
4 Vocational education and training

Vocational education and training (VET) delivers employment related skills across a huge range of vocations. It provides Australians with the skills to enter or re-enter the labour force, retrain for a new job or upgrade skills for an existing job. The VET system includes government and privately funded VET delivered by a number of methods by a wide range of training institutions and enterprises.

This chapter reports on the VET services delivered by providers receiving government funding allocations. These VET services include the provision of vocational programs of study in government owned technical and further education (TAFE) institutes and universities with TAFE divisions, other government and community institutions, and government funded activity by private registered training organisations. The scope of this chapter does not extend to university education or VET services provided in schools (which fall within the scope of chapter 3).

A profile of the VET sector is presented in section 4.1. A framework of performance indicators is outlined in section 4.2, and the data for these indicators are discussed in section 4.3. Most of the data presented against these performance indicators are derived from data provided by the Australian National Training Authority (ANTA) and the National Centre for Vocational Education Research (NCVER). Future directions in VET performance reporting are discussed in section 4.4. The chapter concludes with jurisdictions' comments about VET performance in section 4.5 and a list of definitions in section 4.6.

Supporting tables

Supporting tables for chapter 4 are provided on the CD-ROM enclosed with the Report. The files are provided in Microsoft Excel format as \Publications \Reports \2005\Attach4A.xls and in Adobe PDF format as \Publications \Reports \2005\Attach4A.pdf.

Supporting tables are identified in references throughout this chapter by an 'A' suffix (for example, table 4A.3 is table 3 in the electronic files). These files can be found on the Review web page also (www.pc.gov.au/gsp/2005/index.html). Users

without Internet access can contact the Secretariat to obtain these tables (see details on the inside front cover of the Report).

4.1 Profile of vocational education and training

Service overview

The VET system involves the interaction of employers, the Australian, State, Territory and local governments (as both purchasers and providers), and an increasing number of private and community registered training organisations. The system provides a diverse range of programs and qualification levels, with course durations varying from a module (a stand-alone course component or subject) of a few hours to full courses of up to four years (box 4.1).

Box 4.1 Diversity of the VET system

The levels of training range from a single module or unit of competency (which can involve fewer than 10 contact hours) to advanced diplomas (which can involve up to four years of study). All training levels in the VET system need to be assessed because many students complete modules or units of competency (which do not lead directly to a qualification) without intending to complete a course.

The types of training range from formal classroom learning to workplace-based learning and may include flexible, self-paced learning and/or online training. The availability of distance education has increased with off-campus options, such as correspondence, Internet study and interactive teleconferencing.

The types of training institution range from institutions specialising in VET delivery (such as government owned TAFE institutes and agricultural colleges, private registered training organisations, and adult community education providers) to secondary schools and universities. Schools and universities provide dual award courses that combine traditional studies with VET, with an award from both the VET provider and the secondary school or university. In addition to specialist institutions, secondary schools and universities, many employers provide informal on-the-job training in the workplace that does not lead to a recognised qualification, and do not register as training organisations to deliver formal, structured and recognised training.

The general roles of the system, and the main reasons that students participate in VET programs, are to:

- develop skills, including general education skills such as literacy and numeracy, that enhance the student's ability to enter the labour force
- retrain or update labour force skills

-
- provide a pathway to further tertiary education, including entrance to higher education.

Government funding

Recurrent expenditure on VET by Australian, State and Territory governments totalled \$3.8 billion in 2003 — a real increase of 0.9 per cent from the 2002 level (table 4A.1). Government recurrent expenditure was equal to \$286.80 per person aged 15–64 years across Australia in 2003. It ranged from \$563.40 in the NT to \$245.90 in Queensland (table 4A.2).

Size and scope

The VET sector is large and varied. In 2003, 30.2 per cent of Australians aged 15-64 years held a VET qualification — up from 28.3 per cent in 1999 (ANTA 2004a). VET qualifications can vary significantly by length, level and field.

Students

Approximately 1.7 million people participated in VET programs across Australia in 2003. The total number of VET students increased by 2.1 per cent between 2002 and 2003, and by 6.4 per cent between 1999 and 2003. Of the VET students in 2003, 1.2 million (69.8 per cent of all VET students) participated in VET programs that were funded by government recurrent expenditure on VET through State and Territory agencies. The number of government recurrent funded VET students declined by 3.4 per cent between 1999 and 2003, although the number of government recurrent funded curriculum hours increased (see below). In addition, a small number of VET students (57 400, or 3.3 per cent of all VET students in 2003) were funded through specific purpose government programs (ANTA 2004a).

The remaining 439 700 VET students in 2003 participated on a fee-for-service basis as domestic students (25.6 per cent of all VET students) or international students (1.3 per cent of all VET students). The proportion of domestic fee-for-service students increased from 19.0 per cent of all VET students in 1999 to 25.6 per cent in 2003 (ANTA 2004a).

All VET student data presented in this year's Report refer only to VET students who were funded by government recurrent expenditure and attended government institutions (primarily TAFE institutions and universities), community education providers and private registered VET providers. They do not include students who

participated in VET programs in schools or undertook 'recreation, leisure or personal enrichment' education programs (ANTA 2004a).

To maintain consistency with the *Annual National Report of the Australian VET System 2003* (ANTA 2004a), the 2003 VET student participation data in this year's Report were not adjusted for recognition of prior learning or for students who enrolled but did not participate.¹ The 2003 VET student participation data in this Report are therefore not directly comparable to VET student participation data presented in previous reports, which were adjusted for these factors.

Hours

Government funded VET students participated in 278.1 million government funded adjusted curriculum hours² in 2003. Across jurisdictions, the number of government funded adjusted curriculum hours delivered ranged from 98.3 million hours in NSW to 3.6 million hours in the NT. The number of adjusted annual hours delivered per government funded VET student in 2003 ranged from 288.9 in the ACT to 206.2 in the NT, with a national average of 231.9 hours per student (table 4A.3).

Courses

VET qualifications range from non-award courses to certificates (levels I–IV), diplomas and advanced diplomas. In 2003, 13.5 per cent of government funded VET students were undertaking a diploma or advanced diploma; 41.8 per cent were enrolled in a certificate level III or IV; 22.8 per cent were enrolled in a certificate level I or II or lower; and 21.8 per cent were enrolled in a course that did not lead directly to a qualification (ANTA 2004a).

Fields of study also varied greatly. In 2003, 28.3 per cent of units of competency or modules undertaken by government funded VET students were in management and commerce, 16.4 per cent were in engineering and related technologies, 8.8 per cent were in society and culture and 5.5 per cent were in food, hospitality and personal services. Other fields studied by government funded VET students included:

¹ The scope of the *Annual National Report of the Australian VET System 2003* is VET training that is recurrently funded by Australian, State and Territory governments or delivered by government providers, excluding recreation, leisure and personal enrichment programs, VET delivered in schools, and students who were granted credit transfers for all of their 2003 enrolment activity (ANTA 2004a). The same scope has been applied to this Report.

² Curriculum hours were adjusted for invalid enrolment and recognition of prior learning. ANTA made adjustments on the advice of NCVER auditors (table 4A.3).

information technology, architecture and building, health, education, and creative arts. (ANTA 2004a).

Institutions

Government funded VET programs were delivered at 1250 TAFE and other government provider locations, and at 7080 community education and other registered training provider locations (that is, the locations of all other registered training providers, including private providers, that receive government recurrent funding for VET delivery) across Australia in 2003 (table 4A.3). The infrastructure (noncurrent physical assets) of government owned TAFE institutions and TAFE divisions of universities was valued at \$6.7 billion in 2003, of which 93.9 per cent comprised the value of land and buildings (table 4A.19). The value of net assets of government VET providers was \$507 per person aged 15–64 years across Australia in 2003. This value varied from \$916 per person in the NT to \$352 per person in Queensland (table 4A.4).

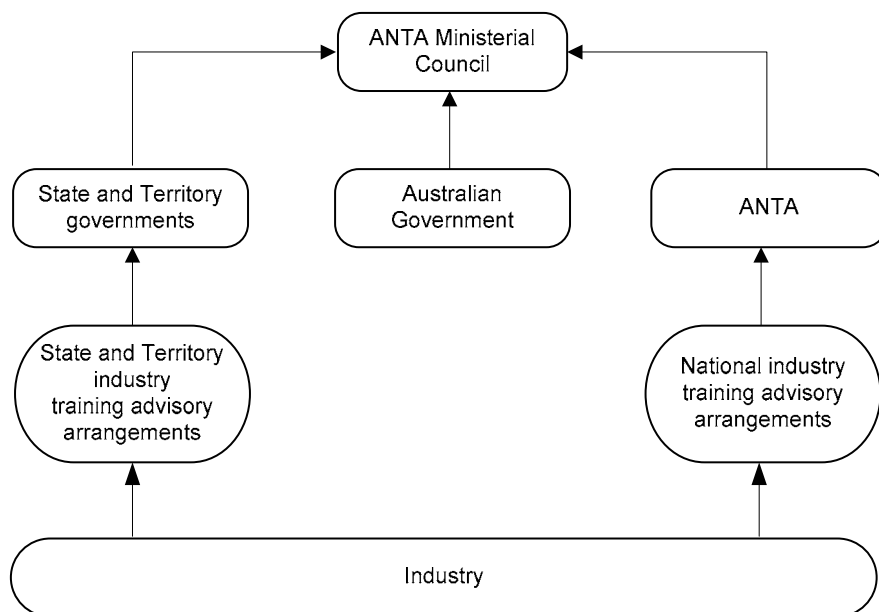
Roles and responsibilities

The national VET system is a cooperative arrangement between the Australian, State and Territory governments, industry and service providers (figure 4.1). The ANTA Ministerial Council of Australian, State and Territory government ministers leads the system, providing direction on national policy, strategy, priorities, goals and objectives. ANTA has an industry-based board that advises the ANTA Ministerial Council. Industry provides advice about skill needs, training requirements and other training issues through ANTA and in consultation with the Australian, State and Territory governments (figure 4.1).

National industry training advisory arrangements

In 2003, the ANTA board created 10 new industry skills councils to replace the 23 existing national Industry Training Advisory Bodies (ITABs) and six other recognised advisory bodies. The councils provide industry information to the VET sector about current and future skills needs and training requirements. They support the development, implementation and continual quality improvement of nationally recognised training products and services (including training packages). A national industry skills forum for key industry stakeholders is also held twice a year.

Figure 4.1 Policy advice and decision making within the VET system 2003



State industry training advisory arrangements

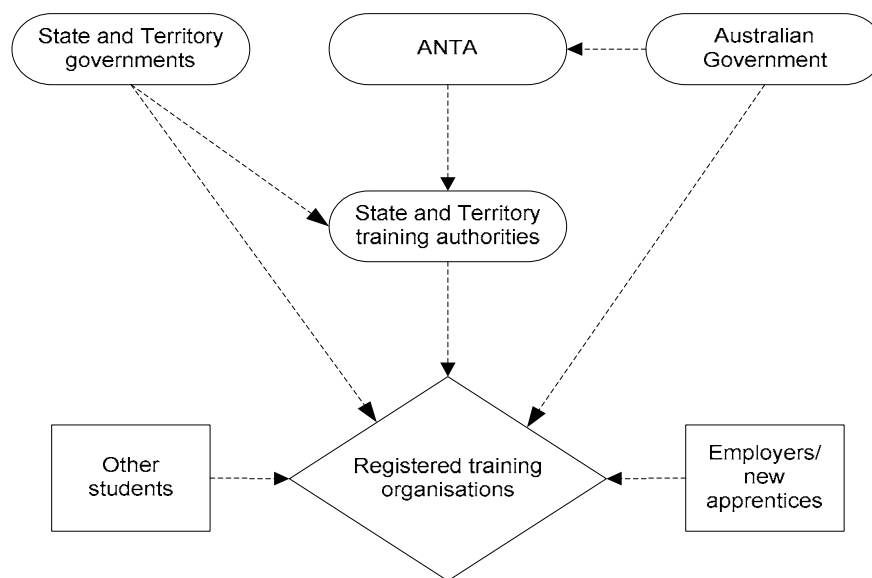
Prior to 2003, ITABs were the key conduits for advice and information between the VET system and industry in each jurisdiction. In 2002, the Australian Government ceased contributing to State and Territory ITABs, and State and Territory governments reviewed their industry advisory arrangements. Most jurisdictions maintained their respective ITABs either on an interim basis or with a changed role. Tasmania replaced its ITABs with new arrangements overseen by a high level strategic advisory group. The ACT established the ACT Industry Training Advisory Association Inc. to provide industry training advisory services.

