
3 Vocational education and training

The focus of this chapter is on that part of the education and training system that provides individuals with employment related skills and learning. The scope is government funded vocational education and training (VET) services supplied by publicly owned VET providers, the technical and further education (TAFE) institutes and universities with TAFE divisions, selected not-for-profit and community education providers, and for-profit private providers (box 3.1).

The performances of publicly funded VET services are assessed within a framework of effectiveness and efficiency indicators. Much of this information has been generated by the Australian National Training Authority's (ANTA) Board's Performance Review Committee which was established in September 1996 to develop a comprehensive set of VET performance indicators and to analyse existing performance measurement data.

Improvements in the quality of data and performance indicators this year include:

- a refinement of the performance framework which involved refining cost per total module load completion (an efficiency indicator) to focus more sharply on the performance of government (cost per publicly funded module load completion);
- a refinement of the method used to calculate module load completion rates;
- an improvement to several indicators to enable reporting on module load completion rates and a student outcome indicator for ANTA-designated equity target groups; and
- a more comprehensive data collection for publicly funded private providers and community based providers.

Box 3.2 **Some common VET terms used in this chapter**

Annual hours curriculum: 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 do not include hours associated with field work or work experience.

Course: a structured sequence of vocational education and training which leads to the acquisition of identified competencies and, if submitted for accreditation, would lead to a qualification

Module: an integrated set of related learning outcomes, designed to satisfy a specified educational and training purpose

Module load completion rate: the proportion of hours associated with the successful completion of modules to all confirmed modular activity — that is, a comparison between students who completed a module regardless of whether they undertook a final assessment with all students who commenced the unit.

Training packages: the basic building blocks for VET programs under the National Training Framework. Developed by industry, they create national standards, programs, qualifications and learning resources.

3.1 **Profile of vocational education and training**

The VET system is an integral part of Australia's general education system. It plays an important role in providing and updating the skills of the Australian workforce, with 31 per cent of the Australian workforce holding VET qualifications in May 1996 (ABS 1996).

Definition of VET

VET can broadly be defined as the part of the education and training system that provides individuals with employment related skills and learning. The general roles of the system (and the main reasons that students attend VET programs) are to:

- provide skills that enhance ability to enter the workforce;
- retrain or update workforce skills; and
- provide a stepping stone to further tertiary education.

The system broadly attempts to match available skills with the skills demanded by employers. However, a perfect match is never possible and many factors influence both the supply of and demand for skills at regional, State and Territory and national levels. Many employers in Australia in the second half of 1997-98 found it difficult

to fill employment vacancies requiring certain skills at prevailing wage rates (for example, metal machinist, motor mechanic and pastry cook positions), despite an unemployment rate of 8.1 per cent (box 3.3).

Box 3.4 DEETYA's national trade skill shortage list (second half 1997-98)

Metal machinist	Automotive electrician	Toolmaker	Vehicle painter
Welder	Sheetmetal worker	Motor mechanic	Pastry cook
Hairdresser	Upholsterer	Metal fabricator (boilermaker)	
Refrigeration and air-conditioning mechanic			

Source: DEETYA (1998).

Diversity of VET

The VET system involves a complex interaction of employers, Commonwealth, State and local governments, and an increasing number of specialist private providers. The system provides a diverse range of programs and qualification levels, with durations varying from a module (stand-alone course component or subject) of a few hours to full courses up to three years (box 3.5).

Box 3.6 Diversity of VET training

Level of training: ranges from a single module (that can involve fewer than 10 contact hours) to advanced diplomas (that can involve up to three years full time study). Training levels in the VET system need to be assessed at both the course and module level because many students complete modules (that do not provide a course award) without intending to complete a course.

Type of training: ranges from formal classroom to workplace based learning. It can be 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.

Type of training institutions: ranges from institutions specialising in VET delivery (such as publicly owned TAFE institutes and universities with TAFE divisions, private providers and Adult Community Education providers) to secondary schools and universities. The latter have started to provide Dual Award Courses which combine their traditional studies with VET, with an award from both the VET provider and secondary school or university. In addition to specialist institutions, employers in the workplace deliver much informal on-the-job training which does not lead to a qualification.

Total expenditure on VET

Total recurrent expenditure on VET by governments, employers and individuals was estimated to be approximately \$8 billion in 1996. Governments and employers each contributed 45 per cent and individuals contributed 10 per cent (ANTA 1998a).

This Report covers VET services that receive funds from government (that is, only VET courses [streams 2100 to 4500] and modules, not recreational, leisure and personal enrichment courses [stream 1000 activity]). Thus, the scope of VET covered here aligns with that of the annual VET data collection by the National Centre for Vocational Education Research (NCVER); this includes publicly funded provision in TAFE institutes and universities with TAFE divisions, other government institutions and community providers, and publicly funded activity by private providers. Fee-for-service provision by TAFE institutions is also included in the general data collection. Such fees include those received from individuals and organisations (other than regulatory student fees) and Commonwealth and State Government funding under specific purpose programs (such as the Labour Market Program and Adult Migrant English Services).

Size and scope of publicly funded VET

Almost 1.4 million people undertook publicly funded vocational programs in 1997 (up by 68 000, or 5 per cent, from the 1996 level), comprising about 10 per cent of the Australian population aged 15–64 years (NCVER 1998a). People aged 15–64 years form the main target population for VET activities; this population is used for per person comparisons across jurisdictions.

Over 300 million hours of publicly funded VET programs were delivered in 1997 — ranging from 105 million hours in NSW to 3.5 million hours in the NT — which represents a 4 per cent increase from 1996 deliveries. These programs were delivered by 101 public training institutions, 599 community based providers and 1477 publicly funded private providers (box 3.7) (NCVER 1998e).

Recurrent government VET expenditure per person aged 15–64 years ranged from \$183 in Victoria to \$395 in the NT in 1997. Per person expenditure in NSW, the ACT and the NT was higher than the national average. All jurisdictions reported an increase in real expenditure per person between 1995 and 1997 (figure 3.1).

Box 3.8 Structure of publicly funded VET

The size of VET training provider locations varied across jurisdictions in 1997, ranging from 859 students per training location in NSW to 126 students per training location in the NT. A similar dispersion was reported for the number of VET hours delivered per training provider location.

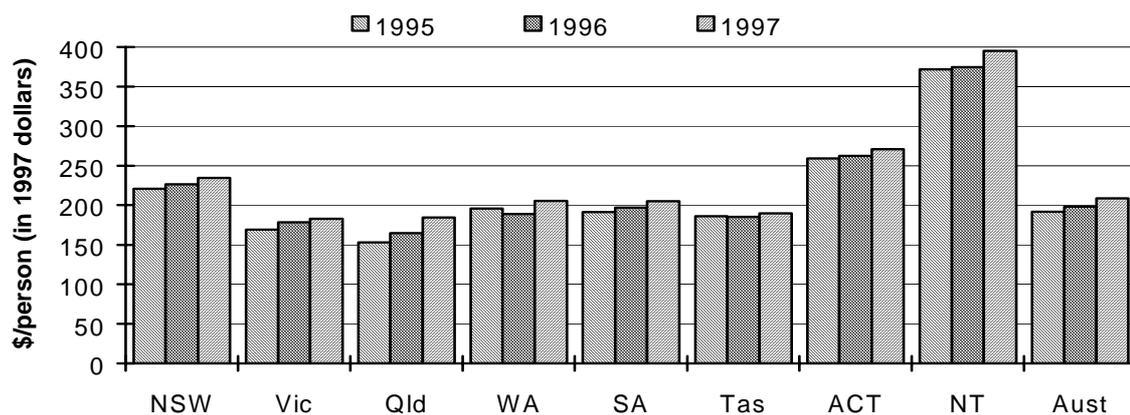
Size and scope of publicly funded VET, 1997^a

	Unit	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Training provider locations	no.	592	950	730	247	245	93	33	129 ^b	3 076
Hours delivered per training provider location	'000	177.8	88.9	66.8	111.3	80.8	75.9	180.1	27.0	98.2
Students per training provider location	no.	859	439	299	451	578	286	567	126	474
Proportion of students studying in rural areas	%	28.1	30.8	30.2	17.1	15.5	50.8	0.0	4.9	30.0
Proportion of students studying in remote areas	%	0.3	0.2	4.1	11.6	0.0	1.1	0.0	38.9	2.1

^a Training provider locations who provided data for the 1997 National collection but whose activity may have fallen outside the scope of this Report may be included in this table in the listing of training provider locations. ^b Data (provided by the NT Employment Training Authority) does not include activity outside the scope of this Report.

Source: table 3.1.

Figure 3.1 Real recurrent government VET expenditure per person aged 15–64 years



^a State and Commonwealth recurrent expenditure (financial data) data are sourced from ANTA 1998a and are therefore based on 'maintenance of effort' cash expenditure.

Data source: table 3A.2.

