

# SKILLS AND JOBS

IN THE  
EDUCATION  
STATE

THE GOVERNMENT'S  
RESPONSE TO THE  
VET FUNDING  
REVIEW



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# A MESSAGE FROM THE MINISTER FOR TRAINING AND SKILLS



A training system that delivers quality and work-relevant skills, across the State's economy, is vital to improving productivity, creating jobs, and increasing Victoria's economic growth.

This Response outlines how the Andrews Labor Government will seek to reform our current system so that it can meet these challenges and take its place in the Education State.

The way VET is funded is fundamental to meeting these aims.

On coming to Government we inherited an economy that had stagnated, a jobs crisis and a VET system that was failing the economy, industry, employers and students. Confidence in the system was at an all-time low, and Victoria's once strong public TAFE institutes were in disarray.

Before the 2014 State election, we made a promise to the Victorian people to save TAFE and fix our broken training system.

That is why on 9 February 2015, I launched an independent VET Funding Review charged with recommending ways to transform Victoria's training system.

The Review, chaired by Bruce Mackenzie, former Chief Executive of Holmesglen Institute, supported by Neil Coulson as Deputy Reviewer, former CEO of VECCI, has now delivered its Final Report. The Victorian Government thanks them for their work, and acknowledges the input of all individuals and organisations that contributed

their knowledge, expertise and perspectives to the Review during its extensive consultation phase.

The Government supports the general direction of the Review to achieve a more managed, stable, contestable training system that meets the skills needs of communities and industries across Victoria. The Review also delivers a range of recommendations that will greatly assist Government as we transform VET in Victoria into a system where:

- the unique requirements of regional Victoria's economy for quality training and skills is understood and supported
- all students, wherever they live across Victoria, get the skills they need for jobs now and into the future
- employers have confidence that their industries will have the skilled workers they need now and into the future
- our TAFE institutes, Learn Local and other community providers are supported and valued for the quality training they deliver and for their unique role in providing for the needs of local communities
- a skilled workforce drives increased productivity and economic growth
- funding is based on the real costs of quality training.

While the Andrews Labor Government will retain a contestable training system, the Government will take a more hands-on role, supporting strong public TAFEs and Learn Local providers and allowing innovation to prosper while driving the growth of jobs and a robust economy.

The VET system is complex and transforming it will not, and should not, be a quick fix.

But the reforms we are embarking on are exciting.

Work will continue over the next few months to finalise a detailed model and implementation plan, and I look forward to working with training providers, students and industry during 2016 to make the VET system in Victoria a world class system that meets the State's skills needs now and well into the future.

A handwritten signature in black ink, reading "Steve Herbert". The signature is written in a cursive style and is positioned above a horizontal line.

**Hon. Steve Herbert MP**  
Minister for Training and Skills

# 1. WHY SYSTEM REFORM HAS TO HAPPEN

The current VET system is not meeting our State's needs.

For Victoria's economy to flourish, and for VET to play a strong role in the Education State today and into the future, the training system must be transformed into a world class system that leads to jobs and prosperity for all Victorians.

## HOW OUR VET SYSTEM HAS FAILED

The fully contestable training market, where public and private training providers compete for students, was initially devised to increase training opportunities. It was intended to promote innovation and efficiency, while at the same time safeguarding TAFEs and Learn Local providers, meeting the needs of local, regional and rural communities and disadvantaged learners. However, changes to its design and policy settings by the former Government caused significant instability and uncertainty across the system.

A lack of the necessary quality assurance, inadequate consumer information, the removal of TAFE supplementary funding and a failure to cater appropriately to regional and rural areas, along with repeated changes to market settings and subsidies over recent years, have led to a range of major problems for the VET sector.

On coming to office, the Andrews Labor Government inherited a training system that was characterised by:

- A severe reduction in the system's ability to ensure that training aligns with industry demand and meets current and future workforce needs
- TAFE institutes in crisis, with a failure to recognise the additional costs TAFEs bear as a result of their unique public provider role, resulting in thousands of job losses, campus closures and course cancellations
- Too many instances of high levels of poor quality training being delivered, where industry demand was low, often led by unscrupulous provider behaviour
- Inappropriate design and use of training subsidies, particularly the repeated and unsystematic changes over 2013-14, that have undermined quality providers
- Decreased training opportunities in regional communities and economies as a result of reduced government funding and lack of understanding of the differing needs of rural and regional areas
- Insufficient information and support for students and employers in making training choices driven by the absence of a consumer focused approach that has students at its centre



- Limited capacity to use direct purchasing to address key government priorities
- A lack of support for our most vulnerable students, who are often unable to access training due to restrictive eligibility settings and receive limited support to achieve successful training outcomes.

