

**BILATERAL FUNDING AGREEMENT
between
THE AUSTRALIAN GOVERNMENT AND NSW**

**under the
2005-08 COMMONWEALTH-STATE AGREEMENT FOR SKILLING AUSTRALIA'S
WORKFORCE**

PURPOSE

1. This Bilateral Agreement underpins the collaborative intent of the new national training arrangements. It creates the basis for a partnership between NSW and the Australian Government to advance national and State priorities for vocational and technical education, and ensures that the training sector performs at the highest possible level and meets the needs of industry, individuals and communities within NSW.
2. In this Bilateral Agreement, NSW and the Australian Government are establishing those areas where they will work together, and the manner in which they will engage in a collaborative effort to improve training outcomes for clients of the national training system.
3. This Bilateral Agreement also details the State-specific elements of the Commonwealth-State Agreement for Skilling Australia's Workforce that will apply in NSW.
4. This Bilateral Agreement applies in respect of the period 1 January 2006 to 31 December 2008. In recognition of the dynamic nature of industry and the training sector, it will be reviewed annually to take account of changing local priorities.

NSW PRIORITIES

A high priority for NSW is to maintain a high quality vocational education and training system that is capable of increasing the workforce capacity and economic performance of our State. Our network of training providers will continue to play a key role in driving the productivity and competitiveness of our industries and contributing to the economic and social development of our communities.

Over the next four years NSW will deal with the challenges for businesses seeking to build and retain a skilled workforce, for individuals looking for employment in an increasingly fragmented labour market, and for vocational education and training providers anticipating and responding to industry requirements for skilled labour.

Vocational education and training is central to the economic and social well being of NSW. In particular its vocational education and training:

- supports business competitiveness, innovation and growth
- offers individuals the opportunity to enhance their skills and employment prospects
- contributes to community building and regional development.

NSW will continue to focus on reducing skills shortages and improving quality and equity outcomes.

A high priority is to implement the findings of the review of the New South Wales Traineeship System to enable the sector to achieve higher quality outcomes and to address strategic industry skills development needs, particularly in critical skill shortage areas.

NSW is committed to increasing the opportunities for young people to improve their employability by preparing them for the world of work and enhancing their capacity to make informed decisions about career choices.

The ageing of the Australian workforce means up-skilling and retaining mature-aged workers in the workforce has become an urgent economic and social policy issue. NSW will continue to respond to the lower levels of educational achievement and participation in education and training of older workers.

NSW will also work on the recommendations of the Aboriginal Education Review and specifically seek to increase employment opportunities for Indigenous communities through skills development and bridging the digital divide for Indigenous communities in remote regions.

To drive innovation and regional renewal, NSW will continue to encourage training providers to take the lead in building regional networks and to become learning brokers, developing innovative and customised training products and services. The challenge for these providers is to develop innovative solutions to skills demand at the local level and improve social and economic outcomes for regions and communities.

ENGAGEMENT AND COOPERATION

The NSW Department of Education and Training and the Australian Government Department of Education, Science and Training will work cooperatively through the appropriate mechanisms and channels through which national and state instrumentalities and stakeholders communicate. It would be expected that significant communications or discussions with NSW agencies or stakeholders would be notified to the NSW Department of Education and Training prior to the event, and coordinated through that Department.

The NSW Department of Education and Training and the Australian Government Department of Education, Science and Training (DEST) and stakeholders in the training system are encouraged to work collaboratively to strengthen the national system as it operates in NSW. In general, communication would occur between like organisations. NSW supports open communication between the national Industry Skills Councils and their NSW counterparts. Formal communication between DEST and NSW about New Apprenticeships Centres (NACs) occurs through the DEST NSW Office.

NSW will continue to work cooperatively with the Australian Government to advance the economic prosperity of Australia. NSW and the Australian Government will work together to progress the work of the Council of Australian Governments (COAG).

In NSW, the primary point of contact on national policy issues will be the office of the Deputy-Director General, Strategic Planning and Regulation. NSW and the Australian Government agree to share information on vocational education and training.

NSW and the Australian Government will work collaboratively on arrangements to support New Apprenticeships Centres and Group Training.

