
5 Vocational education and training interpretative material

5 Vocational education and training interpretative material	5.1
5.1 Indicators	5.2
Outputs	5.2
Equity	5.2
Access — Barriers to participation in VET by target group	5.2
Effectiveness	5.3
Access — Barriers to participation in VET	5.3
Appropriateness — Students who achieve main reason for training	5.3
Appropriateness — Employer satisfaction with VET	5.4
Quality — Student satisfaction with quality of training	5.5
Quality — Service quality	5.5
Efficiency	5.6
Inputs per output unit — Government recurrent expenditure per annual hour	5.7
Outcomes	5.7
Student employment and further study outcomes	5.8
Student completions and qualifications	5.9
Students who improved education status	5.10
Skill utilisation	5.10
5.2 Definitions of key terms	5.11
5.3 References	5.14

The vocational education and training (VET) interpretative material is supporting material and includes explanations of why indicators have been chosen, and wherever possible, a link to the stated objectives of the service. It includes indicator definitions, technical details defining how the indicator is measured and guidance on how the indicator is to be interpreted, including caveats and the indicator's completeness and comparability status.

Further information on the Report on Government Services including other reported service areas, the glossary and list of abbreviations is available at <https://www.pc.gov.au/research/ongoing/report-on-government-services>.

5.1 Indicators

Different delivery contexts, locations and types of clients can affect the equity, effectiveness and efficiency of VET.

The comparability of performance indicator results is shaded in indicator interpretation boxes, figures and data tables as follows:

- Data are comparable (subject to caveats) across jurisdictions and over time.
- Data are either not comparable (subject to caveats) within jurisdictions over time or are not comparable across jurisdictions or both.

The completeness of performance indicator results is shaded in indicator interpretation boxes, figures and data tables as follows:

- Data are complete (subject to caveats) for the current reporting period. All required data are available for all jurisdictions.
- Data are incomplete for the current reporting period. At least some data were not available.

Outputs

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

Equity

Access — Barriers to participation in VET by target group

‘Barriers to participation in VET by target group’ is an indicator of governments’ objective that the national training system is provided in an equitable manner (box 5.1).

Box 5.1 Barriers to participation in VET by target group

‘Barriers to participation in VET by target group’ is defined as the proportion of the population aged 15–64 years from target groups who reported facing barriers to accessing or completing VET courses. For this Report, the designated target groups are:

- Aboriginal and Torres Strait Islander people
- people from remote and very remote areas
- people with disability
- SEIFA groups (low socioeconomic status).

The proportion of people from non-target groups facing barriers to accessing or completing VET courses is used as a comparator to the target groups.

A similar or lower proportion of persons in target groups reporting that they encounter barriers to accessing or completing VET courses relative to the non-target groups is desirable.

Data are not yet available for reporting against this measure.

Effectiveness

Access — Barriers to participation in VET

‘Barriers to participation in VET’ is an indicator of governments’ objective to create a national training system that is accessible to all working age Australians (box 5.2).

Box 5.2 Barriers to participation in VET

‘Barriers to participation in VET’ is defined as the proportion of the population aged 15–64 years who reported facing barriers to accessing or completing VET courses.

A lower proportion of persons reporting that they encounter barriers to accessing or completing VET courses is desirable.

Data are not yet available for reporting against this measure.

The ABS Survey of Work-Related Training and Learning (WRTAL) has been identified as a possible source of data for a future performance measure. The latest WRTAL was conducted in 2016-17 and the next will be conducted in 2020-21. Currently, only data on barriers to non-formal learning are available from the WRTAL (see table 5A.32). Sub-section 5.2 provides definitions of formal and non-formal learning.

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 5.3).

Box 5.3 **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. Survey data for a year (for example, 2020) refer to the cohort of students that graduated the year before (for example, 2019).

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 2020 data are available for all jurisdictions.

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 5.4).

Box 5.4 **Employer satisfaction with VET**

‘Employer satisfaction with VET’ is defined as the proportion of employers who engaged in an aspect of VET, and who were satisfied with all forms of VET engagement.

‘Engagement with VET’ includes if the employer had employees undertaking an apprenticeship or traineeship, 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.¹

Data are collected from the biennial Survey of Employers’ 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 2019 data are available for all jurisdictions.

¹ As government-funded VET engagement of employers cannot be determined from the survey.

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 5.5).