*For example, participation by women continues to be lower than men (46.8%) and participation by 15 to 19 year olds showed the most significant decline of all age groups between 2013 and 2014.*

## THE CHANGING ECONOMY

Victoria cannot have a prosperous future without an educated, highly skilled workforce, equipped to seize new employment opportunities in a changing economy. We need a VET system that will deliver this workforce.

The labour market is evolving, driven by new and emerging technologies, a shift in focus to higher skilled, service-based industries, and the opening up of global markets that require a greater need for commercial and cultural literacy skills.

At the same time, long-term demographic trends, including an ageing population, are also changing the workforce and changing the demand for skills.

Victoria had the largest percentage change in industry structure of all States and Territories between 1990 and 2013. Events such as the impending closure of automotive manufacturing businesses have the potential to accelerate the pace of structural adjustment in Victoria.

Service-based industries, including information, finance and personal and health care, have grown rapidly in Victoria and the trend is expected to continue. Meanwhile, the traditional manufacturing sector is contracting, and manufacturing businesses are relocating offshore or restructuring.

While structural change is leading to the decline of traditional industries, it is also creating new opportunities in other sectors.

For example, there are six priority areas identified as having the potential for extraordinary economic growth:

- Medical technology and pharmaceuticals
- New energy technology
- Food and fibre
- Transport, defence and construction technology
- International education
- Professional services.

International education is an important example of such an opportunity – and one in which the VET sector plays a critical role. International education is Victoria’s largest service export industry, with significant potential for further growth, and Victoria’s VET system currently enrolls 160,000 international students per year. If we are to remain successful in this increasingly internationally competitive market, having a VET sector with a reputation for delivering high quality training that is relevant to industry needs is essential. As we reform the system, Government will take into account the needs of providers, including TAFEs, to be able to continue to develop their international business.

Businesses are increasingly seeking a workforce that can work with technology, think critically and creatively, and is able to adapt, and work flexibly and collaboratively to solve problems.

At the same time, businesses and employers tell us that they need workers with science, technology, engineering and maths (STEM) skills, as industry and production moves towards activities that are more technologically advanced and require deeper analytical skills.

In addition, business and employers tell us that Australia is facing a shortage of workers, and that a significant proportion of the existing workforce does not have adequate literacy and numeracy skills to adjust to a changing economy.

The VET system plays a critical role in creating a productive workforce that addresses these needs. It supports individuals at various points in their careers to gain skills for an immediate employment outcome and to improve their long-term prospects and employability.

In doing so, it also plays a critical role in enabling Victoria’s economic competitiveness and growth, and in helping families and communities avoid economic and social disadvantage.

## 2. WHAT THIS GOVERNMENT HAS DONE SO FAR

Since coming to office, the Andrews Labor Government has undertaken significant work to restore confidence in our training system and to improve its performance.

### QUALITY

We have taken a strong stand on quality, completing the *Review of Quality Assurance in Victoria's VET System* in June 2015 and implementing a range of initiatives to improve quality including:

- an immediate audit blitz on contracted training providers resulting in the withdrawal of a number of Victorian Training Guarantee funding contracts;
- an additional \$30 million over 3 years to boost compliance resources and implement the recommendations of the *Review of Quality Assurance*;
- new training provider contracts and greater accountability; and
- stronger provider performance assessment.

This work is a key step in creating the sort of training system Victoria's students, industry and economy needs and deserves and it will set the foundation for ongoing, system wide reform.

### JOBS

The Government has an ambitious plan for economic and jobs growth.

- The *Back to Work Scheme* is focused on driving future growth and providing relief to Victorian businesses that hire unemployed youth, long-term unemployed Victorians and retrenched workers, to help create 100,000 jobs.
- A package to boost the *Back to Work Scheme*, including extended employer benefits and additional training initiatives to further support vulnerable Victorians to get a job. The scheme includes \$20 million for a *Reconnect Program* that will help address the drop in early school leavers taking up training.
- \$15 million to create new Skills and Jobs Centres across Victoria, including \$7 million for regional TAFEs. The new hubs will be the first point-of-call for students looking to start training, workers needing to re-skill, unemployed workers needing support for retraining and for employers.

