



Victorian Learning and Employment Skills Commission

Annual Report 2004–05



Victorian Learning and Employment Skills Commission

2004–05 ANNUAL REPORT

November 2005
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 2004–05, 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, 2004–05 has seen major developments in relation to post-compulsory education in the school and vocational education and training (VET) sectors.

The VLESC plays a critical role in assessing need and establishing priority for vocational education and training in Victoria and continues to be guided by your June 2002 Ministerial Statement *Knowledge & Skills for the Innovation Economy*. In 2005, the VLESC endorsed an Industry Shares Model to inform the allocation of publicly funded training between industries.

The VLESC's June 2004 advice to you on a post-compulsory policy framework guided the work of the Department of Education & Training and the VLESC during 2004–05 in further reform of post-compulsory education and training in Victoria. In 2005, the VLESC developed advice on the future role, structure and funding arrangements for the Local Learning and Employment Networks (LLENs).

This year the VLESC said farewell to four members: Professor Helen Praetz, Mr Tim Piper, Mr Leigh Hubbard and Mr Peter Laver. I wish to thank them for their valuable contribution to the work of the VLESC. The VLESC welcomed Mr Julius Roe and Ms Megan Lilly as new members.

Much of the VLESC's work is delegated to Department of Education & Training officers who report regularly to the VLESC. I would like to thank them for their work, and also to express our appreciation of the efforts of the organisations and individuals that work with the VLESC to improve the education and training outcomes of Victorians.

Yours sincerely



Peter Thomas AM
CHAIR

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At a glance

Post-compulsory education and training

- The VLESC's advice to the Minister for Education and Training on a post-compulsory policy framework guided the work of the Department of Education & Training and the VLESC in further reform of post-compulsory education and training in Victoria.
- LLENs influenced the education, training and employment outcomes of 13,570 young people and established 389 partnerships.
- The VLESC advised the Minister for Education and Training on the future role, structure and funding arrangements of the LLEN initiative.
- A review of the Managed Individual Pathways (MIPs) program commenced in 2005 to advise the Minister for Education and Training on the future focus and management of the program.
- Strong growth in the VET in Schools initiative in Victoria continued with an additional 3143 VET in School enrolments and 62 additional providers offering VET in Schools
- The ongoing On Track survey of young people who completed Year 12 at government and non-government schools in 2004 showed that 76.5 per cent of students were in education and training (up from 75.9 per cent last year). The number of students who took an apprenticeship or traineeship increased from 6.4 per cent last year to 10 per cent in this year's survey.
- Nearly 71,000 students aged 15–19 undertook government-funded vocational education and training in TAFE institutes, ACE and private registered training organisations.
- In 2004, there were 8125 students enrolled in the Victorian Certificate of Applied Learning (VCAL) with 322 providers.

Vocational education and training

- TAFE, adult community education (ACE) organisations and private providers delivered 80.4 million government-funded student contact hours of vocational education and training to approximately 306,000 students.
- Ongoing implementation of the Ministerial Statement *Knowledge & Skills for the Innovation Economy*.
- The TAFE Development Centre, which is designed to foster the professional development of TAFE staff, was established.
- Specialist Centres continued to be established, with two new Specialist Centres funded in the 2004–05 State Budget.
- Over 23,000 apprenticeship and traineeship places were offered.
- The VLESC endorsed an Industry Shares Model to inform the allocation of publicly funded training between industries, building on a framework of priorities for vocational education and training.
- The Wurreker strategy was progressively implemented.
- TAFE institutes were supported to increase access for students with a disability.
- The abolition of the Australian National Training Authority was announced.

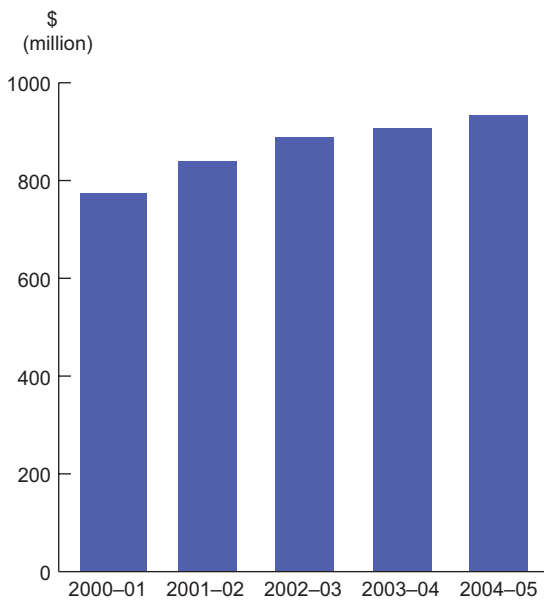
Summary of financial results

The following information details the financial results and position of the VLESC for 2004–05 in comparison with the preceding four years. The operating result for the 2004–05 financial year was a surplus of \$3.8 million, which contrasts with last year's deficit of \$6.7 million.

There were no extraordinary items to report in 2004–05.

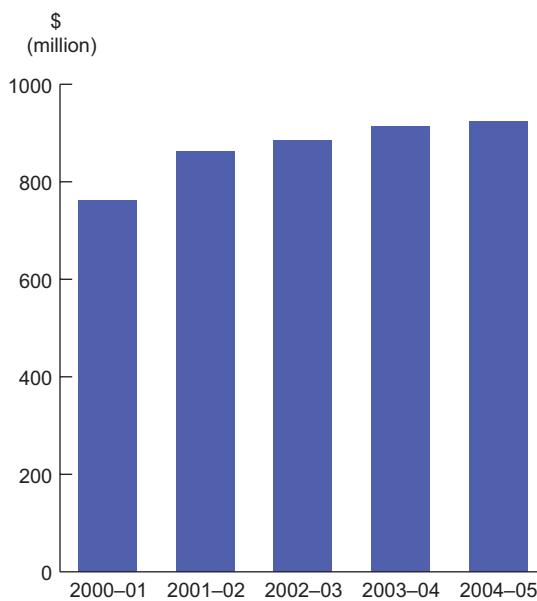
The VLESC is not aware of any event subsequent to balance date that could have a material effect on the operations of the VLESC in subsequent years.

Revenue



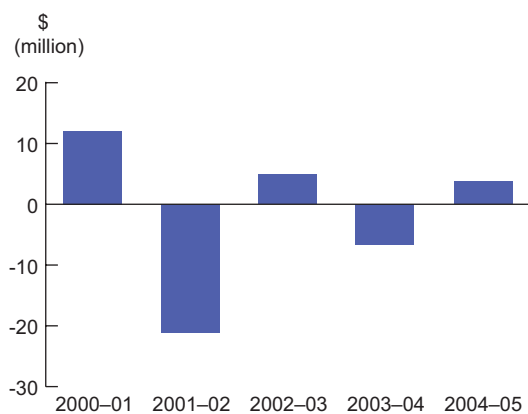
Source: Department of Education & Training

Expenses



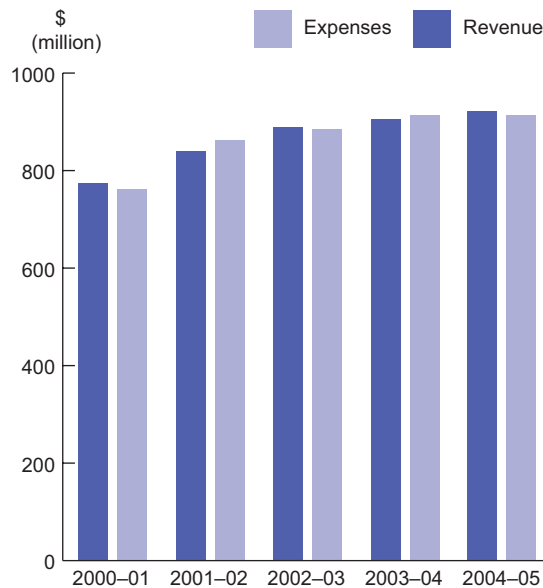
Source: Department of Education & Training

