organisation to pilot the approach, which connects students with mentors across participating countries.

CIT was recently awarded \$1.1 million to develop a virtual Training Security Operations Centre, which will be operational in 2019 to be used by students from CIT and ANU, and industry and government clients.



Case Study

The National Centre for Forensic Studies

In 2003, CIT, the University of Canberra, and the Australian Federal Police signed a Memorandum of Understanding (MoU) that recognised the benefits that could be gained from close collaboration between the three organisations with respect to forensic science training, education and research. The MoU prompted discussions regarding the establishment of a National Centre for Forensic Studies (NCFS), which is now based at CIT and currently operates on a national level.

CIT's offerings in Forensic Studies are across a broad number of specialisations, including Biometrics, Crime Scene Investigation, and Document Examination.

Through the extensive partner network developed with the NCFS, CIT has widespread industry contacts who engage with the Centre – through these partnerships, CIT is uniquely positioned to offer a unique breadth of programs, which is able to develop and deliver training and research opportunities for the benefit of the partner agencies and the wider forensic science community in a responsive and agile manner to meet business needs.

CIT aims to excel through the quality of its teaching staff – CIT courses must have experienced and skilled former and current practitioners in the fields of forensic biology, forensic chemistry, law, toxicology, crime scene investigation, fingerprint examination, forensic computing, forensic photography – ensuring that the student experience and training outcomes are enhanced through an industry-relevant, contemporary context. Testament to the rapid growth trajectory of these offerings by September 2018, there were 250 enrolments across the six forensic courses currently offered.



4.5 Workforce-ready graduates

3

Workforce ready graduates

CIT has a focus on delivering training that is fit-for-purpose, and results in workforce-ready graduates. This focus applies to its pre-employment training and post-employment re-training. The results of CIT's work are evident in the high student employment outcomes – supporting the ACT economy through meeting skills needs.

In order to meet employer needs, training must be delivered in a way that equips students with skillsets that closely align with the eventual tasks and roles that are undertaken in the workplace. While employers are always likely to need to undertake some on-the-job training, ideally students will enter the workforce with a sound base of practical skills that will allow them to quickly become productive members of a team. Employer needs and expectations can change quickly over time, meaning that training providers must continually adapt and innovate to ensure that their students meet employer needs.³⁷

Ensuring that CIT's graduates are workforce ready is crucial to its contributions to the ACT economy. CIT maintains significant industry partnerships across different sectors and contributes to meeting skills needs across the ACT economy with its workforce-ready graduates.

CIT provides students with quality training and innovative courses that give them the technical knowledge and competency that allows them to gain more highly skilled roles in the workforce. Outlined in the table below are student satisfaction and selected outcome data – which shows that CIT students are more satisfied with the quality of training (87.9 per cent) than for Australian TAFEs generally (87.8 per cent) and private VET providers in the ACT (87.6 per cent), and that CIT has a higher rate of students employed or in further study after training (92.9 per cent) than for Australian TAFEs generally (85.7 per cent) and private VET providers in the ACT (91.9 per cent).

Table 5: Labour force outcomes for CIT students, pre- and post-training, 2017

	CIT	Australian TAFE	ACT Private VET providers
Student satisfaction with overall quality of training	87.9%	87.8%	87.6%
Students employed or in further study after training	92.9%	85.7%	91.9%

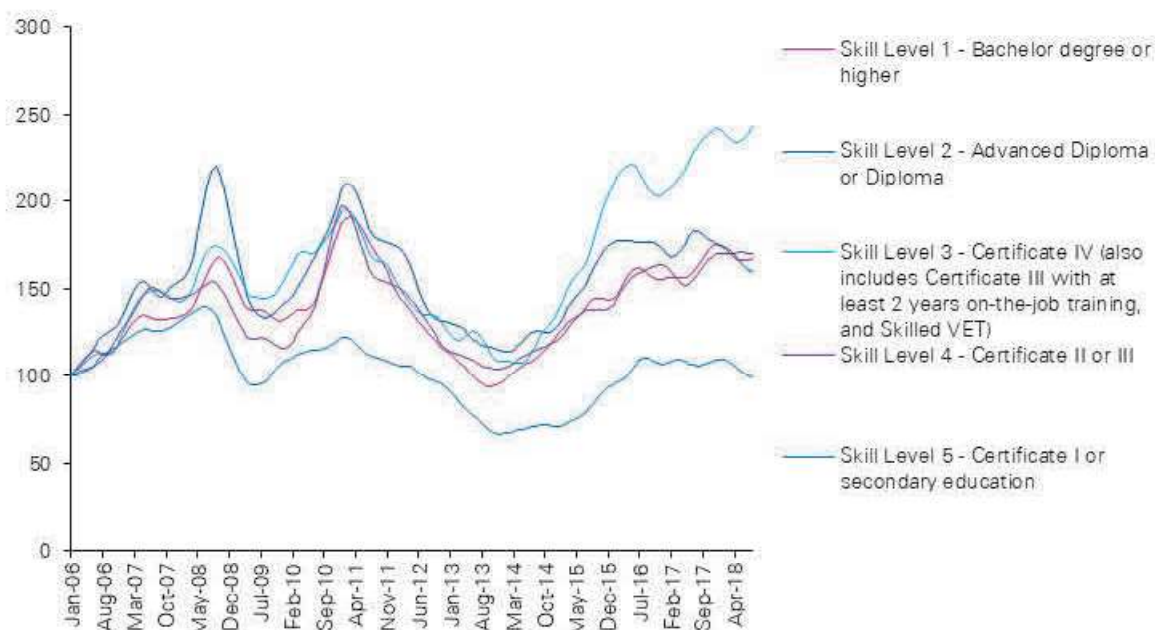
Source: NCVET Student Outcomes 2017.

CIT also provides training that allows students to transition into higher paying industries and positions. This means benefits for students through higher pay, and for employers through access to more productive workers and the ability to fill labour shortages. The overall result is that CIT's activities grow the ACT economy.

The ACT's economy requires a significant number of skilled workers to support businesses, government and community organisations. As shown in **Figure 2**, the highest level of advertised job vacancies in the ACT is at the Certificate III and IV level – notably, this level is much higher than the vacancy level for those with a Bachelor degree or higher. CIT plays a key role in developing a workforce to drive the ACT economy through providing much of the skills training to meet this demand. Further, as there are relatively low job vacancies at the Certificate I and secondary education level, training provided by CIT is crucial for bridging the gap to lift students from the Certificate I level to the higher demand areas of Certificate II or III and Certificate IV.

³⁷ OCED, (2014) Skills Beyond School: Synthesis Report, OCED Reviews of Vocational Education and Training, OCED Publishing, Pp13. Available online: https://read.oecd-ilibrary.org/education/skills-beyond-school_9789264214682-en#page3

Figure 2: Vacancy levels in the ACT by level of skill (i.e. indications of potential skills shortages)



Source: Department of Jobs and Small Business, *Internet Vacancy Index by Skill Level in the ACT, trend*. KPMG analysis

CIT courses underpin key areas of skills shortages in the ACT. For example, CIT supports graduates across:

- Construction trades:** Every construction trade assessed by the Department of Jobs and Small Businesses in 2017 was identified as being in shortage nationally across every state and territory, with the labour market now being tighter than at any point since 2008. The ACT has the most acute shortages, with the lowest number (0.5 per vacancy) of suitable applicants per vacancy of any state or territory (national average of 1.1).³⁸
- Automotive trades:** The Department of Jobs and Small Business found that shortages of automotive trades occupations have been reported almost consistently across Australia since 2008 and, in 2017, that all occupations in this labour market remained in shortage. While there are shortages nationally, the number of suitable applicants per vacancy is lower in the ACT (0.7 per vacancy) than the national average (0.8 per vacancy). In relation to CIT's contribution, it is important to note that the single most important criterion for assessing suitability was having a trade qualification (94 per cent of vacancies listed this as an essential requirement).³⁹

More generally, of the occupations with skill shortages in the ACT, the vast majority relate to occupations supported by VET qualifications rather than higher education.⁴⁰

The ability of CIT to train and re-train workers to meet skills shortages is particularly important to the ACT given its low unemployment rate (3.7 per cent) compared to the rest of Australia (5.3 per cent).⁴¹ The ACT's low unemployment rate means that there is less excess capacity in the economy to meet fluctuations and shifts in the demands of employers. CIT's training is important in ensuring that the available workforce can quickly train and re-train to meet employer demands.

³⁸ Department of Jobs and Small Business, March 2018, Labour market research for construction trades in Australia 2017. Available at <https://docs.jobs.gov.au/documents/construction-trades-australia>

³⁹ Department of Jobs and Small Business, March 2018, Labour market research for automotive trades in Australia. Available at <https://docs.jobs.gov.au/documents/automotive-trades-australia>

⁴⁰ Department of Jobs and Small Business, September 2018, Labour market analysis of skilled occupations 2017. Available at <https://docs.jobs.gov.au/documents/ratings-summary-labour-market-analysis-skilled-occupations>

⁴¹ ACT Government Chief Minister, Treasury and Economic Development, September 2018, Labour Force – August 2018 available at https://apps.treasury.act.gov.au/_data/assets/pdf_file/0005/399983/LF.pdf/_recache

Case study

CIT supporting local business growth

Jamie Wilson founded a brand, creative and media agency Coordinate, in partnership with a CIT graduate – the business has grown considerably across 10 years to now employ thirty staff. Within the company, CIT students have responsibilities across a range of areas, including as copy writers, in filming, and through video production, in digital media.

CIT interns come to Coordinate as multi skilled students, who are adaptable in an ever-evolving field, and they have a strong understanding of the cross-disciplinary environment within which they are working.

According to Jamie, CIT students are advanced in their knowledge and training when they engage with the company through internship programs during their education.

“CIT students have a practical approach – in combination with a strong theoretical underpinning, they understand the applied nature of the roles within our company, and more broadly across the sector, and this gives them a real edge and advantage in the workplace”.

Not only do CIT students help Jamie’s business to grow and thrive; they also support the development of a thriving and specialised creative industries sector within Canberra, helping to retain talent in the State to support job growth and positive employment outcomes for the ACT.

CIT providing highly qualified and skilled apprentices for the workforce

Steve Mommsen started his studies at CIT and later went into partnership with a former CIT student to establish the Real Steel Group, a unique business that manages all aspects of vehicle restorations and engineering with particular focus on classic car restoration, using traditional panel beating techniques. Since establishing their business, Steve has taken on three apprentices through CIT, and has engaged closely with CIT to adapt training to meet their niche business needs.

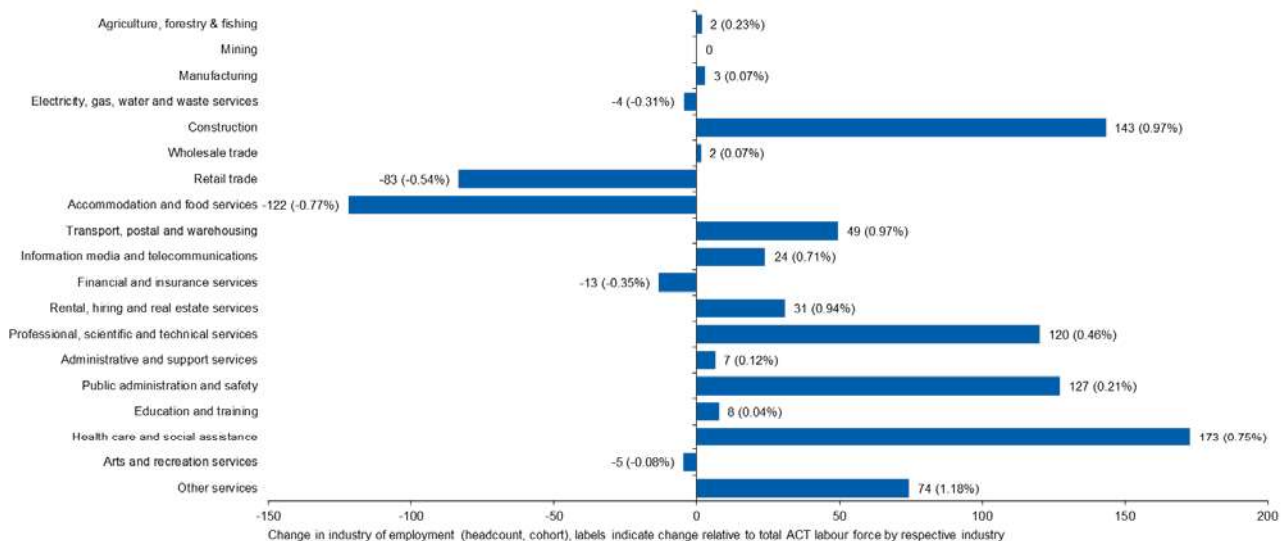
According to Steve, CIT provides apprentices with strong foundational knowledge and across the broad spectrum of modern panel beating, providing students with basic repair, disassembly, and reassembly, skills using modern bonding techniques, as well as training in safe use of tools, in accordance with industry standards and best practice. Working within the business, apprentices are able to build on their class-based learning and further develop specialised skills and technique that differentiate the unique auto work that the Real Steel Group focus on.

“CIT students are exposed to practical hands-on experience through the apprenticeship program, which hones their skills and knowledge in car restoration, equipping them with high quality and relevant experience across a broad spectrum of motor body building, to ensure they are workforce ready.”

CIT plays an integral role in the delivery of skilled apprenticeships for the ACT workforce, providing formal off-the-job training and qualifications across a range of industries, such as the automotive industry. In 2017, CIT had 3,422 apprenticeships/traineeships.

Figure 3 below shows the labour market outcomes associated with CIT's training for different industries. The figure shows that **CIT provides training that enables students to move from traditionally lower skilled industries to higher skilled industries**. CIT trains students who go on to become employed in higher skilled industries such as the *Construction* and *Healthcare and Social Assistance*, with completing students making up 0.97 per cent and 0.75 per cent of the total existing ACT employees in these sectors each year respectively.

Figure 3: Change in industry of employment for ACT TAFE students post-study (headcount), relative to ACT labour market (%), 2016-17⁴²



Source: NCVET Student Outcomes 2017, ABS, KPMG. Labour outcomes include TAFE.

Note: Those who did not state industry of employment post-study are not included in this chart (n=55). Each bar shows the estimated relative change in the size of the labour market for each industry in the ACT economy before and after TAFE study, and the total number of students for each industry is also shown next to each bar.

Students completing courses at CIT move into the labour force with higher skill levels and better employment prospects than would otherwise be the case. The increased supply of skilled labour benefits of particular ACT industries consistent with the results is presented in **Figure 3**. With increased access to skilled employees, industries expand production by employing more ACT residents and purchasing additional goods and services.

It is estimated that **in 2017, benefits from a larger workforce** as a result of additional up-skilled students through CIT **supported an additional \$112.9 million of industry output in the ACT economy**.

The following case study provides a more granular example of how CIT's training supports workforce-ready graduates – specifically in relation to enrolled nurses. This contribution is particularly important given that, for nursing vacancies generally (including enrolled and registered nurses and midwives), **while the vast majority of applicants are qualified nurses, over two-thirds of qualified applicants were not considered suitable**.⁴³

⁴² Note: Where an industry has a negative number, this indicates that the net students employed in the sector has decreased which is the aggregate result of some students moving into the sector, and others moving out. For example, in relation to the accommodation and food services sector, the net result is a decrease in the labour market for that sector, however, this net result represents some TAFE students moving into the sector as a result of high-skill hospitality training, while other TAFE students (who may have been studying part-time in the sector) moving out of the sector into other industries.

⁴³ Department of Jobs and Small Business, September 2018, Labour market research for nurses in Australia. Available at <https://docs.jobs.gov.au/documents/nurses-australia-0>

Case Study

CIT's Workforce-ready Nursing Graduates

CIT's Diploma of Nursing aims to educate graduates who are:

- highly skilled and knowledgeable;
- able to engage in reflective, ethical and analytical practice;
- empowered to use information and/or evidence to plan, implement and evaluate care;
- driven to optimise the health and wellbeing of patients; and
- work ready.

Some of the key goals of the Diploma of Nursing are to ensure that students develop current clinical skills, strong decision-making skills (based on both sound problem solving and ethical principles) and evidence based and research led practice, together with emotional competency and clinical responsibility.

The Diploma is made up of 25 units of competency, which have an outcomes focused approach. **In designing this course, CIT consulted with industry experts and subject content experts.** To avoid gaps or overlap in the Diploma curriculum, CIT has undertaken extensive mapping of the competencies and continues to monitor the curriculum to ensure that it remains up to date.

The Diploma is divided into three stages. **Each stage is underpinned by professional experience placements for the students which supports them to develop nursing practice skills.** The course is structured so that theory and nursing laboratory procedures are complementary with the aim of preparing students for the placements.

The strength of CIT's Diploma of Nursing has been recognised by the broader profession when graduates are seeking to transition into the workforce. **ACT Health recently described CIT's enrolled nurse graduates as demonstrating a commitment to patient centred care, having problem solving skills, and possessing the ability to transfer their training into practice.**

"I believe the high standard of students presenting at this year's interviews reflects on those of you who are teaching the students. I congratulate you all on preparing your students for the workforce - I have no doubt they will all be excellent nurses in their chosen fields." – ACT Health



4.6 Inbound and outbound international focus

4

Inbound and outbound international focus

CIT maintains an international focus, including supporting its students to train overseas, and attracting students to the ACT to undertake training at CIT and continue on to further educational pathways. This focus on international exchange supports multiculturalism in the ACT, and also contributes to the ACT's economy through supporting international education and through attracting international students to reside in the ACT longer term.

As the diplomatic heart of Australia, the ACT prides itself on its international engagement:

*"Our growing and highly educated population, diverse knowledge-based industries and high concentration of world-class research and cultural institutions are just some of our natural advantage. This will catapult Canberra into becoming a globally recognised and respected 21st century city."*⁴⁴

Through its inbound and outbound students, CIT supports the ACT's international engagement activities.

CIT forms one part of the international education market in the ACT, and contributes substantially to the ACT economy by attracting international students to the ACT. In 2017, there were 16,910 international student enrolments in the ACT, of which 11,194 were in higher education, and 1,489 in VET.⁴⁵ Of these international student VET enrolments, CIT accounted for the majority (944 of the 1,489 enrolments in 2017).

International students contributed \$28 billion to the Australian economy in 2016-17, compared to \$16.9 billion in 2012-13.⁴⁶ The importance of this sector is also growing, with an increase in education export earnings between 2015-16 and 2016-17 of 16.1 per cent.⁴⁷ International education was the ACT's largest international export in 2016-17 (accounting for 40.5 per cent of exports, and valued at \$786 million).⁴⁸

International students training at CIT pay tuition fees in the ACT, with onshore students also purchasing goods and services from ACT businesses. In 2017, it is estimated that international students to CIT spent:

- **\$8.8 million on education fees**, directly contributing to the ACT and national export figures.
- An estimated **\$19.0 million in the local economy**, directly contributing to local industries.

In practical terms, the impact of CIT attracting international students is that the income earned by CIT through tuition fees is reinvested in local communities and businesses, and international students also purchase more goods and services from local businesses (such as groceries, furniture, cleaning services etc.).

Overall, there is a strong net benefit for the ACT economy. International CIT students living in the ACT contributed **\$15.0 million of value-added in the ACT economy** in 2017.

An important part of CIT's international focus is that it supports two-way international engagement, rather than only attracting international students to the ACT. In 2017, CIT was awarded 78 Australian Government Endeavour VET Outbound Mobility Program Grants. These grants provide CIT students with \$2,000 in order to support them to undertake short-term, overseas study programs which deepen their understanding of

⁴⁴ ACT Government, 2016, Canberra's International Engagement Strategy. Available at https://www.business.act.gov.au/__data/assets/pdf_file/0009/982377/CMD-39335-International-City-Strategy-Summary_AccPDF.pdf

⁴⁵ Department of Education and Training (2018). International Student enrolments by Australian Statistical Geography Standard SA4 region. Available at <https://internationaleducation.gov.au/research/DataVisualisations/Pages/region.aspx>

⁴⁶ Department of Education and Training (2017). Export income to Australia from international education activity in 2016-17, access at <https://internationaleducation.gov.au/research/Research-Snapshots/Documents/Export%20Income%20FY2016-17.pdf>.

