# 5 Vocational education and training

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This chapter reports performance information for vocational education and training (VET) services.

Further information on the Report on Government Services including other reported service areas, the glossary and list of abbreviations is available at www.pc.gov.au/rogs/2018.

## 5.1 Profile of vocational education and training

### Service overview

The VET system provides training for entry level jobs through to highly technical occupations, but also provides training for non‑employment related reasons. Nationally in 2017, the main reason graduates participated in VET was for:

* employment related reasons(82.7 per cent in government‑funded VET and 83.7 per cent in total VET)
* personal development (12.9 per cent in government‑funded VET and 12.6 per cent in total VET)
* pathways to further study (4.5 per cent in government‑funded VET and 3.7 per cent in total VET) (NCVER 2017).

To achieve these aims, a student may choose to complete a single subject/unit of competency, module, skill set or VET qualification. VET qualifications range from Certificate level I to Graduate Diploma level, as determined by the Australian Qualifications Framework (AQF).

### Roles and responsibilities

VET is an area of shared responsibility between interlinked government, industry and individual stakeholders (figure 5.1).

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| Figure 5.1 VET roles and responsibilities  |
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##### Federal governance arrangements

Government roles and responsibilities are outlined in the *National Agreement for Skills and Workforce Development* and the *National Partnership Agreement on Skills Reform* (the latter concluded 30 June 2017), and are summarised below.

* State and Territory governments provide approximately two‑thirds of government funding to VET and manage VET delivery within their jurisdiction (including the effective operation of the training market).
* The Australian Government provides financial support to State and Territory governments to sustain national training systems and provides specific incentives, interventions and assistance for national priority areas.
* The Australian Government and State and Territory governments work together to progress and implement national policy priorities. The Council of Australian Governments (COAG) Industry and Skills Council — comprising Australian, State and Territory ministers with portfolio responsibility for industry and skills — has responsibility for industry competitiveness, productivity and labour market pressures; and skills development and national training arrangements.

##### Industry liaison

The Australian Industry and Skills Committee (AISC) provides industry advice on the implementation of national VET policies, and approves nationally recognised training packages for implementation in the VET system.

The AISC draws on advice from its network of Industry Reference Committees (IRCs). IRCs are made up of people with experience, skills and knowledge of their particular industry sector and are responsible for developing training packages that meet the needs of Australian industry. IRCs are voluntary bodies that are supported by professional Skills Service Organisations in training package development work.

##### Regulation of VET

The Australian Skills Quality Authority (ASQA) accredits courses and regulates registered training organisations (RTOs) to ensure nationally approved quality standards are met. ASQA has jurisdiction over all RTOs, except for those that operate solely in Victoria or WA (and do not offer services to overseas students).

##### Registered Training Organisations

RTOs are the institutions within which organised VET takes place, including:

* *government VET providers* — such as technical and further education (TAFE) institutes, agricultural colleges and multi‑sector education institutions
* *community education providers* — such as adult and community education providers
* *other registered providers* — such as: private training businesses; industry and community bodies with an RTO arm; employers that have RTO status to train their own staff; Group Training Organisations or Apprenticeship Network Providers that also deliver VET services.

##### Nationally recognised training

The VET sector delivers ‘nationally recognised training’ through:

* *Training packages* that are occupational skills standards against which training delivery and assessment of competency can take place. They are developed through a process of national consultation with industry (see section 5.4 for definition of training packages)
* *VET accredited courses* which enable nationally accredited training in niche areas or in response to rapidly‑emerging industry needs, where these are not covered by existing training package qualifications.

Nationally recognised VET qualifications or VET statements of attainment are issued by RTOs following the full or partial completion of a qualification from a training package or VET accredited course. Apprenticeships/traineeships combine employment and competency‑based training, including both formal nationally recognised training and on‑the‑job training.

### Funding

Figure 5.2 outlines the major funding flows within the VET system.

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| Figure 5.2 Major funding flows within the VET system  |
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##### Government grants and competitive tendering

The main source of government recurrent funding of VET is via government grants and appropriations and/or competitive tendering/user choice mechanisms. Nationally in 2016, Australian, State and Territory government appropriations and program funding for VET was $4.7 billion (table 5A.5).

* State and Territory governments provided $2.9 billion (61.1 per cent of total funding)
* the Australian Government provided $1.8 billion to State and Territory governments, with the majority provided through specific purpose and national partnership payments.

Government funding of VET is provided to a mixture of government RTOs (including TAFEs), and community education providers and other registered RTOs. Nationally, government payments to non‑TAFE providers have more than doubled since 2007, to $1.3 billion in 2016 (table 5A.4).

Nationally in 2016, $2.2 billion (45.7 per cent) of government appropriations and program funding was allocated on a competitive basis — a 4.9 per cent decrease in real terms from 2015. The majority of funding allocated on a competitive basis was provided through entitlement fundingprograms (see section 5.4 for definition) (76.5 per cent of all contestable funding allocated to VET in 2016) (table 5A.5).