Operating result



Source: Department of Education & Training

Revenue and expenses comparison



Source: Department of Education & Training

Summary financial information

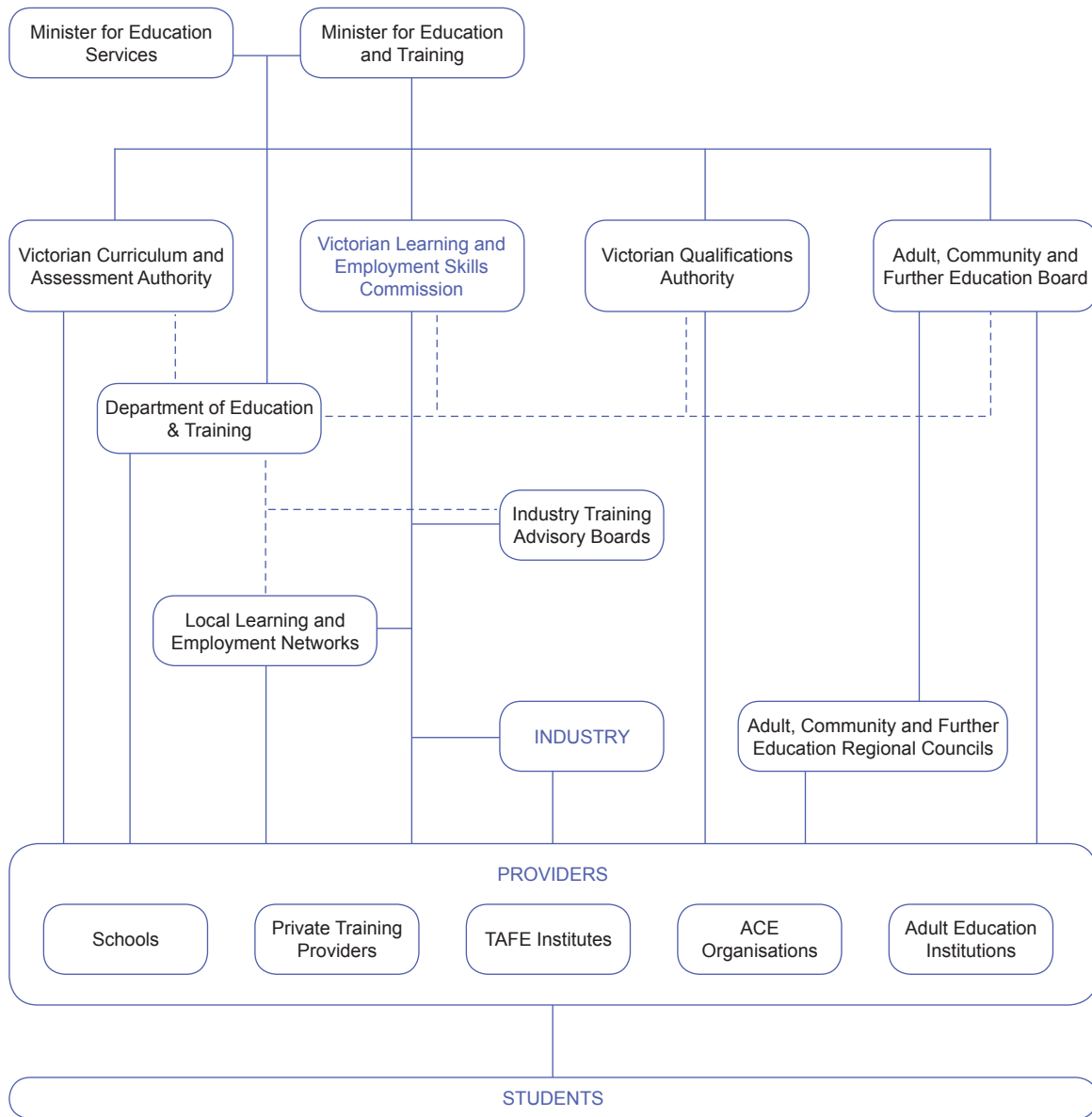
| | Notes | 2004-05 \$ (million) | 2003-04 \$ (million) | 2002-03 \$ (million) | 2001-02 \$ (million) | 2000-01 \$ (million) |
|--------------------------------------|-------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Operating revenue | | | | | | |
| Revenue from State Government | 1 | 620.5 | 591.7 | 596.1 | 569.3 | 530.4 |
| Other revenue | 2 | 301.4 | 314.7 | 293.4 | 271.0 | 243.2 |
| Total operating revenue | | 921.9 | 906.4 | 889.5 | 840.3 | 773.6 |
| Operating expenses | 3 | 918.1 | 913.1 | 884.6 | 861.5 | 761.5 |
| Operating surplus/(deficit) | 4 | 3.8 | -6.7 | 4.9 | -21.2 | 12.1 |
| Total assets | 5 | 103.7 | 103.6 | 112.9 | 114.3 | 134.1 |
| Total liabilities | 6 | 4.1 | 7.8 | 10.4 | 5.4 | 4.0 |
| Retained funds | 7 | 99.6 | 95.8 | 102.6 | 108.9 | 130.1 |
| Net cash inflow/(outflow) | 8 | 2.3 | -11.4 | 11.6 | -7.6 | 14.7 |

Source: Department of Education & Training

Notes refer to 2004-05 figures only

- 1 Revenue from State Government increased from \$591.7 million in 2003-04 to \$620.5 million in 2004-05, an increase of \$28.8 million (4.9 per cent), comprising a \$57.7 million (10.9 per cent) increase in current grants and \$28.8 million (48.1 per cent) decrease in capital grants.
- 2 Other revenue decreased from \$314.7 million in 2003-04 to \$301.4 million in 2004-05, a decrease of \$13.3 million (4.2 per cent). This is due to decrease in Commonwealth/ANTA specific-purpose revenue and reduction in Commonwealth capital revenue.
- 3 Total operating expenses increased from \$913.1 million in 2003-04 to \$918.1 million in 2004-05, an increase of \$5.0 million (0.5 per cent). This is mainly due to increased payment of grants to TAFE institutes.
- 4 An operating surplus of \$3.8 million has been recorded for 2004-05. This is mainly due to increased revenue recorded for the period.
- 5 Total assets increased from \$103.6 million in 2003-04 to \$103.7 million in 2004-05.
- 6 Total liabilities decreased from \$7.8 million in 2003-04 to \$4.1 million in 2004-05, a decrease of \$3.7 million (47.4 per cent). This is due to decrease in liabilities for the Priority Education and Training program and the Apprenticeship/Traineeship Training program.
- 7 The retained funds as at 30 June 2005 totalled \$99.6 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 \$2.3 million net increase in cash was recorded due to the surplus recorded for the period under review.

Governance arrangements



About the Victorian Learning and Employment Skills Commission

Government goals and targets for education and training

The VLESC contributes to the achievement of the goals and targets set for education and training by the Government in *Growing Victoria Together: A Vision for Victoria to 2010 and Beyond*. These include:

- increase the percentage of young people who successfully complete Year 12 or its equivalent
- make near-universal participation in post-school education and training the norm in our society – not just for the young but for all the community.

Functions

The VLESC provides policy advice and direction 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 and training, and employment
- is the Victorian state training agency and executes responsibility for the State Training System
- allocates funding for vocational education and training
- 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 *Australian National Training Authority (ANTA) Act 1992*.

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

Goals

The VLESC has developed the following vision and mission statements to guide its work.

Vision

A high-quality Victorian post-compulsory education and training system that builds the knowledge and skills of Victorians, provides a dynamic and skilled workforce and underpins a strong and innovative economy and prosperous and sustainable society.

Mission

The VLESC will drive strategic change to improve the quality of post-compulsory education and training provided to individual Victorians and Victorian industry so that it:

- is more client-focused
- better balances competing priorities
- is more responsive
- is more innovative
- is more accessible.

Strategic plan

The VLESC's 2005–07 Strategic Plan identifies the following priorities:

- identify industry, community and individual needs for post-compulsory education and training, and employment
- advise on and influence resourcing for post-compulsory education and training
- determine and direct priorities for public investment in post-compulsory education and training
- enable the post-compulsory education and training system to deliver innovative, responsive learning opportunities
- improve information and knowledge regarding post-compulsory education and training
- develop strategic partnerships.

Key relationships

The VLESC:

- supports the statewide network of 31 LLENs to improve education, training and employment outcomes of 15–19-year-olds
- maintained a close working relationship with ANTA until it was abolished in 2005, and continues to work with the Commonwealth Department of Education, Science and Training for the purposes of the ANTA Agreement
- 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 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 the VLESC's actions are consistent with arrangements for the provision of adult, community and further education in Victoria.

The State Training System

As at June 2005, the State Training System, with the VLESC as the state training agency, included 14 TAFE institutes, five TAFE divisions within universities, 1191 registered training organisations, over 450 ACE organisations and 17 industry training advisory bodies. Five hundred and nine secondary schools also participated through the VET in Schools program.

The State Training System provides vocational education and training that leads to qualifications ranging from Certificate 1 to higher education degrees.

National arrangements for vocational education and training

The national VET system operates as a joint partnership between the Commonwealth, States and Territories. The VLESC is responsible for ensuring that the management of the State Training System is in accordance with the national strategy for vocational education and training, *Shaping Our Future 2004–2010*, which was developed by ANTA and approved by the ANTA Ministerial Council.

See pages 42–44 for more information about the State Training System and pages 22–23 for more information about national arrangements for vocational education and training.

Members of the VLESC

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



**MR PETER THOMAS AM
CHAIR**

Appointed 6 July 2004

Mr Peter Thomas is
Chair of the VLESC.
Mr Thomas is an
Australian Industry
Group Emeritus National

Councillor and member of the Deloitte Automotive Advisory Board. He is a Director of GUD Holdings Ltd, Pacifica Group Ltd and the Australian Retirement Fund. He was Deputy Chancellor of RMIT University until December 2004, and is past Chair of the Victorian Manufacturing Industry Consultative Council and the Melbourne Port Corporation. He retired in July 2000 after 41 years with Holden Ltd. His senior appointments included Managing Director of Holden’s Engine Company and Executive Director of Planning and External Affairs.



**PROFESSOR GERALD
BURKE**

Appointed 3 August 2004
– 30 June 2007

Professor Gerald Burke
is Chair of the Victorian
Qualifications Authority.
Professor Burke is

Executive Director of the Monash University – ACER Centre for the Economics of Education and Training and a member of the Faculty of Education at Monash University. He has undertaken research over a long period on the finance of education and training and on education and employment. He is a member of the Education and Training Statistics Advisory Committee of the Australian Bureau of Statistics and has consulted for a range of mainly government organisations in Australia and overseas.



MS ROWENA ALLEN

Appointed 1 March 2001
– 31 August 2005

Ms Rowena Allen is
the Chief Executive
Officer of Cutting Edge
- UnitingCare, an agency
she established in the

Goulburn Valley to work with disadvantaged and rurally isolated young people, their families and the broader community. Ms Allen has held positions in the area of community development and direct youth services with rural and metropolitan local governments and participated in social justice projects for the Uniting Church and Victorian Council of Churches. She is currently the Chairperson of the Youth Affairs Council of Victoria and former Chair of the Goulburn Regional Youth Affairs Network for the Department for Victorian Communities. 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,
re-appointed 14 September
2004 – 31 March 2007

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 servicing over 25,000 Victorian companies annually. During his ten years at the Victorian Employers’ Chamber of Commerce and Industry, 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.



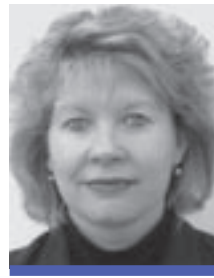
MR LEIGH HUBBARD

Appointed 1 March 2001
– 31 March 2005

Mr Leigh Hubbard became the Secretary of the Victorian Trades Hall Council in 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. Prior to his work with the Council, he was employed as an articulated

clerk and 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.



