

Victorian Learning and Employment Skills Commission



ANNUAL REPORT 2003-2004



Contents

October 2004

Lynne Kosky, MP
Minister for Education and Training
2 Treasury Place
East Melbourne Victoria 3002

Dear Minister

On behalf of the Victorian Learning and Employment Skills Commission (VLESC) I am pleased to submit the annual report for the year 2003–04, in accordance with the requirements of the *Financial Management Act 1994*.

In pursuit of the Government's goals and targets for post-compulsory education and training, 2003–04 has seen major developments in relation to post-compulsory education in the school and vocational education and training (VET) sectors.

The work of the VLESC continues to be guided by your June 2002 Ministerial Statement on *Knowledge & Skills for the Innovation Economy*. The VLESC has played a critical role in supporting the Government's agenda for greater innovation and specialisation in the Victorian VET system, including further development of new ways to determine and allocate priorities for public expenditure on vocational education and training and further work on securing long-term sustainable financing arrangements.

In 2003, the State Training System provided approximately 531,000 students with over 112 million student contact hours of vocational training and further education.

The VLESC finalised work on your request for a policy framework for post-compulsory education and training. Extensive consultation was undertaken with the full post-compulsory education and training community, and advice was provided to you in June 2004. The VLESC also undertook a review of the Local Learning and Employment Network (LLEN) initiative and will provide advice on the future of the initiative to you later in 2004.

Other outcomes in 2003–04 included the following:

- the 31 LLENs continued to develop partnerships with education and training providers and industry and community organisations to achieve sustained improved education, training and employment outcomes for young people
- the Managed Individual Pathways (MIPs) program was successfully expanded which developed pathway plans for 97 per cent of young people in Years 10 to 12
- the On Track initiative was continued, building on the MIPs program by following up school leavers through a telephone survey and offering assistance and advice if they were not in education, training or full-time employment. The On Track longitudinal survey commenced in 2004. A sample of the 2003 Year 12 cohort will be tracked for the next four years to gain qualitative information about their pathways and transitions in the four years after they leave school.

Yours sincerely



Peter Laver
Chair

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AT A GLANCE

POST-COMPULSORY EDUCATION AND TRAINING POLICY

- Work on a post-compulsory education and training policy framework was completed and advice provided to the Minister for Education and Training.
- A review of the LLEN initiative was initiated to inform policy development.
- Over 5100 organisations and individuals were members of their local LLEN. Over 600 of these members also participated on LLEN committees of management.
- The number of students doing VET in Schools continues to expand. Enrolments have grown from 432 in 1994 to 37,685 in 2003 across government and non-government schools. The number of secondary schools offering this option increased from 19 in 1994 to 477 in 2003.
- The MIPs program successfully expanded across 72 special schools.
- The On Track initiative, which builds on the MIPs program, continued in 2004. School leavers from government and non-government schools were followed up through a telephone survey and offered assistance with further advice if they were not in education and training or full-time employment.
- The On Track longitudinal survey commenced in 2004. A sample of 2003 Year 12 completers and Years 10 and 11 early leavers will be tracked for the next four years to gain qualitative information about their pathways and transitions in the four years after they leave school.

VOCATIONAL EDUCATION AND TRAINING

- Registered training organisations provided approximately 323,000 students with over 81 million student contact hours of vocational education and training.
- Ongoing implementation of the Ministerial Statement on *Knowledge & Skills for the Innovation Economy* included:
 - funding of 15 Specialist Centres and two additional feasibility studies
 - establishment of a TAFE Development Centre to foster professional development of TAFE staff
 - funding was provided for six Industry Liaison Agents to stimulate demand and promote delivery of manufacturing training to small- and medium-sized enterprises.
- The number of new entrants in apprenticeships and traineeships increased by 14.6 per cent to 71,229. A further 29,661 existing employees also commenced apprenticeships and traineeships for total commencements of 100,890.
- Completions for apprenticeships and traineeships for 2003–04 increased to 30,328, an increase of 25.53 per cent (excluding existing workers).

SUMMARY OF FINANCIAL RESULTS

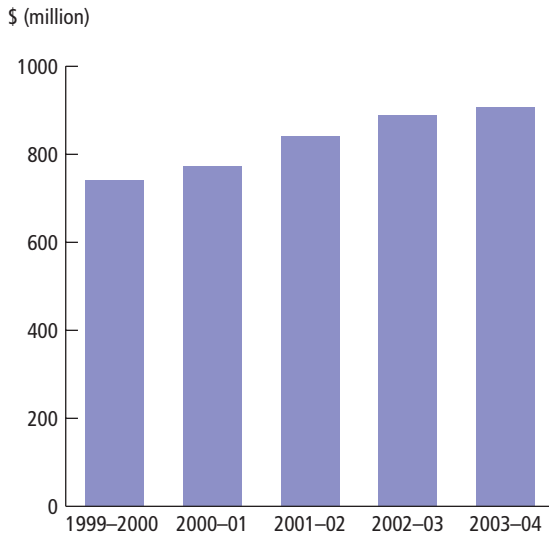
The table opposite provides information on the VLESC financial results and financial position for 2003–04 and comparisons with the preceding four years.

The operating result for the 2003–04 financial year was a deficit of \$6.7 million, which contrasts with last year’s surplus of \$4.9 million.

There were no extraordinary items to report in 2003–04.

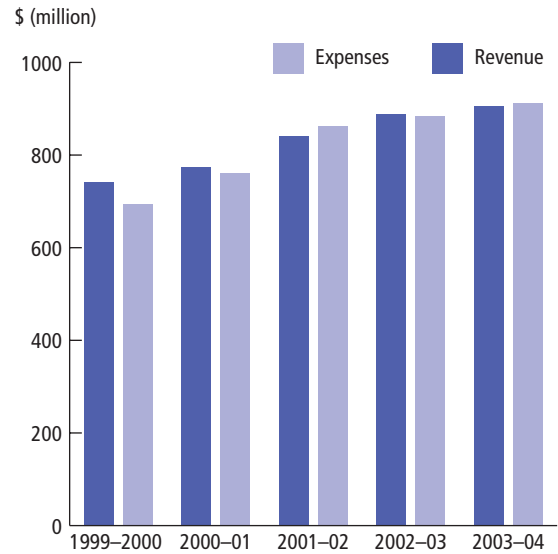
The VLESC is not aware of any event subsequent to balance date that could have a material effect on the operations of the VLESC in subsequent years.

Revenue



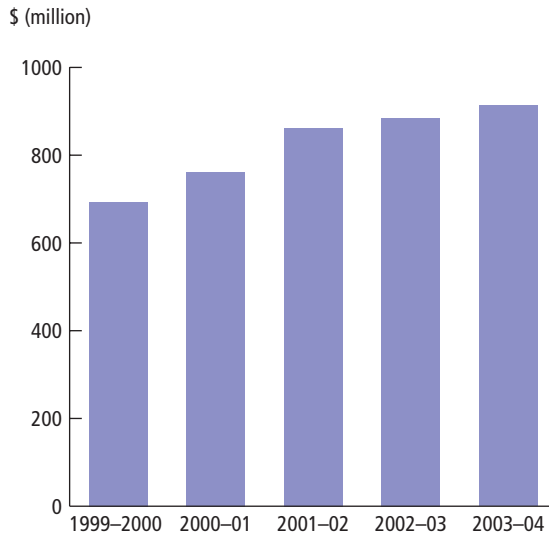
Source: Department of Education & Training

Revenue and expenses comparison



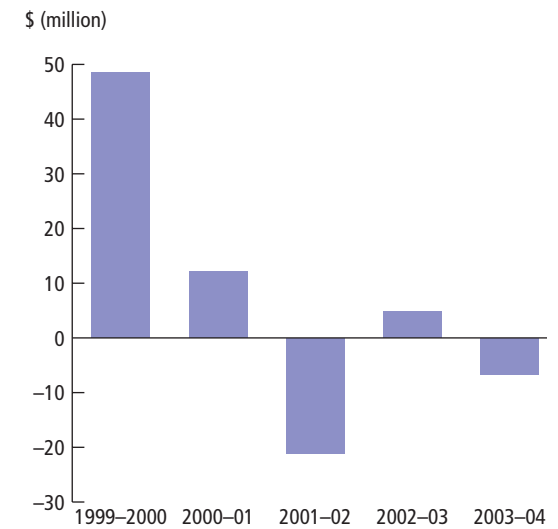
Source: Department of Education & Training

Expenses



Source: Department of Education & Training

Operating result



Source: Department of Education & Training

Summary financial information

	Notes	2003–04 \$ (million)	2002–03 \$ (million)	2001–02 \$ (million)	2000–01 \$ (million)	1999–2000 \$ (million)
Operating revenue						
Revenue from State Government	1	591.7	596.1	569.3	530.4	478.3
Other revenue	2	314.7	293.4	271.0	243.2	263.3
Total operating revenue		906.4	889.5	840.3	773.6	741.6
Operating expenses	3	913.1	884.6	861.5	761.5	693.1
Operating surplus/(deficit)	4	-6.7	4.9	-21.2	12.1	48.5
Total assets	5	103.6	112.9	114.3	134.1	122.2
Total liabilities	6	7.8	10.4	5.4	4.0	4.1
Retained funds	7	95.8	102.6	108.9	130.1	118.0
Net cash inflow/(outflow)	8	-11.4	11.6	-7.6	14.7	45.5

1 Revenue from State Government decreased from \$596.1 million in 2002–03 to \$591.7 million in 2003–04, a decrease of \$4.4 million (0.7 per cent), comprising a \$16.2 million (3.0 per cent) decrease in current grants and \$11.8 million (24.5 per cent) increase in capital grants.

2 Other revenue increased from \$293.4 million in 2002–03 to \$314.7 million in 2003–04, an increase of \$21.3 million (7.3 per cent). This is due to increased Commonwealth/ANTA funding received under the new ANTA Agreement.

3 Total operating expenses increased from \$884.6 million in 2002–03 to \$913.1 million in 2003–04, an increase of \$28.5 million (3.2 per cent).

4 An operating deficit of \$6.7 million has been recorded for 2003–04.

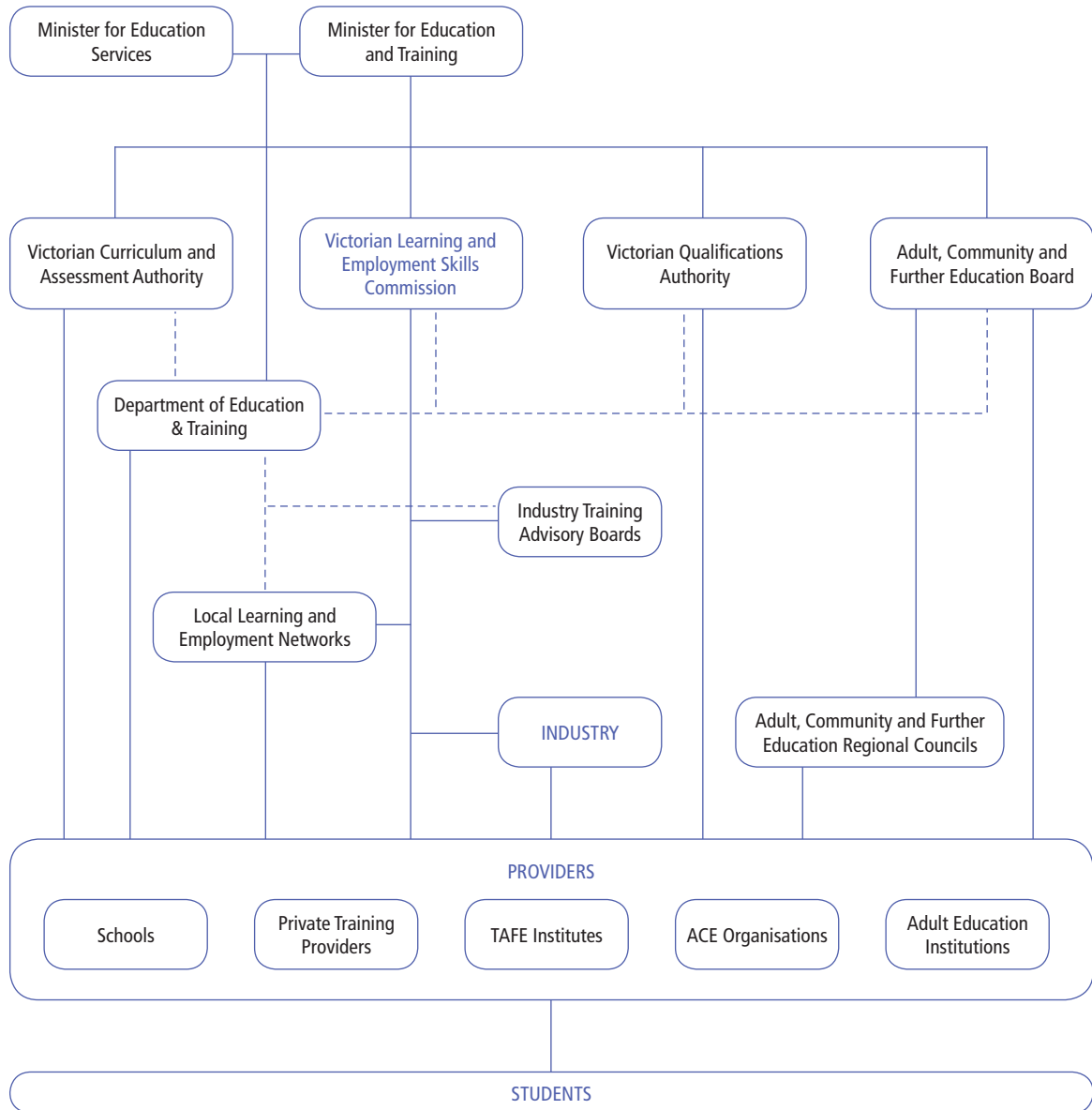
5 Total assets decreased from \$112.9 million in 2002–03 to \$103.6 million in 2003–04, a decrease of \$9.3 million (8.2 per cent).

6 Total liabilities decreased from \$10.4 million in 2002–03 to \$7.8 million in 2003–04, a decrease of \$2.6 million (25 per cent). This is due to the Department of Education & Training assuming all liabilities for employee benefits from the VLESC as of 1 July 2003.

7 The retained funds as at 30 June 2004 totalled \$95.8 million, which largely related to funds held in trust accounts for specific purposes. The retained funds are either committed or in the process of being committed to projects in the 2004–05 financial year.

8 A \$11.4 million net decrease in cash was recorded for the period under review. This was largely due to the deficit for the period and a decrease in liabilities for 2004–05.

GOVERNANCE ARRANGEMENTS



ABOUT THE VICTORIAN LEARNING AND EMPLOYMENT SKILLS COMMISSION

GOVERNMENT GOALS AND TARGETS FOR EDUCATION AND TRAINING

In recognition of the importance of education and training, the Premier announced goals and targets for the education system in October 2000. The goals are:

- to improve the standards of literacy and numeracy in primary schooling
- to increase the percentage of young people who complete Year 12 or the equivalent
- to increase the number of adults undertaking education and training and so increase the overall level of educational attainment and literacy levels in Victoria
- to increase the level of participation and achievement in education and training in rural and regional Victoria and among groups where it is presently low
- to make near-universal participation in post-school education the norm in our society.

The Government established specific targets in relation to young people in Victoria in 2000. The targets are:

- by 2010, 90 per cent will successfully complete Year 12 or its equivalent
- by 2005, the percentage of young people aged 15–19 years in rural and regional Victoria engaged in education and training will rise by 6 per cent
- by 2005, Victoria will be at or above national benchmark levels for reading, writing and numeracy as they apply to primary students.

In recognition of the challenges set by the goals and targets, actions encompassing additional investment, policy initiatives and the creation of a number of statutory authorities, including the VLESC, have been undertaken.

Goals and targets were developed as an integrated set of outcomes and their achievement requires a concerted action by all components of the education and training system. Within the set of goals and targets, the VLESC has a particular focus on the four goals and two targets that relate most directly to post-compulsory education and training.

FUNCTIONS

The VLESC has the role of providing policy advice to the Minister for Education and Training on matters relating to post-compulsory education and training. Its functions are outlined in section 9 of the *Vocational Education and Training Act 1990*, amended in May 2001.

