

**BILATERAL FUNDING AGREEMENT**  
between  
**THE AUSTRALIAN GOVERNMENT AND THE VICTORIAN GOVERNMENT**  
under the  
**2005-2008 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 Victorian 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 Victoria.
2. In this Bilateral Agreement, the Victorian Government and the Australian Government are establishing those areas where we will work together 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 Victoria.
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.

**VICTORIA'S PRIORITIES**

*Growing Victoria Together* (GVT) is the overarching policy framework for Victoria that illustrates the Bracks Government's vision for the State. This vision is that by 2010, and beyond, Victoria will have a thriving economy, quality health and education, a healthy environment and caring communities that contribute to a vibrant democracy. GVT emphasises that to participate in the modern economy, more adult Victorians need to increase their skills through education and training. It sets the goal that by 2010, 90% of young people in Victoria will successfully complete Year 12 or its educational equivalent. *A Vision for Victoria 2010 and Beyond* is the second tranche of GVT and it identifies high quality education and training for lifelong learning as a goal to increase the level of participation in vocational education and training (VET) of adults aged 25-64 years.

Released in 2002, the Victorian Government's Ministerial Statement *Knowledge and Skills for the Innovation Economy*, provides a framework that continues to guide VET in Victoria. The Ministerial Statement fosters innovation and specialisation in the Victorian VET sector and acknowledges that the growth of Victorian industry depends on a workforce that is skilled to meet the emerging demands of new technology and industries. It has delivered a planning framework for purchasing training delivery that aims to target government resources to priority training areas and is highly responsive to changes in the skill needs of Victorian industry. The Victorian Government will further re-prioritise its training purchases to ensure that they clearly address the current and emerging skill needs of industries and the government's priorities for the Victorian economy.

*Future Directions for Adult Community Education in Victoria* is the Ministerial Statement that provides direction for community-based adult education across Victoria. This statement emphasises the need for a community-wide effort to continue Victoria's innovation economy and focuses on outcomes for Victorians who need support to undertake adult education and who experience ongoing disadvantage.

Over the period of this Agreement, the Victorian Government will continue to deliver *Moving Forward*, an action plan for growth in provincial Victoria. This package builds on the strength of regional economies and unlocks their potential for future growth. This package will also deliver new VET opportunities in high demand areas focusing on increasing workforce skills.

## **ENGAGEMENT AND COOPERATION**

The Victorian Government and the Australian Government are able to work together by directly accessing state or national bodies as required. The governance structure of the Victorian VET system consists of the Victorian Learning and Employment Skills Commission (VLESC), the Adult, Community and Further Education (ACFE) Board, the Victorian Qualifications Authority (VQA) and the Office of Training and Tertiary Education (OTTE) of the Department of Education and Training (DET). The VLESC is the State Training Authority for Victoria under the Commonwealth-State Agreement. The role of the VLESC is to allocate funding and provide policy advice to Government on post compulsory education and training.

Victoria has a number of mechanisms for engaging with industry, clients, providers and qualifications authorities. Throughout the period of this plan the VLESC will also consult on both a formal and informal basis with industry bodies, industry and unions in order to engage in issues facing training.

Victoria has 17 **Industry Training Advisory Boards** (ITABs). ITABs engage industry in research, planning and policy activity by:

- promoting training;
- providing authoritative industry advice;
- developing training products;
- undertaking emerging skills research; and
- providing industry intelligence.

**Local Learning and Employment Networks** (LLENs) bring together education providers, industry, community organisations, individuals and government organisations to improve education, training and employment outcomes for young people in communities across Victoria.

The **Victorian Qualifications Authority** (VQA) is the accreditation, certification and quality assurance authority for all post compulsory education except higher education. OTTE performs work under delegation from the VQA and is funded accordingly. The Secretary of DET sits on the Board of the VQA, and the Chair of the VQA Board sits on the VLESC.

### **Memorandum of Understanding**

Victoria works in partnership with the Commonwealth under a memorandum of understanding for the New Apprenticeships Centres. However, a revised memorandum of understanding (MOU) is sought which will provide for:

- an enhanced electronic interface between the Commonwealth and the Victorian Governments' databases for apprenticeship and traineeship contracts of training to be developed during 2006. The enhanced interface is required to enable New Apprenticeships Centres to make status amendments to all current contracts of training;
- New Apprenticeships Centres to receive delegations from the VLESC on certain matters upon agreement by the VLESC; and
- agreed Key Performance Indicators against which New Apprenticeships Centres' performance in carrying out delegations can be assessed, and agreed actions where their performance is unsatisfactory.

The Victorian Government and the Australian Government will continue to develop the MOU in these areas for implementation during the new 2006-2009 New Apprenticeships Support Services contract.

The Victorian Government and the Australian Government will work together to progress the work of the Council of Australian Governments (COAG).

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

### *Strategic National Initiatives*

The Victorian Government is committed to developing strategic responses to address skill shortages in collaboration with the Australian Government. In this context, the Victorian Government and the Australian Government will work together to ensure that Victorian State skill shortage initiatives, the work of COAG and the national skills initiatives are progressed to provide national benefit.

