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## 4 Vocational education and training

This chapter focuses on the education and training system that delivers employment related skills. The vocational education and training (VET) system 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. It includes publicly and privately funded VET delivered by a wide range of training institutions and enterprises through a number of delivery methods.

This chapter reports on the VET services delivered by providers receiving public funding allocations for VET. These services include the provision of vocational programs of study (see definitions in section 4.7) in publicly owned technical and further education (TAFE) institutes and universities with TAFE divisions, other government and community institutions, and publicly 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 VET is presented in section 4.1, followed by a brief discussion of recent policy developments in section 4.2. A framework of performance indicators is outlined in section 4.3 and the data for these indicators are discussed in section 4.4. Most of the data for these performance indicators are derived from volume 3 of the Australian National Training Authority (ANTA) *Annual National Report 2002* (ANTA 2003). Future directions in performance reporting are presented and discussed in section 4.5. The chapter concludes with jurisdictions' comments in section 4.6. A list of definitions is provided in section 4.7.

### *Supporting tables*

Supporting tables for chapter 4 are provided on the CD-ROM enclosed with the Report. The files are provided in Microsoft Excel 97 format as \Publications\Reports\2004\Attach4A.xls and in Adobe PDF format as \Publications\Reports\2004\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 (<http://www.pc.gov.au/gsp/2004/index.html>). Users

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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 specialist private 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 full time study). All training levels in the VET system need to be assessed because many students complete modules or units of competency (which do not provide a course award) 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 publicly owned TAFE institutes and agricultural colleges, private registered training organisations, and adult community education providers) to secondary schools and universities. Schools and universities have started to 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, employers in the workplace deliver much informal on-the-job training that does not lead to a qualification.

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

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

## **Funding**

Government recurrent expenditure on VET in 2002 totalled \$3.7 billion — a real increase of 4.2 per cent from the 2001 level (table 4A.1). Government recurrent expenditure per person aged 15–64 years ranged from \$551.0 in the NT to \$251.5 in Queensland in 2002. Expenditure per person in NSW, WA, the ACT and the NT was higher than the national average of \$280.3 (table 4A.2).

## **Size and scope**

Approximately 1.65 million<sup>1</sup> people were participating in publicly funded and/or provided VET programs in 2002 (an increase of 0.5 per cent from the number in 2001). Of the target population for VET (15–64 year olds), 11.8 per cent (approximately 1.56 million people) participated in VET in 2002 (table 4A.7). The VET programs were delivered in 85 public training institutions and associated major campuses, 894 training centres run by community education providers and in 5402 training locations run by other registered providers (that is, all other registered training providers, including private providers, that receive government funding for VET delivery) (NCVER 2003a).

The majority of VET students in 2002 (78.2 per cent) were enrolled in TAFE institutes and universities with TAFE divisions (compared with 76.8 per cent in 2001). Community education providers accounted for 12.4 per cent of the total student enrolments, and private registered training organisations serviced the remaining 9.4 per cent of students (NCVER 2003b).

Over 359.5 million hours of VET programs were publicly funded or delivered on a fee-for-service basis by public providers in 2002 — down 4.8 per cent from the 2001 total. Across jurisdictions, this number ranged from 126.8 million hours in NSW to 4.4 million hours in the NT. The number of annual hours delivered per student ranged from 331 in the ACT to 190 in SA. The national average was 218 hours per student, compared to 230 hours in 2001 (table 4A.3).

In 2002, 87.7 per cent of all VET hours were delivered through TAFE institutes and universities with TAFE divisions (compared with about 86.7 per cent in 2001). Private registered training organisations provided 8.9 per cent of VET hours, while

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<sup>1</sup> VET student numbers exclude schools collections and have been adjusted for recognition of prior learning, credit transfer and students that enrolled but did not participate.

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the remaining 3.5 per cent were delivered by adult and other community education providers (NCVER 2003b).

The infrastructure (noncurrent physical assets) of government owned TAFE institutes and TAFE divisions of universities was valued at \$6.2 billion at 31 December 2002, of which 92.9 per cent comprised the value of land and buildings (NCVER 2003c). The value of net assets of these institutes was \$466.8 per person aged 15–64 years. The value per person varied across jurisdictions, ranging from \$1017.0 in the NT to \$357.0 in Queensland (table 4A.4).

## **Roles and responsibilities**

The national VET system is a cooperative arrangement between the Australian, State and Territory governments, industry, equity groups 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. The Australian Government established ANTA to provide a national focus for VET. ANTA has an industry-based board which advises the ANTA Ministerial Council. ANTA and State and Territory governments have arrangements under which industry provides advice about skill needs, training requirements and other training issues (figure 4.1).

### *State industry training advisory arrangements*

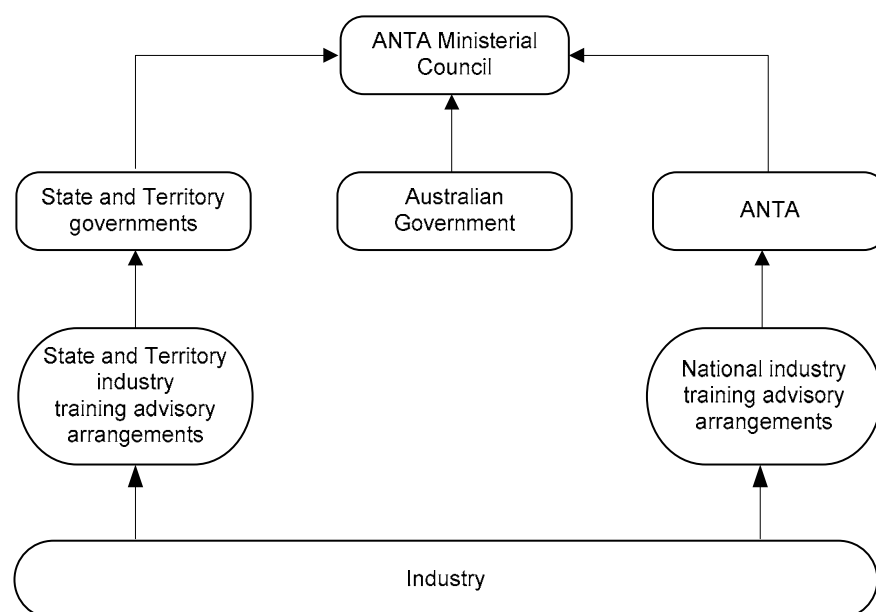
In the past, Industry Training Advisory Bodies (ITABs) have been the key conduits for advice and information between the VET system and industry. Following a decision by the Australian Government to cease its contribution to State and Territory ITABS in 2002, State and Territory governments have reviewed their industry advisory arrangements. Most jurisdictions have maintained ITABs either on an interim basis or with a changed role. Tasmania replaced 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.

### *National industry training advisory arrangements*

In 2003, the ANTA board decided to take a new approach to exchanging advice and information with industry, whereby 10 new industry skills councils will be created to progressively replace the 23 existing ITABs and six recognised bodies. The councils will be responsible for providing accurate industry intelligence to the VET sector about current and future skills needs and training requirements, and

supporting the development, implementation and continual improvement of quality nationally recognised training products and services (including Training Packages). In addition to the skills councils, a high level national industry skills forum involving key industry stakeholders will be held twice per year. The first forum was held in September 2003.

Figure 4.1 Policy advice and decision making within the VET system



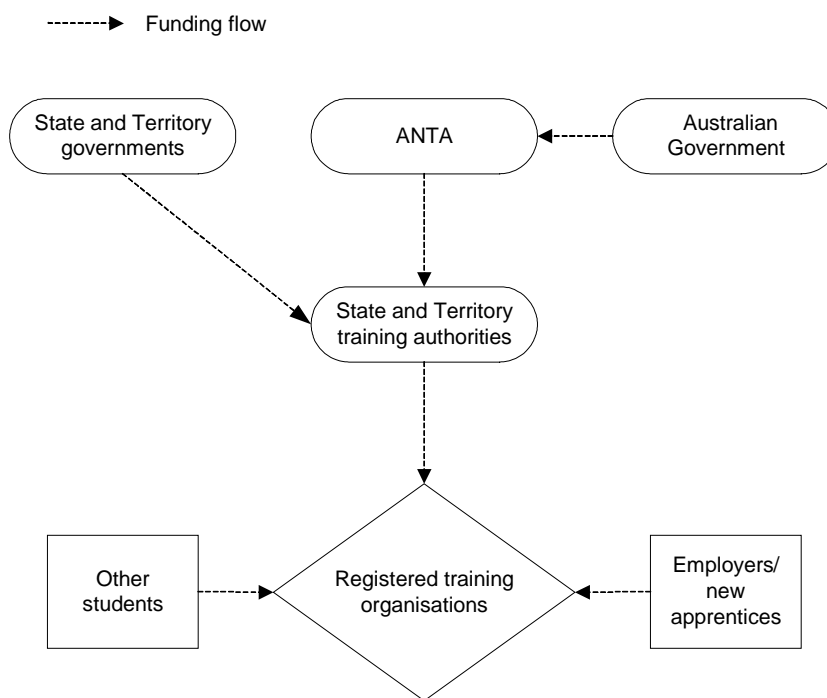
### *VET funding flows*

State and Territory governments provide funding for VET services through the State and Territory training authorities. They provided 73.3 per cent of government recurrent funding in 2002 (compared to 73.5 per cent in 2001), while the Australian government provided the remainder (NCVER 2003c). 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 fees recovered from individuals and organisations for fee-for-service programs, ancillary trading revenue, other operating revenue and revenue from Australian Government specific purpose funds (figure 4.2).