Box 5.5 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. Survey data for a year (for example, 2020) refer to the cohort of students that graduated the year before (for example, 2019). 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 (data from 2019 onwards are not comparable with data prior to 2019)
- complete for the current reporting period (subject to caveats). All required 2020 data are available for all jurisdictions.

Quality — Service quality

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

Box 5.6 Service quality

Service quality’ focuses on whether services are meeting required standards.

This indicator has been identified for development and reporting in the future. Discussions are continuing with the Australian Skills Quality Authority (ASQA) on potential metrics and data. Table 5A.34 provides contextual information about providers regulated by ASQA subject to compliance audit with critical or serious non-compliance findings (final audit outcomes).

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 5.7).

Box 5.7 **Comparability of cost estimates**

Government recurrent expenditure for 2017, 2018 and 2019 is calculated using data prepared by Commonwealth, State and Territory governments under the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) for VET funding data. Data are prepared annually on an accrual basis.

Government recurrent expenditure for 2017 onwards is deemed as being equivalent to the recurrent funds received by State and Territory government departments responsible for VET (net of payroll tax) provided by the Australian Government and by State and Territory governments, and includes:

- Commonwealth ongoing specific purpose payments, State Recurrent funding, Adult Migrant English Program (AMEP), Skills for Education and Employment (SEE) Commonwealth administered VET programs and National Partnership Agreement funding
- user cost of capital (estimated as 8 per cent of the value of total physical non-current assets owned by government RTOs).

For 2010 to 2016, government recurrent expenditure is calculated using data prepared by State and Territory governments under the AVETMISS for VET financial data. Details for the calculation for 2010 to 2016 are available in the footnotes for table 5A.1.

Payroll tax payments by government-owned RTOs are deducted from the total to ensure a consistent treatment across jurisdictions.

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 section 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 2019 are adjusted to real dollars (2019 dollars) using the gross domestic product chain price index (table 5A.31).

The majority of government expenditure data for VET has historically been sourced from the National VET Finance Collection. In 2018, the National VET Funding Collection commenced with data collected from the 2017 calendar year.

Inputs per output unit — 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 5.8).

Box 5.8 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 5.7).

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 (subject to caveats) for the current reporting period. All required 2019 data are available for all jurisdictions.

Outcomes

Outcomes are the impact of services on the status of an individual or group (see section 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 participate effectively in the labour market and contribute to Australia’s economic future (box 5.9).

Box 5.9 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 target groups [Aboriginal and Torres Strait Islander people, people from remote and very remote areas, and people with disability])
- who improved their employment status after training (total and by target groups [Aboriginal and Torres Strait Islander people, people from remote and very remote areas, and people with disability]).

‘Improved employment status’ is at least one of:

- employment status changing from not employed before training to employed either full-time or part-time after training. ‘Not employed’ is defined as unemployed, not in the labour force, or not employed (no further information).
- 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, gained extra skills, increased earnings, or other job-related benefits.

Survey data for a year (for example, 2020) refer to the cohort of students that graduated the year before (for example, 2019).

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.

Data reported for ‘the proportion of total VET graduates aged 20–64 years employed and/or in further study after training’ measure are:

- comparable (subject to caveats) across jurisdictions and over time
- complete (subject to caveats) for the current reporting period. All required 2020 data are available for all jurisdictions.

Data reported for ‘the proportion of total VET graduates aged 20–64 years who improved their employment status after training’ measure are:

- comparable (subject to caveats) across jurisdictions and over time (data from 2019 onwards are not comparable with data prior to 2019)
- complete (subject to caveats) for the current reporting period. All required 2020 data are available for all jurisdictions.

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 5.10).

Box 5.10 Student completions and qualifications

‘Student completions and qualifications’ is defined as the number of total VET AQF qualifications completed each year by students aged 15–64 years, per 1000 people aged 15–64 years (total and by target groups [Aboriginal and Torres Strait Islander people, people from remote and very remote areas, and people with disability]).

Qualification completions data are ‘preliminary’ for 2019 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 (subject to caveats) for the current reporting period. All required 2019 data are available for all jurisdictions.

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 5.11).

Box 5.11 **Students who improved education status**

‘Students who improved education status’ is defined as the proportion of total 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 target groups [Aboriginal and Torres Strait Islander people, people from remote and very remote areas, and people with disability]).

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 (subject to caveats) for the current reporting period. All required 2019 data are available for all jurisdictions.

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 5.12).

Box 5.12 **Skill utilisation**

‘Skill utilisation’ is defined as the proportion of persons aged 15–64 years who completed their highest VET qualification (AQF Certificate levels I to IV, Diploma and Advanced Diploma) in the last five years, that are working in the field of the highest VET qualification or not working in the same field and the qualification is relevant to their current job.