These initiatives will inject much needed funding into the training sector and help to ensure that people accessing training are developing the skills they need to get a job.



## TAFE INSTITUTES

- This Government is helping our TAFEs rebuild with the \$320 million *TAFE Rescue Fund*. This investment is helping institutes better provide the high quality training needed for people to get a job.
- The *TAFE Rescue Fund* is already flowing to TAFEs in need. Seven TAFEs in the most financial stress have received the first \$20 million in funding which was fast tracked to help them rebuild and retain staff, and improve training, courses and job opportunities for students.
- The fund is also being used to re-open closed campuses like Lilydale and Greensborough. It is also helping to upgrade facilities at institutes including Chisholm's Frankston campus.
- The \$50 million *TAFE Back to Work Fund* is supporting TAFE institutes across Victoria to help more than 7,000 Victorians start an apprenticeship or a traineeship.

## REGIONAL VICTORIA

- A new \$34 million regional skills and training package was announced as part of *Victoria's Regional Statement*.

## VICTORIAN SKILLS COMMISSIONER

We have established the Office of the Victorian Skills Commissioner. This is a new role and its fundamental purpose is to work with industry to ensure that students get skills that will lead to real jobs and real productivity for industry and employers. The Commissioner will be the cornerstone of collaboration between government, industry, students, training providers, secondary and higher education providers, and unions, in the drive towards creating and sustaining a first class VET system for Victoria.

### The Commissioner will:

- advise Government on the Victorian training system and related educational and economic issues
- analyse the training and workforce needs of existing and emerging industries and promote industry input into the training system
- work with relevant Government agencies to co-ordinate the training system with the Victorian Government's economic policies
- connect vocational training with senior secondary education, higher education and workforce planning
- liaise with regional stakeholders and employers to understand and support regional skills and economic needs
- promote pathways from training into employment
- liaise with industry to address major training market opportunities and barriers.

As we reform the system, Government will continue to take an active, hands-on role while, at the same time, carefully considering the benefits, costs, and system-wide impacts of all reform activity.

# 3. OUR VISION FOR THE FUTURE

## SIX BUILDING BLOCKS TO REFORM

The Review's Final Report delivers a range of recommendations that will assist Government to transform Victoria's VET system. The Government supports the general direction of the Review, for a more managed, stable and contestable training system, and will announce further detail around the design of the funding model and its implementation in the coming months.

We are transforming Victoria's VET system so that it meets the needs of students, employers, industry and the economy into the future. The Andrews Labor Government is determined to build a system that provides quality training that underpins the creation of jobs and boosts productivity – to ensure our economy thrives.

To achieve this we need a VET system that is responsive to industry needs, that meets those needs now and into the future, and supports an economy that can attract new businesses and investment. We need a nimble system that can adapt and provide quality training that industry needs as the economy evolves and grows.

**To make this transformation a reality, Government has set out six building blocks to reform. These are:**

1. **A clear vision for what Government expects from the VET system.**
2. **A new, stable and sustainable funding model.**
3. **A commitment to restoring strong and sustainable TAFEs and Learn Local providers.**
4. **A commitment to putting industry, employers and students first, in order to boost jobs and productivity.**
5. **A commitment to a fair and equitable funding system.**
6. **A commitment to placing quality and continuous improvement at the heart of VET.**





## 1. A CLEAR VISION FOR WHAT GOVERNMENT EXPECTS FROM THE VET SYSTEM

*The Review advocates for the Government to play a more active role in the VET system than has been the case in the past few years and for all players to share a common view of what the system is expected to achieve.*

It is vital that all participants share a common view of what the VET system is expected to achieve, to provide clarity and facilitate the pursuit of common goals.

**The Government will define three overarching objectives that explicitly state what it expects from the VET system and will regularly measure and report on the performance of the VET system under these objectives:**

### 1. Deliver quality training that meets current and future industry needs

Ensuring employer confidence through the availability of a highly skilled, adaptable and productive workforce and servicing the job needs of local communities, industries and the economy.