VET funding flows

State and Territory governments provide funding for VET services through the State and Territory training authorities. They provided \$2.4 billion in 2003 — 72.5 per cent of government recurrent funding, compared to 73.3 per cent in 2002. The Australian Government provided the remainder of government recurrent funding (NCVER 2004a). Australian Government funding of VET services is administered and allocated to the State and Territory training authorities by ANTA.

Registered training organisations also receive revenue from individuals and organisations for fee-for-service programs, ancillary trading revenue, other operating revenue and revenue from Australian, State and Territory government specific purpose funds (figure 4.2).

Figure 4.2 Funding flows within the VET system 2003



Allocation of VET funding

The bulk of government VET funds are allocated to government VET providers based on the planned activity set by State and Territory training authorities. Funding of non-government providers for VET delivery was \$316 million in 2003 — a 0.9 per cent decrease in real terms from the 2002 level. The proportion of government funding allocated to non-government providers for VET delivery in 2003 ranged from 11.0 per cent in the ACT to 3.7 per cent in NSW (table 4A.5).

The disbursement of VET funding on a competitive basis was introduced in the early 1990s to allocate additional Australian Government funds to government providers and private registered training organisations (HRSCEET 1998). Processes used to allocate funds on a competitive basis include:

- *competitive tendering*, whereby government and private registered training organisations compete for funding contracts from State and Territory training authorities in response to government offers (tenders)
- *user choice*, whereby the employer and apprentice/trainee choose a registered training provider and negotiate key aspects of their training, and then government funds flow to that provider
- *preferred supplier arrangements* (an extension of competitive tendering) whereby a contract is awarded to providers (chosen by the tender process) to provide training on a longer term basis.

Competitive tendering mechanisms for allocating funds to VET providers are designed to expose the sector to greater competition by facilitating the entry of new providers and the expansion of existing providers. Competitive tendering may also affect other dimensions of VET service provision, including quality and access by equity target groups.

An estimated \$700.3 million of government VET funding was allocated on a competitive basis in 2003 (including user choice arrangements) — 4.4 per cent less in real terms than in 2002 (table 4A.6). The degree of competition in the tendering process varies across jurisdictions. Some tenders can be contested by both government providers and private registered training organisations (open competitive tendering), while some tenders are restricted to either government providers or private registered training organisations (limited competitive tendering).

Similarly, the potential for competition, in terms of the size of the market of potential providers, varies across jurisdictions. TAFE institutes and universities with TAFE divisions may be subject to factors that affect their ability to compete effectively for funding allocated by competitive tendering (box 4.2). Course costs for example, can vary considerably between providers as a result of differences in their coursemixes, asset bases and student requirements.

Box 4.2 TAFE institutes and competitive tendering

The House of Representatives Standing Committee on Employment, Education and Training (HRSCEET) found that the following factors impede the competitive position of TAFE institutes:

- many government owned TAFE institutes and universities with TAFE divisions cannot retain revenue earned from fee-for-service activity
- governments set concessional fees but do not necessarily compensate TAFE institutes and universities with TAFE divisions for the revenue lost in meeting this community service obligation
- governments set mainstream course fees that may not reflect course costs
- governments require government owned TAFE institutes and universities with TAFE divisions to operate in higher cost regional and remote areas.

Nevertheless, TAFE institutes and universities with TAFE divisions have some competitive advantages over other VET providers. HRSCEET noted that a main advantage is the size and value of the public infrastructure to which they have access.

Source: HRSCEET (1998).

4.2 Framework of performance indicators

For the 2004 Report, the performance indicator framework was revised to provide information on equity, efficiency and effectiveness, and to distinguish the outputs and outcomes of government funded or provided VET services. This approach is consistent with the general performance indicator framework for all government services, as agreed by the Steering Committee (see chapter 1).

The current framework of performance indicators for VET is built around the VET objectives established under the national strategy for 1998–2003 (box 4.3). The performance indicators reflect the national VET objectives for this period — for example, ‘VET participation by target groups’ is a measure of equitable access to VET; ‘vocational outcomes’ are a measure of the effect of VET on equipping Australians for participation in the workforce; and ‘recurrent expenditure per adjusted annual curriculum hour’ is an indicator of the extent to which the value of government VET expenditure is maximised. These national VET objectives were revised for the national strategy for 2004–2010, so the performance framework for future reports will be reviewed accordingly (section 4.4).

Box 4.3 Objectives for VET, 1998–2003

The ANTA Ministerial Council agreed in 1997 on four objectives for the VET system for the period 1998–2003:

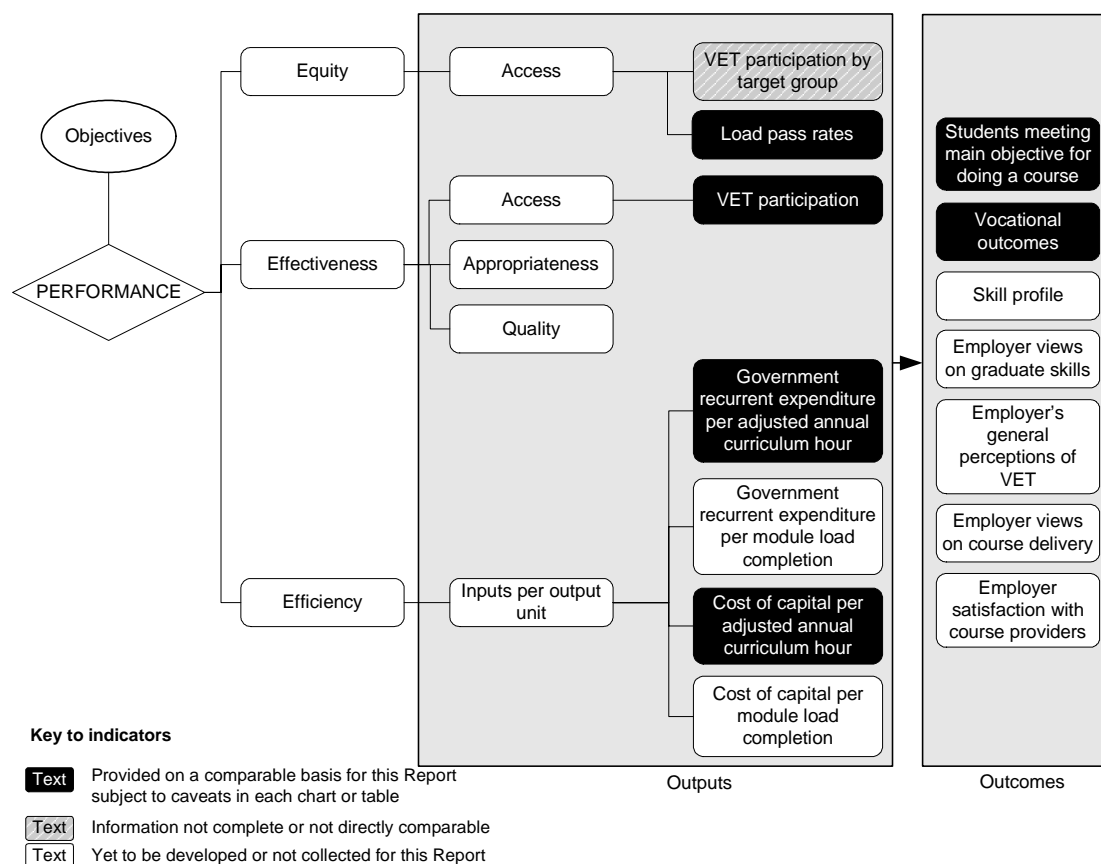
- to achieve equitable outcomes in VET
- to enhance mobility in the labour market
- to equip Australians for the world of work
- to maximise the value of public VET expenditure.

A fifth objective — to increase investment in training — was added in early 1998.

Source: ANTA (1998).

The performance indicator framework (figure 4.3) shows which data are comparable in the 2005 Report. For data that are not directly comparable, the text includes relevant caveats and supporting commentary. Chapter 1 discusses data comparability from a Report-wide perspective.

Figure 4.3 Performance indicators for VET services



4.3 Key performance indicator results

The equity, effectiveness and efficiency of VET services may be affected by different delivery environments, locations and types of client. Appendix A contains detailed statistics and short profiles on each State and Territory, which may help in interpreting the performance indicators presented in this chapter.

Outputs

Equity

A key national goal of the VET system is to increase opportunities and outcomes for disadvantaged groups. The ANTA designated equity target groups are women, residents of rural and remote areas, Indigenous people, people with a disability and people from non-English speaking backgrounds. This section includes indicators of access to VET by these equity groups in 2003.

VET participation by target equity groups

The Steering Committee has identified ‘VET participation by target equity groups’ as an indicator of the equity of access to VET services (box 4.4). The student data for all target equity groups in this Report are for government funded students only and not adjusted for recognition of prior learning, credit transfer and students who enrolled but did not participate. They are comparable to student data in the *Annual National Report on VET services 2003* (ANTA 2004a) but are not directly comparable to student data presented in previous editions of this Report.

Box 4.4 VET participation by target equity groups

The extent of ‘VET participation by target equity groups’ (women, residents of rural and remote areas, Indigenous Australians, people with a disability, and people of non-English speaking background) provides an indicator of the target group’s access to the VET system, compared with that of the general population, and reflects performance against the objective of achieving equitable outcomes in VET.

In this Report, the ‘VET participation by target equity groups’ is the number of government funded participants in the VET system who self-identified that they are from a target group, as a proportion of the total number of people in the population in that group aged 15–64 years.

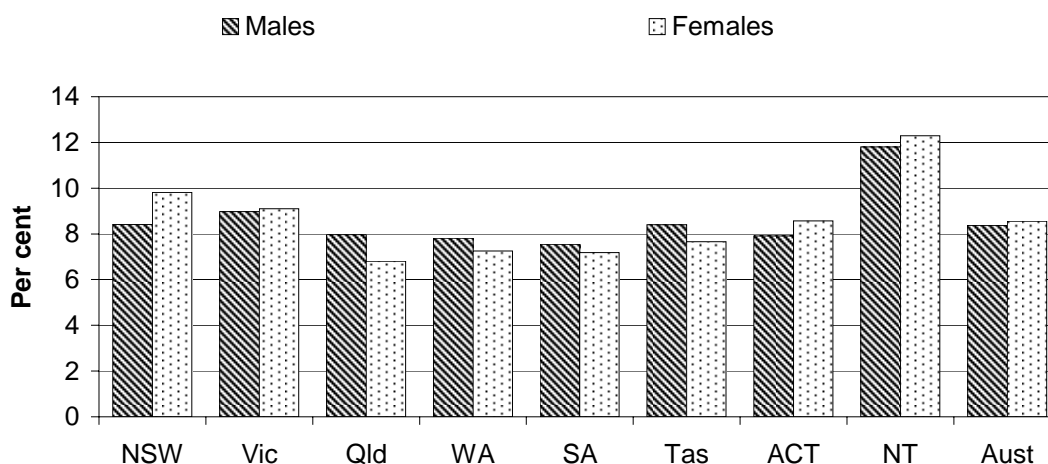
It is desirable that the ‘VET participation by target equity groups’ is comparable to that for all students. A lower participation rate means the target equity group is under-represented in VET; a higher participation rate means the group is over-represented in VET.

Care needs to be taken in interpreting the participation rates presented for Indigenous people, people with a disability and people from a non-English speaking background because (1) the data depend on self-identification at the time of enrolment and (2) the number of non-responses (that is, students who did not indicate whether they belong to these groups) varies across jurisdictions.

VET participation by target equity groups — women

Traditionally, men have had a higher VET participation rate than women. In 2003, however, the national VET participation rate was slightly higher for females (8.6 per cent) than for males (8.4 per cent). Across jurisdictions, both the female and male VET participation rates were highest in the NT (12.3 per cent and 11.8 per cent respectively); the female participation rate was lowest in Queensland (6.8 per cent) and the male rate was lowest in SA (7.5 per cent) (figure 4.4).