##### Other funding

Financial support to *students, employers and industry* from the Australian, State and Territory governments includes the following:

* Incentives and loans to individuals — such as incentive payments (for example, to support with the cost of learning during training) and program subsidies and government loans (for example, VET Student Loans — see section 5.4 for definition)
* Skills development and incentives to employers — including support with the cost of employing and training staff in the form of subsidies and incentive payments (such as for Australian Apprenticeships)
* Support for the National Training System — including funding to industry bodies to support the training system, and assist in the identification of skills needs and the development of skills programs (for example, Skills Service Organisations and the Australian Apprenticeship Support Network).

Governments provide for a number of *specifically funded VET programs* to provide support for target individuals or communities. For example, support for people with special needs to engage with training, or support for school‑based VET programs (such as VET in Schools and Trade Training Centres in Schools programs).

### Size and scope

#### Students

Nationally in 2016, an estimated 4.2 million students participated in total VET, and around 1.3 million students participated in government‑funded VET (table 5A.7).[[1]](#footnote-1)

The highest qualification level being attempted by the majority of government‑funded VET students was certificate level III or IV (54.2 per cent), followed by a certificate level I or II qualification (18.2 per cent) and diploma or above qualifications (12.3 per cent). A further 15.3 per cent of government‑funded VET students were enrolled in a non‑AQF qualification (table 5A.7).

#### Training providers

There were 4279 VET providers in Australia in 2016, of which 1931 delivered government‑funded VET at 36 146 locations in Australia (table 5A.6).

## 5.2 Framework of performance indicators

Box 5.1 describes the vision and objective for the VET system.

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| Box 5.1 Objectives for VET |
| The VET system aims to deliver a productive and highly skilled workforce through enabling all working age Australians to develop and use the skills required to effectively participate in the labour market and contribute to Australia’s economic future. To achieve this, the Australian, State and Territory governments aim to create a national training system that:* is accessible to all working age Australians
* meets the needs of students, employers and industries
* is high quality.

Governments aim for a national training system that meets these objectives in an equitable and efficient manner. |
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The performance indicator framework provides information on equity, effectiveness and efficiency and distinguishes the outputs and outcomes of VET services (figure 5.3).

The performance indicator framework shows which data are complete and comparable in the 2018 Report. For data that are not considered directly comparable, text includes relevant caveats and supporting commentary. Chapter 1 discusses data comparability, data completeness and information on data quality from a Report‑wide perspective. In addition to section 5.1, the Report’s Statistical context chapter (chapter 2) contains data that may assist in interpreting the performance indicators presented in this chapter. Chapters 1 and 2 are available from the website at www.pc.gov.au/rogs/2018.

Improvements to performance reporting for VET services are ongoing and include identifying data sources to fill gaps in reporting for performance indicators and measures, and improving the comparability and completeness of data.

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| Figure 5.3 VET performance indicator framework  |
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## 5.3 Key performance indicator results

Different delivery contexts and locations can influence the equity, effectiveness and efficiency of VET services.

### Outputs

Outputs are the services delivered (while outcomes are the impact of these services on the status of an individual or group) (see chapter 1). Output information is also critical for equitable, efficient and effective management of government services.

### Equity

#### Access — VET participation by target group

‘VET participation by target group’ is a proxy indicator of governments’ objective that the national training system is provided in an equitable manner (box 5.2).

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| Box 5.2 VET participation by target group |
| ‘VET participation by target group’ is defined as the proportion of the population aged 15–64 years from target groups participating in government‑funded VET, compared with participation of people from non‑target groups. For this Report, the designated target groups are:* Aboriginal and Torres Strait Islander people
* people from remote and very remote areas
* people with disability.

This measure relates to government‑funded VET activity only.A higher or increasing participation rate indicates high or increasing levels of access to the VET system (conversely, a lower participation rate, compared to the non‑target group, means the target group is underrepresented in VET). However, this measure needs to be interpreted with care because higher participation may not be desirable if it reflects exclusion from tertiary education. Similarly, declining participation could represent a substitution from VET to tertiary education or full fee-for-service training. The data also need to be interpreted with care as participation rates:* by target group (other than for remoteness) depend on obtaining accurate responses to self‑identification questions at the time of enrolment, which may vary across jurisdictions. A large unknown (or not stated) response could mean that the participation rate for the target group is understated
* are not age standardised. Participation rates for target groups with a younger age profile (such of the Aboriginal and Torres Strait Islander population) are likely to overstate the difference in participation compared to the non‑target group population
* use a different data source for the numerator and denominator, which can affect comparability.

