



Victorian Qualifications Authority

ANNUAL REPORT
2006–07

October 2007

The Hon. Bronwyn Pike, MP
Minister for Education
2 Treasury Place
East Melbourne Victoria 3002

Dear Minister

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

This annual report notes the operations of the VQA during the past year and reflects the achievements, commitment and vision of the Board and staff.

Yours sincerely



Stuart Hamilton AO
CHAIR
Victorian Registration and Qualifications Authority

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

Contents

Report of the Chair	4
Report of the Director	5
The VQA at a glance	7
Organisation chart	16
Summary of financial results	17
Summary of achievements	18
Achievements	20
Building pathways and credit bridges	20
Enhancing quality assurance	26
Demonstrating good governance and management	31
Financial Report	33
Appendices	58
1 Wider policy frameworks	58
2 <i>Whistleblowers Protection Act 2001</i>	60
3 Disclosure index	72
Acronyms and abbreviations	74

Report of the Chair

The Education and Training Reform Act provided for the establishment of the Victorian Registration and Qualifications Authority (VRQA) with effect from 1 July 2007. The Authority's responsibilities include the major functions of the VQA. This final report of the VQA includes an account of its operation for 2006–07 but also provides an overview of the activities and achievements of the VQA over the last six and a half years. More detail on the history of the VQA is provided in *Making Qualifications Work for all Victorians*.

The VQA had both regulatory and reform activities which were designed to contribute to the achievement of the Victorian Government's strategic aims and to its education and training goals and targets as described in its three legislated objectives:

- 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.

In its regulatory role the VQA had responsibility for accreditation of courses and undertook a major review of quality assurance on a wide range of matters including registration and audit, the effectiveness of audit arrangements in enhancing standards of teaching and learning, proposals to promote continuous quality improvement, and accreditation procedures. This work contributed substantially to the development of improved standards at state and at national level within the new Australian Quality Training Framework (AQTF).

In its reform role the VQA undertook a wide range of activities to support pathways in

education and training. The most notable activities were the development of the Victorian Certificate of Applied Learning (VCAL) and the Credit Matrix. Evaluations of the VCAL show it to be contributing to better outcomes for students through improved pathways to employment, training and further education. Responsibility for the ongoing oversight of the VCAL passed to the Victorian Curriculum and Assessment Authority in 2004–05.

The Credit Matrix is a device for recording the volume and level (complexity) of studies undertaken. It has been under development by the VQA from 2002 and is now in the stage of implementation. The Credit Matrix has already demonstrated its potential to improve linkages between qualifications and the design of qualifications, and its further implementation will be carried forward by the VRQA.

The efficiency and effectiveness of the operation of the VQA and the quality of the agenda papers provided to the VQA Board has enabled the Board members to contribute their expertise to ongoing work on quality assurance and reform. Board members found this personally and professionally rewarding. On behalf of the Board, I would like to thank all those who have contributed to the work of the VQA over the past six and a half years, in particular the steering committees, working groups and stakeholders who have been part of ongoing consultation processes. I would also like to thank Rob Fearnside, the Acting Director from December 2006, Dr Dennis Gunning, Director until December 2006, and the staff of the VQA for their continued dedication and innovative and effective work towards the achievement of successful outcomes for all Victorian students.

Professor Gerald Burke
CHAIR

Report of the Director

This report covers the sixth and final year of the VQA's life. The activities in the VQA Board's annual plan have continued to focus on our contribution to the Government's education and training goals and targets. The VQA's corporate and business planning processes focused on the three areas of strategic activity identified by the VQA Board – building pathways and credit bridges, enhancing quality assurance, and demonstrating good governance and management.

As part of the Building Pathways and Credit Bridges strategy, the Credit Matrix has moved into the implementation phase. Significant progress has been made on the credit rating of the units that make up senior secondary and vocational qualifications and on the establishment of implementation projects involving Industry Skills Councils, TAFE institutes, schools and higher education partners. We have moved forward on a diverse set of qualifications framework projects – finalising an innovative approach to the recognition of informal learning, investigating the use of short courses and skill sets in vocational education, and researching and developing dual pathway diplomas based on applied learning principles. We have also completed work on the qualifications needs of refugees and a new organising framework, 'Connect', for learners who wish to complete a senior secondary certificate.

As part of the Enhancing Quality Assurance strategy, we have ensured that Victoria remains compliant with the national standards for State and Territory Registering and Course Accrediting Bodies in the AQTF. We have also maintained our commitment to continuous improvement in all aspects of our work.

The outcomes of review of registration and audit processes by the VQA has foreshadowed major state and national developments leading to the review of the AQTF and the development of an outcomes-based auditing model to support the new standards to be implemented in July 2007. The VQA led a major national project, supported by other States and Territories, to investigate outcomes-based auditing, with a particular focus on developing valid, reliable and acceptable outcome measures of training performance.

The VQA Board continued to guide the direction of the Good Governance and Management strategy through discussion at its six meetings. The VQA completed a review of stakeholder perception of the VQA's performance in key strategic areas.

The VQA completed the vast majority of its planned program of work for 2006–07 within budget and with positive outcomes from internal and external audits and from the Department of Education's survey of organisational climate.

The proclamation of the Education and Training Reform Act in July will lead to the newly established VRQA taking on most of the VQA's current responsibilities. With the VRQA Victoria will have, for the first time, a single regulatory authority with responsibility for accreditation of courses and qualifications across all education and training sectors and registration of all education providers (including all schools). The VRQA will have a significantly increased regulatory role and offer greater opportunities for cross-sectoral synergy in its approach to regulation than the VQA.

To maintain a vibrant Victorian economy and a strong and sustainable Victorian community, culture and environment, the qualifications system needs to support the development of a knowledge and skills base and provide recognition for individual learners for the knowledge and skills they have developed. The quality assurance system needs to ensure that providers across all sectors deliver good outcomes for students and other users of qualifications. And both the qualifications and quality assurance systems need to have strong stakeholder support based on shared values and strong personal relationships.

Therefore, I want to record my special thanks to Dr Dennis Gunning, who so ably led the VQA as Director between 2001 and 2006, for his dedication to the quality assurance of courses and providers and on the improvement of the Victorian qualifications system for all Victorians.

My thanks also go to my colleagues on the staff of the VQA for their energy, enthusiasm and dedication, to the VQA Board, Audit Committee, working groups and reference groups for their support and commitment to our work, and to the VQA's many stakeholder organisations and colleagues in the Department of Education and fellow statutory authorities for their support and encouragement.

Rob Fearnside
ACTING 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 body for qualifications that involve or have a comparable or higher status to courses normally undertaken in Years 11 and 12, the Victorian Certificate of Education (VCE), the Victorian Certificate of Applied Learning (VCAL), vocational education and training (VET) and further education (except higher education). The VQA was responsible to the Minister for Education and Training until

5 December 2006. As a result of machinery-of-government changes, responsibility is shared by the Minister for Education and the Minister for Skills, Education Services and Employment.

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
 - 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 VET sector, in accordance with the nationally agreed AQTF Standards. It has responsibility for approving providers who wish to deliver VET courses to students from overseas. The VQA 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.

* On 5 December 2006, as a result of machinery-of-government changes, the Office of Training and Tertiary Education became a part of the Department of Innovation, Industry and Regional Development.

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:

- 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 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 also has an ongoing relationship with the Commonwealth Department of Education, Science and Training particularly through the Ministerial Council for Vocational and Technical Education and the National Quality Council.

* On 5 December 2006, as a result of machinery-of-government changes, the Department of Education and Training became the Department of Education.

Delegations

According to section 16 of the *Victorian Qualifications Authority Act 2000*:

- 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) further education course leading to the issue of a higher education award
 - iii) any part of a course referred to in subparagraph (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 VET 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 granted by the VQA Board during the reporting period were to the Department's Office of Training and Tertiary Education for the registration of providers in further education and training, to the Victorian Curriculum and Assessment Authority for the issuing of senior secondary certificates and statements of results, to Box Hill, Chisholm and Holmesglen Institutes of TAFE, and to Swinburne University of Technology (TAFE Division) for the investigation of courses for accreditation and extensions to scope.

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.

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 Peter Dawkins became an ex-officio member of the Board on 9 July 2006 when he succeeded Mr Grant Hehir as Secretary of the Department of Education & Training. Mr Stuart Hamilton ceased to be an ex-officio member of the Board when he resigned as Chair of the Board of the Victorian Curriculum and Assessment Authority to become the inaugural Chair of the Victorian Registration and Qualifications Authority on 17 October 2006.

All Board member terms of office expired on 28 February 2007. However, due to delay in the proclamation of the Education and Training Reform Act, members other than Ms Virginia Simmons agreed to be reappointed to 31 May 2007. A further reappointment from 1 June to 31 December 2007 was undertaken when proclamation of the Act had not occurred by 31 May 2007. The Act was proclaimed on 1 July 2007.

Meetings of the VQA Board are held on the first Friday of every second month. The VQA Audit Committee met on six occasions in 2006–07.

Membership

The Secretary to the Department of Education 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**
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.



**PROFESSOR
WENDY BRABHAM**
MEMBER

Professor Wendy Brabham is the Director of the Institute of Koorie Education at Deakin University and has over

26 years experience in Aboriginal education. She has served on the Victorian Aboriginal Education Association Incorporated for 15 years and is currently Treasurer of the Association. She also serves as a member on the Board of the Institute of Koorie Education and on the Deakin University Academic Board. She possesses significant knowledge and experience in educational matters that impact on Aboriginal communities.



MS CHERYL GLOWREY
MEMBER

Ms Cheryl Glowrey is currently Principal of South Gippsland Secondary College and has over 25 years 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 Chair 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.



MR PAUL HERRICK
MEMBER

Mr Paul Herrick is the foundation Principal of Marymede Catholic College, South Morang, a Prep–12 college which opened 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
MEMBER

Mr Leigh Hubbard was the National Executive Officer of the United Firefighters Union of Australia. He has had over 20 years experience

in industrial relations as an industrial officer, lawyer, policy officer and, from 1995 until April 2005, as Secretary of the Victorian Trades Hall Council. Mr Hubbard has extensive experience in vocational education and training, occupational health, and workers' compensation issues and policy. He has been

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 Employment 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 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 25 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
(to 28 February 2007)

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

currently Chief Executive Officer 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.



**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 was the Principal at Box Hill Senior Secondary College until 2006 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 was Principal of Presbyterian Ladies' College from 1998 to 2006. 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.



**PROFESSOR
PETER DAWKINS**
EX-OFFICIO MEMBER
(from 9 July 2006)

Prior to becoming Secretary of the Department of Education, Peter was Deputy

Secretary of the Victorian Treasury, a position he held from April 2005, where he worked on Victoria's national reform initiative for the Council of Australian Governments (COAG), especially in the area of human capital reform (education, health and work incentives).