MS MEGAN LILLY

Appointed 1 April 2005
– 31 March 2008

Ms Megan Lilly is currently the National General Manager – Education & Training for the Australian Industry Group. Prior to

this Ms Lilly was the CEO of Business Services Training Australia, the national industry advisory board for the business services and related industry sectors. Before joining the national board she held several senior management positions in Victorian TAFE institutes. Ms Lilly is currently a Director of Manufacturing Australia, a board member of Re-engineering Australia and a member of the National Skills Shortage Committee.



MR TIMOTHY PIPER

Appointed 1 June 2002
– 31 March 2005

Mr Timothy Piper is Chief Executive Officer of the Australian Industry Group, Victoria, which is the largest industry body in

Australia. It represents some 11,000 companies employing more than 1,000,000 people and 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.



MR JULIUS ROE

Appointed 1 April 2005
– 31 March 2008

Mr Julius Roe is national President of the Australian Manufacturing Workers Union. He spent 11 years as a bus driver and rank-

and-file trade union activist before becoming a union official in 1987. Since that time Mr Roe has been a leader in the development of classification career paths and competency-based training opportunities for workers. He was a member of the National Training Board and its successor the National Training Quality Council from 1990 until 2004 and a member of ANTA. He is a member of the executive of the International Metalworkers Federation and an alternate director of the Superannuation Trust Australia.



MS LYNNE WANNAN

Appointed 25 March 2003
– 25 March 2006

Ms Wannan is Chair of the Adult, Community and Further Education Board. Ms 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 the 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.

Audit and Risk Committee

The Audit and Risk Committee, previously the Audit Committee, consists of an independent Chair, the Chair of the VLESC and two other members. It operates within the guidelines of the *Financial Management Act 1994*. The VLESC renamed the committee in December 2004.

The members of the Audit and Risk Committee are:

- Ms Merran Kelsall
(Chair)
- Mr Peter Thomas
(VLESC member, from 6 July 2004)
- Ms Patricia Forward
(VLESC member)
- Mr Timothy Piper
(VLESC member, 6 September 2004)
- Mr Robert Maughan
(from 24 February 2005)

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, the broader post-compulsory education and training system, and learning and teaching issues.

Highlights and achievements

Post-compulsory education and training

In response to a request from the Minister for Education and Training, the VLESC provided advice to the Minister on a post-compulsory policy framework in June 2004. During 2004–05, the VLESC's advice to the Minister guided the work of the Department and the VLESC in further reform of post-compulsory education and training in Victoria. The key initiatives taken in 2004–05 are outlined below.

Local Learning and Employment Networks

LLENs bring together organisations and people who can make a difference to young people's post-compulsory education, training and employment outcomes. LLENs establish local collaborative partnerships with schools, TAFE institutes, ACE providers, employers, unions, local government and youth support organisations.

There are 31 LLENs across Victoria. The VLESC entered into performance and funding agreements with the LLENs.

LLENs established 389 partnerships between stakeholders including partnerships between education and training providers and with industry. LLENs influenced the education, training and employment outcomes of 13,570 young people, many of whom were at risk of disengagement or already disengaged from education and training.

All LLENs undertook governance self-assessment to underpin good practice governance. The self-assessment was supported by external contractors. Each LLEN was provided with a report on its performance against statewide benchmarks, including recommendations for further development. The governance appraisal

further supported LLENs' adoption of good practice governance arrangements.

The 31 Chairs of the LLENs committees and boards of management gathered at two forums during 2004–05 to consider developmental and policy issues. The meetings provided a valuable forum for discussion between LLENs, the VLESC and the Department of Education & Training and provided the VLESC with advice on key statewide policy and program issues.

Following a review of the LLEN initiative in 2004, the VLESC advised the Minister for Education and Training that LLENs improved outcomes and the number and quality of pathways for young people, and should be continued.

The VLESC also advised the Minister on the future role, funding and operational arrangements of the networks.

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 after completing school.

All VET qualifications obtained through VET in Schools programs are endorsed under the National Training Framework and are recognised by other education and training providers and employers across Australia.

VET in Schools, which is strongly supported within the community:

- 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 engage 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 in government and non-government schools has continued to increase and has grown from 29,887 in 2003 to 33,030 in 2004. Many of these students undertake more than one VET in Schools program. Total program enrolments in government and non-government schools have grown from 37,696 in 2003 to 39,733 in 2004. (These figures do not include school-based new apprenticeships) The number of secondary schools, TAFE institutes and ACE providers offering this option increased from 477 in 2003 to 539 in 2004.

For many students, VET in Schools involves attending a TAFE institute for vocational training. In 2004, more than one-third of all VET in Schools activity was provided by TAFE institutes through partnership arrangements with schools.

Victorian Certificate of Applied Learning

The VCAL is a Year 12 qualification designed to improve the pathways for young people from initial education to work and/or further education and training. The VCAL can include recognition of learning that occurs in structured workplace learning placements, locally developed programs, community projects and youth development programs.

In 2005, the Victorian Curriculum and Assessment Authority assumed responsibility for the statewide implementation of the VCAL.

VCAL enrolments continued to grow. In 2004, 8125 students enrolled in the VCAL with 322 providers, compared to 5137 students and 239 providers in 2003. Additional information on the VCAL is available in the 2004–05 annual reports of the Victorian Qualifications Authority and the Victorian Curriculum and Assessment Authority.

Managed Individual Pathways

The MIPs program commenced in 2001 and requires that all students 15 years and over in government schools have current individual pathway plans and associated support as a means to continued education, training or full-time employment. In 2004, MIPs plans were developed for 95 per cent of students in Years 10–12.

The MIPs program in schools was reviewed in 2005 to advise the Minister for Education and Training on the future focus and management of the program. The outcomes of the review related to the development of a good practice framework, future program focus, funding, accountability and capacity building. The recommendations from the review will be implemented in 2005–06. Students participating in Youth Pathways programs in TAFE institutes or ACE institutions also have a pathways plan.

On Track

Building on the MIPs program, On Track conducts surveys of government and non-government school leavers by telephone, and maps their further education, training and employment destinations. At the time of survey, assistance and advice is offered to those students not in education, training or full-time employment.

The On Track project has surveyed approximately 150,000 young people who left school in 2002, 2003 and 2004. The ongoing On Track survey of young people who completed Year 12 at government and non-government schools in 2004 showed that 76.5 per cent of students were in education or training (up from 75.9 per cent last year). Of these, 13.1 per cent were employed full- or part-time (down from 14.3 per cent last year), and 3.8 per cent were looking for work (same as last year).

A key finding was the substantial increase in 2005 in the percentage of students (10 per cent) who took an apprenticeship or a traineeship compared with 2004 (6.4 per cent) and 2003, and the high proportion (40 per cent) of VCAL students who have continued on to apprenticeships or traineeships.

The project includes a four-year longitudinal survey, which follows specific groups of the 2003 school leavers, to develop a more detailed picture of the group's transitions and pathways after they leave school.

Detailed data from the 2004 On Track survey was provided to all schools and LLENs in early 2005. In addition, a series of regional briefings have been held on the wider dissemination and use of the On Track data and its application to school provision planning. Stakeholders who attended these briefings included schools from all sectors, planning staff from regional offices, LLENs and providers such as ACE organisations, TAFE institutes and registered training organisations. The results of the survey will assist in improving post-school outcomes for young people.

Additional pathways for young people

In 2004, nearly 71,000 young people aged 15–19 undertook government-funded vocational education and training in TAFE institutes, ACE and private registered training organisations.

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 and/or employment.

Each young person has a MIPs plan developed on commencement.

In 2004, over 3000 young people at risk of becoming disengaged participated in a Youth Pathways program at a TAFE institute or ACE organisation.

Tracking surveys demonstrate that participants from TAFE institutes and ACE organisations achieve very positive outcomes, with over half of the students continuing with studies or training. Almost one third secured employment at the end of their program, including 9.1 per cent who successfully obtained a new apprenticeship.

School-based apprenticeships and traineeships

Apprenticeship and traineeship pathways for senior school students continued to expand. In 2004, 3200 school students undertook a part-time apprenticeship or traineeship as part of a program of studies that combined the VCE or VCAL with a nationally accredited training certificate and employment.

Victorian Certificate of Education

TAFE institutes provide a pathway for young people aged 15–19 years who leave school early to complete Year 12 or an equivalent qualification. In 2004, there were 1200 students aged 15–19 years studying the VCE at a TAFE institute.

Coordination with the Commonwealth

The VLESC has a commitment to creating synergies with Commonwealth programs that further Victoria's efforts to assist young people to achieve improved educational outcomes.

During 2004–05, the Commonwealth announced changes to the priorities of the Jobs Pathway program (now called the Youth Pathways program) and released a paper on the directions of the Australian Network of Industry Careers Advisers (ANICA). These directions outline expanded functions of Local Community Partnerships (LCPs), which previously focused on organising structured workplace learning. In Victoria, 17 LCPs are auspiced by LLENs.

In collaboration with the Department of Education & Training, the VLESC continued to work with the Commonwealth Department of Education, Science and Training to avoid duplication of functions in the implementation of ANICA initiatives. In 2005–06, a close relationship between LCPs and LLENs will ensure that there is clarity of respective roles and alignment of local strategic planning to improve career and transition outcomes for young people

Vocational education and training

Participation

In 2004, TAFE, ACE and private registered training organisations provided approximately 500,600 students with 111.2 million student contact hours of vocational training and further education (excluding non-VET activity). Of this total delivery, government-funded training accounted for over 80.4 million student contact hours, a decrease of 0.5 per cent on 2003. This is due to better targeting of training needs and resources to areas of innovation and specialisation. Training delivery remained in excess of that required by the Victorian system under the ANTA Agreement.

In 2004, TAFE institutes delivered 63.4 million government-funded 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.

For further details refer to Appendix 1.