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Figure 4.2 Funding flows within the VET system

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### Allocation of VET funding

The majority of government VET funds are allocated to major public providers based on the planned activity of State and Territory training authorities (which plan the amount of annual curriculum hours to be delivered in each field of study). Funding of non-TAFE providers for VET delivery was \$311 million in 2002 — a 4.9 per cent decrease in real terms from the 2001 level. This decrease was due mainly to a \$30 million decrease for NSW due to many payments programmed for the 2001-02 financial year being made in the 2001 calendar year (table 4A.5). The proportion of total government recurrent funding allocated for payments to non-TAFE providers for VET delivery varied across jurisdictions in 2002 — from 12.1 per cent in Queensland to 3.0 per cent in NSW.

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

- *competitive tendering*, whereby public and private registered training organisations compete for funding contracts from State and Territory training authorities in response to government offers (tenders)

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- *user choice*, whereby the employer and apprentice/trainee choose a registered training provider and negotiate key aspects of their training, and then public 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 \$714.1 million of public VET funding was allocated on a competitive basis in 2002 (including user choice arrangements) — 9.4 per cent less in real terms than in 2001 (table 4A.6). The degree of competition in the tendering process varies across jurisdictions. Some funds are potentially available to both public and private registered training organisations (open competitive tendering), while some tendering is restricted to either public 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. Both 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).

**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 publicly 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 publicly 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).

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## 4.2 Policy developments in vocational education and training

As part of the planning and accountability arrangements for the national VET system, ministers agreed in May 2002 to the following seven annual national priorities for 2003. The intent of the annual national priorities is to focus action in specific areas. At the same time work will continue on achieving the broader objectives of expanding VET (including New Apprenticeships) and improving the quality and efficiency of the system.

- *Strengthen and promote the image and role of VET in Australia* in relation to employment and the role of VET in supporting innovation in business and industry.
- *Improve pathways between the VET sector and the schools and higher education sectors.* This improvement will be achieved by implementing a new VET in Schools Framework and allowing more students the opportunity to benefit from credit transfer and articulation arrangements between VET and higher education.
- *Enhance the capability of VET professionals to provide quality learning experiences for clients and to facilitate innovative partnerships between training organisations, enterprises and communities.* This priority involves a stronger focus on teaching and learning methods, including the application of technology and high quality assessment practices at the provider level. Educational leadership skills within registered training organisations will be further developed to support the implementation of training packages in response to local needs.
- *Achieve the agreed outcomes from Bridging Pathways (the national strategy for increasing opportunities for people with a disability in VET), and Partners in a Learning Culture (the national strategy for Aboriginal and Torres Strait Islander people in VET).* This priority involves improving participation in, and the outcomes from, VET for people with a disability, and the improvement of employment outcomes for Aboriginal and Torres Strait Islander people who complete their VET studies.
- *Achieve improved training outcomes for older workers.*
- *Improve the client focus of VET, particularly for individuals and small business.* This priority involves improving accessibility to VET information and the reduction of complexities within the VET system.
- *Improve the quality, flexibility and implementation of training packages* to better meet client needs, particularly for individuals and small businesses.

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## 4.3 Framework of performance indicators

For the 2004 Report, the framework has been revised to provide information on equity, efficiency and effectiveness, and to distinguish the outputs and outcomes of government services for the VET sector. This approach is consistent with the revised general performance indicator framework and service process diagram in chapter 1 (figures 1.2 and 1.3) that have been agreed by the Steering Committee.

The framework of performance indicators for VET (figure 4.3) is built around a set of shared VET objectives established under the National Strategy for 1998–2003 (box 4.3). The performance indicators reflect the national VET objectives — for example, 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 the world of work; and recurrent expenditure per adjusted annual curriculum hour is an indicator of the extent to which the value of public VET expenditure is maximised.

### Box 4.3 Objectives for VET

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

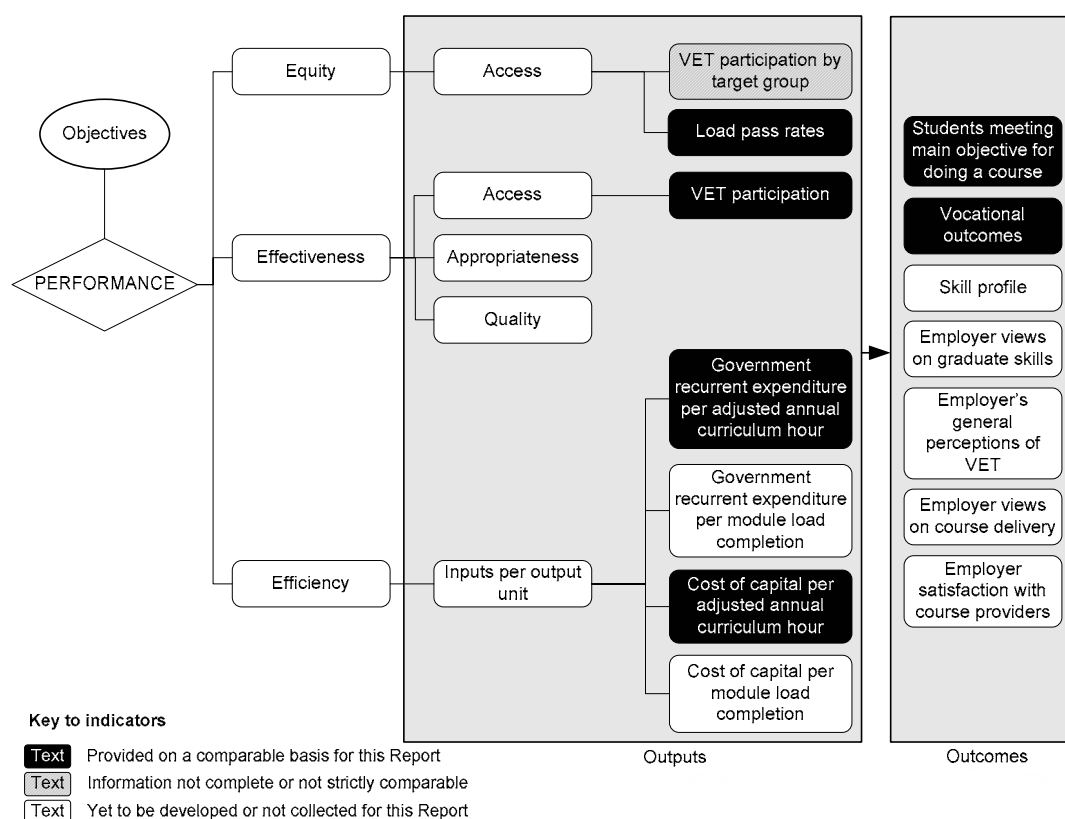
- to achieve equitable outcomes in VET
- to enhance mobility in the labour market
- to equip Australians for the world of work
- to maximise the value of public VET expenditure.

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 2004 Report. For data that are not considered strictly 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



## 4.4 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, Indigenous people, people with a disability, residents of rural and remote communities, and people from non-English speaking backgrounds (NESB). This section includes indicators of access to VET by these equity groups.