### 2. Grow employment and further education outcomes

Helping people to transform their lives, their careers and their future and move between different stages of education and training.

### 3. Promote equity and address disadvantage

Creating opportunities for all Victorians to get the skills they need for the jobs and futures they want, no matter their level of disadvantage or their situation.

## 2. A NEW STABLE AND SUSTAINABLE FUNDING MODEL

*The Review proposes that the funding model be built around the principles of choice, contestability and diversity; achievement of Government policy objectives, such as increasing attainment levels and responsiveness to labour market needs; stability; sustainability; and, effective budget management.*

The current unstable and unsustainable funding model is not meeting our State's needs. It isn't promoting the right types of training, and isn't providing good value for the \$1.2 billion investment that the State makes.

The new funding model that Government develops will build on the original concept of a contestable market driven by student demand, but will enable the training system to deliver what the economy needs now and into the future, and to achieve the greatest possible benefit from the public funds invested.

Over the coming months, Government will engage with key stakeholders, develop and refine the design of this model, so that a new model can be communicated to the market in advance of implementation, which will commence progressively from 2017.

### CASE STUDIES: REAL JOBS AND LIFELONG LEARNING

#### UPDATING QUALIFICATIONS

Like many people wanting to return to the paid workforce once their children are in school, Sarah already has a finance diploma but needs to update it so that she can once again work in her industry. But because she already holds a diploma, Sarah is currently unable to get a Government-subsidised place in a course, which will give her the skills she needs to return to work.

#### RE-SKILLING

The move to online publishing is putting increasing pressure on traditional print publishing businesses. Clive was in print publishing for 15 years but, since his employer went out of business a year ago, Clive has been unemployed, and he now needs to re-skill in a new trade.

As he already holds a high level trade certificate, Clive wouldn't currently be eligible for Government funding for a new trade qualification unless he signed on as an apprentice – which would not allow him to meet his family commitments.

**The Review recommends reviewing eligibility rules to allow individuals such as Sarah and Clive to access Government subsidised training to gain a new qualification.**

**Government will develop a new funding model which prioritises quality training that leads to jobs and economic growth. The new model will include stable subsidy rates and target funding to where the market alone is not likely to deliver the outcomes required. The exact details of the new model will be communicated to the sector in advance of implementation, which will commence progressively from 2017.**

In developing a new model, Government will seek to:

- Prioritise quality training that leads to jobs and economic growth, and minimise excessive participation in low-value courses that do not lead to jobs or further study
- Make sure training is of a high quality and relevant to areas where jobs exist and to areas of emerging skills needs by Government working with the new Victorian Skills Commissioner and industry
- Meet the needs of regional and rural communities and deliver the skills they need for their differing local industry needs
- Establish a more targeted approach to course funding that is linked to real jobs. This will be developed in consultation with the Victorian Skills Commissioner, industry, and other VET stakeholders, and will define the training that will bring the greatest benefit to the economy
- Incorporate safeguards into the system to avoid excessive enrolments in courses where student outcomes are likely to be poor, and prioritise quality training that leads to jobs and economic growth
- Adjust eligibility for Government funding so that it better supports learners to gain the skills they need throughout their lives and as industries and the economy change
- Provide new, stable subsidy rates to better reflect the cost of quality training
- Ensure the fees students are paying are an appropriate amount for the training provided
- Target funding for training delivery where the market is not likely to deliver the best outcomes. This will also address thin markets and ensure market failures do not inhibit the needs of local industries or the economy

### **CASE STUDY: WHERE THE MARKET IS NOT LIKELY TO DELIVER THE BEST OUTCOMES**

Armature winding is a critical electrical engineering specialty that is needed at power plants and heavy manufacturing facilities. However, only a comparatively small number of trained people are needed for an economy the size of Victoria's. This means that the costs of providing this highly technical training can be prohibitive relative to the income a training provider can generate with so few learners.

**The Review recommends direct purchasing where there are no training providers available to deliver niche beneficial courses at the price offered by Government.**

### **CASE STUDY: REGIONAL AND RURAL TRAINING MARKETS**

The coastal city of Warrnambool attracts over 700,000 visitors per year.<sup>1</sup> The tourism and hospitality industries are major contributors to the region's economy and its population relies strongly on these industries for jobs and economic growth.