Priority Education and Training program

The Priority Education and Training program funds private registered training organisations to provide training in industries and regions that have been identified as government priorities. This training is not apprenticeship- or traineeship-based training.

Through this program, over 1.9 million student contact hours of training were delivered in 2004.

Apprenticeship/Traineeship Training program

The Apprenticeship/Traineeship Training program provides funding for registered training organisations to train apprentices and trainees. The program gives predominantly young people the opportunity to engage in employment while receiving formal training towards a nationally recognised qualification. In 2004, 228 private

registered training organisations offered over 23,000 apprenticeship and traineeship places. In 2005, 224 registered training organisations were funded for over 25,000 places, including Jobs for Young People placements in local government administered by the Department for Victorian Communities. A further 1000 places were reserved for integrated school-based apprenticeships and traineeships.

Fee-for-service activity

In addition to their government-funded delivery, TAFE institutes and ACE organisations delivered respectively 18.82 million and 1.75 million student contact hours of fee-for-service vocational and further education in 2004. Combined, these organisations delivered a further 6.92 million student contact hours to full fee-paying overseas students. Over 2.1 million student contact hours in personal enrichment programs were delivered to approximately 82,000 students.

Knowledge & Skills for the Innovation Economy

In June 2002, the Minister for Education and Training released the Ministerial Statement *Knowledge & Skills for the Innovation Economy*, a comprehensive plan for addressing Victoria's future skills requirements. In 2004–05, implementation of the initiatives contained in the Statement continued. The VLESC was responsible for providing advice on a number of initiatives within the Statement. These initiatives are outlined below.

A new approach to financing skills development

A key objective outlined in the Ministerial Statement is the improvement of 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 of Education & Training, with advice from the VLESC, undertook a number of initiatives in 2004–05 including:

- the development of a model to inform the distribution of government-funded training between industries

- a costing project to ascertain the relative cost of providing VET courses.

Establishing priorities for vocational education and training

Under a framework of priorities for vocational education and training endorsed by the VLESC, training delivery in TAFE institutes continued to be reoriented to industry areas of high priority. A comparison of training delivery in 2003 and 2004 indicated that, in 2004, 1.6 per cent of training delivery was reoriented from areas of low priority to areas of high priority.

In February 2005, the VLESC endorsed an Industry Shares Model to inform the allocation of publicly funded training between industries. The model aims to determine the most reasonable distribution of government-funded training between industries. It is based on three criteria that measure the relative levels of industry skill needs, return on investment and impact of government policy. In April 2005, the VLESC approved a realignment of training effort between industries.

Relative cost of VET course provision

Following a review of the costs of delivering vocational education and training programs in TAFE institutes, the Department of Education & Training, on behalf of the VLESC, consulted with institutes about a new approach to funding based on the relative costs (weightings) of delivering programs in industry sectors. In 2005, the Department is testing this weighted-funding approach with the intention of implementing it in 2006 through each institute's Performance Agreement.

Fees and charges for VET students

A review of vocational education and training fees and charges was conducted during 2004. This review informed a new policy which increased equity of access for students and enhanced the flexibility of the VET system. Following an extensive consultation process, a new fees and charges policy was implemented on 1 January 2005. The policy was supported by the VLESC and the Adult Community and Further Education Board and resulted in:

- the removal of course-specific caps, in line with the principle that all concessions are now based on capacity to pay
- allowing all providers to levy ancillary and amenities fees, but requiring that students be provided with an itemised list of all fees prior to enrolment
- the extension of concessions to all eligible Health Care cardholders.

Industry advice on training

The industry training advisory system provides advice to the VLESC on vocational education and training policy and industry priorities. Key elements of the advisory system include the 16 Industry Training Advisory Bodies, the Department of Education & Training, industry representatives, national industry advisory bodies, whole-of-Victorian Government working groups, and other stakeholders in the training system.

In 2004–05, the Department of Education & Training enhanced the advisory system by:

- engaging a wider range of key stakeholders to inform Victoria's vocational education and training policy and resource allocation processes
- increasing cooperative relationships, particularly between and across government and industry, allowing for strategic and streamlined industry advice to be provided to the VLESC
- implementing transparent and customised contractual arrangements for the Victorian Industry Training Advisory Bodies Network and continuing activities to contribute to their long-term viability. In 2004–05, the VLESC offered 14 Industry Training Advisory Bodies three-year performance funding agreements for the first time and incorporated a revised forward-looking funding model in all agreements.
- continuing to implement recommendations from the 2002 review of Industry Advice on Training – in 2004–05, the Tourism and Hospitality and the Wholesale, Retail and Personal Services Industry Training Advisory Bodies merged to become Service Skills Victoria and the Process Manufacturing and Engineering Industry Training Advisory Bodies agreed to co-location arrangements

- continuing to develop greater synergies between state and national industry skill development.

Reinvigorating TAFE

Specialist Centres

The Ministerial Statement announced an initial allocation of \$5 million seed funding for Specialist Centres. These centres deliver specialist training to students in particular industry areas and support broader efforts to improve access to the generic and technical skills that these industries need to compete effectively. Fifteen specialist centres are currently operating in areas such as manufacturing, hospitality, tourism, primary industry, sustainable building and environmental technology. In 2004-05, four new Specialist Centres were established in the areas of biotechnology, heritage trades, textiles and e-business.

Design initiative

The Department of Education & Training, in partnership with the Department of Innovation, Industry and Regional Development, is continuing to implement initiatives in response to the Government's Statement *The State of Design – Future Directions*, which outlines how Victoria will be positioned as an international centre for excellence in applied design. The initiatives the Department of Education & Training is undertaking include:

- design professional development for TAFE institutes and schools
- integration of design into the P-10 curriculum
- piloting of the design qualifications framework
- the Design Innovation Professional Development Program pilot project for designers in schools
- supporting lab3000, a centre for excellence in digital design.

Transforming the TAFE workforce

In April 2005, the Minister for Education and Training announced the establishment of the TAFE Development Centre. The TAFE Development Centre is responsible for promoting the development and raising the professional standing of staff in TAFE institutes across Victoria.

The Centre's objectives are to:

- provide ongoing professional development opportunities for all staff
- develop and recognise high-quality teacher training and develop innovative approaches to ongoing teacher education
- support the growth of leadership and management capability
- promote the use of professional standards
- facilitate information exchange and collaboration within the TAFE sector, industry and the wider community.

Government funding has been provided for professional development programs for TAFE institute staff. The Minister also announced the Centre's Board of Directors and six inaugural programs. Further funding was provided to TAFE institutes for Staff Development Grants to meet training priorities determined by TAFE providers. The Department of Education & Training also continued implementation of the statewide TAFE Workforce Development strategy. An e-recruitment system for TAFE institutes has been utilised by 11 institutes.

Six initiatives to strengthen human resource practices in TAFE institutes were completed. The initiatives focused on:

- building and developing the employee relations skills of TAFE line managers
- workforce planning for TAFE institutes
- enhancing a strategic people management approach in TAFE institutes
- active leadership and a positive occupational health and safety culture
- WorkCover management
- human resource partnerships with dual sector universities.

Industry Liaison Agents

In 2003, six Industry Liaison Agents were funded for two years to 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 continue to operate

successfully as independent brokers, providing training solutions to small- and medium-sized Victorian manufacturers. Many have established successful partnerships with relevant Specialist Centres as well as the Victorian TAFE Advanced Technologies Training Capability Alliance.

VET in the innovation economy

Degrees in TAFE

A key initiative of the Ministerial Statement was the decision to allow TAFE institutes to apply to the Higher Education Advisory Committee (on behalf of the Minister) to deliver degree qualifications and expand the access of students to higher education qualifications. As at June 2005, four TAFE institutes offered a range of higher education degrees in Associate Degree and Bachelor programs.

Innovation Fund

The Innovation Fund was established to enable TAFE institutes to trial new initiatives in innovation and flexible delivery. In 2004, 59 initiatives to a value of \$5.3 million across 14 TAFE institutes were completed. In 2005, 43 initiatives to a value of \$6 million were endorsed for implementation across 14 TAFE institutes. These initiatives have been incorporated into Performance and Funding Agreements for 2005 and include projects to shift training delivery from low- to high-priority areas and develop workforce training for existing workers.

Improving learner access

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

Indigenous students

The Wurreker strategy was progressively implemented during 2004. Wurreker was developed to ensure that Koorie communities through 29 Local Aboriginal Consultative Groups, are involved in decisions about the planning and delivery of training and that TAFE delivery and support services respect and value Koorie culture. In 2004, 3365 students identifying as Koorie were enrolled in government-funded VET programs.

Students with a disability

Under the implementation of Bridging Pathways, the national strategy for increasing opportunities in the VET sector for people with a disability, the Department of Education & Training conducted a review of provisions for students with a disability. A Disability Agenda for the VET sector in Victoria has been developed and will be implemented in 2005–06.

In 2004, the Department of Education & Training continued to assist TAFE institutes to support students with disabilities and meet the statutory obligations of institutes under the *Disability Discrimination Act 1992*. In addition, each TAFE institute was provided with further funding for the development or redevelopment of a Disability Action plan. These plans are to be developed by the end of 2005. TAFE institutes received extensive information about the changes brought about by the introduction of the Education Standards under the Disability Discrimination Act.

The Department of Education & Training also supported the Centre of Excellence for Students who are Deaf and Hard of Hearing by funding two projects – one to examine models of employing interpreters and another to examine models of delivery of Auslan and Auslan interpreter training to rural and remote areas using information and communication technology.

Women

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
- ongoing implementation of the Government's *Leading with Victoria's Women 2004–2007* report.
- trialing of MIPs for equity groups to provide individual pathway support into training or employment for students over 45 years and not currently employed, sole parents who have not completed Year 12 or who have been out of the workforce for longer than 12 months, and students from culturally and linguistically diverse backgrounds.