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### *VET participation by target equity groups*

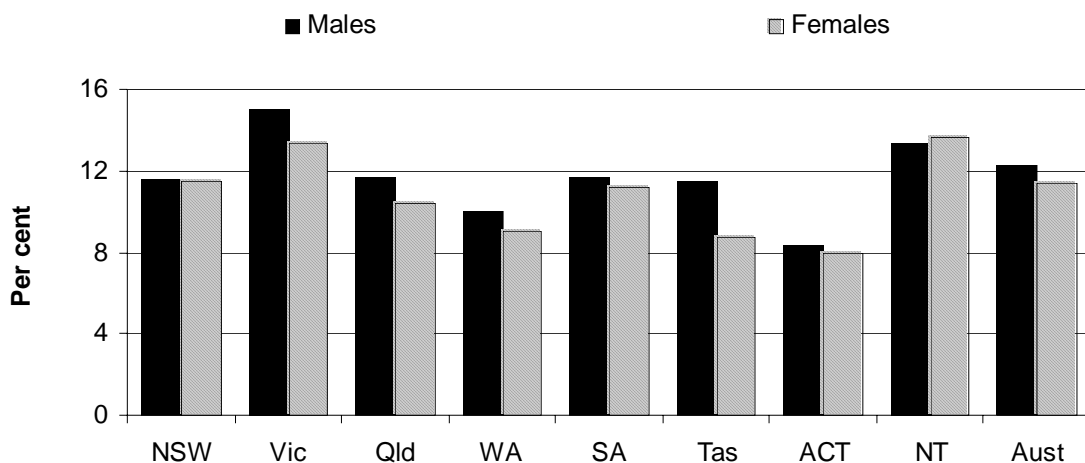
The VET participation of target equity groups, compared with their representation in the general population, may reflect the effectiveness of current strategies to increase access to VET for disadvantaged groups. Care needs to be taken in interpreting the participation rates presented for Indigenous people, people with a disability and NESB people because (1) the data depend on self-identification at the time of enrolment, and (2) the number of nonresponses (that is, students who did not indicate whether they belong to these groups) varied across jurisdictions.

### *Females*

Traditionally, males have had a higher VET participation rate than that of females. Nationally, this pattern continued in 2002, with 12.2 per cent of 15–64 year old males participating in VET, compared with 11.4 per cent of females in the same age group. However, in the NT, the female participation rate was higher than the male rate (figure 4.4).

Figure 4.4 **VET participation rates for people aged 15–64 years, by gender, 2002**

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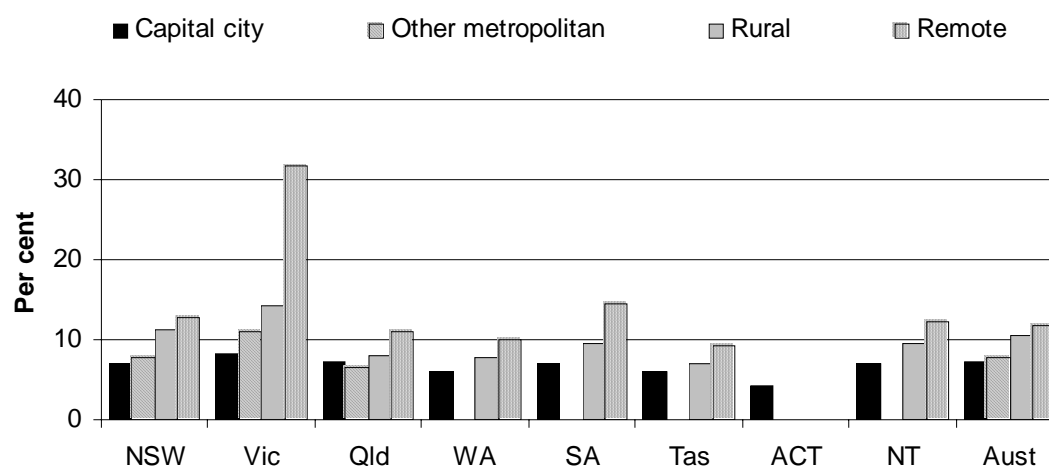
Source: NCVET (unpublished); table 4A.8.

### *People from rural and remote areas*

Nationally, the participation rate was higher for people from rural (10.6 per cent) and remote (11.7 per cent) areas than for those from other geographic regions (7.2 per cent for capital cities and 7.7 per cent for other metropolitan). The participation rate for rural areas was highest in Victoria (14.1 per cent) and lowest

in Tasmania (7.1 per cent). The participation rate for remote areas was also highest in Victoria (31.7 per cent) and lowest in Tasmania (9.2 per cent) (figure 4.5). Employment opportunities and the availability of other education services in rural and remote areas may affect the level of VET participation in these areas.

Figure 4.5 VET participation rates, by region, 2002<sup>a, b</sup>



<sup>a</sup> For WA, SA, Tasmania and the NT the number of students from other metropolitan areas is too small to calculate meaningful rates. <sup>b</sup> For the ACT, the number of students from other metropolitan and rural areas is too small to calculate meaningful rates. There are no remote areas in the ACT.

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

### Indigenous people

In 2002, the proportion of VET students who identified as Indigenous ranged from 44.8 per cent in the NT to 0.9 per cent in Victoria (table 4.1).

Table 4.1 VET participation, by Indigenous status, 2002 (per cent)

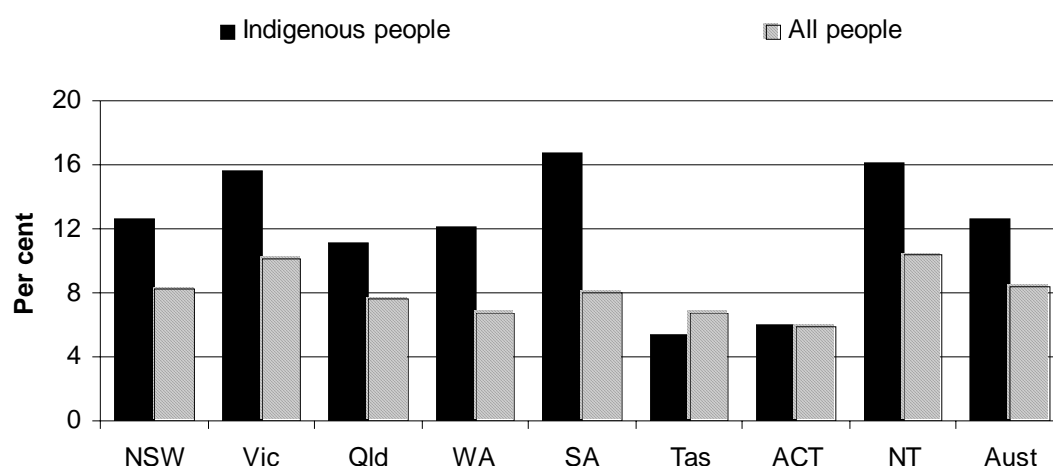
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Students reported as Indigenous	3.1	0.9	4.9	6.1	3.5	2.9	1.2	44.8	3.5
Students reported as non-Indigenous	75.2	77.4	81.5	60.6	80.8	91.0	96.8	51.6	76.5
Indigenous status not reported	21.6	21.7	13.6	33.2	15.7	6.0	2.0	3.6	20.0
Proportion of the Australian population reported as Indigenous <sup>a</sup>	2.1	0.6	3.5	3.5	1.7	3.7	1.2	28.8	2.4

<sup>a</sup> The proportion of the Australian population who reported as Indigenous differs from the data in ANTA (2003) because the figures reported here are calculated using Australian Bureau of Statistics (ABS) estimated resident Indigenous population data (table A.7).

Source: ANTA (2003); ABS (unpublished); tables A.2, A.7 and 4A.10.

The all ages VET participation rate was higher for Indigenous people than that for all people in all jurisdictions except Tasmania and the ACT in 2002 (figure 4.6). Nationally, the participation rate for Indigenous people was 12.7 per cent compared with 8.4 per cent for all people.

Figure 4.6 **VET participation rates for all ages, by Indigenous status, 2002<sup>a, b</sup>**



<sup>a</sup> The Indigenous participation rate is the number of students who reported being Indigenous as a percentage of the total Indigenous population. <sup>b</sup> Care needs to be taken in interpreting these data as the Indigenous population data has a lower age profile than the non-Indigenous population. Participation rates for all ages are likely to differ from participation rates for working age populations.

Source: ANTA (2003); ABS (unpublished); tables A.2, A.7 and 4A.10.

### *People with a disability*

Nationally, 4.9 per cent of VET students identified themselves as having a 'permanent or significant disability'. Tasmania had the highest percentage of students reporting a disability (7.0 per cent) and WA had the lowest (3.9 per cent) (table 4.2). No comparable data are available on the proportion of the population with a disability.

Table 4.2 **VET participation, by disability status, 2002 (per cent)**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Students who reported having a disability	5.9	4.4	4.3	3.9	4.1	7.0	4.4	4.0	4.9
Students who reported not having a disability	72.1	88.2	81.2	61.4	83.4	86.9	93.4	90.1	79.3
Not reported	21.9	7.3	14.5	34.7	12.5	6.1	2.2	5.9	15.9

<sup>a</sup> Disabilities include visual/sight/seeing, hearing, physical, intellectual, chronic illness, and other disabilities.

Source: ANTA (2003); table 4A.11.

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### *People from non-English speaking backgrounds*

The percentage of VET students speaking a language other than English at home ranged from 29.7 per cent in the NT to 3.5 per cent in Tasmania. The percentage of VET students that identified themselves as speaking a language other than English at home was below the percentage for this group in the general population for all jurisdictions except the NT (table 4.3).

