



Victorian Qualifications Authority

Annual Report 2004–05



Victorian Qualifications Authority

2004–05 ANNUAL REPORT

November 2005

Lynne Kosky, MP

Minister for Education and Training

2 Treasury Place

East Melbourne Victoria 3002

Dear Minister

I am pleased to submit the fourth annual report of the Victorian Qualifications Authority (VQA) in accordance with the *Financial Management Act 1994* and the *Victorian Qualifications Authority Act 2000*.

The VQA has been in operation since 1 March 2001. This annual report documents the achievements of the VQA during its fourth full year of operation.

I extend my appreciation to my colleagues on the VQA Board and Audit Committee, and the staff of the VQA for their ongoing commitment and vision.

Yours sincerely



Gerald Burke

CHAIR

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The VQA is the peak accreditation, certification and registration body for post-compulsory education and training (except higher education).

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Report of the Chair



In March 2001, Victoria became the first Australian state to establish a qualifications authority. Since its establishment, the VQA has made significant contributions to Victoria's education

and training system through its regulatory and reform roles as described in its three legislated objectives:

- to develop and monitor standards for education and training, normally undertaken in Year 10 or in the years after
- to ensure and support appropriate linkages between qualifications
- to make it easier for people to re-enter education and training and acquire qualifications throughout their lives.

While the VQA carries out some of its regulatory work itself, other regulatory work is delegated to agencies who report regularly to the Board. Significant work on quality assurance is planned in collaboration with these agencies.

The major projects undertaken by the VQA in support of its reform role were the development and implementation of the Victorian Certificate of Applied Learning (VCAL) and the Credit Matrix.

The VCAL, aimed at expanding education opportunities for young people by offering a vocationally oriented alternative to the Victorian Certificate of Education (VCE), has experienced strong uptake by students and providers. Its further development, undertaken using a number of pilot sites, has been evaluated and implemented. The VQA has now passed the ongoing administration of the VCAL to the Victorian Curriculum and Assessment Authority.

The Credit Matrix project, designed to improve linkages between qualifications, has developed in incremental stages, starting with in-principle support from stakeholders and followed with

trialing by practitioners in all sectors of education and training of the Credit Matrix design. Following continuing stakeholder support, the Credit Matrix is now moving to its implementation phase.

As well as these two major reform projects, the VQA continues to explore areas in which qualifications development could improve student retention rates and pathways, for example approaches to the recognition of informal learning, research into the pathways of Koorie students and the development of a new qualifications framework in applied design.

The VQA is in a sound financial position, which provides the capacity to support a small number of priority development projects identified in its corporate planning process. These include projects on recognition of skills gained through informal learning and qualifications for mature-age workers.

This year we said farewell to three Board members – Paul Briggs, Alan Clifford and Julius Roe. I thank them for their valuable contribution to the work of the Board. The Board also welcomed new members Cheryl Glowrey and Leigh Hubbard.

The VQA Board records its thanks to all those who contributed in the past year, especially the many practitioners who were involved in both regulatory and developmental work, contributed to reference, steering and working groups and responded to consultations. On behalf of all members, I also thank the Director, Dr Dennis Gunning, and the staff of the VQA, whose hard work, dedication and expertise has been critical to the successful outcomes achieved this year.

The VQA looks forward to continuing to work with all those who are seeking to develop effective strategies to improve access for all Victorians to employment and further learning.

Professor Gerald Burke

CHAIR

Report of the Director



This report covers the fourth full year of the VQA's life and the VQA Board's annual plan continued to focus on our contribution towards the Government's education and training goals and targets.

The VQA's corporate and business planning processes targeted our four areas of strategic activity – demonstrating good governance and management, enhancing quality assurance, improving senior secondary school outcomes, and building pathways and credit bridges.

As part of building pathways and credit bridges, the Credit Matrix project was taken through detailed design work and extensive consultation and trialing with stakeholders. The outcomes of the trial and consultation were positive, leading to the development of an implementation strategy that was approved by the VQA Board and endorsed by the Minister for Education and Training. Implementation began in 2004–05 and will continue throughout 2005–06. Significant progress was also made on a diverse range of projects aimed at widening pathways, including the accreditation and implementation of a new Victorian qualifications framework in applied design, the development of an innovative approach to the recognition of informal learning, and research into pathways for Koorie students.

We have implemented and continued to develop the VCAL as a way of improving senior secondary school outcomes. In 2004, the VCAL's second year of implementation, more than 8000 students enrolled in the program, with 322 providers. The vast majority of these students progressed to further learning or to employment in 2005 – proof of the VCAL's capacity to help students find a pathway.

In 2004–05, the VQA also completed a major evaluation of the VCAL's implementation and effectiveness. The VQA has now passed future administration of the VCAL to our colleagues in the Victorian Curriculum and Assessment Authority but we will continue to explore further development within the VCAL.

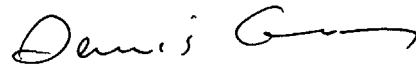
We worked with our delegate, the Office of Training and Tertiary Education in the Department of Education & Training, to ensure that Victoria remains fully compliant with the national standards for state accrediting and registration bodies in the Australian Quality Training Framework. We worked and will continue to work through the implications of the high-level review of our quality assurance strategy carried out in 2004 and have initiated a number of reforms to the current processes, including the introduction of a strategic audit of accredited courses. The VQA also contributed to national reviews of legislation dealing with overseas students and the provision of Foundation Programs, and conducted research into the demand for international senior secondary qualifications.

The VQA Board continued to guide the strategic direction of the organisation in the area of good governance and management. The VQA delivered its planned projects and activities within budget and had positive outcomes from internal and external audits. The Corporate Plan for 2005–07 was produced and disseminated and a review of the VQA's communications strategy completed. The VQA Board also prepared a response to the discussion paper, *Review of Education and Training Legislation*, issued by the Victorian Government.

These achievements would not have been possible without the contribution of many individuals and organisations. I want to record my thanks to all of our many stakeholders and also to:

- my colleagues on the staff of the VQA, for their energy, enthusiasm and dedication to making a difference for Victorian students
- the VQA Board, Audit Committee, working groups and reference groups, for their support and commitment to our work. Special thanks go to Paul Briggs, Alan Clifford and Julius Roe, who made outstanding contributions to the work of the Board and whose terms as VQA Board members have come to an end
- our colleagues in the Department of Education & Training and fellow statutory authorities, for mutual support and encouragement.

These acknowledgements reflect the fact that quality assurance of courses and providers, and the reform of the Victorian qualifications system and its pathways, is a team effort. Qualifications play an important part in our education and training system as a basis of curriculum planning and individual learning, as a means of opening up pathways to employment and further learning and as reward and recognition for success. It is therefore vital that these quality assurance and reform activities have the support and involvement of our many stakeholders. The VQA looks forward to continued support and involvement of its stakeholders so that, together, we can contribute to the development of Victoria's education and training system and to the generation of a competitive edge for Victoria's economy.



Dr Dennis Gunning
DIRECTOR

The VQA at a glance

Origins of the Victorian Qualifications Authority

The Ministerial Review *Post-Compulsory Education and Training Pathways in Victoria*, conducted in October 2000, recommended the establishment of a Victorian Qualifications Authority. It recommended that the Authority incorporate the accreditation, registration, certification and quality assurance functions of the Victorian Board of Studies, the State Training Board and the Adult, Community and Further Education Board. The Authority would have responsibility for maintaining the quality and public integrity of qualifications and their associated assessment arrangements, and for the recognition of education and training outcomes.

The VQA was therefore established in March 2001 as part of the new and integrated structural arrangements introduced to support the Government's post-compulsory education and training reform agenda.

Establishment

The VQA was established as a body corporate under the *Victorian Qualifications Authority Act 2000* (the Act) on 1 March 2001. It is the peak accreditation, registration, certification and quality assurance registration body for qualifications that involve or have a comparable or higher status to courses normally undertaken in Years 11 and 12, the VCE, vocational education and training and further education (except higher education) and is responsible to the Minister for Education and Training.

The VQA's key purposes are to ensure that the course and qualifications needs of the Victorian community are met and that qualifications are of the highest standard.

The Act was passed by the Victorian Parliament in November 2000. The Act established the VQA and reconstituted the State Training Board of Victoria as the Victorian Learning and Employment Skills Commission.

The broad objectives of the Authority, set out in section 5 of the Act, are:

- to develop and monitor standards for education and training normally undertaken in, or designed to be undertaken in, the years after Year 10
- to ensure and support appropriate linkages between qualifications
- to facilitate procedures which make it easier for people to re-enter education and training and acquire qualifications.

The Act was amended twice during 2003–04, by the *Victorian Qualifications Authority (Amendment) Act 2003* and the *Victorian Qualifications Authority (National Registration) Act 2004*.

Functions and responsibilities

The functions of the VQA as set out in section 6 of the Act, are to:

- develop policies, criteria and standards for the accreditation of courses, the recognition of qualifications, the quality assurance for qualifications issued in accordance with this Act and the registration of courses, qualifications and education and training organisations
- accredit courses and register accredited courses
- recognise qualifications (including qualifications developed outside Victoria and Australia) and provide for the registration of recognised qualifications

- approve providers of accredited courses and persons who can issue recognised qualifications and to register those providers and persons
- issue recognised qualifications and qualifications for accredited courses
- enter into arrangements with other agencies to develop and modify courses
- promote and develop linkages between accredited courses and recognised qualifications and support articulation between those courses and courses in other sectors of education
- monitor patterns of participation by students in accredited courses or other education or training that leads to the issue of a recognised qualification; and the outcomes of those courses, recognised qualifications and education and training
- develop and monitor standards for education and training after Year 10
- ensure and support appropriate linkages between qualifications
- facilitate procedures to make it easier for people to re-enter education and training and to acquire qualifications throughout their lives.

The VQA's operational responsibilities also include:

- the provision of support to the Board and any committees it might establish and the running of internal processes and procedures that comply with the Act and other appropriate legislation, and in accordance with the policy framework of the Department of Education & Training
- effective communication of its policies, qualifications and initiatives
- the accreditation and registration of new post-compulsory qualifications (except higher education qualifications), the approval and registration of providers and the issuing of certificates. For each of these duties, the VQA can choose to exercise its responsibilities directly or to delegate the function to others to carry out on its behalf. For example, the VQA carries out the accreditation function but delegates the responsibility for approval of new providers and the issuing of certificates.

The VQA also has statutory responsibility for the quality assurance of registered training organisations in Victoria's vocational education and training (VET) sector, in accordance with the nationally agreed Australian Quality Training Framework Standards. It has responsibility for approving providers who wish to deliver VET courses to students from overseas. The VQA has delegated the management of registration and approval processes to the Office of Training and Tertiary Education of the Department of Education & Training.

The VQA has responsibility for the accreditation of senior secondary, VET and further education courses (excluding higher education courses). It also contributes to Victoria's endorsement of national training package qualifications.

Government goals and targets for education and training

The work being undertaken by the VQA supports the following Government goals and targets for the post-compulsory education and training system outlined in *Growing Victoria Together: A Vision for Victoria to 2010 and Beyond*:

- 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.

Projects being undertaken by the VQA are aimed at helping to achieve the following Government targets:

- to increase the level of participation in vocational education and training of adults aged 25–64 years
- by 2010, 90 per cent of young people in Victoria will complete Year 12 or its equivalent.

Key relationships

The VQA considers advice on courses and qualifications, and linkages between qualifications from the Victorian Curriculum and Assessment Authority, the Adult, Community and Further Education Board, and the Victorian Learning and Employment Skills Commission.

