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Skill Centre Program for Vocational Education and Training Infrastructure: Future Directions – Final Report

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Executive Summary

The current Skill Centre Program is a component of the VET Infrastructure Program and is, in turn, the sum of its three sub-component parts:

- n industry based skill centres
- n skill centres for school students
- n the program for VET Infrastructure for Indigenous People (VIIP program).

This review is directed to the core strategic issue of the future direction of the Skill Centre Program, including issues in relation to the governance of the Program as it bears upon that broad direction. The key features of the management and administrative processes of States/Territories and ANTA in relation to the Program are considered by the review and will be subsequently addressed as part of the development of new guidelines for the VET infrastructure Program as a whole.

The review is structured around an evaluation of the effectiveness, efficiency and appropriateness of the Program. The review involved:

- n an examination of Program documentation, including previous reviews and procedural and administrative documents
- n a quantitative assessment of the extent to which the Program has been effective
- n a program of consultations with officials from States/Territories, the Commonwealth and ANTA and a select sample of skill centre managers.

Objectives of the Skill Centre Program: outcomes to date

VIIP program

The VIIP program in its revised form has been in place for less than 12 months. It is, therefore, too early to assess whether this redesigned sub-component has translated into better outcomes, although early indications are encouraging.

Skill centres for school students

The anecdotal and qualitative evidence gathered through the consultations points to a program rich in achievement. However, the absence of approaches in a number of jurisdictions to the systematic capture of information about centre operations means some caution needs to be exercised in drawing objective conclusions about the sub-component's overall performance.

Industry based skill centres

The outcomes of this sub-component have substantially contributed to the achievement of its general objectives, albeit with 'patchy' coverage of industries (retail/personal services and traditional trade areas dominating) and a recent decline in the actual cash contribution made by industry to the program.

Objectives of the Skill Centre Program: alignment with national priorities

The review proposes to take the opportunity to more directly align the objectives of the respective sub-components (other than the VIIP program which is explicitly cross-referenced to current Indigenous VET policy in *Partners in a Learning Culture*) with the relevant outcome statements in the draft National Strategy for VET 2004-2010.

This alignment will involve a shift for the industry sub-component from its emphasis on diversification of the training market to a focus on partnerships. For the schools sub-component, the shift will concentrate upon partnerships which join up education and training pathways.

Level and quantification of future demand

VIIP program

Demand is reported to be strong and likely to continue for the foreseeable future.

Skill centres for school students

Demand is also growing strongly, with 2003 projected to be the first year that national demand will exceed available funding.

Industry based skill centres

There is a general consensus that demand for this sub-component has 'softened' in recent years, particularly in metropolitan locations.

Governance arrangements for the Skill Centre Program

The three sub-components are co-administered, with States/Territories responsible for the local assessment of VET needs and priorities and the capabilities of applicants, the administration of the sub-components and for monitoring outcomes. ANTA is responsible for the approval of individual grants in the light of program guidelines.

These arrangements drew some criticism in the consultations, with concerns expressed about the inefficiencies where two distinct 'authorising' bodies at the national and State/Territory level are actively involved in the approvals process for individual projects.

The review also examined the implications of the report of the Cole Royal Commission into the Building and Construction Industry for the Skill Centre Program, particularly the Commission's conclusions about the imperative for greater clarity in the roles, relationships and accountabilities of ANTA and States/Territories.

Future Strategic Directions for the Skill Centre Program

The threshold conclusion of the review is that continuation of the Program in some substantial form is important to the on-going development of the VET system and is a genuinely worthwhile investment for that purpose.

VIIP program

The review recommends that the broad directions of this sub-component be maintained and that the current annual quantum of \$4 million per annum continue in the immediate term.

Skill centres for school students

The review recommends that the broad directions of this sub-component continue, albeit with a greater emphasis on pathways and partnerships. Any increase in funding from the current annual allocation of \$4 million per annum should not take place before States/Territories undertake an empirical evaluation of the outcomes of the investment to date and an assessment of the nature of forecast demand.

The review proposes that the sub-component be more directly aligned to, and integrated with, the broader VET in Schools program.

Industry based skill centres

The review recommends that the current model be substantially 'refreshed'. A two element future is proposed: the first, a program which mandates partnerships reflecting a formally agreed joint effort between the parties as the foundation of industry based skill centre proposals; the second, a program which supports a very small number of large centres which are genuinely in the national interest and desirably have local, national and international implications. For 2004, funding of \$5 million is recommended for the industry partnerships element and \$2 million for the large centres element.

Governance arrangements

The review examines the alternative models for the distribution of funds under the Program, based either upon a national competitive evaluation of submissions or the allocation of a fixed population share to States/Territories.

The review identifies that the latter model would enable a substantial change to governance arrangements whereby ANTA no longer approves individual skill centre proposals, and their levels of funding, and devolves this responsibility to States/Territories. The features of a revised accountability framework, including the new role for ANTA, are set out to support such an approach.

Governance reforms under a national submission based approach include a proposed single annual national selection round overseen by a representative committee comprising ANTA, the Commonwealth, States/Territories and industry.

Key features of management and administrative processes under the Skill Centre Program

The review examines the key processes associated with the management and administration of the Program and recommends a number of changes covering areas such as unsuccessful applications, project acquittals and monitoring and reporting.

Introduction

The review of the Skill Centre Program for VET Infrastructure (the Program) has two main elements:

- n an evaluation of the Program to inform its broad future strategic direction
- n an examination of the management and administration of the Program, including the roles and responsibilities of the Commonwealth, States/Territories and ANTA, and the Program's administrative processes.

This report is directed to the core strategic issue of the future direction of the Program, including issues in relation to the governance of the Program as it bears upon that broad future direction.

The key features of the management and administrative processes of States/Territories and ANTA in relation to the Program are considered in the report and will be subsequently addressed as part of the development of a set of new guidelines for the VET Infrastructure Program as a whole.

Background

The current Skill Centre Program is a component of the VET Infrastructure Program and is, in turn, the sum of its three sub-component parts:

- n industry based skill centres
- n skill centres for school students
- n the program for VET infrastructure for Indigenous People.

There is no statement of collective intent, or a set of collective objectives, for the Program as a whole. The objectives for the sub-components are contained in two sets of program Guidelines:

- n "Infrastructure Program: Industry based Skill Centres & Skill Centres for School Students Program Guidelines"
- n "Infrastructure Program: VET Infrastructure for Indigenous People Program Guidelines".

The three Program sub-components have varied histories, with their origins derived from Commonwealth and ANTA initiatives to improve VET provision and training outcomes across a number of domains.

Industry Skill Centres Program

The Commonwealth established the industry skills centre program in 1987, with a budget of \$3 million per annum, as a means of increasing industry investment in training through grants to trading enterprises to participate in joint venture arrangements. State/Territory involvement in the program was only indirect.

Responsibility for the program was transferred to ANTA in 1994. The Commonwealth agreed to continue to provide \$3 million per annum for the program for a further three year period. ANTA was responsible for program management and, as had the Commonwealth, contracted directly with grant recipients.

In 1995, the ANTA Board agreed to supplement the funding of the program to assist in the diversification of the training market with a further investment of \$7 million per annum under the VET Funding Act. Funding under that Act is required to be provided through States/Territories.

Subsequently, the two skill centre programs (one directly managed by ANTA and the other jointly administered by ANTA and States/Territories) were merged and funding under the VET Funding Act was increased to \$10 million a year. That sum was reduced to \$7 million per annum in 2000.

Skill Centres for School Students Program

Arising from a desire to improve vocational education and training provision for secondary school students, and as part of a broader strategy for VET in Schools, Ministers agreed in 1996 to allocate an additional \$5 million to the Skills Centres component of the Infrastructure Program.