⁴⁷ Ibid.

⁴⁸ Department of Foreign Affairs and Trade, 2018, Australian Capital Territory Goods and Services Trade note. Available at <https://dfat.gov.au/trade/resources/Documents/act.pdf>

international better practice in their training areas, and an appreciation of international cultural practices. As examples, the 78 CIT students awarded these grants in 2017 were supported to travel to:

- **Cambodia** to study sustainable clothing production in remote locations
- **France and Spain** to study renewable energy design installation, battery energy storage and energy efficiency
- **United Arab Emirates** to study international hotel management.

When combined with CIT's on-campus international student presence, this outbound international experience supports CIT students to have an appreciation of training and cultural practices internationally.

Case study

Matthew Egan – 2018 ACT Apprentice of the Year

“A bigger picture example of how CIT and vocational education have contributed to my study achievements was through the additional completion of a renewable energy skill set (Statement of Attainment in Working in the Wind Industry) that provided me with the opportunity to travel to France and Spain under the VET Outbound Mobility Program funded by the Commonwealth Government. This was a once in a lifetime opportunity to experience first-hand renewable energy practices from some of the world leaders in renewable energy.

This was a life changing opportunity to be able to experience firsthand some of the best practices in renewable energy globally.

Additionally, as a senior student (about to complete my Capstone) on the VET Outbound Mobility Program I took on a leadership/mentoring role with the younger, less experienced students and was able to help them in understanding the application of renewable technologies in our day to day jobs and how it could relate to the work they do every day.”

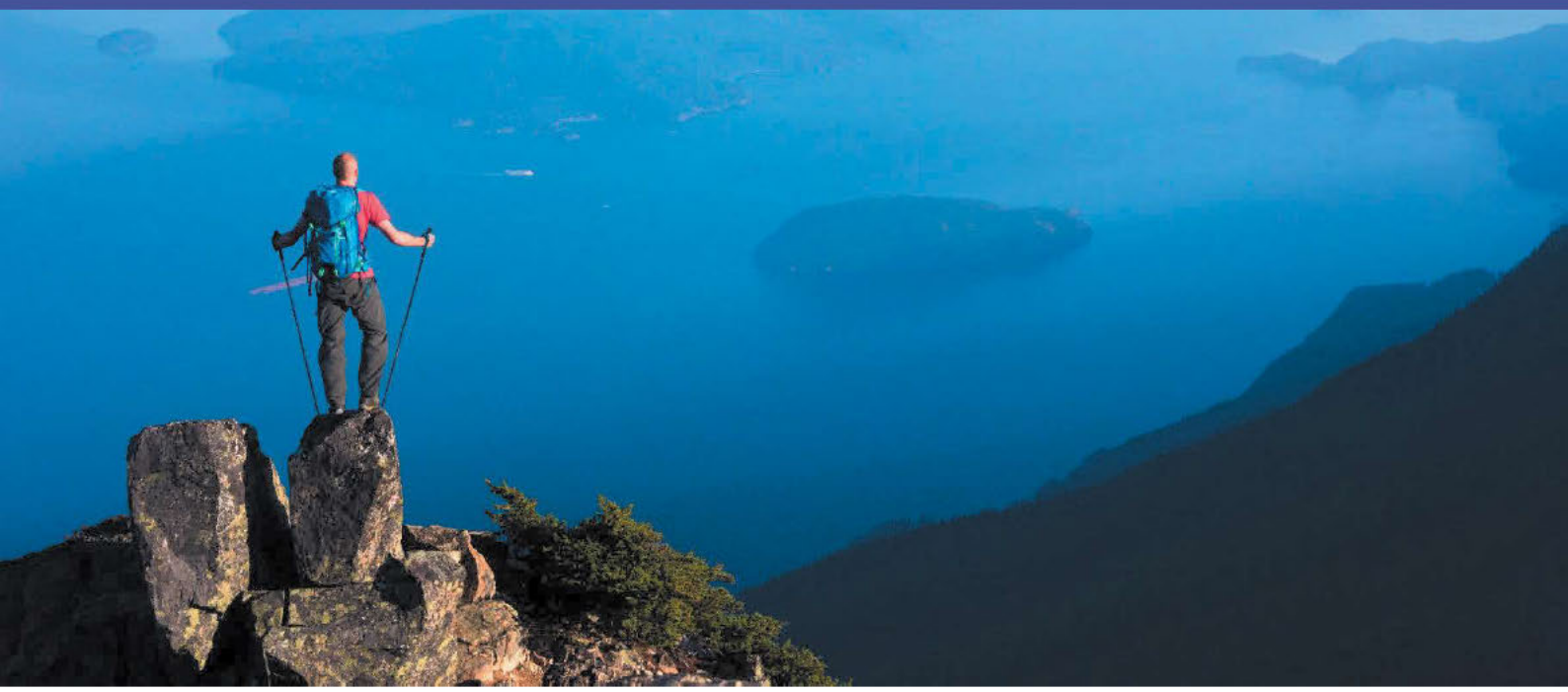
CIT teaching expertise driving leading edge student outcomes

Dougal King and his business partner Alex Hall are CIT graduates who completed landscaping apprenticeships. Their experience with CIT was punctuated through engagement with the Worldskills competition – the world’s biggest trade-based training skills awards. Through their success in the competition, Dougal and Alex represented Canberra, and then Australia in an international field.

The training process that enabled their success in Worldskills is testament to the commitment of CIT teaching expertise – Dougal stated that beyond their day-to-day training in the Certificate III in Landscape Construction, CIT provided significant support, including through mentoring and infrastructure access, to enable the apprentices to refine and hone their skills and build confidence.

At the completion of their training Dougal and Alex went into partnership and established their own business, Cool Climate, providing outdoor building services across Canberra.

Dougal says “the support we received from CIT was invaluable in supporting the development of our foundational skills, but also in giving us the courage and confidence to compete at an international level, and now to run and grow our own business – CIT has helped us succeed and realise our aspirations in a way we may not otherwise achieved”. The pair continue to engage with CIT, providing industry mentoring workshops for teachers and students, and intend to take on their own apprentice in the near future.



4.7 CIT's social contribution

4

CIT's social contribution

Through supporting Aboriginal and Torres Strait Islander students, and maintaining female participation at a rate higher than TAFEs across Australia, CIT provides an inclusive training environment that encourages learning for all students. This training environment is likely a contributing factor in CIT's relatively high student outcomes and satisfaction rates.

CIT, similar to other Australian TAFEs, has a broader remit than the delivery of training and education alone. It also has a public service and engagement role to uphold.⁴⁹ As a not-for-profit training provider, CIT reinvests into the public VET system for the ongoing benefit of the community. CIT's mission and public charter is to change lives through the provision of quality education and skills development for individuals, industry and community.⁵⁰

The role of TAFEs in supporting social cohesion has been explored, primarily through the role VET plays in improving social equity within communities. This is supported by a 2012 Australian study, which looked at the relationship between education and social exclusion⁵¹, and found that improving even basic educational levels (which can be through VET) is a useful way of reducing social exclusion.

Furthermore, other Australian reviews have looked at the effects of VET on various disadvantaged groups, including Indigenous Australians and people with disability⁵², who can be vulnerable to social exclusion. In partnership with the National VET Equity Advisory Council, Deloitte Access Economics provided an overview of the key benefits that education broadly can deliver to society, including increased social cohesion, inclusion and tolerance, reduced crime rates, strengthened social capital, increased charitable giving and participation in community service, and an improved ability to adapt to and use technology.

Internationally, the OECD has recommended that a key focus of Australian VET must be continuing to "reach out to disconnected youth and prevent dropout at earlier stages of education".⁵³ The importance of this social role cannot be underestimated, particularly given that "people with low levels of skills have poorer health, trust others less and are less likely to engage in community life and democratic processes than highly-skilled adults".⁵⁴

CIT undertakes a range of activities to support social cohesion, primarily through the important role they have in delivering education and training to provide increased access to workforce participation and social inclusion. This is particularly important in communities with higher proportions of socially vulnerable groups, including unemployed and disengaged youth, Indigenous Australians, and people with disability.

In its day-to-day activities, CIT provides a range of supports to meet the varying needs of students, including counselling, careers advice, peer tutoring, fee assistance, youth support, migrant refugee support, equity and disability support.⁵⁵

⁴⁹ Atkinson, G, Stanwick J, 'Trends in VET: Policy and Participation', 2016, National Centre of Vocational Education Research

⁵⁰ Client Services Charter. Accessed online: https://c.t.edu.au/current/information/client_service_charter. (Accessed 9/10/18)

⁵¹ Buddelmeyer, H, Leung, F, and Scutella, R, 'Education oneself out of social exclusion, Promoting social inclusion for disadvantaged groups through education and training' 2012, National Centre for Vocational Education Research.

⁵² Deloitte Access Economics, 'The economic and social benefit of increased participation by disadvantaged students in VET, 2011, National VET Equity Advisory Council.

⁵³ OECD report, September 2017, Building Skills for All in Australia - Policy Insights from the Survey of Adult Skills. Page 13, available at https://read.oecd-ilibrary.org/education/building-skills-for-all-in-australia_9789264281110-en#page13

⁵⁴ OECD report, September 2017, Building Skills for All in Australia - Policy Insights from the Survey of Adult Skills. Pages 22-23, available at https://read.oecd-ilibrary.org/education/building-skills-for-all-in-australia_9789264281110-en

⁵⁵ Client Services Charter. Accessed online: https://c.t.edu.au/current/information/client_service_charter. (Accessed 9/10/18)

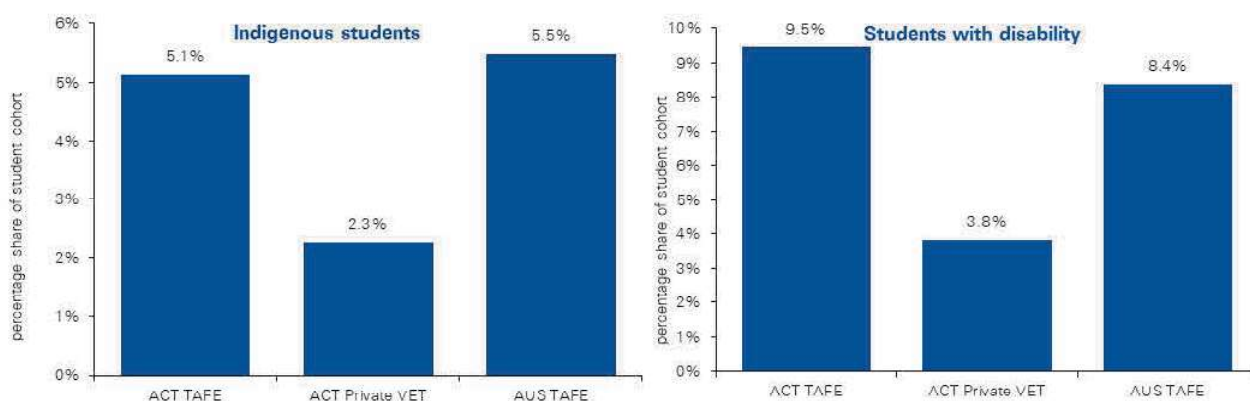
However, beyond this day-to-day role, CIT has a leadership role in the ACT community by proactively pursuing programs that create changes in the community. As explored in case studies on the following pages, examples of CIT leadership in social cohesion in the ACT include:

- Establishing the **Yurauna Centre** is one example of a dedicated service that provides teaching and support to Aboriginal and Torres Strait Islander students across a broad range of programs.^{56,57}
- CIT's **Return to Work for Women program** is designed for women who are looking to re-enter the paid workforce after an extended absence.
- CIT's **English Language Program** supports refugees and asylum seekers living in the ACT.
- The **Ginninderry Spark Program** combines a range of study options delivered in real work situations with developing a unique community on Canberra's outskirts (West Belconnen, the broader Canberra community and the future Ginninderry precinct).

CIT takes a leadership role through these programs as part of its commitment to supporting the ACT community and reducing social exclusion, rather than through efforts to increase profits or pursue a commercial objective.

CIT's substantial efforts in creating a socially inclusive training environment are evident in its student cohort statistics. As outlined in **Figure 4**, CIT students are significantly more likely to be Indigenous when compared to Private VET providers in the ACT. In 2017, CIT had 795 total Aboriginal and Torres Strait Islander students, including 1,024 enrolments. CIT also provided 131 scholarships through its Indigenous Scholarship Program in 2017 alone. CIT students are also significantly more likely to have a disability than both private VET providers in the ACT and when compared to TAFE providers more broadly across Australia.

Figure 4: Key student cohorts



Source: NCVET Total VET Activity Data. KPMG analysis

CIT also undertakes training of many students in lower SES cohorts, both through its targeted programs outlined throughout this section and through its general courses in supporting alternative pathways to education and lifelong learning. Due to methodological issues associated with the way that low-SES students are identified through VET placements, it is difficult to identify the number of these students at CIT.⁵⁸ That said, recent research by the National Centre for Social and Economic Modelling (NATSEM) found that while the ACT has the highest median income of all Australian States and Territories, in 2016 there were 37,213 people living in low income households in the ACT (11 per cent of the total ACT population)⁵⁹ – it is likely that CIT's targeted and broader training provides training opportunities to these people as part of the ACT's broader social safety net.

⁵⁶ CIT Indigenous Committee. Accessed online: https://cit.edu.au/about/indigenous_advisory_comm_ttee. (Accessed 9/10/2018)

⁵⁷ Canberra Institute of Technology, *Annual Report 2017*, p 20.

⁵⁸ ACT Government, Fact Sheet – Detecting Disadvantage in the ACT, 2015. Available at: http://www.cmd.act.gov.au/__data/assets/pdf_file/0008/464777/seififactsheet.pdf

⁵⁹ NATSEM, Hidden disadvantage in the ACT: Report for ACT Anti-Poverty Week, 2017. Available at: <https://www.actcoss.org.au/sites/default/files/public/publications/2017-hidden-disadvantage-in-the-act-anti-poverty-week-report.pdf>

Case Study

CIT's Aboriginal and Torres Strait Islander students realising their potential

CIT's Yurauna Centre is dedicated to supporting students who identify as Aboriginal or Torres Strait Islander to undertake a range of training and studies. The Centre deploys an array of strategies to help Aboriginal or Torres Strait Islander students to overcome barriers to both enrolment in, and completion of, courses and study, such as:

- Focused communication with students to identify students who may require additional support to complete their studies;
- Staff assistance with access to student identification documents;
- Ensuring equity through mediation and advocacy; and
- Providing support in other areas such as housing and justice, travel or study support.

These support strategies are supplemented by financial support from CIT which includes fee assistance for those students with low incomes, payment plans and the CIT Indigenous Scholarship program. CIT's Indigenous Scholarship program for 2017 was funded to a total of \$86,000 which equated to 131 scholarships.

The impact of the Yurauna Centre is highlighted by its recent success in supporting disengaged school leavers to complete their Year 12 certificate – three of the seven students enrolled in the program achieved over 93 per cent in Maths and similarly high results in English.

According to students, Yurauna provides a safe learning environment, where they are encouraged and supported to complete their studies. The teachers at the Yurauna Centre are dedicated to their students and take a communal and holistic approach to their teaching.



Case study

English as an additional language program

As part of the ACT Government's election and 2017-2018 Budget commitment to provide expanded English language program support to refugees and asylum seekers living in the ACT, the Community Services Directorate has requested that CIT provide Certificate II and III English Language Skills for Access Card holders. The ACT Services Access Card facilitates access to a range of ACT Government and other services for asylum seekers living in the ACT.

The current commitment is to provide training of up to two semesters full time or four semesters part-time. The Community Services Directorate has contracted CIT to the value of \$10,000 per year to provide the training free of charge. Tuition and administration fees are waived at approximately \$1,000 per semester per student while the delivery of training is covered by Profile Hours.

The amount of \$10,000 funded by the ACT Government will only be a token towards the fees CIT will not receive (even taking into account profile fees), which then reduces the profitability of the College.

In Semester 1, 2018 the loss was estimated at \$18,000 and this figure is expected to grow as CIT continues to provide the training over the next three years.

Case Study

Return to work for women program

The Return to Work for Women program is a course designed for women who are looking to re-enter the paid workforce after an extended absence.

This course is aimed at women returning to the workforce after supporting their families as full time carers of children or other relatives. Students are supported to build practical skills such as computing, digital literacy and resume writing, while they build their confidence in being able to market themselves to future employers. Part of the course involves a period of work placement, and this provides the students with recent work experience to put on their resume to increase their chances of securing ongoing employment after graduating.

Return to Work for Women training includes:

- Computing skills
- Job seeking strategies
- Resume, selection criteria and interview techniques
- Writing and maths for work
- Individual career advice
- Motivational guest speakers.

CIT's experience is that the course greatly improves the employability of graduates, with approximately 80 per cent going on to employment or further studies in an area of interest.

4.8 Pathways to continued education

SI.5

Pathways to continued education

CIT has established relationships with universities in the ACT, including the University of Canberra, Charles Sturt University and the Australian Catholic University. These relationships support two-way exchange, including articulation which allows CIT students to gain university credits for their CIT training, and also through providing training to university graduates in order to assist them to gain practical skills that employers value such as project management.

CIT provides a pathway to a range of educational opportunities and supports lifelong learning. These pathways both connect courses within CIT, and provide training which allows students who may have otherwise experienced barriers to participation to gain admission to the higher education system.^{60, 61}

CIT students can enroll, exit, and re-enter study as required – in order to flexibly support students depending on fluctuations in their personal, family, and work demands. CIT also provides career guidance and student support to develop pathways that meet the student’s individual needs and aspirations. The importance of this role has been emphasised by research at the OECD which has found:

“Vocational training and apprenticeships are important pathways into the workforce and economic participation. Skill recognition can benefit individuals, employers and the broader community as it provides a pathway to education and training and into the workforce, and particularly by reducing barriers for disadvantaged and low-skilled adults.”⁶²

“Expanding career opportunities and education and training choices increases the complexity in navigating through the system. As a result, students can become disengaged. Guidance is required to support students to make the right decisions and choices that reflect their aspirations, needs, expectations and abilities.”⁶³

CIT provides ongoing lifelong learning and the opportunity to access education to specialise, re-skill, or change careers, with pathways that are designed for all types of students, at all ages, and at all points in their career. For example, of the 336,000 domestic students commencing higher education qualifications in 2010, around 30,000, or 9 per cent, had previously undertaken VET courses indicating an important alternate pathway to universities in Australia, particularly for graduates who have completed higher-level VET qualifications⁶⁴. CIT has strong connections with universities to provide ongoing pathways of study for students who complete CIT qualifications, for example (noting that this is a small selection of available credit transfer agreements and is in no way exhaustive):

- **Australian Catholic University (ACU):** CIT’s Diploma of Nursing achieves a 33 per cent credit transfer towards the ACU Bachelor of Nursing, and CIT’s Diploma of Community Services achieves a 25 per cent credit transfer towards the ACU Bachelor of Social Work.
- **Charles Sturt University (CSU):** CIT’s Advanced Diploma of Business achieves a 50 per cent credit transfer towards the CSU Bachelor of Business Studies, and Diploma of Early Childhood Education and Care achieves a 50 per cent credit transfer towards the CSU Bachelor of Education (Birth to Five Years)
- **University of Canberra (UC):** CIT’s Diploma of Building and Construction (Management) achieves credit towards a UC Bachelor of Building and Construction Management, and CIT’s Diploma of Accounting achieves credit towards UC’s Bachelor of Commerce.

⁶⁰ ‘Tertiary education and training in Australia’, National Centre for Vocational Education Research, 2012.

⁶¹ Grffin, T, ‘Disadvantaged learners and VET to higher education transitions’, National Centre for Vocational Education Research, 2014.

⁶² Kris, V & Windish, H.C. (2018) Making Skills Transparent: recognising vocational skills acquired through work based learning. OECD Education Workpapers No.180.pp8-13. Available online: <http://www.oecd.org/education/innovation-education/vet.htm>

⁶³ OECD, (2014) Skills Beyond School: Synthesis Report, OECD Reviews of Vocational Education and Training, OECD Publishing.Pp18. Available online: https://read.oecd-ilibrary.org/education/skills-beyond-school_9789264214682-en#page3. Accessed: 12/10/2018.