The NSW Board of Vocational Education and Training (BVET) was established in 1994 to provide advice to the Minister and oversee policy and planning initiatives in the training system. Some of the examples of the Board's activities are:

- development of the strategic plan for VET 2005-2007 in consultation with employers, unions and community to derive strategic directions for addressing the critical issues of skills shortages, building workforce capabilities and to ensure sustainability of businesses and partnerships
- conducting regional visits and consultation programs to determine the skill and VET needs of the rural and regional communities
- initiating a project on Vocational Education for Compulsory Years of Schooling to develop and strengthen VET opportunities for Indigenous young people
- addressing critical issues, demonstrating new and innovative ways in VET and evaluating VET policies related to apprenticeships and traineeships through a research, demonstration and evaluation program
- recommending to the Minister the allocation resources for priorities in the State, including funding for user choice.

The Board itself is advised by the NSW Industry Skills Forum, which includes the chief executive officers of major employer organisations and the heads of various employee organisations. The Board also receives independent, representative advice from industry advisory bodies. In 2004-2005, the Board funded 13 NSW Industry Training Advisory Bodies (NSW ITABs), and 5 former national ITABs and 2 national Industry Skills Councils (ISCs) for advice on industry areas not covered by NSW ITABs.

In NSW, the Vocational Education and Training Accreditation Board (VETAB) is responsible for accreditation of vocational courses, registration of providers and the provision of advice to the Minister on matters concerning accreditation and registration and approval of training providers. To ensure the provision of high quality services to VET clients, VETAB also conducts strategic audits and provides support for the National Complaints Code.

VETAB works closely with licensing authorities and a range of industry organisations, training providers and government agencies across the VET sector. These include other State and Territory recognition authorities, industry training advisory bodies, the Australian Council for Private Education and Training, the Australian Council of Independent Vocational Colleges, the Commonwealth Department of Education, Science and Training, the Department of Immigration and Multicultural Affairs, NSW WorkCover Authority and the NSW Office of Fair Trading.

NSW will continue its commitment to national initiatives linking education and training with employment opportunities, health, and welfare at the regional level. NSW has participated in the COAG Indigenous whole-of-government initiative, and signed the Murdi Paaki Partnership Project Shared Responsibility Agreement along with DEST and Indigenous leaders from across the western New South Wales region in October 2005. In 2003, the joint Australian Government-NSW funding agreement for Structured Workplace Learning in support of NSW VET in Schools programs was established. NSW was the only state to establish joint funding arrangements. In 2005, NSW contributed \$3.3 million and the Australian Government \$3.4 million to the joint funding. NSW and the Australian Government agree to support this type of arrangement that enables the shared objectives of both governments, the education and training sector, and industry to be pursued.

STATE-SPECIFIC ELEMENTS OF THE COMMONWEALTH-STATE AGREEMENT FOR SKILLING AUSTRALIA'S WORKFORCE

5. STRATEGIC NATIONAL INITIATIVES

NSW will work with local industry and the community to support Strategic National Initiatives.

(i) Skills Shortage Initiatives

Skills shortages have emerged as a very real and growing threat to the economic productivity of enterprises, industries and communities in NSW. The State faces shortages of skilled workers, particularly in traditional trades, in the health and community services industries and in financial and business services. As a matter of priority, vocational education and training will focus on working in partnership with these and other industries to identify new ways of meeting current and future skills needs.

NSW will meet the increased demand for apprentice and trainee places to reduce skill shortages, to provide a skilled workforce for NSW and assist the State to maintain its competitive edge.

NSW and the Australian Government will work together to consider ways that State and Territory skills shortage initiatives that are consistent with the work of COAG, might be progressed to provide national benefit. Where appropriate such work may be proposed for funding through Strategic National Initiatives.

TradeStart@TAFENSW

TradeStart@TAFENSW is a pilot scheme in which apprentices will be able to do their first year of TAFE training in 16 weeks before they start work. *TradeStart@TAFENSW* graduates will be able to access a job matching service which will place job ready apprentices into skill shortage areas such as automotive, construction, electrotechnology, engineering, hairdressing and cabinet making. The program has attracted strong support from industry and group training companies. NSW will review and evaluate *TradeStart* and expand the program during this agreement as appropriate.

Promoting and enhancing flexibility in the NSW Apprenticeship and Traineeship System
NSW will undertake two complementary strategies to raise the awareness of employers of their options around competency based or early completion and to enhance the

capacity of the Department's State Training Centres to support this flexibility within the NSW VET system while maintaining quality assurance. The project will raise employers' awareness of available procedures to seek early completion of their apprentices' and trainees' training contract based on the achievement of competency and develop an information strategy to promote the availability and the benefits of early or competency based completion to employers.