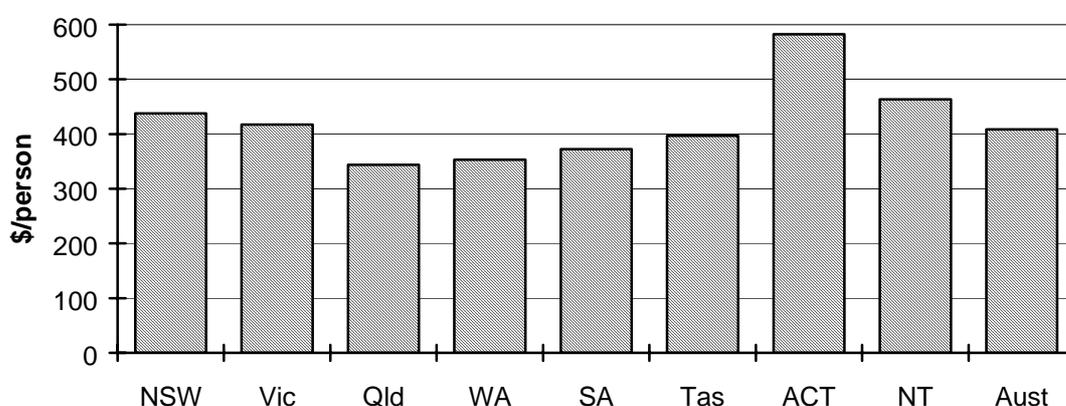
Under the revised ANTA agreement for 1998–2000, the Commonwealth, State and Territory Governments will continue to provide funding stability for the national VET system and to achieve growth through efficiency improvements.

Size and scope of the publicly owned VET system

State and Territory Government TAFE institutes and universities with TAFE divisions provide the majority of publicly funded VET services, delivering approximately 90 per cent of all VET hours in 1997. Adult and community education providers and private providers delivered the remaining 10 per cent of VET hours (NCVER 1998a).

The infrastructure (net assets) of the government owned TAFE institutes and universities with TAFE divisions was worth over \$5 billion at December 1997, of which 87 per cent comprised land and buildings (NCVER 1998b). The value of these assets per person (aged 15–64 years) varied between jurisdictions, ranging from \$578 in the ACT to \$344 in Queensland (figure 3.2).

Figure 3.3 Net assets of public VET providers per person aged 15–64 years, 1997



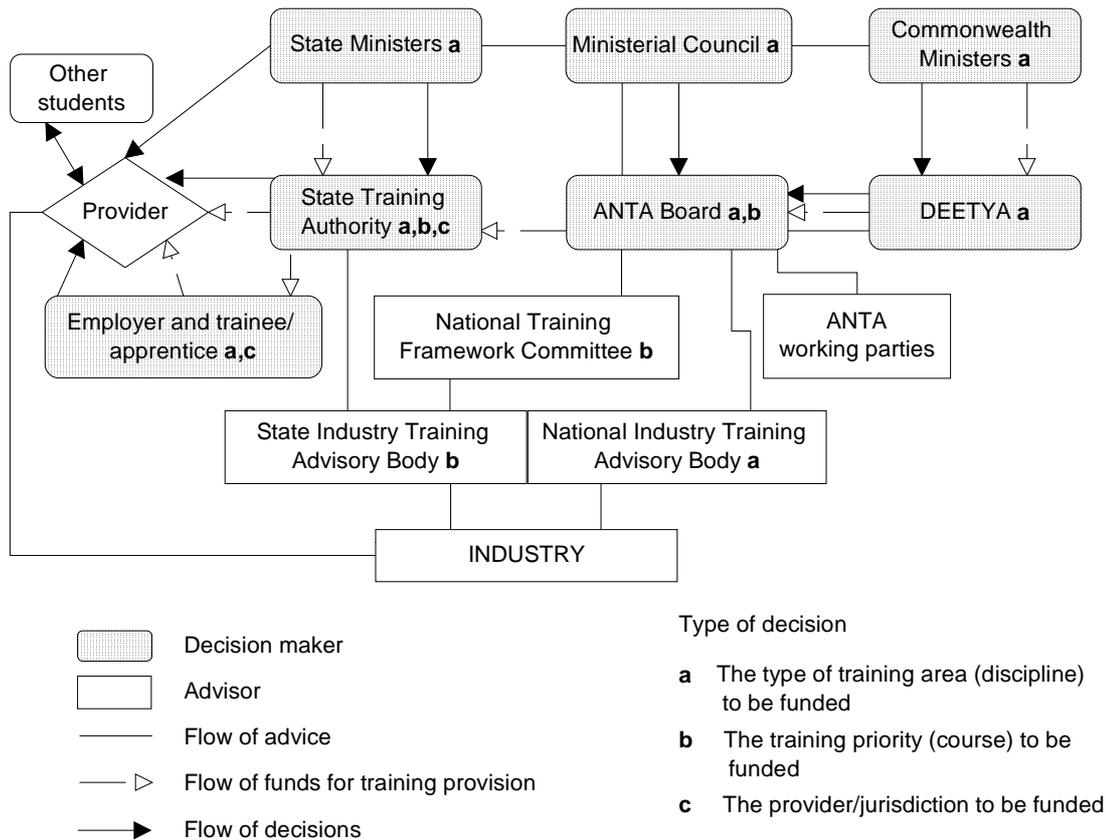
Data source: table 3.2.

Institutional structure and funding

The national VET system is a complex, cooperative arrangement between Commonwealth, State and Territory Governments, industry (represented by Industry Training Advisory Bodies) and private and public providers. The bodies that provide funds, advice and decisions are not necessarily the same (figure 3.4). State and Territory Governments play a dual role as both a purchaser of VET services

(from private providers, and adult and community providers) and direct deliverer of services (through TAFE institutes and universities with TAFE divisions) in the publicly funded VET system. In addition, each State and Territory is responsible for administering its training system, setting fees and determining exemption, concession and loan arrangements for students.

Figure 3.5 Decisions, advice and funding flows within the VET system



Public VET funding comes from Commonwealth, State and Territory Governments. State and Territory Governments provided approximately 70 per cent of recurrent government funding in 1997 and the Commonwealth Government provided the remainder (NCVER 1998b).

The proportion of government funding allocated to private and adult and community providers varied across jurisdictions — Queensland and the NT had the highest proportions (8.1 per cent and 5.2 per cent respectively) and Tasmania and NSW had the lowest (2.7 per cent and 3.4 per cent respectively). All jurisdictions except the NT reported a real increase in the amount of government funds going to private and adult and community providers for VET delivery between 1996 and 1997 (NCVER 1998b) (table 3.3).

Table 3.4 Government funding to private providers and adult and community providers of VET, 1997^{a, b}

	<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>
1997 government funding	\$m	47.2	35.6	50.0	15.3	14.1	2.6	3.7	3.4	171.9
Proportion of State total	%	3.4	3.8	8.1	4.1	4.9	2.7	4.3	5.2	4.3
Real increase between 1996 and 1997	%	13	40	122	110	70	134	83	-9	53

^a Payments to Non-TAFE providers of VET delivery included payments to: secondary schools, other government providers, enterprises, private providers, community providers, industry and local government providers. ^b Government funding data are sourced from NCVER 1998b which is prepared using accrual accounting data. This financial data is therefore not comparable with data reported in figures 3.1, 3.8 and 3.7.

Source: table 3A.4.

Competitive funding of VET service provision

Funding VET through competitive tendering mechanisms is designed to expose the sector to greater competition — by facilitating the entry of new providers — and thus promote improvements in quality, flexibility and responsiveness. Employers consider that the ability to choose a training provider is important to their business. Results from the 1997 Employer Satisfaction Survey indicated that 77 per cent of employers believed that having a choice of training providers was ‘very important’ (46 per cent) or ‘important’ (31 per cent) to their business. Large employers were more likely to say that choice was ‘very important’ or ‘important’ (86 per cent) than were medium (75 per cent) or small employers (78 per cent) (NCVER 1998c).

Competitive tendering was introduced in 1995 to allocate \$21 million of Commonwealth growth funds to public and private providers (HRSCEET 1998). A small but growing proportion of government VET funding is allocated through directly competitive processes but the majority of government VET funds are allocated to major public providers based on the planned activity of State training authorities (which plan the amount of annual curriculum hours to be delivered in each field of study).

Processes used to allocate funds on a competitive basis include:

- *competitive tendering* — public and private providers compete for funding contracts from State training authorities (based on one or more selection criteria) in response to government offers (tenders);
- *user choice* — the employer and apprentices/trainees choose a training package and negotiate a training program with a provider. The public funds flow to the chosen training product and provider; and

- *other mechanisms* — these include submission based tendering, budget allocation, service agreements and contractual arrangements.

In 1997, an estimated \$153 million of public VET funding was allocated on a competitive basis (ANTA 1998b). The degree of competition in the tendering process varies across jurisdictions; both public and private providers tender for some funds (open competitive tendering) whereas some tendering is restricted to either public or private providers (limited competitive tendering) (table 3.5).