Data reported for this measure are:* comparable (subject to caveats) across jurisdictions and over time
* complete for the current reporting period (subject to caveats). All required 2016 data are available for all jurisdictions.
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##### Aboriginal and Torres Strait Islander Australians

For people aged 15–64 years in 2016, the Aboriginal and Torres Strait Islander participation rate was more than twice the rate of non‑Indigenous people (17.8 per cent compared to 7.3 per cent) — a consistent pattern over the last 5 years (figure 5.4).

| Figure 5.4 Participation rate 15–64 year olds in government‑funded VET, by Indigenous status**a** |
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| a See box 5.2 and table 5A.8 for detailed definitions, footnotes and caveats. |
| *Source*: National Centre for Vocational Education Research (NCVER) (unpublished), *Government‑funded students and courses* (editions 2012 to 2016); Australian Bureau of Statistics (ABS) 2012–2016, *Australian Demographic Statistics, Jun 2012, 2013, 2014, 2015 and 2016*, Cat. no. 3101.0; ABS 2014, *Estimates and Projections, Aboriginal and Torres Strait Islander Australians, 2001 to 2026*, Cat. no. 3238.0; table 5A.8. |
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##### People from remote and very remote areas

Of 15–64 year olds in remote or very remote areas in 2016, 12.5 per cent participated in government‑funded VET, which is higher than the rates for people in inner and outer regional areas (10.6 per cent) and major cities (6.5 per cent). In most jurisdictions, the VET participation rate increased as remoteness increased (table 5A.9).

##### People with disability

Nationally in 2016, 8.9 per cent of 15–64 year old government‑funded VET students reported as having disability (table 5A.10). Using available disability prevalence data[[2]](#footnote-2) results in a 2015 participation rate of 4.7 per cent, which is lower than the rate for people without disability (7.4 per cent) (table 5A.10). The participation rate of people with disability in 2015 is similar to 2012 (4.9 per cent) (table 5A.10).

### Effectiveness

#### Access — Student participation in VET

‘Student participation in VET’ is a proxy indicator of governments’ objective to create a national training system that is accessible to all working age Australians (box 5.3).

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| Box 5.3 Student participation in VET |
| ‘Student participation in VET’ is defined as the proportion of the population aged 15–64 years participating in government‑funded VET.This measure relates to government-funded VET activity only.High or increasing VET participation rates indicate high or increasing levels of access to the VET system by the general population. However, this measure needs to be interpreted with care because higher participation may not be desirable if it reflects exclusion from tertiary education. Similarly, declining participation could represent a substitution from VET to tertiary education or full fee-for-service training.Data reported for this measure are:* comparable (subject to caveats) across jurisdictions and over time
* complete for the current reporting period (subject to caveats). All required 2016 data are available for all jurisdictions.
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Nationally in 2016, 7.8 per cent of 15–64 year olds participated in government‑funded VET. The national rate for 2016 is the first to reverse the annual downward trend (7.6 per cent in 2015) for the five years of data reported (9.9 per cent in 2012) (figure 5.5).

As a pathway from school to the workforce or further study, a higher proportion of 18–24 year olds (16.8 per cent) participated in government‑funded VET nationally in 2016, with the proportion higher again for Aboriginal and Torres Strait Islander 18–24 year olds (26.1 per cent) (table 5A.8).

| Figure 5.5 Participation rate of 15–64 year olds in government‑funded VET**a** |
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| a See box 5.3 and table 5A.8 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished), *Government‑funded students and courses (editions 2012 to 2016);* ABS 2012–2016, *Australian Demographic Statistics, Jun 2012, 2013, 2014, 2015 and 2016*, Cat. no. 3101.0; table 5A.8. |
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#### Appropriateness — Students who achieve main reason for training

‘Students who achieve main reason for training’ is an indicator of governments’ objective to create a national training system that meets the needs of students, employers and industries (box 5.4).

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| Box 5.4 Students who achieve main reason for training |
| ‘Students who achieve main reason for training’ is defined as the proportion of government‑funded VET graduates who reported that the training helped or partly helped them achieve their main reason for training.This measure relates to the activities of government‑funded VET activity only.Data are collected from the annual national Student Outcomes Survey for graduates aged 18 years and over.A high or increasing proportion of students whose training helped them achieve their main reason for training is desirable. Data reported for this measure are:* comparable (subject to caveats) across jurisdictions and over time
* complete for the current reporting period (subject to caveats). All required 2017 data are available for all jurisdictions.
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Nationally in 2017, 82.8 per cent of government‑funded 2016 VET graduates reported that training helped or partly helped them achieve their main reason for training, similar to 2013 (figure 5.6). The proportion was similar for Aboriginal and Torres Strait Islander government‑funded graduates (table 5A.11).

| Figure 5.6 Government‑funded VET graduates whose training helped or partly helped achieve main reason for training**a, b** |
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| a Error bars represent the 95 per cent confidence interval associated with each point estimate and are for the combined category: helped or partly helped achieve main reason b See box 5.4 and table 5A.11 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (2017 and unpublished), *VET student outcomes 2017*; NCVER (unpublished), *Total VET graduate outcomes 2016*; NCVER (unpublished), *Government‑funded student outcomes 2013, 2014, 2015 and 2016*; table 5A.11. |
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#### Appropriateness — Employer satisfaction with VET

‘Employer satisfaction with VET’ is an indicator of governments’ objective to create a national training system that meets the needs of students, employers and industries (box 5.5).