The VQA Board and staff also involve a range of stakeholders from all sectors of education and from industry in consultations and development work. Similarly, Victorian agencies such as the Department of Education & Training and the Local Learning and Employment Networks (LLENs), and national agencies such as the Australian Qualifications Framework Advisory Board and the Australasian Curriculum, Assessment and Certification Authorities are key stakeholders and partners in the VQA's work.

The VQA has also had an ongoing relationship with the Australian National Training Authority (ANTA). 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.

Delegations

According to section 16 of the Act:

- (1) The Authority may, by instrument under its common seal, delegate any function or power of the Authority, other than this power of delegation, to any of the following:
 - (a) a member of the Authority
 - (b) a member or the members of a committee established under section 15
 - (c) the Director (of the VQA) or any person employed under section 14
 - (d) the Secretary or any other person employed in the Department of Education & Training

- (e) the Victorian Learning and Employment Skills Commission
 - (f) the Adult, Community and Further Education Board
 - (g) the Victorian Curriculum and Assessment Authority.
- (2) The Authority may, by instrument under its common seal, delegate any power of the Authority to award or issue qualifications to any of the persons or bodies referred to in sub-section (1) or a registered education and training organisation.
 - (3) The Authority, by instrument under its common seal, may delegate any of the following powers of the Authority to a registered education and training organisation that has been approved by the Authority for the purposes of this sub-section:
 - (a) the power under section 21 to investigate:
 - (i) a vocational education and training course or a sequence of vocational education and training
 - (ii) a further education course leading to the issue of a higher education award
 - (iii) any part of a course referred to in sub-paragraph (i) or (ii) that the registered education and training organisation provides or proposes to provide to determine whether it should be registered as accredited or continue to be registered as accredited
 - (b) the power under section 23(1A) to authorise the registered education and training organisation to provide an accredited vocational education and training course or part of such a course or a further education course, other than a further education course leading to the issue of a higher education award
 - (c) the power under section 23(2A) to authorise the registered education and training organisation to award or issue a recognised vocational education and training qualification or a recognised further education qualification, other than a further education qualification that is a higher education award.

Delegations are the subject of regular reports at each Audit Committee meeting to ensure that statutory responsibilities are being met. Service agreements have been developed for delegations to ensure that expectations, accountabilities and reporting arrangements are clear and can be tracked. Current delegations are to the Office of Training and Tertiary Education of the Department of Education & Training for the registration of providers in further education and training, and to the Victorian Curriculum and Assessment Authority for the issuing of senior secondary certificates and statements of results.

The VQA Board

Ministerial appointments to the VQA Board reflect the diversity of the post-compulsory education and training community. The Minister ensures that the composition of the VQA Board is a fair and balanced reflection of the VQA's stakeholders and community diversity, and represents both metropolitan and country interests.

Professor Gerald Burke was appointed Chair on 3 August 2004. Ms Cheryl Glowrey was appointed to fill the position previously held by Mr Alan Clifford who resigned on 22 February 2005. Mr Leigh Hubbard was appointed to fill the position previously held by Mr Julius Roe who resigned on 10 May 2005. A replacement is being sought for Mr Paul Briggs who resigned from the Board on 12 April 2005. Meetings of the VQA Board are held on the first Friday of every second month. The VQA Audit Committee met on six occasions in 2004–05.

Membership

The Secretary to the Department of Education & Training and the Chairs of the Victorian Curriculum and Assessment Authority, the Victorian Learning and Employment Skills Commission, and the Adult, Community and Further Education Board are ex-officio members of the VQA Board. The remaining 11 members, including the Chair, were appointed by the Governor-in-Council on the nomination of the Minister for Education and Training.



PROFESSOR GERALD BURKE

(from 3 August 2004)

CHAIR

Professor Gerald Burke is executive director of the Monash University – ACER Centre for the

Economics of Education and Training and a staff 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.



MR PAUL BRIGGS OAM

(to 12 April 2005)

MEMBER

Mr Paul Briggs has a wealth of experience across various sectors in Aboriginal community development. He is an

adviser to the Victorian Aboriginal Community Controlled Health Organisation, a member of the Northern Victorian Aboriginal Partnerships Committee and a founding member of the Ganbina Koorie Economic Employment and Training Agency Committee. He is founding Chairman of First Nations Advantage Credit Union, the first credit union offering national access to financial services owned and operated by Indigenous people. He is also founding president of the Rumbalara Football/Netball Club in northern Victoria.


MR ALAN CLIFFORD

(to 22 February 2005)

MEMBER

Mr Alan Clifford was Castlemaine Secondary College Principal from 1994 until his retirement in 2004. Mr Clifford

began teaching in 1972 and was Castlemaine Technical College Principal from 1991 to 1994. He was a Department of Education, Employment and Training Senior Education Officer in the Maryborough District, Loddon Campaspe Mallee Region, and in the Western Metropolitan Region between 1983 and 1988. He served as an Acting Inspector, Technical Schools Division, Education Department of Victoria from 1981 to 1983.


MS CHERYL GLOWREY

(from 1 March 2005)

MEMBER

Ms Cheryl Glowrey is currently Principal of Neerim District Secondary College and has over 25 years of experience in

post-compulsory education and training, having worked in schools in New South Wales, the Australian Capital Territory and most recently in Victoria. She is a member of the Blackwood Centre for Adolescent Development Committee of Management and Chairperson of the Education Centre Gippsland.


MS LINDA HERON

MEMBER

Ms Linda Heron is the General Manager, Human Resources, Coles Myer Food, Liquor and Fuel. Her considerable experience in the retail industry

spans over 25 years and includes several senior Human Resources and Retail Management roles at Coles Myer. Prior to her current appointment she was responsible for the establishment of the Coles Myer Institute. Ms Heron was a member of the Board of ANTA from July 2004 until it was abolished in October 2004.


MR PAUL HERRICK

MEMBER

Mr Paul Herrick is the foundation Principal of Marymede Catholic College, South Morang, a Prep –12 College opening in 2006. Prior to this

appointment, he was responsible for Leadership and Accountability at the Catholic Education Office. He also has previous experience as a secondary school principal in both Victoria and Western Australia. Mr Herrick is a Director of the Education Board of St Columba's College, Essendon and also serves as a member of the Champagnat Education Council.


MR LEIGH HUBBARD

(from 17 May 2005)

MEMBER

Mr Leigh Hubbard is the National Executive Officer of the United Firefighters Union of Australia. He has nearly 20 years

experience in industrial relations as an industrial officer, solicitor, policy officer and, from 1995 until April 2005, as Secretary of the Victorian Trades Hall Council. Mr Hubbard has extensive experience in vocational educational and training, occupational health, and workers' compensation issues and policy. He is currently a member of the ACTU Executive and the Ethical Clothing Trades Council. From 2000 until March 2005, Mr Hubbard was a member of the Victorian Learning and Skills Commission and its predecessor the State Training Board. He has been a member of the Manufacturing Industry Consultative Council and the Victorian WorkCover Authority's WorkCover Advisory Committee.


MS JULIE MOSS

MEMBER

Ms Julie Moss is the Managing Director of the Photography Studies College in Melbourne. Ms Moss has been involved in vocational

education and training for over 20 years and has served on numerous post-compulsory education and training reference groups at both state and national levels. She is Chair of the National Board of the Australian Council for Private Education and Training, as well as Chair of the State Executive Committee. She is also a member of the Victorian Higher Education Advisory Committee.


MS VIRGINIA SIMMONS

MEMBER

Ms Virginia Simmons has been a TAFE Director in both the TAFE institute and dual sector university setting since 1986. She is currently CEO of Chisholm

Institute of TAFE. Her career in education spans more than 20 years, mostly in the TAFE sector. Since 1993, Ms Simmons has consulted widely internationally, particularly in the Asia-Pacific region. She serves on a number of economic and education boards. In 1995, she received the inaugural Prime Minister's Training Award for her contribution to women in vocational education and training.


MR JULIUS ROE

(to 10 May 2005)

MEMBER

Mr Julius Roe has been the National President of the Australian Manufacturing Workers' Union since 2000.

He is the Australian Council of Trade Unions' representative on the National Training Quality Council and is an active member of the Joint Industry Training and Education Council. He has been instrumental since 1987 in the restructuring of the Metal Industry Award and is a member of the National Negotiating Group of the Metal Trades Federation of Unions.

Mr Roe co-authored *Towards a New Metal and Engineering Industry Award* and took part in the Commonwealth/State Training Advisory Committee overseas mission which produced the report *A Strategic Framework of the Implementation of a Competency Based Training System*.


PROFESSOR BARBARA VAN ERNST AM

MEMBER

Professor Barbara van Ernst is the Deputy Vice-Chancellor of the Lilydale Campus of Swinburne University of Technology. She is also

Deputy Vice-Chancellor of Learning and Teaching and has more than 25 years experience in higher education. She was founder and inaugural president of the Association of Music Education Lecturers, and Head of the School of Visual and Performing and Media Arts at Deakin University.


MS ANNA VLASS

MEMBER

Ms Anna Vlass is the Acting Principal at Box Hill Senior Secondary College and has more than 25 years experience in secondary education,

mostly in the post-compulsory years. She has been a member of various post-compulsory reference groups related to vocational education in the VCE and the development and implementation of the VCAL. She is currently a member of the Victorian Curriculum and Assessment Authority Vocational Education Reference Group.



MRS ELIZABETH WARD
MEMBER

Mrs Elizabeth Ward has been Principal of Presbyterian Ladies' College since 1998. She was a member of the Ministerial Advisory

Committee for the Victorian Institute of Teaching. She has been Chair of the NSW Board of Studies HSC History Examination Committee, and supervisor of the HSC marking in History. In 1999, she was awarded a fellowship from the Australian College of Educators and in 2004 was awarded a fellowship from the Australian Council for Educational Leadership. Prior to her appointment at Presbyterian Ladies' College, she was Deputy Headmistress at Abbotsleigh and Head of History at Ravenswood School in Sydney.



MR STUART HAMILTON
AO

EX-OFFICIO MEMBER
Mr Stuart Hamilton is Chair of the Victorian Curriculum and Assessment Authority. He is Chief Executive of

Open Universities Australia and was previously Secretary of the Department of Education & Training. He has been Executive Director of the Australian Vice-Chancellors Committee and Secretary to the Commonwealth Departments of Health, Housing and Community Services and Environment. His other board appointments have included the Council for the Humanities, Arts and Social Sciences, the International Association of Universities, La Trobe University, the Australian Qualifications Framework Advisory Board, and the Australian Council for Educational Research.



MR GRANT HEHIR
EX-OFFICIO MEMBER

As Secretary Mr Grant Hehir leads the Department in fulfilling its role to provide, fund, purchase and regulate education and training

services for Victorians. The scope of his responsibilities encompasses schools, TAFE institutes, registered training organisations, adult and community education (ACE) providers, adult education institutions and higher education institutions. Before joining the Department Mr Hehir was Deputy Secretary, Strategic, Economic and Social Policy at the Department of Premier and Cabinet, advising the Premier on social and economic policy matters. He previously held the role of Deputy Secretary, Budget and Financial Management Division at the Department of Treasury and Finance, in which he provided advice to the Government on state budget strategy and management, and on emerging policy issues.



MR PETER THOMAS AM
(from 6 July 2004)

EX-OFFICIO MEMBER
Mr Peter Thomas is Chair of the Victorian Learning and Employment Skills Commission. Mr Thomas is an AI Group Emeritus

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



MS LYNNE WANNAN

EX-OFFICIO MEMBER

Ms Lynne Wannan was appointed Chairperson of the Adult, Community and Further Education Board on 25 March 2003 for three years. She has

worked with community organisations and as an adviser to both State and Commonwealth governments. As a social policy analyst, she has experience in senior management positions in local government, the private sector and State Government. She has worked in the broad community and health services industry for the past 20 years.

