



Securing Jobs for Your Future

Skills for Victoria

A Victorian
Government
initiative





MESSAGE FROM THE PREMIER AND THE MINISTER FOR SKILLS AND WORKFORCE PARTICIPATION

Victoria's unprecedented prosperity over the past decade has been created by our most important resource – the skilled people who drive the performance of our industry sectors and hundreds of thousands of businesses across the State.

This strong outcome has been delivered for Victoria by the nation's best skills system. However, Victoria operates in a challenging and fast-changing global environment. To stay competitive and keep creating sustainable jobs in Victoria, we must reform and refocus our skills system to best meet the emerging needs of those who depend on it.

Securing Jobs for Your Future – Skills for Victoria will give Victoria a better vocational education and training system to meet the challenges and opportunities of a new century.

This Statement commits \$316 million over four years to deliver broader and more responsive training options for both individuals and business, providing an additional 172,000 training places for Victorians and further strengthening Victoria's world-class TAFE network.

It introduces new programs to help both individuals and businesses access a skills system that responds to their needs and demands by offering more choice and new funding models.

Securing Jobs for Your Future is the most fundamental reform of our skills system in decades and is complemented by other recent government initiatives to drive Victoria's growth as an innovative, productive and internationally competitive economy.

It will position us as the national leader in skills development and most importantly secure the jobs that will deliver a strong future for all Victorians.

John Brumby
Premier of Victoria

Jacinta Allan
Minister for Skills and Workforce Participation

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The Skills Challenge

Over the last decade Victoria has performed well against Australian and international economic benchmarks. We have enjoyed strong economic and population growth. However, we face some significant challenges in securing this prosperity for the long term.

There is now a shortage of skilled workers across a range of industries and this constrains economic capacity, slows growth and restricts the ability of businesses to stay competitive. Skills shortages also limit industries' capacity to keep pace with the demand of operating in a global economy. Businesses continue to report that the lack of access to skilled workers is a significant barrier to their success¹.

It is vital we address these shortages through improving the skills of new entrants, existing workers and people currently outside the labour market and through effective transition training for the many people attracted here through our skilled migration program *Global Skills for Victoria*.

Beyond immediate shortages, Victoria's future depends on a workforce with skills in the right areas and at the right levels to meet changing industry needs and the demands of businesses operating in a global market.

1. Allen Consulting Group (2006) *World Class Skills for World Class Industries*, Report to the Australian Industry Group, Sydney



New industries, new skills

Victoria's industry and employment structure has changed significantly in recent years. The demand for certain occupations and skills has shifted, reflecting a change in household consumption towards services, as well as shifts in global competitive advantage.

In Victoria, while traditional industries such as agriculture, mining and manufacturing and many of the older services sectors such as utilities continue to be important, the dynamics of Victoria's economy has evolved. Services and knowledge industries now play an increasingly vital role in our growth. This includes the financial, professional and technical services, research and development (R&D), tourism, education, health and leisure industries.

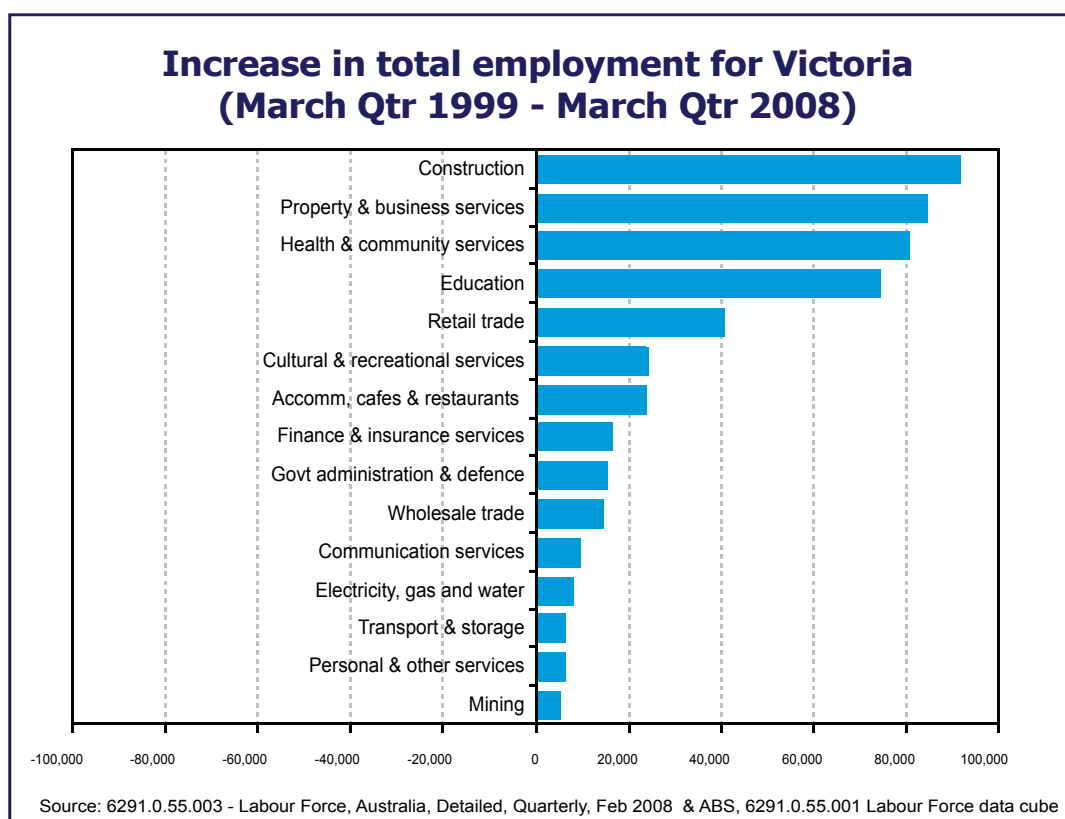
These industries are now major economic drivers for Victoria, as they are in other advanced high-income economies such as the United States, Canada and the United Kingdom.

At the national level, current estimates by the Department of Education, Employment and Workplace Relations indicate that the most severe skills shortages are being felt by the building and construction industry; the electrotechnology and information communications technology industries; and metal trades and engineering.

The change in industries is matched by the change in skills required from our workforce - there is a rising demand for higher skilled professionals. Across industry, there is increasing unmet demand for higher skill levels and qualifications. By 2015 it is estimated that Victoria will have a shortfall of about 123,000 Diploma and Advanced Diploma-qualified workers if positive action is not taken now².

To be competitive in such changing labour markets and to ensure a strong base for further education, people must have a post-school qualification, beyond a Certificate II level. However, in 2007 as many as 1.64 million Victorians held no post-school qualification³. We must take action to ensure the skills system reaches those who need it the most.