Prove It! – RPL resources for skill shortage qualifications

One way to develop the workforce and reduce skill shortages is to make better use of the skills and knowledge acquired by mature aged workers on the job and through life experience. This can be done by giving people working in areas of skills shortage the opportunity to gain nationally accredited qualifications. *Prove It!* is a web-based application designed to assist students and workers apply for recognition of existing skills that will count towards a qualification. *Prove It!* has been developed in response to the need for a tool to help make this recognition process more accessible and efficient. *Prove It!* can be easily customised and has already been developed for a number of qualifications targeting workers in skills shortage areas including child care workers, drug and alcohol workers and nursing assistants (aged care). Currently in development are qualifications in Disability and Mental Health Work. In 2006, NSW will extend *Prove It!* to other areas of skills shortage including the manufacturing and engineering sectors.

Promotion of Apprenticeship and Traineeships

NSW will undertake a project to develop a promotional strategy based on personal appearances by past apprentice and trainee of the year winners, supported by selected promotional materials and web-based information targeting school students and industry, employers, registered training organisations, schools, teachers including careers advisors and the general community. The project will establish a broader promotional program to showcase the excellence that exists within the VET system and promote the opportunities available to individuals and organisations through participation in VET.

Evaluation of Pre-Vocational Training

NSW will formally evaluate the effectiveness of pre-vocational training courses. Pre-vocational programs undertaken have been well received by clients, industry and local bodies. Research already undertaken has found that pre-apprenticeships increase the completion rates of apprentices and their attractiveness to employers. This project will determine the level and trends of participation in the pre-vocational training; the pathways the pre-vocational and pre-apprentices clients follow after completion of their training; the relevance and effectiveness of their pre-vocational courses and the contribution they make to career pathways; the recognition graduates get towards their off-the-job training and the term of their apprenticeship; and the level of satisfaction derived by the students, employers and the community.

Skill Migration and Skill Formation

NSW will conduct analysis and industry engagement to determine the trends apparent in the relationship between changes in the labour market, skill shortages, skilled migration and skill formation; the impact that the short term/temporary migration and permanent migration program can make in addressing skill shortages in Australia; the NSW industries and employers in VET occupations that are heavily or continually reliant on recently arrived migrants, including the recruitment of long-stay temporary migrants; and the industry areas with emerging or potential skill shortages that might anticipate a

skilled migration solution. The project will also explore the development of sustainable solutions to skill formation and skill supply in a range of NSW ‘migrant dependent’ industries through demonstration projects.

Skill Ecosystem Strategy

Over the last three years, the Australian and NSW Governments have funded skill ecosystem pilot projects which have sought to enhance skill formation by integrating learning strategies more closely with business goals. Nine demonstration projects explored how the skill ecosystem concept could be applied and have contributed to an understanding of the infrastructure required to initiate and sustain robust skill development within a skill ecosystem framework.

Over next three years, it is proposed that the program will support the development and implementation of a skill ecosystem strategy in three selected industries. Funds will be used to catalyse skill ecosystem strategies that are national in scope, and to build capacity in the selected industries and more broadly, including a joint state facilitation service and a strategy to ensure expert industry engagement with the skill ecosystem initiatives.

(ii) Joint Indigenous Funding Pool

The Australian Government and NSW agree to provide the following funds for the Joint Indigenous Funding Pool in NSW:

Funding Contribution	2006	2007	2008
Australian Government	\$1,096,557	\$1,120,681	\$1,144,216
NSW	\$1,096,557	\$1,120,681	\$1,144,216
TOTAL	\$2,193,114	\$2,241,362	\$2,288,432

It is agreed that these funds will not be included when determining NSW’s overall activity requirement.

Providers will tender competitively through the open and transparent process of the Approved Providers List Contract for the NSW Training Market. Information about the Approved Provider List Contract is publicly available at <https://www.det.nsw.edu.au/trainingmarket/> and includes information on tender requirements and guidelines, and reporting requirements. NSW agrees to work with the Australian Government on the implementation of this initiative. A representative of the Australian Government will be invited to be involved in planning implementation of the Joint Indigenous Funding Pool program of delivery. The criteria for assessment will be:

- outcomes for Indigenous clients that improve their training and employment opportunities and lead to improved module and course completion and success rates
- high level of Indigenous community involvement in the development and delivery of training to the target group
- staff involved in training delivery and support services to the target group are culturally responsive to the learning needs of Indigenous people; or ability to provide culturally responsive guidance, support and training to Indigenous people
- community support for the range of qualifications/levels being offered to Indigenous people.

