

Ms Anne Cahill Lambert AM
Chair
ACT Remuneration Tribunal
PO Box 964
CIVIC SQUARE ACT 2608

Dear Ms Cahill Lambert

I am writing in response to the Remuneration Tribunal's request for submissions for the annual review of remuneration for part-time office holders.

I wrote to you in June providing comments on the discussion paper prepared by the Tribunal about the methodology and other processes proposed to be observed in its deliberations in respect of part-time office holders. I trust the Tribunal found those comments useful.

In my June letter I indicated that I would address some remuneration issues specifically relevant to the CIT Board in our annual submission and also update you on the proposed governance review of CIT.

CIT, as you may be aware, is the largest registered training organisation (RTO) in the ACT and is committed to excellence in delivering its dual responsibility of operating as the public provider of vocational education and training (VET) and being more business orientated in the changing VET environment. CIT caters to around 20,000 students each year, has a staff fulltime equivalent of close to 700, is currently scoped to deliver over 460 courses from certificate 1 to graduate diploma and has a budget of over \$110m. Since the Board's inception on 1 July 2015 the complexity of the business operations has steadily increased (see below).

Annual and daily remuneration

The CIT Board is comprised of a Chair and Deputy Chair and the remaining members include two director-generals (not entitled to payment), a staff member (generally not paid), a student member and two other members who have significant experience and knowledge in one or more of the areas required by the legislation (i.e. business and industry, vocational education and training and digital learning, social policy issues, finance, governance, human resources, risk management or law). Notwithstanding that remuneration is based on the value of the work task, this broad range of experiences and circumstances makes the application of a fair and consistent remuneration regime more difficult.

Members other than the Chair and the Deputy Chair are paid a daily rate and this requires greater administrative involvement in terms of delivery of remuneration. One advantage with a daily rate for members is that it is possible for them to have appropriate additional work recognised for payment, however, again this is somewhat administratively cumbersome and resource intensive. There is no simple resolution to this situation, however, we will continue to monitor the total payments received by those members on a daily rate and next year may argue for the Tribunal to

consider an annual amount for ordinary members, but this will depend on the data collected over the next 12 months.

While not a perfect solution, annual amounts for all members would reduce administrative resourcing while at the same time providing a perspective where all members were seen to be on a similar footing. I understand that some other boards which might be considered to be broadly similar in structure and operations as the CIT Board have such an arrangement, namely:

- Cultural Facilities Corporation Board
- Exhibition Park Corporation Board
- Government Procurement Board
- Land Development Agency Board
- Capital Metro Project Board

Remuneration increase

In terms of any increase in remuneration, I understand that when the Tribunal made its initial determination for the CIT Board in mid-2015 it indicated that it wanted to reassess the position with the benefit of further information after 12 months or so of CIT Board operations. It has now been fifteen months since the commencement of the CIT Board and I have attached for your information details about our meeting frequency, subcommittees, strategic planning and other decisions/achievements which you might find useful. I should emphasise that even in the short period of time since the Board was established there has been a substantial increase in the complexity of the work undertaken. Examples of this complexity are the development of the CIT Campus Modernisation Strategy 2016-2031 (which includes land and other assets valued in excess of \$182m, and the development of a new direction through the CIT Strategic Compass 2020 - Evolving Together (attached) which includes \$8m of funding secured for new commitments projects with oversight by the Board. Further to this, the Board is also presented with the challenge of steering CIT to a more business focussed approach, rather than reliance on a government appropriation, which is reflective of the broader changes occurring in the national VET sector.

An area of particular concern and increasing complexity is that with the imminent conclusion of the Commonwealth-State funding agreement for VET there needs to be a comprehensive national review of the sector to underpin COAG discussions to reach a new National Partnership on Skills Reform. At the same time there is a disconnect with industry, exacerbated by “dodgy operators” who have done significant reputational damage, particularly in relation to VET FEE-HELP funding, which needs to be addressed.

There also needs to be a greater focus on working with industry to ensure courses are being linked with the labour market and that students have increased employment outcomes on completion of a course. Along with this there should be a refocus on the approach to teaching to provide broad-based skills competencies that are transferable across occupational clusters, rather than narrowly focused courses that are too restrictive in a rapidly evolving labour market - in other words a rethink of vocational qualifications.

In addition to the above, it is worth noting that the Chair and Deputy Chair have significant responsibilities in discharging their duties including weekly meetings with the CIT CEO, regular meetings with the Minister for Higher Education, Training and Research, and other less frequent meetings with the Chief Minister, ACT Senior Executives and MLAs. Board members also have a unique role in generating new business for CIT through their industry connections and personal introductions. Further detail about additional functions attended by the Chair and Deputy Chair is included in the attachment.