⁶⁴ Grffin, T, ‘Disadvantaged learners and VET to higher education transitions’, National Centre for Vocational Education Research, 2014.

CIT also has relationships with the Australian National University (ANU) and the University of New South Wales (UNSW), for example, including a formal Memorandum of Understanding for collaborating and cooperation with the ANU, and an agreement with both the ANU and UNSW regarding training in cyber security.

These pathways to further qualifications support additional contributions of CIT to the socio-economic prosperity of individuals, given that CIT's initial training supports further qualifications which in turn are likely to lead to higher levels of per capita income related to higher living standards and social prosperity.⁶⁵

CIT also supports lifelong learning through its training of older student cohorts – CIT has a higher proportion of students over the age of 25 (62.3 per cent) compared to TAFEs across Australia generally (55.7 per cent). This lifelong up-skilling and re-skilling is crucial to the economic and social mission of CIT, particularly given that "Differences in skills between generations can be due to the decline in skills over time, whereby skills peak around the age of 25 and then tend to decrease".⁶⁶

⁶⁵ Deloitte Access Economics, 'The importance of universities to Australia's prosperity', 2015.

⁶⁶ OECD report, September 2017, Building Skills for All in Australia - Policy Insights from the Survey of Adult Skills. Pages 22-23, available at https://read.oecd-ilibrary.org/education/building-skills-for-all-in-australia_9789264281110-en

Appendix A

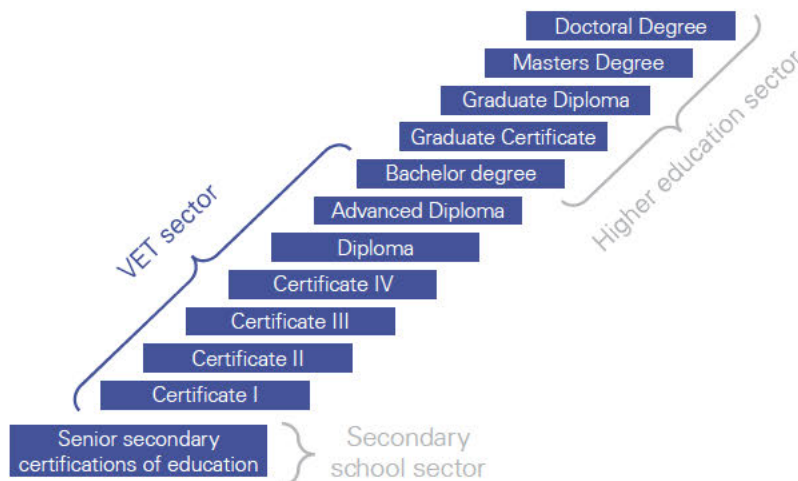
A.1 The VET sector in Australia

VET in Australia is provided in a range of ways, including via the public system, through technical and further education (TAFE) institutes, and by industry, community organisations, and private providers.⁶⁷ In addition, some universities and schools also provide VET.

The Australian VET sector is the largest education sector in Australia.⁶⁸ VET includes courses which lead to formal qualifications in a wide range of trade and professional fields, in addition to course offerings aimed at developing or refining specific work-related skills or workplace practices⁶⁹, supporting business by providing a capable and highly skilled workforce, and giving employees the opportunity to gain higher-skill, higher-wage jobs.

The Australian Qualification Framework (AQF) was introduced in 1993, with the intention of providing a nationally consistent framework for all qualifications in post-school education and training. At a high level, the AQF includes 10 levels of qualifications (**Figure 5**) – within this framework, the VET sector provides education and training for Certificates I–IV, Diplomas, and Advanced Diplomas (in addition, VET Graduate Certificates, and VET Graduate Diplomas also fall within VET accreditation). There are some complexities with this structure, i.e. some VET providers are accredited to offer degrees, while others offer senior secondary school qualifications. This is not a linear framework – people can, and do, move up and down the framework during their lifetime.

Figure 5: The Australian Qualifications Framework



Data provided through the National Centre for Vocational Education Research (NCVER) indicates that in 2016 in Australia there were:

- 4,279 VET training providers, a decrease of 1.2 per cent from 2015;
- approximately 4.2 million students undertaking some form of training, an increase of 4.9 per cent from 2015;
- 3.7 million program enrolments, an increase of 3.8 per cent from 2015;

⁶⁷ 'Australia's VET sector', Australian Skills Quality Authority website, <http://www.asqa.gov.au/about/australias-vet-sector> (Accessed 20 February 2018)

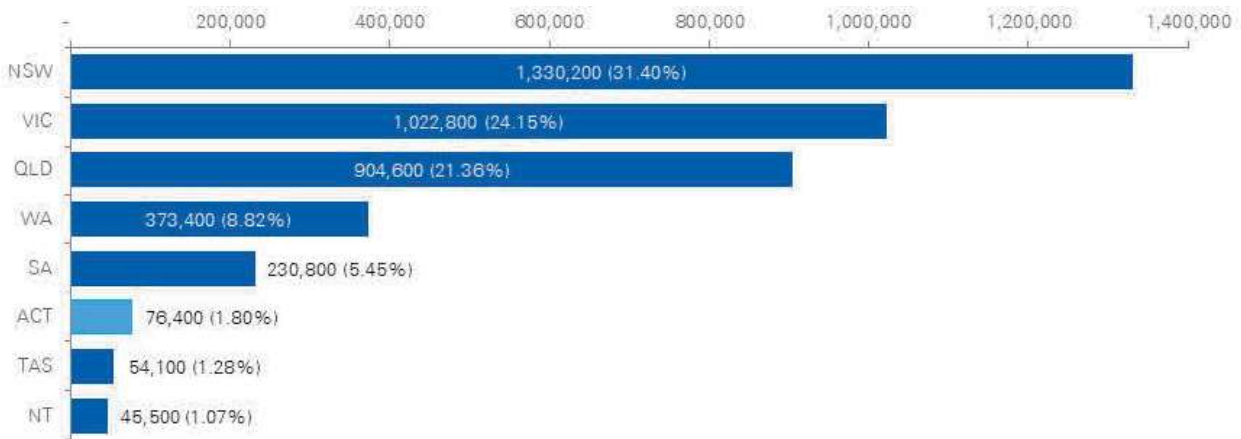
⁶⁸ Atkinson, G, Stanwick J, 'Trends in VET: Policy and Participation', 2016, National Centre of Vocational Education Research.

⁶⁹ Australian Bureau of Statistics, 'Year Book Australia', 2012 (Reference Number: 1301.0).

- 30.1 million subject enrolments, an increase of 1.7 per cent from 2015; and
- 815.9 million hours of VET delivered, a decrease of 1.2 per cent from 2015.⁷⁰

The proportion of the Australian population aged 15–64 years who participated in some form of VET was estimated at 24.2 per cent in 2016, with the top 50 training providers accounting for 37.8 per cent of the enrolments of all VET students. VET is provided nation-wide, with distribution largely aligned to the overall population distribution (**Figure 6**).⁷¹

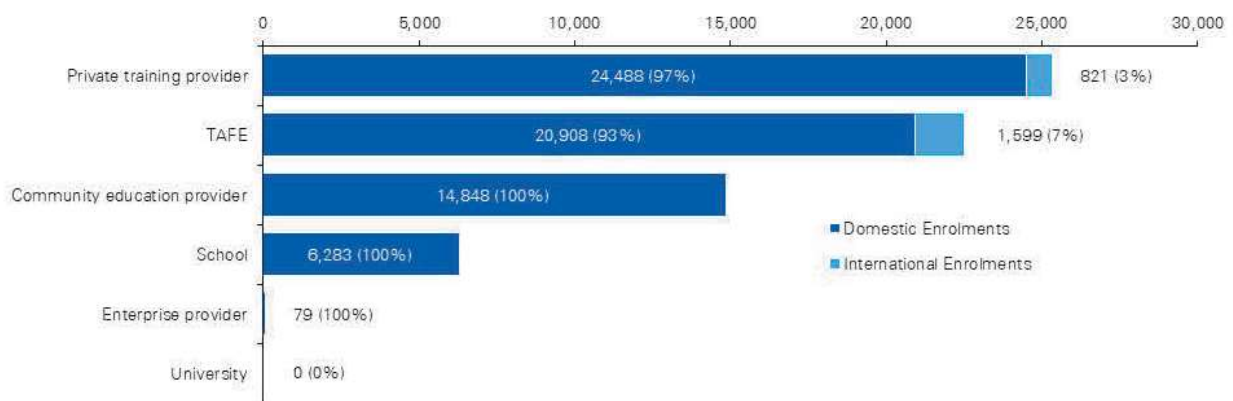
Figure 6: VET student enrolments by state and territory (2016)



Source: National Centre for Vocational Education Research (NCVER) 2016

Across Australia, private training providers deliver the highest proportion of VET, followed by TAFEs (**Figure 7**). Funding for these organisations comes via a variety of sources, including the Commonwealth and state governments, and domestic and international fee-paying students.

Figure 7: ACT VET domestic and international enrolments by training provider type (2016)



Source: National Centre for Vocational Education Research (NCVER) 2016

The Australian VET sector has experienced significant change across the last two decades, driven in large part, from both State and Federal reforms. Across this time, the policy, funding and institutional environment in which VET operates has evolved considerably.

⁷⁰ Total VET students and courses 2016, National Centre for Vocational Education Research (NCVER) <https://www.ncver.edu.au/data/data/infographics/total-vet-students-and-courses-2016-infographic> (Accessed 21 February)

⁷¹ Total VET students and courses 2016, National Centre for Vocational Education Research (NCVER) <https://www.ncver.edu.au/data/data/infographics/total-vet-students-and-courses-2016-infographic> (Accessed 21 February)

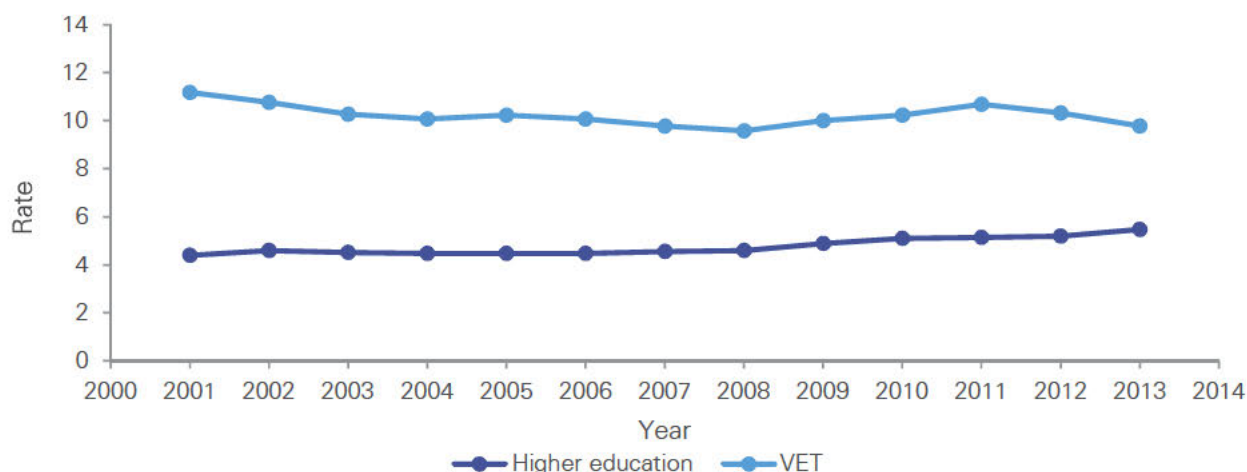
A.2 Policy and funding reform in VET

Traditionally, the states and territories have had responsibility for VET provision, a jurisdictional approach to funding and delivering VET which enables the system to respond to local and regional skills and labour market needs.⁷² However, the Commonwealth Government has increasingly played a role in both the regulation and funding of vocational education and training.⁷³

In 2008, the Commonwealth and state and territory governments established a new Intergovernmental Agreement on Federal Financial Relations (IGAFFR). Under the IGAFFR, the Commonwealth and states entered into a National Agreement for Skills and Workforce Development (NASWD), marking a return to a collaborative and shared model for national VET policy and funding.⁷⁴ The NASWD indicated shared Commonwealth and state objectives for a renewed focus on VET improving national workforce skill levels. During the same period, the Commonwealth entered into separate, but complementary, National Partnership Agreements on Productivity Places Program (NPAPPP) with the states, which provided funding for industry-based training on a co-contribution basis between the Commonwealth (50 per cent), the states (40 per cent), and industry (10 per cent).⁷⁵

From 2009, there was a consistent increase in the rate of participation in both higher education and VET (**Figure 8**), until 2012 when participation rates in VET started to decrease, suggesting that while the demand-driven system has provided greater impetus for alternative education options, it has potentially drawn students away from VET offerings and, alternatively, towards a higher education pathway. Also in 2009, alongside the introduction of introductory student entitlement funding models, VET FEE-HELP loans were introduced to higher-level VET students (diploma and above) at any registered training organisation (RTO) approved to deliver VET FEE-HELP eligible courses.⁷⁶

Figure 8: Participation in Higher Education and VET as a proportion of the 15-62 year-old population



Source: National Centre for Vocational Education Research (NCVER) 2016

In 2012, the NASWD was renewed, and at the same time, the Commonwealth and states also entered into a separate National Partnership Agreement on Skills Reform (NPASR). The NPASR sought to 'contribute to the reform of the VET system to deliver a productive and highly skilled workforce which contributes to Australia's economic future and enables all working age Australians to develop skills and qualifications needed to participate effectively in the labour market'.⁷⁷ The NPASR also introduced the National Training

⁷² Atkinson, G and Stanwick, J, 'Trends in VET: policy and participation', 2016, National Centre for Vocational Education Research (NCVER).

⁷³ Education and Employment References Committee, 'Getting out money's worth: the operation, regulation and funding of private vocational education and training (VET) providers in Australia, 2015, The Senate.

⁷⁴ Noonan, P, VET Funding in Australia: Background, trends and future directions, 2016, Mitchell Institute, Melbourne.

⁷⁵ Noonan, P, VET Funding in Australia: Background, trends and future directions, 2016, Mitchell Institute, Melbourne.

⁷⁶ Atkinson, G and Stanwick, J, 'Trends in VET: policy and participation', 2016, National Centre for Vocational Education Research (NCVER).

⁷⁷ Council of Australian Governments, National Partnership for Skills Reform, 2012.

Entitlement, which guarantees a subsidised place for all working-age Australians for at least a Certificate III qualification at a provider of their choosing.

Through the NPASR, \$1.7 billion of additional funding was committed to the states and territories across 2012-17, contingent on the states' agreement to, and implementation of, agreed skills reforms and meeting completion targets set by the states and agreed with the Commonwealth. Based on the 2017-18 forward estimates, the end of NPASR funding to the states would result in a \$500 million reduction to the VET sector, with ongoing VET funding provided only through the NASWD.

Alongside these policy reforms, a new scheme, VET FEE-HELP, was made available to students for whom study may not have otherwise been possible due to upfront training costs. Since the introduction of the loans, the number of students accessing VET FEE-HELP, and the number of eligible VET FEE-HELP providers, increased significantly (**Table 6**).

Table 6: VET FEE-HELP trends 2009 – 2013

	2009	2010	2011	2012	2013
No. students accessing VET FEE-HELP	5,262	26,112	39,124	55,115	100,035
VET FEE-HELP LOANS (\$ million)	26	118	205	325	699
Average loan per student (\$)	4,861	4,503	5,247	5,890	6,990
No. VET FEE-HELP providers	39	55	85	105	156

Source: Department of Education and Training

Analysis by NCVER indicated that students enrolled with private RTOs have accessed the loans the most, with almost 75 per cent (~\$2 billion) of the total loan contributions across five years going to private providers, compared with the 25 per cent (~\$800 million) provided to students training with public providers.⁷⁸ However, while the scheme has been very popular, there is some evidence that it has been subject to some exploitation through opportunistic providers, aggressive marketing, and inappropriate targeting of vulnerable students, underpinned by inadequate regulatory control.⁷⁹

Accordingly, throughout 2015, the Commonwealth Government introduced measures to review and refine VET FEE-HELP policy settings, with a raft of changes introduced from January 2016, including strengthening the assessment criteria for RTOs, increased protection for students, and the introduction of new entry requirements for RTOs. Further, from 2017, the Commonwealth Government introduced a cap on loan levels for providers at 2015 levels, along with a reduction in the number of course offerings eligible for VET FEE-HELP, resulting in an immediate \$1.5 billion funding increase to the VET sector.

The national VET system is informed by industry and has an overarching client-orientation focused on delivering flexible, relevant and responsive education and training to meet the needs of employers, particularly through apprenticeships and traineeships. Due to the nature of the extensive training offerings and variety of pathways to entry, the Australian VET sector also has a key role in supporting those experiencing all forms of disadvantage, and helping them take steps towards greater economic and social participation. The sector is complex with noteworthy differences in the size of registered providers, scope of registration, delivery models, ownership and governance models, and reliance on public funding.

⁷⁸ Atkinson, G and Stanwick, J, 'Trends in VET: policy and participation', 2016, National Centre for Vocational Education Research (NCVER).

⁷⁹ Education and Employment References Committee, 'Getting out money's worth: the operation, regulation and funding of private vocational education and training (VET) providers in Australia, 2015, The Senate.

A.3 Modelling Overview and Outputs

This section discusses the detailed modelling approach that supports the economic impact findings presented throughout the body of this report. A more technical description of the economic model used for this analysis is provided in Appendix A.4.

A.3.1 Modelling overview

To model the economic impacts beyond those that directly relate to the CIT's operations, it is necessary to employ a modelling technique that incorporates information about the linkages of the business within the broader economic context. The starting point for modelling these linkages is the input-output (IO) table published by the Australian Bureau of Statistics (ABS).

IO table data provides detailed information on the upstream and downstream linkages of each industry in the economy. **Upstream linkages** refer to the sources of inputs to the CIT. These linkages may be in the form of the use of intermediate inputs produced by other ACT industries, intermediate inputs sourced from interstate or overseas, labour and other factors of production. For example, the provision of education services may use inputs such as labour, educational equipment, fuel and services such as those of the transport industry. **Downstream linkages** refer to those of economic agents that purchase an industry's output. For example, a construction business might send its workers to a CIT course and these additional worker skills are combined with other material inputs to build houses. Consequently, downstream linkages include sales to other industries that use the output of the CIT as an intermediate input to their own production process or final users of the product like households, the government or foreigners.

An IO table is a useful tool as a snapshot of the economic flows in the economy. An IO table can be used to provide simplified estimates of the sensitivity of the economy (measured by employment, value added or turnover) to small shocks within industries. An example of such a shock might be a one per cent increase in educational export demand. This might lead to an increase in upstream activities, for example transport services or utilities that sell their output to the education sector. This sort of analysis can be used at the industry-wide level to estimate IO multipliers – that is, the total economy-wide impact on employment or output resulting from a change in one industry, taking into account the change in demand for the outputs of other industries.