Table 3.6 Allocation of government funds for VET, by allocation mechanisms, 1997

	<i>Unit</i>	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA^a</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT^b</i>
Competitive tendering									
• open competitive tendering ^c	%	3.3	6.9	5.3	5.2	5.5	1.5	2.1	..
• limited competitive tendering ^d	%	..	1.5	0.5
User choice (apprentices and trainees)	%	2.3 ^e	15.3	9.5	1.6	0.5	3.5	2.1	2
Other allocation mechanisms	%	94.4	76.3	84.7	93.2	94.0	95.0	95.8	98
Recurrent State Government funding	\$m	1 022	516.	481.9 ^f	207	193.6	72.9	57.3	49
			4						

^a These data are provided as accrual based recurrent expenditure and include Access funding in the open competitive tendering process. ^b Although User Choice policy (under New Apprenticeships) was to be implemented from 1998, the NT in 1997 spent \$125 000 on Pilot Projects and \$903 000 on off-the-Job training dispensed on User Choice principles (that is, industry selected training providers for trainees). ^c Open competitive tendering: the tendering process is open to both public and private providers. ^d Limited competitive tendering: the tendering process is restricted to either public or private providers. ^e These funds are used for traineeship funding only through flexible delivery using User Choice principles in a competitive environment. From July 1998 under the NSW Training Market Commitment, employees and employers will have greatly increased capacity to select their preferred public or private training provider. ^f Recurrent State Government funding was sourced from Note 7 of the NCVET Financial Report. (It includes State recurrent funding and Commonwealth general purpose recurrent funding.) .. Not applicable.

Source: table 3A.5.

TAFE institutions and universities with TAFE divisions can face a number of disadvantages that affect their ability to effectively compete for funding allocated by competitive tendering (box 3.9).

Box 3.10 TAFE institutes and competitive tendering

The House of Representatives Standing Committee on Employment, Education and Training (HRSCEET) argued that the competitive position of TAFE institutes was impeded by factors such as the following:

- 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; and
- governments require publicly owned TAFE institutes and universities with TAFE divisions to operate in higher cost regional and remote areas.

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

Source: HRSCEET (1998).

3.2 Policy developments in vocational education and training

Review of the ANTA agreement

The Education Ministers endorsed a revised ANTA agreement in November 1997, for submission to respective State and Territory Cabinets for approval. The purpose of the agreement is to create a national approach and a partnership between Commonwealth, State and Territory Governments and industry. The agreement provides a basis for the efficient and effective delivery of quality VET by:

- outlining the key objectives for the system;
- outlining the funding specifications for Commonwealth, State and Territory Governments (for example, the Commonwealth Government has agreed to maintain current funding levels, whereby VET growth is to be achieved through efficiency improvements);
- specifying planning and accountability arrangements; and
- providing a framework for implementing important national initiatives such as new apprenticeships, VET in schools, and User Choice (ANTA 1998c).

3.3 Framework of performance indicators

The framework used in this Report is built around a set of shared VET objectives (box 3.11).

Box 3.12 Objectives for VET services

In 1997, Ministers for vocational education and training agreed on the following four objectives of VET services:

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

In early 1998, a fifth objective was added:

- to increase investment in training (although methods for measuring this objective are yet to be developed).

Source: ANTA (1998d).

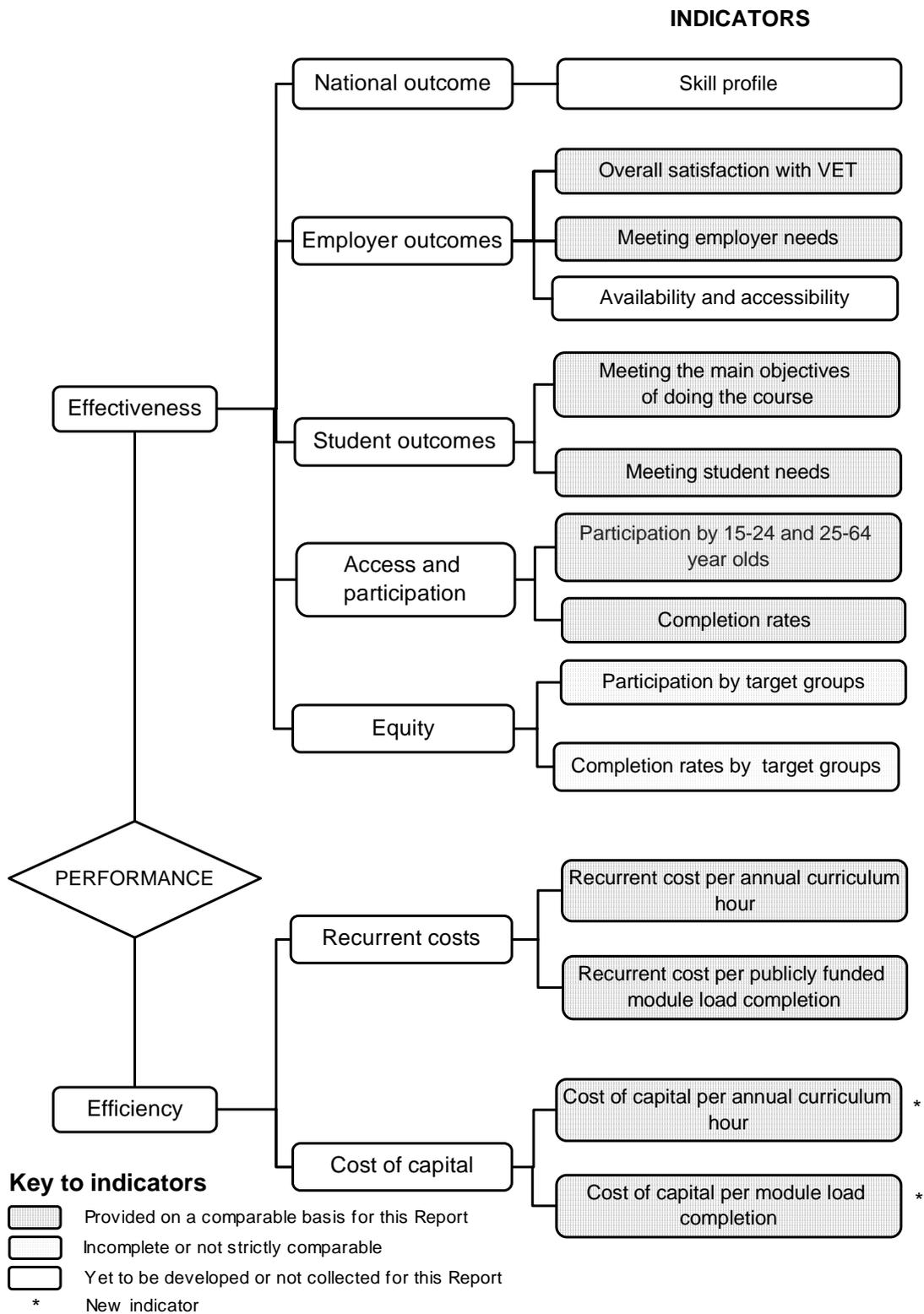
The performance indicators discussed in this Report reflect the national VET objectives: for example, the mobility of the labour market is reflected by the *national outcome indicator*; preparing people for work is captured by the *employer and student outcome indicators*; providing access to all Australians who want and need training is captured by the *access and participation indicators*; and maximising the value of public VET expenditure is captured by the *efficiency indicators* (figure 3.6).

Reporting for a number of indicators has been expanded or refined in this Report. Data for a student outcome indicator (TAFE graduates' reasons for undertaking VET) and an access and participation indicator (module load completion rates) have been disaggregated to allow reporting on the performance of ANTA's designated equity target groups — that is, women, Aboriginal and Torres Strait Islander people, people with a disability, residents of rural and remote communities, and people from non-English speaking backgrounds.

Employer outcomes

Several new indicators for employer and student outcomes have been reported this year. They complement those in the 1998 Report by measuring different aspects of performance.

Figure 3.7 Performance indicators for VET services



Efficiency indicators

The 'cost to government per government funded module completion' indicator replaces the 1998 Report efficiency indicator 'cost to government per total successful module completion' (which included modules that were not government funded). This new indicator better focuses on the performance of government.

These efficiency indicators (based on State and Commonwealth recurrent expenditure) only measure a proportion of the full cost to government of VET delivery. The cost of public capital used to deliver these services also needs to be recognised.

Thus, two new efficiency measures have been included in this Report to more accurately reflect the full cost to government of service delivery:

- cost of capital per adjusted module load completion; and
- cost of capital per adjusted annual curriculum hours.

The cost of capital for government services is the cost of the funds tied up in the capital used to deliver these services. To integrate this with the other recurrent cost (which makes up total cost), cost of capital needs to be converted to a year-by-year charge. The general principle is to use a capital charge (currently 8 per cent) which reflects the income that may have been earned if the funds had been invested rather than used to purchase the capital item (see chapter 1 for a general discussion on 'cost of capital').

3.4 Future directions

Developing indicators

ANTA is developing several new VET performance indicators. It is anticipated that two of these indicators will be ready for reporting in the *Report on Government Services 2001*:

- skill outputs produced within the domain of formally recognised training (the contribution of VET to Australia's skill pool); and
- stocks of VET skills against desired levels.

In the longer term, performance indicators will be developed to measure:

- levels of investment in VET; and
- asset use (yet to be defined).

These indicators are directly related to the objectives of the VET sector. Such measures will help determine the extent to which the sector is meeting its objectives and where it can improve.

Improving the treatment of superannuation

Next year's data collection will treat superannuation costs more consistently, in line with the Steering Committee's recommendations in *Superannuation in the Costing of Government Services* (SCRCSSP 1998). This should improve the comparability and accuracy of unit cost information in future Reports.

3.5 Key performance indicator results

Appendix A contains detailed statistics and short profiles on each State and Territory, which may assist in interpreting the performance indicators presented in this chapter.