A pilot program of grants for Skill Centres for School Students was introduced by ANTA for this purpose in 1997. An amount of \$5 million per annum was made available for the program from 1997-1999, with the amount reduced to \$4 million in subsequent years. The funds are allocated to States/ Territories based on a population share formula.

As with the industry component of the program, State and Territory training authorities are responsible for the administration of the program, including the provision of support in documenting proposals, the development of guidelines and checklists and management of reporting and acquittal processes.

VET Infrastructure for Indigenous People Program

The current VET Infrastructure for Indigenous People (VIIP) program has its origins in a Commonwealth budget initiative in 1995/96 to provide \$15 million over a three year period from the ANTA administered Infrastructure Program to support capital investment in VET facilities for Aboriginal and Torres Strait Islander peoples.

In order to align the provision of this infrastructure investment to the overarching VET strategy for Indigenous Australians, documented in *Partners in a Learning Culture*, the VIIP program replaced the ATSI VET facilities program in 2000. The Blueprint for Implementation which accompanies *Partners in a Learning Culture* makes a direct correlation between the VIIP program and the objectives of the strategy as illustrated below.

Objective	Action	Funding source
Achieving increased culturally appropriate and flexibly delivered training, including the use of IT for Indigenous people	Develop and implement guidelines for accessing VET infrastructure for Indigenous sub component of the infrastructure program	\$4 million through Skills Centres Infrastructure Program

Unlike the Industry and Schools sub-components of the Program, the VIIP program guidelines enable public providers, as well as private providers and community groups, to access funding in circumstances where such funding contributes to fulfilling the overarching objectives of the national strategy.

Previous review of the Skill Centres Program

In 1999, ANTA commissioned a review of the Skill Centres Program.¹ The terms of reference for the review required an examination of the three sub-components of the program to determine:

- n whether set objectives had been met
- n the need for continuation of each component
- n the need to revise objectives and scope for each component and any barriers to future development
- n current and future administrative and funding arrangements
- n the impact of each component on activity within the VET sector
- n the relationship of the three components to other VET policy initiatives such as the expansion of the training market, user choice, the expansion of new apprenticeship opportunities, the introduction of training packages and the introduction of new technology and alternative delivery options.

The review made a number of recommendations which, for the three sub-components of the Program, included:

- n Industry Skills Centres
 - The continuation of grants with an emphasis on industry sectors with strong employment growth prospects and/or weak training infrastructure, identified in the VET training plans of the States and Territories.
 - Targets to also focus on locations with disadvantage in access to VET, particularly in regional Australia and people with disadvantage in access to VET and employment particularly ATSI peoples.
- n Skill Centres for School Students
 - The continuation of grants with an emphasis on regional and remote areas and the fringes of larger metropolitan cities with poor access to alternative providers of VET and facilities operated by independent VET providers, industry based Skills Centres or community based organisations with a demonstrated ability to serve schools in a region.
 - The cessation of fixed allocations for each jurisdiction in favour of a nationally competitive application process.
- n Aboriginal and Torres Strait Islander VET facilities
 - Anticipated the realignment of the ATSI program by recommending that the awarding of grants should be aligned by an overall strategy for the delivery of VET to ATSI peoples.
 - Replacing the fixed allocations for each State and Territory with a nationally competitive application process.

¹ Where possible, the current report draws on data and findings from the 1999 review for comparative purposes.

Approach to the Review

The review is structured around an evaluation of the effectiveness, efficiency and appropriateness of the Skill Centre Program as follows.

- n effectiveness: being the extent to which the outcomes of the Program have achieved the objectives of the Program, including (where the data allows) a comparison of present outcomes versus the past so as to assess indications of improvement or decline
- n efficiency: being the outputs of the Program for the given level of resource inputs, with a particular focus on the governance arrangements and Program management and administrative processes
- n appropriateness (ongoing fitness for purpose): being the currency of the Program objectives and whether there is still the same need for the Program, including an assessment of:
 - the extent to which the objectives of the sub-components of the Program match national policy and priorities
 - the level of demand for the Program and level of resources applied to the Program
 - the relationship of the sub-components of the Program to each other.

The principal elements of the review involved:

- n a thorough review of Skill Centre Program documentation, including previous reviews and procedural and administrative documents
- n a quantitative assessment of the extent to which the Program has been effective. The robustness of this assessment was constrained by the highly variable availability and extent of reliable empirical data in relation to the outputs and outcomes of the Program (e.g. in relation to student contact hours, student numbers and employment and transition outcomes)
- n a program of consultations with officials from the States/Territories, the Commonwealth and ANTA and a select sample of skill centre managers (including 26 site visits/teleconferences in all States/ Territories over a three week period – see Appendix A for details of the skill centre sites)
- n a review of documentation received from States/Territories in relation to their jurisdiction specific ‘operationalisation’ of the Program and from individual skill centres in relation to their operations and achievements
- n an examination of relevant extracts from the Cole Royal Commission into the Building and Construction Industry.

In addition to the absence of data in relation to the outputs of the Program, the most significant gap in the information gathered as part of the approach to the review, in terms of drawing conclusions relevant to the terms of reference, related to the absence of a systematic and direct view from the actual clients of the Program (being industry, Indigenous learners and senior school students) of the relevance and quality of training provided under the Program and the levels and nature of future demand. It is suggested that a survey to gather such views should form part of future evaluations of the Program.

Objectives of the Skill Centre Program: outcomes to date

This part examines the extent to which the outcomes to date of the sub-components of the Program have achieved their objectives as stated in the respective sub-component Guidelines.

VET infrastructure for Indigenous People (VIIP) program

The objectives of the VIIP sub-component are broadly stated and relate to the provision of assistance for, and enhancement of, delivery of VET to Indigenous people consistent with the program Guidelines and the objectives of *Partners in a Learning Culture*.

Initial indications suggest that there have been significant improvements to the current design of the VIIP program, and in particular the extension of eligible applicants to include Indigenous communities.

The VIIP program in its revised form has been in place for less than 12 months and an annual program cycle has yet to be completed. It is, therefore, too early to assess whether this redesigned sub-component has translated into better outcomes. However, the level of apparent emerging demand for skills centres through the program, confirmed by advice from the Australian Indigenous Training Advisory Committee (AITAC), suggests that Indigenous communities hold the community capacity building potential of the program in high regard.

Skill centres for school students

In addition to the objectives for the industry based skill centre sub-component (see below), the skill centres for school students sub-component is expressed to aim:

- n 'to provide capital funding to projects which:
 - create additional facilities and provide additional opportunities for the provision of VET training recognised under the NTF among year 11 and 12 students, particularly for Apprenticeships and Traineeships, or units of competency from within training packages which relate to Apprenticeships/Traineeships or other vocational outcomes
 - enhance the ability and opportunities for year 11 and 12 students to undertake further VET courses and obtain workplace skills
 - help year 11 and 12 students with the transition from school to work'.

Advice from the States/Territories and managers of a sample of school skill centres suggest the outcomes of this sub-component of the Program have contributed to the achievement of these objectives and are doing so at an increasing rate and intensity.

By definition, the 134 schools skill centre projects funded to date have provided additional facilities and opportunities for senior secondary students to undertake nationally recognised VET and for students to undertake further VET and to obtain workplace skills.

While the anecdotal evidence gathered through the consultations is compelling (with school representatives pointing to both a direct benefit for students through obtaining industry recognised qualifications and an indirect benefit from enhancing school retention, which in turn optimises the potential for positive school-to-work outcomes), there is little by way of quantifiable data from

States/Territories which enables a reliable estimate to be placed on the extent of those enhanced opportunities and the number of students actually assisted in the transition from school to work.