Professor Dawkins was attracted into the Victorian Public Service from the University of Melbourne where he was the Ronald Henderson Professor and Director of the Melbourne Institute of Applied Economic and Social Research from 1996–2005. While at Melbourne he also served for a period as Dean of the Faculty of Economics and Commerce. He is the author or editor of several books and numerous scholarly articles on a range of economic and social issues. Professor Dawkins is a Fellow of the Academy of Social Sciences in Australia and a Fellow of the Institute of Public Administration (Victoria).



**MR STUART HAMILTON
AO**
EX-OFFICIO MEMBER
(to 16 October 2006)

Mr Stuart Hamilton was 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 current or recent 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
(to 8 July 2007)

Appointed as Secretary of the Department of Education & Training in May 2003, Mr Grant Hehir led the Department in

fulfilling its role to provide, fund, purchase and regulate education and training services for Victorians of all ages. The scope of his responsibilities encompassed schools, TAFE institutes, registered training organisations, adult community education (ACE) providers, adult education institutions and higher education institutions. Mr Hehir joined the Department following a career in public sector policy development and budget management. His previous position was as 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**

EX-OFFICIO MEMBER

Mr Peter Thomas is Chair of the Victorian Skills Commission and was Chair of its predecessor body, the Victorian

Learning and Employment Skills Commission. Mr Thomas is an AI Group Emeritus National Councillor and 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
AO**

EX-OFFICIO MEMBER

Ms Lynne Wannan was appointed as Chair of the Adult, Community and Further Education Board on 25 March

2003. 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 over 20 years.

Audit Committee membership

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. Further details of these arrangements are provided in Appendix 1 (see page 56).

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 for the running of the organisation and its effective interaction with the Department.

Staff

Executive officer staff are Dennis Gunning (Director to 15 December 2006) and Rob Fearnside (Project Executive and Acting Director from 15 December 2006). VQA staffing is organised in two functional areas, each led by a member of the VQA management team:

- governance and qualifications development
- quality assurance and the Credit Matrix.

As at June 2007, the VQA had 23 staff members – 21 full-time and two part-time, of which 75 per cent were female and 25 per cent were male. Details of VQA staff are provided in the table below. 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 2007

Classification	Males		Females		Total	
	Number	Full-time equivalent	Number	Full-time equivalent	Number	Full-time equivalent
EO2	1	1	–	–	1	1
EO3	1	1	–	–	1	1
VPSG6	1	1	1	.8	2	1.8
VPSG5	2	2	8	7.7	10	9.7
VPSG4	–	–	2	2	2	2
VPSG3	1	1	4	4	5	5
VPSG2	–	–	2	2	2	2
Total	6	6	17	16.5	23	22.5

The VQA team



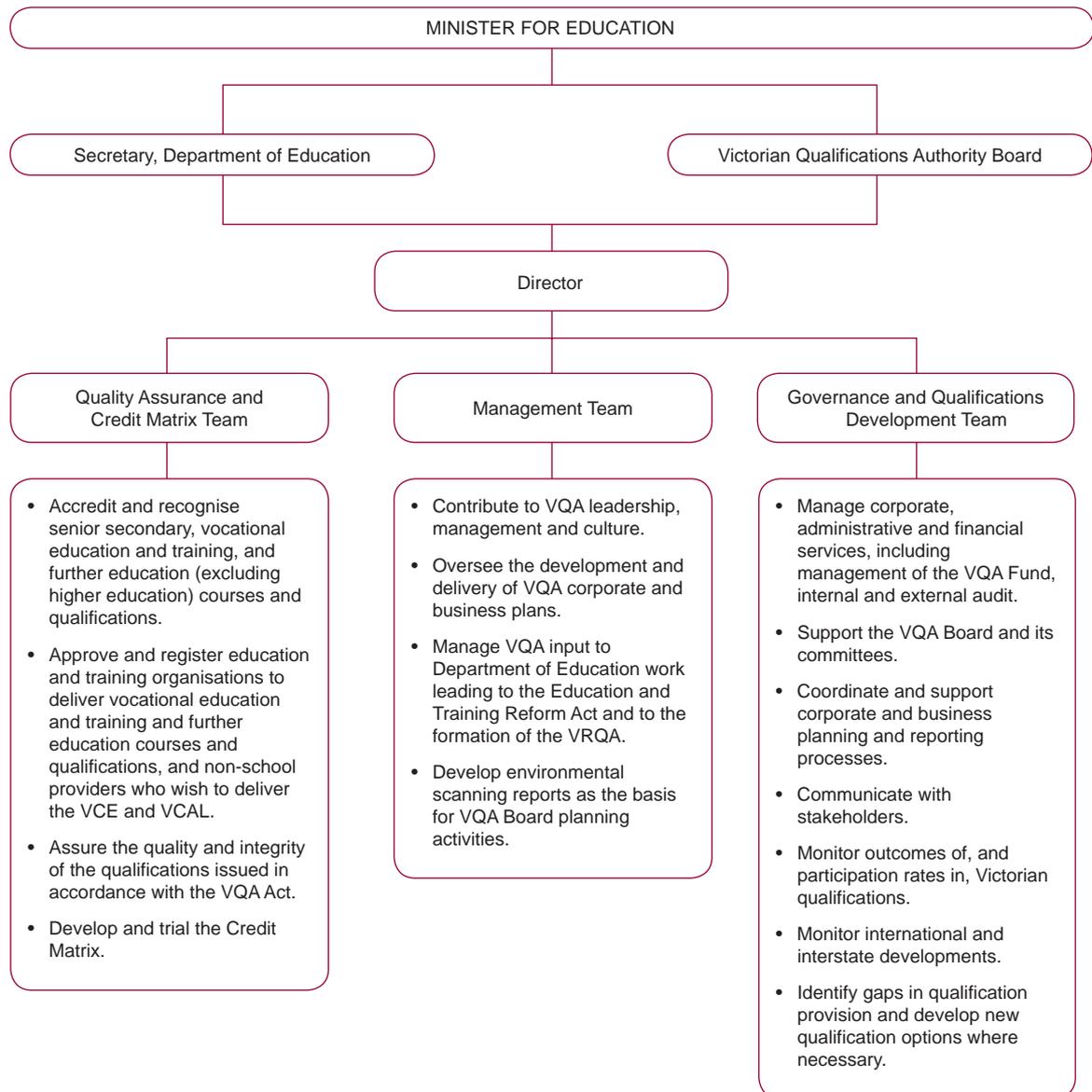
Front row: Maryse Felicite, Felicity Dunn, Christine Croker, Terry Breen

2nd row: Rob Fearnside, Melinda Nulty, Cora Petralito, Marie Isaacs, Gay Gallagher

3rd row: Jane Cussen, Alison Vickers, Annette Whiter, Tony Ayres, Greg Deakin

Absent: Enri Dalton, Belinda Duffus, Judith Firkin, Frank Galati, Frances Lamb, Janet Matheson, Kay Rodriguez

Organisation chart



Summary of financial results

The VQA ended the year with an operating surplus of \$234,358 resulting in equity increasing from \$1,178,261 to \$1,412,619.

Revenue increased by \$22,814 from \$5,006,096 for 2005–06 to \$5,028,910 for the year ended 30 June 2007.

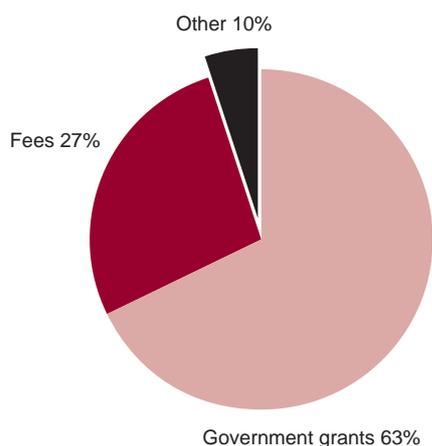
The major sources of revenue are government grants representing 68 per cent of the total and fees representing 27 per cent.

Expenses decreased by \$395,861 from \$5,190,413 to \$4,794,552.

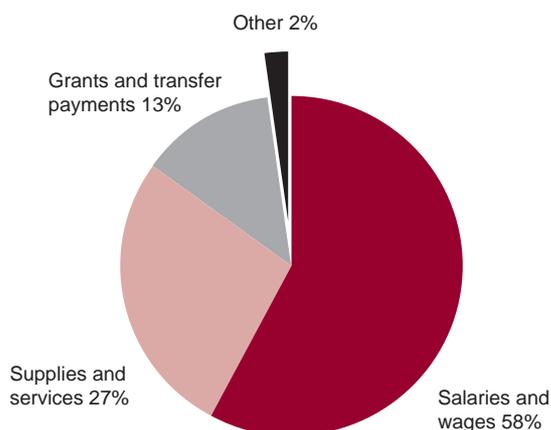
The majority of expenses relate to salaries and salary on costs, accounting for 58 per cent of the total; expenses for operating supplies and consumables accounted for 27 per cent; and grants and transfer payments accounted for 13 per cent.

	2007 \$	2006 \$
Revenue		
State Government grants	3,146,685	3,489,570
Registration and course accreditation fees	1,366,185	1,223,574
Other	516,040	292,952
Total revenue	\$5,028,910	5,006,096
Expenses		
Salaries, wages and on costs	2,801,408	2,966,221
Grants and transfer payments	602,035	415,185
Depreciation and amortisation	12,507	46,968
Supplies and services	1,296,942	1,723,226
Other	81,660	38,813
Total expenses	\$4,794,552	5,190,413
Operating result	234,358	(184,317)
Equity	1,412,619	1,178,261

Revenue



Expenses



Summary of achievements

In 2006–07, the VQA made significant progress in the three 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.

Building pathways and credit bridges

Improving senior secondary outcomes

The VQA has been working with the Victorian Curriculum and Assessment Authority to review and enhance the flexibility of the VCE. In 2006, nearly one in five VCE students undertook some VET courses as part of their senior secondary certificate. The VQA played a major role in increasing the flexibility of the VCE to incorporate a wider range of offerings in two main ways. As the accrediting body, the VQA accredited some additional programs within the category of VCE VET programs approved by the Victorian Curriculum and Assessment Authority. More significantly, a threefold increase from 2003 to 2006 in participation by VCE students in nationally recognised VET programs outside of VCE VET was the result of work with the Victorian Curriculum and Assessment Authority's VETis Unit to develop the Block Credit Recognition policy.

In its fifth year of implementation the VCAL was offered by 401 providers with over 12,000 student enrolments.

