# 5 Vocational education and training

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| Attachment tables |
| Attachment tables are identified in references throughout this chapter by a ‘5A’ prefix (for example, table 5A.1). A full list of attachment tables is provided at the end of this chapter, and the attachment tables are available from the Review website at www.pc.gov.au/rogs/2016. |
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This chapter reports performance information for government funded vocational education and training (VET) in Australia. For further information on:

* VET in schools see School education (chapter 4)
* all tertiary education (including university education) see the Child care, education and training sector overview (sector overview B).

Major improvements to reporting on VET in this edition include the presentation of a new measure: ‘graduates with improved education/training status as a proportion of total student *completions*’, within the outcome indicator ‘student achievement in VET’.

All abbreviations used in this Report are available in a complete list in volume A: Approach to performance reporting.

## 5.1 Profile of vocational education and training

### Service overview

The role of the VET system in Australia is to provide individuals with the skills and qualifications needed to participate effectively in the labour market and contribute to Australia’s economic future (COAG 2012a). It provides training to cover entry‑level jobs through to highly technical occupations (PM&C 2014).

It is highly flexible, offering a diverse range of programs, which provide nationally recognised qualifications or the achievement of units of competency (box 5.1). The types of training range from formal classroom learning to workplace‑based learning, and can include flexible, self‑paced learning and/or online training, often in combination. Apprenticeships/traineeships (referred to as Australian Apprenticeships) combine employment and competency‑based training, including both formalised training and on‑the‑job training. The availability of distance education has increased, with off‑campus options such as correspondence, Internet study and interactive teleconferencing.

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| Box 5.1 VET qualifications and units of competency |
| Vocational education and training (VET) programs range in length and complexity. A VET student may choose to complete:   * *a qualification* — obtaining qualification levels Certificate I through to associate degrees, graduate certificates and graduate diplomas (sector overview B). Certificate III is the central qualification for trade training, and Certificate IV generally introduces managerial competencies * *a single unit of competency or module* — (which can involve fewer than 10 contact hours) in order to acquire specific skills that may help specialise or progress in the workplace. A unit of competency is a component of a competency standard and/or a statement of a key function or role in a particular job or occupation. A module (also called a subject) is a unit of education or training which can be completed on its own or as part of a course. Modules may also result in the attainment of one or more units of competency.   All training in the VET system needs to be assessed, because many students complete modules or units of competency without completing a course or qualification. |
| *Source*: NCVER (2015c); PM&C (2014). |
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The main reasons that students participate in VET programs are to attain skills — including basic or foundation skills such as literacy and numeracy — for:

* *employment related reasons* — to improve their ability to enter (or re‑enter) the labour force, or advance their earning capacity by: developing skills that are in demand by employers; attaining a nationally‑recognised qualification; or gathering the skills necessary to meet regulatory or licensing requirements. In 2014, 83.4 per cent of VET graduates and 76.7 per cent of VET module completers stated that employment‑related reasons was the main reason for undertaking study
* *personal development* — to enhance their sense of wellbeing and/or to improve opportunities for social participation. In 2014, 12.5 per cent of VET graduates and 21.1 per cent of VET module completers stated that personal development was the main reason for undertaking study
* *further study* — to provide a pathway to further tertiary education, including entrance to higher education. In 2014, 4.1 per cent of VET graduates and 2.2 per cent of VET module completers stated that further study was the main reason for undertaking study (NCVER 2014).

The VET system involves the interaction of students, employers, the Australian, State, Territory and local governments (as both purchasers and providers), and a number of private and community registered training organisations (RTOs) (box 5.2).