The extent to which the sub-component has actually broadened training provision within the schools sector merits further exploration. For example, data provided by ANTA indicates that during the period 2000 – 2003 46 per cent of program funding was allocated to support existing provision. Furthermore, the findings from the consultations also suggest that in some jurisdictions funding has been used to replicate facilities across a number of locations.

The absence of approaches in a number of jurisdictions to the systematic capture of information about the operations of schools skill centres means some caution needs to be exercised in drawing objective conclusions about the performance of the sub-component across a number of domains, including quantifiable student outcomes and the systematic expansion of the areas of training.

Industry based skill centres

The objective of the industry based skill centres sub-component is to:

- n ‘further assist the development of the national vocational education and training system by:
 - encouraging the creation of a broader and more diverse training market for the delivery of training recognised under the National Training Framework and associated with training packages, involving public as well as industry based and private providers
 - encouraging the quality of VET training through the provision of industry standard training facilities and equipment to non-public providers
 - increasing direct industry and community involvement in the provision of training, including encouraging financial involvement
 - providing off-the-job training facilities to create additional training places, particularly additional places for Apprentices and Trainees and the upskilling of existing workers’.

The outcomes of this sub-component of the Program have substantially contributed to the achievement of these general objectives.

In terms of raw numbers, some 134 skill centre projects have been funded across a range of industries. Table 1 reveals the breadth of industry coverage under this sub-component. The table also reveals, however, the ‘patchy’ coverage of industries which have been the subject of skill centre activity, with the retail/personal services and traditional trade areas, such as building and construction, engineering and automotive, dominating.

Table 1: Industry coverage across skills centres

Industry segment	Skills Centres	Industry segment	Skills Centres
Light Manufacturing	6	Local Government	3
Seafood	4	Retail/Personal Services	18
Automotive	14	Property Services	0
Business Services	11	Public Safety	0
Community Services	3	Rural	10
Building and Construction	22	Sport & Recreation	7
Cultural	5	Tourism & Hospitality	13
Utility	10	Transport	11
Forestry	2	Drilling	0
IT&T	11	Meat	2
Process Manufacturing	10	Corrections	0
Engineering	18	Public Service	0
Finance	0	Racing	0
Food	7	Printing	1
Mining	4	Other	26

Source: ANTA (June 2003)

Anecdotal evidence from the consultations suggests the incomplete coverage is partly a product of the requirement for a 50% industry contribution, and industry unwillingness/inability to match, and partly explained by the fact that some industries are not organised in ways which lend themselves to the formation of not-for-profit entities

The assessment of States/Territories and skill centre managers is that both the quality of vocational education and training and direct industry involvement has been enhanced through the Program. The financial involvement of industry in training has also been enhanced by virtue of the requirement for a matching industry contribution although, as illustrated in Table 2, the actual cash contribution from industry has varied from year to year.

Table 2: Summary of Industry contributions to the Skills Centre program 1997 - June 2003

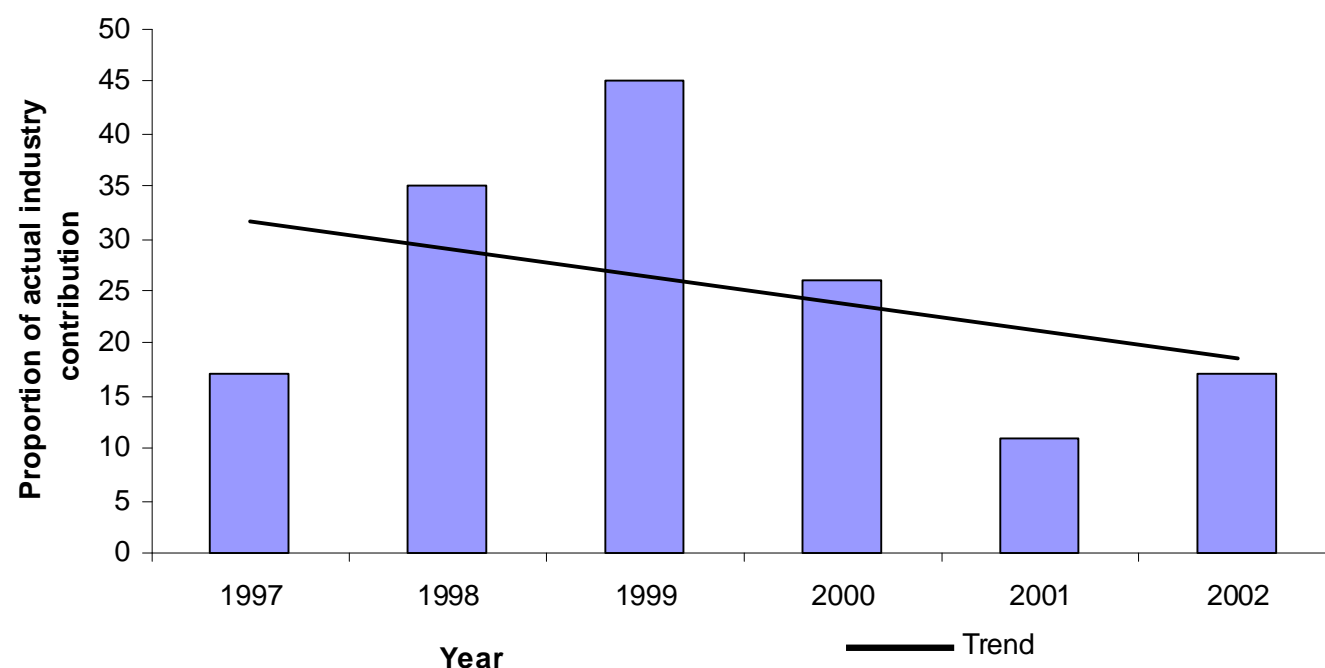
Year	ANTA contribution towards skill centres	Other contributions towards skill centres	Actual industry contribution*
1997	46%	54%	17%
1998	45%	55%	35%
1999	48%	52%	45%
2000	46%	54%	26%
2001	49%	51%	11%
2002	46%	54%	17%
2003	45%	55%	0%

Source: ANTA (June 2003) Note* Actual industry contribution is the total contribution from third parties as a percentage of the 'other' contribution

Although Table 2 illustrates that ANTA's contribution to the program has remained below 50 per cent each year over the period 1997 – 2003, the manner in which the industry contribution is achieved has varied from year to year. For example, the overall make up of the industry contribution may include 'in kind' contributions (existing capital) by proponents or third parties, charitable

donations, contributions from the State and cash contributions from third parties. Further analysis reveals that over the same period, but particularly after 1999, the actual cash contribution made by industry to the program has steadily declined. The trendline included in Figure 1 below illustrates this situation.

Figure 1: Actual contribution by industry to the Skills Centre Program 1997 – 2002



The level of direct community involvement in the provision of training under the sub-component has also been variable, with some centres active in their engagement with communities while others have paid almost exclusive attention to their direct industry clients.

The information from skill centre business plans and data on student contact hours and numbers, where collected by States/Territories, shows additional places have been created, although there is no reliable aggregate information, particularly in relation to Apprenticeship/Traineeship numbers.

Objectives of the Skill Centre Program: alignment with national priorities

The current objectives of the Program sub-components are broadly aligned with a number of the strategies described in the draft National Strategy for VET 2004-2010, including those related to:

- n increasing participation and achievement
- n taking positive steps to achieve equality of participation and achievement
- n developing a sustainable mix of funding
- n strengthening industry's role in developing products and services to meet their anticipated skill requirements
- n making learning pathways seamless.

It is proposed to take the opportunity to more directly align the objectives of the respective sub-components (other than the VIIP program which is cross-referenced to the most current thinking around Indigenous VET policy in *Partners in a Learning Culture*) with the relevant outcome statements in the draft National Strategy.