Audit Committee

Members

Ms Julie Moss (Chair)
 Mr Paul Herrick
 Professor Gerald Burke
 Mr Jonathan Thomas

VQA staff

VQA staff provide advice and report to the VQA Board on:

- appropriate guidelines and standards relating to the accreditation of courses and registration of providers
- development and implementation of certification and registration procedures and processes
- management of the VQA's resources
- quality assurance services relating to the effectiveness and efficiency of the VQA's policies and standards
- the quality of implementation of the VQA's policies and guidelines by various institutions and agencies
- strategic planning and policy development and directions.

The VQA staff operate within the financial, asset, human resource and information technology policy frameworks of the Department of Education & Training. Further details of these arrangements are provided in Appendix 1 (see page 53).

Director

The Director is responsible to the Chair of the VQA for the effective and efficient implementation of the VQA Board's decisions and to the Secretary of the Department of Education & Training for the running of the organisation and its effective interaction with the Department.

Staff

Executive officer staff are Dennis Gunning (Director) and Rob Fearnside (VCAL and Credit Matrix Project Executive). VQA staffing is organised in four functional areas, each led by a member of the VQA management team:

- qualifications development
- quality assurance
- governance and communication
- VCAL and Credit Matrix.

As at June 2005 the VQA had 25 staff members – 22 full-time and 3 part-time, of which 72 per cent were female and 28 per cent were male. Details of VQA staff are provided in the tables following. The total staffing is made up of a core establishment plus additional staffing appointed through secondments or short-term contracts to work on specific projects.

Number and full-time equivalent of staff on pay by sex and classification as at June 2005

Classification	Males		Females		Total	
	Number	Full-time equivalent	Number	Full-time equivalent	Number	Full-time equivalent
EO2	1	1	–	–	1	1.0
EO3	1	1	–	–	1	1.0
VPSG6	2	2	2	2.0	4	4.0
VPSG5	3	3	9	8.6	12	11.6
VPSG4	–	–	–	–	–	–
VPSG3	–	–	6	5.9	6	5.9
VPSG2	–	–	1	1.0	1	1.0
TOTAL	7	7	18	17.5	25	24.5

Number of staff on pay by sex, classification and time fraction worked as at June 2005

Classification	Males		Females		Total	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
EO2	1	–	–	–	1	–
EO3	1	–	–	–	1	–
VPSG6	2	–	2	–	4	–
VPSG5	3	–	7	2	10	2
VPSG4	–	–	–	–	–	–
VPSG3	–	–	5	1	5	1
VPSG2	–	–	1	–	1	–
TOTAL	7	0	15	3	22	3

The VQA team (from left)

Front row: Melinda Nulty, Angela Davidson-Slater, Jacqui Spencer, Frances Lamb, Ann Alexander.

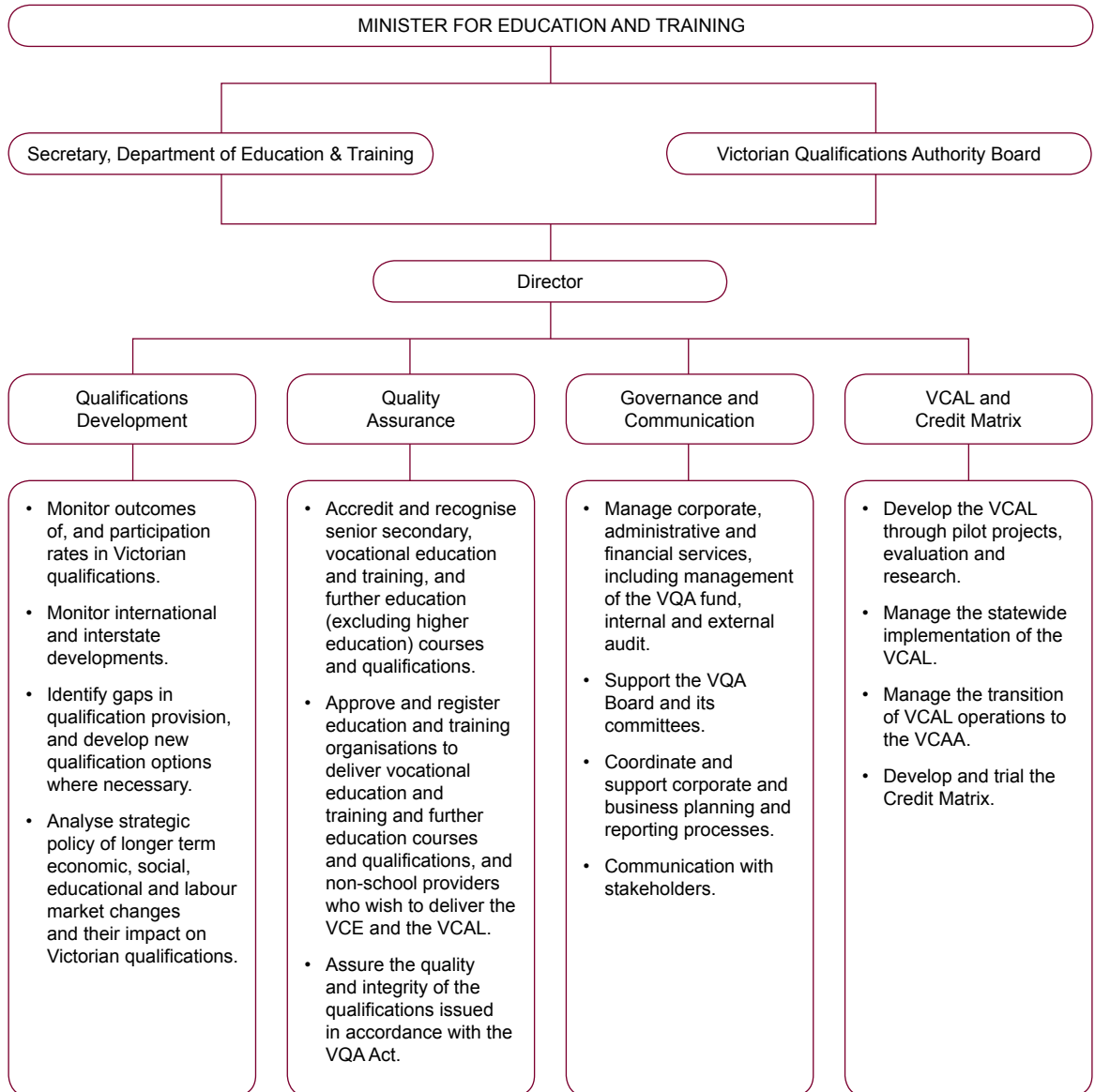
2nd Row: Frank Galati, Carmel Brown, Judith Firkin, Belinda Duffus, Jane Cussen, Berenice Chong.

3rd row: David Symonds, Annette Whiter, Gregory Deakin, Kay Rodriquez, Madeleine Jenkins.

Back row: Dennis Gunning, Robert Fearnside, Stephen Moschner, Maryse Felicite, Tony Ayers, Christine Croker.



Organisation chart



Summary of financial results

As planned, the VQA ended the year with an operating deficit. The deficit was \$353,023.

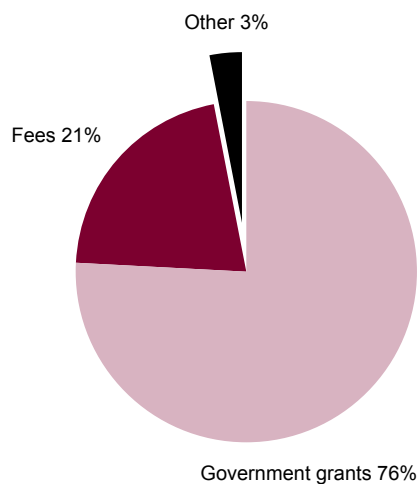
Revenue decreased by \$186,507 from \$5,516,383 for 2003–04 to \$5,329,876 for the year ended 30 June 2005.

Expenses increased by \$283,563 from \$5,399,336 to \$5,682,899 due to increased activities undertaken by the VQA during the financial year, particularly work associated with qualifications in design and with the Credit Matrix.

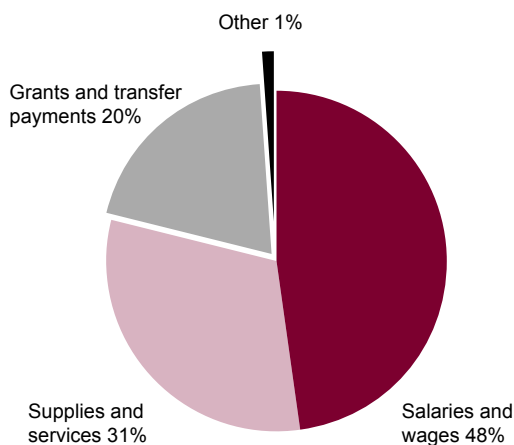
The majority of expenses related to salaries and salary oncosts, accounting for 48 per cent of the total. Expenses for operating supplies and consumables accounted for 31 per cent; and grants and transfer payments accounted for 20 per cent.

	2005 \$	2004 \$
Revenue		
State Government grants	4,052,166	4,282,170
Registration and course accreditation fees	1,106,447	1,060,367
Other	171,263	173,846
Total revenue	5,329,876	5,516,383
Expenses		
Salaries, wages and oncosts	2,737,171	2,680,015
Grants and transfer payments	1,152,109	988,792
Depreciation and amortisation	29,322	38,141
Supplies and services	1,733,562	1,674,488
Other	30,735	17,900
Total expenses	5,682,899	5,399,336
Operating result	-353,023	117,047

Revenue



Expenses



Summary of achievements

In 2004–05, the VQA made significant progress in the four crucial areas of its business identified by the Board as the key strategic areas of activity. These achievements are summarised below and covered in more detail in the sections that follow.

Demonstrating good governance and management

Effective stakeholder communication has been facilitated through the distribution of publications such as *VQA Update*, regular updates to the VQA website, and contributions to state, national and international conferences. An independent review of the VQA's communication strategy described stakeholders' views of the VQA as positive overall, with specific suggestions for improving the targeting of communications.

The VQA has developed an intranet website to provide Board members and the Audit Committee with online access to key documents and information.

The Audit Committee reports to the Board on delegations to the Office of Training and Tertiary Education of the Department of Education & Training, and the Victorian Curriculum and Assessment Authority. The number of Audit Committee meetings held annually has increased from four to six to adequately discharge this responsibility. A review of the VQA Fund provided a more transparent funding model for the delegated functions.

Finance, human resources and administration management arrangements are implemented in line with Department of Education & Training requirements and consistent with the Financial Management Compliance Framework.

Processes and procedures continued to be informed by the use of a formal internal quality system based on public service best practice.

Enhancing quality assurance

A third external audit of Victoria's compliance with Australian Quality Training Framework Standards for registration and accreditation bodies was carried out in October 2004. The system was found to be fully compliant with the Standards.

Key initiatives directed at further enhancing the VQA's quality assurance processes have included a high-level review of accreditation, registration and audit functions. As a result of the review recommendations, a suite of projects has been established that focus on further improving accreditation, registration and audit processes.

Improving senior secondary outcomes

The VQA worked with the Victorian Curriculum and Assessment Authority to review and enhance the VCE. The VQA also developed and introduced the new senior secondary qualifications option, the VCAL, which was implemented in 2003. In the second year of implementation, the VCAL had been offered by more than 320 providers and had over 8,000 student enrolments.

Responsibility for VCAL operations was transferred to the Victorian Curriculum and Assessment Authority at the beginning of 2005 along with budget allocations and service accountabilities. The VQA remains responsible for VCAL strategy and policy and for completing

the pathway projects initiated in 2004. The VQA is also managing the value-for-money evaluation of the VCAL.

