## Why did we need a review into VET funding?

SKILLS AND JOBS IN THE EDUCATION STATE: Answers to your questions

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The current system is not meeting Victoria’s needs – for students, the workforce and industry. Some of the challenges include:

* A changing economy which means that the VET system needs to deliver a highly skilled and educated workforce
* A need to ensure that training meets current and future workforce needs and aligns with industry demand
* Recognising the unique training requirements of regional Victoria.
* Funding the additional costs TAFEs bear as a result of the unique role they play in the community.
* Low quality training that is undermining student and employer confidence in the system.

For Victoria’s economy to flourish, and for VET to play a strong role in the Education State, the training system must be transformed into a world class system. The Andrews Labor Government is committed to creating a stronger, more sustainable VET system that delivers training that meets current and future industry needs, grows employment and helps all Victorians, especially those who face learning and working barriers, to access training.

## What are the key points in the Government’s Response?

The Labor Government’s Response outlines six building blocks to reform. These are:

* Establishing a clear vision for what Government expects from the VET system
* Implementing a new stable and sustainable funding model
* Rebuilding strong and sustainable TAFEs and Learn Locals
* Putting students, industry and employers first, in order to boost jobs and productivity
* Ensuring a fair and equitable funding system
* Placing quality and continuous improvement at the heart of VET.

In our response we make it clear that the Labor Government will, as we go forward, play a more active role in the VET sector.

Our funding model is still in development, but in summary the new model will:

* Target funding towards training that leads to jobs, increased productivity and economic growth. This includes establishing better targeted course funding, in consultation with industry.
* Put quality training at the centre of public and private training provision.
* Provide new, stable subsidy rates that better reflect the cost of delivering quality training.
* Provide additional funding to Victoria’s TAFEs and dual-sector universities
* Include a new, more supportive model for high needs learners.

## What does the Government’s Response say about TAFEs?

This Government has a clear and unambiguous mandate to rebuild TAFEs.

We understand the important and unique role our TAFE institutes play in the community. Our Response clearly reflects that.

We have already set up the $320 million TAFE Rescue Fund which is helping to reopen closed campuses like Lilydale, the $50 million TAFE Back to Work Fund, and $15 million for Skills and Jobs Centres across the State.

In 2016 the Government will clearly define the distinct role that TAFEs play; determine the additional costs that TAFEs bear; and provide supplementary funding that recognises this distinct role. Funding will be distributed fairly and in a way that will drive excellence.

## What does the Government’s Response mean for private providers?

The Labor Government will prioritise training that leads to jobs. We will keep a contestable market driven by industry skills needs and student choice, but providers will operate within a more actively managed system.

There will be a new funding model which will include stable subsidy rates that better reflect the cost of quality training linked to real jobs, and course funding will be better targeted.

We have already started cleaning up the training system. The Government will continue to implement recommendations of the *Review of Quality Assurance in Victoria’s VET system* and may consider the need for greater quality assurance ahead of the transition to a new funding model in 2017.

In addition, a Workforce Training Innovation Fund will bring providers and industry together to develop cutting edge programs for the future workforce.

Thin markets and the needs of regional Victorian industries will be addressed through targeted grants and tenders to quality training providers.

## What does the reSPONSE say on quality?

One of the six building blocks outlined in the Response is quality and continuous improvement.

Earlier this year the Labor Government commissioned the *Review of Quality Assurance in Victoria’s VET System* and in June we accepted all 19 recommendations of that report.

Since then we have commenced a $9 million blitz on poor quality training providers and have strengthened provider contract arrangements.

We’re also spending $30 million over the next three years to conduct more audits and will allow the Department to keep a closer eye on high-risk providers.

## What courses will be funded going forward?

The new funding model will prioritise training that leads to jobs and contributes to economic growth.

This includes better targeted course funding. This will be developed in consultation with industry and the new Victorian Skills Commissioner, and will identify the training that will bring the greatest benefit to the economy.

## What does this mean for students looking at starting training in 2016?

Implementation of the new funding model will commence progressively from 2017.

For students continuing their studies from 2016 into 2017, transition arrangements will be in place during implementation to minimise any impacts on students.

Over the coming months, the Government will talk with key stakeholders, and refine the funding model. The new model will be implemented progressively from 2017, with details announced ahead of implementation.

## What are the next steps?

The VET system is complex and the Labor Government needs to get this reform right.

Over the coming months, the Government will talk with key stakeholders and refine the funding model.

The new model will be implemented progressively from 2017, with details announced ahead of implementation.

## To view the VET Funding Review and the Government’s Response, and to register your interest, go to

[www.education.vic.gov.au/vetfundingresponse](http://www.education.vic.gov.au/vetfundingresponse)