2. Centre for the Economics of Education and Training 2006 The Labour Market and Qualifications in Victoria, Melbourne.
3. Australian Bureau of Statistics 2007 Survey of Education and Work, Canberra.



The innovation advantage

Victoria has an open and diversified economy strongly linked with the national and global economies. In terms of value-added production, it accounts for about one quarter of Australia's GDP⁴. However, keeping up and forging ahead depends on an improved supply of higher level paraprofessional, technical and managerial skills.

Victoria needs to adapt to a changed world. Our economic strength depends on our ability to compete in a globally restructured environment. That means responding to evolving industry needs and being prepared and able to innovate.

Competitive advantage now comes from the ability to tap into new markets, new products and services and new ways of delivering them.

Developing nations such as China and India are actively investing in skills to improve economic and social development. Their governments are working to attract multinational enterprises because they know that investment stimulates growth. These nations have large pools of talented people, skilled in disciplines such as physics and chemistry, information technology, engineering and life sciences and are poised to lead the world in innovation⁵.

Victoria is competing against these large nations to attract investment and cannot offer the advantages that come with size. However, Victoria is a significant economy in its own right, larger than Singapore and close in size to Finland and Ireland. These countries are fostering innovation and the skills that underpin it. To compete Victoria must work smarter.

4. Australian Bureau of Statistics 2007 National Accounts - State Accounts 2006-7, Doc. no. 5220.0
5. Leadbeater, C. & Wilson, J. 2007 The Atlas of Ideas: How Asian innovation can benefit us all, Demos, London.





We already have some highly competitive knowledge and skills-driven industries, such as education, biotechnology, value-added food manufacture and information technology and communications, that provide a strong foundation for an innovation-focused economy.

However, a research study of Australian businesses over the period 2004-05 showed that only 34 per cent of businesses across Australia were engaging in innovation activity. More than 60 per cent of businesses in Victoria were not undertaking any innovation activity and where this activity was evident, it was often undertaken to catch up with the market, rather than to lead it.⁶

To boost our ability to be smarter in creating, commercialising and marketing products, processes and delivery modes, Victoria needs more highly skilled people.

21st century sustainability

The Victorian Government has provided \$2.1 million, in conjunction with investment from industry partners, to establish the Green Plumbing Training Centre in Brunswick. This Centre will provide ongoing, innovative, world-class plumbing training with a focus on sustainability, energy saving, waste reduction and water conservation. This investment recognises the needs to develop skills for the jobs of the future.

National reform agenda

The skills challenge is a national challenge and governments in all Australian jurisdictions have agreed on the need for a far-reaching reform agenda to address the skills development issues we face.

The Council of Australian Governments has outlined areas for government action in growing a healthy, capable and highly skilled population that will meet our economic challenges and ensure that all Australians continue to enjoy a high standard of living and increased job security.

Nationally, vocational education and training has been identified as central to productivity growth. As part of the national focus on productivity and the development of Australia's human capital, there is a strong emphasis

on making training systems more responsive to changing labour market demands through more competitive and user-focused delivery.

The Federal Government has recently established Skills Australia to advise on current and future skill demands. Its work will focus on strategies for achieving full employment, improving competitiveness and securing the supply of appropriately qualified workers in industries of national importance.

Governments are working together to bring national consistency to recognition and training arrangements, to streamline and grow the apprenticeship system, to build Australia's skill profile and to improve the quality of training outcomes.

Victorian leadership

The Victorian Government is taking the lead by delivering a major reform of the Victorian training system over the next four years. Government subsidised training in Victoria will be focused on individual and business needs, led by individual and business demand and delivered by capable, flexible and competitive providers, both public and private.

The need for change in the training system is well understood by governments across Australia and this has been a focus of debate for a decade. However for too long the necessary action to bring about real change has been held back by the complexities of Commonwealth-State funding arrangements and by the scale of change needed to bring about real outcomes.

The Victorian Government recognises the clear need for structural changes in the way the training system works, the way in which government funding flows to providers and the training products and services that individuals and businesses can access with government support. It is clear that change must be far-reaching and it must begin now.

6. Australian Bureau of Statistics 2005 Innovation in Australian Business 2003, Doc. no. 8158.0

Where we're starting from – Victoria's training system now

Victoria's current training system has delivered strong outcomes to date. It provides 28 per cent of the nation's training. In 2007, a total of 509,618 vocational education and training students participated in training in either a TAFE institute, private training provider or Adult and Community Education (ACE) provider. Since 1999, the Victorian Government has invested an additional \$1.2 billion in training and skills development, including \$399 million in TAFE capital. This is a solid foundation from which to develop a new skills system to meet new challenges.

Victoria's training system also forms an integral part of the wider education sector and collaborates with other sectors that make a major contribution to skills development – namely schooling and higher education.

Schooling

The Victorian school system is also part of the Victorian vocational education and training system, where accredited subjects can be undertaken as either part of the Victorian Certificate of Education (VCE) or the Victorian Certificate of Applied Learning (VCAL). The total number of vocational education and training certificate enrolments in the Victorian school system for 2007 was 48,767, involving 548 schools. The Government has committed \$7.3 million in 2008-09 to support the VET in Schools program.

Arrangements for cross-sectoral delivery are well developed in Victoria, through recognition of vocational qualifications undertaken while at school. The Victorian Government has invested \$32 million to establish four new Technical Education Centres which provide a new focus for early engagement in training for school-age students and support the transition to apprenticeships and completion of entry-level qualifications for employment.

The improved skills system will be seeking to build on and further strengthen these initiatives to ensure highly integrated education and training for young people.

Higher Education

Victoria's higher education sector is already a relatively flexible system with well-established articulation and transfer pathways, particularly in the four dual sector universities.

There have been recent initiatives which recognise the need for, and will help facilitate, better integration between the training and the higher education sectors. For example, there is the Federal Government's recent budget initiative to transform the Higher Education Endowment Fund into the Education Investment Fund, with a substantial additional endowment and an extension of scope to include TAFE institutions. Victoria supports this initiative, as the new fund will not only provide much needed capital assistance to institutions, but also encourage collaboration between higher education and vocational education and training institutions in order to maximise their funding opportunities.

The Federal Government is currently undertaking a review of higher education (the Bradley Review). The Victorian submission to this review calls for:

- the removal of barriers of access to higher education so that all capable Victorians / Australians have the opportunity to participate in higher education;
- the continuing development of the higher education sector as a driver of knowledge creation, innovation and knowledge transfer to meet the education, economic, social and cultural needs of the community; and
- an investment model that ensures adequate core funding for institutions and reasonable fees and choice for students, and that facilitates the diversity and specialisation of institutions.

The Victorian submission supports and encourages the development of closer working relationships between universities, vocational education and training providers and schools to improve education and training participation and outcomes, particularly in rural Victoria.