In summary, the VLESC:

- has an advisory role to Government on post-compulsory education, training and employment
- is the Victorian State training agency and executes responsibility for the State Training System
- allocates funding for vocational education and training
- regulates the apprenticeship and traineeship system
- monitors the outcomes of post-compulsory education and training
- supports the LLENs.

Functions of the VLESC in relation to the Australian National Training Authority

The VLESC is the State training agency for Victoria under the 1992 Australian National Training Authority (ANTA) Act.

The VLESC allocates funding for vocational education and training and regulates the Victorian apprenticeship and traineeship system.

GOALS

To guide its work, the VLESC has developed the following vision and mission statements.

Vision

A quality, balanced and sustainable post-compulsory education and training system that responds to stakeholder needs and contributes to Victoria's economic and social development.

For the VLESC, this means creating a post-compulsory education and training system that is:

- seamless – one that meets the needs of all students over 15 years of age, and is easily understood by both students and education and training providers including schools, private training organisations, TAFE institutes, universities and adult and community education centres
- quality assured – one that includes monitoring and improvement processes that assure student satisfaction and compliance with quality measures such as the Australian Quality Training Framework (AQTF)
- sustainable – one that is broadly and sufficiently resourced, and that is accountable for the effective use of its resources for learning
- balanced – one that balances the needs of individuals with those of industry and the broader community
- responsive – one that is flexible, future-focused and responsive to the needs of individuals, industry and the broader community
- economically and socially equitable – one that is accessible to all Victorians and contributes to the economic and social development of metropolitan, regional and rural communities across the State.

Mission

The VLESC will lead strategic change in post-compulsory education and training. It will collaborate with stakeholders and balance their diverse interests, and reflect this commitment in its independent advice to the Minister for Education and Training, and in all aspects of its role as the State training agency.

For the VLESC, achieving this mission means:

- leading strategic and systemic change – the VLESC will provide leadership for the whole post-compulsory education and training system
- collaborating – the VLESC will consult, collaborate with and support key stakeholders to achieve systemic change
- remaining independent – the VLESC will represent a diversity of stakeholder views and will, as an independent body, develop balanced advice.

KEY RELATIONSHIPS

The VLESC:

- supports the statewide network of 31 LLENs to improve education, training and employment outcomes of 15–19-year-olds
- is the Victorian State training agency for the purposes of the ANTA Agreement and maintains a close working relationship with the office of ANTA
- works with Victorian industry training advisory bodies to identify the skills requirements of Victorian industry
- works with the Victorian Qualifications Authority, the Victorian Curriculum and Assessment Authority, the Victorian Schools Innovation Commission and the Department of Education & Training to improve the education and training system and achieve the Government's goals and targets
- supports and works with the Adult, Community and Further Education Board to ensure that its actions are consistent with arrangements for the provision of adult, community and further education in Victoria.

THE STATE TRAINING SYSTEM

As at June 2004, the State Training System, with the VLESC as the State training agency, included 14 TAFE institutes, five TAFE divisions within universities, 1173 registered training organisations, over 460 adult community education (ACE) organisations and 17 industry training advisory bodies. Around 477 secondary schools also participated through the VET in Schools program.

The State Training System provides vocational education and training that leads to certificates I–IV, diploma and advanced diploma qualifications.

In 2003, registered training organisations, ACE organisations and TAFE institutes provided approximately 531,000 students with over 112 million student contact hours of recognised vocational education and training. This is an increase of 3.7 per cent on the 2002 delivery. Of this total, government-funded delivery accounted for over 80.8 million of the reported contact hours, a decrease of 2.4 per cent on 2002.

Additionally, over 1.7 million student contact hours in personal enrichment programs were delivered to about 64,000 students by TAFE institutes.

Further details are provided in Appendix 1.

EXECUTIVE SUPPORT

The VLESC is directly supported by a Secretariat that operates within the Department of Education & Training. Officers within the Department are delegated:

- work related to the VLESC's functions as the Victorian State training agency
- work related to the broader post-compulsory education and training system, and learning and teaching issues.

Members

The VLESC consists of nine members. Its membership reflects its responsibility to ensure effective linkages with community stakeholders, industry and key government advisory bodies, including the Victorian Qualifications Authority and the Adult, Community and Further Education Board.

Audit Committee

The Audit Committee consists of an independent Chair, the Chair of the VLESC and two other VLESC members. It operates within the guidelines of the *Financial Management Act 1994*.

The members of the Audit Committee are:

Merran Kelsall
(Chair) from 1 January 2004

Peter Laver
(Chair to 31 December 2003, member only from 1 January 2004)

Patricia Forward
(VLESC member)

Timothy Piper
(VLESC member)



**MR PETER LAVER
CHAIR**

*Appointed 1 March 2001 –
29 February 2004,
Acting Chair 1 March 2004 –
30 June 2004*

Mr Peter Laver is Chair of the Victorian Learning and Employment Skills Commission. He is Chair of the Community Advisory Council of the Community Support Fund, Chairman of the Australian Building Codes Board, former Chair National Board of Employment, Education and Training, former Chancellor of Victoria University of Technology and retired BHP senior executive.



MS ROWENA ALLEN

*Appointed 1 March 2001 –
31 August 2005*

Ms Rowena Allen is the Chief Executive Officer of Cutting Edge – UnitingCare, an agency in the Goulburn Valley that works with disadvantaged and rurally isolated young people, and addresses broader community needs. Ms Allen has held positions in the area of community development and community services with rural and metropolitan local governments including the City of Greater Shepparton, City of Stonnington and City of Waverley. She is currently the Chairperson of the Youth Affairs Council of Victoria, chair of the Goulburn Regional Youth Affairs Network for the Department of Victorian Communities, and President of the Australian Human Rights rural 'Outlink' project. Ms Allen is also a member of a Victorian Government Ministerial Advisory Committee on Health.



MR NEIL COULSON

*Appointed 23 October 2001 –
29 February 2004,
Acting member 28 April 2004 –
30 June 2004*

Mr Neil Coulson was appointed Chief Executive Officer of the Victorian Employers' Chamber of Commerce and Industry in August 2001, Australia's largest multi-industry business organisation with over 8000 members. During his six years there, Mr Coulson has been Group General Manager of Policy and Strategy and General Manager of Business Services. His extensive experience in business management consulting has focused on human resource management and industrial relations and he has worked in a variety of industries, including heavy engineering construction, transport, local government and not-for-profit organisations.



MS PATRICIA FORWARD

*Appointed 1 March 2001 –
31 August 2005*

Ms Patricia Forward is the Federal Secretary, TAFE, Australian Education Union. Previous positions include working at a variety of Victorian TAFE institutes and La Trobe and Monash universities, and with trade union and community groups in Victoria and Queensland.



MR GRANT HEHIR

5 May 2003 –

Mr Grant Hehir was appointed Secretary, Department of Education & Training following a career in public sector budget management and policy development. Mr Hehir joined the Department of Treasury and Finance in 1998 as Deputy Secretary, Budget and Financial Management Division. In this role, he provided advice to the Government on State budget strategy and management and advised on emerging policy issues. In early 2003, he joined the Department of Premier and Cabinet as Deputy Secretary, Strategic, Economic and Social Policy, advising the Premier on social and economic policy matters. Prior to moving to Melbourne, he worked in Canberra for the Commonwealth, holding senior positions in the Department of Finance and Administration.



MR LEIGH HUBBARD

Appointed 1 March 2001 – 29 February 2004, Acting member 28 April 2004 – 30 June 2004

Mr Leigh Hubbard has been the Secretary of the Victorian Trades Hall Council since May 1995. Mr Hubbard was previously the Council's

Research and Policy Officer, involved in the areas of economic policy, WorkCover, changes to the State industrial system and privatisation. Before his work with the Council, he was employed as an articled clerk then solicitor with the law firm Slater and Gordon. His earlier career experience includes employment in the aluminium and health industries and as industrial officer with the Plumbers and Gasfitters Employees Union of Australia.

MR TIMOTHY PIPER



Appointed 1 June 2002 – 29 February 2004, Acting member 28 April 2004 – 30 June 2004

Mr Timothy Piper is Chief Executive Officer of the Australian Industry Group, Victoria, the largest industry body in Australia – it represents some 11,000

companies employing more than one million people. It provides representation on public policy issues and advice on industrial relations, trade and international services, workforce strategies and training and regional services. Mr Piper is a barrister and solicitor who has had extensive business and industry experience and serves on a number of bodies that advise the Government on business and industry.



PROFESSOR HELEN PRAETZ

Appointed 1 March 2001 – 30 June 2004

Professor Helen Praetz was Pro Vice-Chancellor (Students) at RMIT. Professor Praetz has had more than 20 years' experience in education. She was a manager in the Department of Education,

Employment and Training, and Dean, Faculty of Education and Training and Pro Vice-Chancellor (Higher Education) at RMIT. A professor of education, she has served on numerous boards and reviews dealing with post-compulsory education and training, and is the Chair of the Victorian Qualifications Authority.



MS LYNNE WANNAN

Appointed 25 March 2003 – 25 March 2006

Ms Lynne Wannan is a social policy analyst who has worked in senior management positions in local government in Victoria, in the private sector and in State government. She

has been an adviser to government at both the state and national levels and at local government level over the past 25 years. She has worked in the broad community and health services industry for the past 20 years. She was a founding member of the Western Institute, the inaugural Deputy Chancellor of Victoria University of Technology and convenor of the Victorian Women's Consultative Council, and is the Chair of the Adult, Community and Further Education Board.

NATIONAL ARRANGEMENTS FOR VOCATIONAL EDUCATION AND TRAINING

The national VET system operates as a joint partnership between the Commonwealth, and States and Territories. Under this arrangement, the States and Territories retain responsibility for their training systems and are accountable to the ANTA Ministerial Council on matters of national policy performance and quality assurance. As the State training agency, the VLESC ensures that Victoria's strategic directions are consistent with nationally agreed policy settings.

The VLESC, as the State training agency is responsible for ensuring that the management of the State Training System is in accordance with the ANTA National Strategy.

Under the ANTA arrangements, the States and Territories develop an annual vocational education and training plan that outlines how a jurisdiction proposes to strategically respond to the annual national priorities agreed by Ministers for all Australian jurisdictions.

The ANTA Agreement also requires the States and Territories to report on their achievements and performance against planned activities in response to the annual national priorities. This information is presented in the ANTA annual national report which provides both an assessment of national system performance and information to stakeholders.

In 2004–05, to further the post-compulsory education and training aim of greater educational outcomes for young people:

- the post-compulsory education and training policy framework will be implemented
- advice on the development of the LLEN initiative to improve the education, training and employment outcomes will be sought
- the On Track initiative survey destinations of school leavers from Years 10, 11 and 12 will also incorporate a longitudinal study
- local provision planning will be further developed.

FUTURE DIRECTIONS

In 2004–05, the VLESC will:

- advise on the Government's strategies for innovation and specialisation in the VET system as outlined in the Ministerial Statement on *Knowledge & Skills for the Innovation Economy*, including:
 - strategies to reinvigorate the TAFE sector
 - strengthening lifelong learning
 - further developing and implementing new frameworks to ensure public funding is directed towards meeting areas of demand
 - developing and implementing strategies to ensure sustainable financing for vocational education and training
- advise on strategies to address the training needs of disadvantaged groups, including Koorie communities and students with disabilities.

HIGHLIGHTS AND ACHIEVEMENTS

POST-COMPULSORY EDUCATION AND TRAINING POLICY

In 2002, the Minister for Education and Training requested the VLESC to develop a post-compulsory policy framework. During 2003–04, a consultation document entitled 'A Post-Compulsory Framework for Education and Training (Young People 15–24)' was prepared and was the subject of an extensive consultation process with the full post-compulsory education and training community.

In June 2004, the VLESC provided advice to the Minister on a post-compulsory policy framework.

LOCAL LEARNING AND EMPLOYMENT NETWORKS

During 2003, LLENs concentrated on four broad and inter-related strategic priority areas to support the achievement of the Government's goals and targets for education and training:

- improved education, training and employment outcomes for young people
- sustainable improvements to relationships
- effective contribution to statewide programs
- good governance.

LLENs are engaged with a significant number of education and training providers, enterprises and community groups across Victoria. As part of the 2004 review of the LLEN initiative, it was reported that:

- 368 cross-sectoral (education and training) planning groups, working groups and committees were initiated, hosted or facilitated by LLENs
- 1182 community groups or organisations were actively engaged with the education and training sectors through programs or initiatives in which the LLEN was a partner

- 3258 enterprises (of all sizes) were actively engaged with the education and training sectors through programs or initiatives in which the LLEN was a partner (which included enterprises offering workplace learning)
- 2173 teachers (secondary, TAFE or ACE) participated in networks that were initiated, hosted or facilitated by the LLEN.

LLENs also reported that their targeted education, training and employment or case management programs directly assisted:

- 283 Indigenous young people
- 122 young people with a language background other than English
- 198 young people with a disability
- 169 homeless young people.

LLENs provided information about youth services available in their region to over 55,000 young people.

In 2003, LLEN membership increased by 23 per cent to over 5100 organisations and individuals, and 600 members participated on LLEN committees of management. Industry continued to engage with LLENs and, as a group, accounted for approximately 13 per cent of all LLEN members.

Over 97 per cent of government secondary schools, 94 per cent of Catholic secondary schools and nearly 41 per cent of independent secondary schools were members of a LLEN. All TAFE institutes and a high proportion of ACE providers were also engaged in the LLEN initiative.

Valuable advice was provided by LLENs to the VLESC and the Department of Education & Training on statewide policy and program issues, including access to school buses, cross-sectoral funding, administrative barriers to pathway options, connecting education and training with industry, relationships with Commonwealth policies and programs, and measuring school effectiveness.

The program for undertaking governance, financial and operational/administrative audits of LLENs using external contractors continued, with LLENs responding positively to the support provided through these audits.

An external review of the LLEN initiative was undertaken to examine its overall contribution to the Government's goals and targets, and the required framework for the ongoing development of the model. The review was completed in June 2004 and is being considered by the VLESC.

VET IN SCHOOLS

VET in Schools provides a vocationally oriented program of studies that are integrated within the general education framework of the Victorian Certificate of Education (VCE) and Victorian Certificate of Applied Learning (VCAL) and broadens senior secondary students' education and labour market options on completing school.

VET in Schools continues to be strongly supported within the community. VET in Schools:

- expands opportunities and pathways for senior secondary students
- engages students in work-related learning built on strategic partnerships between schools, training providers, business, industry and the wider community
- provides a more vocational senior secondary curriculum
- provides courses that are motivating and engaging for more young people
- helps meet the needs of industry
- prepares young people for the workplace of the future.

The number of students doing VET in Schools continues to expand. Enrolments have grown from 432 in 1994 to 37,685 in 2003 across government and non-government schools. The number of secondary schools offering this option increased from 19 in 1994 to 477 in 2003.

MANAGED INDIVIDUAL PATHWAYS

The MIPs program commenced in 2001 to enable government schools to update career and transition plans and ensure a pathway to continued education, training or full-time employment. In 2003, the program was successfully expanded across government

schools, with 97 per cent of young people in Years 10 to 12 having a pathway plan.

ON TRACK

The On Track initiative continued in 2004. It has funding of \$4.8 million over four years, and builds on the MIPs program. On Track follows up school leavers (both government and non-government) through a telephone survey, and offers them assistance and advice if they are not in education, training or full-time employment.

Regional consultations were held with stakeholders in late 2003 to discuss the 2003 data, encourage engagement with the data and seek feedback through regional offices and LLENs on how to improve transition profiles.

Detailed data from the 2003 On Track survey was provided to all schools and LLENs in early 2004.

COORDINATION WITH THE COMMONWEALTH

Victoria has focused on creating synergies with the Commonwealth programs that further Victoria's efforts to assist young people to achieve improved educational outcomes.

Following the signing of *Stepping Forward: Improving Pathways for All Young People*, a Ministerial Declaration by State, Territory and Commonwealth ministers, Victoria participated in effective sharing of information and joint action to enhance pathways for young people.

