Victorian Qualifications Authority







ANNUALREPORT2003-2004





Contents

October 2004
Lynne Kosky, MP
Minister for Education and Training
2 Treasury Place
Fast Melhourne Victoria 3002

Dear Minister

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

The VQA has been in operation since 1 March 2001. This annual report documents the achievements of the VQA during its third full year of operation.

I extend my appreciation to my colleagues on the Board, the research support group (Expert Panel) and the staff of the VQA for their ongoing commitment and vision.

Yours sincerely

Helen Praetz

Chair

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

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REPORT OF THE CHAIR



In March 2001, Victoria became the first Australian state to establish a qualifications authority. In the three years since it was established, the VQA has made significant contributions to Victoria's education and training system through its regulatory and reform roles as described in its three legislated objectives:

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

Much of the VQA's regulatory work is delegated to other agencies that report regularly to the Board. Significant work on quality assurance is planned in collaboration with these other agencies.

Three major projects undertaken by the VQA in support of the objectives were the Victorian Certificate of Applied Learning (VCAL), the Credit Matrix and the Legislation project.

The VCAL is aimed at expanding education opportunities for young people and both students and providers have utilised this project, showing strong interest and commitment. Evaluation of further development of this project using a number of pilot sites has occurred.

The Credit Matrix project is designed to improve linkages between qualifications. It has progressed from a more abstract stage reflecting support from stakeholders, to the trialing stage.

In October 2003, the Victorian Qualifications Authority (Amendment) Bill was passed by the Legislative Council. It included delegations to providers to self-accredit their courses and amend their scope of registration. The Victorian Qualifications Authority (National Registration) Bill 2004, passed in the autumn session of Parliament, was designed to implement a uniform approach to training across Australia.

The VQA is in a sound financial position, carrying forward a small surplus from 2003-04 that provides the capacity to support a small number of priority development projects identified through its corporate planning process.

This year the Board said farewell to the following Board members: Ms Joanne Tate, Ms Pam Jonas, Mr Peter Annett, Professor Stuart Macintyre and Professor Kwong Lee Dow. I thank them for their valuable contribution to the work of the Board. The Board welcomed Ms Linda Heron, Professor Barbara van Ernst, Ms Anna Vlass, Mr Paul Herrick and Mr Stuart Hamilton as new Board members at its meetings in April and June 2004.

The Board acknowledges the work of others engaged in research and policy development, particularly the Chair's Expert Panel, for their assistance in monitoring international and local developments, and acknowledges those who have contributed innovative ideas.

The Board also thanks all those who contributed in the past year, especially the many practitioners who were involved in developmental work and in contributing ideas. On behalf of all members, I also thank the Director, Dr Dennis Gunning, and VQA staff, whose hard work, dedication and expertise are critical to the outcomes achieved this year.

The VQA looks forward to continuing to work with all those who are seeking to develop effective strategies to improve access for all Victorians to employment and further learning.

Professor Helen Praetz Chair

Huraci

REPORT OF THE DIRECTOR



This report covers the third full year of the VQA's life. The activities in the Board's annual plan were focused on contributing towards the Government's education and training goals and targets.

The VQA's corporate and business planning processes were fine-tuned in 2003, and concentrated on our four areas of strategic activity – building pathways and credit bridges; improving senior secondary outcomes; enhancing quality assurance; and demonstrating good governance and management.

We consulted stakeholders about using a Credit Matrix as a common currency for qualifications in order to build pathways and credit bridges, and enhance the Australian Qualifications Framework. The positive outcome of this consultation provided a mandate for the process of designing and testing a working Credit Matrix system. This work will continue into 2004–05. Significant progress was also made on a diverse range of projects aimed at widening pathways, such as those regarding the development of a Victorian qualifications framework in applied design, the needs of Koorie learners and potential systems to recognise informal learning.

The VCAL has continued to be developed with a view to improving senior secondary school outcomes. In its first year of implementation there were over 5000 student enrolments and over 200 providers across the State offering the program. Analysis showed that 90 per cent of these students progressed to further learning or to employment in 2004 – an outstanding result which demonstrates the VCAL's capacity to help students find a pathway for their future.

The VCAL continues to expand in 2004. It currently has over 8000 enrolments and is offered by over 300 providers.

Regarding quality assurance, the VQA has worked with the Office of Training and Tertiary Education to ensure that Victoria remains fully compliant with national standards for state accrediting and registration bodies under the Australian Quality Training Framework (AQTF). We have also instituted a high-level review of our quality assurance strategy across all qualifications and a review of student record-keeping in vocational education and training (VET). The changes to the Victorian Qualifications Authority Act 2000 (the VQA Act) in 2003–04 allow delegated responsibility to high-quality providers and are being implemented. Further changes to the VQA Act were enacted to give effect to a series of model legislative clauses in Victoria that will ensure national consistency in vocational education and training.

The Board continued to guide the strategic direction of the organisation's good governance and management. The VQA delivered its planned projects and activities within budget and had positive assessments from both internal and external audits. The VQA's new Corporate plan and associated business plan have been disseminated.

These achievements would not have been possible without the contribution of many individuals and organisations. I want to record my thanks to our many stakeholders and also to:

- my colleagues on the staff of the VQA, for their energy, enthusiasm and dedication to making a difference for Victorian students
- the Board, working groups and reference groups for their support and commitment to our work (special thanks go to Helen Praetz, the inaugural VQA Chair, to Peter Annett, Pam Jonas, and Joanne Tate, all of whose terms as Board members have come to an end, and to Peter Laver and Kwong Lee Dow, who have retired as ex-officio members)
- our colleagues in the Department of Education & Training and fellow statutory authorities, for support and encouragement.

These acknowledgements reflect the fact that quality assurance of courses and providers, and the reform of the Victorian qualifications system and its pathways, is a team effort. Qualifications play an important part in our education and training system as a basis for planning of curriculum and individual learning, as a means of opening up pathways to employment and further learning and as a reward for and recognition of success. The VQA looks forward to continued support and involvement of its many stakeholders so that together we can contribute to the development of Victoria's education and training system that will lead to a competitive edge for Victoria's economy.

Dr Dennis Gunning

Danis Goo

THE VQA AT A GLANCE

ORIGINS OF THE VICTORIAN QUALIFICATIONS **AUTHORITY**

The Ministerial Review - Post Compulsory Education and Training Pathways in Victoria in October 2000 recommended that a Victorian Qualifications Authority be established to incorporate the accreditation, certification and quality assurance functions of the Victorian Board of Studies, the State Training Board and the Adult, Community and Further Education Board. The Authority would have the responsibility to maintain the quality and public integrity of qualifications and their associated assessment arrangements, and for the recognition of education and training outcomes.

The VQA was therefore established in March 2001 as part of the new and integrated structural arrangements introduced to support the broader qualifications reform agenda.

ESTABLISHMENT

The VQA:

- was established as a body corporate under the Victorian Qualifications Authority Act 2000 (the VQA Act) on 1 March 2001
- is the peak accreditation, certification, and registration body for qualifications that involve or have a comparable or higher status to courses normally undertaken in Years 11 and 12, the Victorian Certificate of Education (VCE), vocational education and training and further education (except higher education)
- is responsible to the Minister for Education and Training.

The VQA's key purposes are to ensure that the course and qualification needs of the Victorian community are met and that qualifications are of the highest standard.

The work being undertaken by the VQA supports the following Government goals for the State's post-compulsory education and training system:

- increase the percentage of young people who successfully complete Year 12 or its equivalent
- increase the participation and achievement in education and training in rural and regional Victoria among groups where it is presently low
- make near-universal participation in postschool education and training the norm in our society – not just for the young but for all the community.

All the projects being undertaken by the VQA are aimed at helping to achieve the following Government targets:

- by 2005, the percentage of young people aged 15-19 in rural and regional Victoria who are engaged in education and training will increase by 6 per cent
- by 2010, 90 per cent of young people in Victoria will complete Year 12 or its equivalent.

The VQA Act was passed by the Victorian Parliament in November 2000. It established the VQA and reconstituted the State Training Board of Victoria as the Victorian Learning and **Employment Skills Commission.**

The broad objectives of the VQA, set out in section 5 of the VQA Act, are to:

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

The VQA Act was amended twice during 2003–04 by the Victorian Qualifications Authority (Amendment) Bill 2003 and the Victorian Qualifications Authority (National Registration) Bill 2004.

Functions

The functions of the VQA, set out in section 6 of the VQA Act, are to:

- develop policies, criteria and standards for the accreditation of courses, the recognition of qualifications, the quality assurance for qualifications issued in accordance with this Act and the registration of courses, qualifications and education and training organisations
- · accredit courses and register accredited courses
- recognise qualifications (including qualifications developed outside Victoria and Australia) and provide for the registration of recognised qualifications
- approve providers of accredited courses and persons who can issue recognised qualifications and to register those providers and persons
- issue recognised qualifications and qualifications for accredited courses
- enter into arrangements with other agencies to develop and modify courses
- promote and develop linkages between accredited courses and recognised qualifications and support articulation between those courses and courses in other sectors of education
- monitor patterns of participation by students in accredited courses or other education or training that leads to the issue of recognised qualification and the outcomes of those courses, recognised qualifications and education and training
- develop and monitor standards for education and training after Year 10
- ensure and support appropriate linkages between qualifications
- facilitate procedures to make it easier for people to re-enter education and training and to acquire qualifications throughout their lives.

Key relationships

The VQA Act requires that the VQA must consider advice from:

- the Victorian Curriculum and Assessment Authority
- the Adult, Community and Further Education
- the Victorian Learning and Employment Skills Commission.

The Board and staff also involve a wide range of stakeholders from all sectors of education and industry in consultations and development work. Similarly, Victorian agencies such as the Department of Education & Training and the Local Learning and Employment Networks (LLENs), and national agencies such as the Australian National Training Authority (ANTA), the Australian Qualifications Framework Advisory Board (AQFAB) and the Australian Curriculum, Assessment and Certification Authorities (ACACA) are involved in the VQA's work as key stakeholders and partners.

THE VQA BOARD

Ministerial appointments to the Board reflect the diversity of the post-compulsory education and training community. In nominating persons, the Minister for Education and Training ensured that the composition of the Board was a fair and balanced reflection of the diversity of the community and the VQA's stakeholders, as well as representing both metropolitan and country interests. The term of appointment for five members, including the Chair, expired on 29 February 2004. Mr Paul Briggs was reappointed for a further three years. Mr Paul Herrick, Ms Linda Heron and Ms Anna Vlass commenced their three-year appointments, replacing Mr Peter Annett, Ms Pam Jonas and Ms Joanne Tate. Professor Barbara van Ernst was appointed to fill the position previously held by Professor Stuart Macintyre, who resigned on 29 October 2003. Ex-officio member Professor Kwong Lee Dow was replaced by Mr Stuart Hamilton on 10 May 2004. The Chair of the VQA, Professor Helen Praetz, did not seek reappointment for a further term but accepted appointment as acting member and Acting Chair until 30 June 2004, pending an appointment to the vacancy. Meetings of the Board are held bimonthly on the first Friday of even months. The VQA Audit Committee met on five occasions in 2003-04.

Membership

The Secretary to the Department of Education & Training and the Chairs of the Victorian Curriculum and Assessment Authority, the Victorian Learning and Employment Skills Commission, and the Adult, Community and Further Education Board are ex-officio members. The remaining 11 members, including the Chair, were appointed by the Governor-in-Council on the nomination of the Minister for Education and Training.



PROFESSOR HELEN PRAETZ Chair (to 29 February 2004), and Acting Chair (to 30 June 2004)

Professor Helen Praetz was Pro Vice-Chancellor (Students) at RMIT University until June 2004 and has had more than 20 years experience in education. She was a senior

manager in the Victorian Education Department and Dean, Faculty of Education and Training and Pro Vice-Chancellor (Higher Education) at RMIT. A professor of education, she has served on numerous boards and reviews dealing with post-compulsory education and training. In her role as Chair of the VQA, she was a member of the Victorian Learning and Employment Skills Commission and the Victorian Curriculum and Assessment Authority.



MR PETER ANNETT (to 29 February 2004)

Member
Mr Peter Annett is Deputy
Director of Catholic
Education, Archdiocese of
Melbourne. He is a Catholic
Education Commission of
Victoria Executive Member
and a National Catholic

Education Commission Executive Member. He has nearly 40 years experience in education as a teacher and administrator.



MR PAUL BRIGGS OAM

Member
Mr Paul Briggs brings
a wealth of experience
across various sectors in
Aboriginal community
development. He is an adviser
to the Victorian Aboriginal
Community Controlled Health
Organisation, a member of

the Northern Victorian Aboriginal Partnerships Committee and a founding member of the Ganbina Koorie Economic Employment and Training Agency Committee. He is founding Chairman of First Nations Advantage Credit Union, the first credit union offering national access to financial services owned and operated by Indigenous people. He is also founding president of the Rumbalara Football/Netball Club in northern Victoria.



MR ALAN CLIFFORD

Member
Mr Alan Clifford has been
Castlemaine Secondary
College Principal since 1994.
Mr Clifford began teaching
in 1972 and was Castlemaine
Technical College Principal
from 1991 to 1994. He was
a Department of Education,

Employment and Training Senior Education Officer in the Maryborough District, Loddon Campaspe Mallee Region, and in the Western Metropolitan Region between 1983 and 1988. He served as an Acting Inspector, Technical Schools Division, Education Department of Victoria from 1981 to 1983.



PROFESSOR KWONG LEE DOW AM

(to 28 February 2004)
Ex-officio member
Professor Kwong Lee Dow
was Chair of the Victorian
Curriculum and Assessment
Authority. He was appointed
Deputy Vice-Chancellor,
Students and Staff, at the

University of Melbourne in 1998 and Vice-Chancellor of the University of Melbourne in 2004. He is the Honorary Secretary of the Rhodes Scholarship Selection Committee for Victoria and a member of the Hong Kong Council for Academic Accreditation. He has been on review boards for the VCE and higher education and was appointed a Member of the Order of Australia in 1984.



MR STUART HAMILTON AO

Ex-officio member (from 10 May 2004)
Mr Stuart Hamilton is the Chair of the Victorian Curriculum and Assessment Authority. He was Secretary of the Department of Education & Training until 13 December 2002.

He was Executive Director of the Australian Vice-Chancellors Committee from 1996 to 2001. He has served as Secretary to the Commonwealth Department of Environment, Sport and Territories and to the Commonwealth Department of Health, Housing and Community Services. A Rhodes Scholar, he joined the Australian Public Service in 1975. His board appointments have included the International Association of Universities, the AQFAB, the Australian Heritage Commission, the Australian Sports Commission, the Health Insurance

Commission and the Australian Institute of Health and Welfare. In 2003, he took up his current position as Chief Executive of Open Learning Australia.