Building pathways and credit bridges

The VQA has been working to enhance its system of reporting on student outcomes and achievements in order to provide the depth of policy analysis that the Board needs to decide on future qualifications' development and policy interventions.

The VQA has also sought to provide better support for students moving from one qualification to another by developing the Credit Matrix. The Credit Matrix is intended to clarify the existing architecture of the Victorian qualifications system. Students will be able to receive recognition for previous achievements when negotiating entry to a new qualification. The consultation paper on the matrix design was widely distributed in late 2004 and received strong and broad-based support.

Trialing of the Credit Matrix also produced positive outcomes. Implementation of the Credit Matrix is planned for 2005.

The VQA has contributed to the development of qualifications and pathways in applied design as part of the whole-of-government initiative to develop Victoria's innovation economy. The new Victorian Qualifications Framework in Applied Design for Industry has been accredited and is being implemented.

The VQA is exploring ways through a series of projects in which students can receive recognition or credit towards qualifications for currently unrecognised knowledge and skills developed in settings such as informal learning, part-time work and apprenticeship training. An innovative approach to assessing a student's learning skills as a result of informal learning will be piloted in 2005.

The sections that follow provide further detail about VQA's achievements in 2004–05 in each of these four key areas of activity.

Achievements

The VQA is the peak accreditation, certification and registration body for post-compulsory education and training (except higher education). The VQA Board is accountable to the Minister for Education and Training.

Demonstrating good governance and management

Governance arrangements

During 2004–05, the VQA improved planning and other processes for Board meetings to enable the Board to focus on key policy issues. Members can now access guidelines and a handbook, copies of the *Victorian Qualifications Authority Act 2000*, instruments of delegation, the VQA Corporate Plan 2005–07 and information on insurance arrangements for Board members on an intranet site.

A stakeholder consultation was held at the Gippsland Education Precinct at Churchill prior to the Board's regular meeting in August 2004 to seek stakeholder views on qualification needs and issues in the region. Matters discussed at this meeting included the nature and role of foundation studies in higher education, which provided the impetus for a number of projects that formed part of the Corporate Plan including pathways research in student achievement in vocational education and training.

An extended meeting of the VQA Board was held in October 2004 to begin the process of drawing up a corporate plan for 2005–07 and a business plan for 2005–06. This meeting was supported by a number of strategy papers on key issues and a draft corporate plan was developed and then refined over successive meetings of the Board.

The Audit Committee is now responsible for monitoring and reporting to the Board on activities delegated to the Department of Education & Training and the Victorian Curriculum and Assessment Authority. In order to adequately undertake this responsibility, the Audit Committee has increased the number of annual meetings from four to six.

A review of the VQA Fund was completed during the year in order to provide a more transparent funding model for the delegated functions to the Department of Education & Training. This new funding model is being introduced in 2005–06.

Communication and relationship building

An independent review of the VQA's communication strategy was undertaken, which included extensive discussion with stakeholders. The final report was presented to the Board in June. The review highlighted the need to apply the VQA brand consistently and tailor communications to stakeholders' needs. Specific follow-up actions have been prioritised and will be implemented during 2005–06.

In 2004–05, the VQA continued to publish information for stakeholders, including two editions of *VQA Update*, the regular newsletter, and information on specific projects such as accreditation and the Credit Matrix. The redevelopment of the VQA's website was completed and the intranet sites for staff and for Board members were consolidated.

As part of the program of joint Board meetings with colleague statutory authorities initiated by the VQA in 2003, a joint meeting with the ACFE Board is proposed. The communication strategy, stakeholder meetings as part of the corporate planning process, joint project activity and the Board stakeholder consultation meeting

have deepened relationships with stakeholders. The Director of the VQA is a member of the Department of Education & Training Portfolio Board under the new departmental governance arrangements and VQA staff have participated in a range of Departmental portfolio executive committees. Joint steering or reference groups overseeing VQA projects have appropriate Department of Education & Training, statutory authority and stakeholder membership. VQA staff continue to contribute to working and steering groups, providing input to projects initiated by the Department of Education & Training and colleague statutory authorities.

The VQA has contributed to Victoria's high standing in education and training through the publication of articles and papers, participation in programs for overseas visitors to Victoria, presentations to conferences in Australia and beyond, and consolidation of links with other qualifications authorities around the world. The VQA continues to participate in the CEO meetings of the Australasian Curriculum Assessment Certification Authorities, and the meetings of the Chairs of registration course accreditation bodies.



Enhancing quality assurance

The VQA's quality assurance responsibilities comprise a range of activities including:

- accrediting and recognising senior secondary, vocational education and training, and further education (excluding higher education) courses and qualifications
- approving and registering education and training organisations to deliver vocational education and training and further education courses and qualifications, and non-school providers who wish to deliver the VCE and VCAL
- approving providers and courses suitable for overseas students studying in Victoria.

In the VET sector, the accreditation and registration activities of the VQA must comply with the nationally agreed Australian Quality Training Framework (AQTF) Standards for State and Territory Registering/Course Accrediting Bodies, which came into effect on 1 July 2002.

All States and Territories must advise the National Training Quality Council on their compliance with the national standards that cover the registration and audit of training organisations and related processes.

In 2004–05, the VQA and its delegate, the Higher Education and Regulation Division in the Department of Education & Training, were externally audited to assess their compliance with the AQTF Standards. The audits showed that full compliance had been achieved.

In the second half of 2004 the VQA set up a high-level, independent review of the VQA's quality assurance processes. Review recommendations and options for action were considered by the VQA Board in late 2004. As a result, existing delegation and service agreements were refined to improve clarity of expectations. A suite of projects were also established that focus on improving registration and audit processes and creating a stronger culture of continuing improvement. Included in these projects is a new kind of audit, a strategic industry audit of high-risk

accredited courses. The first audit, focusing on First Aid courses, commenced in June 2005.

A new initiative undertaken by the VQA in 2004–05 was the establishment of a National Course Accreditation Bodies Network to support State and Territory accreditation authorities in the provision of nationally consistent advice on course accreditation.

A further initiative, implemented in the second half of 2004, was the introduction of a new program enabling high-quality training providers to be approved as VQA delegates. The program has allowed providers to apply for delegated powers to accredit their own courses and/or manage their own extensions to scope of registration, provided that they meet the delegation criteria and have an excellent track record of delivery. While there has been a high level of interest in the new program, no delegations have yet been approved.

Accreditation

The VQA is the responsible body for accrediting all post-compulsory qualifications delivered in Victoria, except higher education qualifications.

National training packages

The VQA evaluates new and reviewed training packages in partnership with the Department of Education & Training. Training packages are developed nationally by industry to ensure that they reflect workplace standards and deliver a viable vocational outcome. Training package qualifications are endorsed by each State and Territory Minister responsible for vocational education.

In 2004–05, the Minister endorsed a new training package, Competitive Manufacturing, and reviewed the following:

Aeroskills (extension of Diploma units)
Automotive Manufacturing (version 4)
Business Services (version 4)
Chemical, Hydrocarbons and Oil Refining (version 2)
Civil Construction (Timber Bridges extension)
Community Recreation Industry
Financial Services

Fitness Industry
Laboratory Operations
Local Government
Metalliferous Mining
Museum, Library and Information Services
Plumbing and Services (addition of Licensing Units)
Public Safety (version 4)
Public Sector
Training and Assessment

Accreditation of other VET courses

The VQA monitors quality assurance procedures as part of its commitment to continuous improvement of the course accreditation process. A formalised process for declaring an intention to accredit a course was introduced in 2003–04. In addition, 23 accreditation advisers approved by the VQA were appointed to work with course developers, copyright owners and the VQA to assist in ensuring proposed course submissions accurately reflected the AQTF Standards for State and Territory Registering/Course Accrediting Bodies.

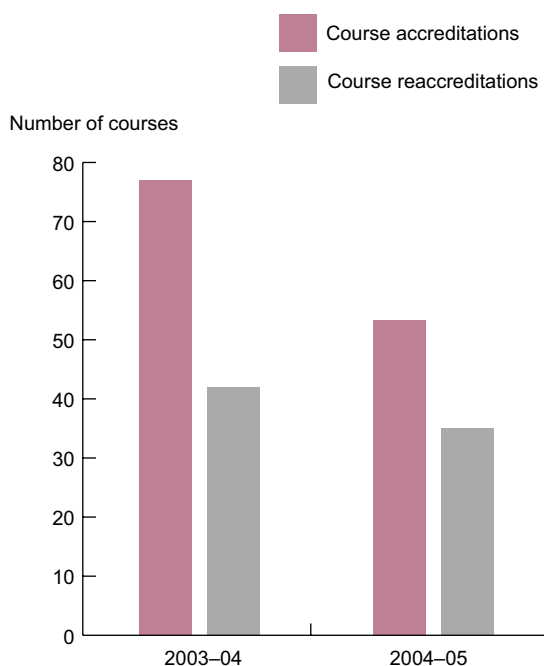
These changes have led to improved course proposals being submitted to the VQA in 2004–05 and to fewer non-approvals in the same period.

VET accreditation activities, 2004–05

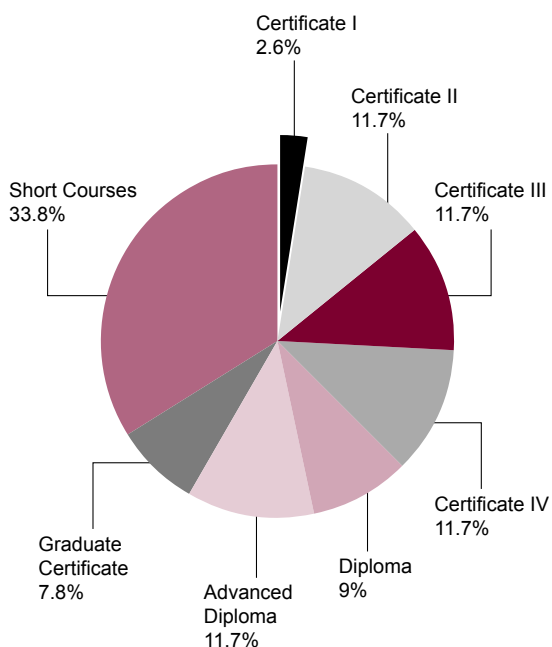
New courses accredited	52
Courses reaccredited	36
Course accreditations extended (for maximum of 12 months)	54
Courses deleted (no new enrolments permitted)	203

The level of accreditation activity reflects the ongoing demand in Victoria for vocational education courses outside the list of available national training packages. These courses extend the range available by providing flexibility, and responsiveness to local employment and training needs.

VET courses accredited and reaccredited, 2003-04 and 2004-05



VET course accreditations by qualification title, 2004-05



Registration of providers

The VQA exercises its responsibility for the registration and audit of providers of vocational educational training and further education through delegation to the Higher Education and Regulation Division of the Department of Education & Training. The delegation is undertaken according to the requirements of the AQTF Standards and in accordance with a service agreement.

Number of providers as at 30 June 2005 and at 30 June 2004

Category	30 June 2005	30 June 2004
Commercial training organisation	555	501
Community access centre	139	149
Enterprise-based organisation	94	91
Industry organisation	164	180
Private school	52	54
Government school	71	70
Adult education centre	97	97
Professional association	12	8
Adult migrant education	1	1
TAFE institutes	20	20
Local government	2	2
Other government	3	2
Total	1210	1175

Number of new providers registered 1 July 2004 – 30 June 2005

Category	1 July 2004 – 30 June 2005	1 July 2003 – 30 June 2004
Commercial training organisation	117	118
Community access centre	–	2
Enterprise-based organisation	12	11
Industry organisation	6	1
Private school	1	2
Government school	4	5
Adult education centre	3	4
Professional association	4	2
Local government	–	1
Other government	1	2
Total	148	148



System for training and recognition

The *Victorian Qualifications Authority Act 2000* requires that the VQA maintain a State Register of accredited courses and recognised qualifications. The State Register also lists the registered providers of those courses and qualifications.