Continued cooperation in the use of federally funded Local Community Partnerships (LCPs) provided structured workplace learning funds for school clusters and LLENs across Victoria. In 17 cases, a cluster integrated with a LLEN to provide enhanced services for local schools, industry and students while other LCPs worked closely with their LLENs.

VOCATIONAL EDUCATION AND TRAINING

PROGRAM PROVISION

Training delivered

In 2003, over 112 million student contact hours of training were delivered to approximately 531,000 students. This is an increase of 3.7 per cent on 2002 delivery.

Of this total, government-funded delivery accounted for over 80.8 million student contact hours, a decrease of 2.4 per cent on 2002. This can be attributed to better targeting of training needs and the diversion of resources to areas of innovation and specialisation. Training delivery remained consistently in excess of delivery required by the Victorian system under the ANTA agreement.

In 2003–04, TAFE institutes delivered 63.7 million student contact hours, with the remainder delivered by ACE and private registered training organisations.

Over 78.8 million student contact hours were within the scope of activity covered by the ANTA agreement.

Priority Education and Training program

The Priority Education and Training program funds private registered training organisations to train people other than apprentices or trainees in skills and regions that have been identified as industry and government priorities.

In 2003, the program had a budget of \$12.5 million and delivered more than 2.1 million student contact hours of training.

Apprenticeship/Traineeship Training program

The Apprenticeship/Traineeship Training program provides predominantly younger people with the opportunity to engage in meaningful employment whilst receiving formal training towards a nationally recognised qualification. In 2003, 242 private registered

training organisations offered over 22,000 new apprenticeship and traineeship places. In 2004, \$61 million was allocated to 245 registered training organisations for 24,400 apprenticeship and traineeship places. These places include Jobs for Young People placements in local government. A further 1000 places are reserved for integrated school-based new apprenticeships and traineeships.

Fee-for-service activity in TAFE institutes

In addition to government-funded, or profile delivery in TAFE institutes, 23.96 million student contact hours of fee-for-service training were delivered in 2003, and 7.3 million student contact hours were delivered to full fee-paying overseas students. In addition, over 1.7 million student contact hours of personal enrichment programs were delivered to approximately 64,000 students across the system.

MINISTERIAL STATEMENT ON KNOWLEDGE & SKILLS FOR THE INNOVATION ECONOMY

In June 2002, the Minister for Education and Training released the Ministerial Statement on *Knowledge & Skills for the Innovation Economy*, a comprehensive plan for addressing Victoria's future skills requirements. In 2003–04, significant progress was made towards implementing the initiatives contained in the Ministerial Statement.

Ministerial references

The Ministerial Statement flagged the introduction of new industry advisory arrangements in Victoria in 2003 and included a reference to the VLESC to provide comprehensive advice on priorities for public expenditure on vocational education and training in an innovation economy.

Establishing priorities for vocational education and training

In December 2002, the VLESC approved a framework for assessing demand and establishing priorities for vocational education and training in Victoria. The framework includes a comprehensive research program, stakeholder consultation and processes for resource allocation.

The implementation of the framework has led to the development of priorities for government funding for vocational education and training.

In 2003, the Office of Training and Tertiary Education prepared reports on priority training for government funding within 48 industry sectors. During 2004, the priority reports have been revised further. At a meeting in October 2003, the VLESC endorsed the extension of the priorities work program to consider priorities at a regional level. A report on the outcomes from the revision of the industry reports and the regional area analysis will be published in the second half of 2004.

The outcomes of the priorities work will inform the allocation of government funding in the Victorian VET system and has the capacity to:

- comprehensively address training demand and supply issues
- influence the training purchased from public and private training providers
- inform workforce and capital infrastructure planning.

Industry advice on training

Since the 2002 VLESC Review of Industry Advice on Training, significant progress has been made in developing an enhanced industry advisory system.

The key elements of this advisory system include the 17 Industry Training Advisory Bodies, the Industry Relations Unit within the Department of Education & Training, industry representatives, national industry advisory bodies and other stakeholders in the training system.

In developing an industry-led advisory system the Department has:

- engaged a wider range of key stakeholders to inform Victoria's VET policy and resource allocation processes
- increased cooperative relationships, particularly between government and industry, allowing for strategic and streamlined industry advice to be provided to the VLESC
- implemented transparent and customised contractual arrangements for the Victorian Industry Training Advisory Bodies Network

and continued to contribute to their long-term viability

- continued to develop greater synergies between state and national industry skills development.

A new approach to financing skills development

A key objective outlined in the Ministerial Statement is that the VLESC should develop options to improve the long-term financial sustainability of the VET system, in the context of increased demand for VET programs.

In response to this objective the Department undertook a number of policy reviews in 2003–04, the results of which are under consideration. These included:

- a review of VET student fees and charges
- a costing project to ascertain the relative cost of providing VET courses
- a review of how TAFE institutes use government funds to leverage contributions from industry.

Reinvigorating TAFE

The Ministerial Statement outlined a series of strategies to reinvigorate TAFE as a public provider of vocational education and training.

Specialist Centres

The Ministerial Statement announced the allocation of \$5 million seed funding for Specialist Centres. These centres assist providers to deliver specialist training to industry and to foster closer relationships between training providers and industry. Fifteen Specialist Centres are funded and are now fully operational. Their focus ranges from new manufacturing to primary industries and environmental technology design. Two feasibility projects arising from the industrial application of biotechnology and the synchrotron were also funded.

Design initiative

The Department of Education & Training, in partnership with the Department of Innovation, Industry and Regional Development, jointly managed the Government's investment of \$10.2 million over 2002–04 to position Victoria as an international centre for excellence in applied design. A centre for excellence in digital design, *lab.3000*, has been established and is fully operational.

Over 900 secondary school and TAFE teachers received funding for the development of design

skills and innovative thinking. A further 1000 staff are expected to be funded by the end of 2004.

Transforming the TAFE workforce

This major policy initiative will support TAFE institutes to develop the TAFE workforce, including teachers, leaders and managers, and specialist technical and support staff. It will assist TAFE institutes to manage their workforce more effectively and to attract and maintain a workforce with the required capability.

In 2003–04, Staff Development Grants totalling \$2 million were provided to TAFE institutes. A further \$1 million was allocated to upgrade flexible learning skills among TAFE staff as part of Victoria's participation in the Australian Flexible Learning strategy (LearnScope 2004). An additional \$210,000 in grants was allocated under the LearnScope program to staff in adult community education organisations and private training providers who are publicly funded to deliver TAFE programs.

The Department of Education & Training continued implementation of a statewide TAFE workforce development strategy through the provision of an e-recruitment system for TAFE institutes and the implementation of an integrated set of strategic human resources management development programs.

The Department also completed the design and development work for the establishment of a TAFE Development Centre. The Centre will be a new public company with the role of promoting the development and raising the professional standing of people working in Victorian TAFE institutes. It will be operational in early 2004–05.

The Centre's initiatives will include programs to maintain the industry currency of teaching and management staff, improve the quality of initial teacher training and for the ongoing professional development of teaching staff. The programs will address issues of leadership development and provide broader opportunities for development of staff.

Innovation Fund

The Innovation Fund was established to enable TAFE institutes to trial new initiatives in innovation and leveraged flexible delivery. In 2004, 59 initiatives to the value of \$5.3 million were endorsed for implementation across 14 TAFE institutes, and have been incorporated into Performance and Funding Agreements for 2004. In 2003, 44 initiatives to a value of \$8.2 million across 17 TAFE institutes were completed.

Industry Liaison Agents

Funding of \$1.7 million was provided for six Industry Liaison Agents to stimulate demand and promote delivery of manufacturing training to small- and medium-sized enterprises. The Australian Manufacturing Technology Institute Limited, Australian Industry Group, Victorian Employers' Chamber of Commerce and Industry, Swinburne University of Technology (TAFE Division), Kangan Batman Institute of TAFE and the City of Greater Bendigo are currently working as independent brokers, providing a range of training solutions to small- and medium-sized Victorian manufacturers.

VET products for the innovation economy

The Ministerial Statement outlines the goal for providers to move towards new approaches to design, development and delivery.

Degrees in TAFE

A key initiative of the Ministerial Statement was the decision to allow TAFE institutes to apply to the Higher Education Committee to deliver degree qualifications and expand the access of students to higher qualifications. In 2004, Box Hill Institute of TAFE and the Northern Metropolitan Institute of TAFE gained Ministerial approval to offer higher education degrees in applied music and applied aquaculture.

Lifelong learning

The Ministerial Statement notes the central role of vocational education and training in lifelong learning, through entry-level vocational education and training for the existing workforce, and pathways to higher education.

Options for young people

Over 70,000 young people aged 15–19 undertook vocational education and training in government-funded programs in TAFE institutes, ACE and private registered training organisations in 2003.

Youth Pathways program

The Youth Pathways program is a transition program designed to re-engage early school leavers in the learning process. The program supports the delivery of basic educational qualifications to young people aged between 15 and 19 years who have not completed Year 12. It provides a pathway to further learning.

In 2003, the two adult education institutions (the CAE, formerly the Centre for Adult Education, and Adult Multicultural Education Services), over 30 ACE organisations and more than 1100 young people were involved in the program.

Over the same period an additional 2300 young people participated in the program at TAFE institutes. All participants received MIPs support and were followed up through a tracking survey undertaken six months after exiting the program.

The tracking surveys demonstrate that participants achieve very positive outcomes, with almost two-thirds of the students continuing on with studies or training. Around 30 per cent secured employment, including 11 per cent who successfully obtained an apprenticeship or traineeship.

VCE and VCAL

Over the past three years, there has been a coordinated effort to increase opportunities for young people who have left school to achieve Year 12 or equivalent.

The TAFE VCE pilot program provided a second chance to young people aged 15–19 years who had left school early, but were interested in completing a school qualification. Over half of Victoria's TAFE institutes offered this program in 2003, providing VCE to 3763 students.

TAFE institutes also actively support the new VCAL. In 2003, TAFE institutes across Victoria provided a VCAL program to 850 young people. In addition, 81 students were enrolled in the VCAL with an ACE provider, while a further 1261 studied the VCE through an ACE provider.

Additional information on the VCAL is available in the 2003–04 annual reports of the Victorian Qualifications Authority and the Victorian Curriculum and Assessment Authority.

School-based apprenticeships and traineeships

Apprenticeship and traineeship pathways for senior school students continued to expand. In 2003–04, 1935 school students undertook a part-time apprenticeship or traineeship as part of a program of studies that combined the VCE or the VCAL with a nationally accredited training certificate and employment. The goal is to increase this number to 3000 students by 2005.

The VLESC Action plan to increase school-based new apprenticeship opportunities includes a support program that funds a statewide network of local coordinators. These coordinators provide information, support and links to employment to students choosing a school-based new apprenticeship pathway.

VET in Schools

The VET in Schools program provides a broad choice of industries and certificates for school students interested in vocational training. For many students, VET in Schools involves attending a TAFE institute for vocational training. In 2003, more than one-third of all VET in Schools activity was provided by TAFE institutes through partnership arrangements with schools.

PURCHASING ARRANGEMENTS

TAFE institute profiles

TAFE institute profiles provide details of training purchased annually by the Government. Over \$538 million of training was purchased through the profile process in 2003–04. The profiles in 2003 included minimum provisions for total training delivery, training in apprenticeships and traineeships, training for Koorie students, training in correctional settings, and training related to Government policies that address statewide and regional skills shortages and community needs.

In 2003, the annual performance agreements and training profiles of TAFE institutes were converted to three-year agreements to provide institutes with a longer planning timeframe and to allow institutes to respond to Ministerial Statement priorities. Institutes were also given the flexibility to divert a small proportion of their training profile and associated funding towards innovation projects for the 2003–05 period. A new approach to negotiating training profiles was established through the use of dialogue teams and the removal of mandatory minimum delivery levels within the profiles.

The profile arrangements also include targets negotiated with individual institutes to:

- increase the number of 15–19-year-old students enrolled (who have left school) compared with 2001
- increase the participation rate of 15–19-year-old students in rural and regional Victoria by 6 per cent by 2005
- increase the level of fee-for-service activity as a proportion of total revenue between 2002 and 2005
- improve the module completion rate for Koorie students by at least 10 per cent where the institute's rate was 57 per cent or lower in 2001.

Apprenticeship and traineeship delivery

There was continued growth in apprenticeships and traineeships in Victoria in 2003–04. New entrants in apprenticeships and traineeships increased by 14.6 per cent to 71,229. A further 29,661 existing employees also commenced apprenticeships and traineeships for a total commencement of 100,890.

The number of apprentices and trainees in training overall at 30 June 2004 was 151,042, of whom 105,107 were new entrants.

Completions for apprenticeships and traineeships for 2003–04 increased to 30,328, an increase of 25.53 per cent (excluding existing workers). This reflects the greater number of apprenticeship and traineeship commencements in previous years, as well as greater efficiencies in data collection and registration practices.

Quality in apprenticeships and traineeships

Apprenticeship/Traineeship Completion Bonus

The 2003–04 State Budget provided \$65.3 million over four years for a new Apprenticeship/Traineeship Completion Bonus scheme. The scheme provides an incentive for employers to encourage apprentices and trainees to complete their training.

The incentive payments available to employers were phased in during 2003–04, depending on when the apprentice or trainee began their contract of training. Employers who meet program guidelines are notified by the Department and invited to complete a simple claim form. Payments to employers are made by electronic funds transfer. Employers have responded positively to the clear claims process and prompt payments.

During the year, employers of 7542 apprentices/trainees qualified for Completion Bonus payments under the scheme. A further 1827 apprentices and trainees of not-for-profit group training organisations were eligible under the Group Training Employment Support scheme.

Fresh Start

The Fresh Start program was established in 1996 as a response to an increase in the reported incidence of workplace violence and harassment against apprentices and trainees.

The objectives of the program are to:

- encourage the reporting of workplace violence and harassment

- take action against those employers engaging in these practices
- assist apprentices and trainees subjected to abuse to successfully complete their vocational training, usually through placements with group training organisations.

In 2003–04, 19 cases of workplace violence and harassment were recorded. This was five fewer than reported in the previous financial year, despite an increase in the numbers of apprentices and trainees. Approximately 30 per cent of complaints were about wages, quality of training and conditions of employment.

Regulatory action was taken against seven employers arising from breaches of training contract obligations. This is lower than in the previous year and reflected an increased emphasis on the provision of mediation and support services by Apprenticeship Field Officers.

Support for apprenticeships and traineeships

A number of initiatives to support quality in apprenticeships and traineeships were introduced during the reporting period.

The Victorian and Commonwealth databases of apprentices/trainees and their employers were linked electronically during the reporting period. This, in addition to a revised national training contract, provided for electronic lodgements of training contracts and significantly streamlined processes for the registration of these contracts. This enabled registration of most training contracts within 24 hours of lodgement by New Apprenticeships Centres. A project to achieve further enhancement of the electronic linkage was also initiated.

A marketing strategy by a small number of registered training organisations led to a significant increase in participation in Information Technology traineeships by existing employees of enterprises. Concerns regarding the validity of these traineeships led to a joint review by the State and Commonwealth of more than 20,000 traineeships. The focus of this review was to enhance employer understanding of contract obligations to provide supervision and training. As a result, 7803 training contracts were cancelled, and 8980 trainees were transferred to more suitable traineeships. In partnership with the Commonwealth Department of Education, Science and Training, the Department of Education & Training undertook more intensive monitoring of registered training organisations and employers who recorded high growth in training numbers. Apprenticeship Field Officers had a significant role in the implementation of monitoring actions.

The Department of Education & Training works closely with the Department of Education, Science and Training, New Apprenticeships Centres and other key stakeholders.

Administration and field services

In 2003–04, Apprenticeship Field Officers, and a supporting telephone advisory service, continued to deliver high-quality services in the context of an increased participation rate in apprenticeships and traineeships.

Apprenticeship Field Officers perform a key role in advising apprentices and trainees and their employers about training issues and resolving issues that arise in the workplace. They also gather information about training delivery by registered training organisations, which is used by delegates of the Victorian Qualifications Authority responsible for monitoring these organisations.

Group training

Thirty-two organisations in Victoria have been approved as meeting the national standards for group training organisations and are included on the National Register of Group Training Organisations. Largely non-profit organisations, group training organisations recruit and employ young people in apprenticeships and traineeships.