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| Box 5.5 Employer satisfaction with VET |
| ‘Employer satisfaction with VET’ is defined as the proportion of employers who engaged in an aspect of VET, and who are satisfied with all forms of VET training engaged with. Engagement with VET includes if the employer had employees undertaking an apprenticeship or traineeships, or had arranged or provided their employees with nationally recognised training, or had employees with formal vocational qualifications as a requirement of their job.This measure relates to total VET activity.[[3]](#footnote-3)Data are collected from the biennial Survey of Employer Use and Views of the VET system and represent the responses of employers with at least one employee and their training experiences in the 12 months prior to the survey.A high or increasing proportion of employers who are satisfied with VET in meeting the skill needs of their workforce is desirable.Data reported for this measure are: * comparable (subject to caveats) across jurisdictions and over time
* complete for the current reporting period (subject to caveats). All required 2017 data are available for all jurisdictions.
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Just over half of Australian employers are engaged with VET (table 5A.13).

Nationally in 2017, for those employers engaged with VET, 71.4 per cent were satisfied with all forms of VET training engaged with (figure 5.7). By type of training engaged in:

* 77.5 per cent engaged with apprenticeships or traineeships were satisfied with the training in providing apprentices or trainees with the required skills
* 82.2 per cent who arranged or provided nationally recognised training to employees were satisfied with the nationally recognised training in providing employees with the required skills
* 75.4 per cent who had employees with a formal vocational qualification that was a requirement of their job were satisfied with formal vocational qualifications in providing employees with the required skills (table 5A.14).

| Figure 5.7 Employers satisfied with all forms of VET engagement**a, b** |
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| a Error bars represent the 95 per cent confidence interval associated with each point estimate. b See box 5.5 and table 5A.14 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (2009, 2011, 2013, 2015, 2017 and unpublished) NCVER *Employers’ use and views of the VET system, 2009, 2011, 2013, 2015 and 2017*; table 5A.14. |
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#### Quality — Student satisfaction with quality of training

‘Student satisfaction with quality of training’ is an indicator of governments’ objective to create a national training system that is high quality (box 5.6).

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| Box 5.6 Student satisfaction with quality of training |
| ‘Student satisfaction with quality of training’ is defined as the proportion of government‑funded VET graduates who were satisfied with the overall quality of training. This measure relates to government‑funded VET activity only.Data are collected from the annual national Student Outcomes Survey for graduates aged 18 years and over. Graduates satisfied with their training include those who ‘Strongly agree’ or ‘Agree’ with the relevant questionnaire item.A high or increasing proportion of graduates satisfied with their training is desirable. Data reported for this measure are:* comparable (subject to caveats) across jurisdictions and over time
* complete for the current reporting period (subject to caveats). All required 2017 data are available for all jurisdictions.
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Nationally in 2017, 87.8 per cent of all government‑funded 2016 VET graduates indicated that they were satisfied with the overall quality of their training — an increase from 86.2 per cent in 2016 (figure 5.8). The proportion was higher for Aboriginal and Torres Strait Islander government‑funded graduates (91.0 per cent in 2017) (table 5A.12).

| Figure 5.8 Government‑funded VET graduates satisfied with the overall quality of training**a, b** |
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| a Error bars represent the 95 per cent confidence interval associated with each point estimate. b See box 5.6 and table 5A.12 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (2017 and unpublished), *VET student outcomes 2017*; NCVER (unpublished), *Total VET graduate outcomes 2016;* NCVER (unpublished), *Government‑funded student outcomes 2013, 2014, 2015 and 2016;* table 5A.12. |
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Satisfaction with instructors (87.7 per cent) was lower than satisfaction with assessment (89.7 per cent) in 2017 (table 5A.12).

#### Quality — Service quality

‘Service quality’ is an indicator of governments’ objective to create a national training system that is high quality (box 5.7).

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| Box 5.7 Service quality |
| ‘Service quality’ focuses on whether services are meeting required standards. This indicator has been identified for development and reporting in the future. |
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### Efficiency

An indicator of efficiency is the level of government inputs per unit of output (unit cost). The indicator of unit cost in this Report is ‘recurrent expenditure per annual hour’. The user cost of capital is included in estimates of recurrent expenditure, however expenditure estimates including and excluding user cost of capital are available separately (box 5.8).

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| Box 5.8 Comparability of cost estimates |
| Government recurrent expenditure is calculated using data prepared by State and Territory governments under the Australian Vocational Education and Training Management Information Statistical Standard for VET financial data. Data are prepared annually on an accrual basis and are audited. Government recurrent expenditure is deemed as being equivalent to the recurrent funds received by State and Territory government departments responsible for VET, including their government‑owned RTOs (net of payroll tax) provided by the Australian Government and State and Territory governments and includes: * Commonwealth National Agreement funding; State recurrent funding; Commonwealth administered program funding; and, Assumption of liabilities (such as superannuation contributions incurred by central agencies on behalf of RTOs)
* fee‑for‑service payments from government agencies
* user cost of capital (estimated as 8 per cent of the value of total physical non‑current assets owned by government RTOs).