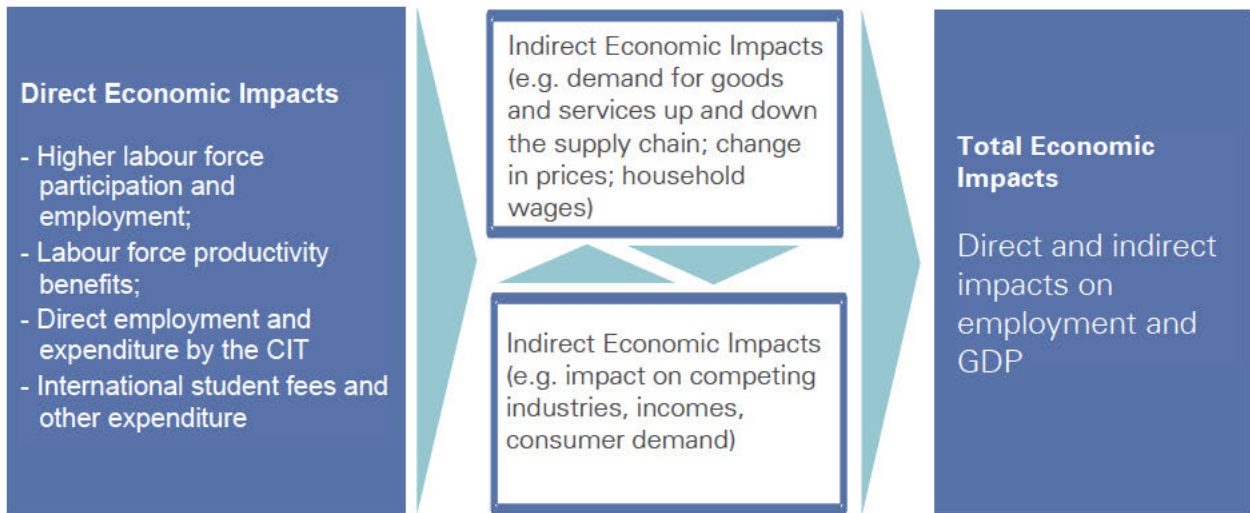
An IO table in itself is not an economic model, and IO multipliers are raw and ad hoc in nature. A major limitation of the use of IO multipliers when used to conduct impact analysis is that the relationship between industry inputs and outputs (the coefficients) are fixed, implying that industry structure remain unchanged by the shock to the industry (for example, a change in demand or prices). Furthermore, IO analysis imposes no resource constraints, and so industries can access unlimited supplies of inputs at fixed costs.

In reality, scarcity of availability of inputs (e.g. skilled labour, mineral deposits etc.) mean that these inputs are affected by and respond to prices (e.g. wages). The higher prices/wages, due to the increase in demand for labour or other inputs to expand education services, will at the margin reduce demand for labour by some producers. So the result will be that these price impacts will then have an impact on activity levels which feed back into price effects (and so on).

In IO analysis, where all adjustments relate only to quantities produced, this type of feedback response does not occur. Consequently, an IO model can result in an overstatement of the impacts on the economy. For these reasons, while the ABS did for some time publish IO multipliers, it has ceased publishing these estimates in recent years over concerns about their validity.

A computable general equilibrium (CGE) model makes use of an IO table in the construction of its database, but is extended to make more sophisticated economic assumptions. A simplified representation of the CGE modelling approach is provided below, with a more technical overview provided in Appendix A.4.

Figure 9: Direct and first and second order impacts in a CGE model



Source: KPMG

In particular, CGE models have additional features that make them better suited for economic impact assessments including:

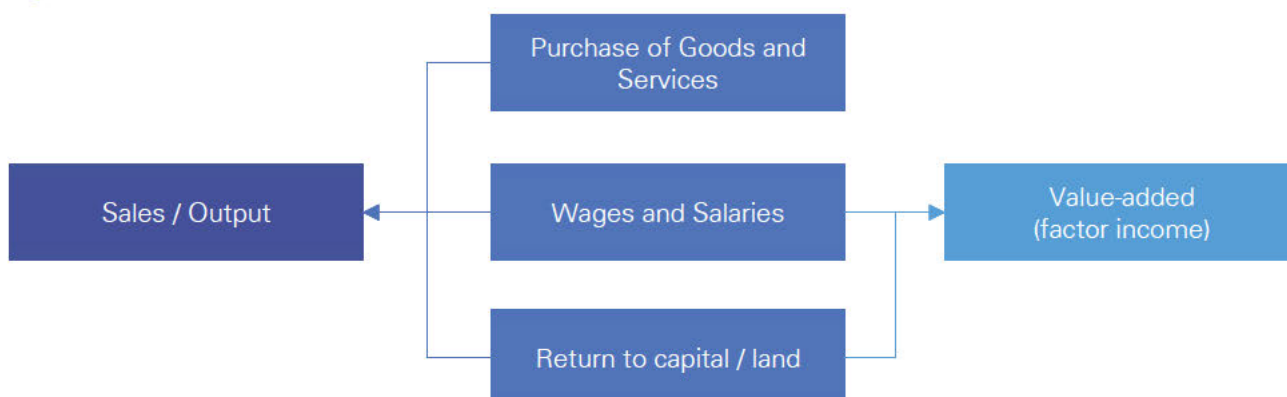
- recognising resource constraints and responses of businesses, workers through adjusting prices/wages;
- capturing employment/capital (and other factors inputs) substitution for example, by responding to higher wages by increasing the use of capital; and
- capturing a much wider set of economic impacts such as behavioural responses to price changes of consumers, investors, foreigners etc.

By introducing these additional economic assumptions we are able to model beyond the first round impact of an event or policy, account for scarcity and understand behavioural response to economic variables. This added sophistication means that a CGE model allows for feedback responses by producers, consumers, investors and foreigners and so the results are less likely to be overstated particularly over the medium to long run.

A.3.2 Economic measures

Throughout this section, there are several key economic terms used to explain our modelling results. The analysis of the economic contribution of CIT to ACT is based on the components listed in the following figure.

Figure 10: Graphical representation of the difference between sales/output and value-added



Source: KPMG

- **Sales/Output** is a measure of the value of the goods and services produced by an industry or sector, where the value reflects the cost of inputs: labour, capital, and intermediate inputs of goods and services, including imports.
- **Value-added by industry** is equivalent to output less goods and services, sourced from other suppliers (including imports), and is the sector’s contribution to GSP. By excluding inputs of goods and services from other domestic industries and from overseas, ‘value added’ avoids double counting as it does not include the value added generated by other industries.
- **Employment** refers to the total number of people employed (full time and part time).
- **GSP** is a measure of the total value added of industry in the ACT plus indirect tax revenue received by government. GSP is a measure of productive activity in the ACT region, but does not account for the destination or nationality of those accruing income.

A.3.3 Labour force impacts

Education plays a key role in producing individuals capable of obtaining employment, higher wages and driving economic growth. Analysing the labour market outcomes of education and training provides a strong understanding of the benefits of education to individuals and the economy. An estimation of improvement in employment outcomes arising from TAFE education provided by CIT can be derived through analysis of completing students’ employment prospects.

As shown in **Table 7**, the labour force participation rate of TAFE students increased to 89.2 per cent after completion of study (83.5 per cent prior), and the employment rate increased to 91.4 per cent after completion of study (86.6 per cent prior).

Table 7: Labour force participation and employment, pre- and post-training, 2017

	Before training	After training
Participation Rate	83.5%	89.2%
Employment rate	86.6%	91.4%

Source: NCVET Student Outcomes 2017.

Given that this analysis considers impacts relative to the ACT economy, labour force improvements need to be expressed relative to the entire ACT labour market. **Table 8** presents ACT labour force data,⁸⁰ with and without the annual impact of education at CIT in 2017. The table shows that TAFE education results in both more ACT residents in the labour force, and fewer unemployed persons. Note that ‘unemployment’, by definition, is the group of people choosing to participate in the labour force who cannot find work – and the data shows that CIT results in more people participating in the labour force while also having fewer people unemployed.

Table 8: ACT labour force 2017 – Impact of TAFE provision

2017	Labour Force	Without TAFE addition	Unemployed Persons	Without TAFE reduction	Unemployment Rate	Without TAFE impact
ACT	234,391	234,027	9,430	9,656	4.02%	4.13%

Source: NCVET Student Outcomes 2017, ABS, KPMG.

Results show that the annual labour force impact attributable to TAFE outcomes is substantial at the ACT level. Whilst the stock and flow of the labour force is changing on a regular basis (that is, the total number of people in the labour force, and the number moving in and out of the labour force each year), **KPMG estimates there was a net positive difference of 0.1 per cent in ACT’s 2017 unemployment rate attributable to TAFE education attainment in 2017.**

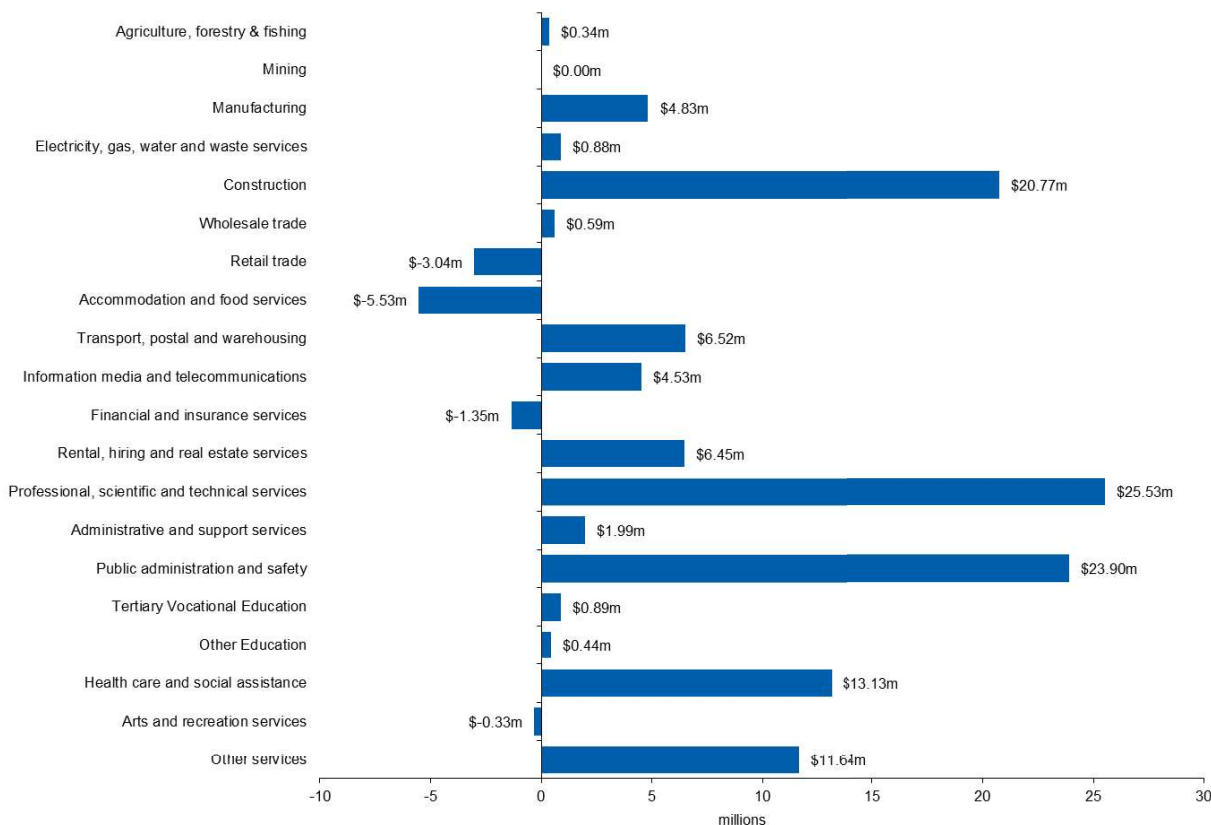
To model the economy-wide impacts of the changes in the labour force outlined previously, the labour force structure contained within the KPMG-REG model was modified to reflect these results. This method provides a more comprehensive analysis of the economic impacts arising from labour force outcomes, considering whole-of-economy feedback effects.

Students completing an education at CIT move into the labour force with higher skill levels and better employment prospects than would otherwise be the case. The increased supply of skilled labour benefits particular ACT industries, consistent with the results presented in **Figure 11**. With increased access to skilled employees, industries expand production by employing more ACT residents and purchasing additional goods and services.

It is estimated that **in 2017, benefits from a larger workforce** as a result of additional up-skilling of students through CIT has **supported an additional \$112.9 million of industry output in the ACT economy.**

⁸⁰ ABS cat. 6202.0 - Labour Force, Australia, Jan 2018.

Figure 11: Change in industry output (\$ million) as a result of labour market changes related to TAFE education in ACT, 2016-17



Source: KPMG-REG simulation

The *Professional, Scientific, and Technical services* sector has the largest increase in industry output, followed by *Public Administration and Safety* and *Construction* sectors. The output increases are smaller for other industries, although the services industries see notable increases in output. The size of the output increases reflect the combined effect of the relative increase in skilled labour for each industry and the absolute size of the workforce in an industry.

A.3.4 Productivity benefits

The analysis below estimates the productivity improvements arising from a CIT TAFE education through analysis of completing students’ employment outcomes and wage premiums. NCVER provides detailed student outcome data relevant to this analysis, and ACT labour force statistics are available from the ABS.

Wilkins analysed HILDA⁸¹ data to derive wage premiums associated with educational outcomes, controlling for demographic factors and cognitive ability.⁸² Wilkins estimates wage premiums relative to a reference of Year 11 or below. Wilkins’ found a high wage return to Certificate III/IV attainment for males (20 per cent); whilst results for females were not significant. Weekly wage premiums were also estimated for diplomas and advanced diplomas, with 28 per cent and 8 per cent higher wages than those who had only completed Year 11 for males and females respectively.

Wilkins’ gender breakdown of education earning premiums are presented in **Table 9**.

⁸¹ The Household, Income and Labour Dynamics in Australia (HILDA) Survey is a household-based panel study that collects valuable information about economic and personal well-being, labour market dynamics and family life.

⁸² Wilkins (amended), 2015, http://melbourneinstitute.unimelb.edu.au/data/assets/pdf_file/0006/2155506/hilda-statreport-2015.pdf.

Table 9: Returns to educational attainment relative to Year 11 or below, 2012.

Weekly wage premium relative to educational attainment of Year 11 or below		
Education Level	Males	Females
Certificate III/IV	20%	0%*
Diploma or Advanced Diploma	28%	8%

Source: Wilkins amended estimates (2015)⁸³. *Not significant at 10% confidence level.

Wilkins' estimated education wage premiums provide an indication of productivity improvements arising from education – that is, assuming workers are paid their marginal product or close to it, wage premiums attributable to educational attainment will reflect higher productivity by more educated workers. For example, this productivity is likely to be demonstrated through a better understanding of how to address technical issues within a sector, and is also likely to reflect improvements in transferable skills, such as better problem solving and teamwork.

To model the impacts of higher productivity, the KPMG-REG model uses the enhanced earnings capacity associated with educational attainment as a reflection of the improvement in the productivity of the individual completing study. Before applying a productivity shock to the ACT labour force in the CGE model, the wage premium must first be scaled such that it represents only those productivity improvements related to the 2017 TAFE students who are employed after study (either re-trained, up-skilled or are entering the workforce for the first time).

Firstly, Wilkins' findings are normalised across gender by taking a weighted average of the earnings premium associated with education attainment according to the proportions of the ACT workforce who have attained such education and who are male or female.⁸⁴ Data is derived from the 2016 Census, considering employed persons by gender and highest education attainment where place of work is the ACT.⁸⁵

Table 10: Employed persons (ACT) highest educational attainment

Employed persons by highest educational attainment, earnings premium				
Education Level	Males	Females	Persons	Wage premium (sex weighted average)
Certificate III/IV	19,590	10,942	30,531	14%
Diploma or Advanced Diploma	11,781	13,182	24,963	17%

Source: 2016 Census, Wilkins (2015), KPMG

After weighting Wilkins' estimated weekly earnings premiums for gender (using ACT labour force data):

- Certificate III/IV attainment attracts a 14 per cent wage premium, relative to those with a Year 11 education; and
- Diploma or Advanced Diploma attainment attracts a 17 per cent wage premium, relative to those with a Year 11 education.

The final productivity shock to the KPMG-REG model is an average of the productivity improvement associated with education attainment (Certificates, 14 per cent and Diplomas, 17 per cent), appropriately weighted for the portion of students graduating with certificates versus those with diplomas. Since labour productivity is industry-specific in KPMG-REG, we further weight the productivity improvement for the relative impact of those students entering the workforce on the existing stock of labour by industry. This

⁸³ The earnings model is estimated by ordinary least squares regression and the estimates are the regression coefficients. The sample for the earnings model is full-time employees aged 25–59. All models contain controls for age, place of birth and Indigenous status, state of residence, population density of region of residence, disability and English proficiency – Wilkins (2015).

⁸⁴ KPMG-REG does not distinguish between gender when computing productivity enhancements of the ACT labour force.

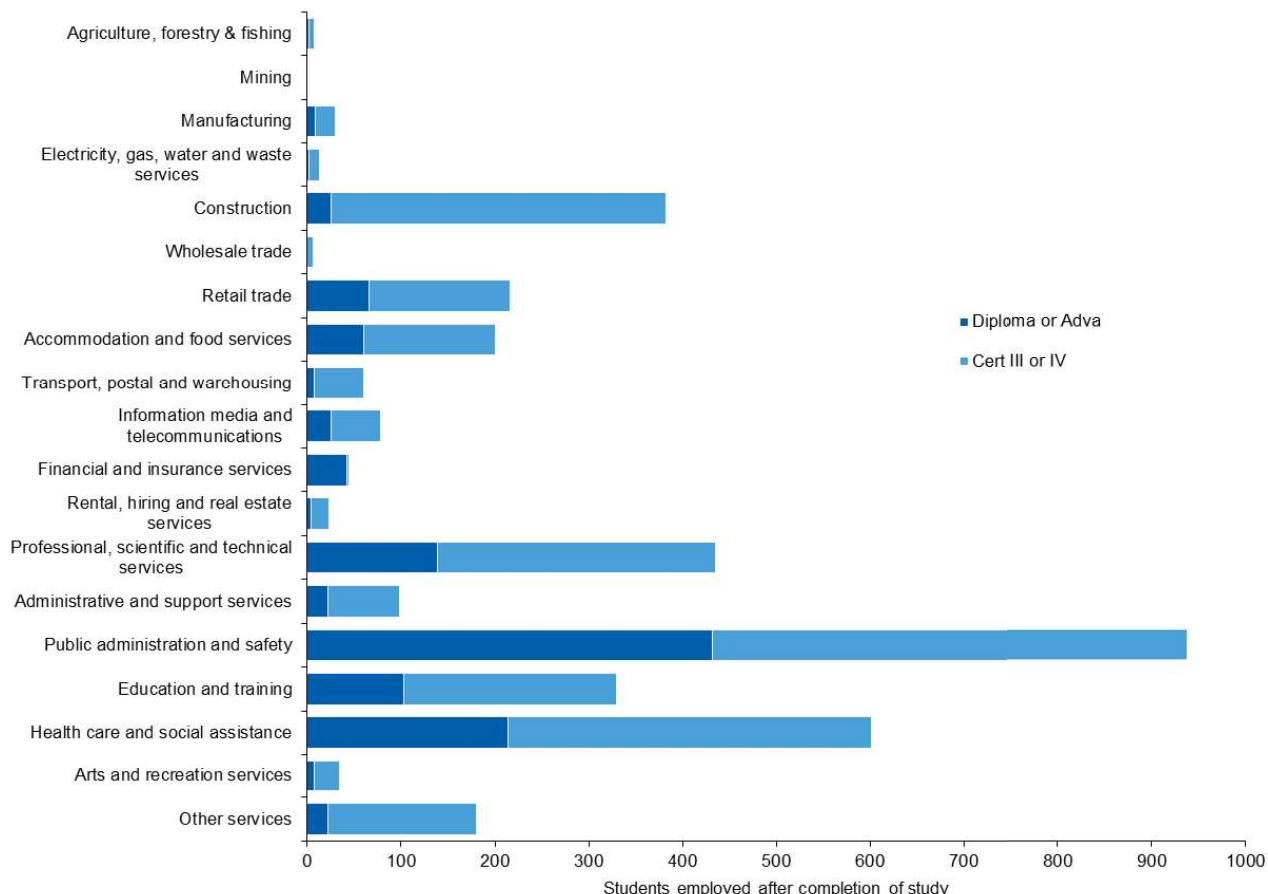
⁸⁵ 2016 Census – Counting Employed Persons, Place of Work (POW) (custom export from Table Builder Pro).

allows the productivity shock to represent an **annual** improvement related to CIT student outcomes that recognises two important effects – firstly, that each ACT industry benefits from productivity improvements to varying magnitudes; and secondly, that the wider-economic flow-on benefits of improved labour force productivity will differ according to industry labour force structures.