Methodology

Regardless of any decision the Tribunal might make on increasing remuneration, I wanted to propose a methodology for CIT Board remuneration as follows:

Remuneration of Chair CIT Board is x% of Chair of LDA Board

Deputy Chair CIT Board is 50% of Chair CIT Board

Member CIT Board is increased by same percentage as Chair and Deputy Chair

A methodology such as this would simplify remuneration setting and establish/reinforce structural relationships. The Chair of the LDA Board has been used as the benchmark as it is the highest paid Board and has endured for some time and has previously been used as a benchmark. If this approach was agreed then the proposal would be that the Chair CIT Board be set at 70% of the Chair of the LDA Board. This would result in the following outcomes:

Chair CIT Board \$51,418.50

Deputy Chair \$25,709.25 pa

Member \$714 per diem

A move to 70% of the remuneration of LDA Chair from approximately 50% appears a reasonable position given the complex and challenging issues CIT is facing going forward. The Deputy Chair and ordinary members would still only be receiving approximately 50% or less of the remuneration paid to their counterparts in LDA.

Governance review

I mentioned in my earlier letter to you that as part of the National Partnership Skills Reform Implementation Plan there is to be a review and evaluation of governance arrangements for public provision of VET training in the ACT. This relates specifically to reforms undertaken at CIT which culminated in changes to CIT's legislation and the introduction of a Governing Board from July 2015. The extent of this review has not yet been determined, however, we have written to Skills Canberra providing our views and expect that the details of the review will be settled shortly. I will let you know when this happens and send details such as the terms of reference to you for your information.

Finally, if it would be of assistance to the Tribunal I would be happy to appear before it during its deliberations to expand upon the issues that I have raised and to address any queries the Tribunal may have or wish to pursue. I look forward to your response.

Yours sincerely



Craig Sloan
Chair
8 September 2016

CIT Board (July 2015 to August 2016)

Meetings

Board meetings: 6

Teleconferences: 4

Subcommittees

Business Development and Cultural Change Sub-committee: 4

Audit, Risk and Finance Committee: 3

Audit, Risk and Finance Committee: Financial Statement Meetings: 2

Campus Modernisation Subcommittee: To be established (see Campus Modernisation Strategy below)

Strategic Planning

CIT Strategic Planning Workshop, facilitated by Lynette Glendinning – 28 April 2016.

Achievements

CIT Tuggeranong

Oversight of the development of CIT Tuggeranong – a state of the art education facility in the heart of the Tuggeranong Town Centre to provide a learning environment to meet the expectations of modern learners. CIT Tuggeranong was officially opened by the CIT Board Chair, Chief Minister and Minister for Higher Education Training and Research on 28 July 2016.

CIT Strategic Compass 2020 – Evolving Together

The CIT Strategic Compass 2020 – Evolving Together was developed by the Business Development and Cultural Change Sub-committee with broader oversight from the CIT Board. The development of this high level document outlining a new direction for CIT involved meetings with consultants and a high level of engagement from Board members to articulate this vision. The strategic compass includes includes nine new commitments (projects) and the Board was instrumental in securing an additional \$8 m in funding to implement the projects. The Business Development and Cultural Change Sub-committee, with the support of the CIT Board, is overseeing these projects.

Modernisation Strategy 2016 – 2031

The CIT Campus Modernisation Strategy 2016 – 2031 is a high level, ambitious plan involving the sale of CIT assets and the reinvestment of funds back to CIT for enhancements teaching and learning. The plan is currently with the ACT Government for consideration. The Chair has been involved in high level negotiations and consultation with various sectors of the ACT Government to get to this point.

The implementation of the plan will require the establishment of a Board sub-committee. Board members will also play a key role in final decisions around this issue.

Other Activities

Board members also attend a range of key CIT staff and student events to gain a greater understanding of CIT activities and outcomes and raise their profile and that of the CIT Board. These include:

- TAFE Chairs Council (Chair attends on behalf of CIT)
- CIT Annual Student Graduation Ceremony
- CIT Staff Achievement Awards
- International Graduation
- Connecting Us (annual all CIT Staff professional development day)
- ACT Training Excellence Awards
- Presentations from Board members to CIT Staff
- Meetings
- Networking events such as Canberra Innovation
- Opening CIT Tuggeranong
- Launch CIT Strategic Compass 2020