Access and participation

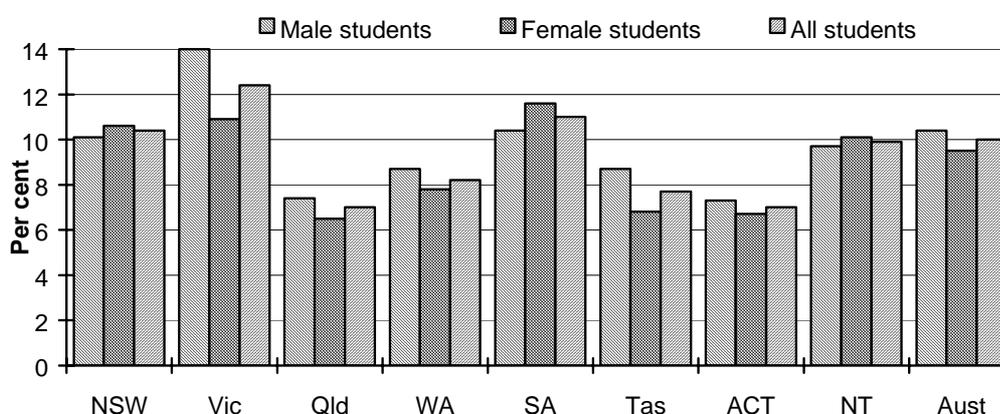
This Report measures the extent to which the general population, young people and the ANTA-designated equity target groups have access to and participate in the publicly funded VET system. ANTA-designated equity target groups are women, Aboriginal and Torres Strait Islander people, people with a disability, residents of rural and remote communities, and people from non-English speaking backgrounds.

VET participation of the general population

The national VET participation rate for people aged 15–64 years was 10 per cent in 1997. Males had a mostly higher participation rate than females, but this varied with age; males were more likely than females to participate at 15–39 years of age and females were more likely than males to participate at 40–64 years of age (table 3A.6)

Victoria reported the highest participation rate (12.4 per cent) and Queensland and the ACT reported the lowest (7.0 per cent each). The national female participation rate was lower than that of males, but NSW, SA and the NT reported the inverse (figure 3.8). All jurisdictions except Queensland, the ACT and the NT reported a growth in female participation between 1996 and 1997 (table 3A.8).

Figure 3.9 VET participation rates for people aged 15–64 years, 1997



Data source: table 3A.8.

VET participation of young people (15–24 years of age)

Traditionally, younger males (15–24 years of age) have had a higher VET participation rate than that of younger females, and this pattern continued in 1997 (NCVER 1998a). Young people participated in a variety of training programs in 1997. They were predominantly enrolled in programs at the Australian Qualification Framework Certificate level 3 (35 per cent), and less than 20 per cent were enrolled in diplomas. A high proportion (25 per cent) were participating in sub-qualification programs (which include statements of attainments) and non-award courses (NCVER 1998e).

Completion rates

Completion rates measure the extent to which students successfully complete the modules they start — although care should be taken in making comparisons because of jurisdictional variations in average module durations and competencies achieved by students. This Report provides module load completion rates (the proportion of hours associated with successfully completed modules to all confirmed module hours delivered) for all students and ANTA-designated equity target groups.

A new adjustment process was used to calculate 1997 module load completion rates. This method was also applied to 1996 data, which makes this indicator comparable for 1996 and 1997.

Completion rates in 1997 ranged from 90.6 per cent in SA to 78.2 per cent in the NT; SA, WA, Tasmania and Queensland reported rates above the national average (table 3.7).

Table 3.8 Module load completion rates, 1997 (per cent)^a

	<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>
Male	80.4	79.7	83.8	89.0	89.8	87.6	80.1	77.9	82.1
Female	80.8	81.4	83.3	88.1	91.6	89.0	81.0	78.7	82.7
All	80.6	80.5	83.6	88.6	90.6	88.3	80.6	78.2	82.4

^a Care should be taken in making comparisons across jurisdictions because there were jurisdictional variations in average module durations and competencies achieved by students.

Source: table 3A.7.

Equity

A key national goal of the VET system is to increase opportunities and outcomes for disadvantaged groups. Participation by these groups, compared with their representation in the general population, may reflect the effectiveness of current strategies in achieving this objective. However, participation rates of people with special needs should be interpreted with care because the data generally depended on self identification at the time of enrolment and nonresponses (that is, students who did not indicate whether they had special needs) were often both high and variable across jurisdictions.

The VET participation rates of people with a disability were seemingly below their representation in the population in all jurisdictions, although there were very high nonresponse rates for several jurisdictions (table 3A.9).

The national participation rate of people identifying themselves as coming from a non-English speaking background (that is, people born in a non-English speaking country) was below their representation in the population. For the second year, Queensland, Tasmania and the ACT reported participation rates above their population representation (table 3A.10); these three jurisdictions also reported the lowest nonresponse rates. The nonresponse rates in SA (46.9 per cent) and WA (45.8 per cent) increased in 1997 and, given such high nonresponse rates, participation across jurisdictions must be compared with caution (table 3.9).

Table 3.10 VET participation by people from a non-English speaking background, by country of birth, 1997 (per cent)

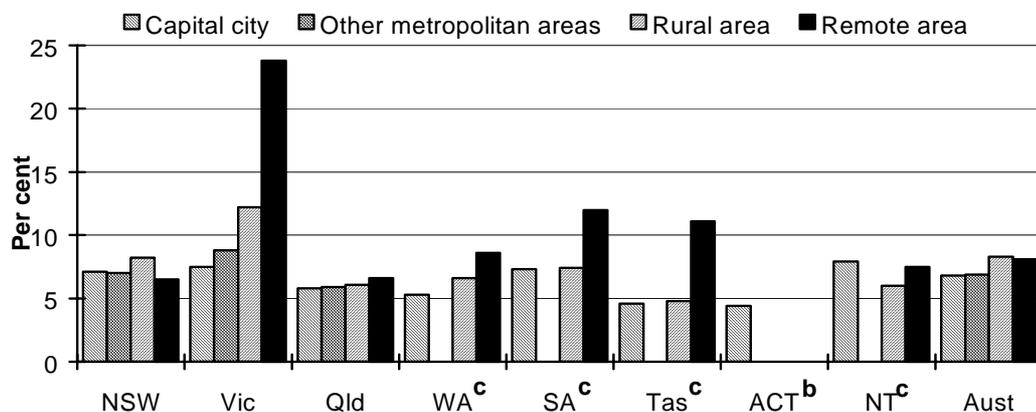
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Students who reported being born in non-English speaking countries	14.8	13.5	9.6	8.9	7.5	6.0	17.6	6.1	12.3
People who were born in mainly non-English speaking countries, as proportion of total population	15.8	17.1	7.3	11.8	10.6	3.9	13.8	8.1	13.3
Nonresponse rate ^a	21.0	21.3	9.2	45.8	46.9	1.7	8.0	32.6	23.3

^a Students who did not indicate the country in which they were born.

Source: table 3A.10.

Rural and remote area (see section 3A.3 ‘Definitions and explanatory notes’) participation was highest in Victoria (12.2 per cent and 23.8 per cent respectively). The remote area participation rates for SA (12.0 per cent), Tasmania (11.1 per cent) and WA (8.6 per cent) were also above the national average. Queensland had below average participation by people living in capital cities, remote areas and rural areas (figure 3.10). Interpretation of rural and remote area participation rates should consider both the target population and the proportion of students from these regional areas (box 3.13 and appendix A).

Figure 3.11 VET participation by people of all ages, by region, 1997^a



^a Interpretation of rural and remote participation rates should consider the absolute number of students from these regional areas (box 3.14 and appendix A). ^b The number of students from rural areas, remote areas and other metropolitan areas are too small to calculate meaningful rates. ^c The number of students from other metropolitan areas are too small to calculate meaningful rates.

Data source: table 3A.11.

The proportion of VET students who identified themselves as being an Aboriginal or Torres Strait Islander person ranged from 0.7 per cent in Victoria to 31.7 per cent in the NT in 1997. This proportion was greater than or equal to the indigenous population share in all jurisdictions (table 3.11).

Table 3.12 VET participation by indigenous people all ages, 1997 (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 who reported being indigenous	2.3	0.7	4.8	5.0	1.6	3.0	1.3	31.7	2.6
Indigenous people as proportion of total population	1.7	0.5	2.9	3.0	1.4	3.0	1.0	24.4	2.0
Nonresponse rate ^a	20.3	19.4	11.5	31.2	48.6	6.3	5.5	12.0	21.8

^a Students who did not indicate if they were indigenous.

Source: table 3A.12.

Completion rates

Three ANTA-designated equity target groups reported completion rates higher than the national average in 1997 — people from remote areas (completion rate of 84.6 per cent), people from rural areas (83.3 per cent) and females (82.7 per cent) (tables 3.13 and 3.14). However, comparisons should be made with care because there are jurisdictional variations in average module durations and competencies achieved by students.

Tasmania reported the highest completion rate for indigenous people (87.5 per cent). SA reported the highest completion rates for people from a non-English speaking background (90.2 per cent), people with a disability (89.4 per cent) and people from rural and remote areas (93.8 per cent and 94.9 per cent respectively) (table 3.15).