MR GRANT HEHIR

Ex-officio member Appointed as Secretary of the Department of Education & Training in May 2003, Mr Grant Hehir leads the Department in fulfilling its role to provide, fund, purchase and regulate education and training

services for Victorians of all ages. The scope of his responsibilities encompass schools, Technical and Further Education (TAFE) institutes, registered training organisations, adult and community education (ACE) providers, adult education institutions and higher education institutions.

He joined the Department following a career in public sector policy development and budget management. His most recent position was as Deputy Secretary, Strategic, Economic and Social Policy at the Department of Premier and Cabinet, advising the Premier on social and economic policy matters. He previously held the role of Deputy Secretary, Budget and Financial Management Division at the Department of Treasury and Finance, in which he provided advice to the Government on state budget strategy and management and on emerging policy issues.

Prior to moving to Melbourne in 1988, he worked in Canberra for the Commonwealth, holding senior positions in the Department of Finance and Administration.



MS LINDA HERON

(from 23 March 2004) Member Ms Linda Heron is the General Manager, Learning and Development at the Coles Myer Institute and leads the team responsible for the learning needs of 165,000 Coles Myer employees. Her

considerable experience in the retail industry spans more than 25 years and she is the recipient of many awards. She is currently a member of the Australian Centre for Retail Studies Advisory Board, and a Director of the National WRAPS Industry Training Council. She also serves as a committee member on the Victorian Employers' Chamber of Commerce and Industry Education and Training Industry Policy Taskforce, and the Victorian Learning and Employment Skills **Commission State Training Agency Standing** Committee.



MR PAUL HERRICK

(from 23 March 2004) Member Mr Paul Herrick is a former secondary school principal with experience in both Victoria and Western Australia. He is now responsible for school leadership and accountability

in the Catholic Education Office. He has been appointed as Director of the Education Board of St Columba's College, Essendon. He also serves as a council member of the Champagnat Education Council.



MS PAM JONAS

(to 29 February 2004) Ms Pam Jonas is the Manager of Policy and Research (Employment, Education and Training) at the Victorian Branch of Group Training Australia. Since 1995, Ms Jonas has been involved

in many facets of further education and training for adults and young people at a senior policy level. She is a ministerial appointment to the Chisholm Institute Council and has been an **Education Foundation Director and Executive** Board member since 1994.



MR PETER LAVER

Ex-officio member Mr Peter Laver was Chair of the Victorian Learning and Employment Skills Commission to 29 February 2004 and Acting Chair to 30 June 2004. He worked for BHP and its subsidiaries from 1959 until he retired in 1998.

He has held general management positions at different times in the Minerals, Steel, Transport, Research and External Affairs areas. He serves on industry, employment and community boards including as Chair of the Curriculum Standards Framework Community Advisory Council, Chair of the Australian Building Codes Board and member of the Gambling Research Panel.



PROFESSOR STUART MACINTYRE

(to 29 October 2003) Member **Professor Stuart Macintyre** is Dean of the Faculty of Arts and the Ernest Scott Professor of History at the University of Melbourne. He has been a research

fellow at St John's College, Cambridge, and at the Australian National University. He was a Centenary of Federation Victoria Committee member and Chair of the National Library of Australia Collecting Advisory Committee. He was Chair of the Prime Minister's Civics Expert Group (1994–96) and the Commonwealth Department of Education, Training and Youth Affairs Inquiry into School History (1999-2000).



MS JULIE MOSS

Member Ms Julie Moss is the Managing Director of the Photography Studies College. Ms Moss has been involved in vocational education and training for 20 years and has served on numerous postcompulsory education and

training reference groups. She is the Australian Council for Private Education and Training Victorian Executive Board Chair and the Deputy Chair of the National Board. Ms Moss also serves as a Victorian Training Awards judge.



MR JULIUS ROE

Member Mr Julius Roe has been the National President of the Australian Manufacturing Workers' Union since 2000. He is the Australian Council of Trade Unions' representative on the **National Training Quality**

Council and is an active member of the Joint Industry Training and Education Council. He has been instrumental since 1987 in the restructuring of the Metal Industry Award and is a member of the National Negotiating Group of the Metal Trades Federation of Unions.

He co-authored Towards a New Metal and Engineering Industry Award and took part in the Commonwealth/State Training Advisory Committee overseas mission which produced the report A Strategic Framework of the Implementation of a Competency Based Training System.



MS VIRGINIA SIMMONS

Ms Virginia Simmons has been a TAFE Director in both the TAFE institute and dual sector university setting since 1986. She is currently CEO of Chisholm Institute of TAFE. Her career in education spans more than 20 years,

mostly in the TAFE sector. Since 1993, she has consulted widely internationally, particularly in the Asia-Pacific region. She serves on a number of economic and education boards. In 1995, she received the inaugural Prime Minister's Training Award for her contribution to women in vocational education and training.



MS JOANNE TATE PSM

(to 29 February 2004) Member Ms Joanne Tate is a Leading Teacher specialising in Information Technology at Ararat Community College. Her expertise in information technology led to her appointment as an Internet

trainer and she was recognised with a Public Service Medal in the 1998 Queen's Birthday Honours List, with the 1999 Victorian Technology Teacher of the Year Award and with the Cable and Wireless Children's Network Individual Excellence Award. She is an online mentor for the Department of Education & Training's Global Classroom project. She is a member of the I*EARN Australia management team.



PROFESSOR BARBARA VAN ERNST AM

(from 23 March 2004) Member Professor Barbara van Ernst is the Deputy Vice-Chancellor of the Lilydale Campus of Swinburne University of Technology. She is also Deputy Vice-Chancellor of

Learning and Teaching and has more than 25 years experience in higher education. She was founder and inaugural president of the Association of Music Education Lecturers, and Head of the School of Visual and Performing and Media Arts at Deakin University.



MS ANNA VLASS (from 23 March 2004) Member Ms Anna Vlass is the Assistant Principal at Box Hill Senior Secondary College and has more than 25 years experience in education. She is currently a member

of the Victorian Curriculum

Assessment Authority Vocational Education Reference Group, and a member of the VQA Credit Matrix Stakeholder Reference Group and the VCAL Development Group.



MS LYNNE WANNAN

Ex-officio member Ms Lynne Wannan was appointed as Chairperson of the Adult, Community and **Further Education Board** on 25 March 2003 for three years. She has worked with community organisations and as an adviser to both

State and Commonwealth governments. As a social policy analyst, she has experience in senior management positions in local government, the private sector and State Government. She has worked in the broad community and health services industry for the past 20 years.



MRS ELIZABETH WARD Member

Mrs Elizabeth Ward has been Principal at Presbyterian Ladies' College since 1998. She was a member of the Ministerial Advisory Committee for the Victorian Institute of Teaching. She has been Chair of the NSW Board

of Studies HSC History Examination Committee, and supervisor of HSC marking in History. In 1999, she was awarded a fellowship from the Australian College of Education. She was Deputy Headmistress at Abbotsleigh and Head of History at Ravenswood School in Sydney.

AUDIT COMMITTEE

Members

Ms Julie Moss (Chair from 24 March 2004)

Mr Peter Annett (Chair to 29 February 2004)

Ms Pam Jonas (to 29 February 2004)

Mr Paul Herrick (from 2 April 2004)

Professor Helen Praetz

Mr Jonathan Thomas (from 6 June 2004)

Accountable Officer: Dr Dennis Gunning

STRUCTURE AND **OPERATION**

VQA staff operate within the financial, asset, human resource and information technology policy frameworks of the Department of Education & Training.

VQA staff provide advice and report to the Board on:

- · appropriate guidelines and standards relating to the accreditation of courses and registration of providers
- · development and implementation of certification and registration procedures and processes
- management of the VQA's resources
- quality assurance services relating to the effectiveness and efficiency of the VQA's policies and standards
- quality of implementation of the VQA's policies and guidelines by various institutions and agencies
- strategic planning and policy development and directions.

DIRECTOR

The Director is responsible to the Chair of the VOA for the effective and efficient implementation of the Board's decisions and to the Secretary of the Department of Education & Training for the running of the organisation and its effective interaction with the Department.

STAFF

Executive officer staff are Dennis Gunning (Director) and Arden Joseph (VCAL and Credit Matrix Project Executive), supported by Melinda Nulty (Executive Assistant).

VQA staffing has four main areas of activity, each supported by a team of staff:

- qualifications development
- · quality assurance
- governance and communication
- · VCAL and the Credit Matrix.

As at 30 June 2004 the VQA had 25 staff members – 21 full-time and four part-time. Of this total 72 per cent were female and 28 per cent were male. Details of VQA staff are provided in the following tables. The total staff is made up of a core establishment plus additional staff appointed through secondments or short-term contracts to work on specific projects.



The VQA team (from left) Front row: David Symonds. Judy Sharples, Frances Lamb, Arden Joseph, Christine Croker

2nd row: Melissa Finlayson, Melinda Nulty, Ann Alexander, Ewa Kuriata, Kristien Sarwo-Rini, Carmel Brown

3rd row: Maryse Felicite, Andrea Bishop, Tony Ayers, Stephen Moschner

4th row: Felicity Dunn, Dennis Gunning, Frank Galati

Number and full-time equivalent of staff on pay by sex and classification as at 30 June 2004

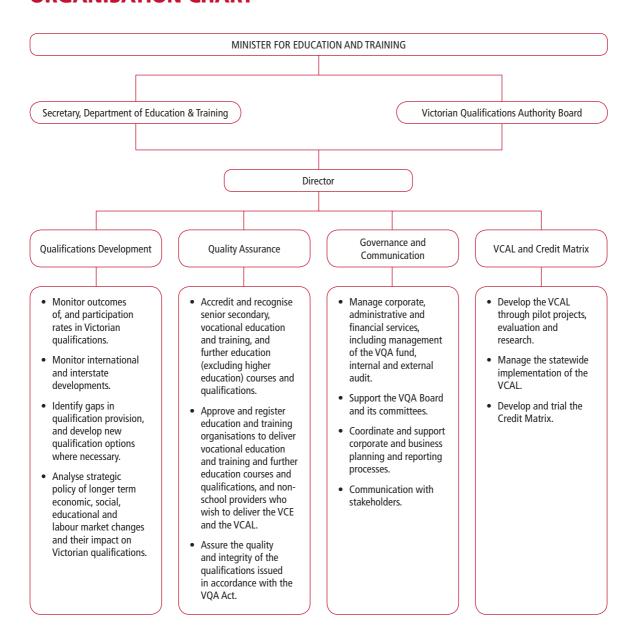
		Males	F	emales		Total
Classification	Number	Full-time equivalent	Number	Full-time equivalent	Number	Full-time equivalent
E02	1	1.0	-	_	1	1.0
E03	1	1.0	-	_	1	1.0
VPSG6	3	2.4	1	1.0	4	3.4
VPSG5	1	1.0	11	10.4	12	11.4
VPSG4	1	1.0	1	1.0	2	2.0
VPSG3	-	_	4	3.9	4	3.9
VPSG2	-	_	1	1.0	1	1.0
Total	7	6.4	18	17.3	25	23.7

Number of staff on pay by sex, classification and time fraction worked as at 30 June 2003

		Males	F	emales		Total
Classification	Number	Full-time equivalent	Number	Full-time equivalent	Number	Full-time equivalent
E02	1	1.0	-	-	1	1.0
E03	1	1.0	-	_	1	1.0
VPS5	3	2.4	1	1.0	4	3.4
VPS4	1	1.0	11	10.3	12	11.3
VPS3	-	-	4	4.0	4	4.0
VPS2	-	-	2	2.0	2	2.0
Total	6	5.4	18	17.3	24	22.7

Note: A new career structure was implemented across the Victorian Public Service (VPS) during 2003-04. This involved a reclassification of VPS grade levels.

ORGANISATION CHART



SUMMARY OF FINANCIAL RESULTS

The VQA ended the year with an operating surplus of \$117,047.

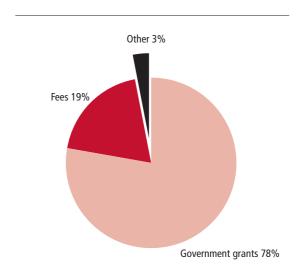
Revenue increased by \$847,476 from \$4,668,907 for 2002–03 to \$5,516,383 for the year ended 30 June 2004.

Expenses increased by \$1,465,081 from \$3,934,255 to \$5,399,336 due to extra activities undertaken by the VQA during the financial year, particularly work associated with qualifications in applied design and the Credit Matrix.

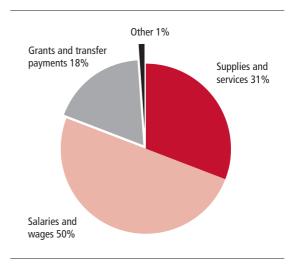
The majority of expenses related to salaries and salary on costs (accounting for 50 per cent of the total), expenses for operating supplies and consumables (accounting for 31 per cent of the total) and grants and transfer payments (accounting for 18 per cent of the total).

	2004	2003
	\$	\$
Revenue		
State Government grants	4,282,170	3,639,264
Registration and course accreditation fees	1,060,367	1,002,370
Other	173,846	27,273
Total revenue	5,516,383	4,668,907
Expenses		
Salaries, wages and on costs	2,680,015	2,163,626
Grants and transfer payments	988,792	551,481
Depreciation and amortisation	38,141	39,447
Supplies and services	1,674,488	1,153,577
Other	17,900	26,124
Total expenses	5,399,336	3,934,255
Operating result	117,047	734,652

REVENUE



EXPENSES



SUMMARY OF **ACHIEVEMENTS**

In 2003-04, the VQA made significant progress in four crucial areas of its business. These were identified in the Board's planning process as the four key strategic areas of activity and are explored in more detail in the following text.

DEMONSTRATING GOOD GOVERNANCE AND MANAGEMENT

The processes and procedures adopted to manage and monitor finance, human resources and administration have been implemented in line with the Department of Education & Training's requirements and with the Financial Management Compliance Framework. The processes and procedures adopted were based on a formal internal quality system that reflected public service best practice.

Communications with stakeholders have been enhanced through specific publications, regular editions of VQA Update, regular updates to the VQA website, two VQA Lectures and contributions to both national and international conferences in Victoria.

Support for the VQA Board and Audit Committee has been improved by the introduction of an Intranet for Board members, who have responded with very positive feedback. The Board developed and implemented a governance model that is suited to the nature of its work and has continued to debate key policy issues and developments that affect the VQA such as the Victorian Qualifications Framework for Applied Design and the Credit Matrix.

ENHANCING QUALITY ASSURANCE

The VQA has the statutory responsibility in Victoria for the quality assurance of registered training organisations in the VET sector in accordance with the nationally agreed AQTF. It has responsibility for approving providers who wish to deliver VET courses to

international students. The VQA has delegated the management of registration and approval processes to the Office of Training and Tertiary Education.