In the first stage of an ongoing audit review program, audits of two of these organisations were carried out in 2003–04. Both demonstrated continuing compliance with the national standards.

Matched State and Commonwealth government funding of \$5 million was provided under the Joint Group Training program during 2003–04 to 24 not-for-profit group training organisations. Commencement, progression and completion outcomes were purchased with these funds, with increased payments made for outcomes against managing diversity equity groups, skills shortage vocations and school-based new apprenticeships.

In November 2003, the ANTA Ministerial Council determined that, over a three-year period, 15 per cent of funding for group training organisations would be provided under 'open market conditions'. Following consultation with Group Training Australia (Victoria), the Group Training – Innovation Fund program was established. This program will allow group training organisations to open up new markets –

particularly in industry sectors or regions where group training has not had a strong presence.

Group training organisations

New national standards for group training organisations were implemented from 1 January 2003. An initial set of audits was conducted against the standards for 33 group training organisations, and the majority were found to be compliant. In future, only recognised group training organisations will be eligible to attract organisation-specific funding. Ten follow-up audits will be conducted in 2004.

INFRASTRUCTURE

Infrastructure development

Following the introduction of new directions for the allocation of resources for TAFE Capital Infrastructure in 2003–04, continuing emphasis was placed on improving the Government's physical asset base. This involved directing resources to improving the built environment for teaching and student spaces.

Asset rationalisation is a component of this review of the existing asset base. Facilities that were underperforming were considered for closure and therefore sale.

Asset management

The TAFE Asset Portfolio is made up of over 1000 buildings, representing a building stock worth over approximately \$1.9 billion. The age of the asset portfolio ranges from new to over 100 years old. The average age of the building stock is approximately 22 years.

Asset management includes both the acquisition and the disposal of properties. This approach ensures that the overall use of TAFE building stock is maximised.

Asset investment

In 2003–04, major capital developments commenced at Chisholm, East Gippsland, Kangan Batman and Northern Melbourne Institutes of TAFE and the Driver Education Centre of Australia.

Major TAFE refurbishment works were undertaken on Buildings 56 and 57 at RMIT and the city campus of the Gordon Institute of TAFE.

The redevelopment of the Warrnambool campus of South West Institute of TAFE continued

during 2003–04. A final stage is being developed that will see the completion of major redevelopment at this site by the end of 2004.

ICT infrastructure investment

The Department of Education & Training is developing an Information and Communications Technology (ICT) strategy for TAFE. This strategy will set out preferred options available to assist TAFE institutes in developing ICT infrastructure to better align their needs with government directions.

A Heritage extension to the Facilities Management Information System for TAFE institutes was developed during 2003–04. This records all Heritage data about TAFE institute buildings and sites such as planning overlays, Indigenous cultural sites and other heritage details.

By linking this information, TAFE institutes will be able to retrieve the relevant information immediately and take into account any future maintenance issues on Heritage-related property, including any possible planning restrictions.

During 2003–04, the Department funded a study of the telephony requirements of TAFE institutes that identified the replacement of obsolete equipment by Voice over Inter Net Protocol (VoIP) as the most effective means of satisfying telephony requirements.

New projects

The 2003–04 Victorian State Budget announced \$12 million in new capital infrastructure funding. This funding was directed to replacing TAFE teaching equipment, allowing TAFE institutes to keep pace with new and emerging technology and to better align teaching equipment to industry standards, so that students are well prepared for the workplace.

Over \$1.1 million was allocated from the Commonwealth Capital program for planning projects at a number of institutes in 2003. These included:

- consolidation of Engineering & Information Technology at Victoria University (TAFE Division)
- Centre for Integrated Engineering & Science at Chisholm Institute of TAFE
- extension to Building & Construction at Gordon Institute of TAFE.

A further \$17.3 million was allocated to construction projects. These projects included:

- a wine industry training centre at Bendigo Regional Institute of TAFE

- a new Automotive and Building Studies facility and refurbishment of Hospitality at East Gippsland Institute of TAFE
- Horticulture redevelopment at Holmesglen Institute of TAFE.

TAFE capital works projects

Projects completed in 2003–04

State-funded projects

- Construction of Forestech Stage 2 for East Gippsland Institute of TAFE (\$0.95 million)
- Construction of a new multi-storey building (State component) at Elgar East Campus of Box Hill Institute of TAFE (\$6.5 million)
- Refurbishment of Buildings 6 and 7 at the Bairnsdale Campus of East Gippsland Institute of TAFE (\$0.51 million)
- Construction of an auditorium and classrooms at the Benalla Campus for Goulburn Ovens Institute of TAFE (\$2 million)
- Establishment of a music conservatorium, The Melba, at the Sunbury Campus for Victoria University of Technology (\$2.1 million)
- Development of a new campus of Sunraysia Institute of TAFE at Swan Hill (\$4.8 million)
- Construction of the Land and Water Science Centre at Mildura for Sunraysia Institute of TAFE (\$2.8 million)
- Construction of the Marine and Research Centre on Bullock Island, Lakes Entrance for East Gippsland Institute of TAFE and RMIT (\$4 million)
- Construction of the Koorie Learning Centre and Flexible Learning Centre at Broadmeadows for Kangan Batman Institute of TAFE (\$2.3 million)

ANTA-funded projects

- Stages 1 and 2 development of the new Warrnambool campus for South West Institute of TAFE (\$14.3 million)
- Refurbishment of Building 56 to deliver Engineering programs for RMIT (\$4.9 million)
- Refurbishment of the Engineering Centre (Building 57) at RMIT (\$4.6 million)
- Construction of a new Horticulture Workshop (incorporating environmentally sustainable design features) for Swinburne University at Wantirna (\$0.8 million)
- Redevelopment of the former Fairfield Hospital site for Northern Melbourne Institute of TAFE (\$25 million)

Projects under construction

State-funded projects

- Refurbishment of the Berwick campus for Electronics and Nursing programs for Chisholm Institute of TAFE
- Refurbishment of Buildings G and H at the city campus for Gordon Institute of TAFE
- Construction of the Automotive Centre of Excellence at Docklands for Kangan Batman Institute of TAFE
- Establishment of the Australian College of Wine at Aradale and Yarra Glen for Northern Melbourne Institute of TAFE

ANTA-funded projects

- Construction of a new teaching and administration building for the Driver Education Centre of Australia at Altona North
- Replacement of the Cleeland Street buildings at the Dandenong campus of Chisholm Institute of TAFE
- Construction of the Business Development Centre at the Frankston Campus of Chisholm Institute of TAFE
- Refurbishment of the Moorabbin campus of Holmesglen Institute of TAFE
- Construction of the science and technology facility at Werribee for Victoria University of Technology

NATIONAL ARRANGEMENTS

Australian National Training Authority

ANTA is an Australian Government statutory authority established in 1992 to provide a national focus for vocational education and training. ANTA is comprised of a board of strategic leaders in industry and education. It advises the ANTA Ministerial Council on matters relating to the national vocational education and training system, including the allocation of resources and the development and operation of the national quality assurance arrangements and qualifications.

National Strategy for VET 2004–2010

Under the ANTA legislation, the ANTA Board is required to develop a national strategic plan for the VET system within the framework of national goals, objectives and priorities established by

the ANTA Ministerial Council. The national strategy, *Shaping Our Future*, applies until 2010. The national strategy is a commitment by all Australian governments and ANTA to continue to work in partnership with industry, training providers and other stakeholders to develop vocational education and training.

As outlined in *Shaping Our Future*, the purpose of vocational education and training is to provide skills and knowledge for work, enhance employability and assist learning throughout life. The vision for vocational education and training is that:

- VET works for Australian businesses – making businesses internationally competitive
- VET works for people – giving Australians world-class skills and knowledge
- VET works for communities – building inclusive and sustainable communities.

ANTA Agreement

The ANTA Agreement reinforces the commitment of all States, Territories and the Australian Government to a strong, national, industry-led VET system and establishes the funding, planning, reporting and accountability arrangements for the system. By the end of 2003, when the ANTA Agreement was to expire, the Commonwealth, State and Territory governments were unable to reach a new agreement. The 2001–03 Agreement was rolled over into 2004 and financial penalties were applied to the States and Territories by the Commonwealth Government.

In June 2004, Ministers agreed to recommence ANTA Agreement negotiations in order to finalise an agreement for 2005 onwards that would contain a coordinated training response to address current and future skills needs nationally.

Flexible learning

Victoria has a lead role in the implementation of the Australian Flexible Learning Framework for the National VET System 2000–04, which aims to develop flexible and e-learning nationally. The Flexible Learning Advisory Group is responsible for overseeing the annual implementation of the framework. It is chaired by the Deputy Secretary, Office of Training and Tertiary Education, with the Secretariat based in Victoria.

The framework is based on the following principles:

- a flexible VET system increases client choice and access
- ICT offers considerable scope for when, where and how students engage in vocational education and training

- adoption of e-business approaches to vocational education and training allows greater efficiencies
- collaboration at a national level remains a vital mechanism to ensure benefit for all the States and Territories.

The framework also supports lifelong learning and effective, relevant and accessible vocational learning options for all Victorians. It ensures that Victorian TAFE and ACE personnel are in the best position to realise the potential of e-learning.

Victoria has funded and has responsibility for the development of the following projects:

- Quality e-Learning Resources (\$1.9 million)
- Knowledge Management (\$400,000)
- e-Learning and Assessment Strategies (\$110,000)
- Communications – State/Territory pro-rata allocation (\$75,000)
- LearnScope – State/Territory pro-rata allocation (\$961,800).

Improving learner access

Providers across the State Training System continue to develop practices to address the training needs and employment prospects for disadvantaged groups and people living in rural and remote areas.

The Wurreker strategy is being implemented progressively in 2004. Wurreker was developed to ensure that Koorie communities are involved in decisions about the planning and delivery of training and that TAFE delivery and support services respect and value Koorie culture. In 2003, 4207 students identifying as Koorie were enrolled in VET programs.

Under the implementation of Bridging Pathways, the national strategy for increasing opportunities in the VET sector for people with a disability, a review of Victorian provisions for students with a disability is being conducted. A Disability Agenda for the VET sector in Victoria is currently being developed for implementation in 2005.

In 2004, the Department of Education & Training provided \$1.7 million through the Disability Support Fund to TAFE institutes to support students with disabilities. These funds assisted TAFE institutes to meet their statutory obligations under the *Disability Discrimination Act 1992*.

Work continued on specific initiatives to improve women's access to training and further education, including:

- provision of funding to the Equity Research Centre to provide advice on training needs

and opportunities for women, particularly in emerging and non-traditional industries

- reports on the ongoing implementation of the Government's Valuing Victoria's Women: Forward Plan 2000–03, which details strategies to be undertaken across and between departments.

From July 2003, a total of \$11 million was committed for four years to the Parents Returning to Work program. The initiative provides grants of up to \$1000 to parents who have been out of the workforce and engaged in the care of children for two or more years. The grant may be used to cover course fees, child-care while undertaking training or other associated costs. In 2003–04, 2875 grants were issued for use in 2003–04 and a further 1142 were released in June for use in 2004–05.

Strategic industry audits

Strategic industry audits were introduced to identify compliance and quality issues in specific industry areas or training market sectors, to provide a basis for systematic improvements in the quality of training delivery. The selection of industry areas includes those:

- with a recent strong growth in training
- of importance to the Victorian economy
- with a short history of participation in recognised training.

Strategic audits are also conducted in industry areas where concerns have been raised about the quality of training.

A strategic industry audit of Certificate IV in Assessment and Workplace Training in the implementation of the AQTF Standards was conducted during the second half of 2003. Other strategic audits undertaken in 2003–04 included education services to overseas students, schools operating as registered training organisations, the delivery of the Certificate II in Security (Guarding) and nationally recognised first aid training. A national strategic audit of training in the transport industry covering Certificate III in Transport and Distribution (Road and Transport) and Certificate III in Transport and Distribution (Warehousing and Storage) was also commenced in 2004 in collaboration with other States and Territories.

FINANCIAL REPORT

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Statement of financial performance for the year ended 30 June 2004

	Notes	2003–2004 \$'000	2002–2003 \$'000
Revenue from ordinary activities			
Grants revenue	2(a)(i)	866,679	853,453
Specific-purpose revenue	2(a)(ii)	30,993	29,636
Other revenue	2(a)(iii) & 2(b)	8,723	6,440
		906,395	889,529
Expenses from ordinary activities			
Administrative expenses	1(n)	9,813	10,673
Provider grants	3	850,904	821,797
Specific purpose and trust payments		48,468	47,197
Depreciation and amortisation	1(g) & 3	820	729
Other corporate expenses		3,122	4,075
Resources provided free of charge		–	68
Loss on disposal of assets		–	14
		913,127	884,553
Result from ordinary activities and net result for the reporting period		(6,732)	4,976
Decrease in accumulated surplus on adoption of new accounting standards		–	(38)
Total changes in equity other than those resulting from transactions with owners as owners		(6,732)	4,938

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of financial position

as at 30 June 2004

	Notes	2003–2004 \$'000	2002–2003 \$'000
Current assets			
Cash assets	15(b)	97,093	108,506
Receivables		3,812	893
Work in progress	5	–	1,822
Total current assets		100,905	111,221
Non-current assets			
Property, plant and equipment	4	2,678	1,714
Total non-current assets		2,678	1,714
Total assets		103,583	112,935
Current liabilities			
Payables	6	7,757	6,839
Provisions for employee benefits		–	1,109
Total current liabilities		7,757	7,948
Non-current liabilities			
Provisions for employee benefits		–	2,429
Total non-current liabilities		–	2,429
Total liabilities		7,757	10,377
Net assets		95,826	102,558
Equity			
Contributed capital	7(a)	14,350	14,350
Accumulated surplus	7(b)	81,476	88,208
Total equity		95,826	102,558

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 June 2004

	Notes	2003–2004 \$'000	2002–2003 \$'000
Cash flows from operating activities			
Receipts from Government		866,679	853,453
Receipts from other entities		29,913	30,930
GST recovered from the ATO		8,052	719
Interest received		4,935	5,524
Payments to suppliers and others		(12,791)	(12,234)
Payments to service providers		(907,381)	(865,588)
Net cash inflow/(outflow) from operating activities	15(a)	(10,593)	12,804
Cash flows from investing activities			
Payment for property, plant and equipment		(820)	(1,234)
Net cash inflow/(outflow) from investing activities		(820)	(1,234)
Net increase/(decrease) in cash held		(11,413)	11,570
Cash at beginning of financial year		108,506	96,936
Cash at end of financial year	15(b)	97,093	108,506

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

for the year ended 30 June 2004

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Note 1 Summary of significant accounting policies

This general-purpose financial report has been prepared in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and Urgent Issues Group Consensus Views.

The financial report is prepared in accordance with the historical cost convention, except for certain assets and liabilities which, as noted, are at valuation. The accounting policies adopted, and the classification and presentation of items, are consistent with those of the previous year, except where a change is required to comply with an Australian accounting standard or Urgent Issues Group Consensus View or an alternate accounting policy permitted by an Australian accounting standard is adopted to improve the relevance and reliability of the financial report. Where practicable, comparative amounts are presented and classified on a basis consistent with the current year.

(a) Reporting entity

The VLESC is a Statutory Authority under the *Vocational Education and Training Act 1990* and as amended by the *Victorian Qualifications Authority Act 2001*. The VLESC reports separately to the Parliament through the Minister for Education and Training.

The financial statements include all the activities of the VLESC for the year ending 30 June 2004.

(b) Accrual basis

The accrual basis of accounting has been adopted in preparing these financial statements.

(c) Cash

For purposes of the statement of cash flows, cash includes short-term deposits that are readily convertible to cash and are subject to an insignificant risk of changes in value.

(d) Rounding of amounts

Amounts in the financial report have been rounded to the nearest thousand dollars, or in other cases, to the nearest dollar.

(e) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the

acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) Revenue recognition

Grants over which the VLESC gains control during a reporting period are recognised as revenues of that reporting period consistent with Australian Accounting Standard AAS 15, 'Revenue' and other relevant accounting concepts, pronouncements and views. 'Control' arises on the earlier event of receipt or notification of eligibility for grants by relevant authorities. Revenue also includes minor amounts for services provided.