5. Victoria will work with local industry and the community to support the following Strategic National Initiatives:

- (i) In relation to skill shortages, Victoria will:
  - target training delivery to skill shortage areas identified by Victoria's planning framework and those that are on the Skills in Demand list of the Department of Employment and Workplace Relations (DEWR);
  - further reprioritise resources for training delivery to ensure that they are targeted to the current and emerging skill needs of industries and the Victorian Government's priorities for the economy;
  - focus on increasing pathways and engagement of:
    - i. early school leavers and those at risk of leaving school early;
    - ii. unemployed and underemployed people; and
    - iii. existing and mature-aged workers, particularly those with low-level qualifications and those at risk of unemployment through industry adjustment:
  - negotiate with industry parties, registered training organisations (RTOs), employers and employees to implement competency-based, rather than time-served, apprenticeships on an industry-by-industry basis. This will be linked to quality assurance arrangements that ensure competency is demonstrated to the satisfaction of both the RTO and employer;
  - expand pre-apprenticeships to areas where they do not currently exist, where there are identified skill shortages, and increase the uptake and completion of apprenticeships during the period of this agreement; and
  - encourage new responses to skill shortages through the Innovation Funding Program for Group Training Organisations.

Victoria will target industries to address skill shortages, including:

Automotive;  
Building and Construction;  
Business Services;  
Metals and Engineering;  
Transport and Storage; and  
Wholesale, Retail and Personal Services.

- (ii) As part of the 2005-2008 Commonwealth-State Training Funding Agreement, the Commonwealth is proposing a Joint Indigenous Funding Pool (JIFP) that includes an allocation of funding through a competitive tender process. Victoria will match the Australian Government funding of \$236,000. Victoria will use its current preferred provider processes to allocate funding through an expression of interest for providers that are committed to; improving outcomes for Indigenous clients, involving the Indigenous community in planning, and supporting Indigenous staff involvement in training delivery and support services. The Victorian Government will continue to cooperate with the Australian Government in further development of the guidelines and management of the funding pool.

#### *National Targets*

6. Victoria will meet its population share of the national targets set out in the 2005-2008 Commonwealth-State Agreement for Skilling Australia's Workforce. In meeting its share, Victoria will specify the base year 2003 for targets (i) and (ii) and (iv)-(vi) and the base year 2004 for target (iii). The targets for Victoria are as follows:

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

- (a) 2477 places; and  
(b) Victoria's target will be achieved from trade occupations, including:  
Engineering trades;  
Electrical/Electronics trades;  
Construction trades; and  
Automotive trades.

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

- (a) 2477 places; and  
(b) Victoria's target will be achieved in occupations and qualifications, in:

Building;  
Business;  
Health;  
Process Manufacturing;  
Engineering;  
Cookery;  
Transport and Storage; and  
Wholesale and Retail.

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

- (a) 6440 places; and
  - (b) Victoria is not considering a proportion of the target for mature age people and youth, as an aggregate approach to this target will be taken over the life of the agreement.
- (iv) Additional places for people with a disability:
- (a) 2477 places.
- (v) Additional places in regional locations for Indigenous Australians:
- (a) Victoria aims to maintain its current level of participation at one in four Indigenous Victorians participating in VET;
  - (b) all Accessibility/Remoteness Index of Australia (ARIA) regions for Victoria outside of Melbourne, Geelong and Melton will contribute to achieving the target; and
  - (c) Victoria aims to maintain its current level of participation by implementing the Wurreker Strategy. This strategy is a partnership between the Koorie community, represented by the Victorian Aboriginal Education Association Incorporated (VAEAI), the Victorian community represented by the Minister for Education and Training, and the Victorian training system represented by OTTE. The strategy aims to improve learning outcomes for Koories in TAFE by increasing access to education and training. It is managed by the VAEAI through Local Aboriginal Education Consultative Groups (LAECGs) and relationships with training organisations.
- (vi) Increased participation by Indigenous Australians at higher qualification levels:
- (a) Victoria will continue to work towards 3% growth in the level of Indigenous Victorians participating in higher qualification levels at Certificate III and above; and
  - (b) Victoria will continue to support participation of Indigenous Victorians at higher qualifications through the continued implementation of the Wurreker strategy. In 2004, almost 40% of indigenous participation in VET was at Certificate III or above and Victoria aims to increase this.