The VQA also has the responsibility for the accreditation of senior secondary, VET and further education courses (excluding higher education courses). It also oversees the Victorian recognition of nationally endorsed training package qualifications.

A number of initiatives have been developed and implemented to improve the VQA's quality assurance processes. The VQA Act has been amended to strengthen the regulatory provisions, and ensure consistency with the nationally agreed system of registration and audit of registered training organisations. Other developments included improvements to course accreditation processes and upgrades to the State Register.

The second external audit of Victoria's VET system against the AQTF State and Territory Standards for registration and accreditation bodies showed high levels of compliance with this instrument and represented a satisfactory outcome for the VQA and its delegate, the Office of Training and Tertiary Education.

IMPROVING SENIOR SECONDARY OUTCOMES

The VQA aims to contribute towards the Government's target for successful completion of Year 12 or its equivalent. It is responsible for the qualifications offered to senior secondary students, which play a crucial role in establishing the standard of achievement appropriate at this level. This also helps to ensure that students leave school well prepared for their chosen pathway to further education and training or employment.

The VQA has been working with the Victorian Curriculum and Assessment Authority to review and enhance the VCE. A new senior secondary qualifications option, the VCAL, has been developed and was implemented in 2003, following a successful pilot in 2002. Introduction of this option has been supported by comprehensive professional development, significant Government resources and a communications strategy targeted at parents, students and employers. In the second year of its implementation, the VCAL has been offered by more than 316 providers and has over 8000 student enrolments.

BUILDING PATHWAYS AND CREDIT BRIDGES

The VQA has been developing a system of reporting on student outcomes that will provide the basis for policy analysis required by the Board to decide on future qualifications developments and policies. It has also sought to provide better support for students moving from one qualification to another by developing the Credit Matrix proposal. This is intended to allow students to receive recognition for previous achievements when negotiating entry into a new qualification. The consultation paper on the principle of such a matrix has been widely distributed and received strong support from a broad base. Initial testing of the matrix model has been promising, with further testing and refinement proceeding during 2004.

The VQA has also contributed to the development of qualifications and pathways in applied design as part of the whole-ofgovernment initiative to develop Victoria's innovation economy. The qualifications available in design have been mapped to produce a comprehensive framework of design qualifications. This has been used by the VQA to devise a discrete suite of qualifications in applied design, from Certificate II to Advanced Diploma and Graduate Certificate.

THE VQA'S **ACHIEVEMENTS**

The VQA is the peak accreditation, certification and registration body for post-compulsory education and training (except higher education). The VQA Board is accountable to the Minister for Education and Training.

DEMONSTRATING GOOD **GOVERNANCE AND** MANAGEMENT

Governance arrangements

The VQA's operational responsibilities include:

- the provision of support to the Board and any committees it might establish
- running internal processes and procedures that comply with the VQA Act, other appropriate legislative requirements and the policy framework of the Department of **Education & Training**
- · effective communication of its policies, qualifications and initiatives
- statutory responsibility for the accreditation and registration of new post-compulsory qualifications (except higher education qualifications), the approval and registration of providers and the issuing of certificates. For each of these duties, the VQA can choose to exercise its responsibilities directly or to delegate the function to others to carry out on its behalf. For example, the VQA carries out the accreditation function but delegates the responsibility for approval of new providers and the issuing of certificates.

VQA staff provide executive support to the Board and Audit Committee. Improvements in agenda planning and structure and guidelines for presentation of papers have enabled Board members to concentrate on key policy issues. Feedback from members on the agenda and papers continues to be positive. A handbook for members has been developed and published on an Intranet specifically designed for Board members. This provides members with easy access to information, ranging from Board member insurance arrangements, copies of the VQA Act and instruments of delegation, to the recently published VQA Corporate plan.

Under the VQA Act, the VQA is required to consider advice from and consult with fellow statutory authorities in regard to courses and qualifications, and the linkages between qualifications or parts of qualifications. The Board organised a joint meeting with Victorian Curriculum and Assessment Authority members in August 2003 to discuss issues of joint interest, including accreditation principles for senior secondary certificates, the joint monitoring of post-compulsory outcomes and the future for senior secondary certification in Victoria. The Board also organised a joint meeting with Victorian Learning and Employment Skills Commission members in February 2004 to discuss issues including the Victorian Learning and Employment Skills Commission's postcompulsory policy framework, the Credit Matrix, employability skills, and the ANTA high-level review of training packages.

An extended meeting of the Board was held in October 2003 to begin drawing up a corporate plan for the VQA for 2004-06 and a business plan for 2004-05. This meeting was informed by a number of strategy papers on key issues. Following that meeting the Board produced and refined a draft corporate plan.

In early 2004, the VQA was selected by the Department of Treasury and Finance to take part in a survey of compliance with the new Financial Management Compliance Framework. The self-assessment has provided the Audit Committee with a useful benchmark for best practice, reporting and improvement. At its June 2004 meeting, the Board endorsed the appointment of Mr Jonathan Thomas, Partner with Moore Stephens HF Assurance, as the fourth member of the Audit Committee. Mr Thomas's expertise in accounting, risk management, internal audit and fraud investigations will make a positive contribution to the Audit Committee.

Communication

The VQA communicates its policies and activities to stakeholders in a number of ways.

A regular newsletter, *VQA Update*, was published three times during 2003–04. This covered the progress of key VQA initiatives.

There has been regular contribution of articles and papers to publications and conferences. Articles have appeared in the Department of Education & Training publications Education Times and Success and a wider readership has been reached through articles published in VOCAL, the regular newsletter of the Scottish Further Education Unit Broadcast, and The Times Educational Supplement. The VQA also played a significant role in the development and publication of the new options booklet for Year 10 students called Where to Now? VQA staff have taken every opportunity to accept invitations to speak at conferences and seminars, both within and outside of Victoria.

The VQA website also contains up-to-date information on Board activities, major VQA projects and VQA activities such as accreditation, the VCAL, the Credit Matrix, and extensive links to other sites. The VQA website gives stakeholders the opportunity to provide feedback on the VQA's projects and processes.

In September 2003, the VQA held a meeting with 'critical friends' as part of the process of collecting feedback on its performance, and as a way of providing input to forward planning. Areas seen as important targets for future work included:

- continued driving of the VCAL agenda and consideration of the long-term relationship between the VCAL and the VCE
- consideration of the issues arising from the ageing workforce
- rationalisation of roles and responsibilities, especially in vocational education and training.

Personal development skills were part of Sam's VCAL program at Hawthorn Secondary College



The VQA also organised two VQA Lectures in order to promote discussion and provide a platform for informed debate about qualifications matters. The inaugural lecture in July 2003 brought together four experts from Victoria, Queensland, Tasmania and Western Australia to provide insight into each State's current and future plans for reviewing and developing senior secondary and other post-compulsory curriculum and qualifications. The lecture in March 2004 focused on Victoria's future - three speakers described the features they would like to see in recruits of future Victorian Year 12 certificateholders, from the perspectives of an employer, and TAFE and higher education providers.

Delegations

According to section 16 of the VQA Act:

- (1) The Authority may, by instrument under its common seal, delegate any function or power of the Authority, other than this power of delegation, to any of the following:
 - (a) a member of the Authority
 - (b) a member or the members of a committee established under section 15
 - (c) the Director (of the VQA) or any person employed under section 14
 - (d) the Secretary or any other person employed in the Department of Education & Training
 - (e) the Victorian Learning and Employment Skills Commission
 - (f) the Adult, Community and Further Education Board
 - (g) the Victorian Curriculum and Assessment Authority.
- (2) The Authority may, by instrument under its common seal, delegate any power of the Authority to award or issue qualifications to any of the persons or bodies referred to in sub-section (1) or a registered education and training organisation.

Delegations are the subject of regular reports at each Board meeting to ensure that the VQA's statutory responsibilities are being met. Service agreements have been developed with delegates to ensure that expectations, accountabilities and reporting arrangements are clear and can be monitored. Current delegations exist to the Office of Training and Tertiary Education for the registration of providers in further education and training, and to the Victorian Curriculum and Assessment Authority for the issuing of senior secondary certificates and statements of results.

ENHANCING QUALITY ASSURANCE

The VQA's quality assurance systems include:

- the accreditation and recognition of senior secondary, vocational education and training, and further education (excluding higher education) courses and qualifications
- the approval and registration of education and training organisations to deliver vocational education and training and further education courses and qualifications, and non-school providers who wish to deliver the VCE and the VCAL
- approval of providers and courses suitable for overseas students studying in Victoria.

In the VET sector, the accreditation and registration activities of the VQA must comply with the nationally agreed AQTF Standards for State and Territory Registering/Course Accrediting Bodies (AQTF Standards), which came into effect on 1 July 2002. All States and Territories must advise the National Training Quality Council on their compliance with the national standards covering the registration and audit of training organisations and related processes. In 2003-04, the VQA and its delegate, the Office of Training and Tertiary Education in the Department of Education & Training, were externally audited to assess their compliance with the AQTF Standards. The audits showed a high level of compliance had been achieved.

The VQA's legislative framework was amended twice in 2003-04 to respond to the need identified in the Ministerial Statement Knowledge & Skills for the Innovation Economy for a flexible and responsive vocational education and training system. These amendments also give effect to the national model clauses developed to ensure consistency between States' and Territories' implementation of the AQTF Standards.

Changes to VQA legislation

Several amendments were made to the VOA Act in the 2003 spring session of Parliament.

One of the amendments included provision to delegate to a registered training organisation the power to extend its scope of registration and/or accredit its own courses. Guidelines and procedures to put these new delegations into effect are currently being developed. Organisations that wish to take up these delegations will have to demonstrate an

excellent track record of delivery and regular audit of internal quality systems. The new arrangements will be fully implemented in the second half of 2004.

Another amendment inserted a provision in the VQA Act allowing the VQA to have regard to the suitability of a course when deciding whether to approve an organisation to provide the course to international students. Guidelines to support the new provisions are being developed.

A third amendment allows the Minister for Education and Training to fix fees imposed by the VQA for investigations, registrations and accreditations. The VQA is committed to consulting stakeholders regarding any proposed changes to fee levels. In 2003, consultation took place on a proposal to raise fees by the consumer price index. The outcomes were reported to the Board and formed the basis of the advice given to the Minister, who approved the new fee levels for 2004.

The legislative changes in the autumn 2004 parliamentary session related to the model legislative clauses developed by ANTA. The Commonwealth and State and Territory governments had agreed that these model clauses would be enacted in State and Territory legislation by July 2004. The project to amend the VQA Act to incorporate the ANTA model clauses was successfully completed before the due date. The model clauses are designed to achieve national consistency in the registration and regulation of registered training organisations, and to ensure mutual recognition of the registration and recognition decisions made in relation to organisations and qualifications in the vocational education and training sector.

Accreditation

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

National training packages

The VQA evaluates new and reviewed training packages in partnership with the Office of Training and Tertiary Education. Training packages are developed nationally by industry to ensure they reflect workplace standards and a viable vocational outcome. Training package qualifications are endorsed by each State and Territory Minister with responsibility for vocational education.

In 2003–04, the Minister for Education and Training endorsed the following training packages:

- · Animal Care and Management
- Asset Management
- Beauty
- Caravan Industry
- Civil Construction
- Coal
- Community Recreation
- Competitive Manufacturing
- Drilling Industry
- Entertainment
- Extractive Industry
- Fitness
- Floristry
- Food Processing Industry
- Manufactured Mineral Products
- Museum and Library/Information Services
- Plumbing and Services
- Rural Production
- Seafood Industry.

Accreditation of other VET courses

As part of its commitment to continuous improvement, the VQA has implemented new procedures for course accreditation. These new procedures are intended to provide greater support for course developers by ensuring that quality processes are applied to course development and evaluation. This should lead to better quality proposals coming to the VQA and therefore fewer rejections. One new procedure is the introduction of formalised processes for declaring an intention to accredit a course. This process should ensure, at an early stage, that the course being developed meets a clearly identified industry/community need and does not duplicate training package qualifications.

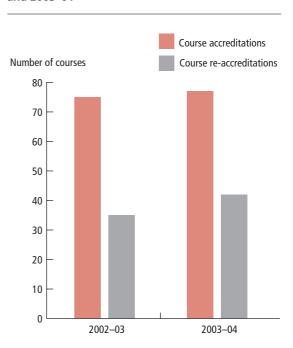
The new accreditation procedures are overseen by a team of 23 VQA-approved accreditation advisers. The advisers ensure consistent and accurate advice is given to applicants regarding their course submissions, and that the accreditation panel accurately assesses the proposed course against the AQTF Standards.

VET accreditation activities, 2003-04

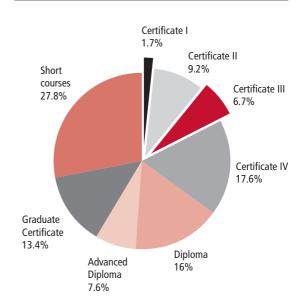
New courses accredited	77
Courses reaccredited	42
Course accreditations extended (for maximum of 12 months)	112
Courses deleted (no new enrolments permitted)	197

The level of accreditation activity reflects the ongoing demand in Victoria for vocational education courses outside the list of available national training packages. These courses extend the range of vocational courses available by providing flexibility and responsiveness to local employment and training needs.

VET courses accredited and reaccredited, 2002–03 and 2003–04



VET course accreditations by AQF level, 2003-04



The majority of course accreditations in 2003–04 were proposed by private providers (47 per cent).

Registration of providers

The VQA exercises its responsibility for the registration and audit of providers of vocational education and training and further education through delegation to the Higher Education and Regulation Division of the Office of Training and Tertiary Education. The delegation is undertaken according to the requirements of the AQTF Standards and in accordance with a service agreement.

Number of providers as at 30 June 2004 and at 30 June 2003

Category	30 June 2004	30 June 2003
Commercial training organisation	501	457
Community access centre	149	155
Enterprise-based organisation	91	96
Industry organisation	180	208
Private school	54	59
Government school	70	67
Adult education centre	97	99
Professional association	8	7
Adult migrant education	1	1
TAFE institutes	20	20
Local government	2	4
Other government	2	_
Total	1,175	1,173

Number of providers registered, 1 July 2002 – 30 June 2004

Category	•	1 July 2002 – 30 June 2003
Commercial training organisation	118	104
Community access centre	2	2
Enterprise-based organisation	11	6
Industry organisation	1	_
Private school	2	5
Government school	5	3
Adult education centre	4	-
Professional association	2	3
Local government	1	-
Other government	2	_
Total	148	123

System for training and recognition

The VQA Act requires the VQA to maintain a State Register of accredited courses and recognised qualifications. The State Register also lists the registered providers of those courses and qualifications.

The VQA utilises the information contained in the System for Training and Recognition (STAR) to comply with these requirements. The basis for the State Register is a published report that is derived from the information contained within STAR. During 2003–04, STAR was upgraded to ensure that government requirements are met and that STAR is compatible with the National Training Information Service (NTIS) database. NTIS is under review to ensure that it meets the requirements of the nationally approved model clauses implemented in Victoria by the amendments to the VQA Act.