(g) Depreciation of property, plant and equipment

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the VLESC. Estimates of remaining useful lives are reviewed at least annually. The expected useful lives are as follows:

	2003–2004	2002–2003
Computers and peripherals	3 years	3 years
Furniture, fittings and office equipment	5–10 years	5–10 years

(h) Receivables

All debts are recognised at the amounts receivable and are due for settlement within 30 days of recognition.

(i) Leased non-current assets

At reporting date:

- No assets subject to a finance lease were held
- No incentives had been received on entering into operating leases
- No surplus leased space existed under non-cancellable operating leases.

Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred as this represents the pattern of benefits derived from the leased assets.

(j) Trade and other creditors

These amounts represent liabilities for goods and services provided to the VLESC prior to the end of the financial year. The liabilities are unsecured and are usually paid within 30 days of recognition.

(k) Goods and Services Tax (GST) system changes

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable, in which case it is recognised as part of the cost of acquisition of an asset or part of an item of expense. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO)

is included as part of receivables or payables in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the statement of cash flows in accordance with Accounting Standard AAS 28 'Statement of Cash Flows'.

(l) Investments

Investments are brought to account at cost. Interest revenues are recognised as they accrue.

(m) Contributed capital

Consistent with UIG Abstract 38 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' transfers that are in the nature of capital contributions or distributions have been designated as contributed capital.

(n) Employee benefits

Effective from 1 July 2003, the Secretary of the Department of Education & Training deemed all VLESC employees to be employees of the Department of Education & Training. The Department of Education & Training assumed the employee provisions held by the VLESC. Amounts totalling \$3.538 million were written back and the same amount was recognised as other revenue in the statement of financial performance. The VLESC reimburses the Department of Education & Training for all employee benefits including superannuation, long service and annual leave entitlements. These costs are recognised as administrative expenses in the statement of financial performance.

(o) Impacts of adopting AASB equivalents to International Accounting Standards Board standards

For interim and annual reporting periods ending on or after 30 June 2004, AASB 1047 Disclosing the Impacts of Adopting AASB Equivalents to International Financial Reporting Standards (IFRS) requires an explanation of how the transition process is being managed and a narrative explanation of the key differences in accounting policies that are expected to arise from the adoption of Australian equivalents to IFRS.

For reporting periods beginning on or after 1 January 2005, all Australian reporting entities are required to adopt the financial reporting requirements of the Australian equivalents to IFRS. This requirement also extends to any comparative financial information included within the report. The first day of the comparative period, 1 July 2004, effectively becomes the transition date for the VLESC. Any adjustments arising from changes in the recognition or measurement of assets and liabilities at the transition date arising from the adoption of IFRS will be made against accumulated funds at the transition date.

The VLESC has taken the following steps in managing the transition to Australian equivalents to IFRS:

- established a steering committee for the oversight of the transition to and implementation of the Australian equivalents to IFRS
- reviewed VLESC current accounting policies and the proposed new standards to identify key issues and

the likely impacts resulting from the adoption of Australian equivalents to IFRS

- commenced an education and training process for all stakeholders to raise awareness of the changes in reporting requirements and the processes to be undertaken
- initiated reconfiguration and testing of user systems and processes to meet new requirements.

The VLESC has identified a number of changes to the existing accounting policies that may have a material impact on the VLESC's future financial position and performance following the adoption of the requirements of Australian equivalents to IFRS (the new standards). These include:

- Valuation of assets. In accordance with the Victorian Government Policy – Revaluation of Non-Current Physical Assets, the VLESC currently measures its non-current physical assets, other than plant, equipment and vehicles, at fair value subsequent to initial recognition. Plant, equipment and vehicles are measured on a cost basis. Revaluations are assessed annually and supplemented by independent assessments at least every three years. The new standard continues to offer a choice for measuring each class of non-current physical assets either at cost or at fair value. However, non-current assets measured at fair value will only be required to be revalued at least every three to five years and all assets in a class must be revalued at the same time. The Victorian Government has not yet concluded whether it will make any changes to the valuation basis of any class of asset or the methodology or frequency at which revaluations are performed. The financial effects of any such changes are unknown.
- Impairment of assets. Under the new standards, an asset will be required to be assessed for impairment each year. If indicators of impairment exist, the carrying value of an asset will need to be assessed to ensure that the carrying value does not exceed its recoverable amount, which is the higher of its value-in-use and fair value less costs to sell. For the VLESC, value-in-use of an asset is its depreciated replacement cost. Other than inventories, financial assets and assets arising from construction contracts, impairment testing will apply to all assets regardless of whether they are measured on a cost or fair value basis. Where the carrying value of an asset exceeds its recoverable amount, the difference will be written off as an impairment loss to the statement of financial performance except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that asset. Any impairment losses at transition date will be adjusted against the accumulated funds.

In addition, a number of other changes in requirements have been identified which are expected to lead to changes in methodology or processes, increased disclosures and possibly changes in measurement of assets or liabilities. The changes are not expected to have a material impact.

Note 2 Revenue

(a) Revenue from operating activities

(i) Grants revenue

	2003–2004 \$'000	2002–2003 \$'000
State Government grants		
Recurrent	531,720	547,920
Grants for capital works	59,968	48,221
	591,688	596,141
Commonwealth/ANTA grants		
Recurrent	220,225	212,768
Grants for capital works	54,766	44,544
	274,991	257,312
Total grants revenue	866,679	853,453

(ii) Specific-purpose revenue

The following projects have been recognised as revenue for which specific expenditure outcomes are prescribed.

Commonwealth/ANTA projects		
Indigenous education	1,211	1,128
Australians Working Together	3,083	1,972
Group training	2,601	2,527
Industry planning advice	–	582
LearnScope	768	955
Online learning	3,472	7,260
Resources for teaching and learning	4,137	1,935
National consistency projects and framework	–	236
ANTA Toolbox Series	350	–
Framework management 2004	675	–
Other	1,482	679
	17,779	17,274
State Government projects		
Developing Victoria's design capabilities	3,800	2,900
Local Learning and Employment Networks	8,727	8,980
Victorian Training Awards	96	143
Other	591	339
	13,214	12,362
Total specific-purpose revenue	30,993	29,636

(iii) Other revenue

Forgiveness of liabilities	3,538	–
Total other revenue	3,538	–
Total revenue from operating activities	901,210	883,089

(b) Revenue from non-operating activities

Interest and other revenue		
Interest	4,935	5,497
Other	250	943
Total	5,185	6,440
Total revenue from ordinary activities	906,395	889,529

Note 3 Expenses from ordinary activities

	2003–2004 \$'000	2002–2003 \$'000
Net expenses		
Result from ordinary activities includes the following net expenses		
Depreciation		
Furniture, fittings and office equipment	33	21
Computers and peripherals	787	708
Total depreciation	820	729
Rental expense relating to operating leases		
Minimum lease payments	482	367
Total rental expense relating to operating leases	482	367
Provider grants		
Grants to Victoria University (TAFE Division)	61,513	61,209
Grants to Swinburne University (TAFE Division)	61,058	60,854
Grants to Holmesglen Institute of TAFE	59,882	59,173
Grants to Chisholm Institute of TAFE	58,564	58,501
Grants to RMIT University (TAFE Division)	53,418	54,002
Grants to Northern Melbourne Institute of TAFE	53,715	53,208
Grants to Box Hill Institute of TAFE	45,819	45,373
Grants to Kangan Batman Institute of TAFE	45,020	44,089
Grants to Gordon Institute of TAFE	29,115	28,917
Grants to University of Ballarat (TAFE Division)	25,184	25,186
Grants to Goulburn Ovens Institute of TAFE	21,984	22,043
Grants to Bendigo Regional Institute of TAFE	20,044	19,717
Grants to William Angliss Institute of TAFE	18,060	18,173
Grants to Central Gippsland Institute of TAFE	16,782	16,732
Grants to South West Institute of TAFE	13,828	14,183
Grants to Wodonga Institute of TAFE	13,186	13,386
Grants to Sunraysia Institute of TAFE	11,538	11,522
Grants to East Gippsland Institute of TAFE	10,645	10,700
Grants to various private providers	94,190	104,505
Grants to Adult, Community and Further Education Board	13,469	13,730
Capital grants to TAFE institutes	96,678	60,629
Other grants	27,212	25,965
Total provider grants	850,904	821,797

Note 4 Property, plant and equipment

	2003–2004 \$'000	2002–2003 \$'000
Computers and peripheral equipment		
At cost	5,423	3,650
Less: Accumulated depreciation	(2,778)	(2,000)
	2,645	1,650
Office equipment and furniture		
At cost	114	112
Less: Accumulated depreciation	(81)	(48)
	33	64
Total property, plant and equipment	2,678	1,714

Reconciliation

	Computers & peripheral equipment \$'000	Office equipment & furniture \$'000	Total \$'000
2003–2004			
Carrying amount at start of year	1,650	64	1,714
Additions	1,782	2	1,784
Disposals	–	–	–
Depreciation and amortisation	(787)	(33)	(820)
Carrying amount at end of year	2,645	33	2,678

Note 5 Work in progress

- (i) The VLESC held \$857,665 in work in progress for the Aboriginal and Torres Strait Islander community centre at Barmah and Lake Tyers as at 30 June 2003. These projects were completed and the costs were expensed as grants. There are no assets held as work in progress as at 30 June 2004.

Note 6 Current liabilities – payables

	2003–2004 \$'000	2002–2003 \$'000
Trade creditors	7,510	6,256
Other creditors	247	583
	7,757	6,839

Note 7 Equity movements

	2003–2004 \$'000	2002–2003 \$'000
(a) Contributed capital		
Balance at the beginning of the reporting period	14,350	25,652
Disposal of (net) assets not recognised in the statement of financial performance	–	(11,302)
Balance as at 30 June	14,350	14,350
(b) Accumulated surplus		
Balance at the beginning of the reporting period	88,208	83,270
Transitional adjustments	–	(38)
Net surplus/(deficit) for the reporting period	(6,732)	4,976
Balance as at 30 June	81,476	88,208
Total equity as at June 30	95,826	102,558

Note 8 Financial instruments

(a) Interest rate risk exposure

The VLESC's exposure to interest rate risk and the effective weighted average interest rate by maturity periods are set out in the following table.

	Floating interest \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	1–5 years \$'000	Over 5 years \$'000		
2003–2004						
Financial assets						
Cash assets	0	0	0	0	3,950	3,950
Term deposits	20,000	73,143	0	0	0	93,143
Receivables	0	0	0	0	3,812	3,812
	20,000	73,143	0	0	7,762	100,905
Weighted average interest rate	5.49	5.10	0	0	0	0
Financial liabilities						
Payables	0	0	0	0	7,757	7,757
	0	0	0	0	7,757	7,757
Net financial assets (liabilities)	20,000	73,143	0	0	5	93,148
Weighted average interest rate	5.49	5.10	0	0	0	0

Note 8 Financial instruments (continued)

8(a) Interest rate risk exposure (continued)

2002–2003	Floating interest \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	1–5 years \$'000	Over 5 years \$'000		
Financial assets						
Cash assets	0	0	0	0	18,123	18,123
Term deposits	20,000	70,383	0	0	0	90,383
Receivables	0	0	0	0	893	893
	20,000	70,383	0	0	19,016	109,399
Weighted average interest rate	4.76	4.81	0	0	0	0
Financial liabilities						
Payables	0	0	0	0	6,839	6,839
	0	0	0	0	6,839	6,839
Net financial assets (liabilities)	20,000	70,383	0	0	12,177	102,560
Weighted average interest rate	4.76	4.81	0	0	0	0

(b) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the VLESC approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon the market price where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

(c) Carrying amounts and net fair values of financial assets and liabilities at reporting date

	2003–2004		2002–2003	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
On-balance sheet financial instruments				
Financial assets				
Cash	3,950	3,950	18,123	18,123
Receivables	3,812	3,812	893	893
Term deposits	93,143	93,143	90,383	90,383
Non-traded financial assets	100,905	100,905	109,399	109,399
Financial liabilities				
Payables	7,757	7,757	6,839	6,839
Non-traded financial liabilities	7,757	7,757	6,839	6,839

Note 9 Ministers and Accountable Officers

In accordance with the Directions of the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period for the categories shown:

Responsible Minister
Ms Lynne Kosky, MP

Commission/(Board) Members
Mr Peter Laver* Chair

Mr Neil Coulson**

Mr Leigh Hubbard**

Ms Patricia Forward

Ms Rowena Allen

Mr Timothy Piper**

Professor Helen Praetz

Ms Lynne Wannan

Mr Grant Hehir

*Membership ceased on 29 February 2004; reappointed as acting Chair from 1 March 2004 until the Minister appoints a replacement.

**Membership ceased on 29 February 2004; reappointed as acting member from 28 April 2004 until the Minister appoints a replacement.

Accountable Officer
Mr Grant Hehir

Note 10 Remuneration of executives

The number of Executive Officers (excluding the Accountable Officer(s)) whose remuneration exceeded \$100,000 during the reporting period is reported in the Annual Financial Report of the Department of Education & Training.

The number of Executive Officers (excluding the Accountable Officer(s)) whose remuneration exceeded \$100,000 during the previous reporting period is shown opposite in their relevant income bands. Total remuneration includes long service leave payments and bonuses paid at the end of contracts. Base remuneration is exclusive of these items.

Remuneration

The Accountable Officer's remuneration was paid by the Department of Education & Training and included in the Department's financial report.

VLESC Board members' remuneration

The remuneration/emolument received or receivable by members of the VLESC as members of the VLESC totalled:

	2003–2004	2002–2003
	\$127,060*	\$122,873*

*The Department of Education & Training pays the Commission members' remuneration.

The number of members of the VLESC with remuneration /emolument that fell within the following bands were:

Band	2003–2004	2002–2003
\$0–\$ 9,999	–	1
\$10,000–\$19,999	7	8
\$20,000–\$29,999	0	0
\$30,000–\$39,999	1	1
TOTAL	8	10

Related party transactions

Mr Grant Hehir, as Secretary of the Department of Education & Training, has responsibility for the disbursement of grants to the VLESC. The amount of grants made by the Department of Education & Training in 2003–04 was \$591,687,880 (for 2002–03 \$596,140,144).

Note 10 Remuneration of executives (continued)

Income range	Total remuneration		Base remuneration	
	2003–2004	2002–2003	2003–2004	2002–2003
	No. of executives	No. of executives	No. of executives	No. of executives
\$60,000–\$69,999	–	–	–	–
\$70,000–\$79,999	–	–	–	–
\$80,000–\$89,999	–	–	–	1
\$90,000–\$99,999	–	–	–	1
\$100,000–\$109,999	–	2	–	1
\$110,000–\$119,999	–	–	–	4
\$120,000–\$129,999	–	4	–	2
\$130,000–\$139,999	–	1	–	–
\$140,000–\$149,999	–	–	–	2
\$150,000–\$159,999	–	1	–	–
\$160,000–\$169,999	–	1	–	–
\$170,000–\$179,999	–	1	–	1
\$180,000–\$189,999	–	1	–	–
\$190,000–\$199,999	–	–	–	–
\$200,000–\$209,999	–	1	–	–
Total officers	–	12	–	12
Total remuneration (\$'000)	–	1,720	–	1,447

Note 11 Remuneration of auditors

	2003–2004	2002–2003
	\$	\$
Payable at 30 June and provided – Auditor-General	37,050	36,000
	37,050	36,000

Note 12 Contingent liabilities and contingent assets

The VLESC has no known contingent liabilities or contingent assets at the reporting date.

Note 13 Commitments for expenditure

(a) Operating lease commitments

	2003–2004 \$'000	2002–2003 \$'000
Commitments in relation to contracted leases for which no liabilities have been recognised		
Payable within one year	152	174
Payable later than one year but not later than 5 years	48	188
	200	362

These commitments refer to the leases the VLESC has entered into for motor vehicles and photocopiers.