Parents

The Parents Returning to Work program provides grants of up to \$1000 to parents who have been out of the workforce for two or more years and are caring for children aged 12 years and under. In 2004–05, 2255 grants were issued to eligible parents to cover course fees, child-care and material costs while parents undertake training.

Flexible learning

Victoria has a lead role in the implementation of the Australian Flexible Learning Framework for the National VET System 2005. The framework aims to develop Australia's flexible learning capacity and is designed to be responsive to the changing social, economic and policy environments in which it operates. The Flexible Learning Advisory Group oversees the implementation of the framework. The Secretariat of the Flexible Learning Advisory Group sits within the Department of Education & Training.

The 2005 Australian Flexible Learning Framework supports the national strategy for the VET sector and the need to broaden access to information and communication technology throughout the education and training sectors. It also has a strong focus on outcomes and an increased focus on client needs and engagement. The 2005 framework extends the most successful aspects of the 2000–04 framework.

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.

In the 2005 framework, Victoria has funded, and is responsible for, the development of the following projects:

- Quality e-learning Resources
- e-learning for target learner groups
- VET e-learning International
- State and Territory Coordination – State/Territory pro-rata allocation
- LearnScope – State/Territory pro-rata allocation.

Purchasing arrangements

TAFE institute profiles

TAFE institute Performance Agreements include training profiles which specify the training to be purchased by the Government. Performance Agreements operate for three years to provide institutes with a longer planning timeframe and to allow them to better respond to Government priorities. As in 2003, training profiles for 2004 were negotiated between the Department of Education & Training and senior executives of TAFE institutes.

Training profiles negotiated in 2004 included minimum provisions for total training delivery, training in apprenticeships and traineeships, training for Koories, training in correctional settings, and training related to Government policies to address skills shortages and community needs.

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

- increase the retention of students aged 15–19 years
- increase the level of fee-for-service activity as a proportion of total revenue between 2002 and 2005.

Apprenticeships and traineeships

In 2004–05, the number of new entrants to apprenticeships and traineeships decreased to 58,939, a decrease of approximately 21 per cent, compared with the intake in 2003–04. The overall commencement total (including existing employees who are not eligible for apprenticeship/traineeship funding under this scheme) was 80,883. The decrease in commencements of new entrants reflects recruitment decisions of enterprises, and may also have been affected by changes in Commonwealth incentives to employers. In addition, the intake of new entrants into apprenticeships and traineeships in the previous financial year was very high.

As at 30 June 2005, the number of apprentices and trainees overall was 134,498.

Apprenticeship and traineeship completions for 2004–05 increased to 30,617, an increase of nearly 1 per cent (excluding existing workers) on the previous financial year.

Apprenticeship/Traineeship Completion Bonus Scheme

The Apprenticeship/Traineeship Completion Bonus Scheme provides an incentive for employers to encourage apprentices and trainees to complete their training.

The incentive payments available to employers were fully implemented during 2004–05.

During the financial year, employers of 11,252 apprentices and trainees qualified for Completion Bonus payments under the scheme.

Employers of a further 2644 apprentices and trainees of not-for-profit group training organisations were eligible under the Group Training Employment Support Scheme.

The arrangements for recognised not-for-profit group training organisations were changed to reinstate the availability of payroll tax exemptions in lieu of access to completion bonus payments.

Fresh Start

The Fresh Start program was established in 1996 as a response to an increase in reported incidences of violence and harassment against apprentices and trainees in their workplaces.

The objectives of the program are to:

- encourage the reporting of workplace violence and harassment
- take action against 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.

Regulatory action was taken against nine employers arising from breaches of training contract obligations. This is consistent with the previous year and reflected continuing emphasis on the provision of mediation and support services by Apprenticeship Field Officers.

Administration and field services

Apprenticeship Field Officers perform a key role in advising apprentices, 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.

During 2004–05, Apprenticeship Field Officers, and a supporting telephone advisory service, continued to deliver high-quality services.

In partnership with the Commonwealth Department of Education, Science and Training, the Department of Education & Training continued intensive monitoring of registered training organisations and employers recording high growth in training numbers; Apprenticeship Field Officers had a significant role in the implementation of this monitoring process.

Group training

In Victoria, 30 organisations have been approved as meeting the national standards for group training organisations and included on the National Register of Group Training Organisations. Largely non-profit organisations, group training organisations recruit and employ people in apprenticeships and traineeships. In 2004, 22 group training organisations successfully participated in the audit review program.

In 2004–05, the State and Commonwealth governments jointly funded 24 not-for-profit group training organisations through the Joint Group Training program. Payments were made for commencement, progression and completion milestones and increased payments were made to organisations catering for disadvantaged groups, vocations experiencing skills shortages 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.

The first round of funding under the Group Training – Innovation Fund program occurred in 2004–05 and funded four projects undertaken by five group training organisations to target areas of skills shortages.

Strategic industry audits

Strategic industry audits were introduced to identify compliance and quality issues in specific industry areas or training market sectors in order 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.

In 2004, a national strategic training audit in the transport industry was conducted in collaboration with other States and Territories. This was the first such audit undertaken in a target industry. Two qualifications were audited: TDT30102 Certificate III in Transport and Distribution (Warehousing and Storage) and TDT30202 Certificate III in Transport and Distribution (Road Transport).

Seventeen registered training organisations operating in Victoria were audited. Of those, 12 were Victorian registered training organisations (10 private providers and two TAFE institutes). Victoria also undertook two audits of interstate providers operating in Victoria on behalf of Tasmania. South Australia and the Australian Capital Territory undertook three audits of Victorian registered training organisations operating in their jurisdictions.

The registered training organisations audited were found to have a small number of minor non-compliances with the Australian Quality Training Framework standards. The Department of Education & Training has initiated a range of activities to implement the recommendations of the audit.

National arrangements for vocational education and training

Australian National Training Authority

ANTA was established in 1992 to provide a national focus for vocational education and training. ANTA comprised a board of strategic leaders in industry and education. It advised the ANTA Ministerial Council on matters relating to the national VET system, including the allocation of resources and the development and operation of the national quality assurance arrangements and qualifications.

In October 2004, the Prime Minister announced that ANTA would be abolished from 1 July 2005 with the responsibilities and functions of ANTA transferred to the Commonwealth Department of Education, Science and Training. A new Ministerial Council on Vocational Education will be formed to lead the new national training system.

The ANTA Agreement reinforced the commitment of all Australian governments to a strong, national, industry-led VET system and established funding, planning, reporting and accountability arrangements.

As part of the reforms to the national VET system, a new intergovernmental agreement for vocational education and training replaces the current ANTA Agreement. The Commonwealth and State and Territory governments re-commenced negotiations in the first half of 2005 for the new Commonwealth–State Agreement for Skilling Australia's Workforce 2005–08. The 2001–03 ANTA Agreement was rolled over in 2004 but with financial penalties applied by the Commonwealth to the States and Territories for failure to reach agreement on the new Commonwealth–State VET arrangements. The rollover arrangement was continued for 2005 in order to maintain the funding, planning and accountability arrangements of the national system while the new agreement is being negotiated.

National strategy for 2004–10

Under the ANTA legislation, the ANTA Board was 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 strategic plan, *Shaping our Future*, was to apply until 2010. However, under proposed Commonwealth legislation and a new intergovernmental agreement, the strategy will be reviewed by the new Ministerial Council to determine the content of a national strategy under the new national training arrangements.

Financial Report

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Statement of financial performance for the year ended 30 June 2005

| | Notes | 2004–2005 \$'000 | 2003–2004 \$'000 |
|---|-----------------|---------------------|---------------------|
| Revenue from ordinary activities | | | |
| Grants revenue | 2a(i) | 891,336 | 866,679 |
| Specific purpose revenue | 2a(ii) | 24,088 | 30,993 |
| Other revenue | 2(a)(iii), 2(b) | 6,529 | 8,723 |
| | | 921,953 | 906,395 |
| Expenses from ordinary activities | | | |
| Administrative expenses | 1(n) | 9,633 | 9,813 |
| Provider grants | 3 | 855,260 | 850,904 |
| Specific-purpose and trust payments | | 48,427 | 48,468 |
| Depreciation and amortisation | 1(g), 3 | 748 | 820 |
| Trust fund appropriated for reprioritisation | | 545 | – |
| Other expenses | | 2,000 | 3,122 |
| Written-down value of assets disposed of | | 1,536 | – |
| | | 918,149 | 913,127 |
| Net result for the reporting period | | 3,804 | (6,732) |
| Total changes in equity other than those resulting from transactions with owners as owners | 6(b) | 3,804 | (6,732) |

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

Statement of financial position as at 30 June 2005

| | Notes | 2004–2005 \$'000 | 2003–2004 \$'000 |
|----------------------------------|-------|---------------------|---------------------|
| Current assets | | | |
| Cash assets | 14(b) | 99,404 | 97,093 |
| Receivables | | 3,648 | 3,812 |
| Total current assets | | 103,052 | 100,905 |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 663 | 2,678 |
| Total non-current assets | | 663 | 2,678 |
| Total assets | | 103,715 | 103,583 |
| Current liabilities | | | |
| Payables | 5 | 4,085 | 7,757 |
| Total current liabilities | | 4,085 | 7,757 |
| Non-current liabilities | | | |
| Total non-current liabilities | | – | – |
| Total liabilities | | 4,085 | 7,757 |
| Net assets | | 99,630 | 95,826 |
| Equity | | | |
| Contributed capital | 6(a) | 14,350 | 14,350 |
| Accumulated surplus | 6(b) | 85,280 | 81,476 |
| Total equity | | 99,630 | 95,826 |

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 2005

| | Notes | 2004–2005 \$'000 | 2003–2004 \$'000 |
|--|-------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts from Government | | 891,336 | 866,679 |
| Receipts from other entities | | 26,537 | 29,913 |
| GST recovered from the ATO | | 13,222 | 9,642 |
| GST paid to the ATO | | (1,771) | (1,590) |
| Interest received | | 6,016 | 4,935 |
| Payments to suppliers and others | | (15,897) | (12,791) |
| Payments to service providers | | (916,863) | (907,381) |
| Net cash inflow/(outflow) from operating activities | 14(a) | 2,580 | (10,593) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (269) | (820) |
| Net cash inflow/(outflow) from investing activities | | (269) | (820) |
| Net increase/(decrease) in cash held | | 2,311 | (11,413) |
| Cash at the beginning of the financial year | | 97,093 | 108,506 |
| Cash at the end of the financial year | 14(b) | 99,404 | 97,093 |

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 2005

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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 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 alternative 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.