However, local training in tourism and hospitality has significantly declined in recent years as, under the current system, regional training businesses are unable to get enough students in the door and deliver these courses at the same funding rates paid to the big metropolitan training institutes.

**The Review recommends tailored 'thin market' funding be available to support regional industries such as these so that they are able to access training that meets their local needs.**

<sup>1</sup> Warrnambool City Council ([www.warrnambool.vic.gov.au/council](http://www.warrnambool.vic.gov.au/council)).

### 3. A COMMITMENT TO RESTORING STRONG AND SUSTAINABLE TAFES AND LEARN LOCAL PROVIDERS

*The Review recommends a range of measures to ensure a strong and responsive public training system, centred around appropriate resourcing for TAFEs.*

TAFEs and Learn Local organisations play a key role in a fair and equitable system. They are more than high quality vocational education and training providers, they are also social hubs for the community. They provide essential support for training and jobs, life skills that complement a student's formal learning and education, support services to students such as counselling services and libraries and extra support for the most disadvantaged in our community.

However, failure to recognise the additional costs TAFEs bear as a result of their unique public provider role has left our TAFE institutes in crisis, resulting in thousands of job losses, campus closures and course cancellations.

Since coming to office, the Andrews Labor Government has already set up the \$320 million *TAFE Rescue Fund* and \$50 million *TAFE Back to Work Fund*, and re-opened the Lilydale campus, to address the mistakes made in resourcing TAFEs under the former government.

The Government remains firmly committed to investing in TAFE with the expectation and confidence that they will deliver strong outcomes that align with the State's economic and employment needs.

#### **In developing a new model, Government will seek to:**

- Clearly define the distinct role that TAFEs play
- Work with TAFE institutes to develop a new supplementary funding stream that recognises this distinct role and distributes funding fairly, taking the additional costs they bear into account and in a way that will drive excellence
- Identify ways to support innovation at TAFEs, such as the new Skills and Jobs Centres, and promote modern, dynamic institutes
- Acknowledge that the State's dual-sector universities are a strong component of the TAFE system.

Learn Local and other community providers also play an important role in providing accessible educational opportunities to vulnerable and disengaged learners. They provide flexible, community based vocational, social and community courses, using low-cost community infrastructure, and provide vital alternative pathways for learners into further education and work. In recognition of this, in 2015, the Government increased funding to the sector to support pre-accredited training.

#### **The Government will:**

- Continue to work with Learn Local and other community providers to ensure their ongoing sustainability and success
- Promote genuine partnerships between VET providers and industry, schools, employers and universities, focusing on ensuring that student pathways are supported and stronger links are formed, particularly in the regions.

#### **CASE STUDY: REGIONAL TAFES**

Public training providers in rural and regional areas face high community expectations about the training they are able to deliver. However, it's costly to maintain facilities and to reach the people who need the training most.

Withdrawal of community service obligation funding in 2013 made it increasingly unworkable for many regional TAFEs, in particular, to meet these unique obligations to their communities.

Since December 2014, the Government has committed over \$63 million in additional funding to stand alone regional TAFE institutes to support their on-going sustainability.

**The Review recommends a new system where TAFEs are adequately funded for their important role in addressing disadvantage and servicing their local communities and economies.**

#### 4. A COMMITMENT TO PUTTING INDUSTRY, EMPLOYERS AND STUDENTS FIRST

*The Review emphasises the importance of investing in a training system that ensures industry is equipped with employees who have the skills to support continued productivity growth and economic prosperity.*

The current model does not place the needs of industry, employers and students at the centre of the system.

Currently, information is fragmented and spread across multiple websites, and support for students and employers in making training choices is limited, increasing the risk of students falling prey to unscrupulous providers.

The responsiveness of the training system will improve when students, industry and employers are active participants, making informed training choices.