Education services for overseas students

The regulation of providers in the Victorian VET sector that deliver courses to overseas students is managed by the Higher Education and Regulation Division of the Office of Training and Tertiary Education as a delegate of the VQA. In 2003–04, 19 new providers were approved to provide specified courses for overseas students under section 27 of the VQA Act.

The VQA represents the Victorian VET sector at national Education Services for Overseas Students (ESOS) Implementation Group meetings. During 2004, it has both organised and coordinated these meetings, which ensure consistency in the interpretation and implementation of the Commonwealth ESOS legislative framework by State and Territory registering authorities.



VCAL students completing a Certificate II in Hospitality

IMPROVING SENIOR SECONDARY OUTCOMES

The improvement of student outcomes in senior secondary years is reflected by the Government's decision to set the target of having 90 per cent of young people in Victoria achieve successful completion of Year 12 or its equivalent. From this base of secure level of achievement at school, students are encouraged to plan a pathway to further education, training or employment.

The VQA is responsible for accrediting and issuing qualifications for senior secondary certificates in Victoria. In recognition of the fact that many students require a practical and vocationally oriented senior secondary curriculum, the VQA introduced the VCAL as an alternative to the VCE. The VCAL has widened choice and qualifications options for senior secondary students.

Victorian Certificate of Education

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

In 2003–04, the VQA accredited two changes to the VCE design rules. These rules, to apply from 2005, remove the limit on the number of vocational education studies that can be counted towards the VCE and abolish the requirement that students must complete at least one study from each of two categories (known as Group A and Group B studies).

In 2003–04, the VQA reaccredited the following VCE LOTE studies:

- Arabic
- Chinese First Language
- Chinese Second Language/Second Language Advanced
- Classical Greek
- French
- German
- Greek
- Indigenous Languages
- Indonesian First Language
- Indonesian Second Language
- Italian
- Japanese First Language
- Japanese Second Language
- Korean First Language
- Korean Second Language
- Latin
- Spanish
- Vietnamese.

The VQA also reaccredited the following VCE studies:

- Business Management
- History
- Media
- Psychology.

The VQA delegates its responsibility for issuing VCE and VCAL qualifications to the Victorian Curriculum and Assessment Authority. The table below shows the graduation statistics of the 2003 VCE assessment program. There were 50,276 students eligible to complete the VCE at the end of 2003, 53.3 per cent of which were female. Overall, 47,585 (94.6 per cent of those eligible) graduated.

Students eligible for satisfactory completions, 2003

	Number of students				
	Eligible to complete the VCE ¹	Satisfactorily completing VCE ²	Percentage ³		
All students	50,276	47,585	94.6		
Female students	26,794	25,529	95.3		
Male students	23,482	22,056	93.9		

¹ These figures are derived from Victorian Curriculum Assessment Authority information in December. Year 12 enrolments in February 2003 were 52,469 and in August were 50,634.

² The 917 students who successfully achieved their VCE in previous years have been removed from this figure.

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

Eligible students are those who reached the end of the school year in 2003 and had accumulated sufficient previous results and, if their current enrolments were completed satisfactorily, would meet the minimum requirements of the VCE. These figures do not take account of those students who withdrew during the year.

Victorian Certificate of Applied Learning

The VCAL is a new qualification that has been designed to provide additional pathways for Year 11 and 12 students interested in vocationally oriented career options or moving straight into employment. It was designed to sit alongside the VCE as a senior secondary option with a distinctive 'hands-on' approach to learning and a vocational pathway.

The VCAL was piloted by 22 providers in 2002. The Government took the decision to implement the VCAL statewide from 2003, following positive feedback from parents, teachers and students and an independent evaluation by the Research Institute for Professional Vocational Education and Training (a consortium of Deakin University and the Gordon Institute of TAFE). As recommended by the evaluation, new variants of the VCAL continue to be developed alongside the implementation program so that the VCAL can meet a wide range of student needs.

Statewide implementation first phase 2003

The Government committed \$47.7 million over four years to support the statewide implementation of the VCAL. These resources were used to ensure that schools and other providers could allow staff to supervise the development of VCAL programs for students and build strong relationships with local organisations as VCAL partners. The LLENs also played key roles in developing these partnerships.



Structured workplace learning was part of Stacey's VCAL program

Support for implementation

Statewide implementation began in 2003, with over 200 providers (government schools, Catholic schools, TAFE institutes and ACE providers) approved to receive funding that will support the delivery of the VCAL to over 5000 students.

The VQA contracted the CAE/Language Australia Limited in 2003–04 to develop and conduct workshops for VCAL practitioners in 2004. The workshops covered teaching practices, curriculum and pedagogy, service delivery partnerships, quality assurance and assessment strategies as they apply to VCAL implementation. Twenty-six regional workshops were conducted in Terms 1 and 2 and attended by over 1500 teachers.

In August 2003, the VQA accredited new VCAL units in the VCAL Work Related Skills strand that incorporate occupational health and safety practices. The units are designed for use by practitioners as part of the whole certificate.

Numerous VCAL presentations and briefings were delivered by VQA staff at national conferences, practitioner workshops and local, sectoral and stakeholder forums. The VCAL was also nominated for an award as part of the 2004 Global Best Awards for Partnerships.

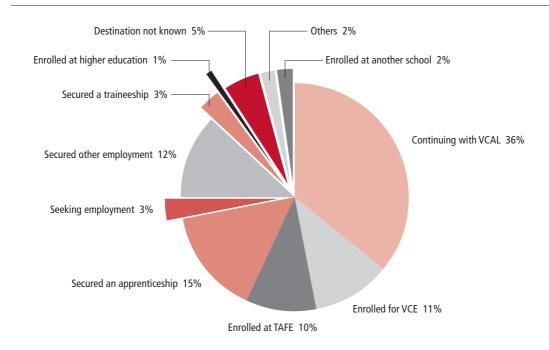
VCAL pilot projects

As part of the continued development of the VCAL, a further 19 VCAL pilot projects were resourced in 2003. These included programs themed around a particular occupational sector, programs contextualised to meet the needs of Koorie and young migrant students, and programs looking at the needs of students preparing for admission to higher education in the creative arts. The outcomes of the pilot projects were evaluated by the consultancy firm RIPVET and they reported to the Board in February 2004.

The evaluation report recommendations were implemented, including introduction of new VCAL variants in 2004 and dissemination of good practice observed in pilot sites.

VCAL student outcomes

In March 2004, the VQA conducted a survey of all VCAL 2003 providers to identify the destinations of VCAL 2003 students. The data indicates that 60 per cent of VCAL 2003 students made successful transitions into education and training pathways (further VCAL, VCE, TAFE providers, adult community education and university). A further 30 per cent made successful transitions into apprenticeships, traineeships and other employment pathways. Collectively, this shows that 90 per cent of the students made successful transitions into their chosen pathway.



VCAL Achievement Awards

A highlight of the year was the presentation ceremony for the 2003 VCAL Achievement Awards. The event was held in Queen's Hall, Parliament House in March 2004 where the Minister for Education and Training, Lynne Kosky, presented awards to students, teachers and partner organisations involved in VCAL programs in the preceding year.

The awards were presented in three categories to students, teachers and local partner organisations. The winners were selected through nominations and judged by panels comprising key organisations and individuals

involved in VCAL program development and delivery. The 2003 VCAL Achievement Awards were sponsored by the Victorian Employers' Chamber of Commerce and Industry and Group Training Australia (Victorian Division).

Statewide implementation – second phase 2004

Three hundred and sixteen providers were approved for 2004 to receive funding for the second phase of the statewide rollout with just over 8000 students enrolled across the four VCAL award levels. Providers include government schools, Catholic schools, TAFE institutes and ACE organisations.

VCAL 2004 enrolments by sector and certificate level at 30 June 2004

	Providers	Foundation level	Intermediate level	Senior level	Senior extension	Total	%
Government schools	242	1,854	3,329	719	214	6,116	75.8
Catholic schools	47	99	491	122		712	8.8
TAFE institutes	18	341	623	66		1,030	12.8
ACE organisations	9	50	63	16		129	1.6
Independent schools	3		16	34		50	0.6
Other providers ¹	4	10	19			29	0.4
Total	323 ²	2,354	4,541	957	214	8,066	
% All levels		29	56	12	3		100%

¹ Other providers include Disability Employment Action Centre, Lavers Hill P-12 College, Our Lady of Mercy College and St Brigid's College.

² Total includes 7 providers not receiving VCAL coordination funding.

VCAL pathway development pilot projects

In 2004, further development of VCAL options occurred through pilot programs. Fifteen providers were funded in the following three categories:

- pathways to apprenticeships aims to provide a smooth pathway for students to full-time apprenticeships in priority industries (ten providers)
- pathways to higher education aims to develop pathways for VCAL students from school education to courses of study in higher education institutions (three providers)
- pathways for adults returning to study (two providers).

A total of 159 students are enrolled in these pilot projects. Each organisation was provided with funding to coordinate individual projects and support local resource development. The University of Melbourne has been contracted to evaluate the pilot projects.

Statewide implementation final phase 2005

In mid-2004, the providers who will receive funding for the final phase of the VCAL implementation were selected. Fifty additional providers were also chosen to deliver this third phase through a process involving an expression of interest and program approval. This process was conducted by the VQA and the Department of Education & Training in government secondary schools and ACE organisations, and by the Catholic Education Commission of Victoria in Catholic schools.

These additional providers, approved for 2005, comprise 36 government schools, ten Catholic schools and four ACE organisations. This will take the total number of VCAL providers in 2005 to 366, with an estimated enrolment of 9000 students. A full list of VCAL providers is available on the VQA website http://www.vga.vic.gov.au.

Transfer of VCAL operations

The VQA was not intended to be an organisation with responsibility for the administration of qualifications. For senior secondary certificates, this statutory responsibility rests with the Victorian Curriculum and Assessment Authority. Following the completion of the VQA program to develop, support and embed the VCAL as part of the Victorian qualifications landscape. the ongoing responsibility for maintaining and administering the VCAL is progressively being transferred to the VCAA and will be completed during 2004-05.

BUILDING PATHWAYS AND CREDIT BRIDGES

The VQA has a statutory responsibility to monitor student outcomes and build bridges between qualifications that will promote a culture of lifelong learning. The analysis of stakeholder feedback and data allows the development of policies to be effectively targeted and clearly focused on the Government's priorities, goals and targets.

Victorian Credit Matrix

The VQA has a statutory responsibility to ensure and support appropriate linkages between qualifications. The Credit Matrix aims to provide a common approach to describing and comparing achievement that is based on levels (for complexity of learning) and points (for volume of learning) and is designed to enhance the operation of the AQF in Victoria. The Credit Matrix should make the qualifications system easier to understand and use. It should also ensure that when learners move from one qualification to another they will not have to repeat learning already achieved. This is particularly important in the context of lifelong learning, where people will study for qualifications or parts of qualifications throughout their lives.



VCAL students are joined by their teacher and Lynne Kosky MP after performing at the 2003 VCAL Achievement Awards. Queen's Hall, Parliament House, March 2004.

Consultation

The VQA conducted a three-month statewide consultation on the concept of the Credit Matrix from July to September 2003. After more than 40 stakeholder workshops and written responses, the VQA received feedback from over 1000 individuals and organisations. This consultation showed strong broadbased support for the Credit Matrix concept. Given this support, the Board decided to continue to develop an appropriate model.

Development

The VQA commissioned a team of expert consultants, led by Peter Noonan Consulting, to develop a Credit Matrix model. The team was asked to develop a set of level descriptors to cover all learning regardless of education sector, a definition for volume of learning, and principles and guidelines for their application. This work was supported by a Board working group, and a reference group comprised of key external stakeholders. The model was then tested by applying it to a range of units and modules that are components of qualifications ranging from Certificate I to Doctorate. Feedback from those involved indicates that they found the model easy to apply to these different levels of learning. The test results were subjected to a detailed statistical analysis that suggested that the model was a reliable assessment tool.

The model development was also supported by pilots conducted at the Gippsland Education Precinct and the IT Skills Hub. Both concluded that the Credit Matrix model and guidelines were useable and recommended that more testing be undertaken. The VQA also established the Credit Matrix Industry Forum, which included representatives from both small and large businesses and industries. The forum provided valuable industry expertise and advice to develop the Credit Matrix.



A school-based new apprenticeship was part of Trent's (centre) VCAL program

The results of the Credit Matrix development and piloting work were reported to the Board in June. The Board resolved to communicate the outcome of the work to stakeholders and begin refining and testing the model. Consultation on the model will take place in late 2004. If all outcomes are positive, the staged implementation of the Credit Matrix could begin in 2005.

Further information and publications on the Credit Matrix are available in hard copy or through the VQA's website http://www.vqa.vic.gov.au.

Monitoring and research activities

The Board has statutory responsibility for monitoring patterns of student participation and qualification outcomes. This is critical to evaluate the effectiveness of VQA initiatives and to ensure that the VQA continues to contribute towards achieving the Government's goals and targets. It also enables the VQA to keep abreast of current thinking and developments in the educational community.

To satisfy this responsibility, the Board considers two annual monitoring reports that incorporate data from both internal and external sources. The first report concentrates on an analysis of student pathways and transitions. The second involves an extensive and reflective survey of research studies and program evaluations from the previous 12 months and draws out policy implications that contribute to the Board's strategic planning. The 2003 edition of the second monitoring paper was published as Qualifications and Pathways - Emerging Themes and New Directions. Among other themes, it identified the concept of 'productive life' as an emerging issue and reflected both state and national interest about the needs of workers who remain in the workforce beyond traditional retirement age.

As part of its research and monitoring functions in 2003–04, the VQA also undertook a range of other important activities including the evaluation of specific VQA program initiatives. This encompassed the evaluation of the 2003 Credit Matrix pilots. A separate analysis of the VCAL success factors also occurred. These evaluations ensure that these programs make effective contributions towards improving student outcomes.

Policy development and support was also provided by the VQA for Victoria's involvement in the National Training Quality Council, ANTA Ministerial Council and the Ministerial Council on Education, Employment, Training and Youth Affairs.

In the past year, the VQA has contributed to two critical national policy debates on the ANTA high-level review of training packages and employability skills. The VQA convened a working group with the Office of Training and Tertiary Education and prepared a detailed issues paper that led to the development of a Victorian response to this important national review. The VQA and the Victorian Learning and Employment Skills Commission jointly sponsored a forum of interested parties to prepare a submission on employability skills to the National Training Quality Council.

Rangefinder projects

The VQA undertakes a program of smallscale Rangefinder projects each year. These aim to research and evaluate the potential of a particular topic in an area that could enhance student pathways, improve linkages between qualifications or fill gaps in the Victorian qualifications system. If the Rangefinder projects identify the need for further work, this is then commissioned by the Board. In 2003-04, Rangefinder projects were conducted on five main topics.