The Victorian Curriculum and Assessment Authority has operational responsibility for the VCAL, including VCAL unit reviews, as part of a planned program of continuous improvement.

The VQA accredited the International Baccalaureate (Diploma) as a senior secondary school program in 2005, extending the range of alternatives available to senior secondary students in Victoria. In 2006, the Diploma was offered by 14 providers with over 1336 student enrolments.

A flexible and responsive Victorian qualifications system

The Credit Matrix is designed to enhance the operation of the Australian Qualifications Framework in Victoria through providing better support for students moving from one qualification to another.

The implementation of the Credit Matrix has progressed through the initial assignment of levels and points to VCE, VCAL and VET units in training packages, trials in dual sector universities, the accreditation/reaccreditation of state-accredited courses and the development of a prototype online searchable database of Victorian qualifications.

The VQA has continued its contribution to the building of Victoria's design capacity by supporting the Applied Design in Industry Framework with a set of guidelines, sample programs, resources and the establishment of the Applied Design in Industry Advisory Service.

The Recognition of Informal Learning model was trialled with a range of learner groups in the ACE and VET sectors, and in senior secondary schools. The trial involved trained and qualified assessors conducting discussion-based assessments with candidates.

A Diploma of Applied Learning qualification was developed with four demonstration projects developing sample programs in industry areas.

An online resource, Koori Education and Training Resources Online (KETRO), to assist with Koorie education and training in Victoria, was completed.

Rangefinder projects were undertaken to investigate potential qualification issues and developments in areas such as agricultural industry careers, short courses, skill sets, pathways, apprenticeship training and the particular needs of refugees in Victoria.

Enhancing quality assurance

In 2006–07, the VQA and its delegate, the Higher Education and Regulation Division in the Department of Education, were externally audited by the National Centre for Vocational Education Research to assess their compliance with the AQTF Standards.

Following reviews of registration and audit functions, the VQA developed a risk-based approach to the enhancement of audit procedures and an outcomes-based audit model that would incorporate tiered approaches to delegation. In 2006, the VQA began collaborating with other States and Territories through the national network of Chairs of State and Territory Registering and Course Accrediting Bodies to develop a new outcomes-based alternative to the AQTF standards.

A number of projects were established as part of the VQA's commitment to continuous improvement of the accreditation, registration and audit processes – an extended professional development program for course developers, implementation of standards for VCAL registration and the development of national standards for accreditation.

Demonstrating good governance and management

While stakeholder consultation and communications continued to be a focus of demonstrating good governance, contributing to the setting up of the VRQA was also significant.

The VQA contributed to working parties and steering groups and provided input to projects initiated by the Department of Education and colleague statutory authorities. The VQA participates in the CEO meetings of the Australasian Curriculum, Assessment and Certification Authorities, and the meetings of the State and Territory Chairs of Registration and Course Accreditation Bodies.

The Audit Committee has maintained its six meetings per annum as well as undertaking an internal review of the VQA's governance model and governance arrangements.

Achievements

The VQA is the peak accreditation, certification and registration body for post-compulsory education and training (except higher education). As a result of machinery-of-government changes, responsibility is now taken by the Minister for Education and the Minister for Skills, Education Services and Employment.

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 met 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 in qualifications to be soundly based, effectively targeted and clearly focused on the VQA's statutory objectives and the Government's priorities, goals and targets.

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.

Accreditation

The VQA is responsible for the accreditation and issuing of qualifications for senior secondary certificates in Victoria.

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

Victorian Certificate of Education

The VQA endorsed an amendment to Mathematics in the VCE by removing restrictions on credit arrangements.

The following VCE studies were reaccredited following review:

- Chinese Second Language
- Chinese Second Language Advanced Study.

Extensions of accreditation were approved for the following VCE studies:

- VCE Business Management
- VCE Classical Studies and Cultures
- VCE History
- VCE Media
- VCE Psychology
- VCE Texts and Traditions
- VCE Environmental Science
- VCE LOTE First Language
- VCE LOTE Second Language.

The following VCE VET program was reaccredited following modification to the VET programs:

- VCE VET Dance: replacement of 21078VIC Certificate II in Dance with 21764VIC Certificate II in Dance.

Victorian Certificate of Applied Learning

The following VCAL units were accredited:

- Senior Extension Folio Enhancement and Presentation
- Senior Extension Pathways Planning
- Senior Extension Advanced Study Skills.

The following VCAL units accreditation were extended:

- Work Related Skills units at Foundation, Intermediate and Senior level.

Certification

Victorian Certificate of Education

The VQA delegates its responsibility for issuing VCE and VCAL certificates to the Victorian Curriculum and Assessment Authority. The table below shows the graduation statistics of the 2006 VCE assessment program. There were 50,024 students eligible to complete the VCE at the end of 2006, 53.8 per cent of whom were female. Overall, 48,352 students (96.7 per cent of those eligible) graduated.

Eligible students are those who had reached the end of the school year in 2006, 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.

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 in moving straight into employment. It is designed to sit alongside the VCE as a senior secondary option with a distinctive 'hands-on' approach to learning and a vocational pathway.

The Victorian Curriculum and Assessment Authority has responsibility for reviewing the qualification design and component units of the VCAL and for putting forward proposals for the VQA's accreditation.

VCAL enrolments

In 2006, there were 12,326 certificate enrolments in the VCAL across all three levels enrolled with 401 providers. Just less than three quarters (72.3 per cent) of all enrolments were in government schools; 32.7 per cent of students enrolled in Foundation level and 46.4 per cent in Intermediate level. Senior and Senior Extension levels together accounted for 20.9 per cent of enrolments.

VCE student participation and completion, 2006

	Number of students		
	Eligible to complete the VCE ¹	Satisfactorily completing the VCE ²	Percentage ³
All students	50,024	48,352	96.7
Female students	26,924	26,155	97.1
Male students	23,100	22,197	96.1

¹ These figures are derived from information provided by the Victorian Curriculum and Assessment Authority. This information is based on a snapshot of the assessment processing system as at 15 January 2007 and includes students undertaking the VCE offshore and in the TAFE and ACE sectors. Year 12 enrolments in Victorian schools in February 2006 were 53,357.

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

³ This figure is not an indicator of attainment of the Premier's Year 12 completion target.

VCAL certificate completion

A student is eligible to complete a qualification in the year in which they can potentially meet all the requirements for that qualification.

In 2006, 68.7 per cent of those eligible to complete a full VCAL certificate completed. While more than 63 per cent of those who completed a VCAL certificate at any level were males, the completion rates for male and female students were 68.8 per cent and 68.6 per cent respectively.

VCAL student destinations

The Department of Education On Track 2007 survey collected responses from Year 12 VCAL students who had completed a VCAL Intermediate or Senior certificate in 2006. Eighty-eight per cent of the students surveyed agreed that their VCAL program was an important reason in their decision to stay on at school. Thirty-four per cent succeeded in gaining an apprenticeship/traineeship in 2007 and 29 per cent were engaged in employment.

A flexible and responsive Victorian qualifications system

Credit Matrix

The Credit Matrix is designed to enhance the operation of the Australian Qualifications Framework in Victoria. It provides a common approach to describing and comparing learning based on levels (for complexity of learning outcomes) and points (for volume of learning).

The development of the Credit Matrix directly supports the VQA's aims to:

- ensure and support appropriate linkages between qualifications
- make it easier for people to re-enter education and training and acquire qualifications throughout their lives.

The Credit Matrix makes the qualifications system easier to understand and use and supports the development of pathways between qualifications. This is particularly important in the context of lifelong learning.

Implementation

In April 2005, the VQA Board and the Minister agreed to a targeted and phased implementation strategy of the Credit Matrix in Victoria. Proving projects demonstrated the efficacy of the Credit 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.

In October 2006, an implementation plan was developed by a cross-portfolio implementation taskforce. This plan sets out a phased three-year approach to implementation in the school, VET and higher education sectors.

The major achievements to date include:

- initial assignment of levels and points to VCE and VCAL units
- initial assignment of levels and points to VET units and modules from training packages and state-accredited courses
- use of the Credit Matrix in the Gippsland Education Precinct
- use of the Credit Matrix by the University of Ballarat and Victoria University
- use of the Credit Matrix by the Compass Group (Australia) Pty Ltd
- use of the Credit Matrix in the accreditation/reaccreditation of state-accredited courses
- the development of a prototype online searchable database of Victorian qualifications including their levels and points.

The high level of stakeholder involvement in the project clearly supports the move to phased implementation.

Implementation of the Credit Matrix is being managed by an advisory committee and an implementation taskforce. Representation on the advisory committee includes members of the VQA Board, the Commonwealth Department of Education, Science and Training, the Adult, Community and Further Education Board, the Australian Industry Group and the Association for Tertiary Education Managers. Representation on the implementation taskforce includes the VQA, the Victorian Government departments of Education, Victorian Communities, and Innovation, Industry and Regional Development and the Victorian Curriculum and Assessment Authority.

Overseas experience

The Credit Matrix is consistent with international developments in qualifications frameworks particularly in the European Union, England, New Zealand, Northern Ireland, Scotland, South Africa and Wales, to develop credit-based systems that use learning outcome complexity and volume to describe units and qualifications.

Pathways research

Qualifications Framework for Applied Design in Industry

The Applied Design in Industry initiative contributed to the building of Victoria's design capacity through the Qualifications Framework for Applied Design in Industry, guidelines for registered training organisations, advice and sample programs and a suite of resources. The Applied Design in Industry Advisory Service provided an information and advice service to public and private providers and individual trainers/teachers on qualifications, program development, ideas, tools, information and support materials. This service operated for 12 months, concluding in July 2006. The VQA design activities culminated in the Applied Design in Industry Showcase. This event was held at Docklands on October 9–14 as part of

State of Design 2006. The event showcased achievements of the Applied Design in Industry initiative and included displays from automotive, engineering, landscape and furniture making as well as industry forums.

Recognition of informal learning

The Recognition of Informal Learning project has found that improved arrangements to recognise informal learning might assist disadvantaged learners to establish effective education, training and employment pathways. The project has gradually refined the approach to assessment of informal learning, both conceptually and as an instrument, through a series of pilot projects and consultations. During 2006, an evaluation of the projects and a follow-up tracer study of participants identified strong support for the recognition of informal learning, particularly for people needing better access to education and training. Enhanced opportunities to recognise informal learning will enable these groups of learners to progressively establish employment, education and training pathways and build nationally recognised qualifications, if desired.

Research supported the development and accreditation of courses for both learners and assessors. The *Course in Recognised Informal Learning* for learners is supported by the *Course in Assessment of Informal Learning*, a course for assessors of informal learning which builds on the assessor competencies from the TAA04 Training and Assessment training package. Both courses have been fully accredited for five years. The qualifications are supported by a resource, *Learning from Experience*, which provides advice for assessors, assessment tools and case studies.