Figure 4.4 VET participation rate for people aged 15–64 years, by sex, 2003^a



^a Government recurrent funded VET students, excluding students participating in VET programs in schools. Not adjusted for recognition of prior learning, credit transfer and student enrolment no participation.

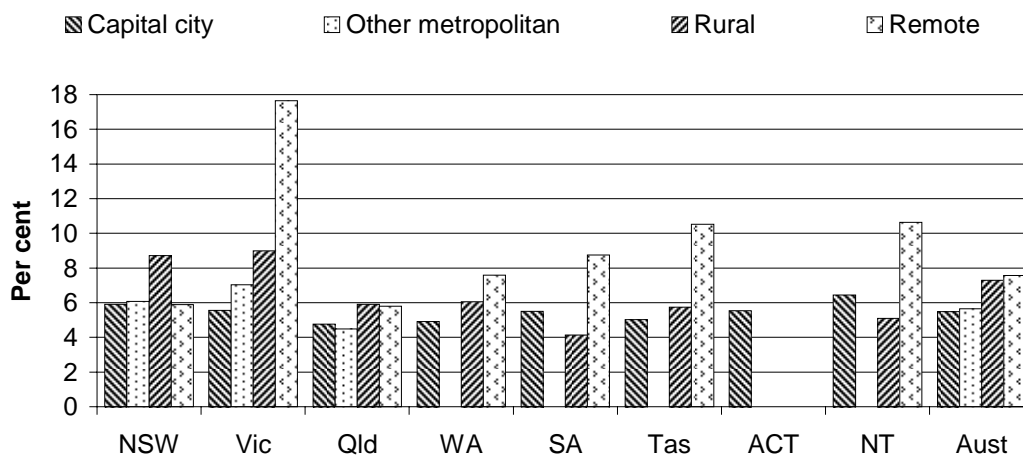
Source: NCVET (unpublished); table 4A.8.

VET participation by target equity groups — people from rural and remote areas

Nationally, the VET participation rate in 2003 was higher for people from rural (7.3 per cent) and remote (7.6 per cent) areas than for people from other geographic regions (5.5 per cent for capital cities and 5.7 per cent for other metropolitan areas).³ The participation rate for rural areas was highest in Victoria (9.0 per cent) and lowest in SA (4.1 per cent). The participation rate for remote areas was highest in Victoria (17.6 per cent) and lowest in Queensland (5.8 per cent) (figure 4.5). Employment opportunities and the availability of alternative education services in rural and remote areas may affect the level of VET participation in these areas.

³ VET student participation data by region are based on students' home postcode using the Rural, Remote and Metropolitan Area Classifications system (RRMA) classification of regions (which includes the classifications: capital city; other metropolitan; rural; remote; interstate and overseas), rather than the Accessibility and Remoteness Index for Australia (ARIA) classifications currently used by the Australian Bureau of Statistics (ABS) (see, table A.6).

Figure 4.5 VET participation rate for people aged 15–64 years, by region, 2003^{a, b, c, d}



^a Government recurrent funded VET students, excluding students participating in VET programs in schools. Not adjusted for recognition of prior learning, credit transfer and student enrolment no participation. ^b Capital city areas are defined as State and Territory capital city statistical divisions. Other metropolitan areas are defined as other statistical subdivisions that include urban centres of population of 100 000 or more. Remote areas are defined in terms of low population density and long distances to associated large population centres. Rural areas include the remainder of non-metropolitan statistical local areas. ^c In WA, SA, Tasmania and the NT the number of students from other metropolitan areas is too small to calculate meaningful participation rates. ^d In the ACT, the number of students from other metropolitan and rural areas is too small to calculate meaningful participation rates. There are no remote areas in the ACT.

Source: NCVET (unpublished); table 4A.9.

VET participation by target equity groups — Indigenous people

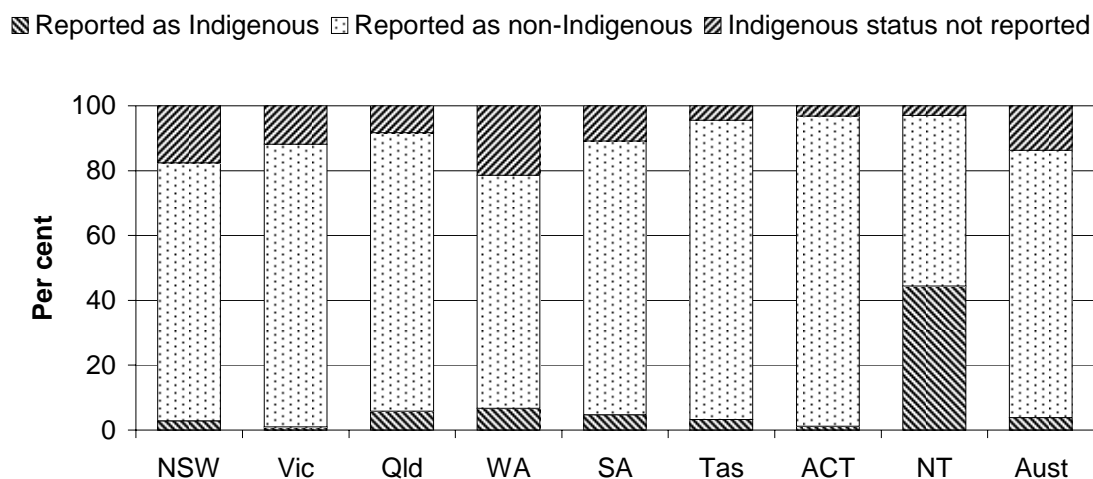
In 2003, 3.9 per cent of government funded VET students in Australia identified themselves as Indigenous, while 13.8 per cent of students did not report their Indigenous status. The proportion of VET students who identified as Indigenous ranged from 44.4 per cent in the NT to 1.0 per cent in Victoria. The proportion who did not report their Indigenous status varied from 21.4 per cent in WA to 3.0 per cent in the NT (figure 4.6).

As a measure of equity in VET participation, the proportion of VET students who identified as Indigenous can be compared to the proportion of Indigenous people in the total population. In 2003, the proportion of government funded VET students who identified as Indigenous was equal to or higher than the proportion of Indigenous people in the total population nationally and in all jurisdictions except Tasmania and the ACT (table 4A.10).

The VET participation rate for Indigenous people was higher than the participation rate for all people, in all jurisdictions except Tasmania and the ACT in 2003.

Nationally, the VET participation rate for Indigenous people was 9.8 per cent, compared with 6.0 per cent for all people (figure 4.7). These student participation data are not age standardised, so the younger age profile of the Indigenous population relative to all Australians is likely to affect the data.

Figure 4.6 VET students, by Indigenous status, 2003^a



^a Government recurrent funded VET students, excluding students participating in VET programs in schools. Not adjusted for recognition of prior learning, credit transfer and student enrolment no participation.

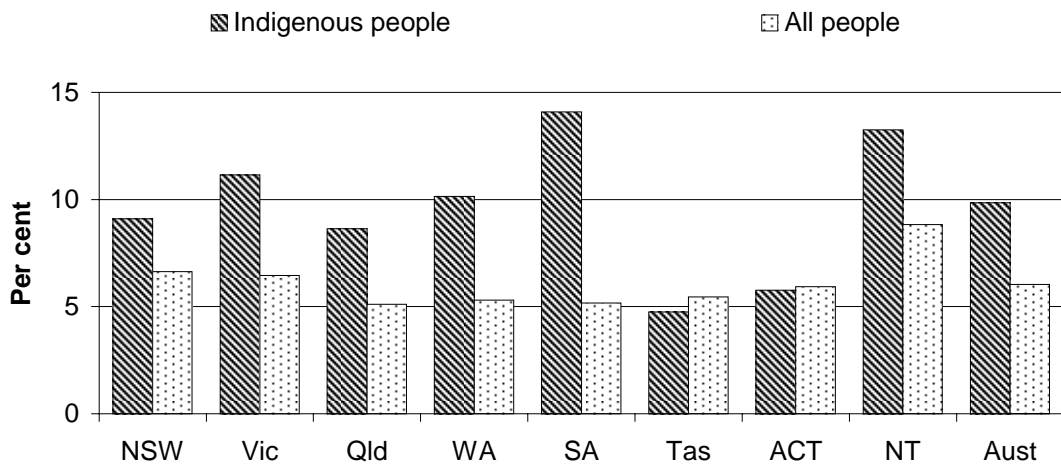
Source: NCVET (unpublished); table 4A.10.

VET participation by target equity groups — people with a disability

Nationally, 6.4 per cent of government funded VET students in 2003 reported having a permanent or significant disability. Tasmania and NSW had the highest proportion of government funded VET students reporting a disability (7.8 per cent) and the NT had the lowest (4.6 per cent) (figure 4.8).

In 2003, 5.3 per cent of all VET students (that is, government funded and other VET students) reported a disability. Based on the data for all VET students, an estimated 2.3 per cent of Australian people aged 15–64 years who had a disability undertook VET in 2003 (derived by NCVET from ABS 2004 and NCVET unpublished).

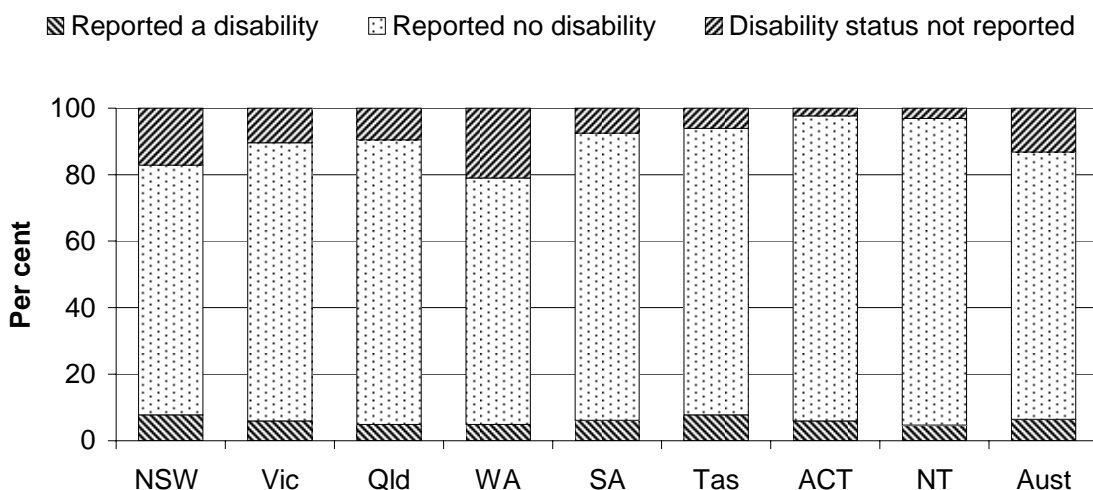
Figure 4.7 VET participation rate, by Indigenous status, 2003^{a, b, c}



^a Government recurrent funded VET students, excluding students participating in VET programs in schools. Not adjusted for recognition of prior learning, credit transfer and student enrolment no participation. ^b The Indigenous participation rate is the number of students who reported being Indigenous as a percentage of the ABS experimental projection of the Indigenous population for 30 June 2003. ^c Care needs to be taken in interpreting these data because the Indigenous population's age profile is younger than that of the non-Indigenous population. Participation rates for all ages are likely to differ from participation rates for working age populations.

Source: ABS (unpublished); NCVET (unpublished); tables A.2, A.7 and 4A.10.

Figure 4.8 VET students, by disability status, 2003^{a, b}



^a Government recurrent funded VET students, excluding students participating in VET programs in schools. Not adjusted for recognition of prior learning, credit transfer and student enrolment no participation. ^b Disabilities include visual/sight/seeing, hearing, physical, intellectual, chronic illness, and other disabilities.