At the broadest level, this alignment will involve a shift for an industry based skill centre sub-component (if agreed) from its predominant emphasis on diversification of the training market to a more contemporary focus on partnerships between industry, providers, local government and non-government agencies to increase productivity and innovation and to meet local economic development needs.

For the skill centres for school students sub-component, the shift in emphasis will involve positioning its current concentration on developing workplace skills for senior secondary students within a broader context of partnerships with industry and communities and between VET and schools which join up education and training pathways.

The revised objectives for the sub-components will be reflected in the proposed new Infrastructure Guidelines.

The level and quantification of future demand for the Skill Centre Program

The information from States/Territories in relation to future demand for funding under the sub-components of the Program is variable in its precision. Some jurisdictions are able to calculate demand for some sub-components with confidence based upon a quantified ‘pipeline’ of proposals (albeit with some admitted variability in the application of a ‘critical eye’ to the quality of pipeline proposals); other projections were more impressionistic in nature.

VIIP program

Demand is reported by States/ Territories to be strong and likely to continue for the foreseeable future, albeit at levels that are difficult to quantify. The State/Territory assessment of demand is confirmed by AITAC.

Skill centres for school students

Demand is reported to be growing strongly. Most States/Territories advise that they could comfortably expend double their current allocations on quality skill centre initiatives that meet the Guidelines.

It should be noted that the schools sub-component of the Program has historically carried funding forward from one year to the next, as illustrated in Table 3 below. However, reinforcing State/Territory advice about future prospects for expenditure, 2003 is projected to be the first year that national demand will exceed available funding.

Table 3: Skills Centre Program for schools funding approvals and uncommitted funds 2000 – 2002

Year	2000	2001	2002
Approved amount	1,671,947	4,200,332	8,710,147
Uncommitted funds*	5,718,144	8,604,672	7,508,964

*includes annual allocation and carry forward from previous years

As with the industry program, the scope of industry areas covered through training provided by school based skills centres is both broad and uneven, as illustrated in Table 4. The concentration of

provision in areas such as information technology, business services and tourism and hospitality also suggests that resources may have been duplicated in some areas.

Table 4 Coverage of Skills Centres for Schools

State/Territory	Light Manufacturing	Seafood	Automotive	Business Services	Community Services	Building and Construction	Cultural	Utility	Forestry	IT&T	Process Manufacturing	Engineering	Finance	Food	Mining	Local Government	Retail	Property Services	Public Safety	Rural	Sports & Recreation	Tourism & Hospitality	Transport	Drilling	Meat	Corrections	Public Service	Racing	Printing	Other
New South Wales	3	0	3	12	0	4	1	0	0	13	1	4	0	1	0	0	6	0	0	2	0	12	0	0	0	0	0	0	1	0
Victoria	4	2	8	9	2	2	4	2	2	11	0	7	0	3	0	0	6	0	0	7	6	9	0	0	0	0	0	0	0	0
Queensland	1	2	2	4	2	3	1	0	1	4	0	5	0	1	0	0	2	0	0	3	1	9	0	0	0	0	0	0	0	0
South Australia	1	0	2	5	0	1	3	0	0	4	2	2	0	3	0	0	2	0	0	6	0	4	1	0	0	0	0	0	0	0
Western Australia	0	0	0	2	0	1	1	0	1	3	1	1	0	0	0	0	1	0	0	2	0	2	0	0	0	0	0	0	1	1
Tasmania	2	7	2	6	8	0	3	0	4	7	0	2	0	0	0	1	5	1	0	10	1	7	1	0	0	0	0	0	0	1
Northern Territory	0	0	1	6	0	1	1	0	0	4	1	1	0	0	0	0	0	0	0	3	0	2	1	0	0	0	0	0	0	0
Aust. Capital Territory	1	0	1	7	1	0	1	0	0	11	0	1	0	0	0	0	2	1	0	2	1	3	0	0	0	0	0	0	0	2
Total	12	11	19	51	13	12	15	2	8	57	5	23	0	8	0	1	24	2	0	35	9	48	3	0	0	0	0	0	4	2

Data provided by ANTA illustrates that the level of repeat business for schools is commensurate with that experienced under the industry based skill centre sub-component. This finding is reflected in Table 5, which follows.

Table 5: Additional proposals for Skills Centres by program component

Component	Returns x 2	Returns x 3	Returns x 4
Industry	11	5	1
Schools	6	1	1
VIIP	2		

Industry based skill centres

There is a general consensus that demand for this sub-component has ‘softened’ in recent years, particularly in metropolitan locations. Specific comments from some States/Territories indicate that the sub-component in its current form has ‘outlived demand’ and that there is a strong sense of ‘declining interest’ from industry.

Balanced against this view is the sense from all States/Territories that demand is more likely to remain strong, active and ‘real’ in regional Australia.

One possible indicator of softening demand is the apparent declining interest from industry partners as represented by the fall in the level of real industry contributions. In particular, States/Territories report fluctuating access by proponents to debt financing as part of this trend. Debt financing peaked in 2001 when 25% of total industry contributions were derived from this source. The proportion fell to 11% in 2002, before trending upward again in 2003 to 20%.

A further possible indicator is the number of organisations accessing the sub-component on multiple occasions (see Table 5 above). When combined with the fact that demand has reached a plateau, it suggests that the industry sub-component of the Program is unlikely to be materially broadening training provision.

Governance arrangements for the Skill Centre Program

The roles of and relationships between ANTA and the States/Territories in relation to the Program need to be examined, partly because four years has passed since the last review of the Program and partly because the issue was the subject of recent critical scrutiny by the Cole Royal Commission into the Building and Construction Industry.

As part of the broader Infrastructure Program, funds under the Skills Centre Program can only be paid by ANTA to a State or Territory. There was no serious push in the consultations for ANTA to fund grant recipients directly, an outcome which would require the Program to be removed from the Infrastructure Program and funded instead under the National Programs provision of the ANTA Act.

The three sub-components are, therefore, the unavoidable subject of some form of joint administration. At present, the co-administration involves States/Territories assuming responsibility for the local assessment of VET needs and priorities and the capabilities of applicants and for the administration of the sub-components and for monitoring outcomes. ANTA, on the other hand, is responsible for the approval of individual grants in the light of program guidelines.

The governance of the Program is also affected by the differences in the arrangements for the allocation of funds, with funding of the industry based skill centres and the VIIP program provided on the basis of a national competitive evaluation of submissions (albeit with different processes related to the two sub-components), while a fixed allocation of funds is reserved for each State and Territory for expenditure on skill centres for school students.

The current arrangements for joint administration drew mixed comments. Some stakeholders and clients complained about the inefficiencies in an arrangement whereby two distinct ‘authorising’ bodies at the national and State/Territory level are actively involved in the approvals process for individual projects. These inefficiencies were reported to be manifest in drawn out and highly iterative approval processes, conflicting advice and delays in the release of funds.

To other clients, the distinction between the two levels was effectively invisible (particularly for the skill centre for school student clients); while some States/Territories saw the ‘dual approvals’ process as a positive, commenting upon the demonstrable ‘value-add’ from ANTA in maximising the potential of individual projects.

In relation to the approach to the allocation of funds, there was no argument for the VIIP program to move from being a national competitive process. There was, however, a view from some States that the arrangements for the other two sub-components should be aligned and that this alignment should take the form of a uniform population-share based distribution of funds.

It is also worth noting that for training which attracts government funding, the relevant data is reported through AVETMISS. Accordingly, there is duplication of effort for skills centres and States and Territories to separately identify training activity as it relates to the Program. However, at

present, an identifier does not exist to enable the disaggregation of data related to training delivered through infrastructure provided by the Program.