A New Skills System

Clear goals

The new skills system has four clear goals:

- increasing the number of people undertaking training in the areas and at the levels where skills are needed for Victoria's economic and social development;
- developing a training system that engages more effectively with individuals and businesses and is easier to navigate;
- ensuring our skills system is responsive to the changing needs of Victoria's industry and workforce; and
- creating a culture of lifelong skills development.



More investment, more training

Securing Jobs for Your Future – Skills for Victoria delivers \$316 million in additional funding over four years, the largest package of additional funding ever to be invested in the Victorian skills system.

This funding will provide for an additional 172,000 training places for Victorians over four years, boost training delivery and workforce engagement, strengthen industry partnerships and drive major operational and structural changes in our skills system.

More focused and flexible

Securing Jobs for Your Future will bring about improvements in all aspects of the Victorian skills system, reshaping it to:

- better meet the needs of Victoria's industry and workforce;
- provide accurate information on which individuals and businesses can base their choice;
- respond more effectively to the needs of individuals and businesses; and
- boost its capacity to deliver what individuals and businesses need.

User focused

\$97 million will be invested in initiatives to ensure individuals and businesses are the central focus of the new skills system. Individuals will be supported in undertaking training at various levels and encouraged to move on to higher levels of learning. Workforce development services will be provided directly to businesses and industry will play a key role in stimulating demand.

Informed users

\$8 million will be provided to give individual learners, employers and businesses clear and easy-to-find information about the skills system and what it offers, detail of current employment shortages and where industry is heading.

Responsive providers

\$178 million will be invested to provide more training places, at a wider choice of providers, with a fairer fee structure. Training provision will be responsive to individuals' and businesses' needs and subject to competitive pricing, resulting in more choice for individuals and businesses.

Strengthened capability

\$33 million will be invested in further improving our world-class TAFE facilities and information technology infrastructure. It will also be used for strengthening teaching and management capability in public and community providers.

Better outcomes

The new skills system will deliver better outcomes for individuals and employers, as well as the wider Victorian community. The new system will drive the following:

- School leavers and adults without solid foundation skills in literacy, numeracy and language skills will be able to acquire them. This will greatly improve their employment and further education opportunities.
- More people will be trained to get the skills required in their workplace.
- In areas of high industry demand, the number of people undertaking and completing qualifications at the Diploma and Advanced Diploma level will rise, addressing the growing need for people qualified at higher levels.
- People who continue to learn, and who undertake progressively higher level skills development, will continue to access government support. This will encourage ongoing participation in the training system, with significant benefits to individuals and to the businesses and industry areas in which they work.

Partners in reform

Delivering this new skills system for Victoria requires change on a very large scale and it cannot be achieved by government alone. It requires industry to play a strong role in stimulating demand for training and guiding training delivery. It depends on the participation of businesses in directly working with the training system to develop the skills of their workforces.

It involves a system of providers capable of delivering worthwhile skills outcomes at every level, with immediate personal benefits and economic value for Victoria now and into the future. In return the overall capacity of the publicly funded training system will grow, opening the market to more providers and reaching more Victorians with a wider range of needs.



Case Study:

Attracting individuals into an easy to access and engaging training system

Sarah* is 45 years old and has been providing high quality care in an Elsternwick nursing home for more than 12 years. She is one of many workers in the aged care industry without formal qualifications. However, as industry standards have changed, formal training in key areas has become more and more common. After leaving school at the end of Year 11, Sarah was very nervous about participating in formal training and consistently made excuses when her employer encouraged her to develop her skills.

When new regulations were introduced, Sarah's employer made it a requirement that all staff undertake formal Occupational Health and Safety training which Sarah participated in. Successful completion of this simple module put Sarah at ease with the idea of formal training and she accepted a subsequent offer from her employer to undertake further formal development of her skills.

Sarah has gained recognition of prior learning for a number of modules due to her extensive experience in the Aged Care field and has now completed a Certificate III in Aged Care. She is now considering a Certificate IV in Nursing, to enable access to more challenging job opportunities whilst remaining in the aged care sector.

Under *Securing Jobs for Your Future*, Sarah will be eligible for a government supported place at Certificate IV as she will be undertaking higher level training.

* The names of all persons within the case studies have been altered.





User Focused

The overriding goal of any training system must be meeting the demands of users – the individuals and businesses using the system to develop skills.



Individuals

Individual training demands need to be met at a variety of levels and for different purposes:

- **Foundation skills** – literacy, numeracy and language skills;
- **Skills creation** – to develop initial vocational skills;
- **Skills building** – when more advanced workplace skills are needed; or
- **Skills deepening** – leading to the higher qualifications needed for innovation-driven economic growth.

Whether supported by an employer, or entering the training system to prepare for employment or career change, individuals may have faced obstacles in accessing training or gaining recognition for the skills they already have. Too often, people have found that the system is not set up to meet their individual needs and training places have not been available.

Skills for Life – The Victorian Training Guarantee

Securing Jobs for Your Future – Skills for Victoria delivers *Skills for Life – the Victorian Training Guarantee*, a ground-breaking initiative that will bring government subsidised training within the reach of thousands more people.

The *Victorian Training Guarantee* is an entitlement to a government subsidised place in recognised training that can be accessed at any time and it will continue to be available for training at successively higher levels. While a person keeps moving up the qualification scale, the *Victorian Training Guarantee* will continue to subsidise their training.

For every eligible person seeking to undertake accredited training, and where industry can generate demand for training from eligible people, the Victorian Government will provide funding to support that training.

The *Victorian Training Guarantee* will become available in stages over the next two years, and is expected to be fully operational for all courses in 2011.

Eligibility

Eligibility for access to government subsidised places will depend on certain factors such as age and prior educational history. There will also continue to be a citizenship/residency aspect to eligibility, as in the current system. This allows government funding to be focused on the Victorian workforce and the areas of greatest need.

FOR PEOPLE AGED UP TO 20⁷

The Victorian Training Guarantee – Government subsidised places will be available for training at any qualification level.

This opportunity to undertake government subsidised training and further education is open to all young people, regardless of the level of training they are seeking.

FOR PEOPLE AGED 20 AND OVER

The Victorian Training Guarantee – Government subsidised places will be available for training at the foundation skills level and for any qualification higher than the qualifications already held.

For people from the age of 20 years onwards, the eligibility criteria reflect workforce development priorities:

- All Victorians should have opportunities to acquire foundation qualifications as a key to workforce participation and economic opportunity.
- If an initial qualification has already been completed, government subsidised places will be available for accredited training at higher levels. For example, a person holding a Certificate III will be eligible for places at Certificate IV, Diploma and Advanced Diploma levels. This will encourage progression from lower to higher level qualifications and help increase the supply of skills at higher levels.

7. Subject to the provisions of the Education and Training Reform Act 2006 (Vic)

Exemptions

A limited number of government subsidised places will be available for people 20 or over who already have a vocational or higher education qualification but who need training at the same level as their existing qualification or lower. The government will reserve funding of \$10 million for exemptions over two years.