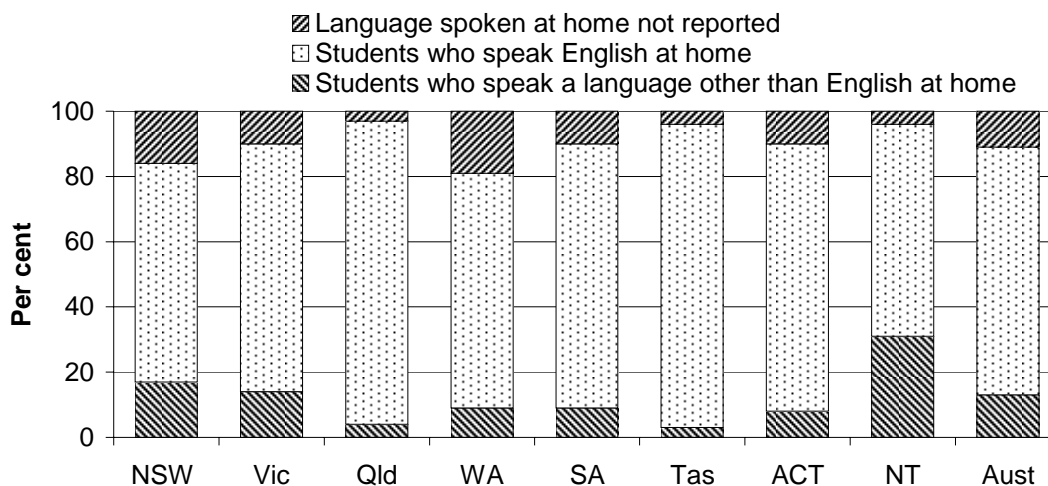
Source: NCVET (unpublished); table 4A.11.

VET participation by target equity groups — people from non-English speaking backgrounds

People from non-English speaking backgrounds are defined in this Report (and in ANTA 2004a) as people who speak a language other than English at home. In 2003, 12.5 per cent of government funded VET students reported speaking a language other than English at home. Across jurisdictions, this proportion ranged from 31.0 per cent of VET students in the NT to 3.0 per cent in Tasmania (figure 4.9).

By comparison, 15.2 per cent of the total population of Australia spoke a language other than English at home in 2001. This proportion ranged from 22.8 per cent of all people in the NT to 3.1 per cent of all people in Tasmania. The proportion of VET students who reported speaking a language other than English at home in 2003 was lower than the equivalent proportion in the total population in 2001, both nationally and in all states and territories (except the NT) (tables A.5 and 4A. 12).

Figure 4.9 VET students, by language spoken at home, 2003^{a, b}



^a Government recurrent funded VET students, excluding students participating in VET programs in schools. Not adjusted for recognition of prior learning, credit transfer and student enrolment no participation. ^b The proportion of the population reported as speaking a language other than English at home is calculated from ABS 2001 Census data.

Source: NCVET (unpublished); tables A.5 and 4A.12.

Load pass rates

The Steering Committee has identified ‘load pass rates’ by the five VET target equity groups — women, residents of rural and remote areas, Indigenous people, people with a disability and people from a non-English speaking background — as an indicator of the equity of access to VET services (box 4.5).

Nationally in 2003, the ‘load pass rates’ for government funded target equity students — students from remote areas, Indigenous students (63.7 per cent), students reporting a disability and students from a non-English speaking background (70.6 per cent) — were below the ‘load pass rate’ for all government funded students (77.1 per cent). The ‘load pass rates’ achieved by female students and students from rural areas were slightly higher than the national ‘load pass rate’ (table 4.1).

Box 4.5 Load pass rates

‘Load pass rates’ are an indicator of students’ success, which has an impact on a student’s attainment of skills. The rates for targeted equity groups, relative to those for the general student population, indicate whether equity groups are as successful as other students.

‘Load pass rates’ are defined as the ratio of hours attributed to students who passed assessment in an assessable module or unit of competency, to all students who were assessed and either passed, failed or withdrew. The calculation is based on the nominal hours supervised for each assessable module or unit of competency. High ‘load pass rates’ indicate that student achievement is high.

Care needs to be taken in comparing data across jurisdictions because average module durations vary across jurisdictions. Care also needs to be taken in comparing ‘load pass rates’ for Indigenous students, students reporting a disability and students from non-English speaking backgrounds because the non-identification rates for these groups are high.

In 2003, ‘load pass rates’ were higher for female students than for all students in all states and territories, although the differences were relatively small (table 4A.13). In NSW, Victoria, Queensland and SA, the ‘load pass rates’ for rural and remote students were higher than the rate for all students. In WA, Tasmania and the NT, the ‘load pass rate’ for remote students was below that for all students (table 4A.14)

Care needs to be taken in making jurisdictional comparisons of ‘load pass rates’ for Indigenous students, students with a disability and students from a non-English speaking background, because the non-identification rates for these groups are high. ‘Load pass rates’ for Indigenous students in 2003 were highest in Tasmania (75.0 per cent) and lowest in WA (56.8 per cent), but were well below the rate for all students in all states and territories (table 4A.15). ‘Load pass rates’ for students with a disability and students from a non-English speaking background were lower than the rate for all students in all states and territories in 2003 (table 4.1).

Table 4.1 Load pass rates by VET target equity groups, 2003 (per cent) ^{a, b, c}

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
Women	76.9	77.9	78.1	73.2	87.2	82.1	82.5	72.9	77.8
Rural	76.8	78.1	79.5	73.0	90.7	80.0	na	75.9	78.5
Remote	79.7	85.4	82.5	72.6	93.1	76.7	..	67.9	76.5
Indigenous	61.0	61.0	69.6	56.8	74.3	75.0	63.3	60.7	63.7
Disability	69.9	65.9	67.1	64.2	81.4	69.0	72.6	70.3	68.9
Non-English speaking background	73.5	67.7	64.5	64.5	80.3	73.8	73.4	56.6	70.6
All students	76.7	76.7	77.1	72.9	86.7	80.3	79.7	71.7	77.1

^a Government recurrent funded VET students, excluding students participating in VET programs in schools. Not adjusted for recognition of prior learning, credit transfer and student enrolment no participation.

^b Disabilities include visual/sight/seeing, hearing, physical, intellectual, chronic illness and other disabilities.

^c Capital city areas are defined as State and Territory capital city statistical divisions. Other metropolitan areas are defined as other statistical subdivisions that included urban centres of population of 100 000 or more. Remote areas are defined in terms of low population density and long distances to associated large population centres. Rural areas include the remainder of non-metropolitan statistical local areas. For the ACT, the number of students from rural areas is too small to calculate meaningful participation rates. There are no remote areas in the ACT. **na** not available. **..** not applicable.

Source: NCVET (unpublished); tables 4A.13–4A.17.

Effectiveness

VET participation

The Steering Committee has identified ‘VET participation’ by target group (people aged 15–64 years) as an indicator of the effectiveness of VET services (box 4.6). In 2003, approximately 1.1 million people aged 15–64 years participated in government funded VET programs. This total included approximately 273 100 people aged 15–19 years and 215 900 people aged 20–24 years. These student numbers were equivalent to national participation rates of 8.5 per cent for people aged 15–64 years, 19.8 per cent for people aged 15–19 years and 15.7 per cent for people aged 20–24 years (figure 4.10).

‘VET participation’ in 2003 for people aged 15–64 years was highest in the NT (12.0 per cent) and lowest in Queensland and SA (7.4 per cent). Among people aged 15–19 years, participation rates were highest in the NT (24.1 per cent) and lowest in Tasmania (17.0 per cent). Among people aged 20–24 years, participation rates were highest in Victoria (17.4 per cent) and lowest in WA (13.0 per cent) (figure 4.10).

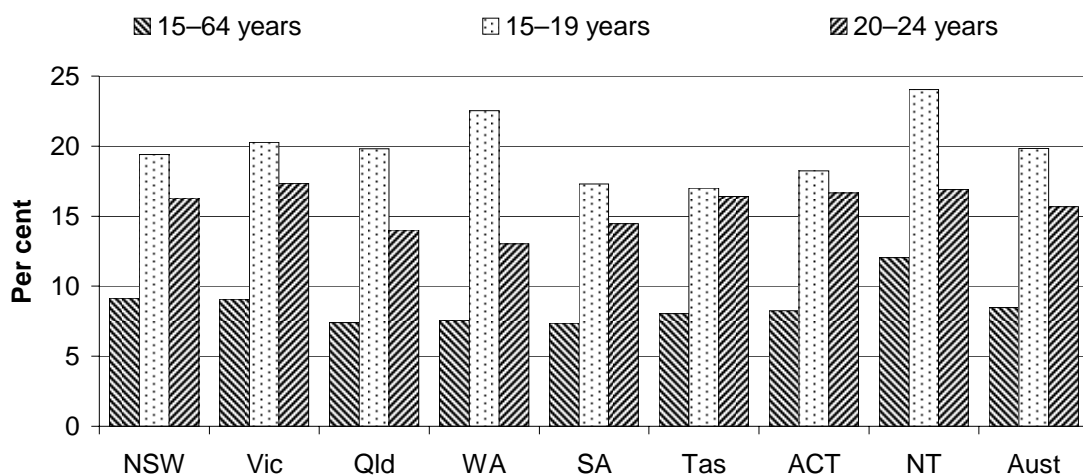
Box 4.6 VET participation

'VET participation' is an indicator of the level of the general population's access to the VET system. It reflects the performance of the VET system against the objective of enhancing mobility in the labour market.

The 'VET participation' rate is the number of people participating in VET nationally as a proportion of the general population aged 15–64 years. High VET participation rates indicate high levels of access to the VET system by the general population.

The 2003 student participation data presented in this Report are for government funded VET students, excluding students participating in VET programs in schools. It is not adjusted for recognition of prior learning, credit transfer and 'student enrolment no participation' (that is, students who enrolled but did not participate in VET programs).

Figure 4.10 VET participation rates, by target age groups, 2003^a



^a Government recurrent funded VET students, excluding students participating in VET programs in schools. Not adjusted for recognition of prior learning, credit transfer and student enrolment no participation.

Source: NCVET (unpublished); table 4A.7.

Efficiency

In the last national VET strategy (1998–2003), one of the stated objectives for VET was to maximise the value of government VET expenditure (box 4.3). During the ANTA agreement for the period 2001–2003, states and territories re-affirmed their commitment to this objective and agreed to strive for improved efficiency levels (ANTA 2003). An indicator of efficiency is the level of government inputs per unit of output (unit cost). The indication of unit cost reported here is 'recurrent expenditure per annual curriculum hour'.

The Steering Committee has identified issues that may reduce the comparability of cost estimates across jurisdictions in VET (box 4.7). To address some of these comparability issues, the Steering Committee has included estimates of a payroll tax for the ACT (SCRCSSP 1999) and a user cost of capital for all jurisdictions (box 4.8) in the efficiency indicators presented.

Box 4.7 Comparability of cost estimates

It is an objective of the Review to report comparable estimates of costs. Ideally, the full range of costs to government is counted on a comparable basis. The Steering Committee has identified four areas that could affect the comparability of costs across government and private providers.

- Superannuation costs are included in cost estimates for VET. Preferably, superannuation would be costed on an accrued actuarial basis (SCRCSSP 1998).
- Depreciation costs are included in cost estimates for all VET services.
- The user cost of capital is not included in estimates of recurrent expenditure, although it is reported separately as the 'cost of capital per adjusted annual curriculum hour' (box 4.8). The user cost of capital represents the opportunity cost to government of the funds tied up in VET assets. Including the user cost of capital from accrued costs in VET increases the costs per annual curriculum hour. Comparability can be improved by adding the reported user cost of capital to accrued costs if debt servicing costs and State- and Territory-based capital asset charges are deducted from accrual costs.
- Payroll tax is payable by all jurisdictions (except the ACT) for VET. A payroll tax estimate has been included in cost estimates for the ACT (SCRCSSP 1999).

Source: SCRCSSP (1998, 1999).

Box 4.8 Cost of capital per adjusted annual curriculum hour

The 'cost of capital per adjusted annual curriculum hour' allows the full cost of VET services to be considered in a single measure. The cost of capital is included in estimates of the cost of government services because it reflects the opportunity cost of government assets that could otherwise be used to provide other services or to retire debt. Not reporting the user cost of capital underestimates the cost to government of service provision.

The user cost of capital is calculated by applying a jurisdiction cost of capital rate to the value of government assets. The Steering Committee has adopted a nominal user cost of capital rate of 8 per cent, although the actual rate may vary across jurisdictions. The basis for the 8 per cent capital charge is discussed in chapter 2.

