

BILATERAL FUNDING AGREEMENT
between
THE AUSTRALIAN GOVERNMENT AND THE QUEENSLAND GOVERNMENT

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 the Queensland Government 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 Queensland.
2. In this Bilateral Agreement, the Queensland Government 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 *2005-08 Commonwealth-State Agreement for Skilling Australia's Workforce* (the Agreement) that will apply in Queensland.
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.

QUEENSLAND PRIORITIES

The Queensland economy is forecast to grow by 4.25% in 2005-06¹, exceeding growth nationally for the tenth consecutive year. Queensland has experienced very strong employment growth with over half of all the new full-time jobs created in 2004 being in Queensland.

Queensland's remarkable employment growth is evidence of the success of the *Smart Queensland: Smart State Strategy 2005-2015*. The Queensland economy is rapidly diversifying beyond the traditional resource-based industries into new areas such as aviation and a range of technology and knowledge-based industries. A key element of the strategy is a training and higher education system that will create a highly skilled workforce.

The buoyant state economy has led to some significant skills shortages in recent years. This is despite the rapid growth in employment, a reduction in the unemployment rate to historically low levels, a workforce participation rate higher than the nation average and Queensland having more trade apprentices in training per 1000 employees than in any other state. While a tight labour market is a feature of the broader Australian economy, indeed in most developed world economies, growth states such as Queensland face particular pressures.

In June 2005 the Queensland Government released the discussion paper *Queensland's proposed responses to the challenges of skills for jobs and growth* (the discussion paper). The discussion paper proposed reforms and initiatives that represent the most comprehensive

¹ *Queensland State Budget 2005-06: Strategy and Outlook*

review in 40 years of Queensland's TAFE institutes and the Vocational Education and Training (VET) system. It built on the *SmartVET* strategy that commenced in 2004, involving investment of more than \$1 billion over three years to meet the skills needs of industries that are critical to Queensland's economy.

Queensland has focussed vocational education and training on the needs of industries critical to the State's economy; both new and emerging industries such as aviation and information and communication technology that require a highly skilled workforce to compete in the global economy, and traditional industries such as manufacturing, building and construction, rural industries, small business and tourism that need to upgrade workforce skills to take advantage of technological improvements and emerging development opportunities. Recent initiatives in Queensland include:

- The pilot of *Skilling Solutions Queensland* which offers Queenslanders a customised face-to-face career advisory and skills assessment service.
- The pilot of strategies to increase the uptake of Recognition of Prior Learning in key industries.
- The development of Skills Formation Strategies for major employment sectors and key regions across the State in partnership with industry, government, union and regional and community leaders. At 31 December 2005, 15 Skills Formation Strategies are in place, including strategies for civil construction, tourism and the Western Downs region.
- The trial of a new cadetship system to fast track training and offer higher-level qualifications in industries facing high-tech skills shortages, including technical officers, laboratory operations and electronic engineering qualifications in the manufacturing sector.
- Industry-led centres of excellence are being developed as a partnership between industry and government, providing new accelerated apprenticeship training models in a number of key industry areas. The Government-supported training centre, Aviation Australia, was the first centre and the graduates of its Certificate IV courses enjoy impressive employment outcomes. Two centres of excellence, in the aviation and mining industries, are currently in place.

The Queensland Government, will early in 2006, release its response to community consultation on the discussion paper in the *Queensland Skills Plan White Paper*. This Bilateral Agreement is set in the context that the *Queensland Skills Plan White Paper* will set out a blueprint for further reform of the Queensland training system. These reforms will be comprehensive and far reaching, providing a new framework for skills policy to meet the current and future needs of the labour market.

Six priorities shaped the reform package proposed in *Queensland's proposed responses to the challenges of skills for jobs and growth*:

- Tackling the urgent shortage of trades skills by reforming and modernising the trades apprenticeship system.
- Strengthening Queensland's skills base for the future by increasing the State's VET qualifications profile, and reforming the role of Queensland's TAFE institutes to develop a world-leading and highly-skilled professional and associate professional workforce.
- Developing a more responsive and flexible VET system by developing a more customised approach to providing skills for people, forming new partnerships with private registered training providers, and improving careers and skills information services.