Recognition of informal learning

In late 2003, the VQA and the Adult, Community and Further Education Board commenced a joint project to assess the feasibility of recognising informal learning within the qualifications system administered by the VQA. The project provided the opportunity to identify new types of recognition within the formal qualifications system that could contribute to the joint aims of expanding lifelong learning and building more cohesive communities.

The project revealed that no single approach was likely to provide a way of recognising all types of informal learning and proposed the establishment of a recognition framework that incorporates a number of mechanisms for recognising informal learning.

In 2004, the Board provided 'in principle' support for the development of a recognition framework for informal learning in Victoria, and encouraged further proposals for development work in support of the framework. At the April 2004 meeting, the Board endorsed further exploration of the possibility of block credit arrangements for informal learning in existing further education and adult learning qualifications.

Making qualifications work for **Koorie communities**

The VQA convened a forum of prominent Koorie organisations and individuals to discuss potential qualifications developments that could support improved learning and pathway opportunities for Koorie students. These organisations included the Victorian Aboriginal Education Association Incorporated, the Koorie Business Network, the Koorie Economic Employment Training Agency, the Aboriginal and Torres Strait Islander Commission and interested government agencies. Six potential areas were identified and then subjected to extensive consultation. Two specific initiatives were identified by the Board as involving qualifications development issues and the remaining four areas were referred to the Department of Education & Training's Koorie Education and Training Cross Sector Taskforce.

The first initiative is the development of a catalogue of Indigenous studies for Koorie and non-Koorie students. The catalogue is scheduled for completion in late 2004 and will provide an authoritative reference for teachers and trainers wishing to include Indigenous studies in their vocational programs. The catalogue will be updated regularly and provide a central point of reference and organisation for the development of new qualifications and products.

The second initiative aims to gather in-depth data about Koorie students' experiences of learning recognition and pathway planning services in vocational education and training. This project will determine the extent to which VET qualifications have supported Koorie students in their learning goals and employment aspirations and will identify good practice in this area. The research will be conducted by the University of Melbourne and is expected to be completed in early 2005.

Qualification needs of rural and regional communities

A project was conducted to examine whether there were qualifications developments that could improve learning and pathway opportunities in rural and regional Victoria. A series of consultations was conducted through LLENs in 18 locations across country Victoria. Areas requiring more work were identified in the project report and will be further investigated in the second half of 2004.

Unrecognised outcomes of apprenticeship training

This project examined the adequacy of arrangements for recognition of the outcomes of apprenticeship training in terms of giving credit for the full range of knowledge and skills achieved. The Centre for Research in Education, Equity and Work at the University of South Australia was commissioned to undertake the research and selected four industries as case studies: baking, commercial cookery, horticulture and nursing. A final report is scheduled for completion in late 2004.

Web-based adult literacy locator test

The adoption of an adult literacy locator test was the subject of a previous study undertaken by the Australian Council for Educational Research on behalf of the VQA and funded by the Department of Education, Science and Training. ANTA was also an active partner in the study. A further trial of a computer-based literacy test that will involve a sample of over 200 adults who have recently returned to a VET course or are intending to do so in the near future has also been commissioned. This trial will examine the utility of the test, the ease of its administration, its flexibility, the validity of its findings and its cost effectiveness. The trial is scheduled for completion in late 2004.

Victorian Qualifications Framework for Applied Design

The Victorian Government's Innovation Statement Victorians: Bright Ideas. Brilliant Future identified design as one of five strategic capabilities critical to Victoria's development as an innovation economy. The VQA has been contributing to Victoria's design capacity by developing qualifications options for those who need specialist design skills and those who wish to apply design to their existing work. Other development work also aims to increase design awareness for all Victorians.

The VQA completed a range of design-related activities, including:

 a comprehensive mapping of the full range of design-related competencies and modules across the VET sector

- the development of new Certificate IVs in applied design for industry, envisaged as posttrade or advanced operative courses (applied design programs in Building and Furniture Design have been accredited, with programs in Process Manufacturing and Landscaping being developed)
- a review of current provision and associated pathways of design education and training in senior secondary school.

These developments have also contributed to a broader project that aims to create a conceptual framework to develop new design qualifications and identify gaps in existing provisions. The outcome of this work, carried out by the Union Research Centre on Organisations and Technology, is a framework that is intended to bring a coherence and accessibility to the current diversity of design-related VET courses, as well as devise a discrete suite of qualifications in applied design from Certificate II to Advanced Diploma and Graduate Certificate. The framework will provide a coherent approach to design-related learning within any given industry and will encourage cross-industry exchange.

The development of the framework occurred through extensive consultations with designers, industry, VET trainers and others to determine the qualifications template and approach best suited to the diverse demands and interests in design across diverse sectors. This work was supervised by a steering committee comprised of experts from across the fields of design, industry, senior secondary, vocational training and higher education. The framework comprises a hierarchy of vocational qualifications in applied design, from Certificate II to Graduate Certificate, that are all based on a common qualifications template. The template has the potential to be applied to related areas such as applied technology and is made up of four curriculum strands that cater for both generic and specialist design skills, and for generic and specialist skills in the area in which the design skills are to be applied.

The framework is intended to be extended over time to facilitate design-related education and training pathways between secondary schools and vocational education and training and higher education sectors.

WIDER POLICY **FRAMEWORKS**

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

STAFFING GUIDELINES

The staffing guidelines were issued by the Department of Education & Training in March 2001. They are used by managers and staff to support effective human resource practices.

The guidelines include policies that provide for:

- the establishment and maintenance of a workforce plan that provides sufficient flexibility to meet changing work demands
- the alignment of the staffing profile to the work priorities of the work unit
- the application of the principles of merit, fairness and diversity to all human resource practices
- the recruitment of the best available staff from inside and outside the organisation
- merit-based selection processes for all advertised positions
- staff development that enhances career potential and supports continuous skill development of the workforce.

The VQA and its managers are committed to these principles.

People Principles

All VQA staff are committed to the Department of Education & Training's People Principles.

- Deliver quality results
- · Work collaboratively
- Behave ethically
- Respect and value others
- Develop self and others.

These behaviours are an integral part of VQA staff performance plans.

FREEDOM OF INFORMATION

This section is published to conform with the requirements of section 7 of the Freedom of Information Act 1982 (FOI Act).

There were no applications received under the FOI Act during the reporting period.

Queries about the availability of and charges for other material prepared under part II of the FOI Act should be directed to the authorised officer. The authorised officer for the Department of Education & Training is:

Neil Morrow Manager, Freedom of Information Department of Education & Training PO Box 4367 Melbourne Victoria 3001 Telephone (03) 9637 2000

The following are the general categories of documents maintained by the VQA and the Office of Training and Tertiary Education in the Department of Education & Training:

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

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

ACCOUNTING RECORDS

Accounting records are maintained on a computerised accounting system. The records deal with general ledger entries, accounts payable, payroll and other accounting functions. Paper records are also kept as registered files.

BUILDING ACT 1993

As part of its service provision mandate, the Department of Education & Training is committed to providing safe and secure buildings for all Department-owned and operated facilities. A critical part of this commitment is the development of a Building Compliance Assessment strategy for all facilities for which the Department has a responsibility.

The building occupied by the VQA at 41a St Andrews Place is a government-owned building. This building was completely refurbished in 2000 to provide accommodation for the Victorian Curriculum and Assessment Authority and is still under a contract warranty.

The VQA is committed to providing a safe and secure building for staff and visitors, and full compliance with the provisions of the *Building Act 1993* has been maintained.

OCCUPATIONAL HEALTH AND SAFETY

The VQA operates within the infrastructure of the Department of Education & Training and is committed to abiding by the Department's policies and procedures in relation to occupational health and safety. (See the Department of Education & Training's *Annual Report 2003–04* for more information.)

ENVIRONMENTAL MANAGEMENT

In meeting the Premier's directive that all government departments instigate an office-based environmental management system (EMS), the VQA has participated in an EMS Committee chaired by the VCAA, and has adopted a number of EMS activities that promote recycling, increase staff awareness and reduce waste within the organisation.

FEES AND CHARGES

Amendments under section 35A to the VQA Act enabled the Minister to fix fees and charges. New fees came into effect from 1 January 2004 and were increased by 2.25 per cent in line with the CPI. Further details of fees and charges are available on the VQA website at http://www.vqa.vic.gov.au.

NATIONAL COMPETITION POLICY

The 2000–01 legislative review of fees and charges indicated that the VQA does not add any greater restrictions on competition between providers of accredited courses.

MAJOR CONSULTANCIES AND CONTRACTS

The following represent the major consultancies and contracts (over \$100,000) that have been let by the VQA for the period July 2003 – June 2004.

Framework for Design	Urcot Ltd	Consultancy	\$133,112
Professional Development and Learning program	Language Australia	Contract	\$226,925

The VQA engaged seven consultancies at a cost of less than \$100,000 each during the 2003–04 financial year at a total cost of \$384,777.

As there were no contracts over \$1,000,000 in regional Victoria and \$3,000,000 in metropolitan Victoria, Victorian Industry Participation policy disclosures are not required.

ADDITIONAL INFORMATION **AVAILABLE ON REQUEST**

Consistent with the requirements of the Financial Management Act 1994, material has been prepared on the following topics not addressed in this report:

- publications produced by the VQA
- shares held beneficially by senior officers as nominees of a statutory authority or subsidiary
- declarations of pecuniary interests
- changes in prices, fees, charges, rates and levies
- major external reviews
- research and development activities undertaken
- overseas visits undertaken
- major promotional, public relations and marketing activities
- · occupational health and safety assessments and measures
- industrial relations issues
- major committees.

Enquires regarding details of this information should be made to:

David Symonds Victorian Qualifications Authority 41a St Andrews Place East Melbourne Victoria 3002

FINANCIAL REPORT

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Statement of financial performance

for the year ended 30 June 2004

	Notes	1 July 2003 to 30 June 2004 \$	1 July 2002 to 30 June 2003 \$
Revenue from ordinary activities			
Revenues from ordinary activities	2	5,516,383	4,668,907
Expenses from ordinary activities			
Employee benefits	3	2,680,015	2,163,626
Grants and transfer payments	3	988,792	551,481
Depreciation and amortisation	3	38,141	39,447
Supplies and services	3	1,674,488	1,153,577
Other expenses		17,900	26,124
		5,399,336	3,934,255
Result from ordinary activities		117,047	734,652
Decrease in accumulated surplus on adoption of new accounting standard	9	0	(4,289)
Net result for the reporting period		117,047	730,363
Total changes in equity other than those resulting from transactions with Victorian State Government in its capacity as owner on behalf of the Crown.		117,047	730,363

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of financial position

as at 30 June 2004

	Notes	As at 30 June 2004	As at 30 June 2003 \$
Current assets			
Cash at bank	4, 11	2,576,905	2,252,629
Receivables	5	57,809	34,396
Total current assets		2,634,714	2,287,025
Non-current assets			
Plant and equipment	6	54,638	66,929
Leasehold improvements	6	11,345	12,617
Total non-current assets		65,983	79,546
Total assets		2,700,697	2,366,571
Current liabilities			
Payables	7	480,242	349,044
Provisions for employee benefits	8,10	155,328	150,408
Total current liabilities		635,570	499,452
Non-current liabilities			
Provisions for employee benefits	8,10	349,526	268,565
Total non-current liabilities		349,526	268,565
Total liabilities		985,096	768,017
Net assets		1,715,601	1,598,554
Equity			
Accumulated surplus	9	1,715,601	1,598,554
Total equity		1,715,601	1,598,554

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of cash flows

for year ended 30 June 2004

	Notes	1 July 2003 to 30 June 2004 \$	1 July 2002 to 30 June 2003 \$
Cash flows from operating activities			
Receipts from government		4,303,628	3,669,264
Receipts from other entities		1,192,688	980,353
Payments to suppliers and employees		(5,390,666)	(3,823,868)
GST recovered from ATO		243,204	123,147
Net cash inflow from operating activities	16	348,854	948,896
Cash flows from investing activities Payments for equipment		(24,578)	(57,382)
Net cash outflow from investing activities		(24,578)	(57,382)
Net increase in cash held		324,276	891,514
Cash at the beginning of the financial period		2,252,629	1,361,115
Cash at the end of the financial period	4	2,576,905	2,252,629

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

for year ended 30 June 2004

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Note 1 Summary of significant accounting policies

This general-purpose financial report has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention, except for certain liabilities which, as noted, are at valuation. The accounting policies adopted, and the classification and presentation of items, are consistent with those of the previous year, except where a change is required to comply with an Australian Accounting Standard or Urgent Issues Group Consensus View, or an alternative accounting policy permitted by an Australian Accounting Standard is adopted to improve the relevance and reliability of the financial report. Where practicable, comparative amounts are presented and classified on a basis consistent with the current year.

a) Reporting entity

The VQA Act 2000 established the Victorian Qualifications Authority (VQA) as an independent state owned public authority. As an independent public authority the VQA is a separate legal entity and accountable for resources under its control. Section 17 of the Act requires that a separate VQA Fund is created to account for all money received by the Authority. The Act was proclaimed to have effect from 1 March 2001.

b) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

c) Revenue recognition

Grants over which the Authority gains control during a reporting period are recognised as revenues of that reporting period consistent with Australian Accounting Standard AAS 15, 'Revenue'. 'Control' arises on the earlier event of receipt or notification of eligibility for grants by relevant authorities. Fees are recognised in the period received.

d) Receivables

All debtors are recognised at the amounts receivable as they are due for settlement at no more than 30 days from the date of recognition.

Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

e) Revaluations of non-current assets

Subsequent to initial recognition as assets, non-current physical assets other than plant and equipment and leasehold improvements are measured at fair value. Plant and equipment are measured at cost. Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Revaluations are assessed annually and supplemented by independent assessments, at least every three years. Revaluations are conducted in accordance with the Victorian Government Policy 'Revaluation of Non-Current Physical Assets'.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the statement of financial performance, the increment is recognised immediately as revenue in the statement of financial performance.

Revaluation decrements are recognised immediately as expenses in the statement of financial performance, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets.

f) Depreciation of non-current assets

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of non-current assets over its expected useful life to the VQA. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives for the periods ending 30 June 2004 and 30 June 2003 are as follows:

	2004	2003
Computer equipment	3 years	3 years
Office equipment and furniture	5-10 years	5-10 years
Leasehold improvements	10 years	10 years

g) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the VQA, whichever is the shorter. Leasehold improvements held at the reporting date are amortised over 10 years

h) Leased non-current assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the VQA will obtain ownership of the asset, the expected useful life of the asset to the VQA. Lease assets held at the reporting date are being amortised over periods ranging from five to 15 years.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between interest (calculated by applying the interest rate implicit in the lease to the outstanding amount of the liability), rental expense and reduction of the liability.