These exemptions will be determined on a case by case basis, taking into account individual circumstances, and will only be available to people who are:

- Seeking training in specified areas of critical skill shortage. The skill shortage areas will be nominated by the Victorian Skills Commission, informed by the advice of Industry Training Advisory Bodies (ITABs); or
- Significantly disadvantaged in the labour market, for example through redundancy.

The allocation of places by exemption will be monitored and reviewed during implementation.

Investment in pre-accredited training

Securing Jobs for Your Future – Skills for Victoria commits \$4 million to the Adult, Community and Further Education budget for pre-accredited training to support this important pathway to skills development.

Some people find it difficult to enter the training system because they don't know what is available and where to start. An accredited training program is not always the best first step for these people and pre-accredited stepping-stone programs will be available.

When people do take up courses the delivery must take into account different learning styles and abilities, in a way that will overcome the effects of past negative experiences and allow them to progress to accredited training at a later stage.

Businesses

Securing Jobs for Your Future – Skills for Victoria provides \$52 million for *Skills for Growth: The Workforce Development Program*, an initiative to address the skills needs of business and the training needs of the workforce.

Businesses need a supply of skilled and job-ready people to replace those who will retire in the next decade and to expand their operations. However, they also need to attract and retain workers who are able to adapt, take on new challenges, work effectively in different structures and apply new learning to their work.

Victoria has an estimated 190,200 small businesses with between 1 and 19 employees each and nearly 19,000 medium-sized businesses with between 20 and 199 employees. These businesses employ a high proportion of Victorians who could benefit significantly from skills development, with positive outcomes both for themselves and their employers.

Skills for Growth will help these businesses, including those in the community sector, with workforce skills development. It will provide a team of independent workforce planning and training specialists providing direct assistance to 1,500 firms annually across Victoria.

This team will be informed by ITABs and will help businesses identify their priorities. It will assess the skills development needs of their workforce and develop training plans including identification of training solutions for their workforces.

This program will also help businesses manage their training investment. Through the *Skills for Growth* program eligible workers will be able to access government subsidised places.

Skills for Growth will be based on the existing 'My Business My People' program, already established as an effective way to provide a direct service to small and medium sized enterprises. *Skills for Growth* develops and expands on this successful program and makes it available to a wider range of businesses.



A typical *Skills for Growth* program would involve five key elements:

Diagnostic and planning advice/enterprise commitment	Workforce planning and training specialists provide onsite workforce diagnostic and planning advice.
Skills needs assessment	Workforce planning and training specialists are qualified trainers/assessors who undertake skills needs analysis of the whole business and skills audits of individuals and sections. Both training and recognition needs are identified.
Recognition/training and development plan	The enterprise develops a recognition/training and development plan with government support.
Recognition and training purchase	Tailored service is provided to meet the specific needs of individuals and the business, with delivery arrangements adjusted to production cycles or other enterprise requirements. The business commits to activity needed for transfer of skills in the workplace. The government will subsidise accredited training purchased by the business for eligible employees.
Review	The workforce planning and training specialist follows up with the business on the outcomes of the action plan, the recognition/training and development service and overall business improvement. Further needs assessment is available.



Case Study: Attracting and retaining workers into business and industry

Bridges Engineering Pty Ltd, located in regional Victoria, has been providing precision engineering services in the agriculture and manufacturing sectors since 2002 and has built a strong reputation in the region for quality work of a high standard.

As a result of drought, as well as downsizing in the agricultural and manufacturing sectors, Bridges has diversified into the mining sector and is now the preferred contractor for many Victorian, South Australian and New South Wales mining operations.

Bridges has invested heavily in new technologies to enhance their services to the sector. However, a shortage of qualified welders in the region has made it difficult to attract and retain employees with the right set of skills. This has significantly impacted upon Bridges' ability to expand their business.

As a developing small business seeking to consolidate its position within a growing market, Bridges has received targeted government support through the My Business, My People (MBMP) program, which assists small and medium-sized businesses to avoid skills shortages and attract and retain a skilled workforce. Bridges has completed the MBMP on-site workforce assessment and has commenced implementation of business improvements identified in the MBMP action plan. The funding assistance made available through MBMP to Bridges for employee training will assist the business in significantly upskilling its current workforce.

Under *Securing Jobs for Your Future*, Bridges will be able to access government supported training for eligible employees in addition to assistance available through MBMP.

Industry

Employer and industry advisory bodies will provide information on labour market trends, the changing skill requirements of new entrants, changes in industry practice and the types and levels of training most in demand in industry. Businesses and individuals must have this information to make the best choice about training and to guide their engagement with the training system.

The introduction of *Skills for Life – the Victorian Training Guarantee* has significant implications for industry. For the first time, industry will be operating in a system where the number of training places available is determined according to the number of people who seek them, not by government or training providers. While industry advice has in the past had a major influence on the training funded by government, the number of training places has been limited. In the new skills system this restriction is removed.

A stronger Victorian Skills Commission

The Victorian Skills Commission will continue to carry out the functions of the State Training Authority, the funding agency for publicly funded training in Victoria. It oversees the policy development and regulation of the system, including the regulation of apprenticeships and traineeships.

It provides advice on post compulsory education issues and the transition from school to work and/or further study. Membership of the Victorian Skills Commission is defined in broad terms and currently includes people from employer associations and enterprises, unions, community groups and related government authorities.

Strengthening the Commission will improve industry input to policy and decision-making at the highest level. The membership profile will be changed to provide the opportunity for greater industry leadership, including representation of new and emerging industries.

The role of the Victorian Skills Commission in consulting industry and industry advisory bodies will continue, along with its role in monitoring training activity, which is an important source of information about current and projected industry needs.

The Victorian Skills Commission will provide advice to government on the operation of the new system as it is implemented. This will include options for government to invest in skills development in critical skill shortage areas and to discourage over-delivery in areas where job opportunities are very restricted.

An expanded role for Industry Training Advisory Bodies

The role of ITABs will be strengthened. Additional funding of \$4 million will be provided to the ITABs to work with the Victorian Skills Commission on a consolidated industry information service available to students, careers advisors, employers and others seeking to facilitate the take up of training in areas of shortage.

The ITABs will continue to be a key source of advice to the Victorian Skills Commission, and will contribute to the development of training products, through their linkage with national Industry Skills Councils.

The ITABs will also have a more active role in stimulating demand for training and providing information on skills needs assessment processes. They will have a higher profile as promoters of skills development, providing information to employers and employees, and operating as an authoritative source of information for their industry sectors.

Many aspects of the training system are determined nationally. The recent establishment of Skills Australia will strengthen the national agenda, in conjunction with Industry Skills Councils. The Victorian Government will work to establish strong linkages between these national bodies and Victoria's industry advisory structures, the Victorian Skills Commission and ITABs. Where projects of strategic importance involve coordinated cross-government effort, groups can be convened to provide expert industry advice and to consider the associated skills needs.