Payroll tax payments by government‑owned RTOs are deducted from the total to ensure a consistent treatment across jurisdictions (chapter 1).Government recurrent expenditure for VET may be affected by the movement of TAFE institutes between government and non‑government sectors. User cost of capital should be interpreted carefully. Differences in some input costs (for example, land values) can affect reported costs across jurisdictions without necessarily reflecting the efficiency of service delivery. The value of land is presented separately from the value of other assets to allow users assessing the results to consider any differences in land values across jurisdictions. The basis for the 8 per cent capital charge is discussed in chapter 1.To promote comparability of the data across states and territories, as well as comparability between the financial and activity data, annual hours are adjusted by the course mix weight when calculating the efficiency indicator. Expenditure data for years prior to 2016 are adjusted to real dollars (2016 dollars) using the gross domestic product chain price index (table 5A.22).  |
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#### Inputs per output — Government recurrent expenditure per annual hour

‘Government recurrent expenditure per annual hour’ is an indicator of governments’ objective that the national training system is provided in an efficient manner (box 5.9).

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| Box 5.9 Government recurrent expenditure per annual hour |
| ‘Government recurrent expenditure per annual hour’ is defined as government recurrent expenditure (including user cost of capital) divided by government‑funded annual hours (see box 5.8). This measure relates to government‑funded VET *plus* fee‑for‑service activity of government providers.Lower or decreasing unit costs can indicate efficient delivery of VET services. Government recurrent expenditure per annual hour should be interpreted carefully because low or decreasing unit costs do not necessarily reflect improved efficiency. The factors that have the greatest impact on efficiency include:* training related factors, such as class sizes, teaching salaries, teaching hours per full time equivalent staff member and differences in the length of training programs
* differences across jurisdictions, including sociodemographic composition, administrative scale, and dispersion and scale of service delivery
* VET policies and practices, including the level of fees and charges paid by students.

Data reported for this measure are: * comparable (subject to caveats) across jurisdictions and over time
* complete for the current reporting period (subject to caveats). All required 2016 data are available for all jurisdictions.
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Since 2007, government real recurrent expenditure has decreased 1.6 per cent (table 5A.1), while the number of government‑funded annual hours (course mix adjusted) has increased 16.0 per cent (table 5A.2). The annual movements resulted in a decrease in recurrent expenditure per annual hour from $18.02 in 2007 to $13.47 in 2014, before increasing in 2015 and was $15.29 in 2016 (figure 5.9).

| Figure 5.9 Government real recurrent expenditure per annual hour (2016 dollars)**a** |
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| a See box 5.9 and table 5A.2 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Financial information* *(editions 2007 to 2016);* NCVER (unpublished) *Government‑funded students and courses* *(editions 2007 to 2016);* ABS 2016, *Australian System of National Accounts, 2015‑16*, Cat. no. 5204.0; table 5A.2. |
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### Outcomes

Outcomes are the impact of services on the status of an individual or group (see chapter 1).

#### Student employment and further study outcomes

‘Student employment and further study outcomes’ is an indicator of governments’ objective that the VET system deliver a productive and highly skilled workforce through enabling all working age Australians to develop and use the skills required to effectively participate in the labour market and contribute to Australia’s economic future (box 5.10).

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| Box 5.10 Student employment and further study outcomes |
| ‘Student employment and further study outcomes’ is defined by two measures. The proportion of total VET graduates aged 20–64 years:* employed and/or in further study after training (total and by the three VET target groups [see box 5.2])
* who improved their employment status after training (total and by the three VET target groups [see box 5.2]).

‘Improved employment status’ is at least one of:* employment status changing from not employed before training (both unemployed and not in the labour force) to employed either full‑time or part‑time after training
* employed at a higher skill level after training
* received a job‑related benefit after completing their training, including set up or expanded their own business, got a promotion, increased earnings, or other job‑related benefits.

Holding other factors constant, higher or increasing proportions indicate positive employment or further study outcomes after training. Comparison of labour market outcomes should also account for the general economic conditions in each jurisdiction (see chapter 2).Data reported for these measures are:* comparable (subject to caveats) across jurisdictions and over time
* complete for the current reporting period (subject to caveats). All required 2017 data are available for all jurisdictions.
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##### Graduates employed and/or in further study

Nationally in 2017, 86.5 per cent of 20–64 year old total VET graduates from 2016 were employed and/or continued on to further study after training (figure 5.10) — down from 87.1 per cent in 2016 (table 5A.15). The proportion was higher for people from remote and very remote areas (91.6 per cent) and lower for Aboriginal and Torres Strait Islander people (82.1 per cent) and people with disability (73.3 per cent) (table 5A.15).