(b) Provider grant commitments

The VLESC has outstanding commitments for grant payments to service providers totalling \$37,781 million as at 30 June 2004 (\$46,226 million as at 30 June 2003). These projects are funded from State and Commonwealth/ANTA revenue and relate mainly to capital works by the providers. These commitments are payable as follows:

	2003–2004 \$'000	2002–2003 \$'000
Payable within one year	22,867	46,226
Payable later than one year but not later than 5 years	14,914	–
	37,781	46,226

(c) Outsourcing commitments

The VLESC has contracts with a number of registered training organisations under the Priority Education Training program and the Apprenticeship/Traineeship Training program. These contracts cover training over a number of years and payments are due as long as the contractual obligations are fulfilled by the registered training organisations. These commitments have not been recognised as liabilities and are payable:

	2003–2004 \$'000	2002–2003 \$'000
Payable within one year	19,407	18,800
Payable later than one year but not later than 5 years	58,302	51,000
	77,709	69,800

Note 14 Events occurring after reporting date

The VLESC is not aware of any event, subsequent to reporting date, that will have a material effect on its operations over subsequent years.

Note 15 Cash flow reconciliation

(a) Reconciliation of results from ordinary activities to net cash flow from operating activities

	2003–2004 \$'000	2002–2003 \$'000
Results from ordinary activities	(6,732)	4,976
Depreciation and amortisation	820	729
Loss on disposal of property, plant and equipment	–	14
Increase/(decrease) in payables	919	4,970
(Increase)/decrease in receivables	(2,920)	2,038
Increase/(decrease) in recreation leave provision	–	56
Increase/(decrease) in long-service leave provision	–	(170)
Increase/(decrease) in bonus payable	–	123
Write-back of employee provisions	(3,538)	–
Resources provided free of charge	–	68
Write-down of work in progress	858	
Net cash inflow/(outflow) from operating activities	(10,593)	12,804

(b) Reconciliation of cash

	2003–2004 \$'000	2002–2003 \$'000
Cash at bank	3,950	18,123
Term deposits	93,143	90,383
Total cash balance	97,093	108,506



VICTORIAN LEARNING AND
EMPLOYMENT SKILLS COMMISSION

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ACCOUNTABLE OFFICERS' DECLARATION

We certify that the attached financial statements for the Victorian Learning and Employment Skills Commission have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2004 and financial position of the Victorian Learning and Employment Skills Commission as at 30 June 2004.

We are not aware of any circumstance that would render any particulars included in the Financial Statements to be misleading or inaccurate.

PETER LAVER
Commission Member (Chair)
Victorian Learning and Employment Skills Commission

10 / 9 / 2004

GRANT HEHIR
Accountable Officer
Victorian Learning and Employment Skills Commission

9 / 9 / 2004





AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, responsible Ministers and Members of the Victorian Learning and Employment Skills Commission

Matters relating to the electronic presentation of the Audited Financial Report

This audit report relates to the financial report of the Victorian Learning and Employment Skills Commission for the financial year ended 30 June 2004 included on its web site. The Members of the Victorian Learning and Employment Skills Commission are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Scope

The accompanying financial report of the Victorian Learning and Employment Skills Commission for the financial year ended 30 June 2004, comprising a statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Members of the Commission are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and Members of the Commission as required by the *Audit Act 1994*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of the Commission's financial position, and its financial performance and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of the Victorian Learning and Employment Skills Commission as at 30 June 2004 and its financial performance and cash flows for the year then ended.

MELBOURNE
13 September 2004


for J.W. CAMERON
Auditor-General

APPENDICES

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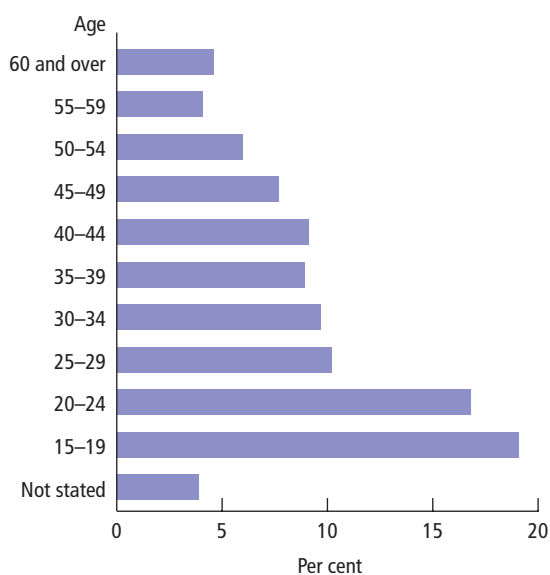
APPENDIX 1 THE STATE TRAINING SYSTEM

As at June 2004, the State Training System included the VLESC as the State training agency, 14 TAFE institutes, five TAFE divisions within universities, 1173 registered training organisations, over 460 ACE organisations and 17 Industry Training Advisory Bodies. Around 100 secondary schools also participated through the VET in Schools program.

The State Training System provides general education and skills training across all occupational levels.

In 2003, registered training organisations provided approximately 323,000 students with almost 112 million student contact hours

Age profile of participants in the State Training System in Victoria (excluding non-VET activity), 2003

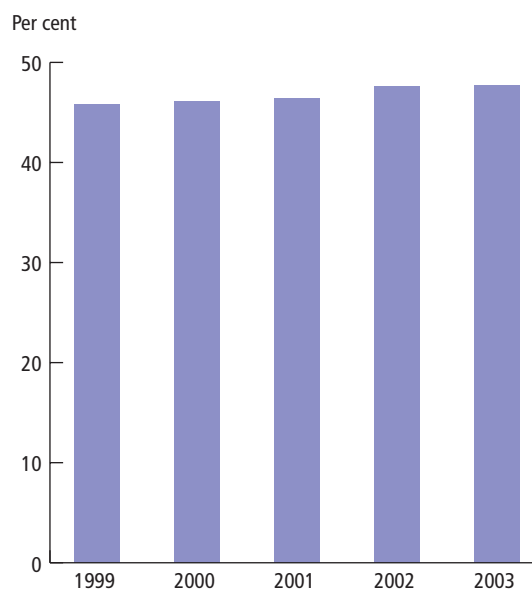


Source: Department of Education & Training

of training and further education (excluding non-VET activity). This is an increase of 3.7 per cent on the 2002 delivery. In addition, over 1.7 million student contact hours in personal enrichment programs were delivered to about 64,000 students. Of this total delivery, government-funded delivery accounted for over 80.8 million reported contact hours, a decrease of 2.4 per cent on 2002.

The proportion of women in VET programs in the Victorian State Training System, and the proportion of training delivered to women, is indicated in the graph below.

*Proportion of women in VET programs in Victoria, all providers (excluding non-VET activity)**



Source: Department of Education & Training

*Includes TAFE institutes, ACE private providers and all funding sources; excludes hobby and enrichment student contact hours.

TAFE institutes

As at 30 June 2004, the Victorian TAFE institutes network comprised 14 TAFE institutes and five TAFE divisions in universities. All institutes are funded by the Government to provide training and further education.

TAFE institutes and multi-sector TAFE providers at 30 June 2004 were:

- Bendigo Regional Institute of TAFE
- Box Hill Institute of TAFE
- Central Gippsland Institute of TAFE
- Chisholm Institute of TAFE
- East Gippsland Institute of TAFE
- Gordon Institute of TAFE
- Goulburn Ovens Institute of TAFE
- Holmesglen Institute of TAFE
- Kangan Batman Institute of TAFE
- Northern Melbourne Institute of TAFE
- RMIT University (TAFE Division)
- South West Institute of TAFE
- Sunraysia Institute of TAFE
- Swinburne University (TAFE Division)
- University of Ballarat (TAFE Division)
- University of Melbourne – Institute of Land and Food Resources (TAFE Division)
- Victoria University of Technology (TAFE Division)
- William Angliss Institute of TAFE
- Wodonga Institute of TAFE

TAFE institutes delivered nearly 64 million of the government-funded student contact hours, a decrease of 2.1 per cent on 2002. A further 17.1 million government-funded student contact hours were delivered by ACE and private registered training organisations across all provider types. Over 78.8 million student contact hours of delivery were within the scope of activity covered by the ANTA Agreement.

TAFE institutes provide personal enrichment and general education programs, as well as skills training in basic pre-vocational courses to advanced vocational education and training. Government funds are allocated to training programs, except personal enrichment courses.

TAFE institutes provide skills training in the following areas:

- operative/clerical
- trades
- professional/paraprofessional.

Courses include:

- basic literacy and numeracy
- basic preparation for work
- entry- or certificate-level training, including apprenticeships

- advanced vocational training, including training for paraprofessional
- advanced technical and advanced post-initial training.

Courses are accredited under the Australian Quality Framework. A qualification is granted to a student who completes the relevant award course. Students who partially complete a course, or who complete a short course, receive a Statement of Results or Statement of Attainment as their record of achievement. Such arrangements are consistent with the major role of TAFE institutes in providing part-time award courses, stand-alone modules and short, non-award courses.

Seven TAFE institutes act as CMMs, providing advice on national training packages and state vocational education and training products. These institutes play an important role in reviewing training packages, updating and reviewing curriculum, and providing advice on curriculum for their industry sectors.

Governance

Under the *Vocational Education and Training Act 1990*, TAFE institutes are self-governing. Each of Victoria's TAFE institutes has distinct characteristics that reflect its local community and industry base, its size and region and the nature of the courses it offers.

TAFE institutes enter into three-year performance agreements with the VLESC. These performance agreements commit them to deliver specific programs, achieve certain targets and comply with system-wide policies.

A full report on the activities of each TAFE institute is contained in its own annual report.

Review of TAFE governance

Victoria's publicly funded TAFE institutes are governed by councils. Each council is responsible to the Minister for Education and Training, who appoints half of their membership. Councillors give their time freely to attend meetings and to represent their institute within their communities.

The present governance structure has been in place for over ten years, a period of time in which significant changes have occurred in the sector. While TAFE institutes continue to be government-owned and regulated, they generate 21.7 per cent of their earnings from commercial activities. As institutes evolve and become more dynamic, it is essential that they develop appropriate and sustainable governance models that will enable them to manage emerging risks and at the same time operate

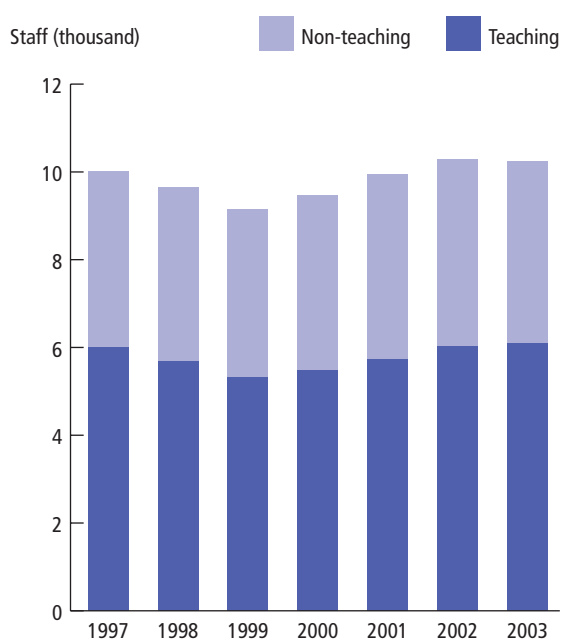
with greater transparency and accountability. These advances within the sector prompted the Office of Training and Tertiary Education to undertake the TAFE Governance Review in 2003. The review did not recommend any changes in the current governance structures but saw a need to enhance the governance practices within the existing TAFE governance framework. A Project Director was employed through the Gordon Institute of TAFE to work on implementing the recommendations of the TAFE Governance Review. The project has a two-year timeframe and has been in progress for 12 months. A TAFE Governance Review Implementation Reference Group has been formed. Best practice governance documentation, including a governance charter, delegations of authority and a risk management framework for subsidiary companies are some of the documents being prepared.

In addition, training will be developed and provided as part of an induction process for new members and further training for more experienced members.

Implementation of the recommendations will enable participants in the TAFE governance framework to fully embrace best practice corporate governance while building on existing strengths.

Teaching and non-teaching staff in TAFE institutes

Teaching and non-teaching staff in TAFE institutes, Victoria, 1997–2003



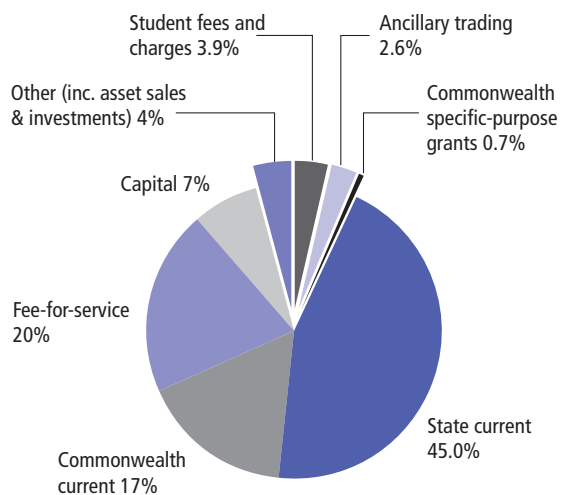
Source: Department of Education & Training

Sources of TAFE institute funding

TAFE institutes, in keeping with their client focus, complement their government-funded provision with services purchased by industry. Such training is designed to meet individual needs, the needs of enterprises and industry and the requirements of lifelong learning in the workplace.

TAFE institutes are increasingly customising their products and services, including flexible delivery to meet the needs of their clients.

Sources of TAFE institute funds, Victoria



Other training organisations

There are 1173 registered training organisations. These include commercial business colleges, secondary colleges, enterprises delivering training to their own staff and industry-based providers. ACE organisations and private registered training organisations provided over 17.14 million government-funded student contact hours of training and further education in 2003 for over 110,748 students.

APPENDIX 2 FREEDOM OF INFORMATION

Publication requirements

The information required to be published pursuant to section 7 of the *Freedom of Information Act 1982* follows, except for information required by that section but published elsewhere in this report.

Queries about the availability of and charges for other material prepared under Part II of the Freedom of Information Act should be directed to the authorised officer. The authorised officer of the VLESC is:

Mr Neil Morrow
Manager, Freedom of Information and Privacy
Department of Education & Training
GPO Box 4367
Melbourne Victoria 3001
Telephone (03) 9637 2670

Categories of documents

The following are the general categories of documents maintained by the Department of Education & Training on behalf of the VLESC.

- Correspondence, administrative and policy documents
Paper records are maintained in registered files.
- Minutes, agendas and papers
Paper records of agendas, agenda papers and confirmed minutes of meetings are maintained in registered files. An index of outcomes is also maintained.
- Personnel documents
Paper records on remuneration and appointments for VLESC members are maintained in registered files.
- Accounting records
Accounting records are maintained on a computerised accounting system. The records deal with general ledger entries, accounts payable, payroll and other accounting functions. Paper records are also kept as registered files.

Freedom of Information arrangements

Access to records

All requests for access to records held by agencies are dealt with by the authorised officer. Applicants seeking access to a document held by agencies should attempt to specify the topic of interest rather than the file series in which the applicant considers the document might exist. Assistance in specifying the topic is available from the authorised officer.

Form of request for access

Applicants are required by the Freedom of Information Act to submit applications requesting access to documents in writing. No form of application is specified. A letter that clearly describes the document(s) sought is sufficient. The letter should specify that the application is a request made under the Act and should not form part of a letter on another subject. The applicant should provide the following information:

- name
- address
- telephone number (where applicant can be contacted during business hours)
- details of document(s) requested
- the form of access required, that is copies of documents, inspection of file
- other (specify).

Correction of personal information

A request for correction or amendment of information about a person that is contained in a document held by the agency must be made in writing. It should specify how and why the person making the request believes the information to be incorrect, incomplete, misleading or out of date. It should also specify the amendments they wish to have made.

Charges

An application fee of \$20.50 is required unless evidence of hardship is provided. Applicants are advised that other charges may be made in respect of requests for access to documents.

Appeals

Applicants may appeal against a decision made in response to requests for access to documents, for the amendments of records or against the cost levied for allowing access to documents. Information about the appropriate avenue of appeal will be conveyed to the applicant in the letter advising of the initial decision. Applicants are advised to consult Part VI of the Freedom of Information Act for further information about appeal rights.