The Victorian Skills Pledge

The Victorian Skills Pledge is a new initiative to support businesses who are committed to the skills development of their own people and to promote the importance of training.

Signatories to the Pledge will make a public commitment to training and put it into practice. Small and medium sized businesses will also have access to *Skills for Growth: The Workforce Development Program* to assess their employees' training needs and to access subsidised training for eligible employees to meet these needs.

Pledge signatories will also receive quarterly information packs tailored to the needs of their industry or business and be eligible for State and ITAB-based employer training awards.

Led by the Victorian Skills Commission, Victoria's ITABs will work to increase take up of the Pledge by securing commitments from the business community, promoting the good practice of Pledge signatories and championing the Pledge through their business networks.

Apprenticeships – a high priority pathway

Securing Jobs for Your Future – Skills for Victoria provides \$2 million for a series of Apprenticeship Retention Projects to lift levels of retention and completion, beginning with the key industry sector of building and construction.

Apprenticeships and traineeships are the major pathway to occupations within the skilled trades and so will remain a priority for government funding and for employer engagement. The government will continue to encourage apprenticeship participation, both by young entrants and adult workers, and provide ongoing incentives for employer involvement in apprentice training.

Apprenticeship/Traineeship Completion Bonus

The Victorian Government has committed \$25 million to the continuation of the Apprenticeship/Traineeship Completion Bonus program for 12 months in 2008-09. This program provides employers with a bonus payment of \$1,750 per eligible apprentice and \$1,300 per eligible trainee. The program aims to encourage the employment and retention of apprentices and trainees.





Informed Users

Finding your way through the Victorian training system's offerings is the crucial first step in using its services.

Securing Jobs for Your Future – Skills for Victoria delivers \$8 million for two key initiatives to provide users with easily accessible information about their current skill levels, their development needs and the training and recognition services available.

This will include access to information about up front costs and longer term outcomes and benefits, so they can compare products and services offered by a range of providers.



A single information point

Securing Jobs for Your Future – Skills for Victoria will fund the Victorian Registration and Qualifications Authority to enhance the State Register of accredited courses and qualifications available in Victoria and information about registered education and training providers.

This enhanced Register will provide clear and authoritative information on qualifications, training courses, accredited qualifications and providers, including information about the performance and quality of training providers.

It will be accessible online through the Victorian Registration and Qualifications Authority website with links to a large national database⁸.

Navigating the training system

Securing Jobs for Your Future – Skills for Victoria will fund the development of the *Qualifications Navigator*.

People often find it hard to understand the wide variety of qualifications available in the training system and how they compare to other qualifications, especially those gained at school or in the higher education sector. This makes it hard for them to make fully informed choices and to work out the best pathways to where they want to be.

The *Qualifications Navigator* will provide a user-friendly source of information on the value of each qualification. Each qualification will be assigned a value, in the form of levels and points. This will give a fast and clear guide to the amount and kind of learning involved, making it easier for individuals to compare different qualifications and for employers, businesses and education authorities to judge the likely value of the qualification to them.

This means that different kinds of learning are described in an accessible and comparable way. Individuals and businesses will be able to weigh up different options and find out more about each qualification before choosing.

This information will also be included when certificates are issued, giving valuable additional information to the holder of the qualification.

The *Qualifications Navigator* is an important step in achieving greater cross-sectoral connectivity. People often undertake learning from different sectors of education and training and the *Qualifications Navigator* will establish a common language for describing the different learning outcomes.

Experience with similar credit-based systems overseas has shown that it will provide valuable information to all users of the system in planning pathways and comparing education and training products.

Reaching the market

Securing Jobs for Your Future – Skills for Victoria will develop and implement a public information campaign to let everyone know about changes in the skills system and the new opportunities available to them. It is vital that potential students, training providers and industry understand how these changes will affect and benefit them and where they can find more information. The information campaign will ensure these groups have easy access to key information during implementation.

The information campaign will have a strong focus on attracting new people to training. The benefits of training will be promoted to school students, to those in the workforce who have never undertaken training, to those who wish to upgrade their skills or are looking for a career change and to employers. The information campaign will focus on the immediate personal value of training and the long term benefits to people through their working lives.

⁸ The VRQA website is at www.vrqa.vic.gov.au



Responsive Providers

Businesses and their workforces operate in a fast changing world so Victoria's training system needs to be as responsive and flexible as possible.

Securing Jobs for Your Future – Skills for Victoria commits \$178 million in additional investment over four years to build a skills system where training delivery will respond to individual and business needs and government funding will be driven by demand. This is a major structural shift for a system used to the allocation of funds based on fixed amounts of delivery. In the new system the most successful providers will be those that are able to attract individuals and businesses, are responsive to what they want and who deliver high quality outcomes.

The government funding rate for various levels of training will be set centrally and public and private providers, including Adult and Community Education (ACE) providers, will compete directly for students eligible for a government subsidised place.

Recognising that public TAFE institutions provide the full range of training services in their areas, additional base funding has been allocated to take this into account.

Government funding of ACE providers will be at an increased rate recognising their role in the system.

The government will monitor closely the outcomes of these reforms during implementation.



More choice

Victorians will now be able to access a government subsidised place from a wider range of providers. The new skills system will ensure that training delivery responds to demand and is delivered on a more competitive basis.

For the first time, providers will be able to deliver government subsidised training in response to demand rather than by fixed allocation. More providers will be able to customise training products to the needs of individuals and businesses and offer specialisations that reflect their own expertise.

In implementing this change, the government maintains a strong focus on quality and ensuring the standards of the Victorian system are not compromised. Training providers will have to meet certain conditions to be eligible to offer government subsidised training.

They will have to be:

- financially viable;
- registered in Victoria, with capacity to deliver on their existing Scope of Registration;
- providers of quality training, as demonstrated through a satisfactory registration audit record and through mandatory publication of all audit reports; and
- compliant with the Australian Vocational Education and Training Management Information Statistical Standard in the provision of data.

The government will work closely with the Victorian Registration and Qualifications Authority to uphold system quality and maintain the high reputation of the Victorian training system.

Providers will be subject to an enhanced training audit regime during implementation, with the engagement of industry regulatory authorities in monitoring the quality of outcomes, where appropriate.

Fairer fees

Securing Jobs for Your Future – Skills for Victoria provides an investment of \$139 million in additional training places.

At present the cost of skills development is shared by government, business and individuals. The Victorian Government, together with the Federal Government, will continue to be responsible for the greatest share of these costs.

Individuals and businesses will continue to make a contribution to the cost by paying tuition fees, but in the new skills system the fees for subsidised training will vary in line with the expected benefits individuals and businesses get from the training.