**This Government will improve information for students and employers so they can make an informed training choice, and ensure industry has a clear voice in Victoria's training system.**

We will:

- Promote genuine partnerships between VET providers and industry, schools, employers, and universities, and, focus on ensuring that student pathways are supported and stronger links are formed, particularly in regional Victoria

- Improve the availability of channels for students and employers to obtain relevant and comprehensive information about training choices prior to enrolment, including:
  - developing standard forms of information that providers will be required to give students prior to enrolling
  - improving the *Victorian Skills Gateway* to make it easier for consumers to find the right information faster, and to provide information to assist in protecting students from unscrupulous providers.
- Review the way VET is provided to school students, including its funding, targeting and quality (through the current *Government Schools Funding Review*)
- Deliver on an \$8 million election commitment, by working with the new Victorian Skills Commissioner to ensure industry has a clear voice in Victoria's training system. The Commissioner will develop a new industry engagement model and a united approach with industry, trade unions and key VET stakeholders to transform VET so that it becomes a world class system that meets the needs of the community and the economy.



## 5. A FAIR AND EQUITABLE FUNDING SYSTEM

*The Review makes a number of recommendations around better aligning funding to student need and in providing accessible vocational education to all Victorians, with a focus on addressing disadvantage.*

VET plays a critical role in addressing disadvantage and promoting equity.

Victorians' success in education, training and employment should not depend on their background, their personal circumstances or where they live.

The VET system should provide genuinely accessible, high quality education and training opportunities to all school leavers and adults across Victoria, including our most disadvantaged and vulnerable learners.

The current system supports some higher needs learners through:

- lower fees for eligible concession card holders
- a system of targeted subsidy loadings including for students in regional areas, for Indigenous Victorians and for young people with low prior educational attainment and from a low socio-economic status (SES) background
- foundation skills training, which is more highly subsidised than other courses and has some specific courses for high needs learners.

However, many learners are still not achieving equitable outcomes and too many Victorians still have poor levels of literacy and numeracy, which is limiting their success in the workforce.

International research has shown that these skills have a major impact on each individual's life chances and play a critical role in health and civic engagement, as well as in the workplace.

### CASE STUDY: PROGRAMME FOR THE INTERNATIONAL ASSESSMENT OF ADULT COMPETENCIES

The most recent Programme for the International Assessment of Adult Competencies (PIAAC) report highlights the challenges facing individuals and businesses. Results show that only 61 per cent of employed Australians meet a desired minimum level of literacy, and only 51 per cent for numeracy.<sup>2</sup>

PIAAC also assesses 'problem solving in technology-rich environments' with only 34 per cent of employed people meeting the desired standard for the modern workforce.

#### **Government will develop new approaches to better support students with higher needs and disadvantaged learners.**

We will seek to:

- support Learn Local and other community providers to meet the diverse needs of their students
- build a better understanding of how best to support disadvantaged learners – trials will be conducted over 2016, including consideration of how the new Skills and Jobs Centres can help support high needs learners
- review the current subsidy loadings to ensure they are targeted towards those students who need funding for training most
- consider how to tailor support to those students who need it most
- develop ways to better address the literacy and numeracy needs of learners.

<sup>2</sup> Sources: ABS Programme for the International Assessment of Adult Competencies, Australia, 2011-12 (target for literacy and numeracy Level 3; target for problem-solving Level 2).

## 6. A COMMITMENT TO PUTTING QUALITY AND CONTINUOUS IMPROVEMENT AT THE HEART OF VET

*The Review highlights the importance of quality and quality assurance, and outlines key steps to drive ongoing improvement to VET.*

Victoria has seen significant quality problems emerge since the previous government's flawed implementation of the demand driven market, including unethical and exploitative behaviours from contracted training providers, particularly affecting the most vulnerable consumers, and the robbing of Government funds.

Victorians have a right to be confident that the training they undertake is high quality and will give them the skills they need for further study or employment. As well, Government has a responsibility to ensure the training it invests in delivers what the economy and industry need.

### CASE STUDY: LOW VALUE COURSES

Rebecca had been unemployed for three months after losing her job in a supermarket. She was 27 years old and had been sharing a small apartment with a friend. When she lost her job she had to move back in with her parents. Keen to get another job and be independent again, she completed a Certificate III in Business online, working on her laptop in the bedroom she had slept in as a child. She was delighted when she graduated after only a few weeks' study and her certificate arrived in her inbox. She was even more thrilled when she got a job in a small business as an office administration manager. She and her employers soon discovered though that the course she had completed taught her nothing about business administration and she was sacked after two traumatic weeks of trying to do a job she simply was not trained for. Rebecca was out of pocket and out of work again.