Making qualifications work for Koori communities

Koori Education and Training Resources Online (KETRO), formerly referred to as the Victorian Catalogue for Indigenous Studies, is an online resource that brings together

vocational education and training information that has an Indigenous focus. KETRO provides a central, coherent and accessible resource to complement existing resources and strategies. It provides a composite point of reference that identifies qualifications, courses, units and related resource materials which can support programs particularly designed for Indigenous students and Indigenous studies.

KETRO is housed at Kangan Batman Institute of TAFE through the Gunang-Willam-Balluk Learning Centre. KETRO has been promoted through Koori learning organisations, Wurreeker brokers and curriculum maintenance managers' newsletters and networks and presentations at meetings/conferences. KETRO will be launched in August 2007.

Monitoring and research activities

October scanning

As part of its strategic planning, each year the Board commissions a report on the major themes in qualifications and pathways development and thinking, both in Australia and overseas. This year's report was again prepared by the Centre for Post-Compulsory Education and Lifelong Learning at the University of Melbourne, and took an especially broad international perspective on recent developments. Among its many findings, national qualification frameworks continue to gain prominence and attention across most regions of the world. Where governments have established qualifications authorities there is evidence that the frameworks tend to become more robust and play a more active role in articulation, including credit transfer. The report contains many valuable insights into the qualifications landscape and will inform the future work of the VRQA.

Rangefinder projects

In previous years the VQA undertook a program of small-scale Rangefinder projects to research and evaluate the potential of a

topic arising from monitoring and research activities for further development in enhancing student pathways, improving linkages between qualifications or to fill gaps in the Victorian qualifications landscape. In 2006–07, with the expected changeover to the Victorian Registration and Qualifications Authority, no new Rangefinder projects were conducted. However, the following projects, initiated in 2005–06, were completed during the period.

Agricultural Industries Careers and Training Pathways project

The VQA's investigation of the qualification needs of rural and regional communities in late 2004 recommended that career and training pathways be described for each sector of agriculture. This was endorsed at an industry forum convened by the VQA in November 2005.

Primary Skills Victoria have produced career guides and a related teacher's guide for the grains, sheep and wool, and dairying sectors of the agricultural industry. They have also produced a final report, which was considered by the VQA Board in October 2006.

Short Courses project

The VQA, in association with the Victorian TAFE Association, commissioned a project to investigate the role and popularity of short courses in Victorian TAFE institutes. The project examined a range of issues related to pathways and quality assurance, including the diversity of available short courses, bridging programs, unclassified courses and accredited courses that are not matched to the Australian Qualifications Framework.

The final stage of the project in 2006 focused on the development and dissemination of good practice guidelines for short courses covering quality assurance, nomenclature, information and marketing materials.

The purpose and outcomes of Stage 3 of the project were to develop and disseminate guidelines for quality assurance and

nomenclature in short courses in Victoria through the peak bodies: the Australian Council for Private Education and Training (ACPET), the Victorian TAFE Association and Adult, Community and Further Education. The VQA led a working group to develop the guidelines, which will be available as an online resource on the websites of the Victorian TAFE Association and ACPET in 2007.

Skill Sets project

The Skill Sets project was completed in December 2006. In exploring the Victorian skill set landscape, the VQA project was able to contribute to the national discussion which arose from COAG's determination of February 2006. The imperative to offer more flexible pathways into skill shortage trades has generated considerable national debate and initiatives such as those pursued by the National Quality Council.

The VQA project continued to explore the application of skill sets in relation to unaccredited training. The need identified in all states for skill sets, including unaccredited training, to be considered on an industry basis will continue to give impetus to more contextualised training frameworks. VQA initiatives such as the Credit Matrix will play a role in this process.

The Diploma of Applied Learning

The Diploma of Applied Learning is envisaged as a post-senior secondary VET qualification that offers a pathway for Senior VCAL students and VCE students with a strong VET program. It will offer pathways into employment and articulation into further/higher education by providing learning and training in selected vocational contexts as well as theoretical and conceptual knowledge and skills. A target cohort, underpinning principles and a methodology for the establishment of three pathways diploma development and demonstration projects has been established.

The Diploma of Applied Learning is now in its establishment phase with three interdependent components:

- 1 The Diploma of Applied Learning qualification allows for learning and skills acquisition in vocationally distinct areas through the inclusion of high-level applied and conceptual knowledge. The Diploma of Applied Learning leads towards employment outcomes, provides structured arrangements for advanced standing into further and higher education programs and complements nationally endorsed industry training package qualifications. The Diploma of Applied Learning is built around four structural strands – Vocational employment skills, Industry orientation, Foundation studies and Industry application.
- 2 Four demonstration projects are developing a Diploma of Applied Learning program for their local situation. Two programs are in the transport industry and two are in Community Services and negotiate cross-sector qualification linkages and formalise arrangements with the higher education sector. They will establish relationships with local industry and employers to ensure that work opportunities are available for diploma graduates.
- 3 An evaluation of the demonstration projects using an action research approach will be completed in December 2007.

Connect

The Connect initiative aims to create a framework based on existing courses with improved credit relationships and pathways to bridge gaps for people wishing to complete a senior secondary certificate.

In 2006, the Connect tool comprising a series of mapping resources was developed. This tool was successfully piloted with agencies working with disengaged learners. Pilot participants were aged between 15 and 55 years, and all had some achievements

that were recognised within the VCAL. The pilots demonstrated the value of Connect in assisting these learners to develop a path towards the VCAL as a step towards further learning and employment. The positive impact that gaining a Senior Secondary Certificate has on an individual's confidence was confirmed.

Connect brings together existing publicly available, albeit scattered, materials. Further refinement of the tool is ensuring that proforma tools, 'how to' guides to support learning advisers, case studies and electronic links to web-based resources are available.

Enhancing quality assurance

Quality assurance is an approach to ensuring that the quality of a product or service is consistent with a set of standards. The VQA has four statutory quality assurance functions:

- accreditation of post-compulsory courses, including the VCE, the VCAL and VET courses
- registration and audit of post-compulsory providers
- certification of student learning outcomes (the awarding and issuing of qualifications)
- approval of providers of courses for overseas students.

In the VET sector, the registration and audit activities of the VQA have been delegated by the Board to the Office of Training and Tertiary Education. They must comply with the nationally agreed AQTF Standards for State and Territory Registering and 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 2006–07, the VQA and its delegate were externally audited by the National Centre for Vocational Education Research to assess their compliance with the AQTF Standards.

Following the review of the VQA's registration and audit functions, presented to the VQA Board in December 2005, the VQA developed a work program addressing the major recommendations in the report. A regulatory and risk framework was developed for VET delivery in Victoria and PhillipsKPA were commissioned to undertake a project to investigate approaches to outcomes-based auditing, with a particular focus on developing valid, reliable and acceptable outcomes measures of training performance. A third project on enhancement of audit procedures was placed on hold in view of a significant shift which occurred in national priorities with the intervention of COAG in February 2006.

The COAG meeting called for reform of the AQTF, based on outcomes-based quality standards for registered training organisations and supported by national outcomes-based auditing. The new model was to be developed in consultation with key parties including employers, regulators and unions, and introduced by July 2007.

In response, the VQA joined with the Registering and Course Accrediting Bodies from other States and Territories in developing a revised, simplified framework with a stronger emphasis on training and assessment outcomes. The revised standards focus on three core areas: training and assessment systems, client services and management commitment. The standards are supported by a set of enforceable conditions between the Registering and Course Accrediting Bodies and a registered training organisation that apply to all such organisations and are not generally subject to continuous improvement processes by a specific organisation. The revised Essential Standards for Registration are based on extensive consultation involving

all States and Territories and there has been strong support for the new approach. An extensive set of supporting documentation has also been developed, including an *Audit Handbook*, *Users' Guide to the Standards for Registration*, *Standards for Registering Bodies*, *Standards for Course Accrediting Bodies*, *Standards for Accredited Courses*, *National Risk Management Guidelines* and *National Industry Engagement Guidelines*.

A report on the draft regulatory and risk framework for vocational education and training was presented to the VQA Board meeting in October 2006. The report's recommendation that auditing of registered training organisations be proportionate to the organisation's track record, as measured by their performance and compliance with AQTF Standards, with suitable allowance made for different types of organisations was endorsed by the Board. This approach initiated by the VQA had a significant influence on the national risk management framework developed for the AQTF 2007.

The VQA project to investigate outcomes-based auditing was expanded to include national consultations. The final report was presented to the VQA Board meeting in December 2006.

The report's recommendation for further development work on five specific outcomes measures, namely Learner Engagement, Learner Assessment of Competencies Measure, Employer Satisfaction, Learner Transition and Unit Completion Rates, was adopted by the VQA Board. The report was also considered by the National Quality Council at its December 2006 meeting and is now being used at the national level to inform the detailed development of outcomes measures and administrative systems to record performance data from registered training organisations on an ongoing basis.

The VQA and its delegate, the Office of Training and Tertiary Education, conducted a program of information sessions on the

AQTF 2007 in March involving nearly 1000 participants from approximately 650 registered training organisations, followed by a program of 27 workshops for registered training organisations in Melbourne and major regional centres.

The VQA has initiated a project to measure the regulatory burden of both the current and the revised AQTF for registered training organisations. KPMG has been contracted to do the project, which involves a program of structured interviews with a cross-section of organisations in Victoria and Queensland. The project is scheduled for completion in early July. This work will also support future work at the national level.

Recommendations arising from the evaluation of the VQA's accreditation function conducted in the first half of 2006 have continued to be incorporated into accreditation policy and procedures in order to ensure:

- that accreditation processes are streamlined and effective
- that advice and communication with course developers is improved.

Accreditation

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

In July 2006, a strategic industry audit was undertaken of state-accredited courses in the area of complementary medicine. The recommendations arising from this audit led to the development of a policy and implementation strategy for courses deemed to be 'high risk'.

National training packages

The VQA evaluates new and reviewed training packages in partnership with the Office of Training and Tertiary Education. Training packages are developed nationally by industry to ensure that they reflect workplace standards

and a viable vocational outcome. Training package qualifications are endorsed by each State and Territory Minister with responsibility for vocational education.