Summary

Principal Officer	VLESC Chair
Authorised Officer	Neil Morrow

No requests under the Freedom of Information Act were received for the VLESC during 2003–04.

APPENDIX 3 WHISTLEBLOWERS PROTECTION ACT

Disclosure

The Whistleblowers Protection Act commenced operation on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper or corrupt conduct by a natural person (not a company or group) involving public officers or public bodies, to investigate these disclosures and to provide protection to whistleblowers.

No protected disclosures were notified to the VLESC in 2003–04.

The Department of Education & Training appointed a Protected Disclosure Coordinator and established procedures in accordance with Part 6 of the *Whistleblowers Protection Act 2001* (the Act). As at 30 June 2003 the Department had not received any disclosures made under the Act nor had the Ombudsman referred any disclosures made under the Act to the Department for investigation during 2003–04.

Department of Education & Training guidelines

1 Objects of the Act

The *Whistleblowers Protection Act 2001* (the Act) commenced operation on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

2 Statement of support to whistleblowers

The Department of Education & Training (DE&T) is committed to the aims and objectives of the Act. It does not tolerate improper conduct by its employees nor the taking of reprisals against those who come forward to disclose such conduct.

DE&T recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

DE&T will take all reasonable steps to protect people who make such disclosures from any

detrimental action in reprisal for making the disclosure. It will also ensure natural justice to the person who is the subject of the disclosure.

3 Purpose of these procedures

These procedures establish a system for reporting disclosures of improper conduct or detrimental action by DE&T employees. The system enables such disclosures to be made to one of the protected disclosure officers or the protected disclosure coordinator. Disclosures may be made by employees or by members of the public.

These procedures complement DE&T's established procedures for addressing complaints and are for use only where appropriate. Employees and members of the general public should continue to raise issues in accordance with the consultative and complaint resolution procedures already in place unless the complaint meets the criteria specified in the Act to be considered a protected disclosure.

4 Definitions of key terms

4.1 A protected disclosure

For the purpose of the Act, a protected disclosure is a complaint, report or allegation of improper conduct or detrimental action, concerning matters which come under the Act, and is made in accordance with Part 2 of the Act.

A protected disclosure may also be referred to as a public interest disclosure where the disclosure shows or tends to show that the public officer to whom the disclosure relates:

- has engaged, is engaging or intends to engage in improper conduct in his or her capacity as a public officer
- has taken, is taking, or proposes to take, detrimental action in reprisal for the making of the protected disclosure.

4.2 Improper conduct

A disclosure may be made about improper conduct by a public body or public official. Improper conduct means conduct that is corrupt, a substantial mismanagement of public resources, or conduct involving substantial risk to public health or safety or to the environment. The conduct must be serious enough to constitute, if proved, a criminal offence or reasonable grounds for dismissal.

Examples

- To avoid closure of a town's only industry, an environmental health officer ignores or conceals evidence of illegal dumping of waste.
- An agricultural officer delays or declines imposing quarantine to allow a financially distressed farmer to sell diseased stock.
- A building inspector tolerates poor practices and structural defects in the work of a leading local builder.

4.3 Corrupt conduct

Corrupt conduct means:

- conduct of any person (whether or not a public official) that adversely affects the honest performance of a public officer's or public body's functions
- the performance of a public officer's functions dishonestly or with inappropriate partiality
- conduct of a public officer, former public officer or a public body that amounts to a breach of public trust
- conduct by a public officer, former public officer or a public body that amounts to the misuse of information or material acquired in the course of the performance of their official functions
- a conspiracy or attempt to engage in the above conduct.

Examples

- A public officer takes a bribe or receives a payment other than his or her wages or salary in exchange for the discharge of a public duty.
- A public officer favours unmeritorious applications for jobs or permits by friends and relatives.
- A public officer sells confidential information.

4.4 Detrimental action

The Act makes it an offence for a person to take detrimental action against a person in reprisal for a protected disclosure. Detrimental action includes:

- action causing injury, loss or damage
- intimidation or harassment
- discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of disciplinary action.

Examples

- A public body refuses a deserved promotion of a person who makes a disclosure.

- A public body demotes, transfers, isolates in the workplace or changes the duties of a whistleblower due to the making of a disclosure.
- A person threatens, abuses or carries out other forms of harassment directly or indirectly against the whistleblower, his or her family or friends.
- A public body discriminates against the whistleblower or his or her family and associates in subsequent applications for jobs, permits or tenders.

5 The reporting system

5.1 Contact persons within DE&T

Disclosures of improper conduct or detrimental action by DE&T employees may be made in the first instance to a protected disclosure officer.

All correspondence, telephone calls and emails from internal or external whistleblowers will be referred to the protected disclosure coordinator.

Contact details are provided on pages 52–3.

5.2 Alternative contact persons

Disclosures about improper conduct or detrimental action by DE&T employees may also be made directly to the Ombudsman.

Disclosures about improper conduct or detrimental action by persons who are not DE&T employees should be made as follows:

<i>Person who is the subject of the disclosure</i>	<i>Person/body to whom the disclosure must be made</i>
Employee of a public body other than DE&T	That public body or the Ombudsman
Member of Parliament (Legislative Assembly)	Speaker of the Legislative Assembly
Member of Parliament (Legislative Council)	President of the Legislative Council
Councillor (local government)	The Ombudsman
Chief Commissioner of Police	The Ombudsman or Deputy Ombudsman
Member of the police force	The Ombudsman, Deputy Ombudsman or Chief Commissioner of Police

6 Roles and responsibilities

6.1 Employees

Employees are encouraged to report known or suspected incidences of improper conduct, or detrimental action in accordance with these procedures.

All employees of DE&T have an important role to play in supporting those who have made a legitimate disclosure. They must refrain from any activity that is, or could be perceived to be, victimisation or harassment of a person who makes a disclosure. Furthermore, they should protect and maintain the confidentiality of a person they know or suspect to have made a disclosure.

6.2 Protected disclosure officers

Protected disclosure officers will:

- be a contact point for general advice about the operation of the Act for any person wishing to make a disclosure about improper conduct or detrimental action
- make arrangements for a disclosure to be made privately and discreetly and, if necessary, away from the workplace
- receive any disclosure made orally or in writing (from internal and external whistleblowers)
- commit to writing any disclosure made orally
- impartially assess the allegation and determine whether it is a disclosure made in accordance with Part 2 of the Act (that is, a protected disclosure)
- take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential
- forward all disclosures and supporting evidence to the protected disclosure coordinator.

6.3 Protected disclosure coordinator

The protected disclosure coordinator has a central clearing-house role in the internal reporting system. He or she will:

- receive all disclosures forwarded from the protected disclosure officers
- impartially assess each disclosure to determine whether it is a protected disclosure
- refer all protected disclosures to the Ombudsman
- be responsible for carrying out, or appointing an investigator to carry out, an investigation referred to DE&T by the Ombudsman

- be responsible for overseeing and coordinating an investigation where an investigator has been appointed
- appoint a welfare manager to support the whistleblower and to protect him or her from any reprisals
- advise the whistleblower of the progress of an investigation into the disclosed matter
- establish and manage a confidential filing system
- collate and publish statistics on disclosures made
- take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential
- liaise with the Secretary of DE&T.

6.4 Investigator

The investigator will be responsible for carrying out an internal investigation into a disclosure where the Ombudsman has referred a matter to DE&T. An investigator may be a person from within DE&T or a consultant engaged for that purpose.

6.5 Welfare manager

The welfare manager is responsible for looking after the general welfare of the whistleblower. A welfare manager may be a person from within DE&T or a consultant engaged for that purpose.

The welfare manager will:

- examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and seek to foster a supportive work environment
- advise the whistleblower of the legislative and administrative protections available to him or her
- listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making a disclosure
- ensure the expectations of the whistleblower are realistic.

7 Confidentiality

DE&T will take all reasonable steps to protect the identity of the whistleblower. Maintaining confidentiality is crucial in ensuring reprisals are not made against a whistleblower.

The Act requires any person who receives information due to the handling or investigation of a protected disclosure, not to disclose that information except in certain limited circumstances. Disclosure of information in the Act constitutes an offence that is punishable by a maximum fine of 60 penalty units (\$6000) or six months imprisonment or both.

The circumstances in which a person may disclose information obtained about a protected disclosure include:

- where exercising the functions of the public body under the Act
- when making a report or recommendation under the Act
- when publishing statistics in the annual report of a public body
- in criminal proceedings for certain offences in the Act.

However, the Act prohibits the inclusion of particulars in any report or recommendation that are likely to lead to the identification of the whistleblower. The Act also prohibits the identification of the person who is the subject of the disclosure in any particulars included in an annual report.

DE&T will ensure all files, whether paper or electronic, are kept in a secure room and can only be accessed by the protected disclosure coordinator, protected disclosure officer, the investigator or welfare manager (in relation to welfare matters). All printed material will be kept in files that are clearly marked as a Whistleblower Protection Act matter, and warn of the criminal penalties that apply to any unauthorised divulging of information concerning a protected disclosure. All electronic files will be produced and stored on a stand-alone computer and be given password protection. Backup files will be kept on floppy disc. All materials relevant to an investigation, such as tapes from interviews, will also be stored securely with the whistleblower files.

DE&T will not email documents relevant to a whistleblower matter and will ensure all telephone calls and meetings are conducted in private.

8 Collating and publishing statistics

The protected disclosure coordinator will establish a secure register to record the information required to be published in DE&T's annual report, and to generally keep account of the status of whistleblower disclosures. The register will be confidential and will not record any information that may identify the whistleblower.

9 Receiving and assessing disclosures

DE&T may receive a range of complaints and grievances from staff and members of the public. Only some of these matters will be considered to be protected disclosures and therefore qualify for protection and investigation under the Act.

9.1 *Has the disclosure been made in accordance with Part 2 of the Act?*

Where a disclosure has been received by the protected disclosure officer he or she will assess whether the disclosure has been made in accordance with Part 2 of the Act and is, therefore, a protected disclosure.

9.1.1 *Has the disclosure been made to the appropriate person?*

For the disclosure to be responded to by DE&T it must concern an employee of DE&T. If the disclosure concerns an employee, officer or member of another public body, the person who has made the disclosure must be advised of the correct person or body to whom the disclosure should be directed. (See the table in 5.2.) If the disclosure has been made anonymously, it should be referred to the Ombudsman.

9.1.2 *Does the disclosure contain the essential elements of a protected disclosure?*

To be a protected disclosure, a disclosure must satisfy the following criteria:

- the disclosure was made by a natural person (that is, an individual person rather than a corporation)
- the disclosure relates to conduct of a public body or public officer acting in their official capacity
- the alleged conduct is improper conduct or detrimental action taken against a person in reprisal for making a protected disclosure
- the person making a disclosure has reasonable grounds for believing the alleged conduct has occurred.

Where a disclosure is assessed to be a protected disclosure, it is referred to the protected disclosure coordinator.

Where a disclosure is assessed not to be a protected disclosure, the matter does not need to be dealt with under the Act. The protected disclosure officer will decide how the matter should be resolved, in consultation with the protected disclosure coordinator. The following table indicates the alternative processes available within DE&T for dealing with complaints.

<i>Problem</i>	<i>Initial contact</i>	<i>Other options</i>	<i>Workplace policy</i>
Parent's concern or complaint of a general nature (may concern students, teachers, educational matters or an action taken by the school or school council)	Principal	Regional Director	Complaints, Unsatisfactory Performance and Serious Misconduct <ul style="list-style-type: none"> • Principal Class Handbook • Teacher Class Handbook • SSO Handbook
Workplace conflict or grievance	Principal or Manager	<ul style="list-style-type: none"> • DE&T Complaints and Investigations Unit • Merit Protection Boards 	Complaints, Unsatisfactory Performance and Serious Misconduct <ul style="list-style-type: none"> • Principal Class Handbook • Teacher Class Handbook • SSO Handbook Personal Grievances • Employment Conditions Guidelines for VPS Staff
Equal Opportunity concern	Principal or Manager	<ul style="list-style-type: none"> • DE&T Complaints and Investigations Unit • DE&T Diversity and Equity Unit • Merit Protection Boards • Equal Opportunity Commission 	Merit and Equity Policy
Occupational Health and Safety issue	Principal or Manager	Workplace OHS representative	OHS Guidelines
Ethical or other misconduct concern	Principal or Manager	<ul style="list-style-type: none"> • DE&T Complaints and Investigations Unit • Office of Public Employment 	VPS Code of Conduct
Complaints regarding administrative action by government bodies	The public body concerned	The Ombudsman	<i>Ombudsman Act 1973</i>
Improper conduct or detrimental conduct	DE&T Protected Disclosure Officer	<ul style="list-style-type: none"> • DE&T Protected Disclosure Coordinator • The Ombudsman 	Whistleblower Protection Act Guidelines

9.2 Is the disclosure a protected disclosure?

Where a disclosure has been assessed as a protected disclosure by the protected disclosure officer and consequently referred to the protected disclosure coordinator, the coordinator will confirm whether the disclosure amounts to a protected disclosure. This assessment will be made within 45 days of the initial receipt of the disclosure by the protected disclosure officer.

Where the protected disclosure coordinator concludes that the disclosure amounts to a protected disclosure, he or she will:

- notify the person who made the disclosure of that conclusion
- refer the disclosure to the Ombudsman for formal determination as to whether it is indeed a protected disclosure.

Where the protected disclosure coordinator concludes that the disclosure is not a protected disclosure, he or she will:

- notify the person who made the disclosure of that conclusion

- advise that person that he or she may request DE&T to refer the disclosure to the Ombudsman for a formal determination as to whether the disclosure is a protected disclosure, and that this request must be made within 28 days of the notification.

In either case, the protected disclosure coordinator will ensure that the notification and the referral are made within 14 days of the conclusion being reached.

10 Investigations

10.1 Introduction

Where the Ombudsman refers a protected disclosure to DE&T for investigation, the protected disclosure coordinator will appoint an investigator to carry out the investigation.

The objectives of an investigation will be:

- to collate information relating to the allegation as quickly as possible. This may involve taking steps to protect or preserve documents, materials and equipment
- to consider the information collected and to draw conclusions objectively and impartially

- to maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure
- to make recommendations arising from the conclusions drawn concerning remedial or other appropriate action.

10.2 Terms of reference

Before commencing an investigation, the protected disclosure coordinator will draw up terms of reference and obtain authorisation for those terms from the Secretary of DE&T. The terms of reference will set a date by which the investigation report is to be concluded, and will describe the resources available to the investigator to complete the investigation within the time set. The protected disclosure coordinator may approve, if reasonable, an extension of time requested by the investigator. The terms of reference will require the investigator to make regular reports to the protected disclosure coordinator who, in turn, is to keep the Ombudsman informed of general progress.

10.3 Investigation plan

The investigator will prepare an investigation plan for approval by the protected disclosure coordinator. The plan will list the issues to be substantiated and describe the avenue of inquiry. It will address the following issues:

- What is being alleged?
- What are the possible findings or offences?
- What are the facts in issue?
- How is the inquiry to be conducted?
- What resources are required?

At the commencement of the investigation, the whistleblower should be:

- notified by the investigator that he or she has been appointed to conduct the investigation
- asked to clarify any matters and provide any additional material he or she might have.

The investigator will be sensitive to the whistleblower's possible fear of reprisals and will be aware of the statutory protections provided to the whistleblower.

10.4 Natural justice

The principles of natural justice will be followed in any investigation of a protected disclosure. The principles of natural justice concern procedural fairness and ensure a fair decision is reached by an objective decision maker. Maintaining procedural fairness protects the rights of individuals and enhances public confidence in the process.

DE&T will have regard to the following issues in ensuring procedural fairness:

- the person who is the subject of the disclosure is entitled to know the allegations made against him or her and must be given the right to respond (this does not mean the person must be advised of the allegation as soon as the disclosure is received or the investigation has commenced)
- if the investigator is contemplating making a report adverse to the interests of any person, that person should be given the opportunity to put forward further material that may influence the outcome of the report and that person's defence should be fairly set out in the report
- all relevant parties to a matter should be heard and all submissions should be considered
- a decision should not be made until all reasonable inquiries have been made
- the investigator or any decision maker should not have a personal or direct interest in the matter being investigated
- all proceedings must be carried out fairly and without bias and care taken to exclude perceived bias from the process
- the investigator must be impartial in assessing the credibility of the whistleblower and any witnesses and, where appropriate, conclusions as to credibility should be included in the investigation report.