## **PERFORMANCE MEASURES**

7. Victoria will demonstrate continuous improvement over the life of this Agreement through the following:
- (i) an agreed benchmark of 78% for employer satisfaction, within the range of the confidence intervals for the state, to maintain or improve over the life of the Agreement is established as a base against the 2001 survey of employer views on VET;
  - (ii) an agreed benchmark of 83% for student satisfaction, within the range of the confidence intervals of the state, to maintain or improve over the life of the Agreement is established as a base against the 2004 National Student Outcome Survey;

- (iii) strategies to improve completion rates and outcomes for mature age workers, include:
- a review of recognised prior learning (RPL) resourcing arrangements to ensure that RTOs are adequately resourced to provide RPL and that resource allocation models do not provide a disincentive for RTOs to provide RPL;
  - development of standardised RPL processes that are easily understood and endorsed by industries undertaken in conjunction with RTOs and ITABs;
  - reduced durations of training for mature age workers;
  - age targets will continue to be monitored in TAFE and Adult and Community Education (ACE) performance agreements; and
  - mature age workers, particularly males over 45 years, will be targeted as one of the priority groups for ACE funding delivery;
- (iv) strategies to improve outcomes for people with a disability include:
- continued improvement through the implementation of the VET Disability Agenda which frames OTTE's approach to disability related projects. It sets out new directions in response to a changing policy context and the emerging needs of students with a disability. The Disability Agenda addresses the requirements of the Commonwealth strategy *Bridging Pathways - Blueprint for Implementation*. It responds to the introduction of the *Disability Discrimination Act* Education Standards, the Victorian Government's frameworks *A Fairer Victoria* and *Growing Victoria Together* and the State Disability Plan;
  - provision of professional development in relation to disability awareness and compliance with the *Disability Discrimination Act*;
  - provision of resources to develop and implement Disability Action Plans;
  - provision of funding through recurrent allocations and a competitive tender to support innovative and responsive service delivery;
  - bi-annual forums to enable providers to share issues and examples of good disability awareness practice, and create opportunities to initiate collaborations; and
  - promotion of models of co-ordination among providers in the provision of technologies, resources and learning materials for people with a disability.

The performance measures for the strategies include the achievement of the national targets and the reporting of Victoria's performance in the Annual National Report. The Action Groups will provide further advice for consideration by the Ministerial Council with the aim of having new client advisory arrangements in place by June 2006;

- (v) strategies to improve outcomes for Indigenous Australians will derive from the Wurreker strategy and include:
- improved support through the provision of a higher rate of funding per training hour;
  - maintenance of the partnership with the Victorian Aboriginal Education Association Incorporated (VAEAI);
  - set targets to be achieved in TAFE Institute performance agreements;
  - provision of funding to support delivery by Koorie RTOs;

- support for best practice models including establishment of TAFE Institute Koorie Advisory committees and LAECGs with TAFE Institutes;
- provision of training and development at Indigenous Training Centres;
- increased engagement by Wurreker brokers with the Koorie and wider community in their regions;
- implementation of TAFE Institute Wurreker Plans; and
- enhancement of the role of Koorie Liaison Officers in TAFE to:
  - (a) increase engagement by Koorie communities, particularly parents;
  - (b) increase participation in key stakeholder meetings; and
  - (c) increase participation by TAFE directors in Wurreker Regional Committees.

The performance measures for the strategies include the achievement of the national targets and the reporting of Victoria's performance in the Annual National Report. The Action Groups will provide further advice for consideration by the Ministerial Council with the aim of having new client advisory arrangements in place by June 2006.

## **INFRASTRUCTURE**

8. Victoria does not currently use infrastructure funding for recurrent purposes, but would like the option to remain.

## **ACTIVITY**

9. Victoria will deliver at least 69.8 million student contact hours each year of the agreement through TAFE, private providers and ACE providers. We will continue to realign priorities for training within industries, shifting from low priority to high priority training delivery.

## **ADDITIONAL FUNDING**

10. Not applicable

## **OTHER**

11. Victoria will work in partnership with the Australian Government on the issues listed below:

### **Recognition of Prior Learning (RPL)**

This is an area of common interest for both the Victorian Government and the Australian Government. A joint initiative would be supported by both, and the COAG Skills Working Group meeting has indicated that it will provide funds as incentives for addressing RPL. Victoria sees barriers to recognition of prior learning as a systemic issue and supports a system wide approach to this.

### **The interface between Higher Education and VET**

Victoria is in the unique position of having four dual sector institutions: the University of Ballarat, Swinburne University of Technology, RMIT and Victoria University. A significant administrative burden is placed upon Victorian dual sector institutions in relation to differing reporting requirements. Victoria supports streamlined reporting in these sectors and a greater level of communication and consultation at the Commonwealth level. The Australian Government has indicated that a high level working group will meet in late January or early February 2006 to discuss this issue.

### **Risk Management approach to Invalid Enrolment Auditing (IEA) for TAFE Institutions**

Victoria seeks a shift in the current methodology surrounding IEAs to an approach that imposes a less onerous audit regime upon TAFE institutions. Where compliance is repeatedly high, it could be possible to move towards triennial, rather than annual audits. The Australian Government has agreed to review the methodology with the States in 2006.

### **End date reporting**

End date reporting only reports the hours of activity associated with an enrolment when a student has completed the module/unit of competency (i.e. passed, failed or withdrawn). These hours are not necessarily delivered in the calendar year of reporting. Victoria has agreed, in principle, to move to end date reporting in line with other States/Territories. However, the student contact hour base for the 2005-2008 Commonwealth-State Training Funding Agreement between the Victorian Government and the Australian Government will be based on scheduled student contact hours as in previous years. During 2006, it is anticipated that Victoria will adopt end date reporting methodology.