The present value of future payments for surplus leased space under non-cancellable operating leases is recognised as a liability, net of sub-leasing revenue, in the period in which it is determined that the leased space will be of no future benefit to the consolidated entity. Each lease payment is allocated between the liability and finance charge.

i) Payables

These amounts represent liabilities for goods and services provided to the VQA prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

j) Goods and Services Tax

Revenues, expenses and assets are recognised net of Goods and Services Tax (GST) except where the amount of GST incurred is not recoverable, in which case it is recognised as part of the cost of acquisition of an asset or part of an item of expense. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as part of receivables or payables in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the statement of cash flows in accordance with Accounting Standard AAS 28 'Statement of Cash Flows'.

k) Employee benefits

(i) Wages, salaries and annual leave Liabilities for wages, and salaries, including non-

monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long -service leave

The liability for long-service leave expected to be settled within 12 months of the reporting date, is recognised as a current liability and is measured in accordance with (i) above.

The liability for long-service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

The amount charged to the statement of financial performance in respect of superannuation represents the contributions made by the VQA to the superannuation fund.

(iv) Employee benefit oncosts

Employee benefit oncosts, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

I) Cash

For purposes of the statement of cash flows, cash includes short-term deposits that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value. (Refer to note 4.)

m) Resources provided and received free of charge or for nominal consideration

Contributions of resources and resources provided free of charge or for nominal consideration are recognised at their fair value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

While payroll and accounts payable services are provided from centralised functions controlled by the Department of Education & Training, no estimate of the cost of these services is included in these accounts since these amounts are not readily quantifiable.

The VQA shares accommodation with the Victorian Curriculum Assessment Authority which is not charged to the VQA.

n) Contributed capital

Consistent with UIG Abstract 38, 'Contributions by Owners Made to Wholly-Owned Public Sector Entities', appropriations for additions to net assets have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributed capital.

o) Rounding of amounts

Amounts in the financial report have been rounded to the nearest dollar.

p) Impacts of adopting AASB equivalents to International Accounting Standards Board standards

For reporting periods beginning on or after 1 January 2005, all Australian reporting entities are required to adopt the financial reporting requirements of the Australian equivalents to International Financial Reporting Standards (IFRS). This requirement also extends to any comparative financial information included within the report. The first day of the comparative period, 1 July 2004, effectively becomes the transition date for the Authority. Any adjustments arising from changes in the recognition or measurement of assets and liabilities at the transition date arising from the adoption of IFRS will be made against accumulated funds at the transition date.

The Authority has taken the following steps in managing the transition to Australian equivalents to IFRS:

- established a steering committee for the oversight of the transition to and implementation of the Australian equivalents to IFRS
- reviewed the Authority's current accounting policies and the proposed new standards to identify key issues
- commenced an education and training process for all stakeholders to raise awareness of the changes in reporting requirements and the process to be undertaken
- initiated reconfiguration and testing of user systems and processes to meet new requirements.

The Authority has identified a number of changes to the existing accounting policies that may have a material impact on the Authority's future financial position and performance following the adoption of the requirements of Australian equivalents to IFRS (the new standards). These include:

Valuation of assets. In accordance with the Victorian Government Policy – Revaluation of Non-Current Physical Assets, the VQA currently measures its non-current physical assets, other than plant, equipment and vehicles, at fair value subsequent to initial recognition. Plant, equipment and vehicles are measured on a cost basis. Revaluations are assessed annually and supplemented by independent assessments at least every three years. The new standard continues to offer a choice for measuring each class of non-current physical assets either at cost or at fair value. However, non-current assets measured at fair value will only be required to be revalued at least every three to five years and all assets in a class must be revalued at the same time. The Victorian government has not yet concluded whether it will make any changes to the valuation basis of any class of asset or the methodology or

- frequency at which revaluations are performed. The financial effects of any such changes are unknown.
- Impairment of assets. Under the new standards, an asset will be required to be assessed for impairment each year. If indicators of impairment exist, the carrying value of an asset will need to be assessed to ensure that the carrying value does not exceed its recoverable amount, which is the higher of its value-inuse and fair value less costs to sell. For the Department, value-in-use of an asset is its depreciated replacement cost. Other than inventories, financial assets and assets arising from construction contracts, impairment testing will apply to all assets regardless of whether they are measured on a cost or fair value basis. Where the carrying value of an asset exceeds its recoverable amount, the difference will be written off as an impairment loss to the statement of financial performance except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that asset. Any impairment losses at transition date will be adjusted against the accumulated funds.
- Finance Leases. Existing Australian accounting standards require a lessee of a finance lease to recognise a lease asset and a lease liability equal to the present value of minimum lease payments at the beginning of the lease term. Under the new standard on leases, the asset and liability recognised would be equal to the lower of the present value of minimum lease payments and fair value of the leased asset. This may result in a write down of the VQA's lease assets and liabilities at the date of transition if the present value of minimum lease payments exceeds the fair value of the leased asset with the resulting adjustment made against accumulated funds. In addition, the guidance on whether a lease is a finance or operating lease is less prescriptive and there is a greater emphasis on the substance of the transaction when making a judgement.
- In addition, a number of other changes in requirements have been identified which are expected to lead to changes in methodology or processes, increased disclosures and possibly changes in measurement of assets or liabilities. The changes are not expected to have a material impact.

Note 2 Revenue

Revenue by source

	2004	2003
	\$	\$
Revenue from Government		
State Government grants	4,282,170	3,639,264
Commonwealth of Australia	19,507	27,273
	4,301,677	3,666,537
Revenue from other parties		
Registration and accreditation fees	1,060,367	1,002,370
Interest	140,381	0
Donations	10,000	0
Other	3,958	0
	1,214,706	1,002,370
Total revenue	5,516,383	4,668,907

Note 3 Result for the reporting period Net expenses

	2004	2003
Result from ordinary activities includes the following specific net expenses:		
Consideration from the disposal of assets	0	0
Carrying amount	0	8,724
Loss on disposal	0	8,724
Expenses		
Employee benefits		
Salaries and wages	1,982,617	1,696,163
Superannuation	234,637	196,243
Annual leave and long-service leave expense	289,884	134,607
Other oncosts (fringe benefits tax, payroll tax and WorkCover levy)	172,877	136,613
Total employment benefits	2,680,015	2,163,626
Depreciation		
Computers and peripheral equipment	34,674	36,760
Office equipment and furniture	2,195	2,687
Leasehold improvements	1,272	0
Total depreciation	38,141	39,447
Rental expense relating to operating leases		
Minimum lease payments	11,709	10,119
Total rental expense relating to operating leases	11,709	10,119
Supplies and services		
Travel	60,217	88,581
Printing	159,683	254,387
Contractors/Consultants/Board Members	1,107,574	476,430
Other	335,305	334,179
Total supplies and services	1,662,799	1,153,577
Grants and transfer payments		
Transfer payments to Department of Education & Training	113,791	207,443
Grants to TAFE institutes	256,536	221,264
Grants to organisations	618,273	72,000
Grants to government schools	192	50,774
Total grants and transfer payments	988,792	551,481

Note 4 Cash assets

	2004 \$	2003 \$	_
d on hand	2,576,905	2,252,629	

Note 5 Receivables

	2004 \$	2003 \$
Current:		
Debtors	57,809	15,000
GST receivable	0	19,396
	57,809	34,396

Note 6 Non-current assets

	2004	2003
	\$	\$
Plant and equipment		
At cost	148,946	129,984
Less: Accumulated depreciation	(94,308)	(63,055)
	54,638	66,929
Leasehold improvements		
At cost	12,617	12,617
Less: Accumulated depreciation	(1,272)	0
	11,345	12,617
Total	65,983	79,546

Note 6 Non-current assets (continued)

Reconciliation

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the current and previous financial periods are set out below.

	Computers and peripheral equipment	Office equipment and furniture	Leasehold improvements	Total
	\$	\$	\$	\$
2004				
Carrying amount at start of period	56,548	10,381	12,617	79,546
Additions	24,578	0	0	24,578
Disposals	0	0	0	0
Reclassifications	3,718	(3,718)	0	0
Depreciation/amortisation expense (note 3)	(34,674)	(2,195)	(1,272)	(38,141)
Carrying amount at end of period	50,170	4,468	11,345	65,983
2003				
Carrying amount at start of period	59,337	10,998	0	70,335
Additions	42,695	2,070	12,617	57,382
Disposals at cost	(8,724)	0	0	(8,724)
Reclassifications	0	0	0	0
Depreciation/amortisation expense (note 3)	(36,760)	(2,687)	0	(39,447)
Carrying amount at end of period	56,548	10,381	12,617	79,546

Note 7 Payables

Trade creditors Accrued expenses GST payable Accrued salaries and oncosts

2004 \$	2003 \$
286,999	179,587
151,959	151,265
5,885	0
35,399	18,192
480,242	349,044

Note 8 Provision for employee benefits

	2004 \$	2003 \$
Current		
Employee benefits		
Annual leave	118,103	97,540
Long-service leave	37,225	27,891
Annual bonus	0	24,977
	155,328	150,408
Non-current		
Employee benefits		
Long-service leave	349,526	268,565
	349,526	268,565
Employee numbers	25	24

As explained in note 1 k (i) and (ii), the amounts for long-service leave are measured at their present values. The following assumptions were adopted in measuring present values:

	2004	2003
Weighted average rates of increase in annual employee entitlements to settlement of the liabilities	4.5%	4.6%
Weighted average discount rates	5.73%	4.86%
Weighted average terms to settlement of the liabilities	8 years	8 years

Note 9 Equity and movements in equity

Accumulated surplus	2004 \$	2003 \$
Accumulated surplus at the beginning of the financial year	1,598,554	868,191
Net result for the reporting period	117,047	734,652
Adjustments resulting from adoption of new accounting standard	0	(4,289)
Accumulated surplus as at 30 June 2004	1,715,601	1,598,554

Note 10 Superannuation

	2004	2003
Name of scheme		
State Superannuation Fund – Revised Scheme	15.5%	15.5%
State Superannuation Fund – New Scheme – 0% contributor	9%	9%
State Superannuation Fund – New Scheme – 3% contributor	9%	9%
State Superannuation Fund – New Scheme – 5% contributor	9.5%	9.5%
State Superannuation Fund – New Scheme – 7% contributor	10%	10%
VicSuper*	9%	9%
State Employees Retirement Benefit Scheme	12.5%	12.5%

^{*}Under the VicSuper Scheme, employer contributions are payable only if the member is paid more than \$450 in gross salary in a particular month. This is consistent with Commonwealth Superannuation Guarantee legislation.

Note 10 Superannuation (continued)

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

	Contribution paid for the year		Contribution outstanding at end of y	
	2004	2003	2004	2003
Fund _	\$	\$	\$	\$
State Superannuation Fund (defined benefit scheme)	143,375	130,855	3,148	2,081
VicSuper Fund (accumulated scheme)	83,965	64,757	-	-
State Employee Retirement Benefits Scheme (defined benefit scheme)	2,937	2,706	64	43
Various other	870	294	-	-
Total	231,147	198,612	3,212	2,124

The bases for contributions are determined by the various schemes.

No liability is recognised in the statement of financial position for the VQA's share of the State's unfunded superannuation liability. The State's unfunded superannuation liability has been reflected in the financial statements of the Department of Treasury and Finance.

Note 11 Financial instruments

Interest rate risk exposures

The VQA's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

			Fixed interest maturing in:				
		Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non- interest bearing	Total
2004	Notes	\$	\$	\$	\$	\$	\$
Financial assets							
Cash balance	4	2,576,905	_	-	-	_	2,576,905
Receivables	5	-	-	-	-	57,809	57,809
Total		2,576,905	_	-	-	57,809	2,634,714
Weighted average interest rate		-	_	-	-	_	
Financial liabilities							
Payables	7	-	_	-	-	480,242	480,242
Total		-	_	-	-	480,242	480,242
Weighted average interest rate		4.98%	-	-	-	_	
Net financial assets		2,576,905	_	_	-	(422,433)	2,154,472

Note 11 Financial instruments

			Fixed	l interest maturin	ıg in:		
		Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non- interest bearing	Total
2003	Notes	\$	\$	\$	\$	\$	\$
Financial assets							
Cash balance	4					2,252,629	2,252,629
Receivables	5	-	_	-	-	34,396	34,396
Total		-	_	-	-	2,287,025	2,287,025
Weighted average interest rate		-	_	-	-	_	-
Financial liabilities							
Payables	7	_	_	_	-	349,044	349,044
Total		-	-	-	-	349,044	349,044
Weighted average interest rate		-	_	-	-	_	_
Net financial assets		-	_	-	_	1,937,981	1,937,981

Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the VQA approximates their carrying amounts.

Note 12 Ministers and Accountable Officers

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Minister and Accountable Officer of the VQA are as follows:

Minister for Education and Training

Ms Lynne Kosky, MP

Accountable Officer Dr Dennis Gunning

Board members

Mr Peter Annett term expired 29 February 2004

Mr Paul Briggs Mr Alan Clifford

Professor Kwong Lee Dow term expired 28 February 2004

Mr Stuart Hamilton appointed 10 May 2004

Mr Grant Hehir

Ms Linda Heron appointed 23 March 2004
Mr Paul Herrick appointed 23 March 2004
Ms Pam Jonas term expired 29 February 2004

Mr Peter Laver

Professor Stuart Macintyre resigned 29 October 2003

Ms Julie Moss

Professor Helen Praetz

Mr Julius Roe

Ms Virginia Simmons

Ms Joanne Tate term expired 29 February 2004
Professor Barbara van Ernst appointed 23 March 2004
Ms Anna Vlass appointed 23 March 2004

Ms Lynne Wannan Ms Elizabeth Ward

Remuneration

The number of executive officers (including the Accountable Officer) whose remuneration exceeded \$100,000 during the reporting period is shown below in their relevant income bands. Total remuneration includes long-service leave payments and bonuses paid at the end of contracts. Base remuneration is exclusive of these payments.

	Total remuneration		Base rem	uneration
Income band	2004	2003	2004	2003
\$90,000-\$99,999				
\$100,000-\$109,999			1	1
\$110,000-\$119,999	1	1		
\$160,000-\$169,999			1	1
\$180,000-\$189,999	1	1		
Total amount (\$)	\$303,080	\$301,758	\$270,190	\$268,088

Amounts relating to the Minister is reported in the financial statements of the Department of Premier and Cabinet.

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

	2004	2003
Income band		
\$0-\$999	13	8
\$1,000-\$1,999	6	9
\$2,000-\$2,999	0	0
\$3,000-\$3,999	0	0
\$52,000–\$52,999	0	1
\$54,000–\$54,999	1	0
Total	20	18
Total remuneration received, or due and receivable by board members amounts to	\$66,155	\$67,050

Other transactions

Other related transactions and loans requiring disclosure under the Standing Ministerial Directions of the Minister for Finance have been considered and there are no matters to report.