10.5 Conduct of the investigation

The investigator will make contemporaneous notes of all discussions and telephone calls, and all interviews with witnesses will be taped. All information gathered in an investigation will be stored securely. Interviews will be conducted in private and the investigator will take all reasonable steps to protect the identity of the whistleblower.

Where disclosure of the identity of the whistleblower cannot be avoided, due to the nature of the allegations, the investigator will warn the whistleblower and his or her welfare manager of this probability.

It is in the discretion of the investigator to allow any witness to have legal or other representation or support during an interview. If a witness has a special need for legal representation or support, permission should be granted.

10.6 Referral of an investigation to the Ombudsman

The protected disclosure coordinator will make a decision regarding the referral of an investigation to the Ombudsman where, on the advice of the investigator:

- the investigation is being obstructed by, for example, the non-cooperation of key witnesses
- the investigation has revealed conduct that may constitute a criminal offence.

10.7 Reporting requirements

The protected disclosure coordinator will ensure the whistleblower is kept regularly informed concerning the handling of a protected disclosure and an investigation.

The protected disclosure coordinator will report to the Ombudsman about the progress of an investigation.

Where the Ombudsman or the whistleblower requests information about the progress of an investigation, that information will be provided within 28 days of the date of the request.

11 Action taken after an investigation

11.1 Investigator's final report

At the conclusion of the investigation, the investigator will submit a written report of his or her findings to the protected disclosure coordinator. The report will contain:

- the allegation/s
- an account of all relevant information received and, if the investigator has rejected evidence as being unreliable, the reasons for this opinion being formed
- the conclusions reached and the basis for them
- any recommendations arising from the conclusions.

Where the investigator has found that the conduct disclosed by the whistleblower has occurred, recommendations made by the investigator will include:

- the steps that need to be taken by DE&T to prevent the conduct from continuing or occurring in the future
- any action that should be taken by DE&T to remedy any harm or loss arising from the conduct. This action may include bringing disciplinary proceedings against the person

responsible for the conduct, and referring the matter to an appropriate authority for further consideration.

The report will be accompanied by:

- the transcript or other record of any oral evidence taken, including tape recordings
- all documents, statements or other exhibits received by the investigator and accepted as evidence during the course of the investigation.

11.2 Action to be taken

If the protected disclosure coordinator is satisfied that the investigation has found that the disclosed conduct has occurred, he or she will recommend to the Secretary the action that must be taken to prevent the conduct from continuing or occurring in the future. The protected disclosure coordinator may also recommend that action be taken to remedy any harm or loss arising from the conduct.

The protected disclosure coordinator will provide a written report to the relevant Minister, the Ombudsman and the whistleblower setting out the findings of the investigation and any remedial steps taken.

Where the investigation concludes that the disclosed conduct did not occur, the protected disclosure coordinator will report these findings to the Ombudsman and to the whistleblower.

12 Managing the welfare of the whistleblower

12.1 Commitment to protecting whistleblowers

DE&T is committed to the protection of genuine whistleblowers against detrimental action taken in reprisal for the making of protected disclosures.

The protected disclosure coordinator is responsible for ensuring whistleblowers are protected from direct and indirect detrimental action, and that the culture of the workplace is supportive of protected disclosures being made.

The protected disclosure coordinator will appoint a welfare manager to all whistleblowers who have made a protected disclosure. The welfare manager will:

- examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and, where the whistleblower is an employee, seek to foster a supportive work environment

- advise the whistleblower of the legislative and administrative protections available to him or her
- listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making a disclosure
- keep a contemporaneous record of all aspects of the case management of the whistleblower including all contact and follow-up action
- ensure the expectations of the whistleblower are realistic.

All employees are advised that it is an offence for a person to take detrimental action in reprisal for a protected disclosure. The maximum penalty is a fine of 240 penalty units (\$24,000) or two years imprisonment or both. The taking of detrimental action in breach of this provision can also be grounds for making a disclosure under the Act and can result in an investigation.

12.2 Keeping the whistleblower informed

The protected disclosure coordinator will ensure that the whistleblower is kept informed of action taken in relation to his or her disclosure, and the timeframes that apply.

The whistleblower will be informed of the objectives of an investigation, the findings of an investigation, and the steps taken by DE&T to address any improper conduct that has been found to have occurred. The whistleblower will be given reasons for decisions made by DE&T in relation to a protected disclosure.

12.3 Occurrence of detrimental action

If a whistleblower reports an incident of harassment, discrimination or adverse treatment that would amount to detrimental action taken in reprisal for the making of the disclosure, the welfare manager will:

- record details of the incident
- advise the whistleblower of his or her rights under the Act
- advise the protected disclosure coordinator or Secretary of the detrimental action.

The taking of detrimental action in reprisal for the making of a disclosure can be an offence against the Act as well as grounds for making a further disclosure. Where such detrimental action is reported, the protected disclosure coordinator will assess the report as a new disclosure under the Act. Where the protected disclosure coordinator is satisfied that the disclosure is a protected disclosure, he or she will refer it to the Ombudsman. If the Ombudsman subsequently determines

the matter to be a protected disclosure, the Ombudsman may investigate the matter or refer it to another body for investigation as outlined in the Act.

12.4 Whistleblowers implicated in improper conduct

Where a person who makes a disclosure is implicated in misconduct, DE&T will handle the disclosure and protect the whistleblower from reprisals in accordance with the Act, the Ombudsman's guidelines and these procedures.

DE&T acknowledges that the act of whistleblowing should not shield whistleblowers from the reasonable consequences flowing from any involvement in improper conduct. Section 17 of the Act specifically provides that a person's liability for his or her own conduct is not affected by the person's disclosure of that conduct under the Act. However, in some circumstances, an admission may be a mitigating factor when considering disciplinary or other action.

The Secretary will make the final decision on the advice of the protected disclosure coordinator as to whether disciplinary or other action will be taken against a whistleblower. Where disciplinary or other action relates to conduct that is the subject of the whistleblower's disclosure, the disciplinary or other action will only be taken after the disclosed matter has been appropriately dealt with.

In all cases where disciplinary or other action is being contemplated, the Secretary must be satisfied that it has been clearly demonstrated that:

- the intention to proceed with disciplinary action is not causally connected to the making of the disclosure (as opposed to the content of the disclosure or other available information)
- there are good and sufficient grounds that would fully justify action against any non-whistleblower in the same circumstances
- there are good and sufficient grounds that justify exercising any discretion to institute disciplinary or other action.

The protected disclosure coordinator will thoroughly document the process including recording the reasons why the disciplinary or other action is being taken, and the reasons why the action is not in retribution for the making of the disclosure. The protected disclosure coordinator will clearly advise the whistleblower of the proposed action to be taken, and of any mitigating factors that have been taken into account.

13 Management of the person against whom a disclosure has been made

DE&T recognises that employees against whom disclosures are made must also be supported during the handling and investigation of disclosures.

DE&T will take all reasonable steps to ensure the confidentiality of the person who is the subject of the disclosure during the assessment and investigation process. Where investigations do not substantiate disclosures, the fact that the investigation has been carried out, the results of the investigation, and the identity of the person who is the subject of the disclosure will remain confidential.

The protected disclosure coordinator will ensure the person who is the subject of any disclosure investigated by or on behalf of a public body is:

- informed as to the substance of the allegations
- given the opportunity to answer the allegations before a final decision is made
- informed as to the substance of any adverse comment that may be included in any report arising from the investigation
- has his or her defence set out fairly in any report.

Where the allegations in a disclosure have been investigated, and the person who is the subject of the disclosure is aware of the allegations or the fact of the investigation, the protected disclosure coordinator will formally advise the person who is the subject of the disclosure of the outcome of the investigation.

DE&T will give its full support to a person who is the subject of a disclosure where the allegations contained in a disclosure are clearly wrong or unsubstantiated. If the matter has been publicly disclosed, the Secretary of DE&T will consider any request by that person to issue a statement of support setting out that the allegations were clearly wrong or unsubstantiated.

14 Criminal offences

DE&T will ensure officers appointed to handle protected disclosures and all other employees are aware of the following offences created by the Act:

- It is an offence for a person to take detrimental action against a person in reprisal for a protected disclosure being made. The Act provides a maximum penalty of a fine of 240 penalty units (\$24,000) or two years imprisonment or both.

- It is an offence for a person to divulge information obtained as a result of the handling or investigation of a protected disclosure without legislative authority. The Act provides a maximum penalty of 60 penalty units (\$6000) or six months imprisonment or both.
- It is an offence for a person to obstruct the Ombudsman in performing his or her responsibilities under the Act. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.
- It is an offence for a person to knowingly provide false information under the Act with the intention that it be acted on as a disclosed matter. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.

15 Review

These procedures will be reviewed annually to ensure they meet the objectives of the Act and accord with the Ombudsman's guidelines.

Contact details

Written disclosures should be marked confidential and addressed to the Protected Disclosure Officer at the appropriate regional or central DE&T office.

If making disclosures personally or by telephone individuals need to contact the appropriate central or regional DE&T office and request to speak to the protected disclosure officer.

Conduct and Ethics Branch

GPO Box 4367
Melbourne Victoria 3001
Telephone: (03) 9637 2591

Barwon South Western Regional Office

PO Box 420
North Geelong Victoria 3215
Telephone: (03) 5272 8300

Central Highlands Wimmera Region

Level 1
1220 Sturt Street
Ballarat Victoria 3350
Telephone: (03) 5337 8444

Eastern Metropolitan Region

29 Lakeside Drive
Burwood East Victoria 3151
Telephone: (03) 9881 0200

Gippsland Region

PO Box 381
Moe Victoria 3825
Telephone: (03) 5127 0400

Goulburn North Eastern Region

PO Box 403
Benalla Victoria 3672
Telephone: (03) 5761 2100

Loddon Campaspe Mallee Region

PO Box 442
Bendigo Victoria 3550
Telephone: (03) 5440 3111

Northern Metropolitan Region

Locked Bag 88
Fairfield Victoria 3078
Telephone: (03) 9488 9488

Southern Metropolitan Region

PO Box 5
Dandenong 3175
Telephone: (03) 9794 3555

Western Metropolitan Region

PO Box 57
Carlton South Victoria 3053
Telephone: (03) 9291 6500

Protected Disclosure Coordinator

Manager, Conduct and Ethics Branch
Ground Floor, 33 St Andrews Place
GPO Box 4367
Melbourne Victoria 3001
Telephone: (03) 9637 2591

The Ombudsman Victoria

Level 22, 459 Collins Street
Melbourne Victoria 3000
Website: www.ombudsman.vic.gov.au
Email: ombudvic@ombudsman.vic.gov.au
Telephone: (03) 9613 6222
Freecall: 1800 806 314

APPENDIX 4 OTHER STATUTORY REPORTING REQUIREMENTS

Compliance with the *Building Act 1993*

As part of its service provision mandate, the Department of Education & Training is committed to providing safe and secure buildings for all Department-owned and operated facilities. A critical part of this commitment is the development of a Building Compliance Assessment strategy for all facilities for which the Department has a responsibility, including TAFE institutes.

The Minister for Finance Guideline 'Standards for Publicly Owned Buildings' (November 1994) requires that all government departments and funded agencies comply with the following:

- new buildings conform to the *Building Act 1993* and other statutory obligations
- other buildings are brought up to a standard 'such that they are safe and fit to occupy'.

In order to comply with the above it was necessary to undertake Standards Assessments for nominated facilities.

Standards Assessments are mandatory legislative requirements aimed at ensuring safety and fitness for occupancy. An agreed benchmark was developed specifying the required areas of compliance for Department-controlled facilities, including TAFE institutes. This is in the form of a performance-based guideline and checklist.

All facilities for which the Department of Education & Training is responsible will be audited by suitably qualified contractors in accordance with the new guideline. A report will be generated indicating areas of non-compliance. Identified works will be costed and priorities established for future works.

National Competition policy

Under the relevant provisions of the *Vocational Education and Training Act 1990*, a function of the VLESC is to provide for the delivery of post-compulsory education and training by registered organisations. The Act restricts competition in that providers need to be registered in order to deliver accredited courses.

Human resources

The Department of Education & Training covers matters relating to staffing, workforce data, the application of merit and equity principles and occupational health and safety. (See the Human Resources section in the Department of Education & Training's annual report 2003–04.)

Consultancies and major contracts

The VLESC did not enter into any consultancies in excess of \$100,000 or contracts greater than \$10 million during 2003–04.

Consultancies less than \$100,000

Numbers engaged	Total cost
1	\$63,140

Additional information

Consistent with the requirements of the *Financial Management Act 1994*, material has also been prepared on the following topics, which have not been addressed in this report:

- declarations of pecuniary interests
- shares held beneficially by senior officers as nominees of a statutory authority or subsidiary
- publications produced by the VLESC or the Office of Training and Tertiary Education
- changes in prices, fees, charges, rates and levies
- major external reviews carried out on the VLESC
- research and development activities undertaken by the VLESC
- overseas visits undertaken
- major promotions undertaken by the VLESC
- occupational health and safety assessments and measures
- industrial relations issues
- major committees sponsored by the VLESC.

Requests for details of this information should be made to the VLESC Secretariat (telephone: (03) 9637 3784).

APPENDIX 5 DISCLOSURE INDEX

The annual report of the VLESC is prepared in accordance with the *Financial Management Act 1994* and the Directions of the Minister for Finance. This index facilitates identification of the Commission's compliance with the Directions of the Minister for Finance by listing references to disclosures in this financial report.

Legislation requirement	Page reference
Report of operations	
<i>Charter and purpose</i>	
FRD 22 Manner of establishment and the relevant Ministers	5
FRD 22 Objectives, functions, powers and duties	5–6
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FRD 22 Statement of workforce data and merit and equity	53
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FRD 22 Significant changes in financial position during the year	2–3
FRD 22 Operational and budgetary objectives and performance against objectives	5–21
FRD 22 Major changes or factors affecting performance	5–21
FRD 22 Subsequent events	35
FRD 22 Application and operation of <i>Freedom of Information Act 1982</i>	42
FRD 22 Compliance with building and maintenance provisions of <i>Building Act 1993</i>	53
FRD 22 Statement on National Competition policy	53
FRD 22 Application and operation of the <i>Whistleblowers Protection Act 2001</i>	43–52
FRD 22 Details of consultancies over \$100,000	53
FRD 22 Details of consultancies under \$100,000	53
FRD 12 Disclosure of major contracts	53
FRD 22 Statement of availability of other information	53
FRD 22 Occupational health and safety	53
FRD 10 Disclosure index	54
FRD 25 Victorian Industry Participation policy disclosures	n/a

Financial statements

Financial statements required under Part 7 of the Financial Management Act

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SD 4.2(c)	Compliance with Ministerial Directions	26
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SD 4.2(b)	Statement of financial performance	22
SD 4.2(b)	Statement of financial position	23
SD 4.2(b)	Statement of cash flows during the year	24

Other disclosures in notes to the financial statements

FRD 11	Disclosure of ex-gratia payments	n/a
FRD 21	Responsible Person and Executive Officer disclosures	33
FRD 23	Superannuation liabilities and disclosure	n/a

Legislation

<i>Freedom of Information Act 1982</i>	42
<i>Building Act 1993</i>	53
<i>Whistleblowers Protection Act 2001</i>	43
<i>Victorian Industry Participation Policy Act 2003</i>	n/a

ACRONYMS AND ABBREVIATIONS

ACE	Adult community education
ANTA	Australian National Training Authority
AQTF	Australian Quality Training Framework
CMMs	Curriculum Maintenance Managers
ICT	Information and communications technology
LCPs	Local Community Partnerships
LLENs	Local Learning and Employment Networks
MIPs	Managed Individual Pathways
RTOs	Registered Training Organisations
TAFE	Technical and Further Education
VCAL	Victorian Certificate of Applied Learning
VCE	Victorian Certificate of Education
VET	Vocational education and training
VLESC	Victorian Learning and Employment Skills Commission



Victorian Learning and Employment Skills Commission

33 St Andrews Place

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