Reviewed training packages

The following training packages were reviewed during the reporting period:

- Asset Maintenance Volume IV Fire Protection
- Asset Security
- Aviation
- Business Services
- Civil Construction
- Community Recreation
- Community Services and Health
- Correctional Services
- Drilling Industry
- Electrotechnology
- Financial Services
- Fitness
- Food Processing
- General Construction
- Hairdressing
- Health
- Hospitality
- Maritime
- Meat Industry
- Metalliferous Mining
- Outdoor Recreation
- Plumbing
- Public Safety
- Retail Services
- Rural Production
- Screen and Media
- Seafood
- Sport Industry
- Training and Assessment
- Transport and Logistics
- Water

Accreditation of VET courses

The VQA monitors quality assurance procedures as part of its commitment to continuous improvement of the course accreditation process. A critical evaluation of the VQA process for accrediting courses was completed in June 2006. Extensive consultation was a feature of the evaluation and the outcome will result in a number of recommendations being implemented to further streamline and enhance the quality assurance process for clients wishing to accredit courses.

A national course-accrediting bodies network initiated by the VQA in 2004 met in November 2006 and April 2007. This network continues to focus on increasing national consistency in course accreditation.

VET accreditation activities

	2006-07	2005-06
New courses accredited	49	43
Courses reaccredited	32	38
Course accreditations extended (for maximum of 12 months)	130	149
Course modifications	57	40
Courses deleted (no new enrolments permitted)	132	138

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.

Registration of providers

The VQA exercises its responsibility for the registration and audit of providers of vocational education and training and further education through delegation to the Higher Education and Regulation Division of the Department of Education. 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 2006 and at 30 June 2007

Category	30 June 2007	30 June 2006
Commercial training organisation	679	606
Community access centre	136	135
Enterprise-based organisation	84	78
Industry organisation	152	154
Private school	52	51
Government school	72	72
Adult education centre	96	100
Professional association	10	11
Adult migrant education	2	2
TAFE institutes	20	20
Local government	1	2
Other government	6	4
Total	1310	1235

Number of new providers registered 1 July 2005 – 30 June 2006 and 1 July 2006 – 30 June 2007

Category	1 July 2006 – 30 June 2007	1 July 2005 – 30 June 2006
Commercial training organisation	105	108
Community access centre	4	3
Enterprise-based organisation	12	5
Industry organisation	3	2
Private school	2	3
Government school	2	3
Adult education centre	2	4
Professional association	–	–
Local government	–	–
Other government	1	1
Total	131	129

Education Services for Overseas Students

The VQA has statutory authority for approving providers to deliver specified courses in the VET sector to students from overseas who come to Australia to study on a student visa. This function is managed by the Higher Education and Regulation Division within the Office of Training and Tertiary Education under delegation from the VQA. During the

reporting period 2006–07, 24 new providers were approved to provide specified courses to overseas students. The total number of providers currently approved under the authority of the VQA to provide courses to overseas students is 145.

In 2005, an independent evaluation of the legislation relating to Education Services for Overseas Students (ESOS) led to a review of the National Code 2001. An Australian Education Systems Officials Committee National Code Action Group (ANCAG) was formed to develop a new national code. The VQA established an intra-Departmental working group to brief the Victorian representative on the action group on an ongoing basis in relation to the development of the new code. The new code was approved by the Australian Government Minister for Education, Science and Training on 10 October 2006 and circulated to State and Territory Ministers, ANCAG members and education industry peak bodies. The National Code 2007 comes into force on 1 July 2007 and the Commonwealth Department of Education, Science and Training is developing a cooperative regulatory framework with ANCAG members to implement the ESOS framework.

In April 2006, the Australian Education Systems Officials Committee (AESOC) agreed to fund a project to develop a set of standards to underpin a nationally consistent, transparent and cost-effective quality assurance framework for English Language Intensive Courses for Overseas Students (ELICOS) providers and courses for delivery to overseas students. The VQA is a member of the national steering committee for the project. PhillipsKPA were engaged in late 2006 to undertake the project. In April 2007, PhillipsKPA drafted a final report for consideration by the steering committee. It is intended that a paper and the final report will be put to AESOC out-of-session in June 2007.

Professional development for course developers

The VQA extended its professional development program for course developers from a half-day introductory information session to a series of three workshops. The Course Developers Workshop series is designed to provide support to intending developers, many of whom have had no prior experience in developing accreditation submissions. Training was offered twice in 2005–06 and was well received, with a total of 154 attendees.

Workshop 1 provided an overview of the VQA accreditation process and included training on completion of the ‘intention to accredit’ as well as advice on available resources. The second workshop focused on the features of competency-based training and included an activity on writing a unit of competency. The final session provided workshop activities in developing an accreditation submission.

Information session for organisations prior to registration

As part of the delegation of authority, the Higher Education and Regulation Division of the Office of Training and Tertiary Education presented information sessions each month from February to December to provide organisations with an overview of the Victorian requirements for registration under the AQTF.

Participants were sent an information kit to assist them in deciding whether or not their organisation should apply for registration. These pre-registration information sessions were attended by 173 participants.

Standards for registration of VCAL providers

Following the review of VCAL registration standards conducted in 2005, a technical working group revised the standards for the registration of VCAL providers, which were

approved by the VQA Board at its June 2006 meeting. The revised standards have been widely circulated through the education and training community and have been used in a program to monitor provision of VCAL by ‘non-school’ providers. Two audit projects were conducted, in October 2006 and June 2007, involving 32 VCAL providers. All ‘non-school’ VCAL providers have now been registered and/or audited by the VQA.

Mapping project – English Language Intensive Courses for Overseas Students

A report on the ELICOS mapping project was considered by the VQA Board at its meeting on 4 August 2006. The project documents alternative approval procedures and requirements in Victoria in different education sectors for ELICOS providers and courses and provides a detailed comparison with National ELICOS Accreditation Scheme (NEAS) procedures and requirements. It also identifies areas of significant difference between existing Victorian Government and NEAS approval procedures and areas of overlap between NEAS approval procedures and Victorian Government and ESOS approval procedures and requirements. The report recommends more streamlined, cross-sectoral approval procedures and requirements in the ELICOS sector in Victoria. At its December meeting the VQA Board decided to refer all the recommendations in this report to the VRQA for further action.

Development of national standards for Foundation programs

Foundation programs are nationally recognised courses for international students designed to equip them with the skills and capabilities needed to succeed in higher education programs. The Foundation programs provide an academic entry pathway to first-year undergraduate study or its equivalent.

Currently these programs may originate in the higher education, vocational education and/or senior secondary sectors. In 2005, a working group was convened by the Commonwealth Department of Education, Science and Training to consider quality assurance issues relating to Foundation programs. The VQA managed a project, jointly funded by the Commonwealth and Victorian governments and drawing on the expertise of the Australian Council for Educational Research, to develop standards for Foundation programs to support the key criteria developed by the working group. The draft standards were the subject of further discussion by the working group and the various State and Territory bodies responsible for approving Foundation programs for delivery to international students.

In view of the revisions to the National Code under the ESOS Act being undertaken in 2006, the VQA Board decided to defer submitting the Standards for Foundation Programs to AESOC for approval. Now that the revised National Code has been finalised, the way is open for the Standards for Foundation Programs to be submitted to appropriate forums for national endorsement.

VQA State Register project

Since its inception the VQA has maintained a register of accredited post-compulsory qualifications, excluding higher education, and their providers as part of the VQA Act. The State Register has developed to meet the information needs of the VQA, stakeholders and the public.

Recent work has included defining business requirements and preparing the register for integration with the Credit Matrix. The integration of the system will allow the Credit Matrix to use register data for its operations and reduce duplication of resources.

Demonstrating good governance and management

Supporting the VQA Board

Governance arrangements

An internal audit of the VQA's governance arrangements was undertaken through the Department of Education and reported to the VQA Board in August. The review examined the legislation through which the VQA was established and the operational context of its governance arrangements, drawing particular attention to the Carver Governance Model which has informed the governance arrangements that have been established by the VQA Board. The review concluded that the VQA has achieved a high standard of performance, as measured against applicable standards of good practice in public sector governance.

Organisational practice

Communication and relationship building

In 2006–07, the VQA continued to publish information for stakeholders, including information on specific projects such as accreditation and the Credit Matrix. The VQA's website content management system was upgraded, improving the currency and accessibility of information.

Stakeholder relations have been strengthened through the VQA's communication strategy, corporate planning meetings, joint project activity and consultation meetings. The Director of the VQA is a member of the Department of Education Portfolio Board under the 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, 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 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 and Certification Authorities and meetings of the Chairs of State and Territory Registration and Course Accreditation Bodies.

Good governance and management links

An independent survey on stakeholder perceptions of VQA performance was conducted during 2006 and was reported to the VQA Board in August 2006 as part of its stocktake of activities. The survey was sent to a range of internal and external stakeholders seeking feedback on their perceptions of VQA performance in all three strategic areas of the VQA Corporate Plan: building pathways and credit bridges, enhancing quality assurance and demonstrating good governance and management.

Results of the survey were heartening, indicating strong support for the VQA as having achieved its mission of making a difference to the lives of Victorians through qualifications:

- 82 per cent of respondents were satisfied or very satisfied with the performance of the VQA
- 90 per cent saw the VQA as having contributed to the creation of better post-compulsory pathways for Victorians
- 87 per cent saw the VQA as having contributed to improving senior secondary outcomes for young Victorians
- 83 per cent saw the VQA as maintaining a quality assurance system that is effective, flexible and responsive to the needs of stakeholders.