For the subset of government‑funded VET graduates, 84.1 per cent were employed and/or continued on to further study in 2017 (lower than the proportion for total VET graduates) — down from 85.0 per cent in 2016 (table 5A.15).

| Figure 5.10 Total VET graduates aged 20–64 years employed and/or in further study after training, 2017**a, b** |
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| a Error bars represent the 95 per cent confidence interval associated with each point estimate. b See box 5.10 and table 5A.15 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *VET student outcomes 2017*; table 5A.15. |
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##### Graduates who improved employment status

Nationally in 2017, 57.5 per cent of 20–64 year old total VET graduates from 2016 improved their employment status after training — an increase from 56.5 per cent in 2016 (table 5A.16). The proportion was higher for people from remote and very remote areas (62.1 per cent), lower for people with disability (41.6 per cent) and similar for Aboriginal and Torres Strait Islander people (56.9 per cent) (table 5A.16).

Of the subset of government‑funded graduates, 56.4 per cent had improved employment status in 2017 (lower than the proportion for total VET graduates) — up from 55.2 per cent in 2016 (table 5A.16).

By type of improved employment status, the proportion was highest for graduates receiving a job‑related benefit (67.7 per cent), followed by graduates employed after training (48.0 per cent) and employed at a higher skill level after training (16.5 per cent) (figure 5.11).

For both total VET and government‑funded graduates in 2017, the proportion who improved their employment status was lower for graduates completing a Certificate I/II qualification (46.5 and 41.5 per cent respectively), compared to graduates completing a Certificate III/IV qualification (59.3 and 58.2 per cent respectively) or a Diploma and above qualification (57.9 and 60.0 per cent respectively) (table 5A.17).

| Figure 5.11 Total VET graduates aged 20–64 years who improved their employment status after training, by type of improvement, 2017**a, b**  |
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| a Error bars represent the 95 per cent confidence interval associated with each point estimate. b See box 5.10 and table 5A.17 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *VET student outcomes 2017*; table 5A.17. |
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#### Student completions and qualifications

‘Student completions and qualifications’ is an indicator of governments’ objective that the VET system deliver a productive and highly skilled workforce through enabling all working age Australians to develop and use the skills required to effectively participate in the labour market and contribute to Australia’s economic future (box 5.11).

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| Box 5.11 Student completions and qualifications |
| ‘Student completions and qualifications’ is defined as the number of government‑funded VET AQF qualifications completed each year by students aged 15–64 years, per 1000 people aged 15–64 years (total and by the three target groups [see box 5.2]).This measure currently relates to government‑funded VET activity only. For future reports it is anticipated that the scope will be expanded to cover total VET activity. Qualification completions data are ‘preliminary’ for 2016 and ‘final’ for earlier years.A higher or increasing rate of completed qualifications increases the national pool of skilled people in Australia. However, this measure needs to be interpreted with care as the rate of qualification completions:* by target group (other than for remoteness) depend on obtaining accurate responses to self‑identification questions at the time of enrolment, which may vary across jurisdictions. A large unknown (or not stated) response could mean that the completion rate for the target group is understated
* uses a different data source for the numerator and denominator, which can affect comparability.

Data reported for this measure are:* comparable (subject to caveats) across jurisdictions and over time
* complete for the current reporting period (subject to caveats). All required 2016 data are available for all jurisdictions.
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Nationally in 2016, around 367 300 qualifications were completed by government‑funded VET students aged 15–64 years — equivalent to 23.1 qualifications per 1000 people aged 15–64 years (figure 5.12 and table 5A.18). The number of government‑funded VET qualification completions declined 29.4 per cent from 2012 to 2016 (table 5A.18).

In 2016, the rate was higher for Aboriginal and Torres Strait Islander people (44.2) and people from remote and very remote areas (32.8), but lower (in 2015 – latest available population data) for people with disability (15.4) (table 5A.18).

By qualification level, the rate of government‑funded qualifications completed among 15−64 year olds was highest for Certificate III or IV (14.3), followed by Certificate I or II (6.1) and Diploma and above (2.7) (figure 5.12). As a proportion of qualification completions compared to the total population, Aboriginal and Torres Strait Islander people completed a higher proportion of Certificate I or II qualifications (43.4 per cent, compared to 26.4) and lower proportions of Certificate III or IV (50.2 per cent, compared to 62.0 per cent) and diploma and above qualifications (6.3 per cent, compared to 11.6 per cent) (table 5A.19).

| Figure 5.12 Government‑funded VET qualifications completed per 1000 people aged 15–64 years, by AQF level**a** |
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| More details can be found within the text surrounding this image.  |
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| a See box 5.11 and table 5A.19 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Australian vocational education and training statistics: government‑funded students and courses (editions 2012 to 2015),* (preliminary completions) *Australian vocational education and training statistics: government‑funded students and courses 2016*; table 5A.19. |
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#### Students who improved education status

‘Students who improved education status’ is an indicator of governments’ objective that the VET system deliver a productive and highly skilled workforce through enabling all working age Australians to develop and use the skills required to effectively participate in the labour market and contribute to Australia’s economic future (box 5.12).

