



Appendix one – Response from agency



Office of the Secretary

SEC18/262

18 July 2018

Ms Margaret Crawford
Auditor-General of NSW
Audit Office of NSW
GPO Box 12
Sydney NSW 2001

Dear Auditor-General ^{Margaret}

Performance Audit – Matching skills training with market needs

Thank you for your letter of 26 June 2018 providing the NSW Department of Industry with an opportunity to respond to the final report of the performance audit – *Matching skills training with market needs*.

I have reviewed the final report and agree with its six recommendations. Please find enclosed the Department's response to and further comments on the six recommendations.

The Department is pleased to see the recommendations support our focus on improving the evidence base to inform government decisions about which qualifications to subsidise and students' decisions about what to study, to maximise job outcomes for NSW people.

Should the Audit Office of NSW wish to discuss the matter further, or require additional information, please do not hesitate to contact the liaison officer for this report Ms Ellen Lintjens on phone 9338 6925 or via email at Ellen.Lintjens@industry.nsw.gov.au.

Yours sincerely

Simon Draper
Secretary

Encl.

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Recommendation from performance audit 'Matching skills training with market needs'

By June 2019, the NSW Department of Industry should:

1. increase transparency of decisions about proposed changes to the NSW Skills List and improve record-keeping of deliberations regarding these changes.

NSW Department of Industry response: agreed.

2. investigate why training providers do not offer, and prospective students do not enrol in, some Smart and Skilled-subsidised qualifications.

NSW Department of Industry Response: agreed.

The NSW Department of Industry will investigate this further with training providers. However, the NSW Department of Industry notes it examines data on the take up of qualifications in reviews of the NSW Skills List. It is also the role of the Strategic Relationship Managers in Training Services NSW to discuss the take up of qualifications with Smart and Skilled approved training providers.

By December 2019, the NSW Department of Industry should:

3. use data more effectively and consistently to ensure that the NSW Skills List only includes high-priority qualifications.

NSW Department of Industry response: agreed.

This work is already underway.

4. evaluate the effectiveness of Smart and Skilled funding which supplements standard subsidies for qualifications on the NSW Skills List, to determine whether it is achieving its objectives.

NSW Department of Industry Response: agreed.

A review was scheduled prior to the start of this performance audit.

5. provide longer-term funding certainty to high performing training providers, while retaining incentives for them to continue to perform well.

NSW Department of Industry Response: agreed.

The NSW Department of Industry is providing Smart and Skilled approved training providers with rolling contracts and annual financial allocations. Training providers that perform well are given assurance that they will receive future financial allocations for 2018-19. The NSW Department of Industry notes that providing longer-term funding certainty through contracts would be a matter for government to consider through the budget process.

6. develop and implement a specific communications strategy for Smart and Skilled to:
 - support prospective student engagement and informed decision-making; and
 - meet the information needs of training providers.

NSW Department of Industry Response: agreed.

The NSW Department of Industry will complement its VET repositioning campaign with a specific communications strategy for Smart and Skilled.