(Continued on next page)

Box 4.8 (Continued)

The full cost of VET service delivery includes both the cost of capital and recurrent costs. Lower total costs per adjusted annual curriculum hour may reflect higher efficiency improvements in the delivery of VET services, but efficiency indicators need to be interpreted carefully because low unit costs may also reflect lesser quality, so are not necessarily synonymous with better outcomes.

The 'cost of capital per adjusted annual curriculum hour' needs to be interpreted carefully because differences in some input costs (for example, land values) could affect reported costs across jurisdictions without necessarily reflecting the efficiency of service delivery. The cost of capital for land is presented separately from the cost of other assets, to allow users assessing the results to consider any differences in land values across jurisdictions (tables 4.1 and 4A.19).

Unit cost — government expenditure per hour of delivery

The Steering Committee has identified government 'recurrent expenditure per adjusted annual curriculum hour' as an indicator of the efficiency of VET services (box 4.9). Financial and activity data from states and territories are reported here within an agreed scope to ensure unit costs accurately reflect the relative efficiency of government service provision across jurisdictions. Data used to calculate unit cost are derived from data that comply with the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS).

'Government recurrent expenditure per adjusted annual curriculum hour' of government funded VET programs in 2003 ranged from \$22.20 in the NT to \$11.80 in Victoria. Real government recurrent expenditure (in 2003 dollars) per adjusted annual curriculum hour slightly increased nationally between 2002 and 2003, but WA, Tasmania and the ACT reported real decreases over this period (figure 4.11).

Box 4.9 Government recurrent expenditure per adjusted annual curriculum hour

Recurrent cost per nominal hour of training measures the average cost of producing a training output of the VET system (a unit cost) and is an indicator of efficiency. 'Government recurrent expenditure per nominal hour' of delivery is defined as total government recurrent expenditure (excluding capital costs) per total adjusted nominal hour. Expenditure is adjusted for coursemix differences across jurisdictions.

Low unit costs may indicate efficient delivery of VET services, but care needs to be taken in interpreting efficiency indicators because low unit costs may also reflect lesser quality, so are not necessarily synonymous with better outcomes.

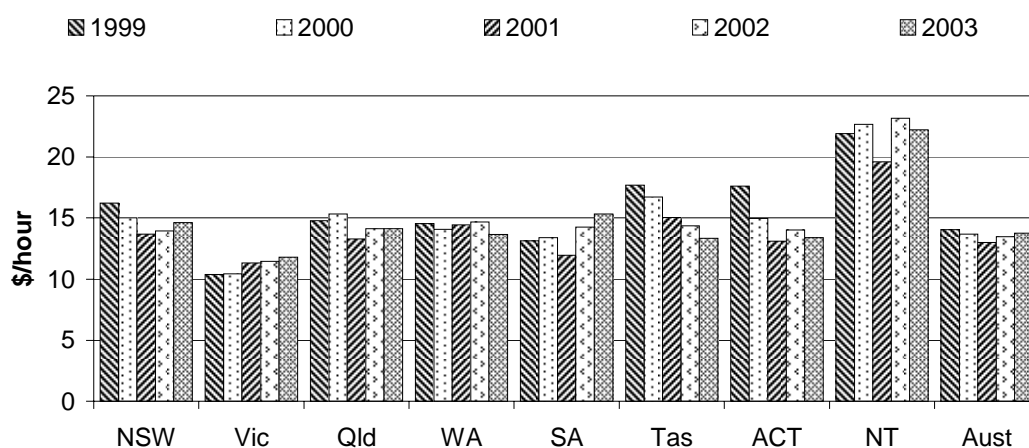
(Continued on next page)

Box 4.9 (Continued)

The factors that have the greatest impact on efficiency include:

- training related factors, such as class sizes, teaching salaries, teaching hours per full time equivalent staff member, and differences in the length of training programs
 - differences among States and Territories, including socio-demographic composition, administrative scale, coursemix and dispersion, and scale of service delivery
 - the industry mix in a jurisdiction and its effect on the nature of training required
- VET policies and practices, including the level of fees and charges paid by students.

Figure 4.11 Government real recurrent expenditure per adjusted annual curriculum hour (2003 dollars)^{a, b}

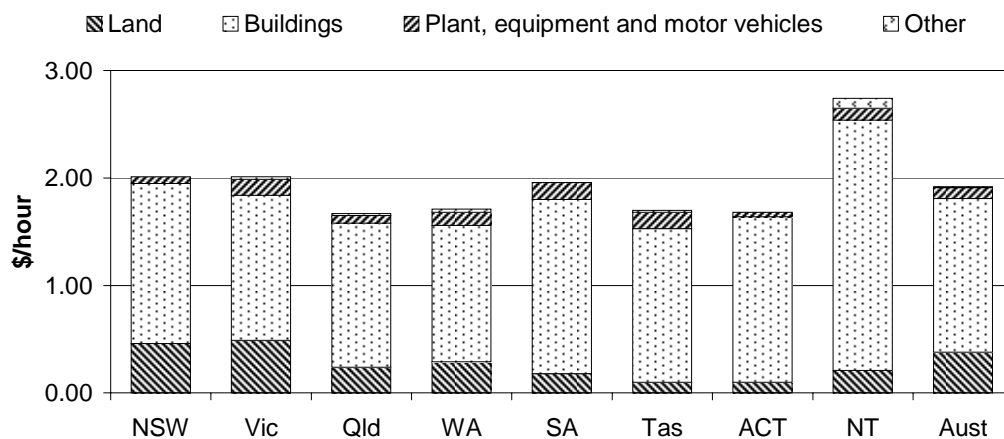


^a The ACT is the only jurisdiction not to levy payroll tax on its VET employees. A payroll tax estimate based on the ACT payroll tax rate has been included in the expenditure data for the ACT. ^b Annual curriculum hours were adjusted by ANTA for invalid enrolment, recognition of prior learning and coursemix weight.

Source: ANTA (2004a); ANTA (unpublished); table 4A.18.

The ‘cost of capital per adjusted annual curriculum hour’ varied across jurisdictions in 2003, ranging from \$2.74 in the NT to \$1.68 in Queensland and the ACT. Building costs were the largest component of ‘cost of capital per adjusted hour’ ranging from \$2.33 per adjusted annual curriculum hour in the NT to \$1.27 in WA (figure 4.12). The nominal value of these buildings ranged from \$1.8 billion in NSW to \$103 million in the NT (table 4A.19).

Figure 4.12 Cost of capital per adjusted annual curriculum hour, 2003^a

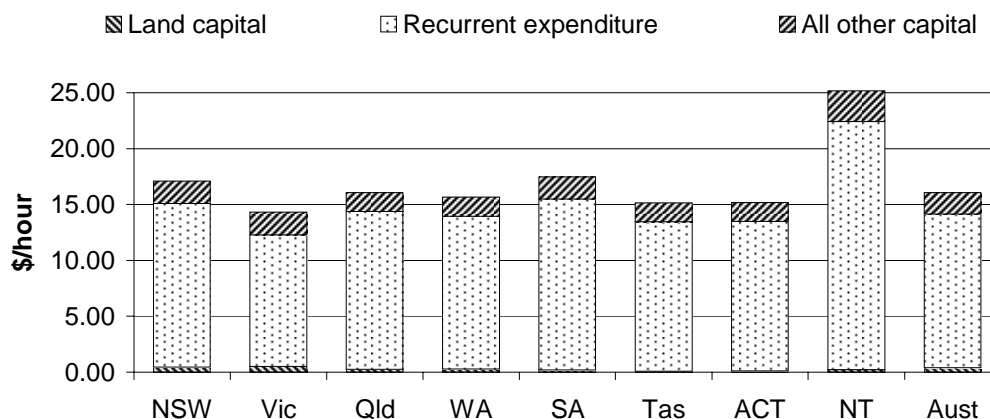


^a Annual of curriculum hours adjusted by ANTA for invalid enrolments, recognition of prior learning and course mix weight. Cost of capital includes an imputed user cost of capital of 8 per cent.

Source: ANTA (unpublished); NCVET (unpublished); table 4A.19.

Nationally, the total cost to government of funding VET per adjusted annual curriculum hour in 2003 was \$15.69, comprising \$13.76 in recurrent costs and \$1.92 in capital costs. Across jurisdictions, it ranged from \$24.96 in the NT to \$13.81 in Victoria (figure 4.13). These results need to be interpreted carefully, however, because the asset data used to calculate the cost of capital are not as reliable as the recurrent cost data.

Figure 4.13 Total government VET costs per adjusted annual curriculum hour, 2003^{a, b}



^a The ACT is the only jurisdiction not to levy payroll tax on its VET employees. A payroll tax estimate based on the ACT payroll tax rate has been added to the recurrent expenditure data presented for the ACT. ^b 'Other' capital includes buildings, plant, equipment, motor vehicles and other capital. The cost of capital includes a user cost of capital rate of 8 per cent for all jurisdictions.

Source: ANTA (unpublished); table 4A.20.

Outcomes

The objectives for VET services are to achieve a range of outcomes for students and employers (box 4.3). A range of indicators relating to student and employer outcomes are reported below.

Student outcomes

The 2003 NCVER Student Outcomes Survey identified training outcomes for students who had graduated from (or completed at least one module of) a VET course at a TAFE institute or university with a TAFE division in Australia in 2002 (box 4.10).

Box 4.10 Student Outcomes Survey

The annual Student Outcomes Survey by NCVER includes students who graduated with a qualification from a course (graduates) and students who successfully completed some training below the level of full qualification and who were no longer engaged in training when the survey was undertaken (module completers) in the previous year. The data collected about TAFE graduates and module completers describes their general characteristics, fields of study, employment outcomes, occupations, industries of employment, satisfaction with their course of study, and further study outcomes.

The survey collects the opinions of a sample of VET students, so the results are only estimates of the opinions of the total VET student population. The sample is randomly selected and stratified by TAFE institute, field of study, gender and age. Responses are weighted to population benchmarks to minimise non-response bias.

The precision of survey estimates depends on the sample size and the distribution of sample responses. Consequently, jurisdictional comparisons need to be made with care. The 95 per cent confidence intervals for the estimates are provided in the tables presenting the survey data. These confidence intervals can be used to test whether the estimates are statistically different across jurisdictions. When comparing the estimates, if the confidence intervals for the jurisdictions overlap, then no statistical difference is detected between the estimates (at the 95 per cent confidence level). Confidence intervals are included in the relevant tables of the attachment (tables 4A.21–4A.27).

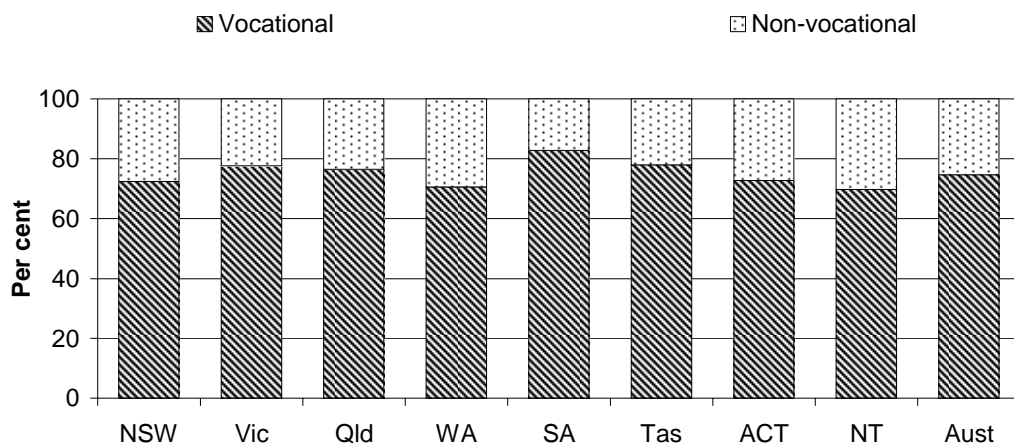
Care needs to be taken when comparing student outcomes across states and territories, because each jurisdiction has different economic, demographic and social profiles that are likely to have an effect on a range of training related outcomes. In particular, economic parameters beyond the control of the TAFE system may affect employment outcomes for VET graduates.

Source: NCVER (2002, 2003).

