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| Higher Education and Skills Group**Participation Branch Memo****Department of Education and Training** |

***NUMBER:*** *2015 / December / 16*

**TO:**

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| Learn Local organisations  | Regional Participation and Facilitation Fund (RPFF) | Workplace Learning Coordinators |
| Adult Education Institutions | Learn Local stakeholders  | LLENs *– Chairs and Executive Officers* |

**FROM:** Bronwen Heathfield, Director, Participation Branch

**DATE:** 16/12/2015

**SUBJECT:** *Victorian Government Response to the VET Funding Review*

Today the Minister for Training and Skills, the Hon. Steve Herbert, MP, released the Victorian Government’s response to the VET Funding Review, chaired by Bruce Mackenzie. The Response sets out the Government’s vision for the future of VET in Victoria.

The Response outlines three overarching objectives and six themes for reform for the sector.

The three objectives are:

* Delivering quality training that meets current and future industry needs.
* Growing employment and further education outcomes.
* Promoting equity and addressing disadvantage.

The six themes for reform are:

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

Social inclusion, equity and addressing disadvantage are key objectives for the reformed training system. The response will give Victorians confidence that community providers are able to deliver quality training under a sustainable funding model.

The Government will ensure a more holistic range of supports for higher needs and disadvantaged learners:

* Build a better understanding of how best to tailor support for disadvantaged learners to allow Learn Local and other community providers to meet the diverse needs of their students.
* Place a renewed focus on the delivery of foundation skills, including developing ways to better address the literacy and numeracy needs of learners.
* Promote genuine partnerships between community providers, industry, schools, TAFEs, employers, universities, focusing on ensuring that student pathways are supported and stronger links are formed.

The work emerging from the response will further build on the Government’s investment in the sector. In 2015, the Government increased funding to the sector to support pre-accredited training, and announced a $20 million *Reconnect* program for early school leavers to get back into education and training.

Learn Locals and other community providers will be supported through a fair and equitable funding system to meet the diverse needs of their students with the current subsidy loadings undergoing review. There will be a greater focus on understanding how to best support disadvantaged learners including ways to better address the literacy and numeracy needs of learners.

From today, I would encourage you to engage with the Response by visiting the website: [www.education.vic.gov.au/vetfundingresponse](http://www.education.vic.gov.au/vetfundingresponse). On the website you can read the VET Funding Review Final Report and the Government Response, request a hard copy of the Report, and provide feedback via the link at the bottom. You can also find a series of fact sheets to help you understand the focus of the response and what it may mean for you, other parts of the VET sector and Victoria more broadly:

* Fact Sheet - our vision for industry
* Fact Sheet - our vision for regions
* Fact Sheet - our vision for community providers
* Fact Sheet - our vision for training providers
* Fact Sheet - our vision for TAFEs
* Fact Sheet - our vision for students
* Media Q&As

From early 2016, Government will engage with key stakeholders, and develop and refine the design of the funding model. Modelling will be conducted to analyse the costs and impacts to participants in the system. The exact details of the new model will be communicated to the sector in advance of implementation, which will commence progressively from 2017.