Governance is also about accountability. The accountabilities in relation to the Program are multi-faceted and complex. ANTA is accountable to the Australian Government as the Authority administers Skill Centre Program funding on behalf of the Department of Education, Science and Training. States/Territories are accountable to ANTA for the proper management and administration of the funds in accordance with the Guidelines, while individual project proponents are accountable to the States/Territories in terms of the funding agreement between the parties.

Issues in relation to the roles and responsibilities of ANTA and States/Territories were at the heart of the Cole Royal Commission's consideration of the Skill Centre Program.

The Commission investigated two skill centres supported by the Western Australian Department of Training and funded by ANTA through the industry based skill centre sub-component in 1998 – the College of Electrical Training and the Construction Skills Training Centre.

The Commission addressed two issues of important detail in relation to the program: first, the definition of industry contribution; and secondly, the need for clarity in the identification of the project proponent.

The Commission concluded that the term industry contribution needed to be clearly defined as something that industry 'gives up', 'hands over' or 'parts with'. It is not sufficient that industry 'makes available' that something while still retaining ownership. The Commission also made it clear that it is important to understand exactly who is being dealt with as the proponent and to acknowledge the existence of joint proponents where appropriate.

Both issues will be dealt with in the development of revised guidelines for the Program.

The Commission also considered the broader issue of the nature and clarity of the roles and responsibilities of ANTA and the States/Territories under the program and concluded that the processes to support the proper exercise of those roles/responsibilities were deficient. The revised guidelines will take as their starting point the need for clarity in roles/responsibilities and, therefore, accountabilities under the Program.

Future strategic directions for the Skill Centre Program

This section of the paper proposes an approach to the future strategic direction of the Program based upon the efficiency and effectiveness of the Program to date and its ongoing appropriateness.

The range of options presented partly reflects the variety of views from stakeholders on the future direction of the individual sub-components. Accordingly, the overwhelming consensus about the VIIP program is reflected in a single firm proposition about its future; while the variety of views about the industry based skill centres is reflected in a wide-ranging set of options about its possible future direction. The approach to the skill centres for school students sub-component falls somewhere in-between, with some specific areas for change suggested within a common view about its overall direction.

At the broadest level, the Skill Centre Program has been a long-standing and successful initiative in the VET system. The Program has stimulated the development of many excellent centres over the

years and is widely supported by clients and stakeholders. The Program has also successfully fostered both greater diversification and competition within the training market and the establishment of a number of cooperative relationships between industry/schools/Indigenous communities and public and private training providers. Moreover, the concept has proved to be a flexible one which is amenable to change, both subtle and substantial, in its direction and in the level of funds required to support its operation.

The threshold conclusion of the review is that continuation of the Program in some substantial form is important to the ongoing development of the VET system and is a genuinely worthwhile on-going investment for that purpose.

VIIP program

It is proposed that the broad directions of this sub-component of the Program should be maintained and that the current annual quantum (\$4 million per annum) should continue in the immediate term. It is important to note that the issue about the sub-component's future is less about the fact of future need (which is acknowledged to be substantial) and more about the responsible and, in particular, timely expenditure of those funds.

It is also proposed that the essential form of the current national submission-based method for the allocation of funds be retained. The current quantum should be periodically reviewed, having particular regard to emerging patterns of actual expenditure.

The new Infrastructure Guidelines will incorporate a range of modifications to the detailed operation of the VIIP program, including the need:

- n to systematically generate truly innovative approaches at the 'front-end' of the process
- n for a dedicated administration/management component to be built into the program
- n for the direct involvement of State/Territory Indigenous advisory groups in screening expressions of interest before consideration by the AITAC skills centre committee
- n to ensure greater and more systematic integration across the sub-components.

Skills Centre for school students

It is proposed that the broad directions of this sub-component of the Program should continue, albeit with a greater emphasis on pathways and partnerships.

There is clear evidence from the consultations of excellence and innovation in a number of schools-based skill centres and of a strong upward trajectory in demand. This evidence supports the conclusion by States/Territories that funding for the sub-component could be increased from the current level of \$4 million per annum.

However, the absence of reliable national information about the nature of the outcomes from the investment to date and the extent and nature of the unmet demand suggests that any increase in funding should not take place until 2005 at the earliest. This timing will enable States/Territories to undertake a thorough empirical evaluation of the outcomes of the infrastructure investment to date and a rigorous assessment of the nature of forecast demand before any increase in funding is considered.

From the available data, the emerging patterns of expenditure under the sub-component suggest the key risk to be managed relates to ensuring the funds are applied for the purpose of nationally recognised VET and not as a supplement for general school operations.

There is also a strong case for the proposition that the sub-component should be more directly aligned to, and integrated with, the broader VET in Schools program (whereby \$20million is available per annum for the development and delivery of programs which contribute to the expansion of vocational education in schools) – in effect becoming the infrastructure investment arm of the broader program.

Other issues which need to be addressed in moving the sub-component forward include:

- n the highly variable level of utilisation of skill centres within individual schools by students from other schools, in contrast to the more widespread attendance of students from different schools when the schools skill centre is located on ‘neutral ground’, including as part of an industry based skill centre
- n the need for powerful ongoing links with industry, which are more than arranging for student participation in work placements.

These last two issues will be addressed in the revised Guidelines from both a planning and reporting perspective.

It is proposed that the current population share approach to the distribution of funds be retained, with the mechanics of distribution linked to the approach to funding States/Territories under the VET in Schools program.

The new Infrastructure Guidelines will detail the changes to the orientation of the sub-component to further reinforce the importance of partnerships with other schools, industry and communities, and to the administrative arrangements to support the operation of the component and to reinforce the need for a more rigorous approach to accountability.

Industry based skill centres

A number of options present themselves in relation to the future direction of the industry based skill centres sub-component.

Status quo

An argument for preserving the status quo is difficult to sustain given the national policy shift from a one-dimensional emphasis on greater competition and user choice in the training market and given the issues identified in relation to the future demand for the sub-component. The consultations also suggest there would be limited support for this result.

Discontinuation

An argument for discarding the sub-component in its current, or indeed a reconfigured form, could be made on the basis that fundamentally the model has reached the end of its life-cycle. The argument is given some nourishment by the very factors around the problematic nature of demand which suggest the status quo is not appropriate.

Table 6 illustrates the point in relation to demand. The Table shows that, up to 2000, in excess of \$32 million was allocated to the program, with an average sum of \$6.5 million per annum. However, since 2000 the quantum has plateaued, with the average annual level of approved funding hovering

at around \$4.7 million. This has led to a significant proportion of funding being carried forward from one year to the next.

Table 6: Industry Skills Centres approved funding 1995 – June 2003

Year	1995	1996	1997	1998	1999	Total
Approved amount \$	3,274,500	6,874,649	5,447,502	6,633,751	10,753,650	32,984,052
Year	2000	2001	2002	2003	2003 pending	Total
Approved amount \$	1,671,947	4,200,332	8,710,147	1,988,339	2,243,029	18,813,794
Uncommitted funds	5,718,144	8,604,672	7,508,964	5,011,661		

Source: ANTA (June 2003)

Notwithstanding the softening of demand, discontinuation of the sub-component is unlikely to be supported by the majority of those consulted. There is a general consensus, including from the review, that a program with the core features of the industry based skill centre sub-component (using ‘one-off’ investments in infrastructure to act as the catalyst for the formation of partnerships and to leverage industry and recurrent contributions to enhance and expand training delivery) should continue in some form.

Blended/Unified program

This option recognises the need for the VIIP program to remain a discrete sub-component, but would unify the pool of funds available for industry based skill centres and skill centres for school students.