Main reason for undertaking VET course

The 2003 Survey (NCVER 2003) asked TAFE students who had completed their course in 2002 to nominate their main reason for undertaking a VET course. Nationally, 74.7 per cent of surveyed graduates indicated that they had enrolled for vocational reasons (for example, to obtain a job or promotion). This proportion ranged from 82.8 per cent in SA to 69.7 per cent in the NT (figure 4.14).

Figure 4.14 TAFE graduates' main reason for undertaking course, 2003^a



^a The 95 per cent confidence intervals for these estimates can be found at table 4A.21.

Source: NCVER (unpublished); table 4A.21.

Proportion of students who achieve their main reason for doing a VET course

The Steering Committee has identified that the proportion of 'students who achieve their main reason for doing a VET course' is an indicator of the outcomes of VET services (box 4.11). For the majority of VET students surveyed in 2003, their main reason for doing the course was vocational (figure 4.14).

Box 4.11 Whether students achieve their main reason for doing a VET course

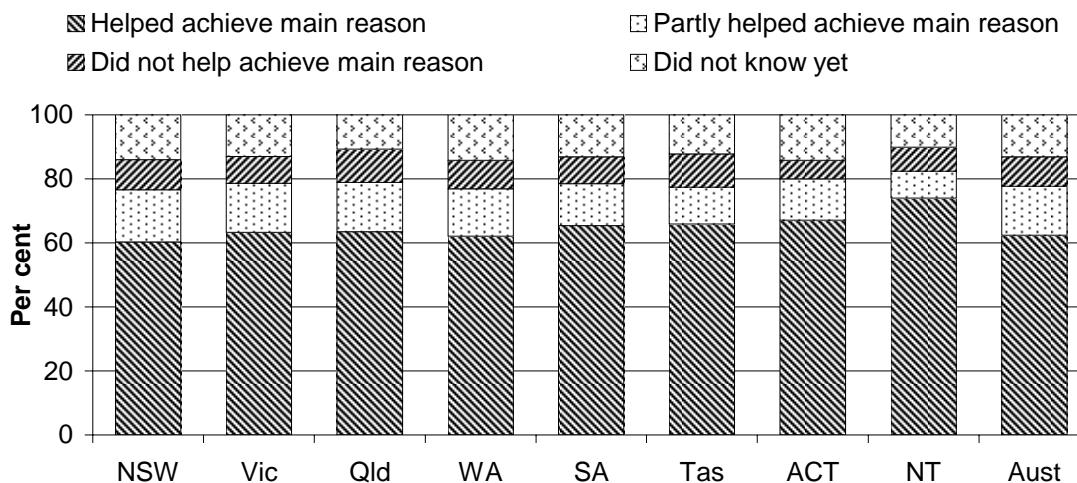
The proportion of ‘students who achieve their main reason for doing a VET course’ is an indicator of whether the VET system is delivering the outcomes that students seek. Most students have vocational objectives, so this indicator is linked to the national VET objective of equipping Australians for the world of work (box 4.3).

This indicator is defined as the proportion of VET graduates in the annual NCVET Student Outcomes Survey who indicate that they achieved or partly achieved their main reason for doing the course.

A higher percentage indicates that a higher proportion of students have achieved their training objectives. The proportion of graduates who achieve their training objectives varies according to their objectives — employment-related or developmental — so it is useful to distinguish between the two types of student objective.

Nationally, 77.8 per cent of TAFE graduates in the 2003 survey indicated that their VET course helped or partly helped them achieve their main reason for doing the course. Across jurisdictions, this proportion ranged from 82.4 per cent in the NT to 76.6 per cent in NSW (figure 4.15).

Figure 4.15 Proportion of TAFE graduates who achieved their main reason for doing the VET course, 2003^a



^a The 95 per cent confidence intervals for these estimates can be found at table 4A.23.

Source: NCVET (unpublished); table 4A.23.

Of TAFE graduates from the four VET equity target groups (women, rural and remote area residents, people from non-English speaking backgrounds and Indigenous people), those from remote areas were the most likely to indicate that

the course helped or partly helped them achieve their main reason for doing the course (84.2 per cent), while graduates reporting a disability were the least likely to do so (67.8 per cent) (table 4A.22).

Vocational outcomes of VET graduates

The Steering Committee has identified the ‘vocational and employment outcomes’ of graduates as an indicator of the outcomes of VET services (box 4.12).

Box 4.12 Vocational Outcomes

The ‘vocational or employment outcomes’ for students after participating in VET is an indication of the VET system’s ability to equip Australians for the world of work.

This indicator is defined in this Report using four components:

- the employment rate after participating in VET for students who were specifically seeking vocational or immediate employment-related outcomes and who were unemployed before their course
- the employment rate after participating in VET for students who were specifically seeking vocational or immediate employment-related outcomes and who were employed before their course
- the proportion of graduates who were employed before their course, who undertook the course for vocational reasons and who reported that their course was highly relevant or of some relevance to their main job
- the proportion of graduates who undertook their course for vocational reasons and who reported at least one work-related benefit from completing their course.

High percentages indicate strong employment outcomes following training, a high level of relevance of the training to an employed student’s main job, and a high proportion of students who received at least one work-related benefit from completing the course.

Jurisdictional comparisons of employment outcomes need to be made with care because high standard errors may be associated with the survey estimates (tables 4A.24–4A.27). Comparisons of labour market outcomes must also account for the general economic conditions in each jurisdiction (appendix A).

Of the graduates surveyed in 2003 who were unemployed before their course and who took the course for vocational reasons, 44.8 per cent nationally said they were employed after the course. This proportion ranged from 55.1 per cent in SA to 40.5 per cent in NSW (figure 4.16). Of the graduates surveyed in 2003 who were employed before their course and who took the course for vocational reasons, 88.7 per cent nationally were employed after the course. This proportion ranged from 91.6 per cent in SA to 87.4 per cent in Queensland (figure 4.17).

Figure 4.16 Labour force status after the course of graduates who were unemployed before the course and took the course for vocational reasons, 2003^{a, b}



^a The relative standard errors corresponding to a 95 per cent confidence interval for the percentage estimates are reported in table 4A.24. ^b Numbers may not add to 100 due to unknown responses and to rounding.

Source: NCVET (unpublished); table 4A.24.

Figure 4.17 Labour force status after the course of graduates who were employed before the course and took the course for vocational reasons, 2003^{a, b}



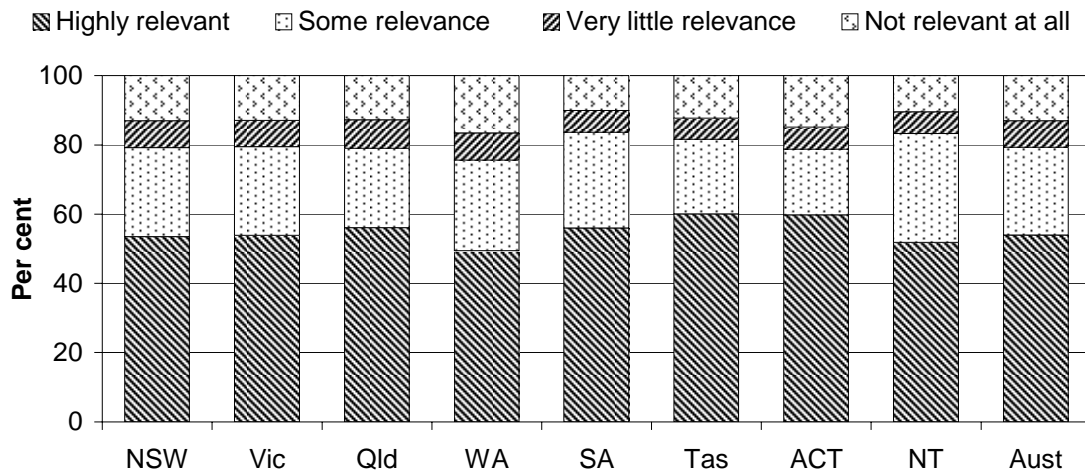
^a The relative standard errors corresponding to a 95 per cent confidence interval for the percentage estimates are reported in table 4A.25. ^b Numbers may not add to 100 due to unknown responses and to rounding.

Source: NCVET (unpublished); table 4A.25.

Of the graduates surveyed in 2003 who were employed before their course and who undertook their course for vocational reasons, 79.3 per cent said their course was

highly relevant or of some relevance to their main job. This proportion ranged from 83.6 per cent in SA to 75.6 per cent in WA (figure 4.18).

Figure 4.18 Employed graduates who undertook their course for vocational reasons, by relevance of course to main job, 2003^a

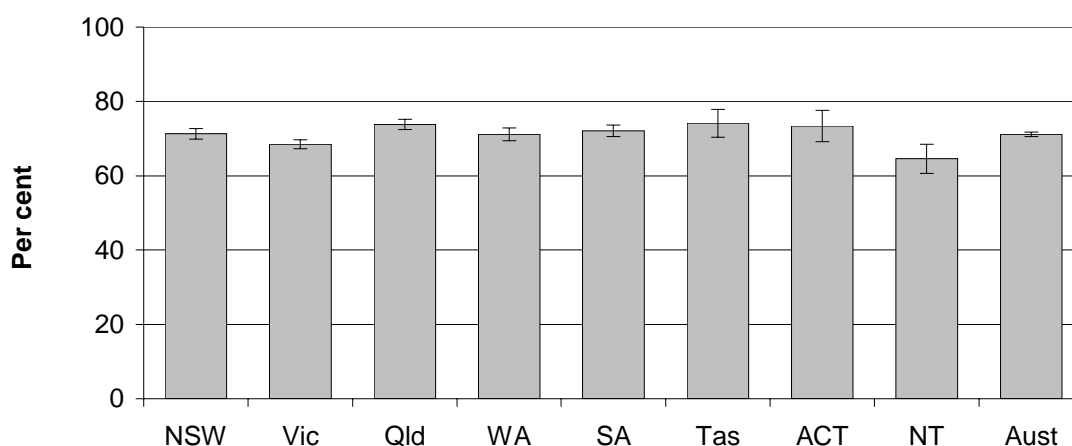


^a The relative standard errors corresponding to a 95 per cent confidence interval for the percentage estimates are reported in table 4A.26.

Source: NCVET (unpublished); table 4A.26.

Of the graduates surveyed in 2003 who undertook their course for vocational reasons, 71.1 per cent said they had gained at least one work-related benefit from completing the course. The benefits reported by graduates included 'obtained a job' (29.4 per cent), 'increase in earnings' (27.6 per cent), 'promotion' (22.1 per cent), 'change of job or new job' (18.0 per cent) and 'ability to start own business' (4.4 per cent) (table 4A.27). Across jurisdictions, the proportion of graduates citing at least one benefit ranged from 74.1 per cent in Tasmania to 64.6 per cent in the NT (figure 4.19).

Figure 4.19 **Graduates who undertook their course for vocational reasons who received at least one work-related benefit from completing the course, 2003^a**



^a The error bars in the figure represent the 95 per cent confidence interval associated with each point estimate. The relative standard errors corresponding to the 95 per cent confidence interval for the percentage estimates are reported in table 4A.27.

Source: NCVET (unpublished); table 4A.27.

Skill profile

The Steering Committee has identified Australia's 'skill profile' as an indicator of the outcomes of VET services (box 4.13). Agreed measures have not yet been developed for this indicator.

Employer outcomes

The NCVET Survey of Employer Views on Vocational Education and Training obtained views on the VET system from 6821 employers in 17 different industries across Australia in 2001. It asked employers of recent VET graduates about their overall satisfaction with the VET sector, their views on the skills of graduates, and their views on course delivery (see the 2003 Report for a summary of these data).

The next employer survey is planned for early 2005. If available, data from the 2005 employer survey will be included in the 2006 Report.

Box 4.13 Skill profile

The 'skill profile' of Australia is a measure of the stock of VET skills held by Australians, relative to the level of these skills required by Australian industry. Australia's VET system aspires to create and maintain a national pool of skilled Australian workers that is sufficient to support internationally competitive commerce and industry.

There is, however, no single definitive measure that provides a simple assessment of the stocks of VET skills relative to the needs for such skills. Proxy measures for the stock of skills held by Australians include the highest non-school educational qualification (from the annual ABS Survey of Education and Work), and the proportion of Australians who have a VET qualification as their highest qualification.