**Table 4.3 VET participation, by language spoken at home, 2002 (per cent)**

	<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>
Students speaking a language other than English at home	15.8	12.3	4.9	8.4	9.3	3.5	8.6	29.7	11.7
Speaking English at home	63.1	70.9	87.0	58.8	73.6	91.5	83.6	61.6	70.7
Language spoken at home not reported	21.1	16.8	8.0	32.8	17.2	5.0	7.8	8.7	17.6
Proportion of Australian population reported as speaking a language other than English at home <sup>a</sup>	19.0	20.0	7.1	11.3	11.8	3.1	13.6	22.8	15.2

<sup>a</sup> The proportion of the population reported as speaking a language other than English at home is calculated using ABS 2001 Census data.

Source: ANTA (2003); tables A.5 and 4A.12.

### *Load pass rates*

Load pass rates report the extent to which students pass assessment in an assessable module or unit of competency. Care needs to be taken in comparing data because average module durations and competency standards achieved by students vary across jurisdictions. Load pass rates (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) are provided in this section for equity groups and all students. The calculation is based on the nominal hours supervised for each assessable module or unit of competency.

The load pass rates for equity groups, relative to those for the general student population are a measure of the effectiveness of strategies to improve outcomes for disadvantaged groups. Nationally, the load pass rates for students from remote areas (75.6 per cent), Indigenous students (63.8 per cent), students reporting a disability (68.2 per cent) and students speaking a language other than English at home (71.7 per cent) were below the national average (77.3 per cent) in 2002. The load pass rates achieved by female students (77.8 per cent) and students from rural areas (78.6 per cent) were above the national average (table 4.4).

In 2002, load pass rates were higher for female students than for all students in all jurisdictions except the NT, although the differences were relatively small. Rural and remote students generally performed at levels close to those for all students. The gap between load pass rates for Indigenous students and those for all students was highest in WA (22.6 percentage points) and lowest in the ACT (3.6 percentage points).

Load pass rates were consistently lower for students with a disability than for all students, with the greatest gap being in Queensland (11.0 percentage points) and the lowest being in the ACT (4.8 percentage points). The gap between load pass rates for NESB students and all students was greatest in the NT (12.4 percentage points) and lowest in Tasmania (0.6 percentage points). Care needs to be taken in making jurisdictional comparisons of load pass rates for Indigenous students, students with a disability and NESB students, given the high non-identification rates for these groups.

**Table 4.4 Load pass rates, by target groups, 2002 (per cent)<sup>a</sup>**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT<sup>c</sup></i>	<i>NT</i>	<i>Aust</i>
All people	76.4	77.1	77.8	72.7	87.7	77.5	80.2	71.4	77.3
Target groups									
Female students	76.5	78.0	78.7	72.9	88.6	79.2	82.7	70.0	77.8
Rural area students	75.9	78.5	80.5	74.7	91.7	77.0	na	74.5	78.6
Remote area students	74.7	81.3	82.6	69.3	93.0	78.0	..	69.5	75.6
Students who reported being Indigenous	61.5	64.4	71.9	50.1	74.5	70.7	76.6	62.4	63.8
Students who reported having a disability <sup>b</sup>	68.3	67.5	66.8	62.8	81.9	68.2	75.4	66.0	68.2
Students who reported speaking a language other than English at home	73.3	70.9	67.1	64.9	81.4	76.9	73.2	59.0	71.7

<sup>a</sup> For Victoria in 2002, nominal hours supervised have not been recorded for all units of competency; instead, scheduled hours have been used to calculate load pass rates. <sup>b</sup> Disabilities include visual/sight/seeing, hearing, physical, intellectual, chronic illness and other disabilities. <sup>c</sup> For the ACT, the number of students from rural areas is too small to calculate meaningful rates. There are no remote areas in the ACT. **na** Not available. **..** Not applicable.

Source: ANTA (2003); tables 4A.13–4A.17.

## *Effectiveness*

### *VET participation*

The extent of VET participation indicates access to the VET system. The number of people participating in VET nationally in 2002 was approximately 1.65 million (8.4 per cent of the general population). Within the working age population (15–64

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year olds), approximately 1.56 million (11.8 per cent) participated in VET. Participation rates for 15–64 year olds were highest in Victoria (14.2 per cent) and lowest in the ACT (8.2 per cent). Young people (15–24 year olds) comprised 37.3 per cent of all VET students. This age group had the highest VET participation rate (22.6 per cent) (table 4A.7).

### *Efficiency*

Over the period of the ANTA agreement (2001–03), current at the time of publication, States and Territories reaffirmed their commitment to maximising the value of public expenditure on VET and agreed to achieve improved efficiency levels (ANTA 2003). An indicator of efficiency is the level of government inputs per unit of output (unit cost). The unit cost indicator reported here is recurrent cost per annual curriculum hour. Recurrent cost per government funded successful module load completion has been reported as an efficiency indicator in past reports, but is not reported this year due to data collection issues.

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 of similar types
- differences between States and Territories, including sociodemographic composition, administrative scale, course mix and dispersion, and scale of service delivery
- the industry mix in a jurisdiction and its effect on the nature of courses required
- VET policies and practices, including the level of fees and charges paid by students.

The Steering Committee decided in 1998 that a user cost of capital should be included, where possible, as part of the costs for each government service reported. The user cost of capital is calculated by applying a jurisdiction cost of capital rate to the value of government assets. 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 (box 4.4). 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.

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#### Box 4.4      **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. Where the full costs cannot be counted, costs should be estimated on a consistent basis.

The Steering Committee has identified the following four areas that could diminish the comparability of costs across government and private providers:

- Superannuation costs are included in cost estimates for VET. It is recommended that superannuation 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). The user cost of capital represents the opportunity cost to government of the funds tied up in VET assets. Excluding the user cost of capital from accrued costs lowers 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. It is recommended that payroll tax be costed to unit cost estimates to achieve comparability across government and private providers, and across jurisdictions (SCRCSSP 1999).

*Source:* SCRCSSP (1998, 1999).

#### *Unit cost — government expenditure per hour of delivery*

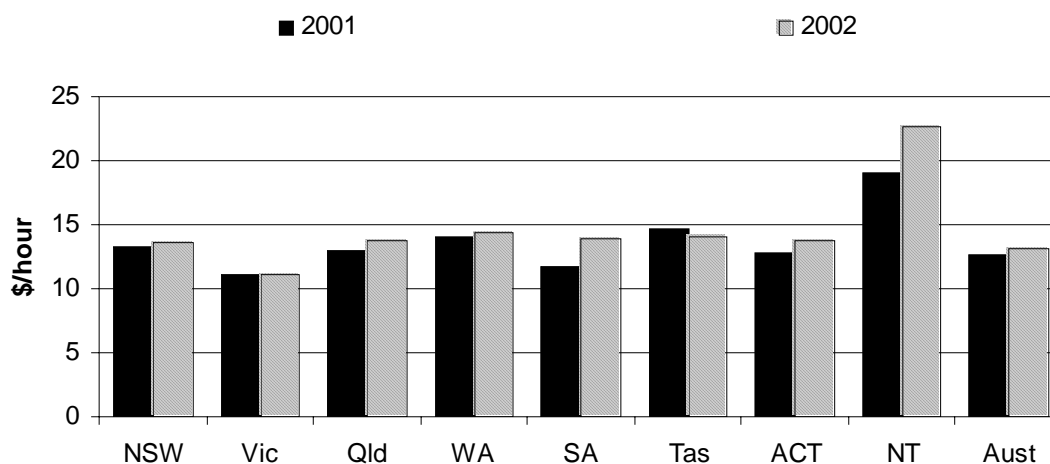
Unit costs are reported in terms of total government recurrent expenditure per annual curriculum hour, adjusted to account for invalid enrolments, recognition of prior learning and course mix differences across jurisdictions.<sup>2</sup> Financial and activity data from States and Territories are reported within an agreed scope to ensure unit costs accurately reflect the relative efficiency of government service provision across jurisdictions. Data used in the calculation of unit cost are derived from data sets that comply with the Australian Vocational Education and Training Management Information Statistical Standard. Both activity (nominal hours — supervised) and financial data are audited under arrangements with the States and Territories.

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<sup>2</sup> Other unaccounted external influences on the unit cost of VET provision include the population density and the provision of VET for disadvantaged groups (see appendix A).

Recurrent expenditure per adjusted annual curriculum hour of government funded VET programs in 2002 ranged from \$22.59 in the NT to \$11.16 in Victoria. Nationally, real recurrent expenditure per adjusted annual curriculum hour increased between 2001 and 2002, with Tasmania being the only jurisdiction to report a real decrease in this period (figure 4.7).