For interim and annual reporting periods ending on or after 30 June 2005, AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires disclosure of any known or reliably estimable information about the impacts on the financial report had it been prepared using the A-IFRS or if the impacts are not known or reliably estimable, a statement to that effect. Refer to note 15 for further information.

(a) Reporting entity

The Victorian Learning and Employment Skills Commission (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 activities of the VLESC for the year ending 30 June 2005.

(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 on hand 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 and 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:

| | 2004-05 | 2003-04 |
|--|------------|------------|
| Computers and peripheral equipment | 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) Non-current assets constructed by the VLESC

At reporting date there were no assets being constructed by the VLESC.

(k) Payables

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.

(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

All employees of the VLESC are deemed to be employees of the Department of Education & Training. The Department is reimbursed for all costs including superannuation, long-service and annual leave entitlements. The costs are classified as administrative expenses in the statement of financial performance.

(o) Goods and Services Tax (GST)

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 Australian Accounting Standard AAS 28 *Statement of Cash Flows*.

NOTE 2 Revenue

(a) Revenue from operating activities

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|---|---------------------|---------------------|
| (i) Grants revenue | | |
| State Government grants | | |
| Recurrent | 589,371 | 531,720 |
| Grants for capital works | 31,145 | 59,968 |
| | 620,516 | 591,688 |
| Commonwealth/ANTA grants | | |
| Recurrent | 227,306 | 220,225 |
| Grants for capital works | 43,514 | 54,766 |
| | 270,820 | 274,991 |
| | | |
| Total grants revenue | 891,336 | 866,679 |
| (ii) Specific purpose revenue | | |
| The following are specific purpose projects for which specific outcomes are prescribed. | | |
| Commonwealth/ANTA projects | | |
| Indigenous education | 419 | 1,211 |
| Australians Working Together | 3,071 | 3,083 |
| Group training | 2,606 | 2,601 |
| LearnScope | 709 | 768 |
| Online learning | 438 | 3,472 |
| Resources for teaching learning | 2,640 | 4,137 |
| ANTA Toolbox Series | – | 350 |
| Framework management | 1,134 | 675 |
| Other | 1,442 | 1,482 |
| | 12,459 | 17,779 |
| State Government projects | | |
| Nursing medication course | 1,160 | – |
| Developing Victoria's design capabilities | 500 | 3,800 |
| Local Learning and Employment Networks | 7,514 | 8,727 |
| Community jobs program | 1,848 | – |
| Victorian Training Awards | 162 | 96 |
| Other | 445 | 591 |
| | 11,629 | 13,214 |
| | | |
| Total specific-purpose revenue | 24,088 | 30,993 |
| (iii) Other revenue | | |
| Forgiveness of liabilities | – | 3,538 |
| Total other revenue | – | 3,538 |
| | | |
| Total revenue from operating activities | 915,424 | 901,210 |

(b) Revenue from non-operating activities

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|--|---------------------|---------------------|
| Interest and other revenue | | |
| Interest | 6,016 | 4,935 |
| Other | 513 | 250 |
| Total revenue from non-operating activities | 6,529 | 5,185 |
| Total revenue from ordinary activities | 921,953 | 906,395 |

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 in 2004–05 was \$620,515,859 (for 2003–04, \$591,687,880).

NOTE 3 Expenses from ordinary activities

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|---|---------------------|---------------------|
| Net expenses | | |
| Result from ordinary activities includes the following net expenses | | |
| Depreciation | | |
| Furniture, fittings and office equipment | 5 | 33 |
| Computers and peripheral equipment | 743 | 787 |
| Total depreciation | 748 | 820 |
| Rental expense relating to operating leases | | |
| Minimum lease payments | 294 | 482 |
| Total rental expense relating to operating leases | 294 | 482 |
| Provider grants | | |
| Grants to Victoria University (TAFE Division) | 66,788 | 61,513 |
| Grants to Swinburne University (TAFE Division) | 66,594 | 61,058 |
| Grants to Holmesglen Institute of TAFE | 66,227 | 59,882 |
| Grants to Chisholm Institute of TAFE | 63,984 | 58,564 |
| Grants to RMIT University (TAFE Division) | 56,870 | 53,418 |
| Grants to Northern Melbourne Institute of TAFE | 59,730 | 53,715 |
| Grants to Box Hill Institute of TAFE | 50,499 | 45,819 |
| Grants to Kangan Batman Institute of TAFE | 50,603 | 45,020 |
| Grants to Gordon Institute of TAFE | 32,408 | 29,115 |
| Grants to University of Ballarat (TAFE Division) | 27,423 | 25,184 |
| Grants to Goulburn Ovens Institute of TAFE | 24,212 | 21,984 |
| Grants to Bendigo Regional Institute of TAFE | 22,194 | 20,044 |
| Grants to William Angliss Institute of TAFE | 19,545 | 18,060 |
| Grants to Central Gippsland Institute of TAFE | 18,562 | 16,782 |
| Grants to South West Institute of TAFE | 15,255 | 13,828 |
| Grants to Wodonga Institute of TAFE | 14,397 | 13,186 |
| Grants to Sunraysia Institute of TAFE | 12,778 | 11,538 |
| Grants to East Gippsland Institute of TAFE | 11,529 | 10,645 |
| Grants to various private providers | 107,420 | 94,190 |
| Grants to Adult Community and Further Education Board | 13,469 | 13,469 |
| Capital Grants to TAFE institutes | 44,538 | 96,678 |
| Other grants | 10,235 | 27,212 |
| Total provider grants | 855,260 | 850,904 |

NOTE 4 Property, plant and equipment

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|--|---------------------|---------------------|
| Computers and peripheral equipment | | |
| At cost | 3,403 | 5,423 |
| Less: Accumulated depreciation | (2,784) | (2,778) |
| | 619 | 2,645 |
| Office equipment and furniture | | |
| At cost | 132 | 114 |
| Less: Accumulated depreciation | (88) | (81) |
| | 44 | 33 |
| Total property, plant and equipment | 663 | 2,678 |

Reconciliation

| | Computers and peripheral equipment \$'000 | Office equipment and furniture \$'000 | Total \$'000 |
|----------------------------------|--|--|-----------------|
| 2004–2005 | | | |
| Carrying amount at start of year | 2,645 | 33 | 2,678 |
| Additions | 251 | 18 | 269 |
| Disposals | (1,534) | (2) | (1,536) |
| Depreciation and amortisation | (743) | (5) | (748) |
| Carrying amount at end of year | 619 | 44 | 663 |

NOTE 5 Payables

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|-----------------|---------------------|---------------------|
| Trade creditors | 3,952 | 7,510 |
| Other creditors | 133 | 247 |
| | 4,085 | 7,757 |

NOTE 6 Equity and movements in equity

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|--|---------------------|---------------------|
| (a) Contributed capital | | |
| Balance at the beginning of the reporting period | 14,350 | 14,350 |
| Balance at the end of the reporting period | 14,350 | 14,350 |
| (b) Accumulated surplus | | |
| Balance at the beginning of the reporting period | 81,476 | 88,208 |
| Net result for the reporting period | 3,804 | (6,732) |
| Balance at the end of the reporting period | 85,280 | 81,476 |
| Total equity at the end of the reporting period | 99,630 | 95,826 |

NOTE 7 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 is set out in the table below.

| | 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 | | |
| 2004–2005 | | | | | | |
| Financial assets | | | | | | |
| Cash assets | – | – | – | – | (641) | (641) |
| Term deposits | 20,000 | 80,045 | – | – | | 100,045 |
| Receivables | – | – | – | – | 3,648 | 3,648 |
| | 20,000 | 80,045 | – | – | 3,007 | 103,052 |
| Weighted average interest rate | 5.78% | 5.51% | | | | |
| Financial liabilities | | | | | | |
| Creditors and accruals | – | – | – | – | 4,085 | 4,085 |
| | – | – | – | – | 4,085 | 4,085 |
| Net financial assets (liabilities) | 20,000 | 80,045 | – | – | (1,078) | 98,967 |
| Weighted average interest rate | 5.78% | 5.51% | | | | |

| 2003–2004 | 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 | – | – | – | – | 3,950 | 3,950 |
| Term deposits | 20,000 | 73,143 | – | – | – | 93,143 |
| Receivables | – | – | – | – | 3,812 | 3,812 |
| | 20,000 | 73,143 | – | – | 7,762 | 100,905 |
| Weighted average interest rate | 5.49% | 5.10% | | | | |
| Financial liabilities | | | | | | |
| Payables | – | – | – | – | 7,757 | 7,757 |
| | – | – | – | – | 7,757 | 7,757 |
| Net financial assets (liabilities) | 20,000 | 73,143 | – | – | 5 | 93,148 |
| Weighted average interest rate | 5.49% | 5.10% | | | | |

(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 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 were:

| | 2004–2005 | | 2003–2004 | |
|---|---------------------------|--------------------------|---------------------------|--------------------------|
| | Carrying amount \$'000 | Net fair value \$'000 | Carrying amount \$'000 | Net fair value \$'000 |
| On-balance sheet financial instruments | | | | |
| Financial assets | | | | |
| Cash | (641) | (641) | 3,950 | 3,950 |
| Receivables | 3,648 | 3,648 | 3,812 | 3,812 |
| Investments | 100,045 | 100,045 | 93,143 | 93,143 |
| | 103,052 | 103,052 | 100,905 | 100,905 |
| Non-traded financial assets | | | | |
| Financial liabilities | | | | |
| Trade creditors | 4,085 | 4,085 | 7,757 | 7,757 |
| | 4,085 | 4,085 | 7,757 | 7,757 |
| Non-traded financial liabilities | | | | |