- Initiating a new engagement with employers to tackle skills shortages by working more closely with industry to develop a shared future skills agenda in Queensland's major industries.
- Developing a workforce and skills response to the ageing population.
- Increasing labour force participation through new skilling strategies for vulnerable groups and the under-skilled.

This Bilateral Agreement supports the Queensland Government's strategy to direct public training funds to industries, regions or key population groups that require targeted assistance.

The *Queensland Skills Plan White Paper* will address further reforms to ensure that public training funds are genuinely targeted to priority industry areas, including areas of skills shortage. The development of a robust public and private provider market will also be encouraged to ensure demand for priority training is met.

The Bilateral Agreement supports arrangements for funding training in Queensland that will continue to support the State's traditional industries while providing for the training needs of emerging industries that will contribute to the State's prosperity in the future.

ENGAGEMENT AND COOPERATION

In this Bilateral Agreement, the Australian and Queensland Governments agree to work collaboratively to continue to develop and reform the national training system.

The Department of Education, Science and Training and the Queensland Department of Employment and Training will cooperate to develop and implement the national agenda, and to provide mutual support to plan and deliver training related programs.

The Queensland Government and the Australian Government will work together to progress the recommendations arising from the Council of Australian Governments (COAG) examination of the barriers to achieving a national approach to apprenticeships and training.

The Queensland training system has developed over the last decade to a high level of maturity, with strong and successful private training providers and public TAFE institutes. The forthcoming White Paper will address the continued growth and engagement between the public and private training sectors.

The Training and Employment Recognition Council was established in Queensland under the *Vocational Education, Training and Employment Act 2000*. The primary responsibilities of the Council are the registration and regulation of training organisations, the registration, completion and cancellation of apprenticeships and traineeships and course accreditation. The *Vocational Education, Training and Employment Amendment Act 2005* transferred some additional functions to the Council but removed from the Act the functions of recommending an annual training plan to the Minister and performing the functions of the State Training Authority for the (then) *Australian National Training Authority Act 1992*. The Department of Employment and Training is the State Training Authority for the purposes of the Agreement.

The primary contact for the Industry Skills Councils on training issues in Queensland is the Executive Director, Industry Development in the Department of Employment and Training.

In 2005, Queensland established the Australian Agricultural College Corporation which consolidated and reformed the governance arrangements for the agricultural training colleges in the State.

The White Paper will address further reform of governance arrangements for the training system in Queensland.

The Queensland Department of Employment and Training has in place a Memorandum of Understanding with the Commonwealth Department of Employment and Workplace Relations concerning cooperation to ensure federal and state employment programs are integrated at the local level and appropriate information is shared.

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

Strategic National Initiatives

Queensland is committed to the national project initiatives in the Agreement.

Recognition of Prior Learning (RPL) is already promoted in Queensland and is featured in the discussion paper *Queensland's proposed responses to the challenges of skills for jobs and growth*. Queensland has a suite of initiatives to enhance the role of RPL in addressing the needs of adult clients. In Queensland, behavioural change around RPL practice is being fostered to facilitate a shift to flexible work-based and practical up front skills assessments by registered training providers. Significant work is also being undertaken with registered training organisation data managers and staff to improve the accuracy of reporting RPL outcomes, particularly since the introduction of a new public provider student enrolment system in the State. Queensland is keen to participate in the development of the national project on RPL, required under the Agreement, to complement and enhance the work underway in the state.