**Government will continue to focus on restoring student, employer and industry confidence in the quality of Victoria's funded training system.**

We will:

- Continue the implementation of the *Review of Quality Assurance*, including:
  - strengthening provider contract arrangements using a Quality Charter, explicit definitions of providers' responsibilities to students, and heightened attention to the length of training programs relative to the skills they are expected to deliver
  - requiring training providers with new contracts to undergo mandatory reviews from 2016
  - tighter restrictions around sub-contracting of training delivery to third parties
  - stronger oversight of brokers used by providers, including disclosure to the Department of any engagement with brokers and recruitment agents.
- Review the delivery of the Training and Assessment qualification in the Victorian funded training system, to ensure it adequately prepares individuals to teach VET courses.
- Establish a Workforce Training Innovation Fund that will drive innovative collaboration and sector wide improvements.

Given the majority of training providers in Victoria are regulated at the national level, Government will also continue to work with the Commonwealth to restore confidence in the quality of VET in Victoria.

Providers are not just in business but in the business of education. The Andrews Government is already taking significant steps towards cleaning up the training sector.

## WORK UNDERWAY: THE ANDREWS LABOR GOVERNMENT'S STRONG STANCE ON QUALITY

Through its Response to the *Review of Quality Assurance in Victoria's VET System*, the Andrews Labor Government is taking significant steps towards protecting and driving the quality of Government-funded training in Victoria.

This includes the re-investment of \$30.8 million to improve quality and a \$9 million blitz to remove low-quality providers from Victoria's Government-funded training system.

The blitz, which commenced on 1 July 2015, is already delivering strong results. A number of training providers have been investigated and found to have issues ranging from substandard assessment to serious misconduct, like exploitative marketing and fraudulent claims.

Since the commencement of the blitz, 24 providers have been investigated, with eight contracts terminated and Government has sought the return of over \$27 million in funds.

This action by Government will prevent future students from falling victim to unscrupulous providers and protects the integrity of the Victorian training system.



# SNAPSHOT - WHAT A REFORMED TRAINING SYSTEM WILL LOOK LIKE

Government will be more active in managing the training market and will work with industry and the new Victorian Skills Commissioner to ensure that the market provides the training Government and the economy needs.

Victoria's VET system will operate under three overarching objectives:

## **Deliver quality training that meets current and future industry needs**

Ensuring employer confidence through the availability of a highly-skilled, adaptable and productive workforce and servicing the job needs of local communities, industries and the economy.

## **Grow employment and further education outcomes**

Helping people to transform their lives, their careers and their future and move between different stages of education and training.

## **Promote equity and address disadvantage**

Creating job and study opportunities for all Victorians to get the skills they need for the jobs they want, no matter their level of disadvantage or their situation.

In developing a new system, Government will seek to:

- More actively engage with industry to boost productivity and deliver workforce needs
- Have a new, stable funding model which will be responsive to the needs of students, industry and the changing economy

- Target funding towards quality training that leads to jobs, increased productivity and economic growth
- Provide levels of funding that reflect the cost of delivering quality training
- See TAFE institutes, Learn Local and other community providers thrive, with new funding streams that allow them to again play their unique role in generating the skills that Victoria needs and supporting disadvantaged learners
- Include a new, more supportive model for high needs learners, which will incorporate new approaches to ensure that funding is targeted to those students who need it most
- Be consumer-focused and provide more information and support for students and employers to assist them in making training choices
- Provide dedicated funding through a Workforce Training Innovation Fund, which will bring industry and providers together to develop cutting edge programs for the future workforce
- Target funding for training delivery where the market is not likely to deliver the best outcomes, such as in thin markets or specialist training in regional areas.





# NEXT STEPS

The VET system is complex and we need to get this reform right.

The Review has already consulted widely and Government has now set out its vision with six Building Blocks.

It is important we carefully consider the benefits, costs, and system-wide impacts of reforms.

From early 2016, Government will engage with key stakeholders, and develop and refine the design of the model.

The exact details of the new model will be communicated to the sector in advance of implementation, which will commence progressively from 2017.

<b>December 2015</b>	Launch of VET Funding Review's Final Report and Government Response
<b>From January 2016</b>	Modelling and impact assessments to inform funding design
<b>Feb –June 2016</b>	Focused consultation with key stakeholders
<b>Mid 2016</b>	Funding model announced with details of subsidy levels
<b>From 2017</b>	New model to be progressively implemented