The argument has both a theoretical rationale, in that the focus should be on improved VET outcomes for school students and not about funding individual school facilities, and a practical dimension, in that a number of organisations have been funded under both sub-components and in some cases for the same facility.

The counterargument is that dedicated sub-components are needed because of some core differences in the respective program’s logic, including the requirement for a matching industry contribution. The proponents of the diversified program approach would also point to the need for a ‘lighthouse’ sub-component which gives credibility and substance to the experience of VET in schools and the potential difficulty for schools in being competitive with industry in developing submissions based around business plans. Finally, a blended approach would be significantly complicated if the skills centres for school students sub-component is reconceptualised as the infrastructure investment arm of the VET in Schools program.

The ‘big ticket’ Industry Skills Centre program

There was support in the consultations for the sub-component to optimise its potential as a leveraged capital resource and to focus on a very small number of skill centres (2/3) which have a local, national and international dimension involving partnerships with industry to drive innovation and to deliver significant training and employment growth dividends.

Industry Skill Centres Partnerships program

Under this model, the industry based skills centre sub-component would be substantially ‘refreshed’.

The sub-component would still essentially involve funding the provision of industry standard training facilities and equipment designed to assist in the delivery of nationally recognised training and the creation of additional training places.

However, consistent with the thrust of the draft National Strategy, the sub-component would not be driven by the imperative to diversify the national training market, but would rather involve government acting as a catalyst for forming partnerships through connecting the provision of skill centre funds with a partnership approach between industry and schools, community groups and Registered Training Organisations.

The current Guidelines provide that ‘joint venture arrangements’ are ‘strongly encouraged’, although the nature of those arrangements is not elaborated upon and this encouragement is not repeated as a factor in the criteria for assessment. Data suggests that a decreasing number of genuine partnerships in skill centre proposals have been funded in recent years.

The new model would both mandate partnerships as the foundation of industry based skill centre proposals and would provide a partnership framework to give substance to the concept.

Partnerships will need to involve more than networking and cooperation, which suggests either mere dialogue over issues or informal attempts to work together, between the parties. Partnerships under the model will be required to be based on a willingness to work together, the pooling of resources, articulation of a shared vision and purpose and relinquishment of some control. Specifically, such partnerships will need to reflect a formally agreed joint effort between the parties, involving:

- n an agreement or memorandum of understanding between the partners
- n shared responsibility for planning, implementation, reporting and evaluation
- n a funding arrangement which allows for the respective parties to ‘buy in’ to the initiative
- n a management or steering committee for the initiative which involves all partners
- n accountabilities for the project which are derived from the partnering arrangements.

Proposals under the Partnerships program will be assessed against the following criteria:

- n meets defined community needs, including local economic development, and/or complements existing community capacity building strategies
- n delivers measurable outcomes
- n demonstrates innovation or novel approaches
- n avoids duplication of existing initiatives
- n adds value to existing initiatives/provides leverage
- n strategic and organisationally efficient.

Other features of the model might include:

- n variable levels for the contribution to the project required from partners with the level primarily dependent upon the nature of the applicant e.g. if the sub-component was opened up to ‘for profit’ entities applicants in this category would clearly need to pay a premium in terms of a high level of contribution from other sources
- n a clear focus on regional and remote areas where there are widely dispersed populations and small communities with limited VET infrastructure
- n clear and genuine financial contributions from industry partners, in contrast to contributions from State/Territory governments and individual proponents.

Recognising that 2004 will in effect be a year where the new program is piloted, it is proposed that funding for 2004 be set at a maximum of \$5 million. Funding for subsequent years would be dependent upon an assessment of the program's performance in the first year of operation.

In conclusion, the 'big ticket' option is attractive because it would represent a truly national investment which is relatively straightforward to administer by ANTA. The industry partnerships program is also compelling because it represents a practical way of giving life and substance to the directions of the new National Strategy by stimulating the formation of a number of partnerships directed to local, including regional, economic development while retaining the strengths of the original program through leveraging industry investment in VET.

The future directions of the industry based skill centre sub-component could include both elements, with notional funding for 2004 set at \$5 million for the industry partnerships element and \$2 million for the 'big ticket' element. The precise split should be dependent upon the quality of proposals received under the respective elements.

Governance arrangements

VIIP program

As an initial point, there is no basis for replacing the current governance architecture for the VIIP program whereby funds are effectively allocated by the Australian Indigenous Training Advisory Council through a national competitive submission based approach. Specific reforms to the detail of the administration of the VIIP program will be set out in the new Infrastructure Guidelines.

Distribution of funds

The options in relation to the future governance of the two other sub-components are driven by the three alternative models for the distribution of funds under the Program.

- n Continue with a dual model, whereby the funding of the industry based skill centres sub-component (whatever form that might be in the future) is on the basis of a national competitive evaluation of submissions, and the funding of skill centres for school students involves the allocation of a fixed population based share to States/Territories.
- n Adopt a model whereby funds for both sub-components are allocated on the basis of a national competitive evaluation of submissions.
- n Adopt a model whereby funds for both sub-components are allocated to States/Territories in accordance with some accepted population share based formulae which makes allowance for the small populations of the Territories and Tasmania.

In the consultations, there was little support for moving the funding of the skill centres for school students away from a fixed population-based distribution. There was greater, but not overwhelming, support for moving the industry based skill centres away from a national submission-based approach and on to a common footing with the schools program. The majority of jurisdictions were comfortable with the current bifurcated funding distribution approach.

The distribution of funds on the basis of a national competitive evaluation of submissions, with no fixed allocation to States/Territories, is attractive from the standpoint that quality projects ranked in order of national merit should be funded irrespective of their attachment to a jurisdiction. It is also the most effective manner of allocating funding if the two element approach is adopted for the industry based centres. By definition, the 'big ticket' element must be assessed nationally, and there is an argument that it would be inefficient for the industry partners element to be funded on a different basis.

On the other hand, the comparative certainty associated with a fixed share population based distribution would enable States/Territories to plan more confidently on a longer-term basis. There is also no evidence from the Skill Centre Program to date to suggest that State based project funding under such a model yields proposals of less national significance and quality than does a national submission based approach.

Under either model, reforms to the governance arrangements are available which avoid the current difficulties in having two distinct and active levels of government separately involved in the detail of the approvals process.

Governance under a fixed population based share distribution model

A population share approach to the distribution of funds (whether to both the industry based skill centres and skill centres for school students or only to the latter) would enable a more substantial change to governance to be introduced whereby ANTA no longer approves individual skill centre proposals, and their levels of funding but devolves this responsibility to States/Territories.

An outcome in these terms is consistent with the current philosophy which underpins the VET Infrastructure Program generally whereby ANTA is responsible for the strategic oversight of the Program and for monitoring and charting its general direction, while States/Territories are responsible for making judgements about the contribution of individual projects to the Program's strategic direction and selecting and funding projects accordingly.

As suggested by some States in the consultations, ANTA could under a devolved model distribute the funds as part of their quarterly payments to States/Territories, with that distribution possibly based on a triennial finding agreement which will enable States and Territories to 'bank' (or draw down) funds across one or two years (with the understanding that unexpended funds would be reallocated to top up other areas of demand at the end of each triennium).

A devolved arrangement would require the introduction of particular features into the accountability framework, including possibly:

- n an annual skill centre planning statement from States/Territories (perhaps as part of their Annual Infrastructure Statement) which sets out the details of planned activity for the year
- n an annual report by States/Territories of the general strategic contribution of skill centre funding to State/Territory and national strategic directions. This report could include examples of best practice and themes derived from those examples.