Figure 4.7 **Government real recurrent expenditure per adjusted annual curriculum hour (2002 dollars)<sup>a</sup>**



<sup>a</sup> 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. The payroll tax estimate increased government real recurrent VET expenditure per adjusted annual curriculum hour in the ACT by \$0.50 in 2001 and by \$0.53 in 2002.

Source: ANTA (2003); NCVET (2003c); table 4A.18.

The full cost of VET service delivery includes both the cost of capital and recurrent costs. The Steering Committee acknowledges the potential for differences in some input costs (for example, land values) to 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 for other assets, to allow users assessing the results to consider any differences in land values among jurisdictions (table 4.5).

**Table 4.5 Cost of capital per adjusted annual curriculum hour, 2002<sup>a</sup>**

	<i>Unit</i>	<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>
Cost of capital for noncurrent physical assets										
Land	\$m	25.0	28.5	9.2	6.9	3.2	0.7	0.6	0.5	74.5
Buildings	\$m	126.9	94.7	61.0	32.8	27.4	9.6	8.8	10.2	371.4
Plant, equipment and motor vehicles	\$m	6.2	10.4	3.9	3.1	3.3	1.1	0.3	0.6	29.0
Other	\$m	0.3	1.3	0.4	0.5	2.6	0.1	–	–	5.3
<b>Total</b>	<b>\$m</b>	<b>158.4</b>	<b>134.8</b>	<b>74.5</b>	<b>43.3</b>	<b>36.5</b>	<b>11.6</b>	<b>9.6</b>	<b>11.3</b>	<b>480.2</b>
Adjusted annual curriculum hours										
	million	98.3	78.2	45.0	25.1	20.0	5.7	5.4	3.7	281.3
Cost of capital per adjusted annual curriculum hour <sup>b</sup>										
	\$/hour	1.65	1.70	1.64	1.67	1.82	1.99	1.82	3.34	1.71

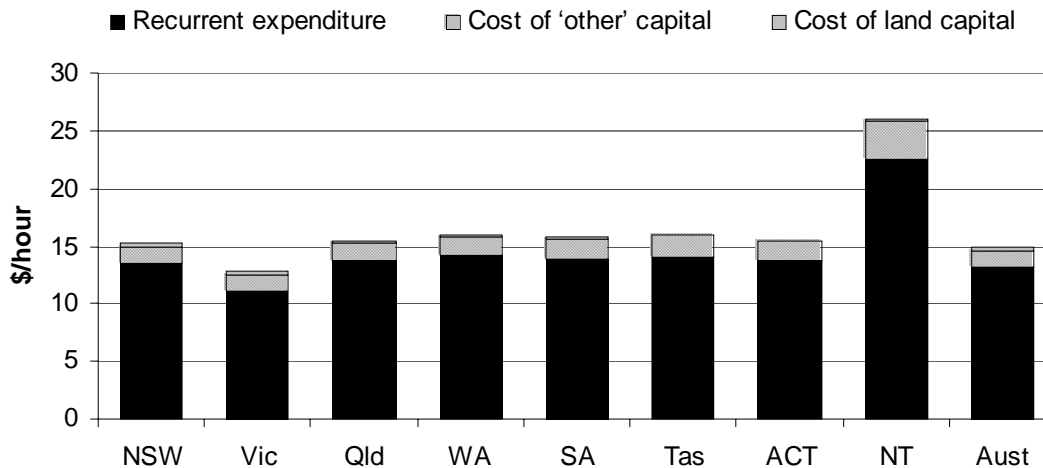
<sup>a</sup> Totals may not add as a result of rounding. <sup>b</sup> Adjusted for course mix weight. – Nil or rounded to zero.

Source: ANTA (2003); NCVET (2003c); table 4A.19.

The total cost of government owned capital per adjusted annual curriculum hour varied across jurisdictions in 2002, ranging from \$3.34 in the NT to \$1.64 in Queensland (table 4.5). Excluding land assets, the government cost of capital per adjusted annual curriculum hour in 2002 ranged from \$3.19 in the NT to \$1.34 in Victoria (table 4A.19).

The national full cost to government of funding VET per adjusted annual curriculum hour in 2002 was \$14.85 (recurrent cost of \$13.14, plus cost of land of \$0.26 and cost of ‘other’ capital of \$1.44). Across jurisdictions, this cost ranged from \$25.93 in the NT to \$12.86 in Victoria (figure 4.8). Care needs to be taken in interpreting these results because the asset data used to calculate cost of capital are not as reliable as the recurrent cost data.

Figure 4.8 **Total government VET costs per adjusted annual curriculum hour, 2002<sup>a, b</sup>**



<sup>a</sup> 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 presented. The payroll tax estimate increased government recurrent VET expenditure per adjusted annual curriculum hour in the ACT by \$0.53 in 2002. <sup>b</sup> 'Other' capital includes buildings, plant, equipment, motor vehicles and other capital.

Source: ANTA (2003); NCVER (2003c); 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*

In 2002, ANTA commissioned the National Centre for Vocational Education Research (NCVER) to undertake the Student Outcomes Survey to ascertain training outcomes for students who completed at least one module of VET at TAFE institutes or universities in Australia in 2001. The survey targeted students who had graduated with a qualification from a course (graduates) and students who had 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). The data collected about TAFE graduates and TAFE 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.

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Data collection for the 2002 survey involved the mailing of questionnaires to a randomly selected sample of graduates and module completers. The sample was stratified by TAFE institute, field of study, gender and age. Responses were received from around 42 000 graduates and 8000 module completers, representing national response rates of 52 per cent and 48 per cent respectively. Responses were weighted to population benchmarks to minimise nonresponse bias.

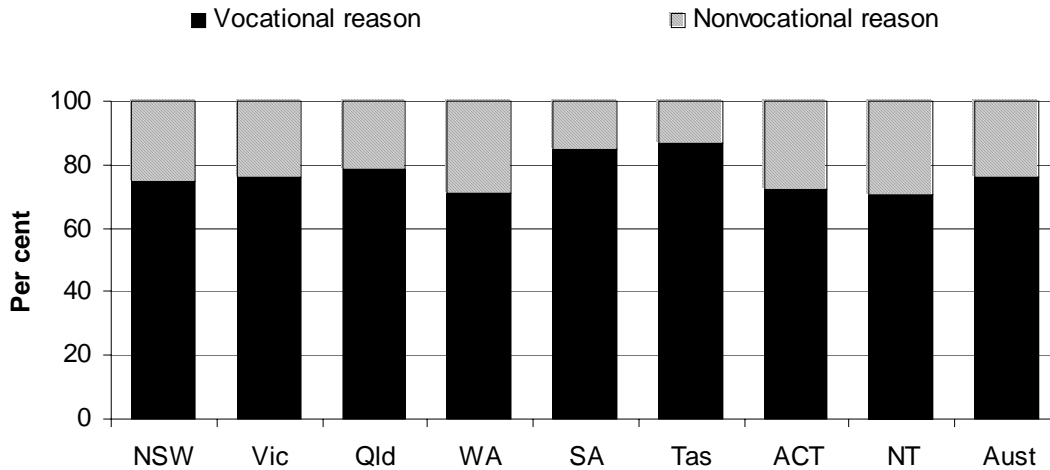
Given that the Student Outcomes Survey collects the opinions of a sample of students, the results are only estimates of the opinions of the total student population. The precision of survey estimates depends on the survey sample size and the distribution of sample responses. Consequently, jurisdictional 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).

Care needs to be taken when comparing State and Territory information, 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, the indicators of employment outcomes for VET graduates may be affected by economic parameters that are beyond the control of the TAFE system.

#### *Main reason for undertaking VET course*

The 2002 Student Outcomes Survey (NCVER 2002) asked TAFE institute students who had graduated in 2001 to nominate their main reason for having undertaken a VET course. Nationally, 75.9 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 86.8 per cent in Tasmania to 70.2 per cent in the NT (figure 4.9).