The VQA utilises the information contained in the System for Training and Recognition (STAR) to comply with these requirements. The basis for the State Register is a published report that is derived from the information contained within STAR.

During 2004–05, work has been progressing on the upgrading of both the State Register and STAR to ensure that government requirements are met, and that STAR is compatible with the National Training Information Service database. This database has been reviewed and a revised version is currently being tested.

Education services for overseas students

The regulation of providers in the Victorian VET sector delivering courses to overseas students studying in Victoria is managed by the Higher Education and Regulation Division of the Department of Education & Training, as delegate of the VQA. In 2004–05, seven new providers were approved to provide specified courses for overseas students under section 27 of the *Victorian Qualifications Authority Act 2000*.

The VQA represents the Victorian VET sector at national Education Services for Overseas Students (ESOS) Implementation Group meetings. The meetings ensure national consistency in the interpretation and implementation of the Commonwealth ESOS legislative framework by State and Territory government registering authorities. There were four meetings in 2004–05.

In 2005, the Commonwealth Department of Education, Science and Training coordinated an independent evaluation of the *Education Services for Overseas Students (ESOS) Act 2000*. The VQA organised the preparation of a portfolio response to the evaluation document. The VQA has also been participating, as the representative of the Australasian Curriculum Assessment Certification Authorities and the States' and Territories' registering and course accreditation bodies, in a review of the criteria and standards for Foundation Programs for overseas students seeking access to higher education courses.

The VQA has developed criteria and guidelines to support the implementation of an amendment made to the *Victorian Qualifications Authority Act 2000*, which made provision for the VQA to assess the suitability of a course before giving approval to an organisation to provide it to overseas students. The criteria and guidelines were endorsed for implementation by the VQA Board in June 2005.

Improving senior secondary outcomes

The improvement of student outcomes in the senior secondary years is reflected in the Government's target that, by 2010, 90 per cent of young people in Victoria should achieve successful completion of Year 12 or its equivalent. Students are encouraged to plan a pathway to further education, training or employment that is based on a secure level of achievement in the school years.

The VQA is responsible for the accreditation and issuing of qualifications for senior secondary certificates in Victoria. Recognising that many students require a practical and vocationally oriented senior secondary curriculum, the VQA introduced the VCAL as an alternative to the VCE. The VCAL offers wider choice and qualifications options for senior secondary students.

Victorian Certificate of Education

The VQA accredits proposals developed by the Victorian Curriculum and Assessment Authority for improvements in the study design rules and component studies of the VCE. The VQA regularly reviews these studies as part of a program of continuous improvement.

In 2004–05, the VQA accredited the following new VCE Language other than English (LOTE) studies:

- Bosnian
- Classical Hebrew
- Punjabi
- Yiddish.

The following VCE studies were reaccredited following reviews:

- Agriculture and Horticultural Studies
- English Language
- Environmental Science
- Food and Technology
- Literature
- Physics
- Religion and Society
- Mathematics
- Geography
- Sociology
- International Politics
- Music: Performance and Styles
- Physical Education
- Outdoor and Environmental Studies
- Biology
- Legal Studies.

The following VET in Schools studies were reaccredited following modifications to the programs:

- VET Certificate II in Horticulture
- VET Certificate II in Furnishing
- VET Certificate II in Agriculture
- VET Engineering
- VET Certificate II in Electronics
- VET Community Services
- VET Cisco Networking Academy program.

Extensions of accreditation were approved for the following VCE studies:

- Classical Societies and Cultures
- Philosophy
- Texts and Traditions
- English/English as a Second Language
- Chemistry
- Foundation English.

Extensions of accreditation were approved for the following VCE LOTE studies:

- | | |
|--------------|--------------|
| • Albanian | • Polish |
| • Armenian | • Portuguese |
| • Auslan | • Romanian |
| • Croatian | • Russian |
| • Dutch | • Serbian |
| • Filipino | • Sinhala |
| • Hebrew | • Swedish |
| • Hindi | • Tamil |
| • Hungarian | • Turkish |
| • Khmer | • Ukranian. |
| • Macedonian | |
| • Maltese | |

The VQA delegates its responsibility for issuing VCE and VCAL qualifications to the Victorian Curriculum and Assessment Authority. The table below shows the graduation statistics of the 2004 VCE assessment program. There were 49,741 students eligible to complete the VCE at the end of 2004, 53.3 per cent of whom were female. Overall, 48,134 students (96.8 per cent of those eligible) graduated.

Eligible students are those who had reached the end of the school year in 2004 and had accumulated sufficient previous results and, if their current enrolments were completed satisfactorily, would meet the minimum requirements of the VCE. These figures do not take account of those students who had withdrawn during the year.

VCE student participation and completion, 2004

	Number of students		
	Eligible to complete the VCE ¹	Satisfactorily completing VCE ²	Percentage ³
All students	49,741	48,134	96.8
Female students	26,498	25,771	97.3
Male students	23,243	22,363	96.2

¹Figures are derived from information provided by the Victorian Curriculum Assessment Authority in December. Year 12 enrolments in Victorian schools were 52,469 in February 2004 and 50,758 in August 2004.

²Students who have successfully achieved their VCE in previous years have been removed from both eligible and completing totals.

³This figure is not an indicator of attainment of the Premier's completion target.

Victorian Certificate of Applied Learning

The VCAL is a qualification designed to provide additional pathways for Year 11 and 12 students interested in vocationally oriented career options or moving straight into employment. It is designed to complement the VCE by providing a senior secondary option with a 'hands-on' approach to learning and a vocational pathway.

In 2005, the VCAL entered its third year of implementation and is delivered by 379 providers across government and non-government schools, TAFE institutes and ACE organisations. Enrolments for the VCAL have grown significantly each year with more than 10,000 students participating statewide in 2005.

In 2004, the VQA completed a successful transition program in which responsibility for the administration and operation of the VCAL was transferred to the Victorian Curriculum and Assessment Authority, which has statutory responsibility for the curriculum and assessment of Victorian senior secondary certificates. The VQA continues to have responsibility for the completion of current VCAL pathway pilots, for the evaluation of the VCAL and for VCAL's strategy and policy. As part of the transition arrangements, the Victorian Curriculum and Assessment Authority now has responsibility for reviewing the qualification design and component units of the VCAL and for putting forward proposals for the VQA's accreditation. VCAL units are regularly reviewed as part of a program of continuous improvement.

In 2004–05, the VQA accredited one change to the VCAL course requirements. From 2006 the number of VCAL credits required at an award level will increase from 5 to 6 credits at that enrolment level (out of a total of 10 credits). The VQA has also approved the development of three new VCAL units, which will be available from 2006:

- Literacy Skills Foundation Reading and Writing
- Literacy Skills Foundation Oral Communication
- Numeracy Skills Foundation.

The VQA has been managing a value-for-money evaluation of the VCAL, which will be completed in September 2005.

VCAL enrolments

There were 8125 student enrolments in VCAL in 2004 across three levels and with 322 providers – 30.6 per cent in Foundation level, 55.4 per cent in Intermediate level and 14 per cent in Senior level (11.5 per cent and 2.5 per cent in Senior level and Senior Extension respectively). Nearly three quarters of all enrolments were in government schools.

VCAL certificate completion

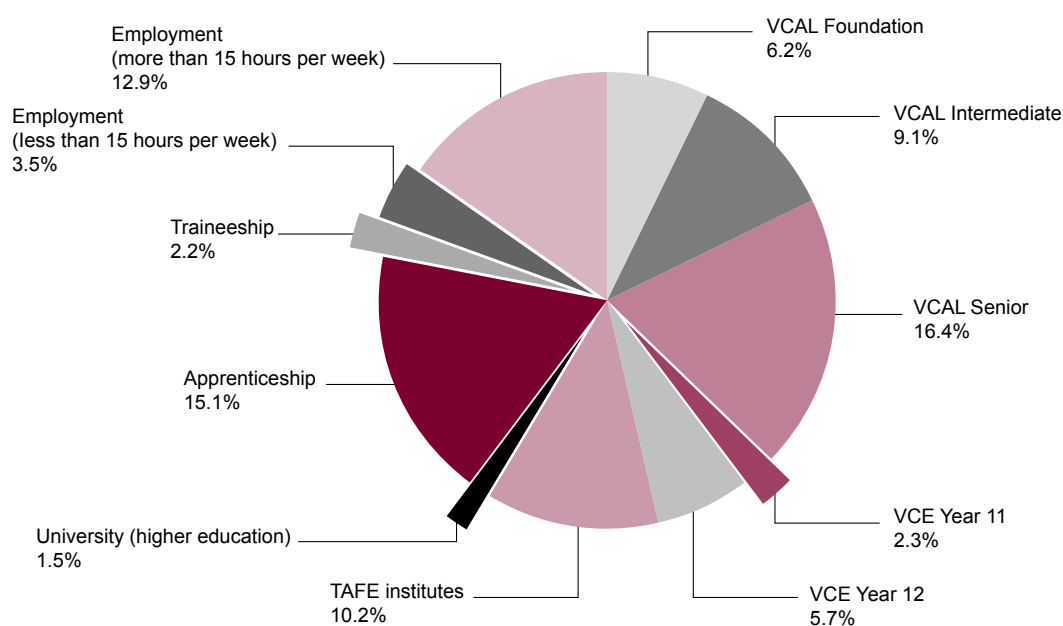
Overall, 59.5 per cent of those eligible in 2004 completed a full VCAL certificate. As detailed in the next section on student destinations, many students who completed part of a VCAL course rather than a full certificate also achieved a successful pathway to further education or employment. Other students plan to complete a VCAL course over a longer period than a single year.

VCAL certificate completion, 2004

Certificate level	Number of students			
	Enrolments	Eligible to complete	Satisfactorily completing	Percentage ¹
Foundation	2,486	1,538	794	51.6
Intermediate	4,503	3,580	2,062	57.6
Senior and Senior extension	1,136	1,008	786	78.0
Total	8,125	6,126	3,642	59.5

¹ Percentage of students satisfactorily completing their VCAL Certificate of those who were eligible to complete.

Education and training destinations of VCAL students, 2004



VCAL student destinations

Students may take up employment or a mix of employment and training such as an apprenticeship before certificate completion. Destination data collected by the VQA from 90 per cent of VCAL providers (representing 88 per cent of students) indicates that 51.5 per cent of students move into further education and training and 33.9 per cent into employment – a total of 85.4 per cent.

VCAL pathway development pilot projects

Further pilot programs of the VCAL were conducted in 2004. Funding for pathways was provided to 15 providers across three categories:

- pathways to apprenticeships (10 providers) to provide a smooth pathway for students to full-time apprenticeships in priority industries

- pathways to higher education (3 providers) to develop pathways for VCAL students from school education to courses of study in higher education institutions
- pathways for adults returning to study (2 providers).

A total of 159 students are enrolled in these pilot projects. Each of the providers was given funding for the coordination of the individual projects and to support local resource development. Evidence from the first stage of the independent evaluation shows that the pathways-to-apprenticeships model is a highly effective way to engage students in the later years of school education and that industry partners are enthusiastic about it. The model provides an effective vocational pathway, both for students who might disengage from education and for those who seek a more vocationally orientated school experience.

Building pathways and credit bridges

A major focus of the VQA's statutory responsibility is the monitoring of student outcomes and the building of linkages between qualifications to promote a culture of lifelong learning. This responsibility is delivered through a program of qualifications development activities built on stakeholder consultation and monitoring of student outcomes. The analysis of such feedback and data allows developments in policy interventions and qualifications to be soundly based, effectively targeted, and clearly focused on the VQA's statutory objectives and the Government's priorities, goals and targets.