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| Box 5.12 Students who improved education status |
| ‘Students who improved education status’ is defined as the proportion of government‑funded VET AQF qualifications completed by 20–64 year olds which were at a higher education level than their previous highest education level (total and by the three target groups [see box 5.2]). This measure currently relates to government‑funded VET activity only. For future reports it is anticipated that the scope will be expanded to cover total VET activity. Higher or increasing proportions of students with improved education status after training indicate that the skill levels of the working age population are increasing.Data reported for this measure are: * comparable (subject to caveats) across jurisdictions and over time
* complete for the current reporting period (subject to caveats). All required 2016 data are available for all jurisdictions.
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Of all government‑funded VET graduates aged 20–64 years that completed an AQF qualification nationally in 2016, 63.2 per cent did so with a higher qualification than their previous highest AQF qualification (a decrease from 66.8 per cent in 2015, but above 62.4 per cent in 2012) (figure 5.13). The proportion was higher for Aboriginal and Torres Strait Islander people (64.9 per cent), but lower for people from remote and very remote areas (62.7 per cent) and for people with disability (55.2 per cent) (table 5A.20).

For the subset that completed an AQF Certificate III or above, 69.0 per cent did so with a higher qualification than their previous AQF – a higher proportion than for all AQF qualifications above (table 5A.21).

| Figure 5.13 Government‑funded VET AQF qualification completions by 20–64 year olds with improved education status**a** |
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| More details can be found within the text surrounding this image.  |
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| a See box 5.12 and table 5A.20 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Australian vocational education and training statistics: government‑funded students and courses (editions 2012 to 2015),* (preliminary completions) *Australian vocational education and training statistics: government‑funded students and courses 2016*; table 5A.20. |
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Additional information is provided on the number of qualifications completed as a proportion of the number of government‑funded VET enrolments. In 2016, 19.4 per cent of government‑funded VET enrolments by 20–64 year olds were completed at a higher education level (table 5A.20).[[4]](#footnote-4)

#### Skill utilisation

‘Skill utilisation’ is an indicator of governments’ objective that the VET system deliver a productive and highly skilled workforce through enabling all working age Australians to develop and use the skills required to effectively participate in the labour market and contribute to Australia’s economic future (box 5.13).

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| Box 5.13 Skill utilisation |
| ‘Skill utilisation’ is broadly defined as an indicator of whether the workforce (with VET qualifications) are effectively using their skills in the labour market. This indicator has been identified for development and reporting in the future. |
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## 5.4 Definitions of key terms