Figure 4.9 TAFE graduates' main reason for having undertaken a VET course, 2002<sup>a</sup>



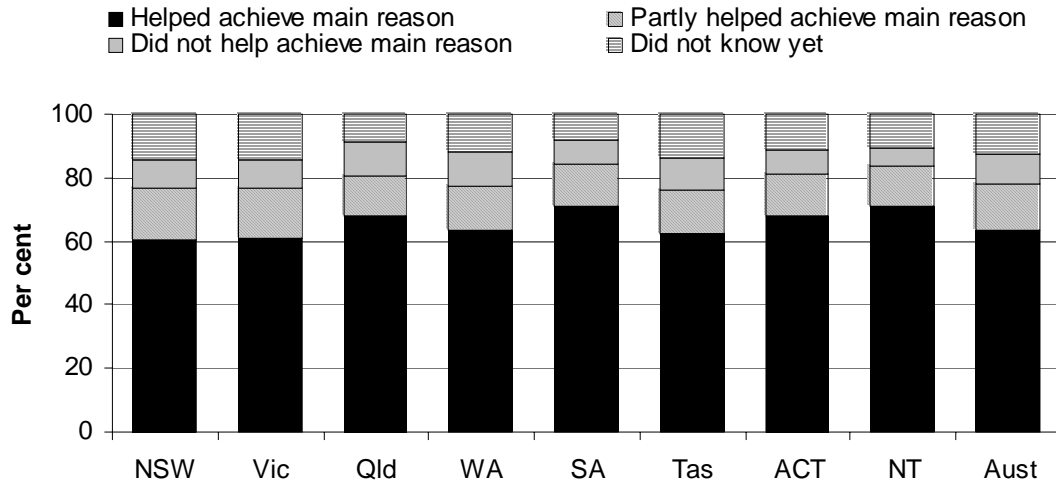
<sup>a</sup> The 95 per cent confidence intervals for these estimates can be found at table 4A.21.

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

### *Meeting the main objectives of doing a VET course*

Nationally, 78.2 per cent of graduates indicated that the VET course helped or partly helped them achieve their main reason for doing the course. Across jurisdictions, the proportion ranged from 84.2 per cent in SA to 76.3 per cent in Tasmania (figure 4.10). Of graduates from ANTA designated equity target groups, those from remote areas were more likely to indicate that the course helped or partly helped them achieve their main reason for doing the course (85.6 per cent), while graduates reporting a disability were the least likely to do so (67.9 per cent) (table 4A.22).

Figure 4.10 **Whether VET course helped TAFE institute graduates achieve their main reason for doing the course, 2002<sup>a</sup>**



<sup>a</sup> The 95 per cent confidence intervals for these estimates can be found at table 4A.23.

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

### *Vocational outcomes of VET graduates*

Of the surveyed TAFE institute graduates who were unemployed before the course and took the course for vocational reasons, 45.3 per cent indicated that they were employed after the course (table 4.6). Of those graduates employed before the course who undertook the course for vocational reasons, 90.0 per cent were still employed after the course (table 4.7). Jurisdictional comparisons of employment outcomes need to be made with care because high standard errors are associated with these survey estimates. Any comparisons also need to take into account the general economic conditions in each jurisdiction (appendix A).

**Table 4.8 Labour force status after the course of graduates who were unemployed before the course and took the course for vocational reasons, 2002 (per cent)<sup>a</sup>**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT<sup>b</sup></i>	<i>NT<sup>b,c</sup></i>	<i>Aust</i>
Employed	40.5 (2.8)	44.9 (3.3)	50.1 (2.8)	49.3 (4.2)	61.6 (6.1)	51.5 (6.4)	59.3 (13.5)	53.9 (21.3)	45.3 (1.5)
Unemployed	42.0 (2.8)	38.6 (3.2)	33.3 (2.7)	36.3 (4.1)	26.8 (5.6)	34.1 (6.1)	27.8 (12.3)	29.8 (19.5)	38.2 (1.4)
Not in labour force	16.0 (2.1)	14.5 (2.3)	15.6 (2.1)	13.9 (2.9)	11.3 (4.0)	14.1 (4.5)	13.0 (9.2)	na	15.3 (1.1)

<sup>a</sup> The standard errors corresponding to a 95 per cent confidence interval for the percentage estimates are reported in parentheses below the estimate. <sup>b</sup> The estimates for graduates not in the labour force in the ACT and for graduates unemployed in the NT have relative standard errors of 25–50 per cent and need to be used with caution. <sup>c</sup> The estimate for graduates not in the labour force in the NT has a relative standard error greater than 50 per cent and is considered too unreliable for general use. **na** Not available.

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

**Table 4.9 Labour force status after the course of graduates who were employed before the course and took the course for vocational reasons, 2002 (per cent)<sup>a</sup>**

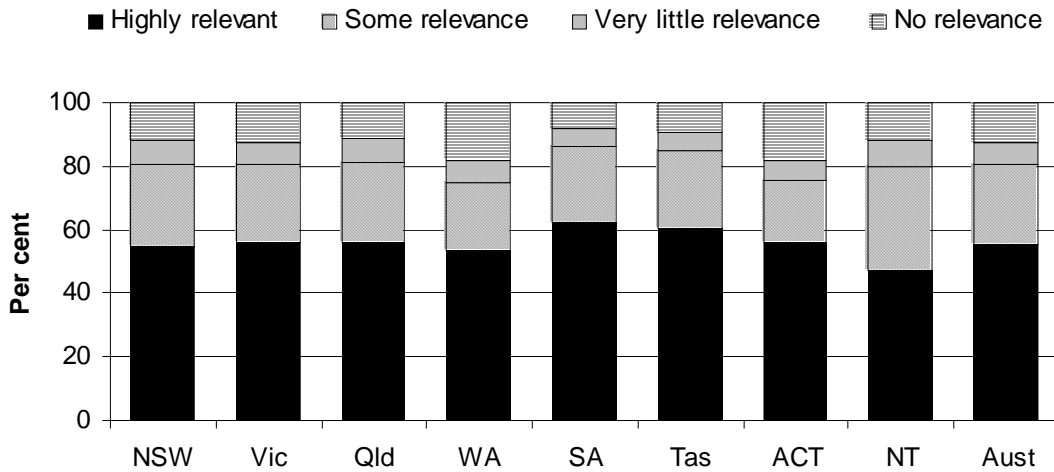
	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT<sup>b,c</sup></i>	<i>Aust</i>
Employed	90.2 (0.8)	89.4 (1.0)	89.2 (0.9)	88.6 (1.2)	93.6 (1.2)	89.7 (2.1)	92.2 (2.5)	93.3 (3.4)	90.0 (0.4)
Unemployed	5.6 (0.6)	5.6 (0.7)	5.9 (0.7)	6.0 (0.9)	3.7 (0.9)	6.8 (1.8)	4.0 (1.8)	na	5.6 (0.3)
Not in labour force	3.9 (0.5)	4.7 (0.7)	4.6 (0.6)	5.1 (0.8)	2.6 (0.7)	3.3 (1.3)	3.5 (1.7)	5.6 (3.1)	4.2 (0.3)

<sup>a</sup> The relative standard errors corresponding to a 95 per cent confidence interval for the percentage estimates are reported in parentheses below the estimate. <sup>b</sup> The estimate for graduates not in the labour force in the NT has a relative standard error of 25–50 per cent and needs to be used with caution. <sup>c</sup> The estimate for graduates unemployed in the NT has a relative standard error greater than 50 per cent and is considered too unreliable for general use. **na** Not available.

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

Of the employed TAFE institute graduates who undertook the course for vocational reasons, 80.4 per cent reported that the course was highly relevant or of some relevance to their main job. This proportion ranged from 86.1 per cent in SA to 74.7 per cent in WA (figure 4.11). Nationally, 70.6 per cent of graduates who undertook their course for vocational reasons reported at least one work related benefit from completing the TAFE course (noting that graduates were able to report more than one benefit). The benefits reported by graduates include ‘obtained a job’ (28.9 per cent), ‘increase in earnings’ (26.9 per cent), ‘promotion’ (25.1 per cent), ‘change of job’ (18.0 per cent) and ‘ability to start a business’ (5.1 per cent) (table 4A.27). The proportion of graduates citing at least one benefit was greatest in SA (74.6 per cent) (figure 4.12).

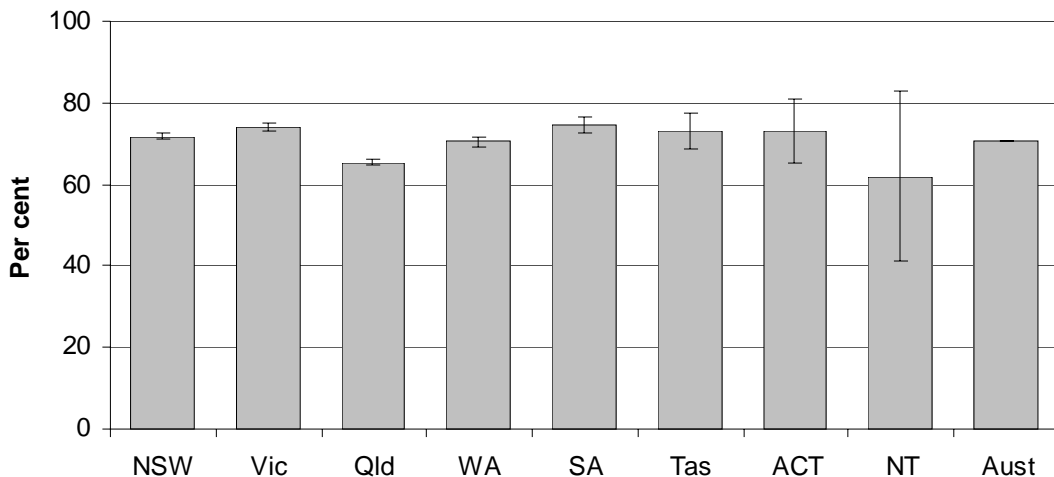
**Figure 4.11 Employed TAFE institute graduates who undertook their course for vocational reasons, by relevance of course to main job, 2002<sup>a</sup>**



<sup>a</sup> The 95 per cent confidence intervals for these estimates can be found at table 4A.26.