By considering productivity improvements across ACT industries, the KPMG-REG model will better reflect the economic contribution of CIT to the ACT labour force.

To illustrate this methodology, **Figure 12** shows industry of employment post-study, by CIT students completing study with either a Diploma/Advanced Diploma or a Certificate III/IV.

Figure 12: CIT students industry of employment post-study, by education attainment, 2016-17

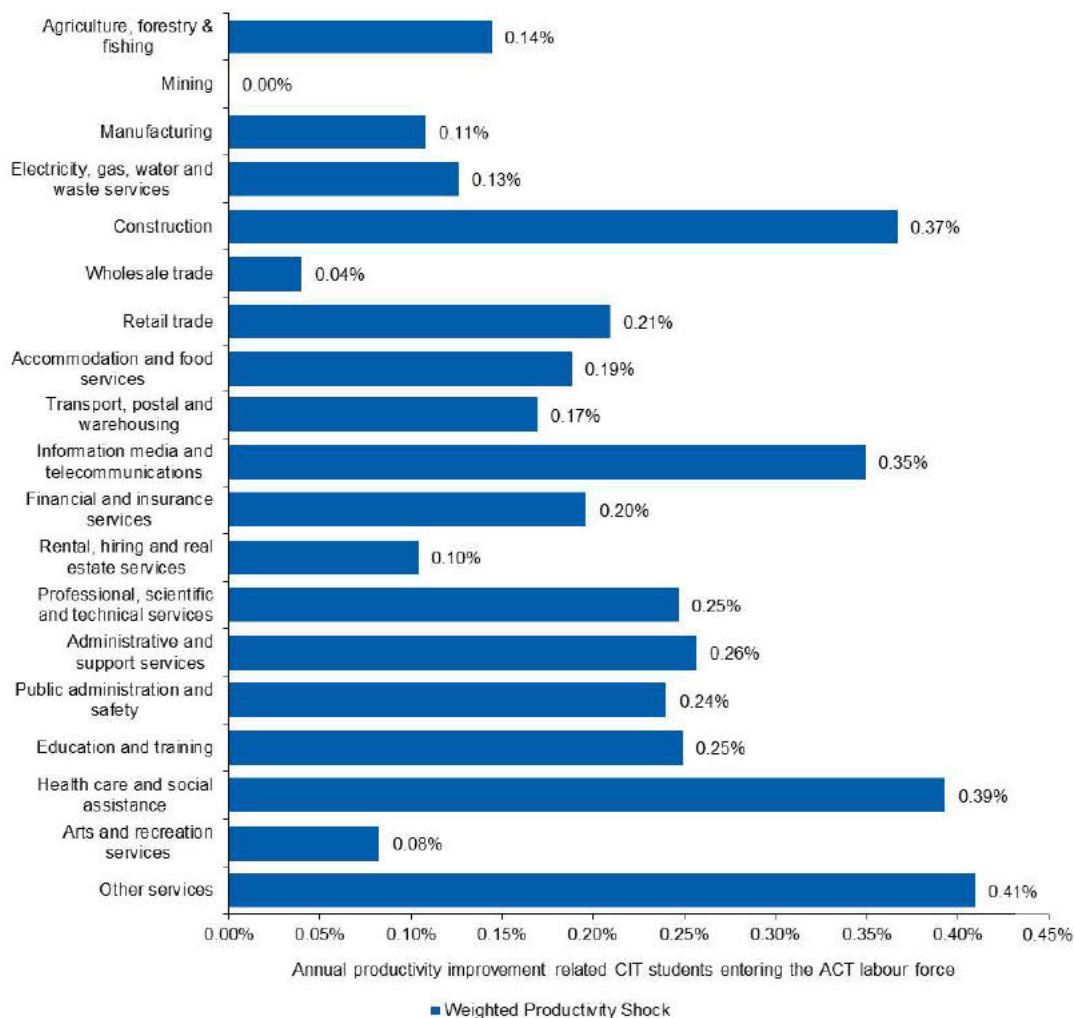


Source: KPMG analysis, NCVET Student Outcomes 2017.

Data from the NCVET Student Outcomes Survey highlights the differences in industry demand for education requirements. For example, seven per cent of graduates entering the construction industry hold a diploma or advanced diploma, whereas the remaining 93 per cent hold a Certificate III or IV. In comparison, for the *Public Administration and Safety* industry, a near-equal proportion of graduates hold either a diploma or certificate. The relative share of education attainment by industry has implications for our productivity shock, recalling that diplomas signal a slightly greater productivity level than certificates.

Figure 13 depicts the final annual productivity improvement by industry, after considering the relative impact of students entering each industry with either diplomas or certificates.

Figure 13: Annual productivity improvement related to CIT students entering the ACT labour force, by industry, 2016-17



Source: NCVET Student Outcomes 2017, ABS, KPMG.

The productivity improvement is largest in the *Other services* industry, mainly due to the volume of skilled workers entering this sector relative to the initial stock of workers. Productivity improvements are smaller in the other industries because fewer students work in these sectors after completing study, and the impact of the flow of students entering the workforce is small relative to the existing labour force. These productivity improvements are imposed on the KPMG-REG model by industry.

Note: Rounding throughout example.

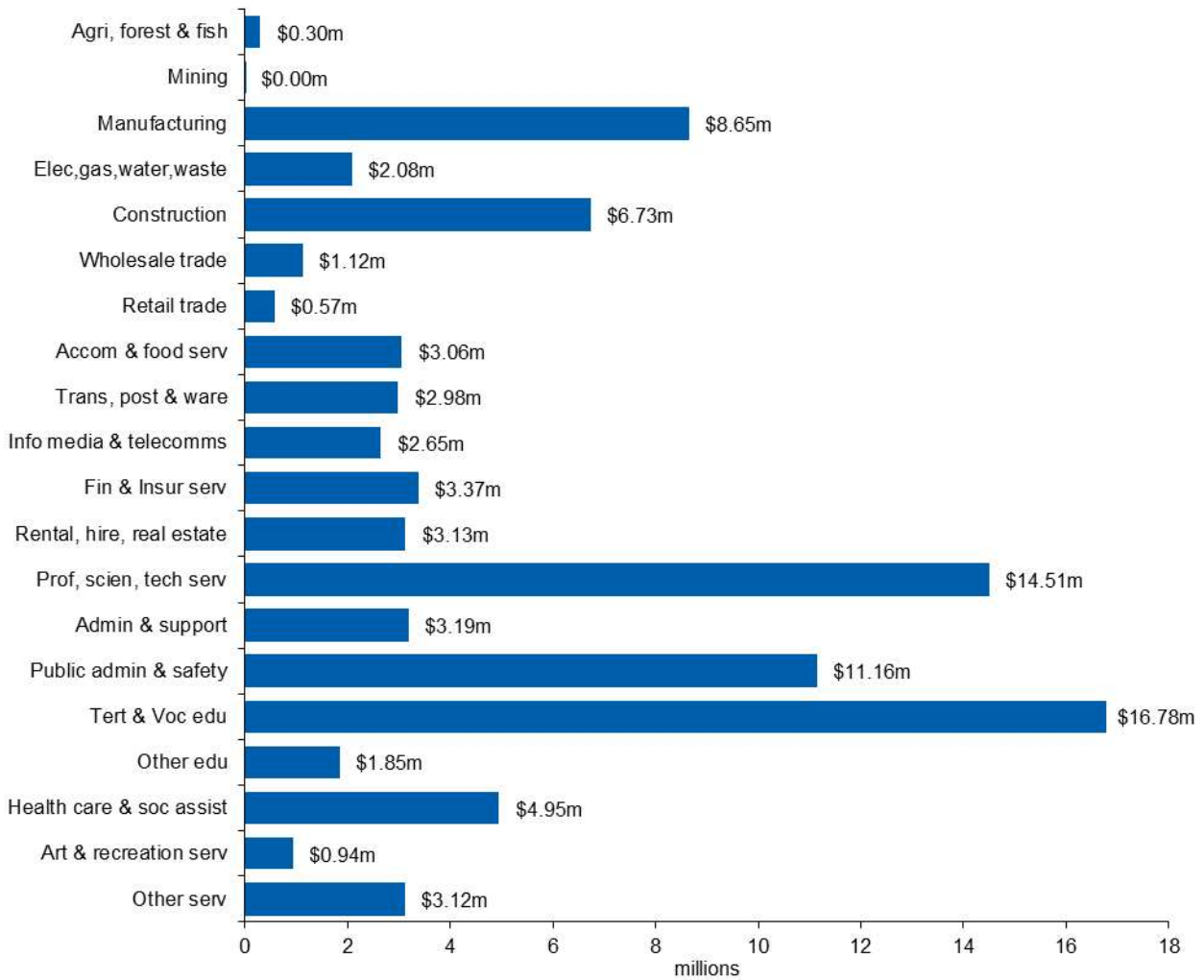
Example Productivity Shock

- 25 students graduated with a diploma and entered the *Construction* sector, representing 0.17% of the industry labour force; 0.17% multiplied by the diploma wage premium (17%) = $0.0017 \times 0.17 = 0.030\%$
- 357 students graduated with a certificate and entered the *Construction* sector, representing 2.42% of the industry labour force; 2.42% multiplied by the certificate wage premium (14%) = $0.024 \times 0.14 = 0.337\%$
- $0.030\% + 0.337\% = 0.367\%$ productivity improvement imposed on the *Construction* sector.

To model the impacts of the productivity improvements, the KPMG-REG model uses the enhanced earnings capacity associated with educational attainment as a reflection of the improvement in the productivity of the individual completing study.

The industry-level impacts are provided in the following figure. The skills and technical abilities provided to CIT students makes them more productive employees, which in turn results in a larger ACT economy. More productive employees in one industry also results in flow-through benefits for other industries. **As can be seen in the following industry-level results, a more highly skilled and productive labour force is beneficial to all industries.** Industries employing higher skilled workers are able to produce more with a given amount of capital and labour.

Figure 14: Change in industry output (\$ million) due to productivity improvements signalled by CIT related wage premiums, ACT, 2016-17

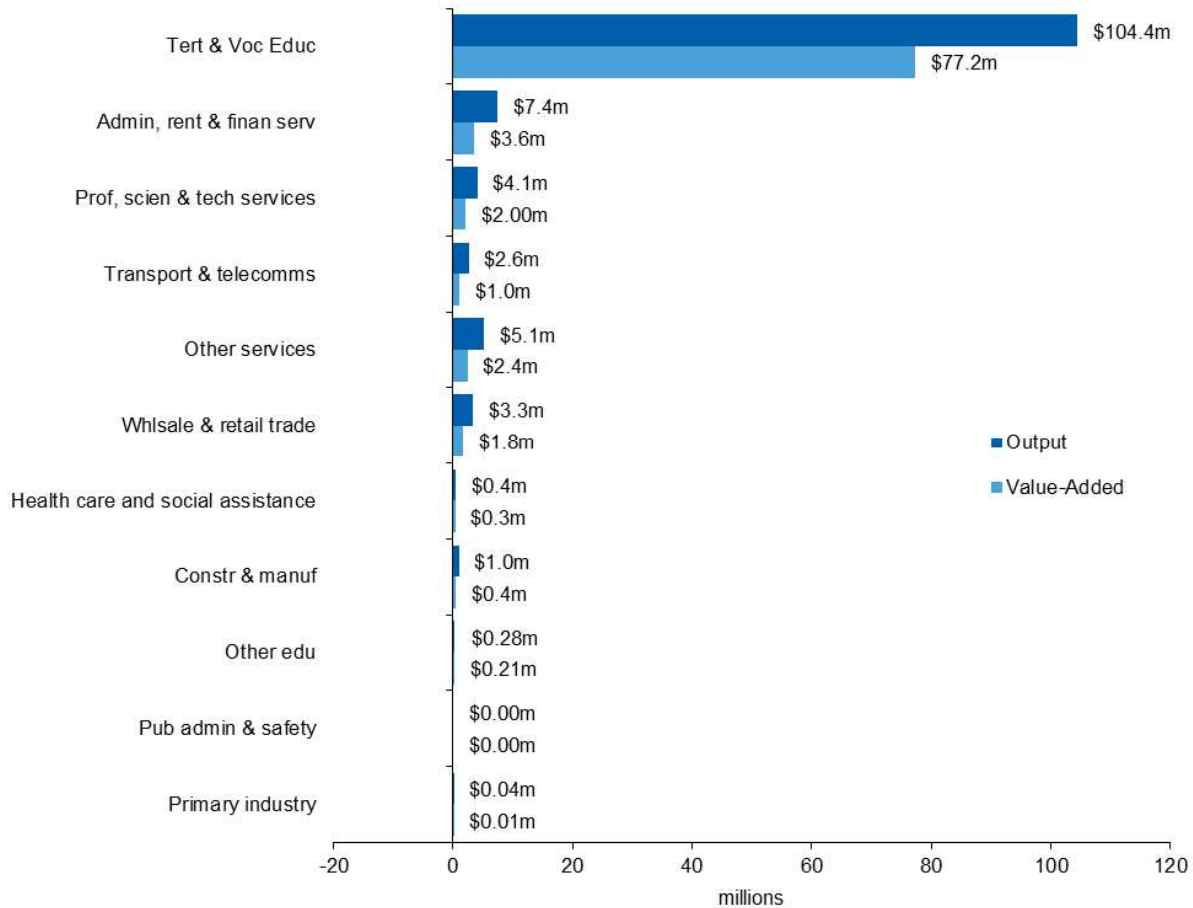


Source: KPMG-REG simulation

A.3.5 TAFE operations

KPMG has relied on primary data provided by CIT to determine the level of employment and expenditure by the organisation. Figures relating to the operations of CIT form 'direct' inputs into the KPMG-REG model. The indirect and wider-economic benefits associated with CIT operational spending and employment are then considered as part of the total economic contribution of CIT.

Figure 15: Change in industry output and value-added (\$ million) as a result of CIT income generation, by industry, ACT, 2016-17



Source: KPMG-REG.

Benefits accrue predominantly to the *Tertiary and Vocational Education* sector, given that the main impact is a change in the level of income received by the TAFE sector. However, there are important ancillary benefits for local industries that benefit by supplying inputs to the *Tertiary and Vocational Education* sector. In practice, these benefits result from direct spending of CIT in the local economy to support their operations (e.g. for supplies, maintenance, and capital purchases), and spending of TAFE employees in the local economy.

CIT operations directly and significantly impact the ACT economy through higher value-added, employment, and aggregate expenditure – these effects highlight the importance of the education and training sector to the ACT economy.

In practice, these benefits result from direct spending of CIT in the ACT community to support its operations (e.g. for supplies, maintenance, and capital purchases), and through the spending of employees in local businesses.

In 2017, CIT:

- Earned aggregate income of \$105 million; and
- Employed 674 full-time equivalent teaching staff.

The modelling of these data inputs shows that there are strong flow-on benefits to the ACT economy from revenue generated by CIT. It is estimated that in 2017, the **operations of CIT supported \$129 million in industry output and \$89 million of value-added in the ACT economy.**

A.3.6 Exports (international students)

There are 944 international students attending CIT. Student numbers are useful when considering the economic footprint of these students. For example, international student expenditure on items such as accommodation, food and discretionary purchases all contribute to the local economy.

Expenditure by the combined 944 CIT students living in the ACT can be broken down into two broad export components – education course fees and expenditure on goods and services.

In 2017, International CIT students living in the ACT spent:

- **\$8.8 million on education fees**, directly contributing to the ACT and national export figures.⁸⁶

In 2017, CIT international students living in ACT spent:

- An estimated \$18.9 million in the local economy.

This estimate is calculated using available international VET student goods and services expenditure data from the ABS⁸⁷ and CIT student numbers.

Table 11: Estimated CIT student goods and services spending in ACT

	2017
Total international VET student expenditure on goods and services	\$3,740,000,000
Total international VET students	186,280
Estimated spending per international VET student	\$20,077
CIT international students in ACT	944
Estimated total CIT goods & service spending in ACT	\$18,952,974

Source: NCVET, Total VET students and courses 2017; ABS International Trade (cat no. 5368) 2017; CIT.

To develop inputs for the KPMG-REG model, spending by industry has also been considered using survey data from Tourism Research Australia.⁸⁸

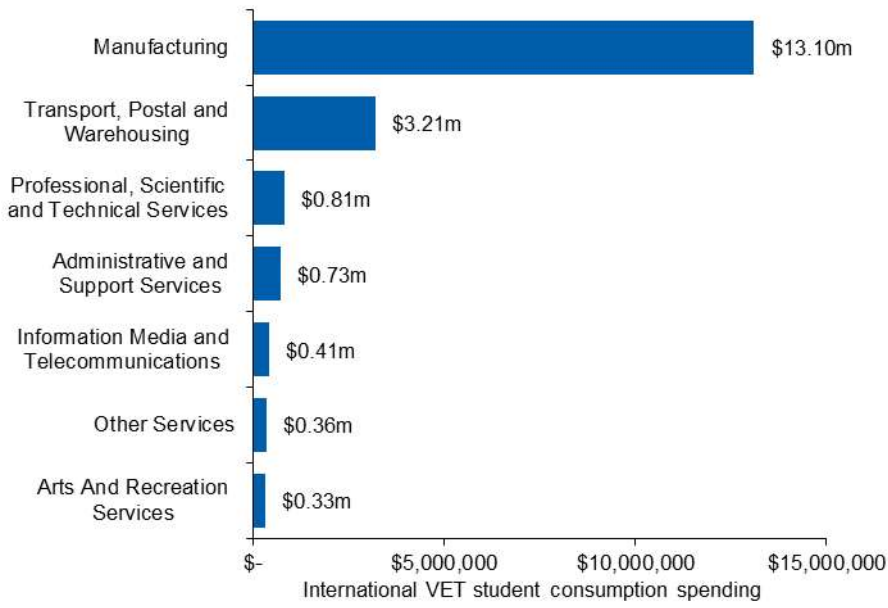
Spending on education fees and goods and services by international CIT students living in the ACT are treated here as *exports*. This spending predominately creates value-added in the *Tertiary and Vocational Education* sector via education fees, with consumption supporting other ACT industries.

⁸⁶ CIT 2017.

⁸⁷ ABS 2016, cat 5368 0.55.004 International Trade in Services by Country - Table 11.

⁸⁸ Tourism Research Australia. Total trip expenditure by item of expenditure for international visitors by purpose of visiting Australia. 2016.

Figure 16: Spending by international CIT students studying in ACT, by industry, 2017 (\$m)



Source: KPMG estimates based on data from Tourism Research Australia.

These international student export revenue figures (arising from international education and living expenses) form an input into the KPMG-REG model in order to estimate the economic benefits of such exports to the ACT economy.

A.4 KPMG-REG Model

A.4.1 Overview

KPMG-REG is one of KPMG's proprietary computable general equilibrium models of the Australian economy. It has been specifically designed for policy analysis. KPMG-REG is a well-established model that has been used to model a wide range of policies and scenarios, including:

- **Victorian TAFE Association** – A 2017 report to undertake an analysis of the contribution of TAFEs to Victoria's prosperity. This involved quantifying the economic contribution of each TAFE funding source on the Victorian economy. The report found that Victorian TAFEs have a vital role in sustaining and growing Victoria's prosperity into the future.
- **Commonwealth Treasury Tax Review** – A major project that was undertaken during 2015-16 involving the provision of economic analysis and modelling of tax reform options for the Tax Review. This involved estimating marginal excess burdens for all major taxes and modelling a range of tax reform scenarios involving the GST, personal income tax and company income tax.
- **Financial Services Council (FSC)** – "The Economic Impact of a GST-funded Company Income Tax Cut" which examined the impacts of a 22 per cent company tax rate, lower personal income taxes, and a higher GST on a broader base. The proposed tax reform formed the basis of the FSC's 2015 submission to the Tax White Paper.
- **NSW Business Chamber (NSWBC)** – A 2015 report to the NSWBC entitled "Economic Modelling of Property Tax Reform Options" that quantified the economic effects on NSW and Australia of four scenarios to replace conveyancing stamp duties on property with land taxes.
- **Australian Mines and Metals Association (AMMA)** – Analysis of workplace relations and the competitiveness of the Australian resources sector. This report was part of the AMMA's submission to the Productivity Commission 2015 inquiry into Australia's workplace relations framework. The report focused on the competitiveness of the resources sector and economy-wide impacts associated with potential changes in the Australian workplace relations framework.
- **CPA Australia** – A study of the impacts of GST reform and tax simplification. This was a 2015 update of a similar 2011 study that analysed the potential impact on the Australian economy of CPA Australia's proposed GST-based tax reform agenda. Four GST reform scenarios were evaluated: (i) 10 per cent GST on a broader base; (ii) 15 per cent GST with current exemptions; (iii) 15 per cent GST and applied to health and education; and (iv) 15 per cent GST on a broader base.