Table 3.16 Module load completion rates, by target groups, 1997 (per cent)^a

	<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>
All people	80.6	80.5	83.6	88.6	90.6	88.3	80.6	78.2	82.4
<i>Target groups</i>									
Students who reported being indigenous	63.4	66.8	70.0	79.2	86.1	87.5	71.4	71.1	70.1
Students who reported having a disability	76.6	75.9	78.6	84.9	89.4	84.1	74.9	74.4	77.6
Students who reported coming from a non-English speaking background	78.4	76.6	79.9	87.7	90.2	72.2	69.6	77.5	78.6
Rural area students	80.6	82.6	82.7	88.7	93.8	91.1	88.9 ^b	80.8	83.3
Remote area students	74.6	87.9	85.9	88.6	94.9	88.6	^c	80.9	84.6

^a Care should be taken in making comparisons across jurisdictions because there were jurisdictional variations in average module durations and competencies achieved by students. ^b Regional participation rates are based on the home address postcodes of students. The ACT rural participation rate was distorted because students living in adjacent rural areas in NSW attend VET institutions in the ACT. ^c Numbers are too small to calculate a meaningful rate.

Source: table 3.17.

Employer outcomes

Employer satisfaction is an important indicator of the quality of VET services. A 1997 NCVET National Employer Satisfaction Survey (contracted by ANTA) obtained views on aspects of VET from 2687 employers in 17 different industries nationally (tables 3.18 and 3.19). The scope of the survey included employers that had employed a VET graduate who had completed a course of 200 or more hours in two years before the survey. However, there were limitations to this survey — for example, not all responding employers had direct experience with the vocational education and training delivered to the graduates who were the focus of the study (for further detail see NCVET 1998c).

The precision of survey estimates will depend on the survey sample size and the sample estimate. Larger sample sizes result in higher precision, as do larger sample estimates: for example, if 90 per cent of surveyed respondents chose an answer, there would be less uncertainty about the actual population's views than if 50 per cent of respondents had chosen it.

Consequently, caution should be used when interpreting small differences in results. Information to facilitate calculation of confidence intervals is provided in attachment 3A (table 3.20) (also refer to the attachment for a discussion of the sampling methodology).

The survey covered employers across a range of workforce sizes, including small (1–19 employees), medium (20–99 employees) and large (100 or more employees). On average, there was no significant difference between large, medium and small employers' overall satisfaction with VET.

Employer overall satisfaction with VET providers

The Employer Satisfaction Survey (NCVET 1998c) asked employers to rate their 'overall satisfaction' with VET on a scale from 1 (very dissatisfied) to 10 (very satisfied). Of employers surveyed in 1997, Victorian employers were the most satisfied with VET providers. Nationally 78 per cent of surveyed employers reported an overall satisfaction score of 6 or more. Victoria (89 per cent), SA (81 per cent) and Tasmania (79 per cent) had the highest proportions of employers with a satisfaction ranking of 6 or more (table 3.21).

**Table 3.22 Overall employer satisfaction with 1996 VET providers, 1997
(1 — very dissatisfied; 10 — very satisfied)^a**

	<i>Unit</i>	<i>NS</i> <i>W</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>
Proportion of employers responding with a ranking of 6 or higher	%	72	89	77	75	81	79	76	70	78
Mean score ^b		6.5	7.1	6.5	6.7	6.8	6.7	6.5	6.4	6.7

^a Caution should be used when interpreting small differences in the results, which are affected by sample and estimate size (see attachment 3A). ^b Rankings: 1 = very dissatisfied; 10 = very satisfied.

Source: table 3.23.

The satisfaction of surveyed employers with the system varied across industries in 1997. The hospitality and mining industries were the least satisfied with VET providers while the construction and education industries were among the most satisfied (table 3.24).

Meeting employer needs — employer satisfaction with TAFE value-for-money

On average, 10 per cent of surveyed employers considered that they received an excellent return on their training investment (that is, the increased productivity of graduates greatly exceeded the costs of their courses). Thirteen per cent of surveyed employers in the NT and 12 per cent in both NSW and WA reported an excellent return on training investment. Only 8 per cent of employers in Queensland and ACT shared this view.

Nationally 78 per cent of surveyed employers agreed that they probably break even (in the long run) or receive a reasonable financial benefit (from the increased productivity of graduates) from the training investment. The highest proportion of employers satisfied with the training investment (that is, those who reported doing better than breaking even) occurred in Tasmania (68 per cent), Victoria (64 per cent), SA (63 per cent) and WA (63 per cent) (table 3.25).

**Table 3.26 Employer satisfaction with VET value-for-money, 1997
(per cent)^{a, b}**

<i>Descriptions of value for money</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>
Sample size (<i>n</i>)	418	454	375	351	297	307	210	175	2 587
Waste of money. Courses were mostly a waste of money.	5	3	6	5	4	4	5	4	5
Break even. Employer will probably break even in the long term.	34	25	32	21	28	24	32	32	30
Reasonable financial benefits. Increased productivity of graduates shows financial return.	41	55	51	51	54	59	49	47	48
Excellent return on investment. Productivity increases greatly exceed the costs of courses.	12	9	8	12	9	9	8	13	10
Cannot say	8	8	4	11	4	4	6	5	7

^a Totals may not add up to 100 per cent as a result of rounding errors. ^b Caution should be used when interpreting small differences in the results, which are affected by sample and estimate size (see attachment 3A). The table provides details of the sample size *n*.

Source: table 3.27.

Meeting employer needs — employer satisfaction with the level of work skills of current VET graduates, 1997

Employers considered that an important aspect of VET services was how the work skills of graduates compared to those of nongraduates. Nationally 71 per cent of surveyed employers believed that graduates either could effectively apply their learned skills or had significantly improved their skills and productivity. SA had the highest proportion of employers with this perception (76 per cent) and the ACT had the lowest (64 per cent) (table 3.28).

Queensland (30 per cent) and the ACT (30 per cent) had the highest proportions of employers who believed that graduates had only a few of the required skills or did not show any better skills than those of nongraduates; employers in SA (23 per cent) and Victoria (24 per cent) reported the least dissatisfaction with the skills of VET graduates (table 3.29).

Table 3.30 Employer perception of the level of VET graduates' work skills (per cent)^{a, b}

<i>Descriptions of work skills</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>
Sample size (<i>n</i>)	418	454	375	351	297	307	210	175	2 587
Dissatisfaction with graduate work skills									
• Skills are no better than those of nongraduates.	4	2	3	5	2	5	3	3	3
• Graduates have a few of the required skills.	23	22	27	20	21	20	27	22	23
<i>Sub total</i>	27	24	30	25	23	25	30	25	26
Satisfaction with graduate work skills									
• Graduates effectively apply their learnt skills.	48	47	50	48	55	50	35	49	49
• Skills and productivity of graduates have significantly improved.	21	26	19	22	21	22	29	24	22
<i>Sub total</i>	69	73	69	70	76	72	64	73	71
Cannot say	3	3	2	6	1	4	7	2	3

^a Totals may not add up to 100 per cent as a result of rounding. ^b Caution should be used when interpreting small differences in the results, which are affected by sample and estimate size (see attachment 3A). The table provides details of the sample size *n*.

Source: table 3.31.

Student outcomes

ANTA commissioned a Graduate Destination Survey in 1998 to establish the work and promotional opportunities resulting from training in the Australian VET system for 1997 graduates from TAFE institutes and universities with TAFE divisions.

Care should be exercised when using the views of the graduates surveyed to generalise about the views of all graduates, because the survey was not weighted for nonresponses.¹ It is also important to remember that factors external to the VET system — such as general economic conditions and labour market conditions (refer to appendix A) — may affect reported outcomes for students. Nevertheless, graduate destination surveys provide valuable information on student outcomes.

¹ The views of graduates who did not respond may have significantly differed from those of graduates who did respond. Therefore, those who did respond may not be representative of the total graduate population if the nonresponse rate was high.

Main reason for undertaking VET course

The 1998 Graduate Destination Survey asked 1997 TAFE institute graduates to nominate their main reason for undertaking a VET course. Approximately 77 per cent of surveyed graduates indicated that they enrolled for vocational reasons (for example, to get a job or promotion). This proportion ranged from 73 per cent in WA to 85 per cent in Tasmania (table 3.32).

Table 3.33 1997 TAFE institute graduates main reason for undertaking a VET course (per cent)^a

	<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>
Vocational reason	76	78	80	73	84	85	79	74	77
Nonvocational reason	23	21	19	26	15	13	20	24	21

^a Nonvocational reasons included 'to get into another course of study', which could ultimately be vocational.

Source: table 3.34.

The vocational reason for undertaking VET courses can be further disaggregated to include reasons such as trying a different a career (12 per cent), fulfilling the requirements of the job (12 per cent), and getting a job (28 per cent) (table 3.35).

The proportion of TAFE institute graduates who reported that their course helped or partly helped them to achieve their main reason for doing the course ranged from 76 per cent in the ACT to 82 per cent in both Tasmania and the NT (table 3.36).

Table 3.37 Whether the VET course helped 1997 graduates achieve their main reason for doing the course (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>
Course helped to achieve main reason	62	62	61	66	66	71	61	69	63
Course partly helped to achieve main reason	16	16	17	14	15	11	15	13	16
Course did not help to achieve main reason	7	7	10	8	9	5	8	4	8
Do not know yet	13	13	11	10	8	10	15	11	12

Source: table 3.38.