In relation to the required national project on skills shortages under the Agreement, the Queensland Government and the Australian Government will work together to consider ways that a state and territory skills shortage initiatives project, that is consistent with the work of COAG, might be progressed to provide national benefit. Where appropriate such work may be proposed for funding through the Strategic National Initiative funding under the Agreement. Queensland has led a recent national project on harmonising vocational education and training and licensing arrangements. Competency based training is not new in Queensland, but initiatives in the forthcoming White Paper will ensure that the policy is fully realised. Another skills shortage issue likely to be addressed by COAG is barriers to school-based apprenticeships. Queensland is the leading state in facilitating school-based apprenticeships and traineeships, accounting for 42% of national school-based apprentice and trainee commencements in the June quarter 2005.

The Queensland Government will also participate in a strategic national initiative to improve training outcomes for Indigenous Australians. The Queensland Government will match the Australian Government's contribution to a Joint Indigenous Funding Pool. The funds for this initiative, totalling \$2.1 million per annum, will be strategically targeted to maximise education and training opportunities and improve vocational education and training outcomes for Indigenous students in Queensland.

From 2006-07 funding for vocational education and training for Indigenous Queenslanders will be invested against Indigenous priorities in the Queensland Indigenous Employment and Training Policy which is being developed. One priority is to develop the capacity of Indigenous registered training providers to deliver training that meets the needs of industry, to improve training and employment outcomes for Indigenous Queenslanders in the sustainable longer term. Indigenous registered training providers in Queensland currently tender on a competitive basis for training dollars. The Queensland Government will use the \$2.1 million funding to enhance outcomes for Indigenous students, with a particular focus on developing Indigenous

registered training providers. The Department of Education, Science and Training and the Queensland Department of Employment and Training will cooperate in the further development of the guidelines and management of the fund.

National Targets

5. Queensland will meet its share of the national targets set out in the *2005-08 Commonwealth-State Agreement for Skilling Australia's Workforce*. Queensland will meet the following targets from the base year 2003:

(i) An additional 1,937 commencements in skills shortages in traditional trades, in the following occupations:

Engineering Trades	Metal Fitter Metal Machinist Toolmaker Metal Fabricator Welder Sheetmetal Worker
Automotive Trades	Motor Mechanic Auto Electrician Panel Beater Vehicle Painter
Electrical/Electronic Trades	Electrician Refrigeration and Airconditioning Mechanic Electrical Powerline Trades Electronic Instrument Trades
Construction Trades	Carpenter and Joiner Bricklayer Plumber
Food Trades	Chef Pastrycook Cook
Printing Trades	Graphic Pre-press Trades Printing Machinist Binder and Finisher
Other Trades	Cabinetmaker Hairdresser Furniture Upholsterer

(ii) An additional 1,937 places in non-apprenticeship areas of skills shortage in the following occupations and qualifications:

Child Care	Child Care Coordinator Child Care Worker
Registered Nurses	Enrolled Nurse

Advanced manufacturing sector including aviation, biotechnology and fibre composite workers

Aged care workers

Civil construction workers

Multi media developers and technicians

Small business managers

Water and waste managers

- (iii) An additional 5,035 places for mature age people.
- (iv) An additional 1,937 places for people with a disability.
- (v) Additional places in regional and remote locations for Indigenous Australians.
- (vi) Increased participation by Indigenous Australians at higher qualification levels.

PERFORMANCE MEASURES AND STRATEGIES

6. The Queensland Government is committed to strengthening its relationship with industry and continuing to develop a training system that truly meets the needs of students and industry. Training that works for industry and employers, and training that works for individuals, are central pillars of the new framework for skills policy that will be detailed in the forthcoming White Paper.

Employer and student satisfaction surveys provide one indication of a state's performance, although they are difficult to compare across jurisdictions and over time.

The NCVET 2001 *Survey of Employer Views on Vocational Education and Training* indicated that 82% of employers were satisfied or very satisfied with public and private VET providers in Queensland, higher than the national 80% average. Over the life of this Bilateral Agreement, the Queensland Government aims to maintain industry satisfaction levels, at or above national average levels within reasonable statistical confidence intervals.