All Victorian individuals and businesses will gain significant advantage from a better training system and improved access to the skills development they need. However, there is a strong body of evidence to show that people who undertake training at higher qualification levels gain ongoing benefits, not only through more secure employment, but also through higher wages. Businesses also benefit from having more highly skilled employees.

Recent research provides estimates of the rates of return to students enrolling in vocational courses, that is, the impact on future income from attainment of these qualifications. Researchers found that rates of return are progressively higher for higher level vocational qualifications. For example, a Certificate III or IV qualification provides a healthy 20 per cent return. This is even higher for Diploma or Advanced Diploma qualifications which provide up to 37 per cent return⁹.

There will be a measure of flexibility in fee charging to allow for competition on price. Tuition fees will be determined at the individual provider level up to a specified cap, with the flexibility to offer programs at lower prices. This will encourage providers to develop value for money training propositions for individuals and business, and will help create downward pressure on fees.

9. Long, M. & Shah, C. 2008 Private Returns to Vocational Education and Training Qualifications, National Centre for Vocational Education Research.

Reformed tuition fee structure

The new tuition fee structure will distinguish between courses undertaken at different levels and for different purposes:

- *Foundation* level courses assist people to develop the skills they need in literacy, numeracy, language, self-management and job-readiness. People undertaking these courses may have left school before completing Year 12, and may have missed out on the base level learning needed for further training.
 - *Skills creation* courses, at Certificate I and II level are for people who wish to undertake basic training in an industry area, either because they need to use the relevant skills immediately in the workplace, or because they wish to prepare for entry to work in that industry.
 - *Skills building* courses, at Certificate III and IV level are for people who want to enter a skilled trade or practise an occupation that calls for skills and knowledge beyond the basic level. Qualifications at this level require significant commitment by learners and may provide entry to licensed or otherwise regulated skilled occupations.
 - *Skills deepening* courses are at Diploma and Advanced Diploma level. These are for people who are progressing to a higher level within an industry area in which they already have employment or who wish to enter employment at the more skilled, specialised or paraprofessional level.
- Under the reformed system, the proportion paid by the government and the amount contributed by individuals and employers through tuition fees will vary for each of these levels of training. The following fees will apply in the second half of 2009:
- For *Foundation* level courses the Victorian Government will increase its contribution to the overall cost. The government contribution will average 90 per cent and the student contribution will average 10 per cent. Fees for these courses will be up to \$1.08 per hour. The minimum fee will be reduced to \$50 and the maximum yearly fee will be reduced to \$500.
 - For *Skills creation* courses the government contribution will average 87 per cent and the student contribution will average 13 per cent. Hourly tuition fees will be up to \$1.37 per hour. The minimum fee will increase to \$105 and the maximum yearly fee (or fee cap) will be reduced to \$875.
 - The Victorian Government maintains its commitment to *Apprenticeships and Traineeships*. This pathway also has the strong support of our industry partners. The Government has retained the fees for any apprenticeship or traineeship course at 2008 levels, subject to indexation. This makes the 2009 rate \$1.37 per hour, with a minimum fee of \$57 and a fee cap of \$903. Again, providers will be able to offer a reduced hourly rate.
 - For *Skills building* courses the government contribution will average 87 per cent and the student contribution will average 13 per cent. Hourly tuition fees will be up to \$1.41 per hour, with a minimum fee of \$120 and a yearly fee cap of \$1,000.
 - For *Skills deepening* courses the government contribution will average 75 per cent and the student contribution will average 25 per cent. Hourly tuition fees will be up to \$2.71 per hour, with a minimum fee of \$225 and a yearly fee cap of \$1,500.



Concessions and financial assistance

For people undertaking Foundation, Skills Creation and Skills Building courses, and for all Apprentices and Trainees, concessions will continue to be available. This will ensure that individual social and economic circumstances are not a barrier to training.

In conjunction with the Federal Government, we will provide access to financial assistance for Diplomas and Advanced Diplomas, which is currently not available to TAFE students. Income-contingent loans for people training at Diploma and Advanced Diploma level will ensure that tuition fees do not act as a barrier to participation.

Students already in training in 2008

The new fee schedule will not apply to those students who were already enrolled and undertaking their courses before July 2009. These students will continue to pay fees and charges according to the existing fee schedule, subject to indexation, and will continue to have access to the current concessions, until they complete their courses or otherwise end their enrolments.





Strengthened Capability

In a competitive environment driven by changing and growing demands public and community training providers must have the capability to grow and expand and deliver what their users need.

The Victorian TAFE system is the most devolved and autonomous in Australia and our TAFE institutions are leading performers against a number of national measures. Victoria's system is highly efficient, fosters entrepreneurship and is capable of extensive innovation and specialisation.

These achievements have been supported by the provision of world-class specialist facilities over the past decade, and additional government support for the further development of the public TAFE workforce, for both teaching and specialist technical staff.

It is essential to sustain this capability building and assist public providers to deal with areas where improvement is needed.



World class TAFE facilities

High quality technical and physical infrastructure is an important part of a responsive and innovative skills development system. A range of enabling strategies will position the TAFE system for future needs and provide TAFE with a better base from which to compete and grow. The government will explore a range of options including:

- funding for the ongoing maintenance, refurbishment and renewal of TAFE facilities;
- Public Private Partnerships (PPPs) with businesses and industry;
- access to restricted managed credit for TAFE providers;
- land rationalisation and asset sales; and
- the use of significant retained earnings within the TAFE system to reinvest in public infrastructure.

21st century connectivity

As a first step, \$40 million has been allocated as part of an across government joint connectivity program to improve communications infrastructure in key regions across Victoria.

The \$20 million TAFE Broadband component will provide significantly improved connectivity to all TAFE institutions and campuses and build a common technology platform, enabling greater collaboration across the sector. The shared platform will enable the public TAFE network to deliver flexible and technologically advanced learning services in an environment of greater collaboration and administrative efficiency.

The \$20 million *VICFibreLINKS* component of the program will enable highly sophisticated telecommunications infrastructure and services in regional markets, to support regional economic development, innovation and to enhance the competitive environment. The significant investment in IT infrastructure will be of particular benefit to regional Victorian TAFE institutions and their communities. Regional areas benefitting from the program's infrastructure will include Bendigo, Mildura, Swan Hill, Echuca, Geelong and Warrnambool¹⁰.

More teachers, more skills

Securing Jobs for Your Future – Skills for Victoria will invest \$2.5 million in two initiatives to boost the TAFE workforce.

TAFE staff play a pivotal role in the training system, as the people who design and develop training products, deliver training and recognition services and provide support, management and technical services for the TAFE system.

Like other employers, TAFE providers are faced with a skills shortage. They have difficulty in attracting, developing and retaining suitably experienced and qualified teaching staff. This situation needs to be addressed as the current cohort of older staff will soon reach retirement age.