NOTE 8 Responsible persons

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

| | | |
|-----------------------------|------------------------|------------------------------|
| Responsible Minister | Ms Lynne Kosky, MP | 1 July 2004 – 30 June 2005 |
| VLESC Members | Mr Peter Thomas AM | 6 July 2004 – 30 June 2005 |
| | Mr Neil Coulson | 12 July 2004 – 30 June 2005 |
| | Mr Leigh Hubbard | 12 July 2004 – 31 March 2005 |
| | Ms Patricia Forward | 1 July 2004 – 30 June 2005 |
| | Ms Rowena Allen | 1 July 2004 – 30 June 2005 |
| | Mr Tim Piper | 12 July 2004 – 31 March 2005 |
| | Professor Gerald Burke | 3 August 2004 – 30 June 2005 |
| | Ms Lynne Wannan | 1 July 2004 – 30 June 2005 |
| | Ms Megan Lilly | 1 April 2005 – 30 June 2005 |
| | Mr Julius Roe | 1 April 2005 – 30 June 2005 |
| | Mr Grant Hehir | 1 July 2004 – 30 June 2005 |
| Accountable Officer | Mr Grant Hehir | 1 July 2004 – 30 June 2005 |

Remuneration

Accountable Officer's remuneration

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

VLESC members' remuneration

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

| 2004–2005 | 2003–2004 |
|------------|------------|
| \$150,512* | \$127,060* |

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

| Band | 2004–2005 | 2003–2004 |
|-------------------|-----------|-----------|
| \$0–\$9,999 | 4 | – |
| \$10,000–\$19,999 | 5 | 7 |
| \$20,000–\$29,999 | – | – |
| \$30,000–\$39,999 | 1 | 1 |
| Total | 10 | 8 |

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

NOTE 9 Remuneration of executives

The number of executive officers whose remuneration exceeded \$100,000 during the reporting period is reported in the annual financial report of the Department of Education & Training.

NOTE 10 Remuneration of auditors

| | 2004–2005 \$ | 2003–2004 \$ |
|---|-----------------|-----------------|
| Payable at 30 June–Victorian Auditor-General's Office | 38,000 | 37,050 |
| | 38,000 | 37,050 |

NOTE 11 Contingent liabilities and contingent assets

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

NOTE 12 Commitments for expenditure

(a) Operating lease commitments

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|--|---------------------|---------------------|
| Payable within one year | 72 | 152 |
| Payable later than one year but not later than 5 years | 9 | 48 |
| | 81 | 200 |

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

(b) Capital commitments

The VLESC has outstanding commitments for capital expenditures totalling \$43,126,000 as at 30 June 2005 (\$37,781,000 as at 30 June 2004).

These projects are funded from State and Commonwealth/ANTA funds. These commitments are payable as follows:

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|--|---------------------|---------------------|
| Payable within one year | 33,236 | 22,867 |
| Payable later than one year but not later than 5 years | 9,890 | 14,914 |
| | 43,126 | 37,781 |

(c) Outsourcing commitments

The VLESC has contracted with a number of registered training organisations training contracts under the Priority Education and 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 as follows:

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|--|---------------------|---------------------|
| Payable within one year | 14,726 | 19,407 |
| Payable later than one year but not later than 5 years | 65,988 | 58,302 |
| | 80,714 | 77,709 |

NOTE 13 Events occurring after reporting date

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

NOTE 14 Cash flow reconciliation

(a) Reconciliation of net result for the reporting period to net cash flow from operating activities

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|--|---------------------|---------------------|
| Net result for the reporting period | 3,804 | (6,732) |
| Depreciation and amortisation | 748 | 820 |
| Loss on disposal of property, plant and equipment | 1,536 | – |
| Increase/(decrease) in payables | (3,672) | 919 |
| (Increase)/decrease in receivables | 164 | (2,920) |
| Write-back of employee provisions | – | (3,538) |
| Write-down of work in progress | – | 858 |
| Net cash inflow/(outflow) from operating activities | 2,580 | (10,593) |

(b) Reconciliation of cash

| | 2004–2005 \$'000 | 2003–2004 \$'000 |
|---------------------------|---------------------|---------------------|
| Cash at bank | (641) | 3,950 |
| Term deposits | 100,045 | 93,143 |
| Total cash balance | 99,404 | 97,093 |

NOTE 15 Impacts of adopting AASB 1047 equivalents to IASB Standards

Following the adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS), the VLESC will report for the first time in compliance with A-IFRS when results for the financial year ending 30 June 2006 are released.

It should be noted that under A-IFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with IFRS requirements. The VLESC is established to achieve the objectives of government in providing services free of charge or at prices significantly below their cost of production for the collective consumption by the community, which is incompatible with generating profit as a principal objective. Consequently, where appropriate, the VLESC applies those paragraphs in accounting standards applicable to not-for-profit entities.

An A-IFRS-compliant financial report will comprise a new statement of changes in equity in addition to the three existing financial statements, which will all be renamed. The statement of financial performance will be renamed as the operating statement, the statement of financial position will revert to its previous title as the balance sheet and the statement of cash flows will be simplified as the cash flow statement. However, for the purpose of disclosing the impact of adopting A-IFRS in the 2004–05 financial report, which is prepared under existing accounting standards, existing titles and terminologies are retained.

With certain exceptions, an entity that has adopted A-IFRS must record transactions that are reported in the financial report as though A-IFRS had always applied. This requirement also extends to any comparative information included within the financial report. Most accounting policy adjustments to apply A-IFRS retrospectively will be made against accumulated funds at the 1 July 2005 opening balance sheet date for the comparative period. The exceptions include deferral until 1 July 2005 of the application and adjustments for:

- AASB 132 *Financial Instruments: Disclosure and Presentation*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 4 *Insurance Contracts*
- AASB 1023 *General Insurance Contracts* (revised July 2004)
- AASB 1038 *Life Insurance Contracts* (revised July 2004).

The comparative information for transactions affected by these standards will be accounted for in accordance with existing accounting standards.

The VLESC participated in the Department of Education & Training's portfolio-wide A-IFRS implementation program that has taken the following steps in managing the transition to A-IFRS and has achieved the following scheduled milestones:

- established a steering committee to oversee the transition to and implementation of the A-IFRS
- established an A-IFRS project team to review the new accounting standards to identify key issues and the likely impacts resulting from the adoption of A-IFRS and any relevant Financial Reporting Directions as issued by the Minister for Finance
- participated in an education and training process 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.

This financial report has been prepared in accordance with current Australian accounting standards and other financial reporting requirements (Australian GAAP). At this moment no differences between Australian GAAP and A-IFRS have been identified as potentially having a material impact on the VLESC's financial position and financial performance following the adoption of A-IFRS.



VICTORIAN LEARNING AND
EMPLOYMENT SKILLS COMMISSION

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Fax +61 3 9637 3755
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Web www.vlsc.vic.gov.au
ABN 89 290 258 378

ACCOUNTABLE OFFICER'S 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 2005 and financial position of the Victorian Learning and Employment Skills Commission as at 30 June 2005.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Peter Thomas AM
Commission Member (Chair)
Victorian Learning and Employment Skills Commission

Date: 19/9/2005

Grant Hehir
Accountable Officer
Victorian Learning and Employment Skills Commission

Date: 15/9/2005





AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Victorian Learning & Employment Skills Commission

To the Members of the Parliament of Victoria and Members of the Commission

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 30 June 2005 relates to the financial report of Victorian Learning & Employment Skills Commission included on its web site. The Members of the Victorian Learning & 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.

Scope

The Financial Report

The accompanying financial report for the year ended 30 June 2005 of Victorian Learning & Employment Skills Commission consists of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial report, and the supporting declaration.

Members' Responsibility

The Members of the Victorian Learning & Employment Skills Commission are responsible for:

- the preparation and presentation of the financial report and the information it contains, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act 1994*, an independent audit has been carried out in order to express an opinion on the financial report. 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:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the members
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

These procedures have been undertaken to form an opinion as to whether the financial report is presented in all material respects 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.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers are to be exercised. The Auditor-General and his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

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 Victorian Learning & Employment Skills Commission as at 30 June 2005 and its financial performance and cash flows for the year then ended.

MELBOURNE
19 September 2005



JW CAMERON
Auditor-General

Appendices

| | | |
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| 2 | Freedom of Information | 45 |
| 3 | <i>Whistleblowers Protection Act 2001</i> | 47 |
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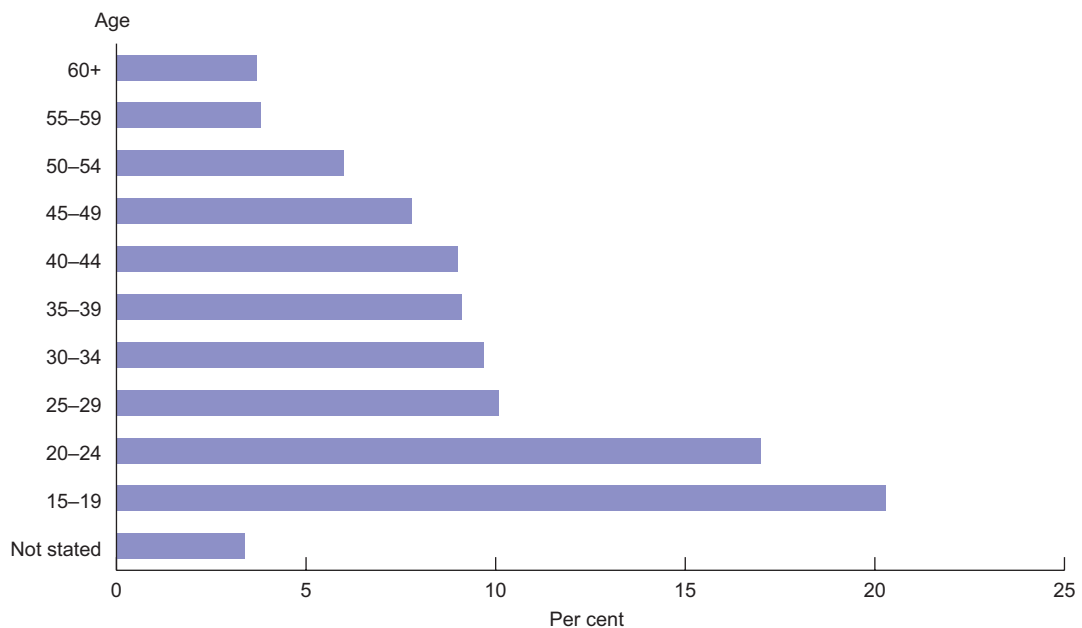
APPENDIX 1 The State Training System

As at June 2005, the State Training System, with the VLESC as the state training agency, included 14 TAFE institutes, five TAFE divisions within universities, 1191 registered training organisations, over 450 ACE organisations and 17 Industry Training Advisory Bodies. Five hundred and nine 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 2004, TAFE institutes, ACE organisations and registered training organisations provided approximately 500,600 students with 111.2 million student contact hours of vocational training and further education (excluding non-VET activity). This is a decrease of 0.7 per cent on the 2003 delivery.