Credit Matrix

The Credit Matrix is designed to enhance the operation of the Australian Qualifications Framework in Victoria. It will provide a common approach to describing and comparing learning based on levels (for complexity of learning) and points (for volume of learning). The Credit Matrix should make the qualifications system easier to understand and use and help to ensure that when learners move from one qualification to another they will not have to repeat learning already successfully achieved. This is particularly important in the context of lifelong learning, where people will study qualifications or parts of qualifications throughout their lives.

Consultations and Credit Matrix implementation

Consultations held with key stakeholders on the concept, design and implementation of the Credit Matrix found strong and broad-based support.

In mid-2004, the VQA conducted seven projects to test the usefulness and usability of the model, by assigning a level and points to units drawn from a range of post-compulsory qualifications. These projects were conducted in collaboration with the Gippsland Education Precinct, the IT Skills Hub, Transport and Distribution Training Victoria, Victorian Business Services, the Finance and Property Industry Training Board, the Engineering

Skills Training Board, the Process Manufacturing Training Board, the New Zealand Qualifications Authority and Victoria University. These trials established the usefulness and usability of the model, and suggested improvements.

Towards the end of 2004, the VQA consulted with providers, employers, unions, qualification designers, selection officers, career advisers, learners and parents about the improved model for the Credit Matrix. Over 1000 people and organisations attended the 17 consultation forums or made written submissions. Stakeholders agreed that the matrix will make the qualifications system easier to understand, allow for more flexible qualifications, provide a simple and uniform way of describing qualifications and recording achievement, make it easier to keep track of learning achieved and to plan ahead, and ensure that learning already successfully achieved need not be repeated. Stakeholders also generally supported the level descriptors and the points system, and contributed many useful suggestions for implementation.

The VQA held a range of consultations on implementation, including:

- targeted discussions with key stakeholders
- meetings with colleagues in education departments in New South Wales, Western Australia and Queensland, as well as the Australian Qualifications Framework Advisory Board and the Commonwealth Department of Education, Science and Training
- confidential papers commissioned from leading education and training experts
- consultations with members of the VQA Board Credit Matrix Working Group, the Credit Matrix Stakeholder Reference Group and the Credit Matrix Industry Forum.

The Board agreed in April 2005 to a targeted and phased implementation strategy in Victoria to test the Credit Matrix with key user groups. Projects proposed under this strategy will demonstrate the efficacy of the matrix and its role in:

- developing pathways between qualifications
- developing new qualifications and redeveloping existing qualifications
- developing credit-transfer and articulation arrangements

- facilitating human resource development practices in industry.

The high level of support from diverse stakeholders for the processes to date clearly supports the move to the implementation phase. Accordingly, the VQA is now proceeding with implementation that is informed by the following parameters:

- implementation will be economical and incremental
- allocation of points and levels will be reliable, credible and quick (particularly for senior secondary and VET sector)
- implementation will build on processes currently used in the education and training sectors, including current approaches to credit transfer and articulation
- implementation will occur in Victoria using approaches that promote national adoption.

Further information and publications on the Credit Matrix are available in hard copy or through the VQA's website <<http://www.vqa.vic.gov.au>>.

Monitoring and research activities

The VQA Board has statutory responsibility for monitoring patterns of student participation and qualification outcomes. This is critical for both an ongoing evaluation of the effectiveness of the VQA's various initiatives, and to ensure that the VQA continues to contribute to the achievement of the Government's goals and targets for education and training. It also enables the VQA to keep abreast of current thinking and developments across the educational community.

As part of this responsibility, the VQA Board considers two annual monitoring reports. The first report concentrates on an analysis of student pathways and transitions. The second report interprets the various relevant research studies and program evaluations of the previous 12 months to draw out policy implications to contribute to the Board's strategic planning.

In 2004, the first report highlighted a number of important issues including the extent of recognition given to the knowledge and skills

developed during part-time work by senior secondary students and the expanding interest in, and provision of, short courses in vocational education and training. A further major issue to emerge from the discussions with providers on the first report related to the extent to which those who use VET qualifications for selection, such as employers and higher education, need additional information beyond the competent/not yet competent reporting system used for VET units.

The second report focused on cross-sectoral articulation and the need for more refined tools in pathways profiling and associated analysis, especially for identified equity groups. Another issue highlighted was State and Territory interest in reforming senior secondary courses, especially in relation to different ways vocational provision is built into the courses' design rules.

Under its research and monitoring functions the VQA also provided support to Victoria's involvement in the National Training Quality Council, ANTA Ministerial Council and the Ministerial Council on Education, Employment, Training and Youth Affairs, and to policy developments and initiatives with a qualifications and pathway focus across the Department of Education & Training's portfolio.

Rangefinder projects

The VQA undertakes a program of small-scale Rangefinder projects each year. These aim to research and evaluate the potential of a particular topic for further development in an area that might enhance student pathways, improve linkages between qualifications or fill gaps in the Victorian qualifications portfolio. If the Rangefinder project identifies the need for further work of greater depth and breadth, this work is then commissioned by the VQA Board. In 2004–05, Rangefinder projects were conducted on six main topics.

Recognition of informal learning

In 2004–05, the VQA and the ACFE Board continued work on a joint project to assess the feasibility of granting recognition for informal learning within the qualifications system administered by the VQA. The work undertaken has highlighted the extent of informal learning

that occurs in the community, workplace, with education and training providers and in other learning environments. In addition, consultations have revealed that current approaches to granting recognition for informal learning are too inflexible, costly and difficult to access. As a consequence many people, especially disadvantaged learners such as older workers, early school leavers, women and Koories, are discouraged from seeking formal recognition for the skills and knowledge they obtain through work, life experience and non-accredited/accredited education and training.

In response, the project has proposed a new approach to recognising informal learning. This involves developing a unit of competency that recognises the complexity and volume of the learning, rather than specific skills and knowledge, that people acquire through informal learning. This overcomes one of the key shortcomings of existing approaches, namely that the skills and knowledge people achieve through informal learning do not align with the way in which skills and knowledge are packaged into modules and competencies in formal qualifications.

This approach has been the subject of consultation and discussion and the unit is now ready to be piloted. The pilot will involve both the unit and its discussion-based approach to assessment. Following the pilot, further discussion and consultation will be required before the unit can be considered for incorporation into existing identified adult learning qualifications, and into the VCAL, VCE or suitable VET qualifications.

Making qualifications work for Koorie communities

The VQA convened a forum of Koorie stakeholders to discuss whether there were qualification developments or enhancements that could support improved learning and pathway opportunities for Koorie students. Six potential themes were identified, of which two related to qualifications issues. The remaining four themes were referred to the Department of Education & Training's Koorie Education and Training Cross Sector Taskforce.

The first qualifications initiative is the development of a catalogue of Indigenous studies for Koorie and non-Koorie students. The catalogue will provide a reference point for teachers and trainers who wish to include Indigenous studies in their vocational programs, or who are already delivering a specific Koorie program. Information on qualifications and culturally appropriate support materials, with links to websites will also be included. The catalogue will be updated regularly and will provide a central point of reference and organisation for the development of new qualifications and products. This initiative represents an important partnership with the Koorie community through the Victorian Aboriginal Education Association Incorporated and is intended to provide support to the Wurreker strategy. The website for the catalogue is scheduled to be listed in July 2005.

The second qualifications initiative aimed to gather detailed data about Koorie students' experiences of recognition and pathway planning services in vocational education and training. The project examined the extent to which VET qualifications have supported the achievement by Koorie students of their learning goals and employment aspirations, and sought to identify examples of good practice. The research was completed in June 2005 and the report posted on the VQA website. The project's approach to pathway analysis will be considered as a possible template for future pathways profiling of other equity groups.

Qualification needs of rural and regional communities

A survey was undertaken in 2004 into the potential need for qualifications developments or enhancements to support improved learning and pathway opportunities in rural and regional Victoria. Two small follow-up projects were commissioned as a result. The first of these projects examined the perceived flexibility in existing qualifications to meet the specific requirements of rural and regional industries. Seasonal variation and the more restricted nature of some regional labour markets were seen as complicating factors, possibly calling for a more flexible approach to qualifications design.

The second project sought to examine credit and articulation arrangements for vocational training in the agricultural sector, across both formal accredited VET training and other training provided through the Department of Primary Industries and other sources. Both projects were completed in mid-2005.

Unrecognised outcomes of apprenticeship training

This project examined the adequacy of arrangements for the recognition of learning outcomes from apprenticeship training not currently recognised through vocational qualifications such as training packages. The research confirmed the existence of a range of unrecognised outcomes. The VQA Board will consider ways to respond to this finding, possibly in association with the work on recognition of informal learning.

Web-based adult literacy locator test

The adoption of an adult literacy locator test was the subject of a previous study managed by the VQA in association with the Department of Education, Science and Training and ANTA. The general value and benefits of the test were confirmed through trialing. The results of the trial were forwarded to ANTA and the Department for consideration regarding national implementation.

Pathways research

Part-time work of senior secondary students

An initial study was conducted by the VQA into whether the range of knowledge and skills acquired by students through part-time work could be recognised within the VCE and the VCAL. The study confirmed that while a large proportion of students worked part-time, only a small percentage sought formal recognition. The report recommended a more active promotion of existing opportunities for recognition and the possible creation of a new approach through the development of separate units. The VQA Board has asked for further work to be undertaken in this area.



Pathways research – graded assessment

Three projects were commissioned to explore the extent to which those who use VET qualifications for selection, such as employers and higher education providers, need additional information beyond the competent/not yet competent reporting system used for VET units. The first project surveyed employers on what information they required from VET certification and student results, and the extent to which these needs were being met satisfactorily by the current system. The second project surveyed current policy and practice in the use of VET assessment grades for student selection by higher education providers in Victoria. The third project provided an analysis of different approaches to addressing the diverse information requirements of the VET sector. The three reports have been completed and will be published. The next stage in graded assessment research will be the preparation of assessment protocols and best-practice exemplars for Victorian VET providers and discussions with colleagues from interstate jurisdictions to determine the possibility of a collaborative national initiative.

Pathways research – dual pathway qualification

This initiative, undertaken in collaboration with the Victorian TAFE Association, involves a feasibility study into a dual pathway VET Diploma qualification. The intention is to create a more open set of pathways to both employment and further high-level study, either in higher education or vocational education and training. The feasibility study will determine the extent of support and interest in a qualification of this kind and examine possible implementation issues. A final report will be made in 2005.

with existing training provision, and a range of activities to promote the availability of this advice

- an advisory service that will operate across the VET system, which will advise trainers and teachers on delivery issues associated with both the framework and applied design more generally.

It is intended that the framework will be extended over time to facilitate design-related education and training pathways between the secondary, vocational education and training, and higher education sectors.

Victorian Qualifications Framework for Applied Design

The Victorian Government's Innovation Statement, *Victorians: Bright Ideas. Brilliant Future*, identified design as one of five strategic capabilities critical to Victoria's development as an innovation economy. The VQA continued its contribution to the building of Victoria's design capacity, with a focus this year on concluding the development and accreditation of the suite of applied design qualifications – the Victorian Qualifications Framework in Applied Design for Industry. The framework comprises a hierarchy of vocational qualifications in applied design, from Certificate II to Diploma, all based on a common qualifications template. The template, which has the potential to be used in related areas such as applied technology, is made up of four curriculum strands catering for generic and specialist design skills, and for generic and specialist skills in the area in which the design skills are to be applied.

Following an extensive development period, the suite of qualifications was accredited in April 2005.