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| **Adult and community education providers** | Organisations that deliver community‑based adult education and training, including general, vocational, basic and community education, and recreation, leisure and personal enrichment programs. |
| **Annual hours** | The total hours of delivery based on the standard nominal hour value for each subject undertaken. These represent the hours of supervised training under a traditional delivery strategy.  |
| **Australian Qualifications Framework (AQF)** | The national policy for regulated qualifications in Australian education and training. It incorporates the quality assured qualifications from each education and training sector into a single comprehensive national qualifications framework. The AQF was introduced in 1995 to underpin the national system of qualifications, encompassing higher education, VET and schools. |
| **Completions** | Fulfilment of all of the requirements of a course enrolment or module enrolment. Completion of a qualification or course is indicated by acknowledging eligibility for a qualification (whether or not the student physically received the acknowledgment). |
| **Course** | A structured program of study that leads to the acquisition of identified competencies and includes assessment leading to a qualification. |
| **Course mix weight** | Annual hours of delivery are weighted to recognise the different proportions of relatively more expensive and less expensive training programs which occur across jurisdictions. One method of calculating these course mix weights applies to all years in this Report. Under this method, cost relativities by subject field of education are applied to tabulations of annual hours by subject field of education and state/territory. A course mix weighting greater than 1.000 indicates that the State or Territory is offering relatively more expensive programs compared with the national profile. |
| **Disability** | In the National VET Provider Collection, refers to whether the student self‑identifies as having a disability, impairment or long‑term condition. In the ABS Survey of Disability, Ageing and Carers, a person has disability if they report they have a limitation, restriction or impairment, which has lasted, or is likely to last, for at least six months and restricts everyday activities. |
| **Entitlement funding** | Entitlement funding models have been progressively introduced across jurisdictions from mid‑2009. Although each State or Territory’s entitlement funding system has its own characteristics, entitlement funding programs consist of two key features:* Student entitlement to VET training — Provide a guaranteed government‑subsidised training place for working age residents to obtain qualifications. Restrictions on the entitlement schemes vary across jurisdictions. Restrictions include: caps on the number of places that may be filled in a year; financial caps on the total level of funding; levels of qualification people have an entitlement to; and whether it is a person’s ‘initial’ qualification.
* Demand driven VET training — Government subsidies are contestable and are allocated to the RTO (government or private) of the students’ choice. Governments may place some limits on student choice, by restricting the number of RTOs that offer entitlement funding places.
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| **Enrolment** | The registration of a student at a training delivery location for the purpose of undertaking a program of study. The enrolment is considered valid only if the student has undertaken enrolment procedures, met their fee obligations, and has engaged in learning activity regardless of the mode of delivery.  |
| **Fee‑for‑service activity** | Training for which most or all of the cost is borne by the student or a person or organisation on behalf of the student. |
| **Government‑funded VET**  | Government‑funded VET refers to domestic government‑funded VET activity delivered by all types of Australian training providers. |
| **Graduate** | A student who completed all the requirements of a qualification. |
| **Group Training Organisations** | Group Training Organisations recruit potential or existing Australian Apprentices under an Apprenticeship/Traineeship Training Contract and place them with ‘host’ employers while they undertake their training. |
| **Module** | A unit of training in which a student can enrol and be assessed. |
| **Multi‑sector training providers** | Multi‑sector training providers offer both higher education and VET courses. |
| **Real expenditure/funding/assets** | Actual expenditure/funding/assets adjusted for changes in prices. Adjustments are made using the gross domestic product chain 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. |
| **Registered training organisation (RTO)** | RTOs are training providers registered by ASQA, the Victorian Registration and Qualifications Authority (Victoria) or the Training Accreditation Council (WA) to deliver training and/or conduct assessment and issue nationally recognised qualifications in accordance with the Australian Quality Training Framework or the VET Quality Framework. RTOs include TAFE colleges and institutes, adult and community education providers, private providers, community organisations, schools, higher education institutions, commercial and enterprise training providers, industry bodies and other organisations meeting the registration requirements. |
| **Remoteness** | Remoteness areas are based on the Access/Remoteness Index of Australia (ARIA+), developed by the National Centre for Social Applications of Geographic Information Systems. ARIA+ is based on ABS Australian Statistical Geography Standard Statistical Area Level 2 regions. Remoteness areas include major cities, inner and outer regional areas, and remote and very remote areas. |
| **Skill sets** | Are groupings of units of competency that are combined to provide a clearly defined statement of the skills and knowledge required by an individual to meet industry needs or licensing or regulatory requirement. They may be either a nationally recognised skill set, which is endorsed in a national training package, or a locally recognised skill set. |
| **Students** | Are individuals who were enrolled in a subject or completed a qualification during the reporting period. |
| **Technical and further education (TAFE) institutes** | Are government training providers that provide a range of technical and vocational education and training courses and other programs. |
| **Total VET** | Total VET refers to domestic and overseas VET activity delivered by all types of Australian training providers, not just those in receipt of government funding.  |
| **Training packages** | Comprise a set of nationally endorsed standards, guidelines and qualifications for training and for recognising and assessing skills. They are developed by industry with the aim of meeting the needs of an industry or group of industries.  |
| **Training providers** | Are organisations that deliver VET programs. Training providers include private training providers, schools, community education providers, enterprise providers, TAFE institutes and universities. |
| **Unit of competency** | A unit of competency is the smallest component of a VET program that can be assessed and recognised in the VET system for collection purposes. |
| **User cost of capital**  | The opportunity cost of funds tied up in the capital used to deliver services, calculated as 8 per cent of the total value of the physical non‑current assets. |
| **Vocational education and training (VET)** | Is post‑compulsory education and training that provides people with occupational or work‑related knowledge and skills. VET also includes programs that provide the basis for subsequent vocational programs. |
| **VET participation** | VET participation is measured by students, which are defined as individuals who were enrolled in a subject or completed a qualification during the reporting period. A VET student may be enrolled in more than one VET training program, and therefore there are more enrolments in the VET system than students.  |
| **VET program** | A course or module offered by a training organisation in which students may enrol to develop work‑related knowledge and skills. |
| **VET Student Loans** | Commenced on 1 January 2017, replacing the VET FEE‑HELP scheme. It offers income contingent loan support to eligible students studying diploma level and above VET qualifications. |

## 5.5 References

NCVER (National Centre for Vocational Education Research) 2017, *Australian vocational education and training statistics: VET student outcomes 2017*, Adelaide.

1. Total VET refers to domestic and overseas VET activity delivered by all types of Australian training providers, not just those in receipt of government funding. Government-funded VET refers domestic government-funded VET activity delivered by all types of Australian training providers. [↑](#footnote-ref-1)
2. The ABS Survey of Disability, Ageing and Carers, 2015. [↑](#footnote-ref-2)
3. As government-funded VET engagement of employers cannot be determined from the survey. [↑](#footnote-ref-3)
4. Care needs to be taken when interpreting changes over time in the proportion of enrolments completed at a higher qualification level. Due to the time lag between course enrolment (the denominator) and qualification completion (the numerator), this proportion may be affected by relatively large changes in enrolments year to year. [↑](#footnote-ref-4)