Age profile of participants in the State Training System in Victoria (excluding non-VET activity), 2004



Source: Department of Education & Training

Of this total delivery, government-funded training accounted for over 80.4 million of the reported contact hours, a decrease of 0.5 per cent on 2003.

The number of women involved in VET programs in the Victorian State Training System in 2004 was 37,780. This represents 47.5 per cent of total participants in VET programs provided by TAFE institutes, ACE organisations, private providers and all funding sources, but excludes hobby and enrichment programs.

TAFE institutes

As at 30 June 2005, 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 2005 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 (TAFE Division)
- South West Institute of TAFE
- Sunraysia Institute of TAFE
- Swinburne University of Technology (TAFE Division)
- University of Ballarat (TAFE Division)
- University of Melbourne – Faculty of Land and Food Resources (TAFE Division)
- Victoria University of Technology (TAFE Division)
- William Angliss Institute of TAFE
- Wodonga Institute of TAFE

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 paraprofessional training
- advanced technical and advanced post-initial training.

Courses are accredited under the Australian Qualifications 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 Curriculum Maintenance Managers, providing advice on national training packages and state VET 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 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

TAFE institutes are owned by the Victorian Government and their governing councils are legal entities, formed under statute. Under the

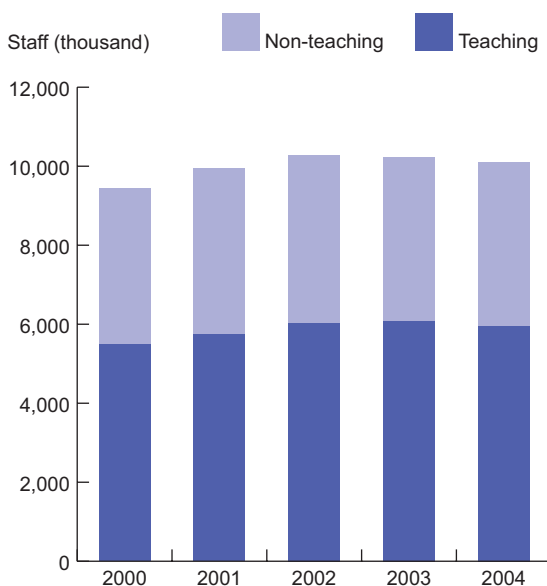
Public Administration Act 2004, each TAFE Board is a public entity and is specifically accountable to the Minister for Education and Training for the exercise of its functions.

The Minister is responsible for the wellbeing of statutory bodies within her portfolio. The Minister has powers under legislation which help her fulfil her responsibilities and ensure the accountability of TAFE institute boards. In 2003, the Department of Education & Training undertook a review of governance practices of TAFE institute councils. The review did not recommend any changes in the current governance structures but identified a need to enhance the governance practices within the existing framework.

In response to the recommendations, the Department set up the Governance project which aims, through the development of resources and a training program, to strengthen the governance culture and enhance the practices of members of TAFE governing bodies.

Teaching and non-teaching staff in TAFE institutes

*Teaching and non-teaching staff in TAFE institutes, Victoria, 2000–2004**



Source: Department of Education & Training

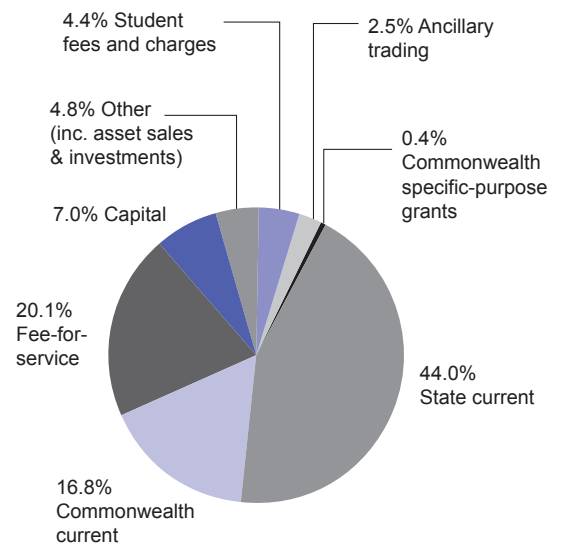
*These are the average monthly EFT figures as reported by the institutes.

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



Source: Department of Education & Training

*These are the average monthly EFT figures as reported by the institutes.

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 the 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 particulars of 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 2004–05.

APPENDIX 3

Whistleblowers Protection Act 2001

Disclosure

The VLESC has nominated the Department of Education & Training as its agent to accept and investigate any disclosures made under the *Whistleblowers Protection Act 2001* concerning the VLESC members and Secretariat staff. The *Whistleblowers Protection Act 2001* Department of Education & Training Guidelines have been adopted as the appropriate procedures for managing disclosures made under the Act.

The Department had not received any disclosures made under the Act in relation to the VLESC members or Secretariat staff, nor had the Ombudsman referred any disclosures made under the Act to the Department for investigation during 2004–05.

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 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.

The Department 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.

The Department 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 the Department 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 the Department'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 the Department

Disclosures of improper conduct or detrimental action by Department 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 page 57.

5.2 Alternative contact persons

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

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

| Person who is the subject of the disclosure | Person/body to whom the disclosure must be made |
|---|---|
| Employee of a public body other than the Department of Education & Training | 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 the Department 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 the Department 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 the Department.

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 the Department. An investigator may be a person from within the Department 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 the Department 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 disclosure
- ensure the expectations of the whistleblower are realistic.

7 Confidentiality

The Department 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.

The Department 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.

The Department 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 the Department'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

The Department 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 the Department it must concern an employee of the Department. 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 the Department for dealing with complaints.

| Problem | Initial contact | Other options | Workplace policy |
|--|---|--|--|
| 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 | <ul style="list-style-type: none"> • 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"> • The Department of Education & Training's 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"> • The Department of Education & Training's Complaints and Investigations Unit • The Department of Education & Training's Diversity and Equity Unit • Merit Protection Boards • Equal Opportunity Commission | Merit and Equity Policy |
| Occupational Health and Safety issue | Principal or Manager | <ul style="list-style-type: none"> • Workplace OHS representative | OHS Guidelines |
| Ethical or other misconduct concern | Principal or Manager | <ul style="list-style-type: none"> • The Department of Education & Training's Complaints and Investigations Unit • Office of Public Employment | VPS Code of Conduct |
| Complaints regarding administrative action by government bodies | The public body concerned | <ul style="list-style-type: none"> • The Ombudsman | <i>Ombudsman Act 1973</i> |
| Improper conduct or detrimental conduct | Department of Education & Training protected disclosure officer | <ul style="list-style-type: none"> • The Department of Education & Training's 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 the Department 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 the Department 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 the Department. 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.

The Department of Education & Training 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 the Department to prevent the conduct from continuing or occurring in the future
- any action that should be taken by the Department 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

The Department 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 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 the Department to address any improper conduct that has been found to have occurred. The whistleblower will be given reasons for decisions made by the Department 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, the Department will handle the disclosure and protect the whistleblower from reprisals in accordance with the Act, the Ombudsman's guidelines and these procedures.

The Department 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*

The Department recognises that employees against whom disclosures are made must also be supported during the handling and investigation of disclosures.

The Department 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.

The Department 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 the Department 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

The Department 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 department office.

If making disclosures personally or by telephone individuals need to contact the appropriate central or regional Department 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 Region

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 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 2004–05*.)

Consultancies and major contracts

Details of consultants engaged by the VLESC in 2004–05 were as follows.

Consultancies in excess of \$100,000

Nil

Consultancies less than \$100,000

Nil

The VLESC did not enter into contracts greater than \$10 million in value during 2004–05.

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's Secretariat (telephone: (03) 9637 3784).

APPENDIX 5

Disclosure index

The annual report of the VLESC is prepared in accordance with all relevant Victorian legislations. This index has been prepared to facilitate identification of the VLESC's compliance with statutory disclosure requirements.

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Acronyms and abbreviations

| | |
|---------|--|
| ACE | Adult community education |
| ANICA | Australian Network of Industry Careers Advisers |
| ANTA | Australian National Training Authority |
| LCPs | Local Community Partnerships |
| LLEN(s) | Local Learning and Employment Network(s) |
| MIPs | Managed Individual Pathways |
| TAFE | Training and further education |
| VCAL | Victorian Certificate of Applied Learning |
| VCE | Victorian Certificate of Education (Years 11 and 12) |
| VET | Vocational education and training |
| VLESC | Victorian Learning and Employment Skills Commission |



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