Financial Report

Operating statement	34
Balance Sheet	35
Statement of changes in equity	36
Cash flow statement	36
Notes to the financial statement	37
Accountable officer's and chief finance and accounting officer's declaration	55
Auditor-General's report	56
Disclosure Index	72

Operating statement for the financial year ended 30 June 2007

	Notes	2007 \$	2006 \$
Continuing operations			
INCOME			
Revenue	2(a)(b)	4,948,501	4,914,776
Resources received free of charge or for nominal consideration	2(a),5	80,409	91,320
Total income		5,028,910	5,006,096
EXPENSES			
Employee benefits	2(c)	2,801,408	2,966,221
Depreciation and amortisation	2(d)	12,507	46,968
Grants and other payments	2(e)	602,035	415,185
Supplies and services	2(f)	1,296,942	1,723,226
Other expenses	2(g)	81,660	38,813
Total expenses		4,794,552	5,190,413
Net result from continuing operations		234,358	(184,317)
Net result for the period		234,358	(184,317)

The above Operating Statement should be read in conjunction with the accompanying notes

Balance sheet

as at 30 June 2007

	Notes	2007 \$	2006 \$
Current assets			
Cash and cash equivalents	3	2,148,947	4,207,845
Receivables	4	179,470	12,497
Prepayments		161,748	–
Total current assets		2,490,165	4,220,342
Non-current assets			
Property, plant and equipment	6	13,330	88,496
Total non-current assets		13,330	88,496
Total assets		2,503,495	4,308,838
Current liabilities			
Payables	7	226,480	2,439,898
Provisions	8	750,918	633,804
Income in advance		90,000	2,628
Total current liabilities		1,067,398	3,076,330
Non-current liabilities			
Provisions	8	23,478	54,247
Total non-current liabilities		23,478	54,247
Total liabilities		1,090,876	3,130,577
Net assets		1,412,619	1,178,261
Equity			
Accumulated surplus	13	1,412,619	1,178,261
Total equity		1,412,619	1,178,261

The above balance sheet should be read in conjunction with the accompanying notes

Statement of changes in equity for the financial year ended 30 June 2007

	Notes	2007 \$	2006 \$
Total equity at beginning of financial year		1,178,261	1,362,578
Net income recognised directly in equity		–	–
Net result for the period	2	234,358	(184,317)
Total recognised income and expense for the period		234,358	(184,317)
Transactions with the State in its capacity as owner		–	–
Total equity at end of financial year		1,412,619	1,178,261

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cash flow statement for the financial year ended 30 June 2007

	Notes	2007 \$	2006 \$
Cash flows from operating activities			
Receipts			
Receipts from Government		3,146,685	3,489,570
Receipts from other entities		1,422,961	1,241,419
Interest received		299,254	185,233
Goods and Services Tax recovered from the ATO		180,980	229,755
Total receipts		5,049,880	5,145,977
Payments			
Payments to suppliers and employees		(7,101,406)	(3,634,267)
Goods and Services Tax paid to the ATO		(7,372)	(1,639)
Total payments		7,108,778	(3,635,906)
Net cash flows (used in)/from operating activities	12	(2,058,898)	1,510,071
Net (decrease)/increase in cash and cash equivalents		(2,058,898)	1,470,140
Cash and cash equivalents at the beginning of the financial year		4,207,845	2,737,705
Cash and cash equivalents at the end of the financial year		2,148,947	4,207,845

The above cash flow statement should be read in conjunction with the accompanying notes

Notes to the financial statements for the financial year ended 30 June 2007

Note	Page
1 Summary of accounting policies	38
2 Net result from ordinary activities	45
3 Cash and cash equivalents	46
4 Receivables	46
5 Resources received free of charge	46
6 Property, plant and equipment	47
7 Payables	47
8 Employee benefits	48
9 Commitments for expenditure	49
10 Contingent assets and contingent liabilities	49
11 Financial instruments	50
12 Cash flow information	51
13 Equity and movements in equity	51
14 Responsible persons	52
15 Remuneration of executives	53
16 Remuneration of auditors	54
17 Subsequent events	54

NOTE 1 Summary of accounting policies

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards, Interpretations and other mandatory professional requirements. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS).

The financial report was authorised for issue by R Cooper-Thomas (Chief Finance and Accounting Officer – Victorian Qualifications Authority) on 5 October 2007.

(b) Basis of preparation

The financial report has been prepared on a historical cost basis, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a risk of material adjustments in the next year are disclosed throughout the notes in the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2007 and the comparative information presented for the year ended 30 June 2006.

(c) Going concern basis

When preparing financial reports, management has made an assessment of the entity's ability to continue as a going concern. The Victorian Qualifications Authority (VQA) has effectively ceased operations on 30 June 2007 with the proclamation of the *Education and Training Reform Act 2006*. Under the transition arrangements of the *Education and Training Reform Act 2006* the Victorian Registration and Qualifications Authority (VRQA) which came into operation on 1 July 2007 assumed all assets and liabilities of the VQA. (Refer Note 17)

(d) 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.

(e) Objectives and funding

The VQA's objectives are to:

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

The VQA is predominantly funded by grants from the Department of Education. The VQA charges fees for the registration of providers. The fees charged are determined on a cost recovery basis.

(f) Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Authority and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the balance date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and which may have a material impact on the results of subsequent years.

(g) Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(h) Income recognition

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the Authority's major activities as follows:

Grants

Grants received by the Authority are recognised as income when the Authority gains control of the underlying assets. For reciprocal grants, the Authority is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Authority is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Fees

Fees are recognised in the period received.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Revenue from the provision of services

Revenue from the provision of services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

- the amount of the revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity or department.

The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract.

Other income

Other income consists of gains/losses on disposal of property, plant and equipment, disposal of investments and disposal of business. Any gain or loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

Resources received and provided free of charge or for nominal consideration

Resources provided free of charge or for nominal consideration are recognised at their fair value.

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the contributed asset qualifies for recognition, unless received from another government department or agency as a consequence of

a restructuring of administrative arrangements. In which case, such transfer will be recognised at carrying 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.

The VQA shares accommodation with the Department of Education, the cost of which is not charged to the VQA. The value is recognised in the operating statement as an expense offset by an increase to revenue as resources received free of charge.

Payroll, IT and accounts payable services are provided from centralised functions controlled by the Department of Education. No estimate of the cost of these services is included in these accounts as the amounts are not readily quantifiable.

(i) Expenses

Grants and other payments

Grants and other payments to third parties are recognised as an expense in the reporting period in which they are paid or payable.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department. These items are recognised as an expense in the reporting period in which they are incurred. The carrying amount of any inventories held for distribution is expensed when distributed.

Employee benefits

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions. These are recognised when incurred, except for contributions in respect of defined benefit plans.

Superannuation

Defined benefit plans

The amount charged to the operating statement in respect of defined benefit superannuation plans represents the contributions made to the superannuation plan in respect to the current services of current staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

The Department of Treasury and Finance centrally recognises the defined benefit liability or surplus of most Victorian government employees in such funds.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

	Useful life years
	2007
Computer equipment	3
Office equipment and furniture	5–10

Impairment of assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indications of impairment, except for: financial assets (refer Note 1(j));

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

(j) Assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Receivables

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax credits recoverable.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Revaluations of non-current physical assets

Non-current physical assets measured at fair value are revalued in accordance with FRD 103B. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification. Revaluation increments or decrements arise from differences between carrying value and fair value.

Revaluation increments are credited directly to equity in the 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 the net result, the increment is recognised as income in determining 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 revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not normally transferred to accumulated surplus on de-recognition of the relevant asset.

(k) Liabilities

Payables

Payables consist predominantly of creditors and other sundry liabilities.

Payables are carried at amortised cost and represent liabilities for goods and services provided to the Authority prior to the end of financial year that are unpaid, and arise when the Authority becomes obliged to make future payments in respect of the purchase of these goods and services.

Provisions

Provisions are recognised when the Authority has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recognised from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits:

- **Current liability – unconditional LSL** (representing 7 or more years of continuous service for VPS staff and 10 and more years of continuous service for executives) is disclosed as a current liability even where the department does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that the department does not expect to settle within 12 months; and
- nominal value – component that the department expects to settle within 12 months.

- **Non-current liability – conditional LSL** (representing less than 7 years of continuous service for VPS staff and less

than 10 years of continuous service for executives) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

(iii) Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised and included with LSL employee benefits.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Department recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(I) Equity

Contributions by owners

For additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

(m) Cash flow statement

For the purposes of the cash flow statement, cash comprises cash on hand, cash at bank, bank overdrafts and deposits at call, and highly liquid investments with short periods to maturity that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(n) Functional and presentation currency

The functional currency of the VQA is the Australian dollar, which has also been identified as the presentation currency.

(o) Rounding of amounts

Amounts in the financial report have been rounded to the nearest dollar, unless otherwise stated.

NOTE 2 Net result from ordinary activities

	2007 \$	2006 \$
Income		
(a) Revenue from Government		
State Government grants	3,146,685	3,489,570
Resources received free of charge or for nominal consideration:	80,409	91,320
Total revenue from Government	3,227,094	3,580,890
(b) Other revenue		
Registration and accreditation fees	1,366,185	1,223,574
Interest	299,254	185,233
Other revenue	136,377	16,399
Total other revenue	1,801,816	1,425,206
Expenses		
(c) Employee benefit:		
Salaries and wages	2,010,010	2,245,894
Annual leave and long service leave expense	385,262	273,998
Superannuation	241,563	261,295
Other oncosts (fringe benefits tax, payroll tax and WorkCover levy)	164,573	185,034
Total employee benefits	2,801,408	2,966,221
(d) Depreciation and amortisation		
Depreciation of plant and equipment	4,912	41,272
Amortisation of leasehold improvements	7,595	5,696
Total depreciation and amortisation	12,507	46,968
(e) Grants and other payments		
Transfer payments to Department of Education	85,000	43,526
Grants to TAFE institutes	132,000	12,136
Grants to government schools	–	302,250
Grants to other Victorian Government entities	322,388	–
Grants to external organisations	62,647	57,273
Total grants and other payments	602,035	415,185
(f) Supplies and services		
Travel	49,328	82,640
Printing	46,689	83,567
Contractors/Consultants/Board members	891,346	1,175,334
Accommodation	80,409	91,320
Administration & other expenses	229,170	290,365
Total supplies and services	1,296,942	1,723,226
(g) Other expenses	81,660	38,813

NOTE 3 Cash and cash equivalents

	2007 \$	2006 \$
Cash at bank and on hand	2,148,947	4,207,845

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

NOTE 4 Receivables

	2007 \$	2006 \$
Current receivables		
Debtors	173,949	975
GST input tax credit recoverable	5,521	11,522
Total receivables	179,470	12,497

NOTE 5 Resources received free of charge

	2007 \$	2006 \$
Accommodation	80,409	91,320

The amount relates to the premises occupied by the VQA at level 2, 33 St Andrews Place, East Melbourne. Property rentals and outgoings are paid by the Department of Education & Training. The amounts are recognised in the operating statement as an expense and offset to revenue as resources received free of charge

NOTE 6 Property, plant and equipment

	2007 \$	2006 \$
Plant and equipment		
At cost	70,861	73,578
Less: Accumulated depreciation	(57,531)	(55,337)
	13,330	18,241
Leasehold improvements		
At cost	–	75,951
Less: Accumulated amortisation	–	(5,696)
	–	70,255
Total property, plant and equipment	13,330	88,496

Reconciliation

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 1 July 2006	9,173	9,068	70,255	88,496
Additions	–	–	–	–
Transfers	–	–	–	–
Disposals	–	–	(62,660)	(62,660)
Depreciation/amortisation	(3,931)	(980)	(7,595)	(12,506)
Balance at 30 June 2007	5,242	8,088	–	13,330

NOTE 7 Payables

	2007 \$	2006 \$
Current payables		
Trade creditors	96,786	140,379
Accrued expenses	80,166	2,245,396
Accrued salaries, wages and oncosts	49,528	54,123
Total payables	226,480	2,439,898

NOTE 8 Employee benefits

	2007 \$	2006 \$
(a) Provision for employee benefits		
Current		
All annual leave and LSL entitlements representing 7+ years of continuous service		
– Short-term employee benefits that fall due within 12 months after the end of the period measured at nominal value	727,440	602,256
– Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	23,478	31,548
	750,918	633,804
Non-current		
LSL representing less than 7 years of continuous service measured at present value	23,478	54,247
Aggregate employee benefit liability	774,396	688,051
	2007	2006
Number of employees at end of year	24	24

The following assumptions were adopted in measuring present values:

	2007 \$	2006 \$
(b) Long Service leave		
Weighted average rates of increase in annual employee entitlements to settlement of the liabilities	*	4.75%
Weighted average discount rates	5.79%	5.78%
Weighted average terms to settlement of the liabilities	7 years	8 years
(c) Superannuation		
Name of scheme:		
State Superannuation Fund – Revised Scheme	17.0%	17.0%
State Superannuation Fund – New Scheme – 0% contributor	7.5%	7.5%
State Superannuation Fund – New Scheme – 3% contributor	8.8%	8.8%
State Superannuation Fund – New Scheme – 5% contributor	9.7%	9.7%
State Superannuation Fund – New Scheme – 7% contributor	10.5%	10.5%
VicSuper*	9.0%	9.0%
State Employees Retirement Benefits Scheme	12.8%	12.8%

* The Department of Education is in discussion with unions on a new EBA agreement. The disclosure of the weighted average inflation rate would prejudice the negotiations.