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

**Figure 4.12 TAFE institute graduates who undertook their course for vocational reasons who received at least one work related benefit from completing the course, 2002<sup>a</sup>**



<sup>a</sup> The error bars in the chart represent the 95 per cent confidence interval associated with each point estimate.

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

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### *Employer outcomes*

No new data are available for the employer outcome indicators, and readers can refer to the 2003 Report for data from the NCVET 2001 Survey of Employer Views on Vocational Education and Training. The 2003 survey was not available for inclusion in this Report, but the data will be included in the 2005 Report.

## **4.5 Future directions in performance reporting**

### **National VET Strategy**

In June 2003, Australian, State, and Territory ministers responsible for VET agreed in principle to a new national VET strategy for 2004–10. The strategy outlines the following four key objectives for VET for this period.

- Industry will have a highly skilled workforce to support strong performance in the global economy.
- Employers and individuals will be at the centre of vocational education and training.
- Communities and regions will be strengthened economically and socially through learning and employment.
- Indigenous Australians will have skills for viable jobs and their learning culture will be shared.

In light of these new objectives, the existing key performance measures will be reviewed for their continued relevance and appropriateness.

### **Indicator development**

In the past, the NCVET undertook pilot studies that assessed the outcomes for students who participated in training outside of the publicly owned TAFE institutes. The results from these pilot surveys are not sufficiently robust to be reported. An approach to capturing outcomes from the private provider sector is to be considered in the near future. In addition, work is continuing on the development of performance measures and benchmarks for the Infrastructure Program.

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## 4.6 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).

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## **New South Wales Government comments**



NSW continues to deliver high quality Vocational Education and Training (VET) to meet the skill needs of industry and the people of NSW. In 2002, 126.8 million hours of training were delivered throughout the state.

The average cost of VET delivery in NSW was \$13.58 in 2002, the second lowest compared to the other states and territories. Between 1998 and 2002 NSW achieved real efficiency gains with VET unit costs decreasing by some 18 per cent.

Meeting the lifelong learning and skill needs of people who may experience disadvantage, including Indigenous Australians and people with a disability, is a high priority for the NSW VET system. In 2002, NSW continued to provide a range of specialist programs and support services to meet the specific needs of these groups and improve their employment and further education and training outcomes.

Improving the participation and employment outcomes for young people is also a key priority for NSW. In 2002, over a quarter of the NSW population aged 15–19 were participating in vocational education and training. Over the next four years, the NSW Government has committed more than \$19 million to improve access to VET for students at risk of leaving school early and to increase participation through TAFE scholarships.

TAFE NSW continues to focus on improving its quality management systems and processes while maintaining the highest standards in training services and delivery. By the end of 2002, 11 of the 12 Institutes in TAFE NSW had achieved certification against the international quality standard ISO 9001, a year ahead of schedule.

NSW, together with other states and territories, continues to work on developing key indicators that will provide accurate and timely information on the performance of the national VET system. While it is pleasing that the quality of data on VET continues to improve there are still many differences between the states and territories that limit the degree to which comparisons can be made. Concerns about the validity of data and how it is interpreted also remain, particularly in relation to unit costs and the outcomes data derived from the survey-based measures of employer satisfaction and graduate destinations.



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### Victorian Government comments

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In 2002, Victorian registered training organisations provided approximately 514 000 students with over 108 million student contact hours of vocational education and training. This was an increase of 4 per cent on 2001 delivery.

Of this total delivery, government-funded delivery accounted for over 82.8 million student contact hours, an increase of 3.2 per cent on 2001. TAFE institutions delivered over 65 million government-funded hours, an increase of 2.6 per cent on 2001. The remaining 17.8 million government-funded hours were delivered by ACE and private registered training organisations.

There was further strong growth in apprenticeships and traineeships in Victoria in 2002. The number of apprentices or trainees in training increased by over 27 per cent to 142 800 at 31 December 2002. Total completions increased by 9 per cent to 27 200.

Substantial work was undertaken to implement the *Ministerial Statement on Knowledge and Skills for the Innovation Economy: Future Directions for the Victorian Vocational Education and Training System*, which was released in June 2002. Ministerial Statement initiatives implemented in 2002-03 included:

- The establishment of a new framework for assessing demand and establishing priorities for public expenditure on VET in Victoria.
- The establishment of 15 TAFE-based Specialist Centres to enhance specialist training delivery to industry, as well as a new Centre of Excellence in Digital Design.
- Initiatives to support TAFE Institutes to manage and develop their workforce and ensure they can attract and maintain staff with the necessary capabilities, including work to establish a TAFE Development Centre.
- The trial of new initiatives in innovative teaching and learning and emerging skills and industries.
- The passing of legislation to allow TAFE Institute Councils to apply to deliver higher education qualifications in specialist vocational areas on a fee-for-service basis.
- The expansion of the new Victorian Certificate of Applied Learning (an alternative to the Victorian Certificate of Education) to all TAFE Institutes, and provision of increased support for School-Based New Apprenticeships.

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## Queensland Government comments

“ Queensland, the Smart State, is committed to developing infrastructure, innovation, education and jobs to ensure Queensland continues to prosper and develop as a place of opportunities. Vocational education and training is integral to this commitment.

Throughout 2002, Queensland focussed on education, training and employment opportunities for young people, both at state and national levels. At a state level, Queensland introduced the Education and Training Reforms for the Future, with the aim of improving education and employment outcomes for all young Queenslanders. To support the reforms, extensive vocational education and training options have been made available to Queensland's school students, including school-based apprenticeships and traineeships, programs in which Queensland is the forerunner of the nation. At a national level, Queensland played a lead role in the development of the national Ministerial Declaration, Stepping Forward: improving pathways for all young people, a commitment by education, employment, training, youth affairs and community services Ministers to the young people of Australia.

The Queensland government is working with local industry and community groups to ensure that the training and employment services meet the specific needs of its regions. The Cape York Training and Employment Strategy demonstrates Queensland's ongoing commitment to improving education, training and employment outcomes for Aboriginal and Torres Strait Islander peoples. In 2002, the participation and load pass rates for Indigenous Queenslanders in vocational education and training were well above the national average at 4.9 per cent and 71.9 per cent respectively. Through The Central Queensland Training and Employment Strategy, Queensland government is working to achieve economic sustainability for the Central Queensland region. Training and employment opportunities have been developed in partnership with the local manufacturing industry. Similarly, Queensland devoted particular attention to developing training that meets the needs of the arts, creative and cultural industries, which offer significant opportunity for economic benefit through employment creation and export earnings. In 2002 Queensland's training investment in creative industries such as animation, film, video and television, leisure software, music, advertising, design and fashion increased by 11.8 per cent.

Queensland is again the jurisdiction that has opened the most public funds for non-TAFE providers, at 12.1 per cent of the total 2002 state recurrent VET expenditure. This commitment remains the highest even when not including the public Agricultural Colleges, at \$71.4 million or just over 10 per cent of the state recurrent VET expenditure. As a further testament to Queensland's commitment, this sum represents a 25.3 per cent increase since 2001. ”

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### **Western Australian Government comments**

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The Western Australia Training System underwent a major change during 2003 with the creation of the Department of Education and Training following the amalgamation of the Department of Education with the Department of Training.

The priorities for VET within the new education and training arrangements focus on developing a high quality system of lifelong learning which encourages and facilitates the ongoing engagement of individuals, communities and industry.

The merger of education and training into one department has significantly strengthened the capacity of the system to meet the goals of:

- a 90 percent retention rate to Year 12 or equivalent and successful transitions for young people into further education, training and employment;
- enhanced opportunities for Western Australians of all ages to engage in lifelong learning; and
- a highly skilled workforce equipped with the knowledge and attributes needed to enter and maintain employment and take advantage of emerging jobs.

Against this backdrop, the report shows that Western Australia was able to post a number of notable improvements during the year including:

- increasing participation rates in both regional and remote areas, and for people from an indigenous background and people with disabilities;
- an improvement in the load pass rate;
- a small improvement in the proportion of graduates who achieved or partly achieved their main reason for study; and
- an improvement in the proportion of graduates unemployed before their course (and undertook the course for vocational reasons) who were employed after completing their course.