Industry experts as teachers

A recruitment program will encourage people with recent industry experience to make a transition to part-time vocational education and training teaching, while still working in industry. This will improve the current industry experience profile of the TAFE teaching workforce, as well as increasing staff numbers.

Securing Jobs for Your Future – Skills for Victoria will fund the training of 250 industry experts to the level of Certificate IV in Training and Assessment to certify competence in delivery and assessment.

The program will include information to prospective teachers on the benefits and recruitment/development process, through a targeted public campaign.

The program will be informed by data on persistent vacancies in the training system and information about these opportunities will reach people who would not normally be aware of vocational education and training teaching as a career option. TAFE providers will select and employ applicants during their training. To support successful transition to TAFE teaching, follow-up services will be provided, including access to experienced teacher mentors.

10. More detail on these initiatives is available in *Innovation: Victoria's Future: the Victorian Innovation Statement*, Department of Innovation, Industry and Regional Development, August 2008.

Broadening skills of teachers

To engage potential learners in new ways and to ensure that staff are skilled in reaching new learners, an accredited qualification in Assessment of Informal Learning will be available to 1,000 TAFE teaching professionals as an addition to their existing qualifications. This will extend their skills in assessing the prior experience of learners unfamiliar with the training system and helping identify the most effective pathways for them. The qualification will be supported by appropriately structured learning materials for learners, to help inform their choices about further learning.

Governance changes for TAFE

The Victorian Government is working with TAFE institutions on changes to governance to ensure that they have the flexibility they need, while meeting the standards of financial and community responsibility required of Victorian public entities. Improvements to TAFE governance arrangements will help them operate in the new environment, with a greater focus on demand-driven, customer focused provision.

Stronger Adult, Community and Further Education providers

Adult, Community and Further Education (ACFE) plays a vital role in the delivery of vocational education and training across all qualification levels in Victoria, specifically engaging hard to reach learners, or those seeking to re-connect with learning. The sector also includes the Adult Multicultural Education Services (AMES) and the Centre for Adult Education (CAE).

The government is providing a total of \$10.8 million for an integrated set of strategies to strengthen ACFE providers including:

- funding will be available for the continuation and extension of the ACFE Microsoft Agreement;
- shared service centres will be trialled to assist providers to be in a better position to compete for funding and respond to increased demand; and
- funding will be provided to extend the use of the A-Frame, an articulation framework for the development of programs to assist learners to transition into accredited training.

To build further on these measures, the Minister for Skills and Workforce Participation will deliver a new Ministerial Statement for Adult Community and Further Education in early 2009.

Stronger Regions

Securing Jobs for Your Future will drive growth for all Victorians, and importantly, for regional Victoria. Victorians living in regional communities will have access to:

- regional training providers with excellent facilities and infrastructure;
- provision for the first time of 21st century broadband infrastructure for regional TAFE institutes;
- increased choice of training provision within local communities;
- a team of workforce planning and training specialists will be deployed across Victoria to assist small and medium sized businesses and their employees under *Skills for Growth*; and
- better jobs as a result of improved training opportunities.

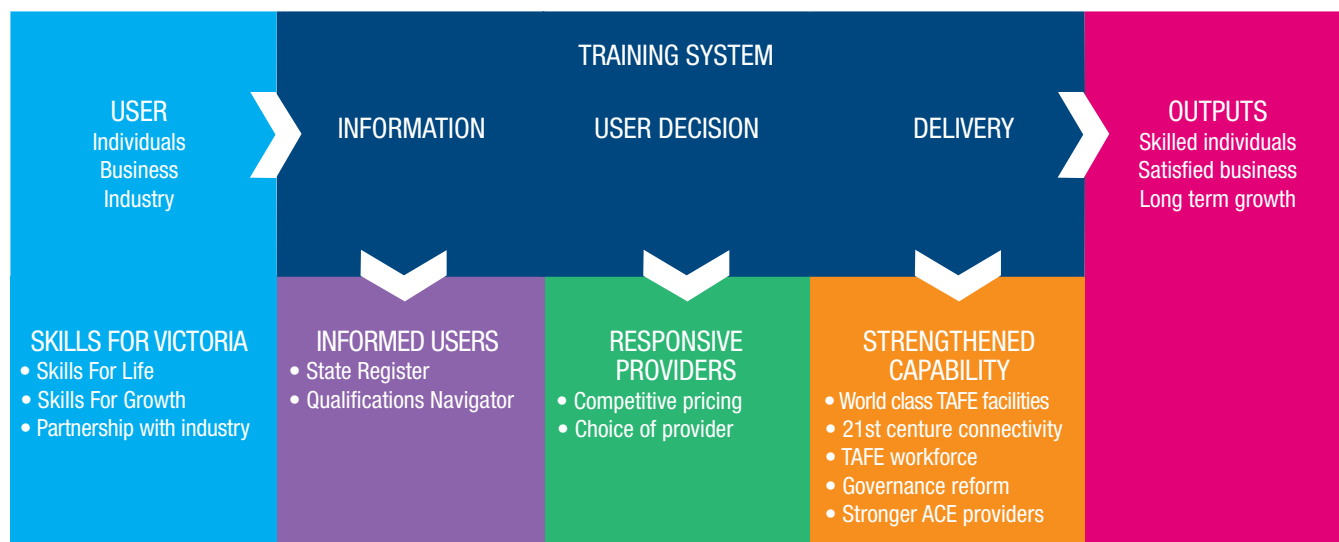




Delivering Reform



The reform package is an integrated set of changes in every part of the system, with a significant shift in existing practices:



Phased implementation

These system-level reforms involve the reconfiguration or replacement of existing government practice in purchasing, in tendering and contracting, in distributing information on training products, in partnering with industry and in engaging businesses to stimulate demand. Providers will need to take these changes into account when preparing their strategic plans.

Implementation of the reforms will be staged over four years, 2009–2012. This will allow time for the development of reformed governance, funding, fee collection and contracting arrangements and the necessary redesign of administrative systems and work practices in public and private providers.

The introduction of *Securing Jobs for Your Future* will be carefully monitored during implementation and a review will be undertaken in 2010, prior to full implementation.

Implementation – *Skills for Victoria*

Stage 1 implementation: 2009 and 2010

From January 1 2009

- Delivery of TAFE teaching workforce initiatives.
- Review and reform of TAFE governance arrangements.
- Building capability in ACE providers.
- Development of the single information point based on the State Register and the Qualifications Navigator.
- Industry partnership initiatives to strengthen the role of the Victorian Skills Commission and expand the role of Industry Training Advisory Bodies.
- Consideration will be given to competitive arrangements in the training system.
- Roll out of the *Skills for Growth: Workforce Development program* for business.