The following initiatives to support the widespread adoption of the framework have also commenced:

- a comprehensive User's Guide is being developed, which will explain the full range of training options available under the framework
- Curriculum Maintenance Managers are preparing discrete advice for each industry sector on how training opportunities in applied design can best be taken up and combined

Financial Report

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Statement of financial performance for the year ended 30 June 2005

	Notes	2005 \$	2004 \$
Revenue from ordinary activities	2	5,329,876	5,516,383
		5,329,876	5,516,383
Expenses from ordinary activities			
Employee benefits	3	2,737,171	2,680,015
Depreciation and amortisation	3	29,322	38,141
Grants and other payments to service providers	3	1,152,109	988,792
Supplies and services	3	1,733,562	1,674,488
Other expenses from ordinary activities		30,735	17,900
		5,682,899	5,399,336
Result from ordinary activities		(353,023)	117,047
Net result for the reporting period		(353,023)	117,047
Total changes in equity other than those resulting from transactions with the Victorian State Government in its capacity as owner on behalf of the Crown		(353,023)	117,047

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	2005 \$	2004 \$
Current assets			
Cash assets	4, 10	2,737,705	2,576,905
Receivables	5	4,651	57,809
Total current assets		2,742,356	2,634,714
Non-current assets			
Leasehold improvements	6	88,820	11,345
Property, plant and equipment	6	26,626	54,638
Total non-current assets		115,446	65,983
Total assets		2,857,802	2,700,697
Current liabilities			
Payables	7	914,766	480,242
Employee benefits	9	217,515	155,328
Total current liabilities		1,132,281	635,570
Non-current liabilities			
Employee benefits	9	362,943	349,526
Total non-current liabilities		362,943	349,526
Total liabilities		1,495,224	985,096
Net assets		1,362,578	1,715,601
Equity			
Accumulated surplus	8	1,362,578	1,715,601
Total equity	8	1,362,578	1,715,601

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	2005 \$	2004 \$
Cash flows from operating activities			
Receipts from Government		4,052,166	4,303,628
Receipts from other entities		1,159,605	1,052,307
Payments to suppliers and employees		(5,301,549)	(5,390,666)
Goods and Services Tax recovered from the ATO		170,435	243,204
Interest received		171,263	140,381
Net cash inflow from operating activities	15	251,920	348,854
Cash flows from investing activities			
Payments for property, plant and equipment		(91,120)	(24,578)
Net cash (outflow) from investing activities		(91,120)	(24,578)
Net increase in cash held		160,800	324,276
Cash at the beginning of the financial year		2,576,905	2,252,629
Cash at the end of the financial year	4	2,737,705	2,576,905

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

Notes to 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 on an accrual basis 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.

It is prepared in accordance with the historical cost convention, except for certain 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 17 for further information.

(a) Reporting entity

The *Victorian Qualifications Authority Act 2000* established the Victorian Qualifications Authority (VQA) as an independent state-owned public authority. As an independent public authority the VQA is a separate legal entity and accountable for resources under its control. Section 17 of the Act requires that a separate VQA Fund is created to account for all money received by the Authority. The Act was proclaimed to have effect from 1 March 2001.

(b) 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.

(c) Revenue recognition

Grants over which the Authority gains control during a reporting period are recognised as revenues of that reporting period consistent with Australian Accounting Standard AAS 15, *Revenue*. 'Control' arises on the earlier event of receipt or notification of eligibility for grants by relevant authorities. Fees are recognised in the period received. Other revenue items are recognised as they are earned. Interest revenues are recognised as they accrue.

(d) Receivables

All debtors are recognised at the amounts receivable as they are due for settlement at no more than 30 days from the date of recognition.

Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(e) Payables

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

(f) Revaluations of non-current assets

Subsequent to the initial recognition as assets, non-current physical assets, other than plant and equipment, are measured at fair value. Plant and equipment are measured at cost. Revaluations are made with sufficient regularity to ensure

that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Revaluations are assessed annually and supplemented by independent assessments, at least every three years. Revaluations are conducted in accordance with the Victorian Government policy *Revaluation of Non-Current Physical Assets*.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets.

(g) Depreciation of property, plant and equipment and non-current assets

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, and non-current assets over its expected useful life to the VQA. Estimates of the remaining useful lives for all assets are reviewed at least annually. The expected useful lives for computers, office equipment and furniture have remained unchanged from the previous year. For the financial years ending 30 June 2004 and 30 June 2005, the expected useful lives for the following assets are as follows.

	Useful life years
Computer equipment	3
Office equipment and furniture	5–10

(h) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the

improvement to the VQA, whichever is the shorter. Leasehold improvements held at the reporting date are amortised over 10 years.

(i) Goods and Services Tax

Revenues, expenses and assets are recognised net of Goods and Services Tax (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*.

(j) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, before annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured as the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long-service leave

The liability for long-service leave expected to be settled within 12 months of the reporting date is recognised as a current liability and is measured in accordance with (i) above.

The liability for long-service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government-guaranteed

securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

The amount charged to the statement of financial performance in respect of superannuation represents the contributions by the Authority to the superannuation funds (refer to note 9).

(iv) Employee benefit oncosts

Employee benefit oncosts, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(k) 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 (refer to note 4).

(l) Resources provided and received free of charge or for nominal consideration

Contributions of resources and resources provided free of charge or for nominal consideration are recognised at their fair value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

While payroll and accounts payable services are provided from centralised functions controlled by the Department of Education & Training, no estimate of the cost of these services is included in these accounts since these amounts are not readily quantifiable.

The VQA shares accommodation with the Department of Education & Training which is not charged to the VQA.

(m) Rounding of amounts

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

NOTE 2 Revenue

	2005 \$	2004 \$
Revenue by source		
Revenue from Government		
State Government grants	4,052,166	4,282,170
Grants from Commonwealth agencies	-	19,507
	4,052,166	4,301,677
Revenue from other parties		
Registration and accreditation fees	1,106,447	1,060,367
Interest	171,263	140,381
Donations	-	10,000
Other revenue	-	3,958
	1,277,710	1,214,706
Total revenue	5,329,876	5,516,383

NOTE 3 Result from ordinary activities

Result from ordinary activities includes the following specific net losses and expenses.

	2005 \$	2004 \$
Net loss		
Consideration from disposal of assets	–	–
Carrying amount of assets disposed	12,335	–
Loss on disposal of assets	12,335	–
Expenses		
Employee benefits		
Salary and wages	2,019,857	1,982,617
Superannuation	243,944	234,637
Annual leave and long-service leave expense	302,365	289,884
Other on-costs (fringe benefits tax, payroll tax and WorkCover levy)	171,005	172,877
Total employee benefits	2,737,171	2,680,015
Depreciation		
Computers and peripheral equipment	26,663	34,674
Office equipment and furniture	1,917	2,195
Amortisation		
Leasehold Improvements	742	1,272
Total depreciation and amortisation	29,322	38,141
Grants and other payments		
Transfer payments to the Department of Education & Training	23,944	113,791
Grants to Victorian Curriculum and Assessment Authority	396,000	–
Grants to TAFE colleges	341,858	256,536
Grants to non-government schools	11,000	–
Grants to government schools	322,393	192
Grants to external organisations	56,914	618,273
Total grants and other payments	1,152,109	988,792
Supplies and services		
Travel	59,296	60,217
Printing	133,768	159,683
Contractors/Consultants/Board members	1,176,844	1,107,574
Administration and other expenses	363,654	335,305
Rental expense relating to operating leases		
Minimum lease payments	–	11,709
Total supplies and services	1,733,562	1,674,488

NOTE 4 Cash assets

	2005 \$	2004 \$
Cash at bank and on hand	2,737,705	2,576,905

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

NOTE 5 Receivables

	2005 \$	2004 \$
Current		
Debtors	782	57,809
GST receivable	3,869	–
Total current receivables	4,651	57,809

NOTE 6 Property, plant and equipment

	2005 \$	2004 \$
Plant and equipment		
At cost	121,687	148,946
Less: Accumulated depreciation	(95,061)	(94,308)
	26,626	54,638
Leasehold improvements		
At cost	88,820	12,617
Less: Accumulated amortisation	–	(1,272)
	88,820	11,345
Total property, plant and equipment including work in progress	115,446	65,983

During the year the VQA moved premises. The remaining leasehold improvements were written off, and improvements to the new premises were incomplete at 30 June 2005. Therefore, no depreciation expense relating to new improvements has been incurred.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Computers and peripheral equipment \$	Office equipment and furniture \$	Leasehold improvements \$	Total \$
Carrying amount at start of year	50,170	4,468	11,345	65,983
Additions	2,300	–	–	2,300
Expenditure on work in progress	–	–	88,820	88,820
Disposals	(1,732)	–	(10,603)	(12,335)
Depreciation/amortisation (note 3)	(26,663)	(1,917)	(742)	(29,322)
Carrying amount at end of year	24,075	2,551	88,820	115,446

NOTE 7 Payables

	2005 \$	2004 \$
Trade creditors	829,675	286,999
Accrued expenses	42,782	151,959
GST payable	–	5,885
Accrued salaries, wages and oncosts	42,309	35,399
	914,766	480,242

NOTE 8 Equity and movements in equity

	2005 \$	2004 \$
Accumulated surplus		
Accumulated surplus as at beginning of reporting period	1,715,601	1,598,554
Net result for the reporting period	(353,023)	117,047
Accumulated surplus as at end	1,362,578	1,715,601
Total equity at the end of financial year	1,362,578	1,715,601

NOTE 9 Employee benefits

	2005 \$	2004 \$
(a) Provision for employee benefits		
Current		
Annual leave	152,221	118,103
Long-service leave	40,338	37,225
Executive Officer's bonus	24,956	–
	217,515	155,328
Non-current		
Long-service leave	362,943	349,526
Aggregate employee benefit liability	580,458	504,854
Number of employees at end of year	25	25

As explained in notes 1(j)(iii), the amounts for long-service leave and superannuation are measured at their present values. The following assumptions were adopted in measuring present values.

(b) Long-service leave

Weighted average rates of increase in annual employee entitlements to settlement of the liabilities	4.75%	4.50%
Weighted average discount rates	5.13%	5.73%
Weighted average terms to settlement of the liabilities	8 years	8 years

Rate

Rate

(c) Superannuation

Name of scheme:

State Superannuation Fund – Revised Scheme	17.0%	15.50%
State Superannuation Fund – New Scheme – 0% contributor	7.5%	9.00%
State Superannuation Fund – New Scheme – 3% contributor	8.8%	9.00%
State Superannuation Fund – New Scheme – 5% contributor	9.7%	9.50%
State Superannuation Fund – New Scheme – 7% contributor	10.5%	10.00%
VicSuper*	9.0%	9.00%
State Employees Retirement Benefits Scheme	12.8%	12.50%

2005

2004

* Under the VicSuper Scheme, employer contributions are payable only if the member is paid more than \$450 in gross salary in a particular month. This is consistent with Commonwealth Superannuation Guarantee legislation.

No liability is recognised in the statement of financial position for the VQA's share of the state's unfunded superannuation liability. The state's unfunded superannuation liability has

been reflected in the financial statements of the Department of Treasury and Finance. However, superannuation contributions for the reporting period are included as part of salaries and associated costs in the statement of financial performance of the VQA.

The name and details of the major employee superannuation funds and contributions made by the VQA are as follows:

	Contribution for the year 2005 \$	Contribution for the year 2004 \$	Contribution outstanding at year end 2005 \$	Contribution outstanding at year end 2004 \$
Government Employees' Superannuation Fund				
State Superannuation Fund (defined benefit scheme)	147,354	143,375	3,149	3,148
VicSuper (accumulation scheme)	92,392	83,965	–	–
State Employees Retirement Benefits Scheme (defined benefit scheme)	2,979	2,937	63	64
Various other schemes	1,219	870	–	–
Total	243,944	231,147	3,212	3,212

The bases for contributions are determined by the various schemes.