ANTA's role in relation to governance and the accountability framework would be to review the annual skill centre planning statement and report and clarify any issues arising with States/Territories. ANTA would also take the lead role in the periodic evaluation of the Program, including a triennial review of the spread of funding between the components, and in the national dissemination of best practice models for skill centres.

It is understood that an adjustment to the co-administration arrangements in the terms of the devolved model set out above would have resource implications for States/Territories.

Finally, in removing the double-handling associated with the current approach (an aspect of which involves ANTA approving the funding while the release of funds is contingent on States/Territories developing the funding agreement with the proponent), a devolved model where approval and release is being managed by the one level of government would alleviate some of the current logistical difficulties associated with the Commonwealth announcement of the funding.

Governance under a national competitive allocation model

Reforms to governance under this model would necessarily be more modest. As with the VIIP program, a single omnibus annual national selection round could be introduced and the selection could be presided over by a representative committee comprising, in the case of the industry based program, ANTA, the Commonwealth, States/Territories and industry. The committee would make recommendations to the ANTA Board in relation to:

- n preferred proposals from all States/Territories for funding under the industry partnerships program
- n the 'big ticket' items proposed for funding in the national interest.

Key features of management and administrative processes under the Skill Centre Program

The terms of reference for the review nominated the following processes associated with the management and administration of the Skill Centre Program for examination:

- n advertising the Program and project selection
- n the proposal development process, handling of unsuccessful applications and the agreements entered into between States/Territories and proponents
- n the acquittal of projects
- n monitoring and reporting arrangements between proponents and States/Territories and between States/Territories and ANTA
- n the application of protocols for the recognition of Commonwealth funded projects.

These processes were discussed with States/Territories during the consultation program. The text that follows provides an overview of the key points of discussion covered during the consultations and some options to address the issues raised.

Advertisement and project selection

The current Program Guidelines are silent on the issue of States/Territories advertising the existence of the Program and the availability of grants as well as on an indicative timeframe for completion of the selection process. The guidelines are also silent on the arrangements internal to each State/Territory for the selection of projects.

The consultations revealed that States/Territories adopt a variety of mechanisms for advertising the Program – from promotion through industry and school networks to targeted or public advertisements. AITAC thought greater efforts could be made to widely advertise the call for project submissions to indigenous communities.

The project selection processes in States/Territories are generally thorough and equitable although some concerns were expressed regarding the challenges faced by not for profit organisations seeking to enter the training market and the capacity of new and emerging industries to demonstrate a track record of successful training provision. AITAC also made the legitimate point that the local State/Territory indigenous advisory groups set up in accordance with *Partners in a Learning Culture* should be involved in the determination of priorities at the State/Territory level.

Having regard to the points raised by AITAC, there is nothing to indicate that current approaches in States/Territories for advertising the availability of grants under the Program and the mechanisms for selecting projects are other than appropriate. Essentially, the way States/Territories identify potential proponents and select preferred projects is a matter for each jurisdiction and the Guidelines need do no more than refer to this and to the general principle that all organisations likely to be eligible to receive grants should have a reasonable chance to become aware of them.

Proposal development process, unsuccessful applications and State/Territory proponent agreements

The Guidelines provide generally that proposals must be developed in consultation between State/Territory Training Authorities and applicants but are silent on the nature of the process to be adopted within States/Territories for the development of proposals from concept to conclusion, including how to handle unsuccessful applications.²

Similarly, the Guidelines assign responsibility to States/Territories for arranging 'for the necessary formal agreements and management processes to be put in place which will withstand scrutiny and protect public funds' but do not prescribe the specific content of the legal agreements between States/Territories and proponents.

A general consensus is apparent across all States and Territories regarding the need for an annual timeline to guide the development process. At the same time, State Territories indicate that a checklist containing tasks or actions and responsibilities (i.e. those which may be attributed to the proponent, States/Territories or ANTA) would greatly assist in expediting the development process.

The consultations revealed that States/Territories are invariably highly active and engaged in assisting potential proponents develop their proposals. They have a strong sense of common ownership of the proposals submitted to ANTA for funding approval. Similarly, ANTA is active in seeking to add value to proposals, often providing feedback on informal drafts. A necessary by-product of this process is a highly iterative exchange of correspondence which ultimately impacts on each centre's 'bottom line'. Furthermore, the time delays often create a cost blow-out between the approved level of funding and the actual cost of the completed project.

AITAC offered the reasonable view that the Guidelines are essentially a bureaucratic device designed to describe and regulate the relationship between ANTA and States/Territories and that they are not especially helpful in assisting proponents work up proposals. The AITAC view, which the review accepts, goes on to conclude that it would be useful for the Guidelines to be supplemented by a 'proponent-friendly' information pack to guide indigenous communities engagement with the program.

The Guidelines for school projects should explicitly articulate ANTA's requirements for cluster arrangements and shared use of resources in order to minimise duplication of facilities, particularly in schools within close proximity of each other.

The consultations also revealed some concerns about the absence of a process in the guidelines to deal with unsuccessful applicants. States/Territories presently address the issue in a variety of ways, the most common being to include the unsuccessful projects in a pool for possible subsequent years funding. It was suggested that this was not a sufficient response and that an appeals mechanism might be considered. On balance, the introduction of some form of appeals process is not supported

² The VIIP program guidelines do, however, provide for funding of up to \$5,000 to assist applicants develop detailed project proposals

because it will inevitably entrench further delays in the approvals process and the concern it seeks to address can be met through greater transparency in decision making and the inclusion within the Guidelines of the following principles to which State/Territory processes must conform:

- n the provision of timely written feedback to unsuccessful applicants
- n offering advice and support to unsuccessful applicants to enable them to improve the quality of future proposals
- n actively encouraging unsuccessful applicants to reapply.

Acquittal of projects

The current Guidelines do not refer to the need to acquit either the actual expenditure on projects or the non-financial contributions. Proponents are, however, required to acquit the funds to the States/Territories in accordance with the conditions of their funding agreement.

ANTA allows proponents to incorporate the audit of the grant funds as part of their annual financial statement so as to avoid duplication of effort and to reduce project costs. ANTA does not currently receive copies of audited statements, requiring instead that States/Territories confirm that the audit report discloses an unqualified audit opinion.

The Guidelines should make explicit the requirements in relation to the acquittal of projects and specifically the need for proponents to acquit to States/Territories the expenditure of the grant on the project and to the current practice whereby ANTA relies upon States/Territories to confirm the unqualified audit.

In relation to the acquittal of non-financial aspects of projects, it is proposed that the audited statements extend to cover other contributions such as donations to proponents of facilities, equipment or other assets (which under the Guidelines are required to be supported by independent valuations of current market value) as well as the documentation of an asset register for all equipment purchased through project funding.

Monitoring and reporting arrangements

The industry and schools Guidelines provide that 'regular reports on training activities undertaken in the Centre in accordance with AVETMISS standards will be required on an annual basis for a period of five years. The format for these reports will be determined by each State/Territory Training Authority. States/Territories will provide reports to ANTA'.

The VIIP program Guidelines are slightly more fulsome, requiring the provision of half-yearly activity reports to ANTA which provide details of actual student numbers and contact hours, course completion rates and non-accredited training activity. A statement of the 'benefits to individuals and/or communities of the successful delivery of VET through the additional infrastructure' is also required.

The consultations revealed that even in terms of the minimalist requirements in the Guidelines there is a real issue with the reporting of training activity. In some cases, the information is simply not generated by the proponent; or where it is generated, the information is not collected by States/Territories. The information is rarely processed or interrogated by States/Territories and irregularly forwarded to ANTA in a consistent format. Even the most conscientious jurisdiction does not have any audit arrangements in place to monitor the on-going training activity of skill centres.

State/Territory monitoring/reporting, or the lack thereof, is symptomatic of a general attitude to the Program which emphasises rigour at the front-end – getting the projects up and funded – with limited attention to the projects from that point.