Note 13 Remuneration of auditors

Remuneration of auditors

	\$	\$
Victorian Auditor-General's Office	17,900	17,400
Total remuneration Victorian Auditor-General's Office	17,900	17,400

Note 14 Contingent assets and contingent liabilities

There are no contingent assets and contingent liabilities to be disclosed in the financial period. (There were no contingent assets and contingent liabilities to be disclosed in 2002-03)

Note 15 Commitments for expenditure

Lease commitments

	2004	2003	
	\$	\$	
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:			
Within one year	0	11,356	
Later than one year but not later than 5 years	0	22,712	
Total	0	34,068	

The VQA lease commitments relate to a motor vehicle lease which has been transferred to the Department for Victorian Communities.

Note 16 Reconciliation of results from ordinary activities to net cash inflow from operating activities

	2004	2003
	\$	\$
Results from ordinary activities	117,047	734,652
Depreciation and amortisation	38,141	39,447
Increase in receivables	(23,413)	(22,015)
Increase in payables	131,198	204,057
Increase in provisions	85,881	(15,969)
Loss on sale of assets	0	8,724
Net cash inflow from operating activities	348,854	948,896

2004

2003



41a St Andrews Place East Melbourne VIC 3002 Telephone 03 9637 2806 Facsimile 03 9637 2422 Email vqa@edumail.vic.gov.au Web www.vqa.vic.gov.au

ACCOUNTABLE OFFICER'S DELARATION

We certify that the attached financial statements for the Victorian Qualifications Authority have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2004 and financial position of the Authority as at 30 June 2004.

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

Dr Dennis Gunning Accountable Officer

Victorian Qualifications Authority

Melbourne 27 September 2004 Ms Julie Moss

Chair, Audit Committee

Victorian Qualifications Authority

Melbourne 27 September 2004





AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Board of the Victorian Qualifications Authority

Matters relating to the electronic presentation of the Audited Financial Report

This audit report relates to the financial report of the Victorian Qualifications Authority for the financial year ended 30 June 2004 included on its web site. The Members of the Board of the Victorian Qualifications Authority are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Scope

The accompanying financial report of the Victorian Qualifications Authority for the financial year ended 30 June 2004, comprising a statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Members of the Board of the Victorian Qualifications Authority are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and Members of the Board as required by the *Audit Act* 1994.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act* 1994 so as to present a view which is consistent with my understanding of the Authority's financial position, and its financial performance and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act* 1994, the financial position of the Victorian Qualifications Authority as at 30 June 2004 and its financial performance and cash flows for the year then ended.

MELBOURNE 30 September 2004 J.W. CAMERON Auditor-General

APPENDICES

- 1 Whistleblowers Protection Act 2001
- 2 Disclosure index

APPENDIX 1 WHISTLEBLOWERS PROTECTION ACT 2001

Disclosure

In 2003, the VQA nominated the Department of Education & Training (DE&T) as its agent to accept and investigate any disclosures made under the Whistleblowers Protection Act 2001 concerning Board members or staff of the VQA. The Whistleblowers Protection Act 2001 Department of Education & Training Guidelines have been adopted as the appropriate procedures for managing disclosures made under the Act concerning Board members or staff of the VOA.

Details of any disclosures made under the Act concerning Board members or staff of the VQA are included in DE&T's Annual Report 2003-04.

Department of Education & Training guidelines

Objects of the Act

The Whistleblowers Protection Act 2001 (the Act) commenced operation on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

2 Statement of support to whistleblowers

The Department of Education & Training (DE&T) is committed to the aims and objectives of the Act. It does not tolerate improper conduct by its employees nor the taking of reprisals against those who come forward to disclose such conduct.

DE&T recognises the value of transparency and accountability in its administrative and

management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

DE&T will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also ensure natural justice to the person who is the subject of the disclosure.

Purpose of these procedures

These procedures establish a system for reporting disclosures of improper conduct or detrimental action by DE&T employees. The system enables such disclosures to be made to one of the protected disclosure officers or the protected disclosure coordinator. Disclosures may be made by employees or by members of the public.

These procedures complement DE&T's established procedures for addressing complaints and are for use only where appropriate. Employees and members of the general public should continue to raise issues in accordance with the consultative and complaint resolution procedures already in place unless the complaint meets the criteria specified in the Act to be considered a protected disclosure.

Definitions of key terms

A protected disclosure

For the purpose of the Act, a protected disclosure is a complaint, report or allegation of improper conduct or detrimental action, concerning matters which come under the Act, and is made in accordance with Part 2 of the Act.

A protected disclosure may also be referred to as a public interest disclosure where the disclosure shows or tends to show that the public officer to whom the disclosure relates:

- has engaged, is engaging or intends to engage in improper conduct in his or her capacity as a public officer
- has taken, is taking, or proposes to take, detrimental action in reprisal for the making of the protected disclosure.

4.2 Improper conduct

A disclosure may be made about improper conduct by a public body or public official. Improper conduct means conduct that is corrupt, a substantial mismanagement of public resources, or conduct involving substantial risk to public health or safety or to the environment. The conduct must be serious enough to constitute, if proved, a criminal offence or reasonable grounds for dismissal.

Examples

- To avoid closure of a town's only industry, an environmental health officer ignores or conceals evidence of illegal dumping of waste.
- An agricultural officer delays or declines imposing quarantine to allow a financially distressed farmer to sell diseased stock.
- A building inspector tolerates poor practices and structural defects in the work of a leading local builder.

4.3 Corrupt conduct

Corrupt conduct means:

- conduct of any person (whether or not a public official) that adversely affects the honest performance of a public officer's or public body's functions
- the performance of a public officer's functions dishonestly or with inappropriate partiality
- conduct of a public officer, former public officer or a public body that amounts to a breach of public trust
- conduct by a public officer, former public officer or a public body that amounts to the misuse of information or material acquired in the course of the performance of their official functions
- a conspiracy or attempt to engage in the above conduct.

Examples

 A public officer takes a bribe or receives a payment other than his or her wages or salary in exchange for the discharge of a public duty.

- A public officer favours unmeritorious applications for jobs or permits by friends and relatives.
- A public officer sells confidential information.

4.4 Detrimental action

The Act makes it an offence for a person to take detrimental action against a person in reprisal for a protected disclosure. Detrimental action includes:

- action causing injury, loss or damage
- · intimidation or harassment
- discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of disciplinary action.

Examples

- A public body refuses a deserved promotion of a person who makes a disclosure.
- A public body demotes, transfers, isolates in the workplace or changes the duties of a whistleblower due to the making of a disclosure.
- A person threatens, abuses or carries out other forms of harassment directly or indirectly against the whistleblower, his or her family or friends.
- A public body discriminates against the whistleblower or his or her family and associates in subsequent applications for jobs, permits or tenders.

5 The reporting system

5.1 Contact persons within DE&T

Disclosures of improper conduct or detrimental action by DE&T employees may be made in the first instance to a protected disclosure officer.

All correspondence, telephone calls and emails from internal or external whistleblowers will be referred to the protected disclosure coordinator.

Contact details are provided on pages 53-4.

5.2 Alternative contact persons

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

Disclosures about improper conduct or detrimental action by persons who are not DE&T employees should be made as follows:

Person who is the subject of the disclosure	Person/body to whom the disclosure must be made
Employee of a public body other than DE&T	That public body or the Ombudsman
Member of Parliament (Legislative Assembly)	Speaker of the Legislative Assembly
Member of Parliament (Legislative Council)	President of the Legislative Council
Councillor (local government)	The Ombudsman
Chief Commissioner of Police	The Ombudsman or Deputy Ombudsman
Member of the police force	The Ombudsman, Deputy Ombudsman or Chief Commissioner of Police

Roles and responsibilities 6

6.1 Employees

Employees are encouraged to report known or suspected incidences of improper conduct, or detrimental action in accordance with these procedures.

All employees of DE&T have an important role to play in supporting those who have made a legitimate disclosure. They must refrain from any activity that is, or could be perceived to be, victimisation or harassment of a person who makes a disclosure. Furthermore, they should protect and maintain the confidentiality of a person they know or suspect to have made a disclosure.

6.2 Protected disclosure officers

Protected disclosure officers will:

- be a contact point for general advice about the operation of the Act for any person wishing to make a disclosure about improper conduct or detrimental action
- make arrangements for a disclosure to be made privately and discreetly and, if necessary, away from the workplace
- receive any disclosure made orally or in writing (from internal and external whistleblowers)
- · commit to writing any disclosure made orally
- impartially assess the allegation and determine whether it is a disclosure made in accordance with Part 2 of the Act (that is, a protected disclosure)
- take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential

 forward all disclosures and supporting evidence to the protected disclosure coordinator.

Protected disclosure coordinator 6.3

The protected disclosure coordinator has a central clearing-house role in the internal reporting system. He or she will:

- · receive all disclosures forwarded from the protected disclosure officers
- impartially assess each disclosure to determine whether it is a protected disclosure
- refer all protected disclosures to the Ombudsman
- be responsible for carrying out, or appointing an investigator to carry out, an investigation referred to DE&T by the Ombudsman
- be responsible for overseeing and coordinating an investigation where an investigator has been appointed
- appoint a welfare manager to support the whistleblower and to protect him or her from any reprisals
- advise the whistleblower of the progress of an investigation into the disclosed matter
- establish and manage a confidential filing system
- collate and publish statistics on disclosures made
- take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential
- · liaise with the Secretary of DE&T.

Investigator

The investigator will be responsible for carrying out an internal investigation into a disclosure where the Ombudsman has referred a matter to DE&T. An investigator may be a person from within DE&T or a consultant engaged for that purpose.

6.5 Welfare manager

The welfare manager is responsible for looking after the general welfare of the whistleblower. A welfare manager may be a person from within DE&T or a consultant engaged for that purpose.

The welfare manager will:

· examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and seek to foster a supportive work environment

- advise the whistleblower of the legislative and administrative protections available to him or her
- listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making a disclosure
- ensure the expectations of the whistleblower are realistic.

7 Confidentiality

DE&T will take all reasonable steps to protect the identity of the whistleblower. Maintaining confidentiality is crucial in ensuring reprisals are not made against a whistleblower.

The Act requires any person who receives information due to the handling or investigation of a protected disclosure, not to disclose that information except in certain limited circumstances. Disclosure of information in the Act constitutes an offence that is punishable by a maximum fine of 60 penalty units (\$6000) or six months imprisonment or both.

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

- where exercising the functions of the public body under the Act
- when making a report or recommendation under the Act
- when publishing statistics in the annual report of a public body
- in criminal proceedings for certain offences in the Act.

However, the Act prohibits the inclusion of particulars in any report or recommendation that are likely to lead to the identification of the whistleblower. The Act also prohibits the identification of the person who is the subject of the disclosure in any particulars included in an annual report.

DE&T will ensure all files, whether paper or electronic, are kept in a secure room and can only be accessed by the protected disclosure coordinator, protected disclosure officer, the investigator or welfare manager (in relation to welfare matters). All printed material will be kept in files that are clearly marked as a Whistleblower Protection Act matter, and warn of the criminal penalties that apply to any unauthorised divulging of information concerning a protected disclosure. All electronic files will be produced and stored on a standalone computer and be given password protection. Backup files will be kept on floppy disc. All materials relevant to an investigation, such as tapes from interviews, will also be stored securely with the whistleblower files.

DE&T will not email documents relevant to a whistleblower matter and will ensure all telephone calls and meetings are conducted in private.

8 Collating and publishing statistics

The protected disclosure coordinator will establish a secure register to record the information required to be published in DE&T's annual report, and to generally keep account of the status of whistleblower disclosures. The register will be confidential and will not record any information that may identify the whistleblower.

9 Receiving and assessing disclosures

DE&T may receive a range of complaints and grievances from staff and members of the public. Only some of these matters will be considered to be protected disclosures and therefore qualify for protection and investigation under the Act.

9.1 Has the disclosure been made in accordance with Part 2 of the Act?

Where a disclosure has been received by the protected disclosure officer he or she will assess whether the disclosure has been made in accordance with Part 2 of the Act and is, therefore, a protected disclosure.

9.1.1 Has the disclosure been made to the appropriate person?

For the disclosure to be responded to by DE&T it must concern an employee of DE&T. If the disclosure concerns an employee, officer or member of another public body, the person who has made the disclosure must be advised of the correct person or body to whom the disclosure should be directed. (See the table in 5.2.) If the disclosure has been made anonymously, it should be referred to the Ombudsman.

9.1.2 Does the disclosure contain the essential elements of a protected disclosure?

To be a protected disclosure, a disclosure must satisfy the following criteria:

- the disclosure was made by a natural person (that is, an individual person rather than a corporation)
- the disclosure relates to conduct of a public body or public officer acting in their official capacity
- the alleged conduct is improper conduct or detrimental action taken against a person in reprisal for making a protected disclosure.

Problem	Initial contact	Other options	Workplace policy
Parent's concern or complaint of a general nature (may concern students, teachers, educational matters or an action taken by the school or school council)	Principal	Regional Director	Complaints, Unsatisfactory Performance and Serious Misconduct Principal Class Handbook Teacher Class Handbook SSO Handbook
Workplace conflict or grievance	Principal or Manager	 DE&T Complaints and Investigations Unit Merit Protection Boards 	Complaints, Unsatisfactory Performance and Serious Misconduct Principal Class Handbook Teacher Class Handbook SSO Handbook Personal Grievances Employment Conditions Guidelines for VPS Staff
Equal Opportunity concern	Principal or Manager	 DE&T Complaints and Investigations Unit DE&T Diversity and Equity Unit Merit Protection Boards Equal Opportunity Commission 	Merit and Equity Policy
Occupational Health and Safety issue	Principal or Manager	Workplace OHS representative	OHS Guidelines
Ethical or other misconduct concern	Principal or Manager	 DE&T Complaints and Investigations Unit Office of Public Employment 	VPS Code of Conduct
Complaints regarding administrative action by government bodies	The public body concerned	The Ombudsman	Ombudsman Act 1973
Improper conduct or detrimental conduct	DE&T Protected Disclosure Officer	 DE&T Protected Disclosure Coordinator The Ombudsman 	Whistleblower Protection Act Guidelines

• the person making a disclosure has reasonable grounds for believing the alleged conduct has occurred.

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

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

9.2 Is the disclosure a protected disclosure?

Where a disclosure has been assessed as a protected disclosure by the protected disclosure officer and consequently referred to the protected disclosure coordinator, the coordinator will confirm whether the disclosure amounts to a protected disclosure. This assessment will be made within 45 days of the initial receipt of the disclosure by the protected disclosure officer.

Where the protected disclosure coordinator concludes that the disclosure amounts to a protected disclosure, he or she will:

- notify the person who made the disclosure of that conclusion
- refer the disclosure to the Ombudsman for formal determination as to whether it is indeed a protected disclosure.