The extent to which students achieved their main reason for doing a course not only varied across jurisdictions but also across ANTA-designated target groups. Nationally 49 per cent of TAFE institute graduates who enrolled in a VET course to obtain a job achieved this outcome. However, this outcome was lower for people from both non-English speaking backgrounds (43 per cent) and people identifying

themselves as being an Aboriginal or Torres Strait Islander person (47 per cent) (table 3.39).

Table 3.40 **Proportion of 1997 graduates whose VET course helped them achieve their main reason for doing the course, by reason and special needs group (per cent)**

	<i>All graduates</i>	<i>Indigenous graduates</i>	<i>Graduates from a non-English speaking background</i>
To obtain a job (or own business)	49	47	43
To try for a different career	49	51	46
To obtain a better job or promotion	52	58	49
To fulfil requirement of the job	89	91	84
To learn extra skills for the job	77	79	74
To qualify for another course	77	82	76
Interest or personal development	78	76	73
Other	61	77	60

^a Includes respondents who indicated that their VET course helped or partly helped them achieve their main reason for doing the course.

Source: table 3.41.

Meeting student needs — employment outcomes of VET graduates

Of those TAFE institute graduates who completed a VET program during 1997, 67 per cent indicated that they were employed either part time or full time (NCVER 1998d).

Graduates from Tasmania, SA and the NT reported better than average employment outcomes (table 3.42). Interpretation of employment outcomes must account for the general economic conditions in each jurisdiction (appendix A) and the enrolment of some students for reasons other than vocational ones. SA and Tasmania, for example, reported the highest employment rates of graduates but also the highest proportion of VET enrolments for vocational reasons.

Table 3.43 Labour force status of 1997 TAFE graduates, 1998 (per cent)^a

	<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>
Employed ^b	71	72	72	72	82	82	73	79	73
• full time	48	45	43	44	56	59	49	59	48
• part time	17	21	23	22	20	16	19	16	19
Unemployed	15	15	15	12	10	10	13	9	14
Not in labour force	14	12	13	16	8	8	14	12	13

^a As at 29 May 1998. ^b The proportion of TAFE graduates employed does not equal the sum of those employed full time and part time because some graduates reported that they were employed but not whether their work was full time or part time.

Source: table 3.44.

An above-average proportion of TAFE institute graduates in Tasmania, the NT, WA, SA, Victoria and the ACT reported that their course was highly relevant to their job. Tasmania (85 per cent) and the NT (83.0 per cent) had the highest proportions reporting that their course was either highly relevant or of some relevance to their job (table 3.14).

Table 3.45 Employed 1997 TAFE graduates who undertook their course for vocational reasons — relevance of course to their main job, 1998 (per cent)^a

	<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>
Highly relevant	52	57	54	59	58	66	57	59	55
Some relevance	25	22	24	19	23	19	23	24	24
Total relevance	78	79	78	77	82	85	79	83	78

^a Totals may not add due to rounding.

Source: table 3.46.

The proportion of TAFE institute graduates who received a pay increase after completing their course ranged from 28 per cent in Queensland to 40 per cent in Tasmania. The proportion who received a promotion (or increased status at work) as a result of doing their VET course ranged from 20 per cent in Queensland and WA to 26 per cent in SA (table 3.47).

Table 3.48 Employed 1997 TAFE graduates who undertook their course for vocational reasons — benefits as a result of doing their VET course, 1998 (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>
An increase in earnings	31	33	28	36	33	40	32	31	32
A promotion (or increased status at work)	22	21	20	20	26	24	23	24	22
Change of job or new job	28	29	37	31	31	23	31	26	30
Benefited in some way ^a	56	58	59	61	60	61	58	57	58

^a 'Benefit in some way' may not equal the sum of the benefits, as graduates may report more than one type of benefit.

Source: table 3.49.

Efficiency

A proxy indicator of efficiency is government inputs per unit of output (unit cost). The indicator 'cost to government per government funded module completion' replaces the indicator reported in the 1998 Report — 'cost to government per module completion (including modules which are not government funded)'.

Two new indicators are also reported this year: 'cost of capital per adjusted module load completion' and 'cost of capital per adjusted annual curriculum hours' (see sections 3.4 and 1.3).

The Steering Committee has decided that a user cost of capital should be included, where possible, as part of the costs for each government service reported here and that this should be calculated by applying a jurisdiction cost of capital rate to the value of government assets.

Cost of capital indicators are in the developmental stage, and the Steering Committee accepts that certain information (such as asset valuation) is currently imperfect. However, it also recognises that the cost of public capital used by government to deliver services has not previously been fully recognised in discussions of the cost of government services — that is, capital has been considered 'free'. This can lead to significant underestimating of costs of those services for which government capital is a major input. Thus, an imperfect costing is more appropriate than not costing government capital at all.

The Steering Committee agreed to apply the user cost of capital at the weighted average of the rates advised by States and Territory Treasuries. Victoria is the only jurisdiction to advise of a rate (8 per cent), so it has been applied to the value of each jurisdiction's average total physical noncurrent assets. The Steering Committee

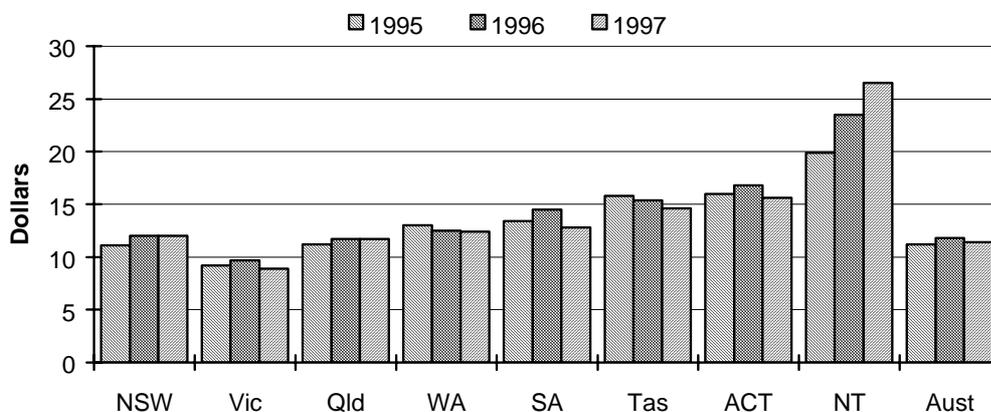
will work to refine the measurement of this aspect of the cost of services in future Reports.

Unit cost — government expenditure per hour of delivery

Unit costs were measured in terms of total recurrent government expenditure per annual curriculum hours, adjusted to account for course mix differences across jurisdictions.² Financial and activity data reported by States and Territories are reported within an agreed scope and boundary to ensure that unit costs provide an accurate reflection of the relative efficiency of government service provision across jurisdictions.

Recurrent expenditure per annual curriculum hour of government funded VET programs in 1997 ranged from \$8.90 in Victoria to \$26.50 in the NT. Only Victoria reported a unit cost below the national average, and it was one of five jurisdictions that reported a real decrease in unit costs (8 per cent) from 1996, along with SA (12 per cent), the ACT (7 per cent), Tasmania (5 per cent) and WA (1 per cent) (figure 3.12).

Figure 3.13 VET costs per adjusted annual hours of curriculum^a



^a State and Commonwealth recurrent expenditure data (financial data) are sourced from ANTA 1998a and are therefore based on 'maintenance of effort' cash expenditure. These financial data are not comparable with financial data based on accrual accounting data as reported in table 3.50.

Data source: table 3.51.

Recurrent government expenditure per annual curriculum hour represents only part of the cost incurred by government in the delivery of VET services; there are also the costs of the capital used to deliver these services. To integrate these costs to

² Other unaccounted external factors that may affect the unit cost of provision include the population density and the provision of VET for disadvantaged groups (see appendix A).

make up total cost, it is necessary to convert cost of capital to a year-by-year charge. Thus, an 8 per cent capital charge has been adopted to reflect the income that might have been earned if the funds had been invested elsewhere rather than used to purchase the capital item (table 3.52).

Table 3.53 Cost of capital, 1997^a

	<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>
Physical noncurrent assets	\$m	1 692	1 230	821	397	377	124	130	60	4 832
Capital charge	%	8	8	8	8	8	8	8	8	8
Cost of capital	\$m	135	98	66	32	30	10	10	5	386

^a Totals may not add due to rounding.

Source: table 3.54.

The government cost of capital per annual curriculum hour varied between jurisdictions in 1997, ranging from \$1.60 in NSW, Victoria and WA to \$2.70 in the ACT (table 3.55).

Table 3.56 Government cost of capital per annual curriculum hours, 1997^a

	<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 (\$ m)	135	98	66	32	30	10	10	5	386
Adjusted annual curriculum hours ('000)	83 319	62 541	35 495	19 552	15 392	3 874	3 930	2 000	226 096
Cost of capital per adjusted annual curriculum hours (\$m)	1.6	1.6	1.9	1.6	2.0	2.6	2.7	2.4	1.7

^a Totals may not add due to rounding.