The ABS survey provides an approximate measure of the total skills of the workforce. It considers the highest qualification held by Australians, but does not identify the number of people who may hold a VET qualification as well as a higher education qualification. It also does not consider skills acquired by people in the course of their work or by people who do formal training but do not complete a full course or qualification. Many people participate in the VET system because it offers them the flexibility to acquire skills without completing a full qualification. It is also important to recognise that the VET system does not meet, and is not expected to meet, all skill development needs in Australia.

Source: ABS (2000).

4.4 Future directions in performance reporting

In November 2003, Australian, State, and Territory ministers responsible for VET agreed to a new national VET strategy for 2004–2010, to succeed the 1998–2003 strategy (box 4.3). The new strategy outlines four new objectives for the VET sector over this period (box 4.14). It aims to have a longer timeframe and to be broader and more clearly focused on clients than its predecessor (ANTA 2004b). To complement the new national strategy, ANTA is developing a new performance measurement framework in consultation with jurisdictions, VET providers and major stakeholders.

Box 4.14 Objectives for VET, 2004–2010

The ANTA Ministerial Council agreed in 2003 on four objectives for the VET system for the period 2004–2010:

- to give industry a highly skilled workforce to support strong performance in the global economy
- to place employers and individuals at the centre of VET
- to strengthen communities and regions economically and socially through learning and employment
- to give Indigenous Australians skills for viable jobs and to ensure their learning culture will be shared.

Source: ANTA (2004b).

From July 2005, ANTA will be abolished and its responsibilities will be taken into the Australian Government Department of Education, Science and Training. A Ministerial Council on Vocational Education will be established to ensure continued harmonisation of a national system of standards, assessment and accreditation with goals agreed in a Commonwealth–State Funding Agreement. In the light of these changes in the VET sector, the key performance measures for VET services in this Report will be reviewed to ensure their continuing relevance and appropriateness for the VET sector. Data collection arrangements may also need to be revisited.

4.5 Jurisdictions' comments

This section provides comments from each jurisdiction on the services covered in this chapter. Appendix A contains data that may assist in interpreting the performance indicators presented in this chapter. These data cover a range of demographic and geographic characteristics, including age profile, geographic distribution of the population, income levels, education levels, tenure of dwellings and cultural heritage (such as Indigenous and ethnic status).

New South Wales Government comments

“ NSW has an on-going commitment to ensure that vocational education and training (VET) programs and services respond to industry and community needs. In 2003, 128.3 million hours of training were delivered throughout the state.

The NSW Government is working to ensure that the national shortage of skills in technical and trade occupations does not affect the State's economic growth. In the first half of 2004, NSW saw a 33.5 percent increase in apprenticeship numbers compared to the same period in 2003, with particularly strong growth in building and construction, utilities, electro technology and retail and wholesale. The Government is also investing in pre-apprenticeship training, allocating over \$3.2m for places in critical skill shortage areas between October 2003 and June 2004.

Between 1999 and 2003 NSW achieved real efficiency gains with VET unit costs decreasing by 10 percent. The average cost of VET delivery in NSW was \$14.63 in 2003.

NSW is committed to improving access to VET through the provision of more flexible delivery options, including workplace learning and online learning. NSW continues to develop successful programs to increase the participation rates of Aboriginal and Torres Strait Islanders and other disadvantaged people seeking to access VET. A high priority for NSW is the improvement of literacy rates among groups from disadvantaged backgrounds through access programs that are responsive to their needs.

From 2003, NSW undertook a revision of existing VET frameworks and the development of new frameworks as part of the New HSC. A new framework for Primary Industries was developed for release in 2003. Developmental work is also being undertaken on the Construction and Engineering, Entertainment, Information Technology and the Metal and Engineering frameworks for release in 2004-05.

NSW leads Australia in investment in information and communications technology for education and training. NSW is progressively upgrading the bandwidth for schools and TAFE NSW Institutes, using available technology including Government owned infrastructure and a range of telecommunication carriers. NSW is improving the provision of information technology to students by the provision of e-mail accounts to teachers and students, filtered access to the internet, discussion forums and web hosting facilities.

NSW continues to work on enhancing the opportunities for school students to undertake part of their studies in TAFE NSW campuses providing a wider and enriched curriculum for these students and advanced standing in nationally recognised training.

”

Victorian Government comments

“ In 2003, Victorian registered training organisations provided approximately 531 000 students with over 112 million student contact hours of vocational education and training. This was an increase of 3.7 per cent on 2002 delivery.

Of this total delivery, government funded delivery accounted for over 80.8 million student contact hours, a decrease of 2.4 per cent on 2002. This can be attributed to better targeting of training needs and the diversion of resources to areas of innovation and specialisation. TAFE institutions delivered nearly 63.7 million government funded hours with the remaining 17.1 million government funded hours delivered by ACE and private registered training organisations.

There was further growth in apprenticeships and traineeships in Victoria in 2003. The number of apprentices or trainees in training increased by over 2 per cent to 145 700 at 31 December 2003.

Significant progress was made towards implementing initiatives contained in the VET and higher education Ministerial statements in 2003. This included:

- Funding 15 Specialist Centres and investing in two additional feasibility projects
- Establishing the TAFE Development Centre to improve professional development of the TAFE workforce
- Managing approvals for the delivery of degree programs at TAFE institutions
- The introduction of the Completion Bonus scheme, an incentive for employers to support apprentices and trainees to complete their training
- Pursuing fairer arrangements including a greater share of higher education places in Victoria following the release of the Australian Government statement on Higher Education.

VET in Schools provides a vocationally oriented program of studies that are integrated within the general education framework of the Victorian Certificate of Education (VCE) and Victorian Certificate of Applied Learning (VCAL), broadening senior secondary students' education and labour market options on completing school. The number of students doing VET in Schools continues to expand. Enrolments have grown from 432 in 1994 to 37 685 in 2003.

”

Queensland Government comments

“ Almost 300 000 people¹ participated in vocational education and training (VET) programs in Queensland in 2003, an increase of 54 per cent over the last nine years, although the number declined marginally by 0.3 per cent from 2002 to 2003.

Of these students, 65 per cent or almost 200 000 people were funded from government recurrent expenditure for VET delivered by TAFE institutes, other government providers (excluding schools), community providers and private registered training organisations. Queensland maintains a strong commitment to User Choice principles. In 2003, 9.9 per cent of total government recurrent expenditure on VET in Queensland was paid to non-TAFE providers² for the delivery of services, the second highest proportion in any jurisdiction.

In 2003 Queensland introduced a unique student identifier for all students in the VET system in Queensland to better enable a focus on student outcomes. This may partly explain the reduction in student numbers from 2002.

VET participation by Indigenous people is an important priority in Queensland. The participation rate of Indigenous Queenslanders in 2003 was 9 per cent compared with the national average of 10 per cent. The lower than average participation rate may in part reflect the dispersion of Indigenous communities in Queensland. However, the load pass rate for Indigenous clients was 70 per cent in Queensland, compared with 64 per cent nationally, indicating that Queensland has above average success in delivering training for Indigenous clients.

The proportion of TAFE graduates in Queensland who consider their study helped achieve their main reason for doing the course was higher than the national average in 2003. The proportion of TAFE graduates whose main reason for undertaking a VET course was vocational was also higher than the national average. When the focus is on employed graduates only, 56 per cent of Queensland graduates found the course highly relevant to their job compared with 54 per cent nationally.

It is relatively expensive to deliver services in Queensland, reflecting the State's large geographical area and dispersed population centres. Nonetheless, Queensland has achieved a reduction in the recurrent cost of delivering training from 5.2 per cent above the national average expenditure per adjusted training hour in 1999 to 2.7 per cent above the national average in 2003.

The Queensland Government has established skilling as a key platform of its Smart State strategy. Queensland is continuing to align its programs and funding, including User Choice funding, with the needs of priority industries that will sustain future jobs.

1. Not including privately funded training delivered by private training providers.

2. Includes Agricultural Colleges.

”

Western Australian Government comments

“ The vocational education and training (VET) sector plays a critical role in supporting Western Australia’s growing economy, and is essential for ensuring a supply of skilled workers, particularly in the State’s booming resources sector. This report supports the role that VET plays in the WA economy, with over 92 per cent of graduates employed or in further study after their training.

The State Government’s priorities for vocational education and training (VET) for 2003-04 focus on developing a high quality system of lifelong learning which encourages and facilitates the ongoing engagement of individuals, communities and industry. The key priorities are:

- Increasing retention rates.
- Improving and making easier transfer between VET and universities.
- Increasing the number of apprenticeships and traineeships.
- Strengthening the TAFEWA network.
- Supporting jobs growth.
- Providing better career guidance and preparation for employment.

WA is committed to keeping 15–19 year olds engaged in learning, and the Department of Education and Training is working to strengthen the alignment between industry, education and the training system to create new employment solutions and opportunities for young people. VET participation rates for people aged 15–19 years were 22.5 per cent in WA, higher than the national average of 19.8 per cent.

In 2003, over 100,000 students participated in VET in WA and record numbers continue to apply for full time study at TAFEWA colleges. Results of the 2003 State Student Satisfaction Survey, not covered in this report, show that 85 per cent of VET students in WA were very satisfied or satisfied with their VET course.

In WA, apprentices and trainees in training increased 13 per cent in 2003 from the previous year, compared to eight per cent nationally. Of those apprentices and trainees in training in WA in 2003, 43.5 per cent were aged 19 years and under, compared to the national average of 29.3 per cent.

The Department of Education and Training will be trialling a new School Apprenticeship Link program in 2005. The pilot program offers Year 11 students access to real apprenticeships while they are still at school, and real jobs at the end of the apprenticeships.

The School Apprenticeship Link program is just one example of how the WA VET system continues to meet the needs of industry, the community and students.”

South Australian Government comments

“

The Vocational Education and Training (VET) system in South Australia continues to provide high quality training with excellent employment outcomes for students. The report highlights the following achievements during 2003:

- Maintaining the highest load pass rate in the country (86.7 per cent), 9.6 percentage points higher than the national average (77.1 per cent)
- Reporting 96.1 per cent of recent TAFE graduates were employed or in further study after their training compared to 92.3 per cent nationally
- The best employment outcomes for recent TAFE graduates who were unemployed prior to the course and took the course for vocational reasons (55.5 per cent in SA compared to 44.8 per cent nationally)
- Reporting 78.6 per cent of recent TAFE graduates indicated that their VET course helped or partly helped them achieve their main reason for doing the course (77.7 per cent nationally).

In July 2003, a plan for action to facilitate skills formation in the State was outlined in a Ministerial statement — *New Times, New Ways and New Skills*. The key strategies of the Government's point plan, included:

- Development of a Workforce Development Strategy which will identify likely future skills shortages, promote life long learning, encourage shared responsibility for skill formation between Government, industry and individuals and provide access to training for specific groups who have been disadvantaged or under-represented in the labour market
- A comprehensive review of all TAFE SA programs to ensure the changing needs of learners, enterprises and industries are met
- Creating stronger pathways between employment, TAFE, ACE and the VET sector for young people.

The Training and Skills Development Act was passed in 2003. It provides the legal framework for the VET sector and underpins the apprenticeship and traineeship system, while supporting life long learning through community education. A Training Advocate was appointed in 2003 to assist students and employers in navigating the VET system and to resolve problems and improve the quality and responsiveness of the training system. After reaching their lowest point in 2001 for South Australia, the need to maintain the quality of the system has led to an increase in unit cost.

”

Tasmanian Government comments



This Report demonstrates the Tasmanian VET system's response to the growing industry need for skills as Tasmania's economy continues to grow strongly.

For 2003, Government funded training increased by 12.5 per cent from the previous year, with continued strong growth of 28 per cent reported since 2000.

The major initiative in 2003 was the release of *Tasmania: A State of Learning*, the State's post-compulsory education and training strategy. This is now implemented and will:

- improve young Tasmanians' participation in education and training beyond compulsory schooling
- help build a skilled workforce with the capacity to support Tasmanian business and industry in a growing economy
- enable second chance learning opportunities for people of all ages
- create communities that value life-long learning.