In basic form, KPMG-REG distinguishes 114 sectors and commodities, based on the 2013-14 input-output tables published by the Australian Bureau of Statistics (see ABS (2016) Australian National Accounts: Input-Output Tables (Product Details), 2013-14, Cat. No. 5215.0.55.001). Primary factors are distinguished by 114 types of capital (one type per industry), eight occupations, owner-operator labour, two types of land, and natural resource endowments (one per industry).

- KPMG-REG models the economy as a system of simultaneous equations that represent interrelated economic agents operating in competitive markets. Economic theory specifies the behaviour and market interactions of economic agents, including consumers, investors, producers and governments. These agents operate in domestic and foreign goods markets and capital and labour markets. Defining features of the theoretical structure of KPMG-REG include:
 - Optimising behaviour by households and businesses in the context of competitive markets with explicit resource constraints and budget constraints;
 - The price mechanism operates to clear markets for goods and primary factors; and
 - At the margin, costs are equal to revenues in all economic activities.

A.4.2 Producer behaviour

A representative firm in each sector produces a single commodity. Commodities are distinguished between those destined for export markets and those destined for domestic markets. Production technology is represented by nested CRESH functions (Hanoch, G. (1971), 'CRESH production functions', *Econometrica*, vol. 39, September, pp. 695–712.) allowing a high degree of flexibility in the parameterisation of substitution and technology parameters. Energy goods are treated separately to other intermediate goods and services in production, and are complementary to capital.

A.4.3 Labour market

The supply of labour is determined by a labour-leisure trade-off that allows workers in each occupation to respond to changes in after-tax wage rates, thus determining the hours of work they offer to the labour market. The overall supply of labour is normalised on working-age population.

A.4.4 Household behaviour

Household consumption decisions are determined by a linear expenditure system (Stone, R. (1954), 'Linear Expenditure Systems and demand analysis: an application to the pattern of British demand', *The Economic Journal*, vol. LXIV, pp. 511–27) that distinguishes between subsistence (necessity) and discretionary (luxury) consumption. The linear expenditure system in KPMG-REG is calibrated using income and expenditure elasticities that have been estimated using Australian time series data on household income and expenditure.

Households can also change their mix of imported and domestically-produced commodities depending on relative prices and tastes. In the short term, total household spending moves with household disposable income. In the long term, total household spending adjusts to ensure there is a constraint on the economy's accumulation of net foreign liabilities.

A.4.5 Investment behaviour

Investment behaviour is industry specific and is positively related to the expected rate of return on capital. This rate takes into account company taxation, a variety of capital allowances and the structure of the dividend imputation system.

A.4.6 Foreign sector

Foreign asset and liability accumulation is explicitly modelled, as are the cross-border income flows they generate and that contribute to the evolution of the current account. Along with other foreign income flows such as labour payments and unrequited transfers, KPMG-REG takes into account primary and secondary income flows in the current account. These are particularly important for Australia as they typically comprise a significant share of the balance on the current account.

A.4.7 Government sector

KPMG-REG's theoretical structure and database facilitates detailed modelling of state government (including local) and Commonwealth government fiscal accounts and balance sheets, including the accumulation of public assets and liabilities. Detailed government revenue flows are modelled, including all major direct and indirect taxes, and income from government enterprises. Government spending includes public sector consumption, investment and the payment of various types of transfers (such as pensions and unemployment benefits).

A.4.8 Calibration

The key data inputs used by KPMG-REG are input-output tables. The tables quantify the flows of goods and services from producers to various uses: intermediate inputs to production, inputs to capital creation, household consumption, government consumption and exports. The input-output tables also quantify the flows associated with primary factor inputs: labour, capital, land and natural resources. In KPMG-REG, the data inputs are combined with the model's theoretical structure to quantify behavioural responses, including:

- Price and wage adjustments driven by resource constraints;
- Tax and government spending adjustments driven by budget constraints;
- Input substitution possibilities in production; and
- Responses by consumers, investors, foreigners and other agents to changes in prices, taxes, technical changes and taste changes.

A.4.9 Simulation design

KPMG-CGE has a flexible simulation design: it can be run in comparative-static or dynamic mode. In comparative-static form, the economy moves from the baseline equilibrium to a new equilibrium representing a long-term outcome, usually indicating the effects of a change 10 years after it has occurred. The long-term outcome is an equilibrium where adjustment is complete in all markets. Thus, industry investment and capital usage has fully responded to perturbations in rates of return. Similarly, the labour market has fully responded to perturbations in unemployment rates.

The dynamic mechanisms in KPMG-REG relate to the accumulation of physical capital, foreign liabilities and government debt. The dynamic properties of KPMG-REG provide for gradual adjustment of industry investment to perturbations in rates of return. Similarly, the labour market gradually returns to equilibrium after a perturbation to the unemployment rate.

In dynamic mode, KPMG-REG is run twice; first, to create a baseline (or business-as-usual) representation of the economy; and second, to create a policy scenario that includes the economic shock of interest (e.g., a tax change). The baseline scenario is designed to be a plausible projection of how the economy will evolve in the short term. In the long term, the baseline scenario evolves to a balanced growth path consistent with the long-term properties of well-specified dynamic macroeconomic models (McCandless, G. (2008), *The ABCs of RBCs: An Introduction to Dynamic Macroeconomic Models*, Harvard University Press, Cambridge, Massachusetts.). The policy scenario comprises the baseline scenario in addition to the economic shock of interest. The difference between the value of a particular variable in the policy scenario and its value in the baseline scenario quantifies the impact of the economic shock of interest on that variable.

A.5 Economic Context: the Australian Capital Territory economy

This section presents a snapshot of the ACT economy to provide some context of the ACT’s economic structure and recent trends – the structure of the ACT economy is mirrored within the KPMG-REG model.

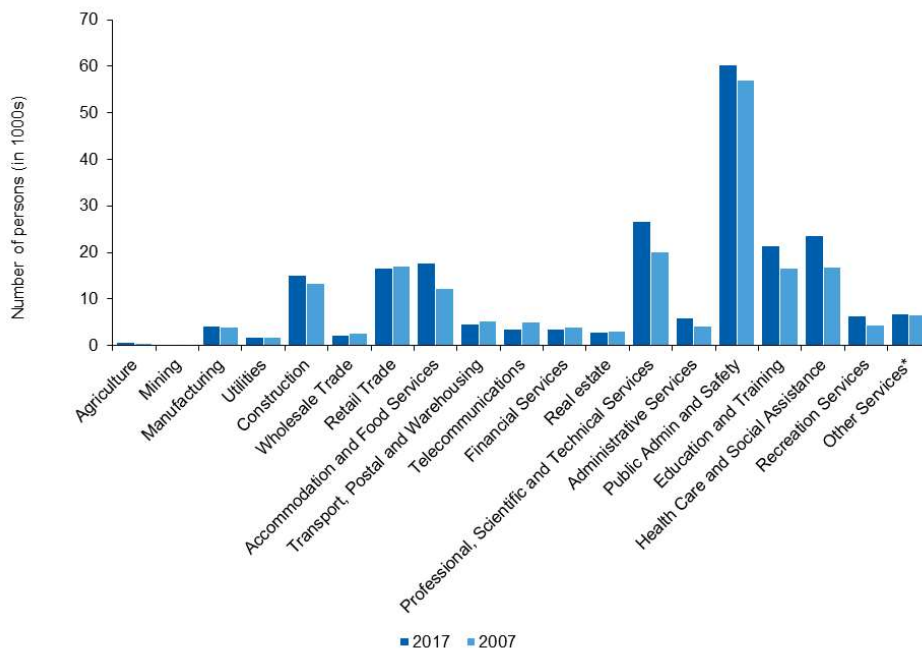
ACT’s GSP was \$37.5 billion in 2016-17, which represents 2.3 per cent of Australia’s gross domestic product. The annual growth of ACT’s GSP between 2015-16 and 2016-17 was the largest seen in Australia, at 4.6 per cent. ACT’s population has increased by 14.3 per cent since 2011 to about 420,000 people, recording the second highest increase in population across all states and territories.

There are approximately 230,000 people employed in the ACT. Given that the population of the ACT is approximately 420,000 people, over half the population of the ACT is employed in the labour force.

Figure 17 shows employment across industries in the last decade.

- The ACT’s *Public administration and safety* sector has remained the largest employer within the ACT, followed by *Professional, Scientific and Technical services* industry. Employing around 60,000 and 26,000 respectively.
- Over the last decade, strong growth in employment was seen in the *Healthcare and Social Assistance, Education and Training, Accommodation and Food services* and *Professional, Scientific and Technical services*.

Figure 17: Employment across industries in ACT ('000 persons).



Source: ABS Labour force survey 2017.



Contact us

Stephen Parker | Partner

Management Consulting
+ 61 (3) 9288 5901
parkers@kpmg.com.au

Elise Wherry | Partner

Management Consulting
+ 61 (3) 9288 5667
ewherry@kpmg.com.au

Jemma Horsley | Director

Management Consulting
+ 61 (3) 9838 4616
jhorsley@kpmg.com.au

Jodie Patron | Director

Economics
+ 61 (2) 6248 1063
jpatron@kpmg.com.au

George Verikios | Director

Economics
+ 61 (7) 3233 3282
gverikios@kpmg.com.au

kpmg.com.au

BUDGET STATEMENTS

2019-20

for

Canberra Institute of Technology

This page deliberately left blank

CANBERRA INSTITUTE OF TECHNOLOGY – STATEMENT OF INTENT

The Canberra Institute of Technology (CIT) is a Territory Authority established under the *Canberra Institute of Technology Act 1987* (the Act).

This Statement of Intent for 2019-20 has been prepared in accordance with Section 61 of the *Financial Management Act 1996*.

The responsible Minister, Ms Meegan Fitzharris MLA, was consulted during the preparation of the Statement of Intent.

The Statement of Intent, which focuses on the 2019-20 Budget year, has been developed in the context of a four year forward planning horizon to be incorporated, as far as practicable, into the CIT strategic and business planning processes.

The CIT 2019-20 Statement of Intent has been agreed between:



Craig Sloan
Chair, CIT Board

23 May 2019



Andrew Barr MLA
Treasurer

30 May 2019



Meegan Fitzharris MLA
Minister for Vocational Education and
Skills

30 May 2019

CANBERRA INSTITUTE OF TECHNOLOGY

Purpose

The corporate objectives of CIT relevant to the Statement of Intent are to:

- create a more agile CIT that is able to effectively respond to the changing Vocational Education and Training (VET) environment;
- be the provider of choice for students, employers, industry and government;
- improve educational outcomes of disadvantaged groups;
- operate as a customer centric organisation through increased focus on the student experience;
- operate as the public provider of VET in the ACT;
- operate with greater commercial and entrepreneurial focus in the increasingly contestable market place;
- meet industry needs by providing the highest quality, contemporary training in a variety of flexible modes;
- grow the capability and capacity of Canberra's changing workforce for employers and industry; and
- contribute to the ACT's growing economy and the ACT's reputation as being one of the world's most liveable cities by attracting high-achieving students and delivering quality training and education that skills the ACT and regional workforce.

Nature and scope of activities

General activities

CIT is a major contributor to the economic growth of the ACT through ensuring a qualified and skilled workforce, increasing skill levels for those self-employed, attracting international students, contributing to the ACT innovation ecosystem and driving life long learning for the ACT's economic and social benefit.

The CIT Board will continue to monitor the progress of transformation at CIT as outlined in the *CIT Strategic Compass 2020 – Evolving Together* strategy as commenced in 2016. The four themes in CIT's Strategic Compass 2020 are: Shaping Change – raising our ambitions to meet new expectations; Growing our Region's Economy – adapting our offerings to provide skills for the future; Advancing Canberra's Workforce – contributing to the new economy and positioning for prosperity; and Transforming our Business – investing in our business for viability and value.

The CIT Board is committed to CIT partnering with industry, business, education organisations and governments, to foster economic growth for the ACT and region, including furthering partnerships with Canberra based companies, working with current and emerging businesses (including entrepreneur and start ups) and supporting local organisations who are competing at the national level.

The CIT Board and Executive will also collaborate with the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) in the development of course offerings and will also consider ACT Government training priorities (including through referencing the ACT Skills Needs List) when proposing new course offerings.

CIT changes lives through quality education and skills development for individuals, industry and the community. CIT seeks to strengthen its position as a leader of VET and to be successful in a more demand driven market by leading innovation in the delivery of VET through the development of unique learning experiences that meet training package requirements and provide students with qualifications. CIT is committed to providing experiences that set CIT students up for success in employment.

CIT is similarly committed to enriching learners with skills and knowledge from now and into the future by supporting the CIT workforce to embody a culture of passion, innovation and high performance, by collaborating with industry including focussed attention on industry engagements and by collaborating with the community and government to diversify and grow CIT partnerships.

Risks

CIT manages its risks as part of its key governance responsibility. The CIT Strategic Business Risk Profile is central to this responsibility and is committed to the prevention of fraud and corruption risk in accordance with the ACT Integrity Policy. Categories are identified within the Strategic Business Risk element that include: ability and willingness to transform; attractiveness and competitiveness; and sustainable cost and profitability.

Throughout 2018, progress reports continued to show that many of CIT's business risk ratings reduced significantly as a result of successful controls and mitigating strategies, as reported to the CIT Board, Executive Management Committee and the Audit, Risk and Finance Committee. The risks identified for both business and fraud and corruption link directly to the CIT Strategic Risk Environmental Assessment Plan, which is reviewed annually and on a needs basis to ensure CIT addresses both strategic and emerging risks. Identification of risk is also embedded in all CIT Business Plans.

CIT manages financial risks through a well-defined financial management framework that includes:

- clearly established ownership of internal budgets;
- monthly variance reporting by senior management;
- quarterly strategic reviews of financial performance and as applicable, reviews of corrective actions;

- regularly updated financial policy, procedures and practice documents;
- access to training for all staff who have financial responsibilities; and
- continuous implementation, monitoring and review of process improvement strategies.

Monthly reporting and analysis of CIT's financial performance assists in identifying and addressing any financial risks. CIT also undertakes monthly reporting and analysis of its annual performance measures as identified in the Statement of Intent and the ACT Government Budget. This process assists in identifying any performance risks. Financial, risk and performance reporting is provided to the CIT Board at each Board meeting as part of CIT's governance arrangements.

2019-20 priorities

Board Priorities for the 2019 calendar year include:

- Building additional capacity and industry partnerships in emerging industries and areas of government demand;
- Improving the recognition of CIT as a major economic and social contributor for the ACT and region;
- Enhancing contemporary organisational transformation and workforce development at CIT through ongoing investment in our people through:
 - the overarching *Evolving Together Project* (with a greater focus on middle management and Heads of Department), and
 - the *Product Innovation Project*, which has successfully demonstrated the importance of collaboration and innovation across CIT;
- Maintaining focus on *Transforming our Business* through people, processes and system changes including fully understanding the costs of service delivery;
- Driving CIT's campus renewal through the Campus Modernisation Strategy;
- Reshaping education and training products through the *Innovative Learning Resources Project* and enhancing teacher capability (including digital fluency) through the *Evolving Teacher Project*; and
- Investing in digital infrastructure including as part of CIT's campus renewal strategy.

CIT will continue to contribute to the Government's agenda of making Canberra more inclusive, progressive and connected over 2019-20 through the following:

Inclusive:

- Contributing to the ACT's open and diversified economy by providing critical skills training for the ACT and regional economy in key capability areas such as the renewable energy, cyber security and health sectors;

- Improving access to supportive VET for those experiencing disadvantage and marginalised groups;
- Increasing contemporary teaching and learning practices to improve student experiences; and
- Attracting and retaining talented people with diverse skill sets.

Progressive:

- Continuing CIT's transformation through the *CIT Strategic Compass 2020 – Evolving Together*;
- Actively contributing to the innovation and entrepreneurial culture in the ACT;
- Maintaining a high performing workforce;
- Targeting funding toward apprenticeships that address areas of priority industry growth; and
- Supporting the Government's efforts to develop our economy's competitive strengths.

Connected:

- Modernising campuses, technology and systems including investing in digital infrastructure and ensuring CIT systems are 'fit for purpose';
- Strengthening our position as a leader of VET to ensure success in an increasingly competitive market;
- Building on CIT's reputation as a trusted and high quality provider of VET for those employers in the ACT seeking skilled workers and learners wishing to gain qualifications;
- Collaborating across Government, including partnership activities with the CBR Innovation Network; and
- Supporting the Government's international engagement agenda.

CIT training profile and associated items

Contextual framework

A well-educated community is the basis of Canberra's social and economic wellbeing. There is a clear strategic link between VET and the economic and social development of the ACT.

The provision of VET through CIT is an important element in the ACT Government's commitment to assist people of the ACT to be part of a well-trained and highly skilled workforce that will promote a strong and vibrant ACT economy. CIT's delivery forms an integral component of the ACT's VET commitment with a high percentage of ACT training funded through CIT.

Specification of output

CIT will provide 3.226 million nominal hours in accordance with the CIT Training Profile.

Reporting requirements

Reporting for all items relevant to CIT's Training profile will be to the relevant standard set by the Australian Government Department of Education and Training. This refers to the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS), or any other National Centre for Vocational Education Research (NCVER) standard, as required by CMTEDD. Variation from these standards can only occur by agreement with CMTEDD. CMTEDD will coordinate the reporting of financial data for the annual National VET Statistics Collection.

Monitoring and reporting

Statistical data

CIT will provide to CMTEDD, statistical and other information to support the Directorate's reporting requirements to the ACT Government and the Australian Government Department of Education and Training, as well as supporting planning of VET within the ACT.

The AVETMISS compliant statistical information will be provided to NCVER (through CMTEDD) in accordance with the Commonwealth Department of Education and Training reporting requirements.

Implementation of training packages

Under national agreements, the ACT is committed to implementing Training Packages. CIT will comply with Clauses 1.26 and 1.27 of the *Standards for Registered Training Organisations (RTOs) 2015* (Transition of training products).

CIT will comply with the Australian Skills Quality Authority's (ASQA) general directions with regard to the implementation of training packages.

Estimated employment level and employment profile

Table 1: Estimated employment level

	2017-18 Actual Outcome	2018-19 Budget	2018-19 Estimated Outcome	2019-20 Budget
Staffing (FTE)	681	678	707 ¹	707

Notes:

1. The increase of 29 FTE in the 2018-19 Estimated Outcome from 2018-19 Budget is primarily due to additional staff being engaged as teaching activity increased throughout the year.