* 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 Balance sheet 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 Operating statement of the Victorian Qualifications Authority.

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

Government Employees' Superannuation Fund

State Superannuation Fund (defined benefit scheme)
 Vic Super (accumulation scheme)
 State Employees Retirement Benefits Scheme (defined benefit scheme)
 Various other schemes
 Total

	Contribution 2007 \$	Contribution 2006 \$
	135,990	156,815
	97,433	98,220
	2,780	2,910
	5,360	3,350
	241,563	261,295

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 9 Commitments for expenditure

There are no commitments for expenditure to be disclosed in the financial period.
 (2006 – nil.)

NOTE 10 Contingent assets and contingent liabilities

There are no contingent assets and contingent liabilities to be disclosed in the financial period.
 (2006 – nil)

NOTE 11 Financial instruments

Authority's exposure to interest rate risk

	Weighted average effective interest rate	Variable interest rate \$	Maturity dates			Non-interest bearing \$	Total \$
			Less than 1 year \$	Over 1 to 5 years \$	5+ years \$		
2007							
Financial assets:							
Cash and cash equivalents	6.10%	2,148,947	-	-	-	-	2,148,947
Trade and other receivables		-	-	-	-	179,470	179,470
		2,148,947				179,470	2,328,417
Financial liabilities:							
Payables		-	-	-	-	226,480	226,480
		-	-	-	-	226,480	226,480
2006							
Financial assets:							
Cash and cash equivalents	5.34%	4,207,845	-	-	-	-	4,207,845
Trade and other receivables		-	-	-	-	12,497	12,497
		4,207,845				12,497	4,220,342
Financial liabilities:							
Payables		-	-	-	-	2,439,898	2,439,898
		-	-	-	-	2,439,898	2,439,898

NOTE 12 Cash flow information

	2007 \$	2006 \$
(h) Reconciliation of net result for the period to net cash flows from operating activities		
Net result for the period	234,358	(184,317)
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	62,660	19,913
Depreciation and amortisation of non-current assets	12,507	46,968
Resources received free of charge or for nominal consideration	(80,409)	(91,320)
Value of accommodation received free of charge or for nominal consideration	80,409	91,320
Movements in assets and liabilities:		
(Increase)/decrease in current receivables	(166,973)	(7,846)
(Increase)/decrease in other current assets	(161,748)	–
(Increase)/decrease in current payables	(2,213,419)	1,527,760
(Increase)/decrease in employee entitlements	86,345	107,593
(Increase)/decrease in other current liabilities	87,372	–
Net cash flows from/(used in) operating activities	(2,058,898)	1,510,071

NOTE 13 Movements in equity

	2007 \$	2006 \$
Accumulated surplus		
Balance at beginning of financial year	1,178,261	1,362,578
Net result	234,358	(184,317)
Balance at end of financial year	1,412,619	1,178,261
Total equity at the end of the financial year	1,412,619	1,178,261

NOTE 14 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 positions of Ministers and Accountable Officers in the Authority are as follows:

Minister for Education and Training	Lynn Kosky, MP	1 July 2006 to 30 November 2006
Minister for Education	John Lenders, MP	1 December 2006 to 30 June 2007
Director	Dr Dennis Gunning	1 July 2006 to 15 December 2006
	Mr Rob Fearnside	16 December 2006 to 30 June 2007
Board member	Professor Gerald Burke	1 July 2006 to 30 June 2007
	Ms Wendy Brabham	1 July 2006 to 30 June 2007
	Mr Peter Dawkins	9 July 2006 to 30 June 2007
	Ms Cheryl Glowrey	1 July 2006 to 30 June 2007
	Mr Stuart Hamilton AO	1 July 2006 to 16 October 2006
	Mr Grant Hehir	1 July 2006 to 8 July 2006
	Ms Linda Heron	1 July 2006 to 30 June 2007
	Mr Paul Herrick	1 July 2006 to 30 June 2007
	Ms Julie Moss	1 July 2006 to 30 June 2007
	Ms Virginia Simmons	1 July 2006 to 28 February 2007
	Mr Peter Thomas AM	1 July 2006 to 30 June 2007
	Professor Barbara van Ernst	1 July 2006 to 30 June 2007
	Ms Anna Vlass	1 July 2006 to 30 June 2007
	Ms Lynn Wannon AO	1 July 2006 to 30 June 2007
	Mrs Elizabeth Ward	1 July 2006 to 30 June 2007

Remuneration

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

Income band	2007 No.	2006 No.
\$0–\$9,999	14	15
\$30,000–\$39,999	1	1
Total	15	16
Total remuneration received, or due and receivable by board members	\$45,190	\$45,814

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

NOTE 15 Remuneration of executives

The number of executive officers (including the Accountable officer) whose remuneration exceeded \$100,000 during the reporting period are shown below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

Several factors have affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and

renegotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. Some contracts provide for an annual bonus payment whereas other contracts only include the payment of bonuses on the successful completion of the full term of the contract. A number of these contract completion bonuses became payable during the year.

An executive officer resigned in the past year. This has not had a significant impact on total remuneration figures.

Income Band	Total Remuneration		Base Remuneration	
	2007 No.	2006 No.	2007 No.	2006 No.
\$90,000 – 99,999			1	
\$130,000 – 139,999				1
\$140,000 – 149,999		1	1	
\$150,000 – 159,999	1			
\$160,000 – 169,999	1			
\$200,000 – 209,999				1
\$210,000 – 219,999		1		
Total numbers	2	2	2	2
Total amount	\$315,378	\$355,069	\$239,447	\$338,139

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 16 Remuneration of auditors

	2007 \$	2006 \$
Victorian Auditor General's Office	19,000	18,900
Audit or review of the financial report	-	-
	19,000	18,900

NOTE 17 Subsequent events

The Victorian Qualifications Authority (VQA) ceased operations on 30 June 2007 with the proclamation of the *Education and Training Reform Act 2006*. Under the transition arrangements of the *Education and Training Reform Act 2006* the Victorian Registration and Qualifications Authority which came into operation on 1 July 2007 assumed all assets, liabilities and functions of the VQA.



Victorian Registration &
Qualifications Authority

Level 2, 33 St Andrews Place
East Melbourne VIC 3002

T (03) 9637 2806
F (03) 9637 2422
vrqa@edumail.vic.gov.au
www.vrqa.vic.gov.au

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

On 1 July 2007 the Victorian Registration and Qualifications Authority became the successor in law of the Victorian Qualifications Authority.

We, the accountable officers and chief finance and accounting officer of the Victorian Registration and Qualifications Authority, 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 Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2007 and financial position of the Victorian Qualifications Authority at 30 June 2007.

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

R Cooper-Thomas
Chief Finance and Accounting Officer
Victorian Registration and Qualifications Authority

Melbourne
5 October 2007

L Glover
Director
Victorian Registration and Qualifications Authority

Melbourne
5 October 2007

Stuart Hamilton
Chair
Victorian Registration and Qualifications Authority

Melbourne
5 October 2007

VAGO

Victorian Auditor-General's Office

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 auditor's report for the financial year ended 30 June 2007 relates to the financial report of the Victorian Qualifications Authority included on its web site. The Members of the Board of the 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 auditor's 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.

The Financial Report

The accompanying financial report for the year ended 30 June 2007 of the Victorian Qualifications Authority which comprises the operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Accountable officer's and chief finance and accounting officer's declaration has been audited.

The Responsibility of the Members of the Board for the Financial Report

The Members of the Board of the Victorian Qualifications Authority are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

1

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Audit Report (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the Board Members' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 and responsibilities are to be exercised. The Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Qualifications Authority as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act* 1994.

MELBOURNE
9 October 2007


D.D.R. Pearson
Auditor-General

2

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Appendices

1 Wider policy frameworks	58
2 <i>Whistleblowers Protection Act 2001</i>	60
3 Disclosure index	72

APPENDIX 1 Wider policy frameworks

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

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 skills 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 is:

Neil Morrow
Manager, Freedom of Information
Department of Education
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 on behalf of the VQA:

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

Paper records of agenda, papers and confirmed minutes of meetings are maintained in registered files. A register of outcomes is also maintained.

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 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.

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 and is committed to abiding by the Department's policies and procedures in relation to occupational health and safety. (See the *Department of Education's Annual Report 2006–07* 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 <<http://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 July 2006 – June 2007.

The VQA engaged one consultancy at a cost of less than \$100,000 during 2006–07 at a total cost of \$45,000. The total approved expenditure excludes GST.

As there were no contracts over \$1,000,000 in regional Victoria and \$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 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 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 had not received 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 2006–07.

Department of Education Guidelines

1 *Statement of support to whistleblowers*

The *Whistleblowers Protection Act 2001* (the Act) commenced operation on 1 January 2002. 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 to 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.

2 *Purpose of the procedures*

These procedures establish a system for reporting disclosures of improper conduct or detrimental action by Departmental 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.

3 *Objects of the Act*

The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies and establish a system for matters to be investigated. The Act provides protection to whistleblowers who make disclosures in accordance with the Act and remedies for the person where detrimental action has been taken against them.

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.

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 as a public officer or a public body.

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 proven, 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

- a public officer performing his or her 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 the making of 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 of Education

Disclosures of improper conduct or detrimental action by Departmental 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.