The strong economy and tight labour market combined with new technology, highly competitive international markets and an ageing workforce present significant challenges for the VET system. Measures to alleviate skill shortages are a major focus for the Tasmanian Government, and the Tasmanian public VET system as a primary tool in this task is demanding increasing resources.

While the unit cost of delivery of VET in Tasmania has consistently decreased; demands on the VET system in meeting the needs associated with economic growth, particularly the needs of growing industry sectors such as tourism and agriculture, which are decentralized across Tasmania, mean that this trend is unlikely to continue.



Australian Capital Territory Government comments



The ACT Government remains committed to enhancing social and economic opportunities for its residents. New policy directions by the ACT Government in 2003 emphasise the importance of vocational education and training. The Economic White Paper, and the Social Plan outline a number of initiatives that rely heavily on increased effort and participation in vocational education and training.

The ACT vocational education and training participant profile differs significantly from other jurisdictions. For example, the major employers in the territory are the military and government, having 25 per cent of industry share compared with 4.7 per cent nationally. In this environment the qualifications sought by participants in the ACT are generally biased towards higher qualifications.

There is one major TAFE provider (the Canberra Institute of Technology) and 101 Registered Training Organisations (RTOs) in the ACT. During 2003, the ACT Accreditation and Registration Council conducted 42 Australian Quality Training Framework (AQTF) on-site compliance audits. Six new RTOs were audited against the AQTF Standards. Three Group Training Organisations were audited against the National Standards for Group Training Organisations and 58 courses were accredited under the Australian Qualifications Framework.

A major incident during 2003 was the January 18 bushfires that destroyed around 500 homes. Consequently there was additional demand for training in qualifications related principally to the building and construction industry, as well as emergency services, and health and community services. In addition, there was an increase in demand for recognition of current competencies for unqualified tradespersons.

There has been considerable growth in the uptake of New Apprenticeships compared to 2002. The overall growth of 37 per cent in commencements includes:

- 23 per cent increase in apprentices and trainees
- 400 per cent increase in number of existing workers undertaking training
- 64 per cent increase in New Apprenticeships commencing in the government sector.

Improvements in User Choice arrangements included a streamlined nomination and a change in the bias of funding for completions as a strategy to improve retention and successful completion.

The ACT delivered the highest number of hours per student in 2003, which ranged from 274.0 to 198.1 at the lower end, with a national average of 237.7 hours per student.



Northern Territory Government comments

“

With one per cent of Australia's population spread over the third largest state/territory in area after Western Australia and Queensland, the NT faces unique challenges in the provision of vocational education and training (VET) to Territorians. Out of all States and Territories in Australia, the NT recorded the highest participation rate for females and males aged 15–64 year olds in VET activities (12.3 and 11.8 per cent respectively compared to the national rate of 8.6 and 8.4 per cent).

Indigenous people represent over 29 per cent of the NT's population, which accounts for the NT having the highest incidence of VET students (approximately one in three) who speak a language other than English at home. Due to its size and remoteness, the cost of delivering VET in the NT (\$22.12 per hour of training) is higher than the Australian average (\$13.43 per hour of training). Over half (55 per cent) of the VET students in the NT live in remote areas. Access to VET for all Territorians, whether they live in an urban, regional or remote area of the NT, is a major objective of the department. The NT is striving to achieve this objective by:

- The Jobs Plan: Building the Northern Territory Workforce was launched on 24 November 2003. The Jobs Plan is a comprehensive and coordinated approach to planning for jobs and mapping the future to a skilled, flexible and responsive workforce. It is an integrated three-way planning structure, comprising the Workforce Employment and Training Strategy 2003-2005, Jobs NT and Workforce NT.
- As part of the Jobs Plan, DEET committed to developing an annual report on employment in the Northern Territory. The report is called Workforce NT. It incorporates labour market research and forecasting and will look at issues such as Indigenous employment, industry employment by region and skill shortages across the Territory. Draft chapters of the report have been distributed to stakeholders for validation. The final version will be released in November 2004.
- Individuals and small business were targeted through the GET VET campaign launched in the Northern Territory in November 2003. An evaluation of the campaign showed that awareness of the VET brand increased significantly. Further phases of the campaign will be designed in 2004-05 as part of the Territory's marketing strategy to increase the uptake of VET as an attractive career option.

The Training Remote Youth (TRY) program provides funding to extend VET options to 14 to 19 year old (primarily Indigenous) Territorians in remote localities for those not engaged in school. TRY aims to improve the employability skills of remote youth and assist remote youth to re-engage with school and learning. It is designed to develop partnerships through a tripartite model to increase cooperation and collaboration between schools, registered training organisations and community organizations. In 2003, 27 remote indigenous communities accessed the program. In 2004, DEET has committed funding for 58 programs in 28 communities.

”

4.6 Definitions of key terms and indicators

Adjusted annual curriculum hours	Annual curriculum hours that are adjusted to account for (1) module enrolments reported with an outcome of recognition of prior learning and (2) invalid module enrolments.
Annual curriculum hours	The anticipated hours of supervised learning or training deemed necessary to adequately present the education material. These hours are generally specified in the curriculum documentation and exclude hours associated with field work or work experience. Indicator changed in 1999 to nominal hours — supervised.
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard. This is a specification of information standards for recording and reporting VET inputs (resource module) and activity and outputs (business module). This standard was observed in the collection and preparation of data for this Report.
Community education providers	Community education training organisations that provide information to the NCVET data collection.
Completions	Fulfilment of all of the requirements of a course enrolment or module enrolment.
Contract of training	A contractual agreement between an employer and employee (apprentice or trainee), specifying the competencies to be developed over the period of the contract, and the rights and obligations of each party.
Cost per curriculum hour (average)	Total government recurrent expenditure per total adjusted annual curriculum hour.
Course	A structured sequence of vocational education and training that leads to the acquisition of identified competencies and includes assessment leading to a qualification or statement of attainment.
Enrolment	The registration of a student with a training provider for the purpose of doing a course or module. The enrolment is considered valid only if all fee obligations have been met and the student has attended at least one lesson or submitted at least one piece of work.
Fee-for-service activity	Activity that is funded by fees received from individuals and organisations (other than regulatory student fees), including specifically funded Australian and State government programs (such as labour market programs and Adult Migrant English Services).
Government cost of capital per adjusted annual curriculum hour	Cost to the government of using capital (physical noncurrent assets) to deliver VET services.
Government cost of capital per hour of successful government funded module load completions	Cost to the government of using capital (physical noncurrent assets) per adjusted government funded successful module load completions.

Government funding to private and adult and community providers	Government recurrent expenditure to private and adult and community education (ACE) providers for the delivery of VET services. Expenditure includes payments to secondary schools, other government providers, enterprises, private registered training organisations, ACE providers, industry and local government providers.
Government recurrent VET expenditure per person aged 15–64 years	Total Australian, State and Territory governments' recurrent expenditure, based on 'maintenance of effort' cash expenditure per person aged 15–64 years.
Graduate	A person who has completed a vocational program.
Hours delivered per campus	The ratio of unadjusted VET hours delivered to the number of campuses in each jurisdiction.
Load pass rate	The ratio of students who pass assessment in an assessable module or unit of competency to all students who are assessed and pass, fail or withdraw. The calculation is based on the nominal hours supervised for each assessable module or unit of competency.
Module	A unit of training in which a student can enrol and be assessed.
Net assets of government VET providers per person aged 15–64 years	Net assets (total assets less liabilities) of government owned VET providers per person aged 15–64 years.
Nominal hours — supervised	The anticipated hours of learning or training deemed necessary to adequately present the educational material associated with the delivery of a training program in standard classroom delivery mode. These hours are generally specified in the curriculum documentation and exclude hours associated with work experience, industry placement or field placement. See ' <i>annual curriculum hours</i> '.
Non-English speaking background (NESB) (language spoken at home)	Language other than English spoken at home.
Non-response rate	Proportion of VET students who did not respond to the relevant question.
Non-vocational program of study	Recreation, leisure and personal enrichment courses directed towards the encouragement and development of creative, social and personal pursuits and skills that enable people to make more effective use of leisure time.
Number of campuses	The number of locations at which VET providers delivered VET programs or modules.
Overall employer satisfaction with VET providers	Employer satisfaction with VET training providers (including both TAFE and non-TAFE). It is rated on a scale from 1 to 10, with 1 being 'very dissatisfied' and 10 being 'very satisfied'.
Private provider	A commercial organisation that provides training to individuals and industry.
Real expenditure	Actual expenditure adjusted for changes in prices. Adjustments are made using the non-farm GDP price deflator and expressed in terms of final year prices.
Recurrent funding	Funding provided by the Australian, State and Territory governments to cover operating costs, salaries and rent.

State VET plan	An annual publication by the State training authorities, which outlines the planned training in terms of annual hours, by occupational groupings, for the year ahead (with indicative estimates for the next two years). It also outlines initiatives to meet State and national strategies.
Students per campus	The ratio of the number of students who undertook vocational programs to the number of campuses in each jurisdiction.
Students studying in remote areas	The ratio of the number of students who studied in campuses located in remote areas to the total number of VET students.
Students studying in rural areas	The ratio of the number of students who studied in campuses located in rural areas to the total number of VET students.
TAFE	Technical and further education colleges and institutes, which are the primary providers of government funded VET.
TAFE institute graduates' main reason for undertaking a VET course	Either vocational reasons (to get a job, to try for a different career, to meet job requirements, to get extra job skills) or nonvocational reasons (to get into another course, for personal interest, for other reasons).
Training packages	The basic building blocks for VET programs under the National Training Framework. They are developed by industry and create national standards, programs, qualifications and learning resources.
VET cost per adjusted annual curriculum hour	Government recurrent expenditure per adjusted government funded annual curriculum hours.
VET participation by Indigenous people	The proportion of VET students reported as indigenous compared to the proportion of Indigenous people in the Australian population.
VET participation by NESB people	The proportion of NESB VET students compared with the proportion of people in the Australian population who do not speak English at home.
VET participation rate for people aged 15–64 years	The ratio of the number of people who undertake a VET program or module to the number of people in Australia (or each jurisdiction) aged 15–64 years.
VET participation rate for people of all ages by region	The ratio of the number of people who undertake VET programs or modules in specified geographic areas (that is, capital cities, rural areas, remote areas and other metropolitan areas) to the total population of people in those geographic areas.
VET program	A course or module offered by a training organisation in which clients may enrol.
Vocational program of study	A program of study that is intended to develop competency in skills relevant to the workplace or entry to further education. Includes initial vocational courses and courses subsequent to initial vocational courses. These courses are typically associated with preparatory, operative, trades/skilled and para-professional education and training.
Whether the VET course helped graduates achieve their main reason for doing the course	Whether 'the course helped', 'the course partly helped', 'the course did not help' or the graduates 'cannot say'.

4.7 References

- ABS (Australian Bureau of Statistics) 2000, *Education and Work, Australia*, Cat. no. 6227.0, Canberra.
- 2004, *Disability, Ageing and Carers: Summary of Findings, Australia 2003*, Cat. no. 4430.0, Canberra.
- ANTA (Australian National Training Authority) 1998, *A Bridge to the Future — Australia's National Strategy for Vocational Education and Training 1998–2003*, Brisbane.
- 2003, *Annual National Report 2002: Vocational Education and Training Performance*, volume 3, Brisbane.
- 2004a, *Annual National Report of the Australian Vocational Education and Training System 2003*, Brisbane.
- 2004b, *Shaping Our Future — Australia's National Strategy for Vocational Education and Training 2004–2010*, Brisbane.
- HRSCEET (House of Representatives Standing Committee on Employment, Education and Training) 1998, *Today's Training, Tomorrows Skills*, Canberra.
- NCVER (National Centre for Vocational Education Research) 2002, *Australian Vocational Education and Training Statistics Student Outcomes Survey 2002: National Report*, Adelaide.
- 2003, *Australian Vocational Education and Training Statistics: Student Outcomes Survey 2003*, Adelaide.
- 2004a, *Australian Vocational Education and Training Statistics: Financial Information 2003*, Adelaide.
- 2004b, *Australian Vocational Education and Training Statistics: Students and Courses 2003 (revised August 2004)*, Adelaide.
- SCRCSSP (Steering Committee for the Review of Commonwealth/State Service Provision) 1999, *Payroll Tax in the Costing of Government Services*, Canberra.