The NCVET 2005 *Student Outcomes Survey* indicates that 88% of publicly funded VET system graduates in Queensland were satisfied with the overall quality of training, which is slightly higher than the Australian average. Over the life of this Bilateral Agreement, the Queensland Government aims to maintain student satisfaction levels, at or above national average levels within reasonable statistical confidence intervals.

The Queensland Government will continue to strengthen the range of strategies it has in place to increase the relevance, quantity, quality and distribution of adult skills in Queensland. These policies are vitally important to the Queensland Government. Queensland will meet the performance measure required under the Agreement to provide an additional 5,035 places for mature-age students over the life of the Agreement. Strategies to meet the target of increasing training opportunities for mature-aged people include:

- Skilling Solutions Queensland, a customised face-to face career information and skills assessment service which is currently being piloted across Queensland.
- Strategies to encourage greater use of Recognition of Prior Learning (RPL) pathways by mature clients.
- New innovative proposals in *Queensland Skills Plan White Paper*.
- The *Experience Pays Strategy* which is a component of the current *Breaking the Unemployment Cycle* initiative to assist mature age jobseekers and those at risk in the labour force.

Policies to assist vulnerable groups access training and employment are vitally important to Queensland. Under the Agreement, Queensland is required to meet a target of providing an additional 1,937 places for people with a disability over the life of the Agreement. Queensland is seeking to improve load pass rates for students with a disability, and is also seeking to improve post-training outcomes (which could result in reductions in participation rates in some circumstances). Strategies to improve outcomes for people with a disability include:

- Developing and implementing products and programs specifically designed to inform choices and aid transition into, through, and out of vocational training.
- Supporting VET professionals to provide responsive and inclusive training.
- Providing additional training places and support for people with a disability.
- Improving collaboration between government agencies, employers and the community sector to support the transition of people with a disability into training and employment.
- Continuing to target the inclusion of people with disabilities in employment preparation initiatives.

Queensland has committed under the Agreement to increase participation by Indigenous Australians at higher qualification levels. Queensland's goal is to improve outcomes in terms of improved retention, developing pathways for the achievement of higher-level VET qualifications thus leading to sustainable employment outcomes for Indigenous Queenslanders and reducing the parity gap between the outcomes for Indigenous and non-Indigenous VET students. The outcomes will be measured by the improved retention and load pass rate for Indigenous students, and an increase in the proportion of Indigenous students completing courses at Certificate III or above level.

To achieve these goals, the Queensland Government's general approach is to ensure that Indigenous students are well served within mainstream VET service provision, but also to ensure there is sufficient flexibility in the department's arrangements to meet special needs for Indigenous clients. Examples of specific strategies are:

- Increasing the number of Indigenous teachers, trainers and assessors, for example through scholarships and cadetships, to ensure the delivery of nationally accredited training packages in a culturally sensitive manner.
- Improve pathways between pre-vocational to lower and higher levels of training.
- Developing a database for Indigenous trainers, for access by private and public Indigenous Registered Training Organisations.

- Increasing the focus on local and case management.

The Queensland Government notes that the Client and Student Voice Action Group has been established to make recommendations concerning the development of national priorities, strategies and performance measures to help Indigenous Australian, people with a disability and other client groups. The Queensland Government will participate in the consideration and implementation of a national response to the Action Group's recommendations.

INFRASTRUCTURE

7. Clause 46 of the *2005-08 Commonwealth-State Agreement for Skilling Australia's Workforce* allows a state/territory the flexibility to convert part of its share of the Commonwealth Government funding allocation for major capital purposes to recurrent purposes.

The Queensland Government does not propose to utilise this provision in 2006.

OTHER

8. The Queensland Government is finalising the *Queensland Skills Plan White Paper* which will contain proposals for significant reform of the vocational education and training system in Queensland over the life of this Bilateral Agreement and beyond.

The Queensland Government will review the impact of its reforms on activity levels and other aspects of the Agreement during 2006 and will, if necessary, revise its plans under the Agreement in collaboration with the Australian Government.