A high or increasing proportion of persons who were either working in the field of their highest VET qualification or the qualification was relevant to their current job is desirable.

Data reported for this measure are:

- comparable (subject to caveats) across jurisdictions and over time.
- complete (subject to caveats) for the current reporting period. All required 2018-19 data are available for all jurisdictions.

5.2 Definitions of key terms

Accredited courses	Accredited courses have been assessed by a VET regulator as compliant with the Standards for VET accredited courses 2012. For more information see https://www.legislation.gov.au/Details/F2013L00177
Accredited qualifications	Accredited qualifications refer to nationally recognised courses that lead to a qualification outcome not specified in a national training package. For more information see https://www.aqf.edu.au/
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 anticipated 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. 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: <ul style="list-style-type: none">• Student entitlement to VET training — Provides 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.

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.
Formal and non-formal learning	<p>The ABS Survey of Work-Related Training and Learning (WRTAL) defines formal and non-formal learning as:</p> <ul style="list-style-type: none"> • formal learning activities lead to a qualification recognised by the Australian Qualification Framework (AQF) such as a Degree, Diploma or Certificate, and also includes VET study at school • non-formal learning activities are structured training or courses that do not form part of an award or qualification recognised by AQF (ABS 2017).
Government-funded VET	Government-funded VET refers to domestic government-funded VET activity delivered by all types of Australian training providers. It excludes the domestic and international fee-for-service activity of TAFE and other government providers, community education providers and other registered providers. Government-funded data are sourced from the National VET Provider Collection..
Graduate	A student who completed a training package qualification or an accredited qualification'. From 2020, graduates are reported in NCVET publications as 'Qualification completers'.
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	See Unit of competency and accredited module .
Multi-sector training providers	Multi-sector training providers offer both higher education and VET courses.
Nationally recognised training	Training that leads to vocational qualifications and credentials that are recognised across Australia, that are delivered by registered training organisations (RTOs). Nationally recognised training is listed on the National Training Register (training.gov.au). It consists of the following components: training package qualifications, accredited qualifications, accredited courses, training package skill sets in addition to units of competency and accredited units. Additional information is available at https://www.ncver.edu.au/__data/assets/pdf_file/0030/9661800/NCVER_DMS-209183-v3TVA_2019_fact_sheet__What_are_NRT_and_non-NRT_.pdf
Non-nationally recognised training	Includes locally developed courses, higher level qualifications and locally developed skill sets. Non-nationally recognised training are not listed on the National Training Register (training.gov.au). Additional information is available at https://www.ncver.edu.au/__data/assets/pdf_file/0030/9661800/NCVER_DMS-209183-v3-TVA_2019_fact_sheet__What_are_NRT_and_non-NRT_.pdf
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)	<p>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.</p> <p>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.</p>

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	<p>Total VET refers to nationally recognised training (incorporating both government funded and fee-for-service activity) delivered by registered training providers. Total VET activity includes domestic and overseas VET activity. Data are sourced from the National VET Provider Collection and National VET in Schools Collection, with duplicated activity removed.</p> <p>The scope of total VET activity reporting varies to the government-funded scope in a number of ways and therefore caution should be used if comparing total VET and government-funded VET data. Total VET scope includes government-funded activity related to VET in Schools in addition to Commonwealth funded programs and VET delivery at overseas campuses which are not included in government-funded scope.</p>
Training package	Training packages specify the knowledge and skills (known as competencies) required by individuals to perform effectively in the workplace. Training packages detail how units of competency can be packaged into nationally recognised qualifications that align to the Australian Qualifications Framework (AQF). Training packages are approved for implementation by the AISC. For more information refer to https://www.aisc.net.au/content/training-packages . Training package skill sets are defined as single units of competency, or combinations of units of competency from an endorsed training package, which link to a licensing or regulatory requirement, or a defined industry need.
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 and accredited module	Units of competency and accredited modules defines the skills and knowledge to operate effectively in a workplace context. They are the smallest units/modules that can be assessed and recognised. Where a student enrolls in a unit/module not part of one of the categories above, they are reported as 'subjects not delivered as part of a nationally recognised program'.
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	<p>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.</p> <p>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.</p>
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.

5.3 References

ABS (Australian Bureau of Statistics) 2017, *Work-Related Training and Learning, Australia 2016-17* Cat. no. 4234.0, Canberra.