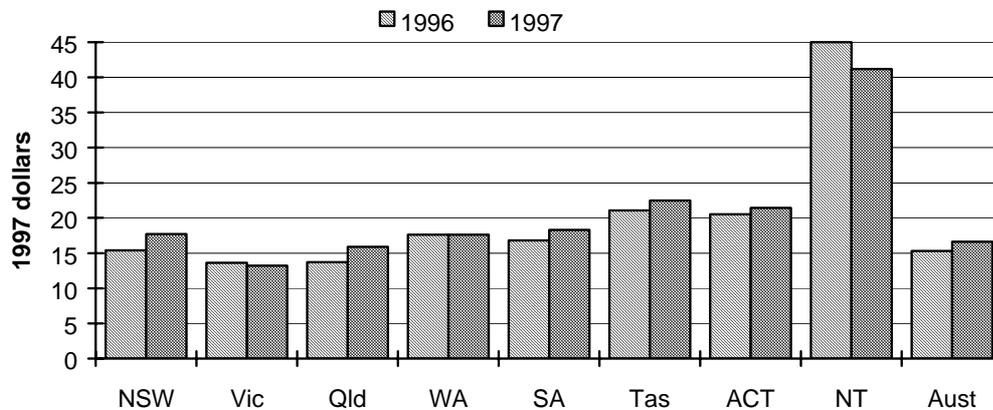
Source: table 3.57.

The full cost of providing VET services includes both the cost of capital and recurrent costs. The national full cost per adjusted annual curriculum hour was an estimated \$13.10 (recurrent cost \$11.40 + cost of capital \$1.70) in 1997, for example. However, the cost data are reported separately here, given differences in their degree of accuracy. The asset data used to calculate cost of capital are currently not as reliable as the recurrent cost data.

Unit cost — government expenditure per publicly funded module completion

Government expenditure per publicly funded module completion measures the cost to government of each successfully completed VET module (that is, the cost per output produced). Nationally, the cost of producing successful publicly funded outputs increased between 1996 and 1997. The NT (8 per cent) and Victoria (3 per cent) reported real cost decreases over the same period (figure 3.14).

Figure 3.15 **Government recurrent expenditure per hour of publicly funded successful module load completions^{a, b}**



^a Care should be taken in making comparisons between jurisdictions because there were jurisdictional variations in average module durations and competencies achieved by students. ^b State and Commonwealth recurrent expenditure (financial data) data are sourced from ANTA 1998a and are therefore based on 'maintenance of effort' cash expenditure. This financial data is not comparable with financial data based on accrual accounting data as reported in table 3.58.

Data source: table 3.59.

Government cost of capital per module load completion in 1997 ranged from \$2.20 in WA to \$3.80 in Tasmania, the NT and the ACT (table 3.60).

Table 3.61 **Government cost of capital per module load completion, 1997^{a,b}**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Cost of capital (\$m)	135	98	66	32	30	10	10	5	386
Adjusted module load completion rate ('000)	55 077	42 547	26 346	14 183	10 909	2 603	2 761	1 255	155 676
Cost of capital per adjusted module load completion rate (\$)	2.5	2.3	2.5	2.2	2.8	3.8	3.8	3.8	2.5

^a Care should be taken in making comparisons between jurisdictions because there were jurisdictional variations in average module durations and competencies achieved by students. ^b Totals may not add due to rounding.

Source: table 3.62.

3.6 Jurisdictions' comments

This section provides comments from each jurisdiction on the services covered in this chapter. Appendix A contains detailed statistics and short profiles on each State

and Territory, which may assist in interpreting the performance indicators presented in this chapter. The information covers aspects such as age profile; geographic distribution of the population; income levels; education levels; tenure of dwellings; and cultural heritage (such as aboriginality and ethnicity).

New South Wales Government comments

“ New South Wales continues to deliver quality training to meet the diverse needs of students and employers. This is demonstrated by the following: over 508 500 clients (students) undertook training in publicly funded vocational education and training in NSW during 1997, an increase of 4.4 per cent over 1996; with 33.9 per cent of the national population, NSW's total number of clients represented 35 per cent of the 1.46 million Australian total; the expansion of traineeships, with 54 new traineeship programs established in 1997 and 15 265 commencements, an increase of 26 per cent over 1996 levels.

The commitment that NSW has to ensuring access to vocational education and training by all members of the community is reflected in higher than national average rates for women, indigenous students, students from a non-English speaking background, and students with a disability.

Young people are also well represented, with those aged 15–24 years making up 40 per cent of total NSW publicly funded vocational education and training clients, which is 4 per cent higher than the national average (36 per cent). In 1997, they accounted for 51.5 per cent of the total annual hours delivered in publicly funded training facilities in NSW.

A priority is expanding the provision of quality vocational education programs for students in the senior secondary years of schooling. In 1997, approximately 18 684 school students participated in school-delivered dual accredited vocational courses, an increase of 32.6 per cent over 1996 levels for government school students. The creation of the combined Department of Education and Training in December 1997 will improve the linkages between school education and vocational education and training.

In addition to school delivered VET there were 23 623 students in government and non-government schools undertaking VET courses delivered by TAFE colleges through the Joint Secondary Schools TAFE program. Total numbers of students undertaking VET courses either at school or TAFE in 1997 were 42 307. Changes to the Higher School Certificate, to be implemented in 2000, will significantly strengthen VET provision through the development of industry curriculum frameworks.

Extensive partnerships with industry demonstrate that employers are obtaining quality outcomes from the vocational education and training system. Partnerships with industry have enabled the development of specialist, high technology facilities such as the OPTUS/TAFE NSW Telecommunications Centre located at Lidcombe College of TAFE. The selection of TAFE NSW as the official training provider for the Sydney 2000 Olympics is also a significant vote of confidence.

NSW continues to have concerns about a range of data used in the 1999 Report. For example, the national Employer Satisfaction Survey is in need of substantial refinement. Little confidence can be placed in the accuracy of the estimates presented and, as a result, many of the comparisons made are inappropriate.”

Victorian Government comments

“ Victoria has continued to make significant progress in building a worldclass vocational education and training system, which supports Victorian enterprises and enhances the social and economic opportunities for Victorians. This report highlights several aspects of Victoria’s performance:

- Victoria delivers high quality VET for employers and students. In the employer satisfaction survey, Victoria's employers had the highest overall satisfaction with 88 per cent rating their satisfaction as six or more out of ten, compared to a national average of 78 per cent. The 1998 graduate destination survey shows that Victoria's performance was at around the national average in delivering jobs and other benefits to graduates.
- Victoria has the most efficient VET system in Australia. Its cost per weighted student contact hour is \$8.90, \$2.50 below the national average.
- Victoria has the highest VET participation rate in Australia, at 12.4 per cent, an increase of 0.3 per cent on 1996. The national average increased by 0.1 per cent to 10.0 per cent in 1997.

Victoria has achieved this high level of performance by supporting the training needs of industry and students as they face the challenges of global competition, economic deregulation and rapid technological change, with initiatives such as:

- a new Vision statement from the State Training Board to ensure that the State Training Service meets the challenges of the future and continues to make a significant contribution to an adaptable, skilled community;
- a restructure of metropolitan TAFE following a major independent review to ensure metropolitan TAFE providers are able to compete effectively in the rapidly evolving open training market;
- increased competition between TAFE institutes and over 1200 registered private providers, with over 25 per cent of funds, allocated through competitive tendering processes in 1998;
- greater independence for TAFE institutes to compete in the Victorian, interstate and overseas training markets;
- a focus on strategies for quality improvement and best practice;
- the launch of the TAFE Online 2001 electronic training delivery platform, including the Victorian TAFE Virtual Campus;
- the launch of a major promotional campaign ‘TAFE of Course’ to raise the profile of TAFE in Victoria.

In addition, Victoria has played a leading role in national training reforms, with a particular focus on the introduction of User Choice for New Apprenticeships in January 1998.

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Queensland Government comments

In 1998, Queensland's Vocational Education and Training services focussed on meeting the skill needs of its growth industries and providing increased employment and training opportunities for those seeking entry into the workforce.

Competitive arrangements for the allocation of funds for apprenticeship, traineeship and general vocational education and training were expanded over 1997 levels. From the beginning of 1998, all government funded apprenticeship and traineeship activity was handled through User Choice funding arrangements, providing employers and trainees with a choice of training provider.

Queensland adopted policies to consolidate TAFE's position as the public provider of training and to ensure that it continues to deliver quality vocational education and training. A key element of these policies was the freezing of competitive funding at 1998 levels for three years.

Greater emphasis is being placed on longer term planning, leading to better targeting of training and allocation of resources so as to foster employment growth and the economic competitiveness of industry. The links between industry priorities and priorities for VET are being strengthened through a focus on Queensland's qualification profile and work skills deficits, and by forecasting and planning to address the skill requirements of major development projects over the next five years.

Initiatives instituted to improve the responsiveness of the Queensland VET sector to the needs of industry and the community and to provide opportunities to break the cycle of unemployment include:

- the implementation of policies aimed at increasing the participation of the young unemployed and other disadvantaged groups in the labour market;
- expanding School Based Apprenticeship training and reviewing the administrative processes of the Apprenticeship System to identify means to streamline the administration of the system and to improve employers' understanding, acceptance and participation in the system;
- expansion of public sector apprenticeships and traineeships and cash incentives to private sector employers or group training schemes that employ additional apprentices in areas of recognised skill shortages; and
- development of new performance based resource allocation models for both TAFE Institutes and Agricultural Colleges for implementation in 1999. ””

Western Australian Government comments

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The WA Department of Training continues to strategically manage the vocational education and training system and has achieved extensive streamlining of the sector over the past few years. By focusing on industry, student and community requirements, framed within a competitive training market, a more demand driven and responsive system for publicly funded training effort has been developed with a commitment to quality processes.