Strategic Objectives and Indicators

Strategic Objective 1

Student Outcomes

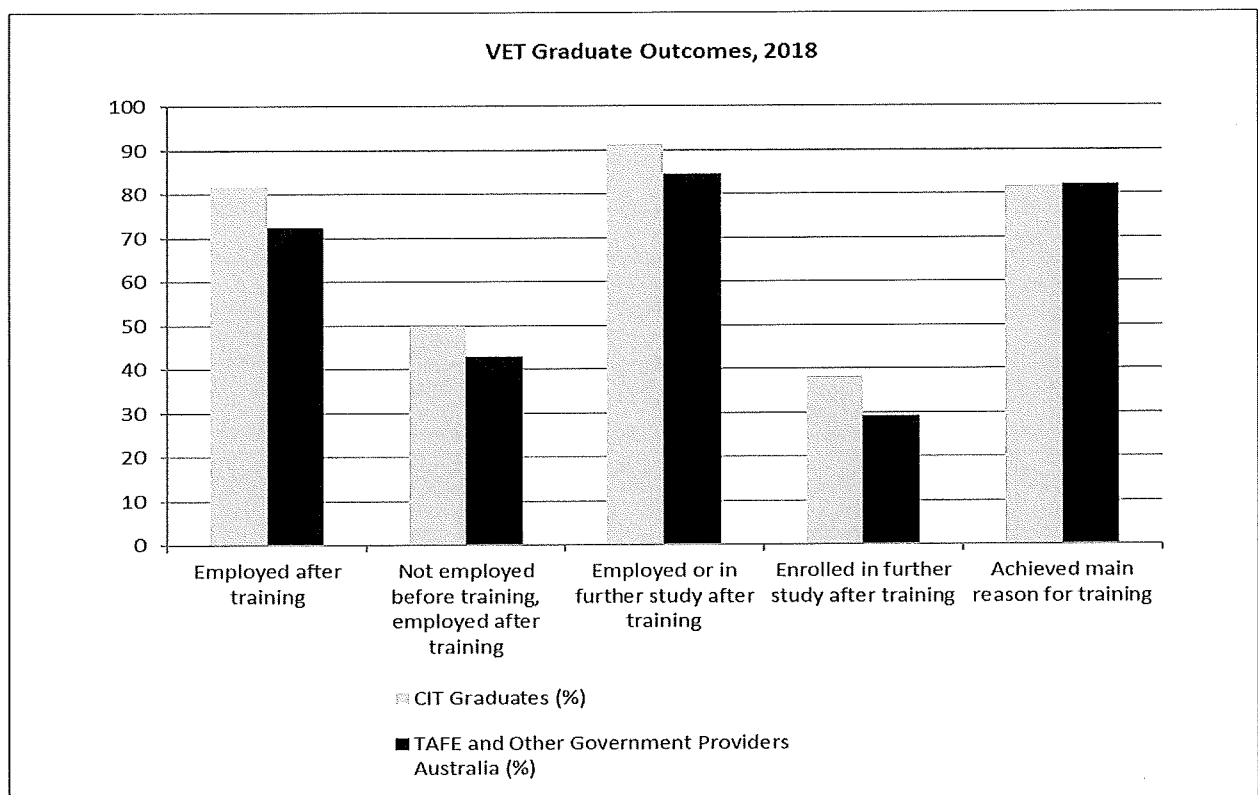
CIT's objective is to provide training that meets student needs.

Strategic Indicator 1: Student Outcomes Survey

The key strategic indicator used by CIT to measure its success is students' employment outcomes as measured through the annual Student Outcomes Survey. By focusing on students' employment outcomes and satisfaction with VET, the Student Outcomes Survey gauges how well CIT serves individuals and the community.

Quality and effectiveness can be measured through student outcomes against national performance. When compared against national TAFE performance, CIT students consistently achieve high levels of employment or are undertaking further study after training. The 2018 performance of CIT graduates against national performance for Australian TAFE Graduates is highlighted in the table below. CIT graduates are shown in grey and have exceeded the national performance on virtually all measures indicating a strong performance across all strategic indicators.

Figure 1: VET Graduate Outcomes, 2018



Output Classes (Controlled GGS)

Output Class 1: Canberra Institute of Technology

Table 2: Output Class 1: Canberra Institute of Technology

	2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000
Total Cost	117,982	121,248
Controlled Recurrent Payments	73,870	75,067

Note:

1. Total cost includes depreciation and amortisation of \$8.431 million in 2018-19 and \$8.431 million in 2019-20.

Output 1.1: Provision of Vocational Education and Training Services

This output involves the provision of places in publicly funded programs at CIT, consistent with training needs identified in the CIT Training Profile section.

Accountability indicators

Output Class 1: Canberra Institute of Technology

Output 1.1: Provision of Vocational Education and Training Services

The figures shown in the following table represent financial year information consistent with the July to June reporting cycle.

Table 4: Accountability indicators Output 1.1

	2018-19 Targets	2018-19 Estimated Outcome	2019-20 Targets
a. Nominal Hours ¹	3,228,000	3,122,000	3,227,000
b. Achieve key output targets:			
– Program Enrolments ¹	11,700	11,700	11,700
– Module Pass Rates ²	75%	81%	75%
– Program Completions ¹	5,500	4,900	5,500
– Learner Satisfaction Rate ³	85%	89%	85%
– Employer Satisfaction Rate ³	80%	94%	80%
c. Average Controlled Recurrent Payment per Nominal Hour ¹	\$22.66	\$23.66	\$23.36

Note(s):

Notes are provided under Explanation of Material Variances on the following page.

Key Performance Indicators for 2019

The figures shown in the following table represent calendar year information consistent with CIT's annual January to December reporting cycle.

Table 5: Accountability Indicators Output 1.1

	2018 Targets	2018 Outcome	2019 Targets
a. Nominal Hours ¹	3,227,000	3,016,402	3,226,000
b. Achieve key output targets:			
– Program Enrolments ¹	11,700	11,686	11,700
– Module Pass Rates ²	75%	81%	75%
– Program Completions ¹	4,500	4,247	4,500
– Learner Satisfaction Rate ³	85%	89%	85%
– Employer Satisfaction Rate ³	80%	94%	80%
c. Average Controlled Recurrent Payment per Nominal Hour ¹	\$22.24	\$23.80	\$23.06

Note(s):

Notes are provided under Explanation of Material Variances below.

Performance Measure Definitions

- Nominal Hours is the nationally accepted quantitative output measure for the VET sector. It measures the anticipated hours of supervised learning or training provided by CIT to adequately present the educational material associated with the delivery and assessment of a program of study. It also includes student contact hours delivered through a recognition of prior learning process. Nominal Hours includes Paid and Non-Paid Nominal Hours and excludes any Nominal Hours relating to students with Withdrawal – Without attendance grade.
- Output targets are as specified below noting that 'Profile' relates to training activities that are funded directly by the ACT Government appropriation for the provision of public access VET. These are:
 - the number of records of students completing program enrolment requirements in accordance with AVETMISS;
 - the proportion of successful module (subject) outcomes compared to module enrolments weighted by Nominal Hours in accordance with the national AVETMISS;
 - the number of student records where program completion requirements have been met in accordance with the AVETMISS for students completing study in the previous academic year(s). This measure does not include completions for non-accredited training such as Adult Community Education (ACE) programs;
 - learner satisfaction rates measure the proportion of current students who indicated that they were satisfied with the training they received at CIT. The learner survey has been designed by the Australian Council for Educational

Research (ACER) to collect data relating to the Australian Quality Training Framework (AQTF) quality indicator (QI) 'Learner Satisfaction'; and

- employer satisfaction rates measure the proportion of employers indicating that they were satisfied with training provided at CIT. The Employer Survey has been designed by the ACER to collect data relating to the AQTF QIs and Employer Satisfaction.
- The Average Controlled Recurrent Payment per Nominal Hour is an output target calculated as the Total Government Payment for Outputs divided by the Nominal Hours outcome for training programs delivered under the CIT's training profile.

Explanation of Material Variances

Note 1: Nominal Hours and Program Completions at 2018 were lower than target due to the carry-over effects of low enrolments in 2017. Nevertheless, performance figures for 2018 reflect a continued year-on-year increase in students.

Note 2: Module pass rates were above target due to CIT's continued focus on high-quality and relevant training and support for students, as reflected in its 2018 Learner Engagement Survey results.

Note 3: The 2018 surveys of learner engagement and employer satisfaction showed overall levels of satisfaction with the training of 89% (2,638 responses, 24.6% response rate) and 94% (560 responses, 37.3% response rate) respectively, reflecting employers' and students' positive view of their experience of CIT training. Learner Satisfaction Rate results were based on the survey of students enrolled in nationally accredited programs. CIT has continued to improve its responsiveness to customers and effectiveness in skilling students with contemporary training methods which have been positively received by industry and students.

Changes to Appropriation

Table 6: Changes to appropriation – Controlled Recurrent Payments

	2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
2018-19 Budget	73,134	75,624	78,287	80,382	80,382
FMA Section 16B Rollovers from 2017-18					
Rollover of National Skills and Workforce Development SPP	548	0	0	0	0
2019-20 Budget Policy Decisions					
Better ICT Services for CIT Students and Staff	0	57	59	0	0
2019-20 Budget Technical Adjustments					
Commonwealth Grants - National Skills and Workforce Development SPP	188	273	374	480	858
Microsoft User Licensing Expansion	0	14	14	14	15
Revised CSS/PSS Employer Contribution Rates	0	1,064	1,071	1,077	1,091
Revised Indexation Parameters	0	0	0	0	822
Revised Superannuation Parameters	0	41	-78	-165	-172
Shared Services User Charges - Review	0	-1,850	-1,896	-1,944	-1,992
Worker's Compensation Savings	0	-156	-156	-156	-156
2019-20 Budget	73,870	75,067	77,675	79,688	80,848

Table 7: Changes to appropriation – Capital Injections, Controlled

	2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
2018-19 Budget	5,245	4,033	4,102	4,173	4,173
2019-20 Budget Policy Decisions					
Better ICT Services for CIT Students and Staff	0	2,744	2,744	0	0
More Teaching and Learning Spaces for CIT Fyshwick	0	0	1,800	1,100	0
2019-20 Budget Technical Adjustments					
Better Infrastructure Fund Indexation 2022-23	0	0	0	0	73
Better Infrastructure Fund Adjustment	0	-160	0	0	0
Better Infrastructure Fund - More Teaching and Learning Spaces for CIT Fyshwick	0	160	0	0	0
Revised Funding Profile - CIT Campus Modernisation - Early Planning	-350	350	0	0	0
Revised Wage Parameters	-280	280	0	0	0
2019-20 Budget	4,615	7,407	8,646	5,273	4,246

Monitoring and Reporting

CIT complies with the requirements of the Annual Reports Directions 2017-18. The CIT Annual Report will, among other things, report against the requirements of this Statement of Intent.

The *Financial Management Act 1996* authorises the Treasurer to obtain financial and other statements from CIT for a stated period including annual, quarterly and monthly reporting.

Quarterly Reporting

To enable consolidated whole of government reporting requirements to be met on a quarterly basis, CIT will ensure the availability to the Treasurer, through CMTEDD, information in the prescribed form and detail in respect of the previous quarter:

- Operating Statement;
- Balance Sheet;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Operating Statement material variance explanations against the seasonal budget provided by CIT;
- Status Report to supplement performance reporting to the Assembly and provide stakeholders with a summary on progress against budget highlights, significant initiatives and major projects (by the tenth working day of each quarter); and
- Financial Management Analysis of results to date, forecast results and related issues that may impact on the financial condition of CIT (by the tenth working day of each quarter).

Monthly Reporting

In addition to the quarterly information required as identified above, on a monthly basis CIT will ensure the availability to the Treasurer through CMTEDD the financial statements, in the prescribed form and with the required detail, in respect of the previous calendar month.

Annual Reporting

As part of preparations for end of year reporting, CMTEDD will advise the dates when the following documents are required at CMTEDD and at the Auditor-General's Office:

- Certified financial statements.
- Management discussion and analysis.
- A full and accurate set of audited financial records for the preceding financial year in the form requested.

- Consolidation packs relating to the annual financial statements.

Financial Arrangements

Financial Performance Targets

CIT undertakes to assess financial performance against the achievement or otherwise of the financial performance measures at the Key Performance Indicators for 2019 section of this Statement of Intent.

Budget Variations

Any variations from the 2018-19 Budget will be considered in the context of end of year cash requirements, unless the relevant legal appropriation is first exhausted. CIT will manage within existing funding sources until this time.

Sustaining Public Funds and Operating Surplus/Loss

CIT will manage its resources toward achievement of the planned financial position at the end of each year, as set out in the Statement of Intent.

Capital Structure

The Statement of Intent covers the capital employed by CIT. Any capital injections will be subject to an agreed business case. Capital employed can be either an injection of equity or a repayable advance (debt capital) in accordance with terms and conditions determined by the Treasurer. The business case will cover the budget year in detail and the three forward years in outline.

A targeted level of capital employed necessary for the budgeted level of service delivery and financial stability of CIT is reflected in the attached budgeted statements of financial position.

Budgeted cash equity capital injections (or distributions) will be payable at the end of the relevant financial year and will be determined in the context of the budgeted and actual year-end balance sheet position, including cash and other assets. CIT will meet funding needs during the year through prudent management of its funding sources and options, including through operational receipts and finance facilities.

Agreement to asset acquisition and disposal is separate from the issue of the appropriate capital position of CIT. Any decision to provide added capital or return funds to the Territory as a result of asset acquisition or disposal will be based on an assessment of CIT's balance sheet including its capital position in light of a given proposed action.

All transfers of fixed assets between ACT agencies will be the subject of a formal agreement between the gaining and losing agencies in relation to timing and valuation of the assets.

A copy of the agreement must be distributed immediately to CMTEDD as part of normal monthly reporting arrangements when an agreement has been reached. The maximum timeframe to reach an agreement is six weeks.

Subsidiaries

CIT Solutions Pty Limited (CIT Solutions) is a company wholly owned by CIT. The company reports to the Australian Securities and Investments Commission in accordance with the *Corporations Act 2001*. The company's audited financial statements are consolidated within CIT's financial statements on a calendar year basis.

CIT Solutions offer a range of educational activities and services, which reflect the resource capability of CIT. These include customised training programs for commercial clients, study tours for groups from overseas and educational and specialist consultancies. The company is also a major provider of adult and community education programs in the ACT and region.

CIT Solutions will also provide quarterly financial statements to CMTEDD as part of the company's quarterly and annual ownership reporting requirements.

Financial Statements

Budgeted financial statements for the 2019-20 Budget year, as well as forward estimates for the three financial years appear below. The general purpose financial statements have been prepared in accordance with the ACT's Model Financial Statements and include:

- a) Operating Statement;
- b) Balance Sheet;
- c) Statement of Changes in Equity;
- d) Cash Flow Statement; and
- e) Notes to the Financial Statements.

Financial Statements

Table 8: Canberra Institute of Technology: Operating Statement

2018-19 Budget		2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
Income							
Revenue							
73,134	Controlled Recurrent Payments	73,870	75,067	2	77,675	79,688	80,848
33,102	User Charges	33,102	33,715	2	34,396	35,170	36,034
263	Interest	263	263	-	263	267	271
500	Dividend Revenue	500	500	-	500	500	500
35	Resources Received Free of Charge	35	1,652	#	1,692	1,734	1,776
2,182	Other Revenue	2,182	2,237	3	2,291	2,360	2,437
109,216	Total Revenue	109,952	113,434	3	116,817	119,719	121,866
Gains							
64	Other Gains	64	64	-	64	66	68
64	Total Gains	64	64	-	64	66	68
109,280	Total Income	110,016	113,498	3	116,881	119,785	121,934
Expenses							
63,580	Employee Expenses	66,236	66,981	1	68,791	70,590	71,469
9,171	Superannuation Expenses	9,530	10,951	15	11,290	11,423	11,562
32,673	Supplies and Services	33,409	34,501	3	35,653	36,642	37,735
8,431	Depreciation and Amortisation	8,431	8,431	-	8,710	9,016	9,030
376	Other Expenses	376	384	2	393	393	398
114,231	Total Expenses	117,982	121,248	3	124,837	128,064	130,194
-4,951	Operating Result	-7,966	-7,750	3	-7,956	-8,279	-8,260
Other Comprehensive Income							
<i>Items that will not be Reclassified Subsequently to Profit or Loss</i>							
-2,002	Increase/(Decrease) in Asset Revaluation Surplus	-2,002	-2,002	-	-2,002	-2,002	-2,002
-2,002	Total Other Comprehensive Income	-2,002	-2,002	-	-2,002	-2,002	-2,002
-6,953	Total Comprehensive Income	-9,968	-9,752	2	-9,958	-10,281	-10,262

Table 9: Canberra Institute of Technology: Balance Sheet

Budget at 30/6/19 \$'000		Est. Outcome as at 30/6/19 \$'000	Budget at 30/6/20 \$'000	Var %	Estimate at 30/6/21 \$'000	Estimate at 30/6/22 \$'000	Estimate at 30/6/23 \$'000
Current Assets							
12,673	Cash and Cash Equivalents	8,347	7,637	-9	8,205	9,173	10,204
3,000	Investments	3,000	3,000	-	3,000	3,000	3,000
6,554	Receivables	7,088	7,113	..	7,138	7,163	7,188
7	Capital Works in Progress	0	0	-	0	0	3
342	Other Assets	633	633	-	633	633	633
22,576	Total Current Assets	19,068	18,383	-4	18,976	19,969	21,028
Non Current Assets							
20	Investments	0	0	-	0	0	0
0	Investment - Joint Venture	20	20	-	20	20	20
191,607	Property, Plant and Equipment	190,627	184,665	-3	178,424	171,877	165,316
1,014	Intangible Assets	878	878	-	878	878	878
4,188	Capital Works in Progress	3,842	7,027	83	11,731	13,062	13,363
196,829	Total Non Current Assets	195,367	192,590	-1	191,053	185,837	179,577
219,405	TOTAL ASSETS	214,435	210,973	-2	210,029	205,806	200,605
Current Liabilities							
1,420	Payables	1,878	1,913	2	1,948	1,983	2,018
170	Interest-Bearing Liabilities	170	170	-	170	170	170
19,253	Employee Benefits	18,676	19,111	2	19,827	20,558	21,319
6,585	Other Liabilities	2,940	1,394	-53	1,048	1,102	1,156
27,428	Total Current Liabilities	23,664	22,588	-5	22,993	23,813	24,663
Non Current Liabilities							
1,124	Interest-Bearing Liabilities	1,060	890	-16	720	550	380
1,336	Employee Benefits	969	1,098	13	1,231	1,366	1,501
2,460	Total Non Current Liabilities	2,029	1,988	-2	1,951	1,916	1,881
29,888	TOTAL LIABILITIES	25,693	24,576	-4	24,944	25,729	26,544
189,517	NET ASSETS	188,742	186,397	-1	185,085	180,077	174,061
REPRESENTED BY FUNDS EMPLOYED							
100,369	Accumulated Funds	95,434	95,091	..	95,781	92,775	88,761
89,148	Asset Revaluation Surplus	93,308	91,306	-2	89,304	87,302	85,300
189,517	TOTAL FUNDS EMPLOYED	188,742	186,397	-1	185,085	180,077	174,061

Table 10: Canberra Institute of Technology: Statement of Changes in Equity

Budget at 30/6/19 \$'000		2018-19 Estimated Outcome \$'000	Budget at 30/6/20 \$'000	Var %	Estimate at 30/6/21 \$'000	Estimate at 30/6/22 \$'000	Estimate at 30/6/23 \$'000
	Opening Equity						
100,075	Opening Accumulated Funds	98,785	95,434	-3	95,091	95,781	92,775
91,150	Opening Asset Revaluation Reserve	95,310	93,308	-2	91,306	89,304	87,302
191,225	Balance at the Start of the Reporting Period	194,095	188,742	-3	186,397	185,085	180,077
	Comprehensive Income						
-4,951	Operating Result - Including Economic Flows	-7,966	-7,750	3	-7,956	-8,279	-8,260
-2,002	Inc/Dec in Asset Revaluation Reserve Surpluses	-2,002	-2,002	-	-2,002	-2,002	-2,002
-6,953	Total Comprehensive Income	-9,968	-9,752	2	-9,958	-10,281	-10,262
0	Total Movement in Reserves	0	0	-	0	0	0
	Transactions Involving Owners Affecting Accumulated Funds						
5,245	Capital Injections	4,615	7,407	60	8,646	5,273	4,246
5,245	Total Transactions Involving Owners Affecting Accumulated Funds	4,615	7,407	60	8,646	5,273	4,246
	Closing Equity						
100,369	Closing Accumulated Funds	95,434	95,091	..	95,781	92,775	88,761
89,148	Closing Asset Revaluation Reserve	93,308	91,306	-2	89,304	87,302	85,300
189,517	Balance at the end of the Reporting Period	188,742	186,397	-1	185,085	180,077	174,061