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### 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 2002:

- Maintaining the highest load pass rate in the country (87.7 per cent), 10.4 percentage points higher than the national average (77.3 per cent);
- Reporting 91.3 per cent of recent TAFE graduates were employed or in further study after their training compared to 87.4 per cent nationally;
- The best employment outcomes in the country for recent TAFE graduates who were unemployed prior to the course and took the course for vocational reasons (61.6 per cent in SA compared to 45.3 per cent nationally);
- Reporting 84.2 per cent of recent TAFE graduates indicated that their VET course helped or partly helped them achieve their main reason for doing the course, which is higher than any other State or Territory.

In July 2003, a ten point 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 ten point plan, include:

- Establishment of a Workforce Development Fund to promote high performing work places and to encourage organisations to introduce workforce development initiatives to develop higher level skills;
  - 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;
  - Repositioning Adult Community Education (ACE) by broadening the range of programs for disadvantaged learners and allowing movement between ACE and TAFE;
  - Creating stronger pathways between employment, TAFE, ACE and the VET sector for young people;
  - The Training and Skills Development Act was passed in 2003 which provides the legal framework for the VET sector and underpins the apprenticeship and traineeship system supporting life long learning through community education;
  - A Training Advocate was appointed in 2003 to assist trainees, apprentices and small businesses in navigating the VET system as well to investigate and resolve problems and improve the quality and responsiveness of the training system.
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## Tasmanian Government comments



This Report shows that Tasmania is maintaining good performance outcomes as the State continues its commitment to lifelong learning combined with a strong focus on integrating quality vocational education and training with state industry planning mechanisms, and meeting the needs of new industries and emerging technologies.

The Report highlights the progress made in the delivery of VET in Tasmania despite constraints specific to the State. The broad industrial base, with predominantly small businesses highly dispersed throughout the State and the small, widely dispersed population, require provision of a wide range of services to small groups of students in regional areas.

The State is meeting the challenge of the complexity and cost of maintaining high quality regional services and despite these and fiscal constraints, has increased participation and cost effectiveness, and demonstrated responsiveness to client needs. This Report shows:

- Tasmania's participation rate in VET continued to rise in 2002. The proportion of Tasmanians aged 15–64 participating in VET has risen consistently and at a greater rate than the national average.
- While the need to maintain the quality of the system and to service the diverse community militates against continued reduction in unit cost, the efficiency improvement achieved in the State's VET system is demonstrated by the unit cost (recurrent) of Tasmanian VET activity, which has reduced from \$17.26 per annual hour curriculum in 1999 to \$14.00 in 2002.
- There have been good employment outcomes for Tasmanian graduates with 50 per cent of graduates who were unemployed prior to training employed following the course, compared with 42 per cent nationally.
- 87 per cent of graduates in Tasmania cited vocational reasons as the main reason for undertaking their course compared with 76 per cent nationally.

The Tasmanian Government is laying foundations for continuing strong performance through development of a post-compulsory education and training strategy to enable an integrated approach across education and training sectors and State Budget initiatives that support business development and wider access to VET.



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## Australian Capital Territory Government comments

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The ACT is strongly committed to increasing participation in vocational education and training as a means of business growth, employment development and diversification to enhance social and economic opportunities for its residents.

The unique economy and labour market of the ACT impact on the uptake of VET qualifications, and on the range and level of qualification undertaken. The major employers in the ACT – government and defence – have 25 per cent (4.7 per cent nationally) of the industry share while agriculture, forestry, fisheries, mining and manufacturing comprise only 3 per cent in the ACT compared with 17 per cent nationally. Together these factors result in:

- a smaller percentage of uptake of VET qualifications, especially at lower qualification levels;
- an emphasis on qualifications at diploma/advanced diploma level;
- a high number of VET higher education qualifications, especially graduate certificate and graduate diplomas; and
- a lower proportion of the Indigenous population attending TAFE, but a much higher proportion attending university.

The ACT has one public provider of technical and further education – the Canberra Institute of Technology. Of the other 105 registered training organisations, 17 are government and non-government secondary colleges, 17 are government providers, including Commonwealth agencies and the four arms of the Australian Defence Force and 71 are private training organisations. In 2002, 91 Registered Training Organisations were in receipt of government training funds.

Some of the key achievements in 2002 have been:

- A higher than the reported national average load pass rate for all VET participants. This reflects a higher than the national average load pass rate in the equity areas of female students, students who reported being Indigenous, students who reported having a disability, and students who reported speaking a language other than English at home.
- A higher percentage of graduates who took their course for vocational reasons were employed after graduation, regardless of their employment status at commencement.
- Continued increase in the uptake of school-based new apprenticeships from 180 in 2001 to 286 in 2002 (an increase of 58 per cent). The ACT accounts for 1.2 per cent of all Australian public VET students but 2.2 per cent of all VET in schools students.

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## Northern Territory Government comments

“ With 1 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 second highest participation rate for people aged 15–64 year olds in VET activities (13.5 per cent). The NT was also the only State or Territory where the female participation rate was higher than the male rate.

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 (\$551.0 per person aged 15-64 years) is higher than the Australian average (\$280.1 per person). Over half (57 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:

- Commissioning training advisory councils to conduct research and develop strategies to reduce the attrition rate of apprentices and trainees in their industries.
  - Developing the Workforce NT Employment and Training Strategy. This report will consist of detailed information about the labour market in the Northern Territory, and will be developed in consultation with key industry and community groups.
  - Contracting the South Australian Centre for Economic Studies to develop an innovative labour market analysis model. The model is near completion. Peak industry and community groups will be consulted during the analysis of the data provided by the model. The analysis will be published in 2004 as the Workforce NT Report.
  - Implementing the Training for Remote Youth (TRY) Program, which provides Certificate I and II courses for young Territorians aged 14-19 who live in rural and remote areas outside the Darwin and Alice Springs urban areas. At the end of 2002, 669 people from 27 communities had participated in 64 individual programs. Previously only eight community schools offered VET.
  - Consultation with all RTOs to develop and implement a communication strategy. Activities under the strategy included information sessions and workshops in five major centres on evidence requirements for compliance, and an analysis of the gaps between the new and the old registration requirements.
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## 4.7 Definitions

Table 4.8 Terms

<i>Term</i>	<i>Definition</i>
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. Changed in 1999 to nominal hours — supervised.
Adjusted annual curriculum hours	Annual curriculum hours that are adjusted to account for module enrolments reported with an outcome of recognition of prior learning and invalid module enrolments.
Adjusted module load completion rate	Module load completions that are adjusted to account for module enrolments reported with an outcome of recognition of prior learning and invalid module enrolments.
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 provided 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 hours.
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).

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Table 4.8 (Continued)

<i>Term</i>	<i>Definition</i>
Geographic region	<p>A geographic classification (based on statistical local areas) devised by the former Department of Primary Industry and Energy and the Department of Employment, Education, Training and Youth Affairs.</p> <ul style="list-style-type: none"> <li>• <i>Remote</i>: regions that contain urban centres with a population of less than 5000 and that are more than 150 kilometres from an urban centre with a population of 10 000 or more.</li> <li>• <i>Rural</i>: regions that consist of statistical local areas associated with urban centres that have a population of 5000 to 100 000 and that are not classified as 'remote'.</li> </ul>
Government cost of capital per hour of successful publicly funded module load completions	Cost to the government of using capital (physical noncurrent assets) per adjusted publicly funded successful module load completions.
Government costs of capital per adjusted annual curriculum hours	Cost to the government of using capital (physical noncurrent assets) for delivering VET services.
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.
Module completers	Students who have successfully completed at least one module in a vocational program of study.
Net assets of public VET providers per person aged 15–64 years	Net assets (total assets less liabilities) of publicly owned VET providers per person aged 15–64 years.

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**Table 4.8 (Continued)**

<i>Term</i>	<i>Definition</i>
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 when delivered 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 also <i>annual curriculum hours</i> .
Non-English speaking background (NESB) (language spoken at home)	Language other than English spoken at home
Nonresponse rate	Proportion of VET students who did not respond to the relevant question.
Nonvocational 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.
Occupational group	Occupations that are linked to particular ABS Standard Occupational Classification (ASCO) groups. Category A courses have a direct link to an individual ASCO, category B have multiple links to ASCOs and category C courses potentially link across all ASCO areas.
Occupational level	Classified as 'general/unspecified', 'operative/clerical', 'trades/skilled' and 'para-professional/professional'. These are also linked to the ABS ASCO group.
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.

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**Table 4.8 (Continued)**

<i>Term</i>	<i>Definition</i>
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 publicly 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 vocational education and training programs under the National Training Framework. They are developed by industry and create national standards, programs, qualifications and learning resources.
VET costs per adjusted annual curriculum hours	Government recurrent expenditure per adjusted publicly 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 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 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'.

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## 4.8 References

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