5.2 Alternative contact persons

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

Disclosures about improper conduct or detrimental action by persons who are not Departmental 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	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
Local Government Councillor	The Ombudsman
Chief Commissioner of Police	The Ombudsman or the Director, Police Integrity
Member of the police force	The Ombudsman, the Director, Police Integrity 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 that 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 role in the internal reporting system. He or she will:

- receive all protected disclosures forwarded from the protected disclosure officers
- impartially assess each disclosure to determine whether it is a protected disclosure made in the public interest
- coordinate the reporting system used by the Department

- be a contact point for general advice about the operation of the Act
- be responsible for ensuring that the Department carries out its responsibilities under the Act and the Ombudsman's guidelines
- liaise with the Ombudsman in regard to the Act
- refer all public interest 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
- where necessary, 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 that 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 that the expectations of the whistleblower are realistic.

7 Confidentiality

Section 22 of 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. A breach of section 22 constitutes a criminal offence.

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

- where exercising the functions of the Department under the Act
- when making a report or recommendation under the Act
- when publishing statistics in the Department's annual report
- 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 disclosure of particulars in the annual report that might lead to the identification of a person against whom a protected disclosure is made.

7.1 Establishing a confidential electronic and paper filing system

The Department will take all reasonable steps to prevent breaches of confidentiality and to minimise the possibility of detrimental action being taken against a whistleblower by ensuring a secure electronic and paper filing system is in place.

The Department will ensure that:

- all paper and electronic files are secure and can only be accessed by authorised officers
- all printed material is kept in files that are clearly marked as a Whistleblower Protection Act matter and include a prominent warning on the front of the file that criminal penalties apply to any unauthorised divulging of information concerning a protected disclosure
- any files saved onto floppy disk, CD-ROM or other disc are password protected
- any other material such as tapes from interviews are stored securely with access only to authorised officers
- the security of communications between nominated officers and/or contracted officers, that is sensitive information or documents, are not emailed or faxed to a machine to which staff have general access (personal delivery is the best way to ensure confidentiality).

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.

The Department will ensure that staff who deal with the receipt of complaints are aware of the Act and what matters may fall under the Act. Similarly staff in areas where complaints are

likely to be identified, such as mail and call centres, will be aware of the general nature of protected disclosures and the procedures for dealing with such disclosures appropriately.

Where a staff member receives a complaint, report or allegation of improper conduct or detrimental action, he or she will refer the matter to one of the Department's protected disclosure officers for advice.

In some circumstances the person may not refer to the Act when making the allegation of improper conduct or detrimental action. If an allegation raises issues that may fall within the provisions of the Act, the Department will assess the allegations in terms of the Act.

The protections of the Act may apply to a disclosure regardless of whether or not the individual making the disclosure specifically requests the protections. The assessment will be made on the nature of the disclosure and not the intention of the individual making it.

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 How can a protected disclosure be made?

Part 2 of the Act provides that a person may make a disclosure anonymously or not:

- orally
- in writing
- electronically.

9.1.2 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 below.) If the disclosure has been made anonymously, it should be referred to the Ombudsman.

9.1.3 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 his or her official capacity
- the alleged conduct is improper conduct or detrimental action taken against a person in reprisal for making a protected disclosure
- the person making a disclosure has reasonable grounds for believing the alleged conduct has occurred.

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

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

9.2 Is the protected disclosure a public interest 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 determine whether the disclosure amounts to a public interest disclosure. This assessment will be made within 45 days of the initial receipt of the disclosure by the protected disclosure officer.

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	Regional Director	Guidelines for Managing Complaints Unsatisfactory Performance and Serious Misconduct in relation to Principals, School Services Officers and Teachers Refer to Guidelines in the A – Z index of the Department's Human Resources website
Workplace conflict or grievance	Principal or Manager	The Department's Conduct and Ethics Branch Merit Protection Boards	Guidelines for Managing Complaints Unsatisfactory Performance and Serious Misconduct in relation to Principals, School Services Officers, Teachers and in the VPS Refer to Guidelines in the A – Z index of the Department's Human Resources website
Equal opportunity concern	Principal or Manager	The Department's Conduct and Ethics Branch and Diversity and Equity Unit Merit Protection Boards Equal Opportunity Commission	Merit and Equity policy
OHS issue	Principal or Manager	Workplace OHS representative	OHS Guidelines
Ethical or other misconduct concern	Principal or Manager	The Department's Conduct and Ethics Branch State Services Authority	VPS Code of Conduct
Complaints regarding administrative action by government bodies	The public body concerned	The Ombudsman	<i>Ombudsman Act 1973</i>
Improper conduct or detrimental conduct	The Department's protected disclosure officer	The Department's protected disclosure coordinator The Ombudsman	Whistleblowers Protection Act Guidelines

In determining whether the protected disclosure is a public interest disclosure, the Department must consider whether the disclosure shows or tends to show that a public officer to whom the disclosure relates:

- has engaged, is engaging or proposes to engage in improper conduct in his or her capacity as a public officer, or
- has taken, is taking or proposes to take detrimental action as a public officer or a public body.

Where the protected disclosure coordinator concludes that the disclosure amounts to a public interest 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 public interest disclosure.

Where the protected disclosure coordinator concludes that the disclosure is not a public interest 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 public interest 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 that a fair decision is reached by an objective decision maker. Maintaining procedural fairness protects the rights of individuals and enhances public confidence in the process.

The Department 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 should be taken to exclude perceived bias from the process
- the investigator must be impartial in assessing the credibility of the whistleblower and any witnesses. 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 that 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.

A person making a disclosure may be employed by the Department or may be a member of the public. The Department is obliged to protect both internal and external whistleblowers from detrimental action taken in reprisal for the making of the disclosure.

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
- endeavour to ensure that 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 (\$25,155) 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 advised that it is in his or her own interests to keep disclosures confidential by only discussing related matters with authorised persons within the Department or officers of the Ombudsman's office or other persons as authorised by law.

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 public interest disclosure, he or she will refer it to the Ombudsman. If the Ombudsman subsequently determines the matter to be a public interest 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 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 that the person who is the subject of any disclosure investigated by or on behalf of the Department 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 that officers appointed to handle protected disclosures and all other employees are aware of the following offences created by the Act:

-
- 1 It is an offence for a person to take detrimental action against a person in reprisal for a protected disclosure being made or when a person believes a protected disclosure has been made or when that other person intends to make a protected disclosure. The Act provides a maximum penalty of a fine of 240 penalty units (\$25,155) or two years imprisonment or both.
 - 2 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 (\$6289) or six months imprisonment or both.
 - 3 It is an offence for a person to obstruct the Ombudsman in performing his responsibilities under the Act. The Act provides a maximum penalty of 240 penalty units (\$25,155) or two years imprisonment or both.
 - 4 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 (\$25,155) or two years imprisonment or both.

15 Review

These procedures will be reviewed annually to ensure that 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 coordinator at the appropriate central or regional 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 coordinator.

Protected Disclosure Coordinator
Assistant General Manager, Policy and
Employee Relations
Human Resources Division
Ground floor, 2 Treasury Place
East Melbourne Victoria 3002
Telephone (03) 9637 2456
Facsimile (03) 9637 2340

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.

Ministerial Directions

<i>Legislation requirement</i>	<i>Page reference</i>
Report of operations	
Charter and purpose	
FRD 22A Manner of establishment and the relevant Ministers	7
FRD 22A Objectives, functions, powers and duties	7–8
FRD 22A Nature and range of services provided	7–8
Management and structure	
FRD 22A Organisational structure	16
Financial and other information	
FRD 22A Statement of workforce data and merit and equity	14–15, 58
FRD 22A Summary of the financial results for the year	17
FRD 22A Significant changes in financial position during the year	17
FRD 22A Operational and budgetary objectives and performance against objectives	18–32
FRD 22A Major changes or factors affecting performance	18–32
FRD 22A Subsequent events	54
FRD 22A Application and operation of the <i>Freedom of Information Act 1982</i>	58–59
FRD 22A Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	59
FRD 22A Statement on National Competition policy	59
FRD 22A Application and operation of the <i>Whistleblowers Protection Act 2001</i>	60–71
FRD 22A Details of consultancies over \$100,000	59
FRD 22A Details of consultancies under \$100,000	59
FRD 12A Disclosure of major contracts	59
FRD 22A Statement of availability of other information	73
FRD 22A Occupational health and safety	59
FRD 15A Executive Officer disclosures	53
FRD 10 Disclosure index	72
FRD 24A Reporting of office-based environmental impacts	n/a
FRD 25 Victorian Industry Participation policy disclosures	59
FRD 8A Budget portfolio outcomes	n/a

Legislation requirement	Page reference
Financial statements	
Financial statements required under Part 7 of the <i>Financial Management Act 1994</i>	
SD 4.2(c) Compliance with Australian Accounting Standards and other authoritative pronouncements	38
SD 4.2(c) Compliance with Ministerial Directions	38
SD 4.2(d) Rounding of amounts	44
SD 4.2(c) Accountable Officer's declaration	55
SD 4.2(f) Model financial report	33–54
SD 4.2(b) Operating statement	34
SD 4.2(b) Balance sheet	35
SD 4.2(b) Statement of cash flows during the year	36
Other disclosures in notes to the financial statements	
FRD 9 Departmental disclosure of administered assets and liabilities	n/a
FRD 11 Disclosure of exgratia payments	n/a
FRD 13 Disclosure of parliamentary appropriations	n/a
FRD 21 Responsible Person and Executive Officer disclosures	52–53
Legislation	
<i>Freedom of Information Act 1982</i>	58–59
<i>Building Act 1993</i>	59
<i>Whistleblowers Protection Act 2001</i>	60–71
<i>Victorian Industry Participation Policy Act 2003</i>	59

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:

Annette Whiter
 Victorian Registration and Qualifications Authority
 Level 2, 33 St Andrews Place
 East Melbourne Victoria 3002

Acronyms and abbreviations

ACE	Adult community education
AESOC	Australian Education Systems Officials Committee
ANCAG	AESOC National Code Action Group
AQTF	Australian Quality Training Framework
COAG	Council of Australian Governments
ELICOS	English Language Intensive Courses for Overseas Students
ESOS	Education Services for Overseas Students
KETRO	Koori Education and Training Resources Online
LLEN(s)	Local Learning and Employment Network(s)
NEAS	National ELICOS Accreditation Scheme
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
VRQA	Victorian Registration and Qualifications Authority

Victorian Qualifications Authority

Level 2

33 St Andrews Place

East Melbourne Victoria 3002

PO Box 266D

Melbourne Victoria 3001

Telephone (03) 9637 2086

Facsimile (03) 9637 2422

Email vrqa@edumail.vic.gov.au

Website www.vrqa.vic.gov.au