Training services funded through the Joint Indigenous Funding Pool will be supported by such strategies as:

- the purchase of pre-vocational training that leads to Certificate III traineeships and apprenticeships
- the mapping of training pathways of short courses of a few modules at a time to build up to higher qualification achievements
- the purchase of Certificate IV in Training and Assessment for potential Indigenous trainers
- the purchase of Indigenous culture training for trainers/assessors who deliver to the target group.

The above strategies may also involve the purchase of literacy and numeracy training as well as pastoral care support with training

6. NATIONAL TARGETS

NSW will meet its share of the national targets set out in the 2005-08 Commonwealth-State Agreement for Skilling Australia's Workforce. In meeting its share, NSW will use 2003 as the base year.

(i) Additional New Apprentice commencements in skills shortages in traditional trades:

The NSW target is **3,326** places. The industries in which NSW will meet the target are:

ASCO Code	ASCO Name
41	Mechanical and Fabrication Engineering Tradespersons
42	Automotive Tradesperson
43	Electrical and Electronics Tradespersons
44	Construction Tradespersons
45	Food Tradespersons
493	Hairdressers
494	Textile, Clothing and Related Tradespersons

(ii) Additional places in other areas of skills shortage:

The NSW target is 3,326 places. The qualifications in which NSW will meet the target are:

Industry	National Code	Qualification
Accounting	FNB40602	Cert IV Financial Services
Accounting	FNB50202	Dip Accounting
Accounting	FNB60202	Adv Dip Accounting
Childcare	CHC30402	Cert III Children's Services
Childcare	CHC50302	Diploma Children's Services
IT	ICA50701	Dip Information Technology (Internetworking)
Engineering	91248NSW	Adv Dip Civil Engineering Design
Engineering	91028NSW	Engineering Dip Electrical Engineering (Computer Systems)

Nursing	CHC30102	Cert III Aged Care Work
Nursing	CHC40102	Cert IV Aged Care Work
Primary Industries	RTE31303	Cert III Irrigation
Primary Industries	RTF30103	Cert III Horticulture
Primary Industries	RTF40103	Cert IV Horticulture
Primary Industries	RTD30102	Cert III Conservation & Land Management (Conservation Earthworks)
Primary Industries	RTD30102	Cert III Conservation and Land Management (Indigenous Land Management)

The agricultural industries have lost large numbers of employees as they left the industry during the drought in search of work. The breaking of the drought is contributing to increased demand for training as industries return to increased activity levels. The return to profitability of those sectors depending on irrigation, especially in the cotton industry, will further increase demand for training.

(iii) Additional places for mature age people and/or youth:

The NSW target is 8,647 places. Planned places will be distributed between young people (15-24 years) and mature age people (45-64 years).

(iv) Additional places for people with a disability:

The NSW target is 3,326 places.

(v) Additional places in regional and remote locations for Indigenous Australians

The NSW target is 2,000 additional places in regional and remote locations over the life of the agreement.

To achieve this target, NSW will:

- expand flexible learning programs and resources for Indigenous communities, including through online learning programs
- encourage RTOs to negotiate with Indigenous communities in terms of 'learning content' and 'delivery sites', which may include the use of mobile units to maximise Indigenous participation in VET.

(vi) Increased participation by Indigenous Australians at higher qualification levels:

NSW will increase the number of Indigenous students enrolled in Certificate III and above as a percentage of total Indigenous enrolments to 33% by 2008.

To achieve this target, NSW will:

- increase delivery of pre-vocational programs which articulate into higher level and industry oriented programs for Indigenous students

- undertake a project on Alcohol and Drug Services for Aboriginal Communities in partnerships with the Aboriginal Health and Medical Research Council. NSW will deliver targeted specially customised and flexibly delivered training for both Aboriginal and Non Aboriginal health workers in the rural/remote and metropolitan Aboriginal health sector of NSW to build foundation skills, achieve national qualifications and create learning pathways. Training will be at the AQF Cert IV level
- liaise with key agencies including DEST, NACs, DEWR, Group Training Organisations and RTOs to work collaboratively to increase apprenticeship and traineeship opportunities for Indigenous people
- develop new programs and learning and teaching resources to support Indigenous students articulation into higher level program, including through Training Packages
- promote collaboration between RTOs and Adult and Community Education (ACE) providers to jointly enhance learning and vocational pathways for Indigenous students between ACE and VET.