The above amounts were measured as at 30 June of each year, or in the case of employer contributions they relate to the years ended 30 June.

NOTE 10 Financial instruments

(a) Interest rate risk exposures

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

2005	Notes	Weighted average interest rate	Floating interest \$	Fixed interest maturing in:			Non-Interest bearing \$	Total \$
				1 year or less \$	1-5 years \$	Over 5 years \$		
Financial assets								
	4	5.20%	2,737,705	-	-	-	-	2,737,705
	5		-	-	-	-	4,651	4,651
Total			2,737,705				4,651	2,742,356
Financial liabilities								
	7		-	-	-	-	914,766	914,766
Total			-	-	-	-	914,766	914,766
Net financial assets (liabilities)			2,737,705	-	-	-	(910,115)	1,827,590

2004	Notes	Weighted average interest rate	Floating interest \$	Fixed interest maturing in:			Non-Interest bearing \$	Total \$
				1 year or less \$	1-5 years \$	Over 5 years \$		
Financial assets								
	4	4.98%	2,576,905	-	-	-	-	2,576,905
	5		-	-	-	-	57,809	57,809
Total			2,576,905	-	-	-	57,809	2,634,714
Financial liabilities								
	7		-	-	-	-	480,242	480,242
Total			-	-	-	-	480,242	480,242
Net financial assets (liabilities)			2,576,905	-	-	-	(422,433)	2,154,472

(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 Department approximates their carrying amounts.

NOTE 11 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.

Names

The persons who held the above positions in the Authority are as follows:

Minister for Education and Training	Ms Lynne Kosky, MP	1 July 2004 – 30 June 2005
Acting Minister for Education and Training	Ms Jacinta Allan, MP	19 October 2004 – 28 October 2004
	Ms Jacinta Allan, MP	13 January 2005 – 25 January 2005
	Ms Jacinta Allan, MP	12 February 2005 – 21 February 2005
Accountable Officer	Dr Dennis Gunning	1 July 2004 – 30 June 2005
Board members	Mr Paul Briggs	1 July 2004 – 12 April 2005
	Professor Gerald Burke	3 August 2004 – 30 June 2005
	Mr Alan Clifford	1 July 2004 – 22 February 2005
	Ms Cheryl Glowrey	1 March 2005 – 30 June 2005
	Mr Stuart Hamilton	1 July 2004 – 30 June 2005
	Mr Grant Hehir	1 July 2004 – 30 June 2005
	Mr Paul Herrick	1 July 2004 – 30 June 2005
	Ms Linda Heron	1 July 2004 – 30 June 2005
	Mr Leigh Hubbard	17 May 2005 – 30 June 2005
	Ms Julie Moss	1 July 2004 – 30 June 2005
	Mr Julius Roe	1 July 2004 – 10 May 2005
	Ms Virginia Simmons	1 July 2004 – 30 June 2005
	Mr Peter Thomas	6 July 2004 – 30 June 2005
	Ms Anna Vlass	1 July 2004 – 30 June 2005
	Professor Barbara van Ernst	1 July 2004 – 30 June 2005
	Ms Lynne Wannan	1 July 2004 – 30 June 2005
Mrs Elizabeth Ward	1 July 2004 – 30 June 2005	

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the VQA during the reporting period was in the range of \$180,000 – \$189,999 (\$180,000 – \$189,999 in 2004).

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

The number of members of the Board whose emolument/remuneration fell within the following bands were:

Income band	2005 No.	2004 No.
\$0-\$9,999	16	19
\$30,000-\$39,999	1	-
\$50,000-\$59,999	-	1
Total	17	20
Total remuneration received, or due and receivable by board members amounts to		
	\$41,208	\$66,155

Other transactions

Other related transactions and loans requiring disclosure under the standing Ministerial Directions of the Minister for Finance have been considered and there are no matters to report.

NOTE 12 Remuneration of auditors

Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Authority's financial report:

	2005 \$	2004 \$
Payable as at 30 June 2004	18,400	17,900
Total audit fees	18,400	17,900

NOTE 13 Contingent liabilities and contingent assets

There are no contingent assets and contingent liabilities to be disclosed in the financial period (2004 – nil).

NOTE 14 Commitments for expenditure

There are no commitments for expenditure to be disclosed in the financial period (2004 – nil).

NOTE 15 Reconciliation of net result for the reporting period to net cash inflow from operating activities

	2005 \$	2004 \$
Net result for the reporting period	(353,023)	117,047
Depreciation and amortisation	29,322	38,141
Net (gain)/loss on sale of non-current assets	12,335	–
Change in operating assets and liabilities, net of effects from restructuring		
Decrease (increase) in receivables	53,158	(23,413)
Increase (decrease) in payables	434,524	131,198
Increase (decrease) in employee entitlements	75,604	85,881
Net cash inflow from operating activities	251,920	348,854

NOTE 16 Events occurring after reporting date

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material or unusual nature likely to affect significantly the operations of the VQA in subsequent financial years.

NOTE 17 Impact of adopting AASB 1047 equivalents to IASB standards

Following the adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS), the VQA will report for the first time in compliance with A-IFRS when results from the financial year ended 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 Authority 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 VQA 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 will be 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 2004 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 VQA 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). No differences between Australian GAAP and A-IFRS have been identified as potentially having a material impact on the VQA's financial position and financial performance following the adoption of A-IFRS.

The actual effects of transition to A-IFRS may differ due to:

- change in facts and circumstances
- ongoing work being undertaken by the A-IFRS project team
- potential amendments to A-IFRS and UIG Interpretations
- emerging accepted practice in the interpretation and application of A-IFRS and UIG Interpretations.



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Accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for the Victorian Qualifications Authority 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 Authority 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.

Mr Ron Cooper-Thomas
Chief Finance and Accounting Officer
Victorian Qualifications Authority

Melbourne
29 September 2005

Dr Dennis Gunning
Accountable Officer
Victorian Qualifications Authority

Melbourne
29 September 2005

Prof Gerald Burke
Chair
Victorian Qualifications Authority

Melbourne
29 September 2005





AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Victorian Qualifications Authority

To the Members of the Parliament of Victoria and Members of the Board of the Authority

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 Qualifications Authority included on its web site. The Members of the Board of Victorian Qualifications Authority 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 Qualifications Authority 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 Board of Victorian Qualifications Authority 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 Authority'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 Qualifications Authority as at 30 June 2005 and its financial performance and cash flows for the year then ended.

MELBOURNE
22 September 2005



JW CAMERON
Auditor-General

Appendices

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APPENDIX 1

Wider policy frameworks

The VQA operates within the financial, asset, human resource and information technology policy frameworks of the Department of Education & Training.

Staffing guidelines

The staffing guidelines were issued by the Department of Education & Training in March 2001. They are used by managers and staff to support effective human resource practices.

Policies set out in the guidelines provide for:

- establishment and maintenance of a workforce plan that provides sufficient flexibility to meet changing work demands
- alignment of the staffing profile to the work priorities of the work unit
- application of the principles of merit, fairness and diversity in all human resource practices
- recruitment of the best possible available staff from inside or outside the organisation
- merit-based selection processes for all advertised positions
- staff development that enhances career potential and supports continuous skill development of the workforce.

The VQA and its managers are committed to these principles.

People Principles

All VQA staff are committed to the *DE&T People Principles*.

- Deliver quality results
- Work collaboratively
- Behave ethically
- Respect and value others
- Develop self and others

The behaviours are an integral part of VQA staff performance plans.

Freedom of Information

This section is published to conform with the requirements of section 7 of the *Freedom of Information Act 1982* (FOI Act).

There were no applications received under the FOI Act during the reporting period.

Queries about the availability of and charges for other material prepared under part II of the FOI Act should be directed to the authorised officer.

The authorised officer for the Department of Education & Training is:

Neil Morrow
 Manager, Freedom of Information
 Department of Education & Training
 PO Box 4367
 Melbourne Victoria 3001
 Telephone (03) 9637 2000

The following are the general categories of documents maintained by the VQA and the Department of Education & Training on behalf of the VQA:

- correspondence, administrative and policy documents
- paper records maintained on registered files
- minutes, agenda and papers.

Reports, policies and publications are available on the VQA website at <www.vqa.vic.gov.au>.

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.

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.

In December 2004, the VQA moved its offices from 41a St Andrews Place to Level 2, 33 St Andrews Place, which is a government-owned building operated by the Department of Education & Training.

The VQA is committed to providing a safe and secure building for staff and visitors, and full compliance with the provisions of the *Building Act 1993* has been maintained.

Occupational health and safety

The VQA operates within the infrastructure of the Department of Education & Training and is committed to abiding by the Department's policies and procedures in relation to occupational health and safety. (See the Department of Education & Training's *Annual Report 2004–05* for more information.)

National competition policy

The legislative review of fees and charges conducted in 2000–01 indicated that the VQA did not add any greater restrictions on competition between providers of accredited courses.

Fees and charges

Amendments under section 35A to the *Victorian Qualifications Authority Act 2000* enabled the Minister to fix fees and charges. New fees came into effect from 1 January 2005 and were increased by 2.1 per cent in line with the Consumer Price Index. Further details of fees and charges are available on the VQA website at <www.vqa.vic.gov.au>.

Major consultancies and contracts

There were no major consultancies and contracts over \$100,000 let by the VQA for the period 1 July 2004 – 30 June 2005.

The VQA engaged 14 consultancies at a cost of less than \$100,000 each during 2004–05 at a total cost of \$365,177. The total approved expenditure excludes GST.

As there were no contracts over \$1,000,000 in regional Victoria or over \$3,000,000 in metropolitan Victoria, Victorian Participation policy disclosures are not identified.

APPENDIX 2

Whistleblowers Protection Act 2001

Disclosure

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

The Department did not receive any disclosures made under the Act in relation to the VQA or the VQA Board nor did the Ombudsman refer 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 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 pages 64–65.

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 disk. 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 of Education & Training 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's 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.

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

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

10.5 Conduct of the investigation

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

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

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

10.6 Referral of an investigation to the Ombudsman

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

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

10.7 Reporting requirements

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

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

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

11 Action taken after an investigation

11.1 Investigator's final report

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

- the allegation/s
- an account of all relevant information received and, if the investigator has rejected evidence as being unreliable, the reasons for this opinion being formed

- the conclusions reached and the basis for them
- any recommendations arising from the conclusions.

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

- the steps that need to be taken by 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 3

Disclosure index

The annual report of the VQA is prepared in accordance with the *Financial Management Act 1994* and the Financial Reporting Directions of the

Minister for Finance. This index lists the relevant page references to facilitate the identification of compliance with these directions.

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Additional information available on request

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

- publications produced by the VQA
- shares held beneficially by senior officers as nominees of a statutory authority or subsidiary
- declarations of pecuniary interests
- changes in prices, fees, charges, rates and levies
- major external reviews
- research and development activities undertaken
- overseas visits undertaken
- major promotional, public relations and marketing activities
- occupational health and safety assessments and measures
- industrial relations issues
- workforce data and equity matters
- major committees.

Enquiries regarding details of this information should be made to:

David Symonds
Victorian Qualifications Authority
Level 2, 33 St Andrews Place
East Melbourne Victoria 3002

Acronyms and abbreviations

ACE	Adult community education
ANTA	Australian National Training Authority
AQTF	Australian Quality Training Framework
ESOS	Education Services for Overseas Students
LOTE	Language other than English
STAR	System of Training and Recognition
TAFE	Training and further education
VCAL	Victorian Certificate of Applied Learning
VCE	Victorian Certificate of Education
VET	Vocational education and training
VQA	Victorian Qualifications Authority



Victorian Qualifications Authority

Level 2

33 St Andrews Place

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