Where the protected disclosure coordinator concludes that the disclosure is not a protected disclosure, he or she will:

- notify the person who made the disclosure of that conclusion
- advise that person that he or she may request DE&T to refer the disclosure to the Ombudsman for a formal determination as to whether the disclosure is a protected disclosure, and that this request must be made within 28 days of the notification.

In either case, the protected disclosure coordinator will ensure that the notification and the referral are made within 14 days of the conclusion being reached.

10 Investigations

10.1 Introduction

Where the Ombudsman refers a protected disclosure to DE&T for investigation, the protected disclosure coordinator will appoint an investigator to carry out the investigation.

The objectives of an investigation will be:

- to collate information relating to the allegation as quickly as possible. This may involve taking steps to protect or preserve documents, materials and equipment
- to consider the information collected and to draw conclusions objectively and impartially
- to maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure
- to make recommendations arising from the conclusions drawn concerning remedial or other appropriate action.

10.2 Terms of reference

Before commencing an investigation, the protected disclosure coordinator will draw up terms of reference and obtain authorisation for those terms from the Secretary of DE&T. The terms of reference will set a date by which the investigation report is to be concluded, and will describe the resources available to the investigator to complete the investigation within the time set. The protected disclosure coordinator may approve, if reasonable, an extension of time requested by the investigator. The terms of reference will require the investigator to make regular reports to the protected disclosure coordinator who, in turn, is to keep the Ombudsman informed of general progress.

10.3 Investigation plan

The investigator will prepare an investigation plan for approval by the protected disclosure coordinator. The plan will list the issues to be substantiated and describe the avenue of inquiry. It will address the following issues:

- What is being alleged?
- What are the possible findings or offences?
- What are the facts in issue?
- How is the inquiry to be conducted?
- What resources are required?

At the commencement of the investigation, the whistleblower should be:

- notified by the investigator that he or she has been appointed to conduct the investigation
- asked to clarify any matters and provide any additional material he or she might have.

The investigator will be sensitive to the whistleblower's possible fear of reprisals and will be aware of the statutory protections provided to the whistleblower.

10.4 Natural justice

The principles of natural justice will be followed in any investigation of a protected disclosure. The principles of natural justice concern procedural fairness and ensure a fair decision is reached by an objective decision maker. Maintaining procedural fairness protects the rights of individuals and enhances public confidence in the process.

DE&T will have regard to the following issues in ensuring procedural fairness:

- the person who is the subject of the disclosure is entitled to know the allegations made against him or her and must be given the right to respond (this does not mean the person must be advised of the allegation as soon as the disclosure is received or the investigation has commenced)
- if the investigator is contemplating making a report adverse to the interests of any person, that person should be given the opportunity to put forward further material that may influence the outcome of the report and that person's defence should be fairly set out in the report
- all relevant parties to a matter should be heard and all submissions should be considered
- a decision should not be made until all reasonable inquiries have been made
- the investigator or any decision maker should not have a personal or direct interest in the matter being investigated
- all proceedings must be carried out fairly and without bias and care taken to exclude perceived bias from the process
- the investigator must be impartial in assessing the credibility of the whistleblower and any witnesses and, where appropriate, conclusions as to credibility should be included in the investigation report.

10.5 Conduct of the investigation

The investigator will make contemporaneous notes of all discussions and telephone calls, and all interviews with witnesses will be taped. All information gathered in an investigation will be stored securely. Interviews will be conducted in private and the investigator will take all reasonable steps to protect the identity of the whistleblower.

Where disclosure of the identity of the whistleblower cannot be avoided, due to the nature of the allegations, the investigator will warn the whistleblower and his or her welfare manager of this probability.

It is in the discretion of the investigator to allow any witness to have legal or other representation or support during an interview. If a witness has a special need for legal representation or support, permission should be granted.

10.6 Referral of an investigation to the **Ombudsman**

The protected disclosure coordinator will make a decision regarding the referral of an investigation to the Ombudsman where, on the advice of the investigator:

- the investigation is being obstructed by, for example, the non-cooperation of key witnesses
- the investigation has revealed conduct that may constitute a criminal offence.

10.7 Reporting requirements

The protected disclosure coordinator will ensure the whistleblower is kept regularly informed concerning the handling of a protected disclosure and an investigation.

The protected disclosure coordinator will report to the Ombudsman about the progress of an investigation.

Where the Ombudsman or the whistleblower requests information about the progress of an investigation, that information will be provided within 28 days of the date of the request.

11 Action taken after an investigation

11.1 Investigator's final report

At the conclusion of the investigation, the investigator will submit a written report of his or her findings to the protected disclosure coordinator. The report will contain:

- the allegation/s
- an account of all relevant information received and, if the investigator has rejected evidence as being unreliable, the reasons for this opinion being formed
- the conclusions reached and the basis for
- any recommendations arising from the conclusions.

Where the investigator has found that the conduct disclosed by the whistleblower has occurred, recommendations made by the investigator will include:

- the steps that need to be taken by DE&T to prevent the conduct from continuing or occurring in the future
- any action that should be taken by DE&T to remedy any harm or loss arising from the conduct. This action may include bringing disciplinary proceedings against the person responsible for the conduct, and referring the matter to an appropriate authority for further consideration.

The report will be accompanied by:

- the transcript or other record of any oral evidence taken, including tape recordings
- all documents, statements or other exhibits received by the investigator and accepted as evidence during the course of the investigation.

11.2 Action to be taken

If the protected disclosure coordinator is satisfied that the investigation has found that the disclosed conduct has occurred, he or she will recommend to the Secretary the action that must be taken to prevent the conduct from continuing or occurring in the future. The protected disclosure coordinator may also recommend that action be taken to remedy any harm or loss arising from the conduct.

The protected disclosure coordinator will provide a written report to the relevant Minister, the Ombudsman and the whistleblower setting out the findings of the investigation and any remedial steps taken.

Where the investigation concludes that the disclosed conduct did not occur, the protected disclosure coordinator will report these findings to the Ombudsman and to the whistleblower.

Managing the welfare of the whistleblower

12.1 Commitment to protecting whistleblowers

DE&T is committed to the protection of genuine whistleblowers against detrimental action taken in reprisal for the making of protected disclosures.

The protected disclosure coordinator is responsible for ensuring whistleblowers are protected from direct and indirect detrimental action, and that the culture of the workplace is supportive of protected disclosures being made. The protected disclosure coordinator will appoint a welfare manager to all whistleblowers who have made a protected disclosure. The welfare manager will:

- examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and, where the whistleblower is an employee, seek to foster a supportive work environment
- advise the whistleblower of the legislative and administrative protections available to him or her
- listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making a disclosure
- keep a contemporaneous record of all aspects of the case management of the whistleblower including all contact and follow-up action
- ensure the expectations of the whistleblower are realistic.

All employees are advised that it is an offence for a person to take detrimental action in reprisal for a protected disclosure. The maximum penalty is a fine of 240 penalty units (\$24,000) or two years imprisonment or both. The taking of detrimental action in breach of this provision can also be grounds for making a disclosure under the Act and can result in an investigation.

12.2 Keeping the whistleblower informed

The protected disclosure coordinator will ensure that the whistleblower is kept informed of action taken in relation to his or her disclosure, and the timeframes that apply.

The whistleblower will be informed of the objectives of an investigation, the findings of an investigation, and the steps taken by DE&T to address any improper conduct that has been found to have occurred. The whistleblower will be given reasons for decisions made by DE&T in relation to a protected disclosure.

12.3 Occurrence of detrimental action

If a whistleblower reports an incident of harassment, discrimination or adverse treatment that would amount to detrimental action taken in reprisal for the making of the disclosure, the welfare manager will:

- record details of the incident
- advise the whistleblower of his or her rights under the Act
- advise the protected disclosure coordinator or Secretary of the detrimental action.

The taking of detrimental action in reprisal for the making of a disclosure can be an offence against the Act as well as grounds for making a further disclosure. Where such detrimental action is reported, the protected disclosure coordinator will assess the report as a new disclosure under the Act. Where the protected disclosure coordinator is satisfied that the disclosure is a protected disclosure, he or she will refer it to the Ombudsman. If the Ombudsman subsequently determines the matter to be a protected disclosure, the Ombudsman may investigate the matter or refer it to another body for investigation as outlined in the Act.

12.4 Whistleblowers implicated in improper conduct

Where a person who makes a disclosure is implicated in misconduct, DE&T will handle the disclosure and protect the whistleblower from reprisals in accordance with the Act, the Ombudsman's guidelines and these procedures.

DE&T acknowledges that the act of whistle-blowing should not shield whistleblowers from the reasonable consequences flowing from any involvement in improper conduct. Section 17 of the Act specifically provides that a person's liability for his or her own conduct is not affected by the person's disclosure of that conduct under the Act. However, in some circumstances, an admission may be a mitigating factor when considering disciplinary or other action.

The Secretary will make the final decision on the advice of the protected disclosure coordinator as to whether disciplinary or other action will be taken against a whistleblower. Where disciplinary or other action relates to conduct that is the subject of the whistleblower's disclosure, the disciplinary or other action will only be taken after the disclosed matter has been appropriately dealt with.

In all cases where disciplinary or other action is being contemplated, the Secretary must be satisfied that it has been clearly demonstrated that:

- the intention to proceed with disciplinary action is not causally connected to the making of the disclosure (as opposed to the content of the disclosure or other available information)
- there are good and sufficient grounds that would fully justify action against any nonwhistleblower in the same circumstances
- there are good and sufficient grounds that justify exercising any discretion to institute disciplinary or other action.

The protected disclosure coordinator will thoroughly document the process including recording the reasons why the disciplinary or other action is being taken, and the reasons why the action is not in retribution for the making of the disclosure. The protected disclosure coordinator will clearly advise the whistleblower of the proposed action to be taken, and of any mitigating factors that have been taken into account.

13 Management of the person against whom a disclosure has been made

DE&T recognises that employees against whom disclosures are made must also be supported during the handling and investigation of disclosures.

DE&T will take all reasonable steps to ensure the confidentiality of the person who is the subject of the disclosure during the assessment and investigation process. Where investigations do not substantiate disclosures, the fact that the investigation has been carried out, the results of the investigation, and the identity of the person who is the subject of the disclosure will remain confidential.

The protected disclosure coordinator will ensure the person who is the subject of any disclosure investigated by or on behalf of a public body is:

- informed as to the substance of the allegations
- given the opportunity to answer the allegations before a final decision is made
- informed as to the substance of any adverse comment that may be included in any report arising from the investigation
- has his or her defence set out fairly in any report.

Where the allegations in a disclosure have been investigated, and the person who is the subject of the disclosure is aware of the allegations or the fact of the investigation, the protected disclosure coordinator will formally advise the person who is the subject of the disclosure of the outcome of the investigation.

DE&T will give its full support to a person who is the subject of a disclosure where the allegations contained in a disclosure are clearly wrong or unsubstantiated. If the matter has been publicly disclosed, the Secretary of DE&T will consider any request by that person to issue a statement of support setting out that the allegations were clearly wrong or unsubstantiated.

Criminal offences

DE&T will ensure officers appointed to handle protected disclosures and all other employees are aware of the following offences created by the Act:

- It is an offence for a person to take detrimental action against a person in reprisal for a protected disclosure being made. The Act provides a maximum penalty of a fine of 240 penalty units (\$24,000) or two years imprisonment or both.
- It is an offence for a person to divulge information obtained as a result of the handling or investigation of a protected disclosure without legislative authority. The Act provides a maximum penalty of 60 penalty units (\$6000) or six months imprisonment or both.
- It is an offence for a person to obstruct the Ombudsman in performing his or her responsibilities under the Act. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.
- It is an offence for a person to knowingly provide false information under the Act with the intention that it be acted on as a disclosed matter. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.

15 **Review**

These procedures will be reviewed annually to ensure they meet the objectives of the Act and accord with the Ombudsman's guidelines.

Contact details

Written disclosures should be marked confidential and addressed to the Protected Disclosure Officer at the appropriate regional or central DE&T office.

If making disclosures personally or by telephone individuals need to contact the appropriate central or regional DE&T office and request to speak to the protected disclosure officer.

Barwon South Western Region

PO Box 420

North Geelong Victoria 3215 Telephone: (03) 5272 8300

Central Highlands Wimmera Region

Level 1

1220 Sturt Street Ballarat Victoria 3350 Telephone: (03) 5337 8444

Conduct and Ethics Branch

GPO Box 4367

Melbourne Victoria 3001 Telephone: (03) 9637 2591

Eastern Metropolitan Region

29 Lakeside Drive

Burwood East Victoria 3151 Telephone: (03) 9881 0200

Gippsland Region

PO Box 381

Moe Victoria 3825

Telephone: (03) 5127 0400

Goulburn North Eastern Region

PO Box 403

Benalla Victoria 3672 Telephone: (03) 5761 2100

Loddon Campaspe Mallee Region

PO Box 442

Bendigo Victoria 3550 Telephone: (03) 5440 3111

Northern Metropolitan Region

Locked Bag 88

Fairfield Victoria 3078 Telephone: (03) 9488 9488

Protected Disclosure Coordinator

Manager, Conduct and Ethics Branch Ground Floor, 33 St Andrews Place **GPO Box 4367**

Melbourne Victoria 3001 Telephone: (03) 9637 2591

Southern Metropolitan Region

PO Box 5

Dandenong 3175

Telephone: (03) 9794 3555

The Ombudsman Victoria

Level 22, 459 Collins Street Melbourne Victoria 3000

Website: www.ombudsman.vic.gov.au Email: ombudvic@ombudsman.vic.gov.au

Telephone: (03) 9613 6222 Freecall: 1800 806 314

Western Metropolitan Region

PO Box 57

Carlton South Victoria 3053 Telephone: (03) 9291 6500

APPENDIX 2 DISCLOSURE INDEX

The annual report of the VQA is prepared in accordance with the *Financial Management Act* 1994 (FMA) and the Directions of the Minister for Finance. This index facilitates identification of the VQA compliance with the Directions of the Minister for Finance by listing references to disclosures in this financial report.

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ACRONYMS AND ABBREVIATIONS

Australian Curriculum Assessment and Certification Authorities ACACA

ACAA Australian Curriculum and Assessment Authorities

ACE Adult and Community Education

ANTA **Australian National Training Authority**

AQFAB Australian Qualifications Framework Advisory Board

Australian Quality Training Framework AQTF **ESOS Education Services for Overseas Students**

FMA Financial Management Act

LLENs Local Learning and Employment Networks NTIS **National Training Information Service** STAR System for Training and Recognition **Technical and Further Education TAFE**

Victorian Certificate of Applied Learning **VCAL**

VCE Victorian Certificate of Education VET Vocational education and training VQA Victorian Qualifications Authority



Victorian Qualifications Authority

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