From July 1 2009

- Delivery of the *Skills for Life – the Victorian Training Guarantee*, including eligibility criteria, for students in Diplomas and Advanced Diplomas, and for all students receiving training through the *Skills for Growth* program.
- Competitive delivery of Diplomas and Advanced Diplomas, and all qualifications offered through *Skills for Growth*, with funding contested directly between public and private providers. This will include an enhanced audit regime.
- Income-contingent loans available for students at Diploma and Advanced Diploma levels.
- Revised schedule of fees and charges for new enrolments in government subsidised training and further education at all levels.

From 2010

- Comprehensive mid-term review of *Securing Jobs for Your Future – Skills for Victoria's* implementation.

Stage 2 implementation: 2011 and 2012

- Delivery of *Skills for Life – the Victorian Training Guarantee* at all levels of the Victorian training system, with new eligibility arrangements for allocation of government subsidised places at all levels and funding allocated according to demand.
- \$4 million will be allocated for ACFE pre-accredited training.
- Fully contestable funding at all qualification levels between all eligible providers, backed by the enhanced audit regime.
- New fees and charges arrangements maintained.
- Stage 1 infrastructure and system development initiatives continue.



Investment – Skills for Victoria

Over the next four years, the Victorian Government has committed the following funding package.

USER FOCUSED	Skills for Growth: the Workforce Development Program	\$52 m
	Support to ITABs	\$ 4 m
	Apprenticeship Retention Projects	\$ 2 m
	Apprenticeship and Traineeship completion bonus (2008-09)	\$25 m
	Eligibility exemptions	\$10 m
	ACFE pre-accredited delivery	\$ 4 m
	SUB TOTAL	\$97 m
INFORMED USERS	Redeveloped State Register, Qualifications Navigator	\$8 m
	SUB TOTAL	\$8 m
RESPONSIVE PROVIDERS	Training on demand with contestable funding	\$139 m
	Systems development and implementation support	\$39 m
	SUB TOTAL	\$178 m
STRENGTHENED CAPABILITY	21st Century Connectivity	\$20 m
	More teachers, more skills	\$2 m
	Stronger ACE providers	\$11 m
	SUB TOTAL	\$33 m
SKILLS FOR VICTORIA	TOTAL	\$316 m

Fee structure and government funding rates

TAFE providers also receive additional government funding as a base to assist with their costs as full service providers.

July 2009 Tuition Fee Structure and Government funding rates

Tuition Fee Structure	Award	Fee per Student Contact Hour	Minimum Fee	Maximum Fee	TAFE funding rate per hour [#]	Non-TAFE RTO funding rate per hour [#]	Average student contribution	Average Government contribution
Foundation	Foundation Level and Pre-Accredited Courses	Up to \$1.08	\$50	\$500	\$9.75	\$7.99	10%	90%
Skills Creation	Certificate I and II	Up to \$1.37	\$105	\$875	\$9.46	\$7.70	13%	87%
Apprenticeships and Traineeships	Various	Up to \$1.37	\$57	\$903	\$9.46	\$7.70	13%	87%
Skills Building	Certificate III and IV	Up to \$1.41	\$120	\$1,000	\$9.42	\$7.70	13%	87%
Skills Deepening	Diploma and Advanced Diploma	Up to \$2.71	\$225*	\$1,500	\$8.12	\$7.70	25%	75%

* Minimum fee and not a concession fee for diploma and advanced diploma courses

[#] Weighted Training Hour rates will apply

Variances could arise due to rounding of funding rates

January 2010 Tuition Fee Structure and Government funding rates

Tuition Fee Structure	Award	Fee per Student Contact Hour	Minimum Fee	Maximum Fee	TAFE funding rate per hour [#]	Non-TAFE RTO funding rate per hour [#]	Average student contribution	Average Government contribution
Foundation	Foundation Level and Pre-Accredited Courses	Up to \$1.08	\$50	\$500	\$9.75	\$7.99	10%	90%
Skills Creation	Certificate I and II	Up to \$1.40	\$105	\$875	\$9.43	\$7.70	13%	87%
Apprenticeships and Traineeships	Various	Up to \$1.37	\$57	\$903	\$9.46	\$7.74	13%	87%
Skills Building	Certificate III and IV	Up to \$1.62	\$120	\$1,000	\$9.21	\$7.70	15%	85%
Skills Deepening	Diploma and Advanced Diploma	Up to \$3.25	\$225*	\$2,000	\$7.58	\$7.58	30%	70%

* Minimum fee and not a concession fee for diploma and advanced diploma courses

[#] Weighted Training Hour rates will apply

Variances could arise due to rounding of funding rates

Rates will be subject to indexation and other external factors from year to year



January 2011 Tuition Fee Structure and Government funding rates

Tuition Fee Structure	Award	Fee per Student Contact Hour	Minimum Fee	Maximum Fee	TAFE funding rate per hour [†]	Non-TAFE RTO funding rate per hour [†]	Average student contribution	Average Government contribution
Foundation	Foundation Level and Pre-Accredited Courses	Up to \$1.08	\$50	\$500	\$9.75	\$7.99	10%	90%
Skills Creation	Certificate I and II	Up to \$1.51	\$105	\$875	\$9.32	\$7.70	14%	86%
Apprenticeships and Traineeships[^]	Various	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Skills Building	Certificate III and IV	Up to \$1.84	\$187.50	\$1,250	\$8.99	\$7.70	17%	83%
Skills Deepening	Diploma and Advanced Diploma	Up to \$3.79	\$375*	\$2,000	\$7.04	\$7.04	35%	65%

* Minimum fee and not a concession fee for diploma and advanced diploma courses

[^]Subject to review in 2010

[†]Weighted Training Hour rates will apply

Variances could arise due to rounding of funding rates. Rates will be subject to indexation and other external factors from year to year

January 2012 Tuition Fee Structure and Government funding rates

Tuition Fee Structure	Award	Fee per Student Contact Hour	Minimum Fee	Maximum Fee	TAFE funding rate per hour [†]	Non-TAFE RTO funding rate per hour [†]	Average student contribution	Average Government contribution
Foundation	Foundation Level and Pre-Accredited Courses	Up to \$1.08	\$50	\$500	\$9.75	\$7.99	10%	90%
Skills Creation	Certificate I and II	Up to \$1.62	\$105	\$875	\$9.21	\$7.70	15%	85%
Apprenticeships and Traineeships[^]	Various	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Skills Building	Certificate III and IV	Up to \$2.17	\$187.50	\$1,250	\$8.66	\$7.70	20%	80%
Skills Deepening	Diploma and Advanced Diploma	Up to \$4.33	\$375*	\$2,500	\$6.50	\$6.50	40%	60%

* Minimum fee and not a concession fee for diploma and advanced diploma courses

[^]Subject to review in 2010

[†]Weighted Training Hour rates will apply

Variances could arise due to rounding of funding rates. Rates will be subject to indexation and other external factors from year to year



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