Table 11: Canberra Institute of Technology: Cash Flow Statement

2018-19 Budget		2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
73,134	Controlled Recurrent Payments	73,870	75,067	2	77,675	79,688	80,848
32,894	User Charges	29,894	31,960	7	33,841	35,015	35,879
263	Interest Received	263	263	-	263	267	271
500	Dividends	500	500	-	500	500	500
6,727	Other	6,727	6,729	..	6,783	6,854	6,933
113,518	Operating Receipts	111,254	114,519	3	119,062	122,324	124,431
Payments							
63,138	Employee	65,067	66,417	2	67,942	69,724	70,573
9,210	Superannuation	9,569	10,951	14	11,290	11,423	11,562
32,390	Supplies and Services	33,126	32,632	-1	33,744	34,691	35,742
4,831	Other	4,831	4,839	..	4,848	4,848	4,853
109,569	Operating Payments	112,593	114,839	2	117,824	120,686	122,730
3,949	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-1,339	-320	76	1,238	1,638	1,701
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Payments							
8,465	Purchase of Property, Plant and Equipment	5,115	7,627	49	9,146	5,773	4,746
8,465	Investing Payments	5,115	7,627	49	9,146	5,773	4,746
-8,465	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-5,115	-7,627	-49	-9,146	-5,773	-4,746

Table 11: Canberra Institute of Technology: Cash Flow Statement (continued)

2018-19 Budget		2018-19 Estimated Outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
5,245	Capital Injections	4,615	7,407	60	8,646	5,273	4,246
5,245	Financing Receipts	4,615	7,407	60	8,646	5,273	4,246
Payments							
170	Repayment of Borrowings	170	170	-	170	170	170
170	Financing Payments	170	170	-	170	170	170
5,075	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	4,445	7,237	63	8,476	5,103	4,076
559	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-2,009	-710	65	568	968	1,031
12,114	CASH AT THE BEGINNING OF REPORTING PERIOD	10,356	8,347	-19	7,637	8,205	9,173
12,673	CASH AT THE END OF REPORTING PERIOD	8,347	7,637	-9	8,205	9,173	10,204

Notes to the Controlled Budget Statements

Operating Statement

- controlled recurrent payments:
 - the increase of \$0.736 million in the 2018-19 estimated outcome from the original budget is due to the increase in Grant funding in the Commonwealth 2018-19 Mid Year Economic and Fiscal Outlook and the 2019-20 Budget.
 - the increase of \$1.197 million in the 2019-20 Budget from the 2018-19 estimated outcome is mainly due to the increased revenue provided to CIT to fund the increased salary expenses resulting from the Enterprise Bargaining Agreements and the increased expenses relating to revised superannuation employer contribution rates.
- resources received free of charge:
 - the increase of \$1.617 million in the 2019-20 Budget from the 2018-19 estimated outcome is due to the Shared Services Cost Model Review and Rightsizing process which changed the arrangement between CIT and Shared Services from payment on invoice to recognising the services as resources received free of charge.
- employee expenses:
 - the increase of \$2.656 million in the 2018-19 estimated outcome from the original budget and the increase of \$0.745 million in the 2019-20 Budget from the 2018-19 estimated outcome are due to additional staff being engaged as training demand increased throughout the year and increased salary expenses resulting from the Enterprise Bargaining Agreements.
- superannuation expenses:
 - the increase of \$1.421 million in the 2019-20 Budget from the 2018-19 estimated outcome is mainly due to the increased expenses resulting from revised superannuation employer contribution rates.

Balance Sheet

- cash and equivalents:
 - the decrease of \$4.326 million in the 2018-19 estimated outcome from the original budget is mainly due to increased salary expenses resulting from additional staff being engaged as training demand increased throughout the year and anticipated back pay expenses for the new Enterprise Bargaining Agreements.
- property, plant and equipment:
 - the decrease of \$5.962 million in the 2019-20 Budget from the 2018-19 estimated outcome is mainly due to asset depreciation outpacing the addition of new assets.
- current and non-current capital works in progress:

- the increase of \$3.185 million in the 2019-20 Budget from the 2018-19 estimated outcome is mainly due to the Better ICT Services for CIT Student and Staff budget initiative.
- other liabilities:
 - the decrease of \$3.645 million in the 2018-19 estimated outcome from the original budget and the decrease of \$1.546 million in the 2019-20 Budget from the 2018-19 estimated outcome predominately relates to a change in CIT's internal accounting treatment of student fees and revenue received in advance.

Statement of Changes in Equity and Cash Flow Statement

Variations in the Statement are explained in the notes above.

Calendar Year Financial Statements

CANBERRA INSTITUTE OF TECHNOLOGY OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Actual 2018 \$'000	Budget 2018 \$'000	Budget 2019 \$'000
INCOME			
Revenue			
Government Payment for Outputs	71,779	71,779	74,379
User Charges - ACT Government	10,111	7,586	8,615
User Charges - Non-ACT Government	23,632	27,184	24,842
Government Grants	1,197	4,257	840
Interest	327	300	300
Resources Received Free of Charge	105	35	35
Other Revenue	463	600	600
Total Revenue	107,614	111,741	109,611
Gains			
Other Gains	23	0	0
Contributions from CIT Solutions Pty Limited	0	500	500
Total Gains	23	500	500
Total Income	107,637	112,241	110,111
EXPENSES			
Employee Expenses	66,235	65,558	67,063
Superannuation Expenses	8,942	9,764	9,054
Supplies and Services	33,830	37,144	35,359
Depreciation and Amortisation	9,077	8,695	8,240
Other Expenses	2,463	1,710	1,535
Total Expenses	120,547	122,871	121,251
Operating (Deficit)	-12,910	-10,630	-11,140

**CANBERRA INSTITUTE OF TECHNOLOGY
BALANCE SHEET
AS AT 31 DECEMBER 2018**

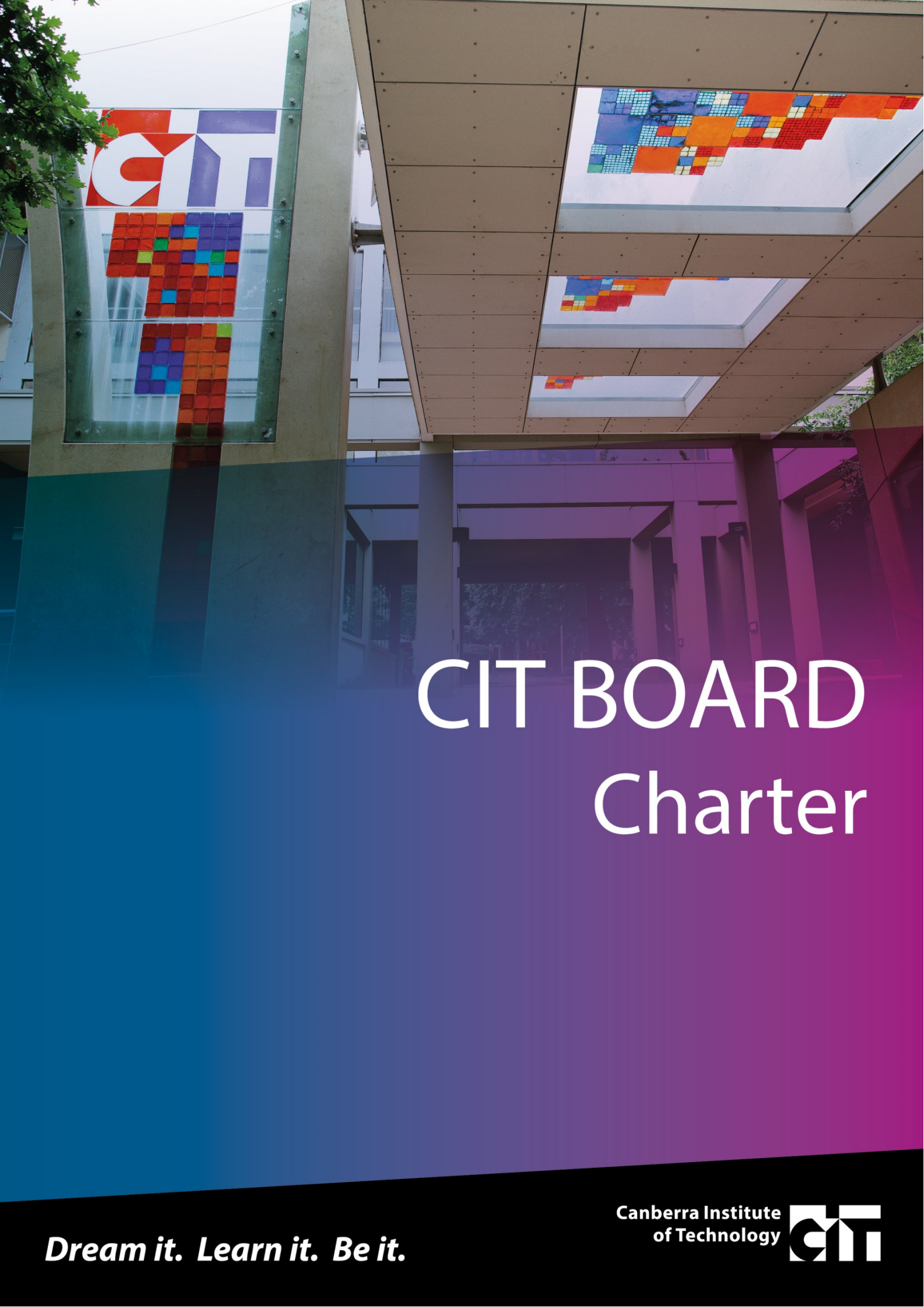
	Actual 2018 \$'000	Budget 2018 \$'000	Budget 2019 \$'000
CURRENT ASSETS			
Cash and Cash Equivalents	9,915	8,507	4,899
Receivables	4,039	2,900	2,900
Assets Held for Distribution to Owners	16,199	0	0
Other Assets	3,125	1,900	1,900
Total Current Assets	33,278	13,307	9,699
NON-CURRENT ASSETS			
Investments	20	20	20
Property, Plant and Equipment	179,539	198,695	193,561
Intangible Assets	623	1,194	878
Capital Works in Progress	2,413	2,186	4,170
Total Non-Current Assets	182,595	202,095	198,629
Total Assets	215,873	215,402	208,328
CURRENT LIABILITIES			
Payables	2,990	1,403	1,896
Employee Benefits	21,572	18,978	18,893
Other	1,991	2,500	2,000
Total Current Liabilities	26,553	22,881	22,789
NON-CURRENT LIABILITIES			
Employee Benefits	997	1,277	1,033
Other	1,230	1,294	1,294
Total Non-Current Liabilities	2,227	2,571	2,327
Total Liabilities	28,780	25,452	25,116
NET ASSETS	187,093	189,950	183,212
EQUITY			
Accumulated Funds	92,182	96,475	88,301
Asset Revaluation Reserve	94,911	93,475	94,911
TOTAL EQUITY	187,093	189,950	183,212

**CANBERRA INSTITUTE OF TECHNOLOGY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Actual 2018 \$'000	Budget 2018 \$'000	Budget 2019 \$'000
Opening Balance	195,011	195,011	187,093
Decrease in Liabilities from Administrative Restructuring			
Operating (Deficit)	-12,910	-10,630	-11,140
Re-measurement under AASB 9	83		
Transfer to Reserve			
Capital Injection	4,909	5,569	7,259
Closing Balance	187,093	189,950	183,212

**CANBERRA INSTITUTE OF TECHNOLOGY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Actual 2018 \$'000	Budget 2018 \$'000	Budget 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government Payment for Outputs	71,779	71,779	74,379
User Charges - ACT Government	9,949	7,586	8,615
User Charges - Non-ACT Government	24,874	28,694	25,980
Interest Received from Bank	327	300	300
Goods and Services Tax Input Tax Credits from the Australian Taxation Office	3,403	2,200	3,030
Goods and Services Tax Collected from Customers	1,342	1,500	1,500
Government Grants	1,197	4,257	840
Other	463	700	700
Contributions	0	500	500
Total Receipts from Operating Activities	113,334	117,516	115,844
Payments			
Related to Employee	62,856	65,558	69,062
Related to Superannuation	8,907	9,764	9,054
Related to Supplies and Services	33,845	38,355	36,894
Goods and Services Tax paid to Suppliers	4,593	3,650	4,150
Other	1,603	1,700	1,700
Total Payments from Operating Activities	111,804	119,027	120,860
Net Cash Inflow (Outflows) from Operating Activities	1,530	-1,511	-5,016
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from Sale of Property, Plant & Equip	23	0	0
Total Receipts from Investing Activities	23	0	0
Payments			
Purchase of Property, Plant & Equipment	6,565	5,569	7,259
Total Payments from Investing Activities	6,565	5,569	7,259
Net Cash (Outflows) from Investing Activities	-6,542	-5,569	-7,259
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Capital Contributions from Government (not operations)	4,909	5,569	7,259
Decrease in Cash from Administrative Restructure	0	0	0
Total Receipts from Financing Activities	4,909	5,569	7,259
Net Cash Inflows from Financing Activities	4,909	5,569	7,259
Net Increase / (Decrease) in Cash Held	-103	-1,511	-5,016
Cash and Cash Equivalents at the Beginning of the Reporting Period	10,018	10,018	9,915
Cash and Cash Equivalents at the End of the Reporting Period	9,915	8,507	4,899



CIT BOARD Charter

Dream it. Learn it. Be it.

Canberra Institute
of Technology



CIT BOARD CHARTER (October 2015)

Contents

INTRODUCTION.....	3
1. Role of the Board.....	3
2. Board Membership.....	3
3. Conduct of Members.....	3
3.1 Roles and responsibilities of members	3
3.2 Code of conduct.....	4
3.3 Conflict of interest	4
3.4 Disclosure of interest	4
3.5 Confidentiality	4
3.6 Use of a Proxy.....	4
4. Meetings	4
4.1 Frequency and location.....	4
4.2 Meeting papers.....	5
4.3 Quorum and voting.....	5
4.4 Out of session papers.....	5
5. Sub Committees	5
6. Board Secretariat.....	6

INTRODUCTION

Governance of territory authorities is regulated by the [Financial Management Act 1996](#) (FMA) and many such elements of the operation of a governing board established under territory legislation are provided for in the FMA. Appropriate references to the FMA requirements are outlined in this Charter.

The Canberra Institute of Technology is a territory authority established under the [Canberra Institute of Technology Act 1987 Act](#) (CIT Act). The CIT Governing Board (the Board) is also established under the CIT Act.

1. Role of the Board

The functions of the Board are prescribed in section 77 of the [FMA](#) and are:

- setting CIT's policies and strategies;
- governing CIT consistently with the authority's establishing Act and other relevant legislation;
- ensuring, as far as practicable, that CIT operates in a proper, effective and efficient way; and
- ensuring, as far as practicable, that CIT complies with applicable governmental policies (if any).

2. Board Membership

Sections 10-12 of the [CIT Act](#) and Part 9 of the [FMA](#) prescribe the requirements for appointment to the Board. The provisions of Part 9 of the [FMA](#) also cover a broad range of other matters relevant to being a member of the Board including, but not limited to:

- the functions of Chair, Deputy Chair and CEO;
- the ending of Board member appointments;
- protection of Board members from liability; and
- indemnification and exemption of Board members.

3. Conduct of Members

3.1 Roles and responsibilities of members

Board members agree to:

- be prepared for meetings by reviewing meeting papers in advance to ensure comprehensive understanding of agenda items;
- act honestly, in good faith and in the best interests of CIT;
- demonstrate care and diligence in fulfilling functions and exercising powers;
- keep abreast of best practices in corporate governance and implement such practices as are appropriate for CIT;
- demonstrate independent judgement and actions and take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

3.2 Code of conduct

Board members who are employed under the [Public Sector Management Act 1994](#) (PSM Act) are subject to the provisions of Section 9 of the [PSM Act](#) – the ‘ACTPS Code of Ethics’. Other Board members have agreed on appointment to act in accordance with the provisions of Section 9 of the [PSM Act](#).

3.3 Conflict of interest

Section 86 of the [FMA](#) requires that a Board member must take all reasonable steps to avoid being placed in a position where a conflict of interest arises during the exercise of the member’s functions.

3.4 Disclosure of interest

In accordance with section 87 of the [FMA](#), the agenda for each Board meeting must include an item requiring any material interest in an issue to be considered at the meeting to be disclosed to the meeting. Section 88 of the [FMA](#) sets out the procedures to be followed in relation to a disclosure of interest by a member and also includes a definition of the key terms, *material interest and indirect interest*:

a governing board member has a **material interest** in an issue if the member has –

- (a) a direct or indirect financial interest in the issue; or
- (b) a direct or indirect interest of any other kind if the interest could conflict with the proper exercise of the member’s functions in relation to the board’s consideration of the issue.

3.5 Confidentiality

Members must ensure that issues discussed at Board meetings and opinions expressed at meetings remain confidential. Members should not circulate the Board papers beyond other Board members.

Section 23 of the [CIT Act](#) ‘Offences – use or divulge protected information’ applies to members of the Board.

3.6 Use of a Proxy

Members of the Board are appointed either as an individual or as a position (such as Director-General). For this reason Members unable to attend a meeting are not permitted to send a proxy in their place to participate in the meeting or decision-making of the CIT Board.

4. Meetings

4.1 Frequency and location

The Board meets as required and in accordance with section 93 of the [FMA](#) it must meet at least once every 3 months. The Chair may call a meeting at any time and must call a meeting if asked by the Minister or at least 2 Board members.

The Chair must give members a minimum of five working days notice of the time and place of a meeting called by the Chair.

Members will be advised of the location of a Board meeting, where possible, at the previous meeting of the Board.

4.2 Meeting papers

The Chair of the Board is responsible for setting the agenda, in consultation with the CIT Chief Executive Officer, and Members may submit items for consideration by the Chair to be included in the meeting agenda. Members are free to raise issues at Board meetings through other business.

Meeting papers are prepared and collated by the Secretariat and circulated to all Board members at least five working days prior to Board meetings. Minutes of meetings, cleared by the Chair, will be prepared and provided to Board members as draft minutes no later than ten working days after a meeting. Minutes will then be formally endorsed at the following meeting.

4.3 Quorum and voting

Section 95 of the FMA requires that at least half the number of members appointed must be present for business to be carried on. If a vote is needed, section 96 of the [FMA](#) provides that:

- each member present has a vote on each question to be decided; and
- a question is decided by a majority of the votes of the members present and voting. If the votes are equal, the member presiding has the deciding vote [note - member presiding is the Chair of the meeting].

4.4 Out of session papers

Where possible all decisions will be made at Board meetings and formally recorded in the minutes of that meeting.

When the Chair determines that urgent matters require the Board's approval between meetings members will be provided with a paper and the decision sought. Members will be given a minimum of five working days to consider the paper.

Approval of out of session papers or decisions will require support from a majority of the Board membership, evidenced by the members' signatures, which may include electronic signatures, or email confirmation sent from an authorised email account.

Decisions made out of session will be formally recorded in the minutes of the next scheduled Board meeting.

5. Sub Committees

The Board may establish sub-committees from time to time to more effectively deal with complex or specialised issues. Membership of sub-committees may consist of all Board members or a combination of expertise through external participation as required. However, all Board sub-committees must have at least one Board member.

An independent audit committee is fundamental to good corporate governance. The Board shall establish an independent Audit, Risk and Finance Committee. Membership of the Audit, Risk and Finance Committee shall consist of one Board member and at least two external members. The Chair and the Deputy Chair of the Board are not permitted as members of the Audit, Risk and Finance Committee. The Audit, Risk and Finance Committee shall be regulated by its own Charter which sets out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

6. Board Secretariat

Secretariat and support work for the Board is provided by the Executive Director, People and Organisational Governance and the Senior Manager, Governance and Ministerial Support. The functions of the Secretariat are to:

- provide support services for meetings of the Board (and where required for meetings of Board committees), including preparation of minutes, in accordance with the item 4.2 above and any other Board agreed requirements
- co-ordinate the provision of advice to the Board and decisions from the Board, where relevant
- co-ordinate the drafting of all correspondence, letters of advice and other material
- co-ordinate research on issues being considered
- ensure that statutory obligations such as legal notifications are met
- ensure timely payment of remuneration and other administrative arrangements for Board members, where relevant.