7. PERFORMANCE MEASURES

NSW will continue to improve performance outcomes for all students and meet client needs over the life of this Agreement.

NSW will:

- (i) improve the level of employer satisfaction with VET from 82% (2001 figure) to 85% by 2008, within the range of the confidence intervals for NSW**

NSW and the Australian Government agree that this performance measure can be reviewed in the light of the results of the 2005 survey when they become available.

This will be achieved by:

- strengthening quality assurance mechanisms to ensure satisfying outcomes for students and employer
- seeking and responding to employers' feedback through meetings with key industry representatives and through industry forums. Business engagement will result in an increased alignment of existing courses with industry and employers' needs, greater capacity to meet future requirements with new courses, and increased understanding of future needs for flexible delivery.

- (ii) maintain the level of student satisfaction of graduates with the overall quality of training at 86%, within the range of the confidence intervals for NSW**

This will be achieved by:

- strengthening quality assurance mechanisms to ensure satisfying outcomes for students and employers
- continuing with or adopting a range of measures to ensure all students views are considered in planning delivery. These measures include:
 - Institute Advisory Council membership including a student representative, a member representing Aboriginal communities, as well as community representatives from different backgrounds (such as immigrant and refugee communities) and geographical location
 - promoting and strengthening relationships with schools, community groups and youth inter-agency networks to ensure that program planning and delivery strategies meet the needs of clients
 - ensuring teaching sections participate in relevant community forums, networks and activities to maintain first hand knowledge of the changing needs of disadvantaged students and to promote non-core programs
 - conducting student satisfaction surveys and implementing continuous improvement plans based on survey results
 - undertaking consultations to ensure that curriculum embeds equity principles and responds to needs of equity groups
 - using technology such as SMS and mobile learning strategies to improve feedback mechanisms.

(iii) NSW will improve the outcomes for mature age students by:

- increasing the number of on-the-job training programs for mature age workers
- using blended modes of delivery with a focus on workplace learning and skills development and achievement
- promoting recognition of prior learning and facilitate pathways to higher level training for mature age, including using online recognition tools to assist mature age workers with no formal qualifications to assess existing skills.

(iv) NSW will improve the outcomes for people with disability through:

- implementing flexible delivery strategies and technological innovation such as providing support through a network of Learner Support Centres, one-to-one tuition and laptop computing equipment
- developing teaching and customer service strategies for staff managing students with a disability, for example, establishing a practitioner network for teachers of students with disabilities
- working with the NSW Department of Ageing, Disabilities and Home Care (DADHC) to provide effective pathways for young people with disabilities who are

seeking employment, particularly in relation to the new DADHC Transition to Work program

- ongoing promotion of apprenticeships and traineeships to HSC VET students with disabilities through the Department of Education and Training NAC pilot.

The outcomes will be measured by the:

- improved load pass rate for students with a disability
- increase in the number of HSC VET students with disabilities taking up apprenticeships and traineeships

(v) NSW will improve the outcomes for Indigenous Australians through:

- appropriate support for Indigenous students during mainstream courses
- ensuring that resources are culturally appropriate for Indigenous students
- providing ongoing professional development to teachers focused on improving the learning outcomes of Indigenous students
- developing and delivering a range of customised programs for Indigenous people including leadership courses, family education courses, courses in entrepreneurial and small business skills, courses in office administration and literacy tutoring courses which will build community capacity and enhance employment prospects.

The outcomes will be measured by the:

- improved load pass rate for Indigenous students
- increase in the proportion of Indigenous student completing courses at Certificate III or above level
- increase in the number of Indigenous students taking up apprenticeships and traineeships.

8. INFRASTRUCTURE

NSW is not seeking to use infrastructure funding for recurrent purposes in 2006.

9. ACTIVITY

NSW and the Australian Government agree to negotiate any adjustment to the NSW overall activity requirement due to shifts of training activity into higher cost areas on the basis of NSW industry weightings and, as needed, on the basis of NSW cost data on location, clients and qualifications.

Over the life the 2005-2008 Commonwealth-State Agreement for Skilling Australia's Workforce, it is agreed that tutorial support and TAFE delivered VET in Schools will be reported according to the same scope as used in 2004.

10. ADDITIONAL FUNDING
Not applicable.