A key reform has been the development of a new integrated strategic planning system based on much longer term planning horizons than previous State Training Profiles. The strategy highlights significant change drivers and outlines the training needs and priorities that have been advised by industry, regions and their diverse communities within that context. Priorities for Government's investment in vocational education and training are focused towards purchasing the types of skill development WA will need over the next 3 years. Recently this has led to considerable shifts in training provision into high cost trade and post trade skills development.

Consistent with this approach, the Department continues to introduce reforms aimed at producing a training market that is competitive and responsive to client needs. A key reform in this context is the planned introduction in 1999 of output/outcome linked funding. Output/outcome linked funding is intended to provide a concrete focus on student retention and outcomes. The proposed mechanism provides for minimum output standards for training funded by the Department and a means of recognising providers who deliver a high standard of training. This will be achieved through:

- a direct link to funding via performance against negotiated benchmarks for module load completion rate; and
- an indirect link through the use of a basket of outcome measures monitored across successive resource agreements which will inform purchasing decisions by the Department.

Included in this latter group will be measures of student and graduate satisfaction and outcomes and graduate numbers.

This approach shows the emphasis that the WA Department of Training places on demonstrable improvements in the quality of training and the importance of reliable performance information to inform purchasing decisions which lead to tangible quality improvements. Quality arrangements have been further enhanced by the implementation of a monitoring and review framework for recognition arrangements in this State including registered training organisations.

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South Australian Government comments

“ In 1997 SA performed well against the measures summarised in this report. The formation towards the end of the year of the Department of Education, Training and Employment, bringing VET together with school education and continuing the association with employment, reinforced the Government’s commitment to a strong integrated education and training system as fundamental to a dynamic and productive SA. The mission of the new department is ‘...to provide high quality learning, teaching, care, employment and youth services within an integrated, responsive and supportive learning organisation which strives for continuous improvement in service and performance.’ Information in this report demonstrates such continuous improvement.

In 1997 VET in SA:

- expanded its activity to 16.6 million curriculum hours (involving 141 500 individual enrolments), a growth of 8.9 per cent from 1996;
- reduced the unit cost to \$12.80 per curriculum hours, a reduction of 11.1 per cent from 1996 costs and close to the Australian average plus cost disadvantages existing in SA;
- increased its average individual participation rate to 11.0 per cent (with females participating marginally above males) compared to the Australian average of 10.0 per cent;
- continued its high successful completion rate, with a module load completion rate of 90.6 per cent compared to the Australian average of 82.4 per cent
- maintained the high satisfaction rating by employers, achieving the second highest satisfaction rating in table 3.7 and the highest rating on employers perception of the level of VET graduates work skills (table 3.9); and
- continued to serve the vocational needs of VET students; SA was only one percentage point below the highest proportion of students reporting their course as helping or partly helping them to achieve the main reason for doing the course (table 3.11) and achieved the equal highest proportion of 1996 graduates employed as at 30 May 1997 (table 3.13).

The participation rate of people from disadvantaged groups is difficult to assess in all cases, mainly due to low rates of people self identifying as belonging to a disadvantaged group. Nevertheless, Aboriginal and Torres Strait Islander persons participated above the rate of their presence in the community (but at lower academic levels and with lower completion rates) and persons living in remote regions participated at higher rates than those in rural regions who, in turn, participated at a marginally higher rate than those in metropolitan Adelaide.

SA is aiming for continued improvements in service and performance and supports improvements in information on performance through publications such as this report when based on solid comparable data.

Tasmanian Government comments

“ In 1997 Tasmania maintained and enhanced the effectiveness, efficiency and quality of vocational education and training provided to meet the needs of industry and the community.

Achieving greater efficiencies in the delivery of VET in Tasmania is constrained by a group of factors specific to the State, including the small, widely dispersed population, the comparatively low proportion of the population residing in the capital city compared to other States, and the broad but thin composition of Tasmanian industry which necessitates provision of a wide range of services to small groups of students. Limits have also applied to levels of State resources available for VET in the absence of State economic growth and in a situation of high State debt. Within these constraints, key achievements have occurred including increased participation and cost effectiveness, and demonstrated responsiveness to client needs.

- The 1998 TAFE Graduate Destination Survey shows that as at 29 May, 81.8 per cent of 1997 graduates in Tasmania were employed. This is 9 percentage points higher than the national average, and the highest level of any jurisdiction.
- The same survey shows that as at the same date 68.1 per cent of graduates who were unemployed before commencing their course had found employment. This is not only the highest of any State or Territory, it is 8.1 percentage points more than the next highest State or Territory.
- Again, the survey shows that 71.3 per cent of graduates in Tasmania achieved their main reason for undertaking their course. This was the highest level of any jurisdiction, and the only one to reach 70 per cent or higher.
- When adjusted to the same scope and boundary as the two previous years, Tasmania's VET participation rate for 15–64 year olds improved to 7 per cent in 1997, compared to 6.7 per cent for 1996. Whereas Tasmania was documented as having the lowest participation rate in 1995, it was documented as having a participation rate exceeding that of two other jurisdictions in 1997.
- The unit cost of government recurrent funding for VET in Tasmania has decreased from \$15.80 in 1995 and \$15.40 in 1996 to \$14.60 in 1997, showing an increase in the cost effectiveness of the State's VET system over this time.

Tasmania is continuing the focus on developing an efficient and effective VET system through measures including implementation of a three year efficiency plan, and closer integration of strategic industry needs with provision of VET.

Australian Capital Territory Government comments

“ The ACT continued to improve the responsiveness of training to the needs of industry, students and the community. The ACT Government in partnership with industry is pursuing an active agenda to improve the quality and efficiency of all VET services.

The separation of purchaser and provider functions focused on better aligning needs and services and clarifying roles. A purchase agreement between the Department of Education and Community Services and the Canberra Institute of Technology specifies outputs purchased and identifies incentives for improved efficiency.

Around 130 public and private training providers are currently recognised within the ACT VET Quality Framework. These providers are increasingly able to access public funds through competitive processes.

The implementation of user choice arrangements has provided employers and trainees/apprentices with the flexibility to negotiate training programs with the training provider of their choice.

Around 400 trainees and apprentices were employed through ACT Group Training Companies. These companies arrange placements on rotation with their members which are generally small specialist businesses. The placements ensure that the apprentices and trainees gain the full range of competencies.

Progress has been made in promoting further access for individuals with equity needs. Initiatives in 1997-98 focused on training for vision impaired people. A plan has also been developed which should ensure measurable change in women's access to VET.

The ACT has also made progress in the delivery of VET in secondary colleges.

In 1998, 490 Vocational Certificates and 1 293 Vocational Statements of Attainment were awarded to year 12 students. This is an increase of 51 per cent for Vocational Certificates and 59 per cent for Statements of Attainment over 1997 figures.

In the critical area of delivery costs, the ACT along with other small jurisdictions is shown to be more expensive. Cost efficiencies however have been achieved. For example, from 1996 to 1997 the ACT achieved an overall 7 per cent reduction in the unit cost of total VET delivery hours compared with a national figure of 3 per cent as reported in the ANTA report *Measuring the Performance of Australia's Vocational Education Training Sector in 1997*.

The ACT continues to emphasise the development of a training market that is diverse, competitive and responsive to client needs.

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Northern Territory Government comments

“ The NT is experiencing significant growth in all age groups in the population and in employment in excess of the national average. Population has been forecast to overtake Tasmania and the ACT by the late 2030s. The challenge to the NT VET system in this dynamic environment is to improve productivity by:

- reducing the invalid module enrolments (from 21.15 per cent);
- improving the module load completion rates (from 78.2 per cent); and
- reducing comparatively high unit costs (from \$26.50 per annual hour curriculum and \$41.20 per module load completion excluding user cost of capital) while improving access and equity and building on a quality service.

1997 marked an important transition year for the NT VET sector. It sees the end of the training organisations being funded on an historical basis and the establishment of funding models and resource agreements, with outcomes for 1998 onward.

In conjunction with this, the NT is to apply a productivity dividend to the four public training organisations, using the savings to purchase additional training activity through a competitive tendering program.

The barriers to large efficiency gains continue to be:

- small dispersed population
- gross diseconomies of scale,
- itinerant and indigenous populations.

NT has 1/100 of population for 1/6 of the landmass. The isolation and small population of the Territory does not support economies of scale. The itinerant and indigenous proportions of the population also reduce efficiency opportunities. Utilities costs per capita in urban and remote areas are comparatively very high. Staffing costs and necessary interstate personnel development services will always be an added cost.

From a data perspective it is Government and Treasury policy not to change to accrual accounting in the NT. The full cost of the VET sector has yet to be measured.

The NT is working towards productivity improvements in the 1999 Resource Agreements with registered training organisations. These aim to fund achieved outcomes only and reduce invalid enrolments to 8 per cent. There are data quality incentives to allow analysis of the factors behind low module load completion rates.

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