The current arrangements, partly reflecting the inadequate nature of the Guidelines in this respect, are inappropriate and present as a substantial risk to the Program as a whole.

In particular, there is no direct relationship between the ‘detailed’ Business Plan which is required to accompany the proposal and the matters to be reported. For a start, the Business Plan is required to cover the first three years of a Centre’s operations while the on-going reporting is required for a five year period. The Business Plan must also include a ‘full financial plan indicating estimated income and expenditure for the same period’, while the reporting requirements make no reference to these matters – despite their significance as an indicator of the recurrent health of Centres.

It is proposed that the Business Plan form the centrepiece of the proponent’s reporting obligations to States/Territories and, in turn, form the basis of State/Territory monitoring and reporting to ANTA. Under this approach, proponents would be required to report to States/Territories for five years on a six-monthly basis in relation to the following:

- n progress generally against the business goals and strategies
- n substantial variations on the estimated income and expenditure statements
- n training activity, including the number of contact hours and students, the number of completions and the type and level of nationally recognised and non-nationally recognised training
- n a reconciled asset register of equipment purchased as a component of each project.

Additionally, for skill centres for school students, proponents must report on the extent of access and utilisation by other schools.

States/Territories would be required to actively monitor the performance of each project based upon the six-monthly Business Plan proponent report and to provide a project-by-project summary report to ANTA in accordance with an agreed template. After five years, it is expected States/Territories would exercise a broader monitoring role while ever a Centre remains operational. It is understood this heightened level of involvement will have resource implications for jurisdictions, a matter which will need to be further considered by ANTA.

The Guidelines also need to include a formalised approach to managing and disposing of assets should a skills centre or its management organisation become insolvent.

Application of Commonwealth Protocols

Under the Guidelines, ‘protocols agreed by Ministers in relation to the recognition of Commonwealth funding will apply to all announcements and openings of such Centres’.

It is apparent from the consultations that all States/Territories are fully aware of, and committed to ensuring compliance with, the Protocols.

Recommendations

Recommendation 1

Note that the detail of the management and administrative processes of States/Territories and ANTA in relation to the Skill Centre Program for VET Infrastructure (the Program), including revised Program guidelines, will be developed as part of a set of new Infrastructure Guidelines for the VET Infrastructure Program as a whole.

Recommendation 2

In relation to the issue of whether the outcomes to date of the sub-components of the Program have achieved their objectives:

- a) note that it is too early to assess whether the re-designed VIIP program has translated into better outcomes
- b) subject to c), note that the skill centres for school students and industry based skill centre sub-components have been substantially successful
- c) note the absence of reliable national data on aspects of the operations and outcomes of the sub-components which means some caution needs to be exercised in drawing definitive conclusions about their performance.

Recommendation 3

In relation to the alignment of the objectives of the Program with national priorities:

- a) note that the VIIP program is wholly aligned in policy terms to the national strategy *Partners in a Learning Culture*
- b) agree to a shift in the emphases of the school and industry sub-components to a focus on pathways and partnerships respectively.

Recommendation 4

- a) subject to b), note the conclusions about the future demand for the Program, and in particular:
 - that demand for the VIIP program is strong and likely to continue for the foreseeable future
 - that demand for the skill centre for school students sub-component is growing strongly
 - that demand for the industry based skill centre sub-component has ‘softened’ in recent years.
- b) note the variability between States/Territories in the precision they apply to the quantification of future demand.

Recommendation 5

Note the current governance arrangements for the Skill Centre Program and the conclusions of the Cole Royal Commission into the Building and Construction Industry in relation to:

- n the definition of industry contribution and the need for clarity in the identification of project proponents
- n roles, responsibilities and accountabilities of ANTA and States/Territories.

Recommendation 6

Agree with the threshold conclusion of the review that the continuation of the Program as a whole in some substantial form is important to the on-going development of the VET system and is a worthwhile on-going investment for that purpose.

VIIP Program

Recommendation 7

Agree that the broad directions of the VIIP sub-component should be maintained, and that the current annual quantum (of \$4 million per annum) should remain in place for the immediate term pending a review of emerging patterns of expenditure.

Skill Centres for School Students

Recommendation 8

Agree that the broad directions of the skill centre for school students sub-component should be continued, albeit with a stronger focus on partnerships with industry and communities and between VET and schools which join up education and training pathways.

Recommendation 9

Agree to continue funding of \$4 million in 2004 and that States/Territories undertake a thorough empirical assessment of the outcomes of the sub-component and the nature of future demand before any increase in funding is considered.

Recommendation 10

Agree to the alignment of the sub-component with the VET in Schools Program and that the final decision in relation to future funding of the sub-component be considered in light of the implications of that future alignment.

Industry based skill centres

Recommendation 11

Agree to the replacement of the sub-component in its current form with a new industry program which incorporates the following elements:

- n an industry partnerships element which mandates partnerships as the basis of skill centre proposals
- n an element which supports a small number of very large centres which have a local, national and international dimension designed to deliver nationally significant training and employment growth dividends.

Recommendation 12

Agree to a partnership framework for the new industry partnerships element whereby partnerships reflect a formally agreed joint effort between the parties, involving:

- n an agreement or memorandum of understanding between the partners
- n shared responsibility for planning, implementation, reporting and evaluation
- n a funding arrangement which allows for the respective parties to buy in to the initiative

- n a management committee for the initiative on which all partners are represented
- n accountabilities for the project which are derived from the partnering agreement.

Recommendation 13

Agree that funding in 2004 be notionally set at \$5 million for the new industry partnerships element and \$2 million for the large centres element, with funding for subsequent years dependent upon the performance of the respective elements in that year and evidence of on-going demand.

Governance arrangements

Recommendation 14

Agree that the current governance arrangements for the VIIP program remain substantially in place (although with a series of detailed amendments recommended by AITAC which will be reflected in the new Infrastructure Guidelines).

Recommendation 15

Note the alternative models for the distribution of funds under the Program, being a national competitive evaluation of submissions and the allocation of a fixed population share to States/Territories.

Recommendation 16

Note that a fixed population share distribution model would enable a substantial change to governance whereby ANTA no longer approves individual skill centre proposals, and their levels of funding, and devolves this responsibility to States/Territories.

Recommendation 17

Note that a devolved approach would require the introduction of particular features into a revised accountability framework which could include:

- n an annual skill centre planning statement from States/Territories (perhaps as part of their Annual Infrastructure Statement) which sets out the details of planned activity for the year
- n an annual report by States/Territories of the general strategic contribution of skill centre funding to State/Territory and national strategic directions. This report could include examples of best practice and themes derived from those examples.

Recommendation 18

Note that under the devolved model ANTA's role in relation to governance and the accountability framework would involve:

- n reviewing the annual skill centre planning statement and report and clarifying any issues arising with States/Territories
- n taking the lead role in the periodic evaluation of the Program (which may incorporate a survey to gather the views of the clients of the Program), including a triennial review of the spread of funding between the components, and in the national dissemination of best practice models for skill centres.

Recommendation 19

Note that governance arrangements under a national competitive allocation model could include an annual national selection round presided over by a representative committee comprising ANTA, the Commonwealth, States/Territories and industry.

Key features of management and administrative processes under the Skill Centre Program

Recommendation 20

Note the key features of, and recommendations in relation to, the following management and administrative processes under the Program:

- n advertisement of program and project selection
- n proposal development process, handling of unsuccessful applications and agreements entered into between States/Territories and proponents
- n acquittal of projects
- n monitoring and reporting arrangements between proponents and States/Territories and between States/Territories and ANTA
- n application of protocols for the recognition of Commonwealth funded projects.