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| Box 5.2 Registered Training Organisations |
| RTOs are those training providers registered by the Australian Skills Quality Authority (ASQA) or a state regulator to deliver VET services. The types of training organisation that may be an RTO include:   * *government VET providers,* such as: * institutions specialising in VET delivery, including technical and further education (TAFE) institutes and agricultural colleges * multi‑sector education institutions, such as secondary schools or higher education institutions (universities) with an RTO arm — schools and universities can provide dual award courses that may combine traditional studies with VET * *community education providers* — such as adult community education providers * *other registered providers*, such as: * institutions specialising in VET delivery, including private training businesses * industry and community bodies with an RTO arm * businesses, organisations and government agencies that have RTO status to train their own staff * Group Training Organisations that also provide VET services — 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 |
| * Australian Apprenticeship Centres (known as Apprenticeship Network providers from July 2015) that also provide VET services — deliver support services to employers and Australian Apprentices. |
| *Source*: ASQA (2015); Australian Government (2015). |
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Government funded activity is the primary focus of this Report. Government funded VET encompasses the government subsidised or financed component of VET delivered by:

* TAFE institutes and other government VET providers (including multi‑sector higher education institutions)
* community education providers
* other registered providers (box 5.3).

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| Box 5.3 Government funded and total VET activity |
| The focus of this report is government funded VET activity.  Where this chapter refers to ‘government funded VET activity’, it is defined as VET activity that is funded under Commonwealth and State/Territory recurrent, Commonwealth specific and State/Territory specific funding (figure 5.1). This includes activity funded under the *National Agreement for Skills and Workforce Development* (NASWD).  Total VET activity refers to all nationally accredited training, regardless of funding source. It encompasses activity outside the scope of this report, including VET services delivered on a fee‑for‑service basis and paid for privately. |
| Figure 5.1 Government funded VET**a, b**   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | |  | | |  | Registered Training Organisations | | | | Source of funding | | |  | Government VET providers  — TAFE and other government RTOsc | Community education providers | Other registered providers | |  |  |  |  | |  | Government subsidised/financed | | |  |  |  | |  | Domestic fee‑for‑serviced | | |  |  |  | |  | International fee‑for‑serviced | | |  |  |  | |  | | | | | | | |  |  | Government Funded VET | | | |  | |  | | | | | | | | a Government funded VET excludes students who undertake recreation, leisure or personal enrichment education programs. b Government funded VET excludes programs where the delivery was undertaken by schools. Government funded VET includes students who undertook VET in schools programs at TAFE. c Multi‑sector higher education providers are reported as Government providers. d Fee‑for‑service students pay 100 per cent of their VET fees from private (non‑government) sources. | | | | | | | |
| Where possible, performance indicators in this Report are reported for Government funded VET. Due to data limitations, some data are presented for a different scope.   * Measures from the VET finance collection, relate to Government VET providers only (including government subsidised/financed and fee‑for‑service activities). * Measures of VET student qualification completions, relate to Government funded VET, plus the fee‑for‑service activity of Government VET providers. * Measures of employer engagement and satisfaction with VET relate to total VET activity. |
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### Roles and responsibilities

VET is an area of shared responsibility between governments and industry as outlined in the revised NASWD and the *National Partnership Agreement on Skills Reform* (COAG 2012a, 2012b). Figure 5.2 summarises the roles and responsibilities of selected VET stakeholders in 2014.

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| Figure 5.2 VET roles and responsibilities in 2014 |
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#### Federal governance arrangements

The NASWD sets out the commitment between the Australian Government and State and Territory governments, to work towards increasing the skill levels of all Australians, including Aboriginal and Torres Strait Islander Australians (COAG 2012a).

State and Territory governments manage the delivery of VET within their jurisdictions. They have historically provided approximately two‑thirds of the funding in the VET system (PM&C 2014), facilitating the development and training of the public VET workforce and ensuring the effective operation of the training market.

The Australian Government provides financial support to State and Territory governments to sustain national training systems, through funding mechanisms under the Intergovernmental Agreement on Federal Financial Relations. The Australian Government also provides specific incentives, interventions and assistance for national priority areas.

In December 2013, Council of Australian Governments (COAG) agreed to replace the former Standing Council for Tertiary Education Skills and Employment and supporting bodies with the COAG Industry and Skills Council (CISC). CISC develops policy reforms for the national training system for consideration by COAG and oversees the implementation of policy reforms agreed by COAG. CISC has responsibility to pursue and monitor priority issues of national significance in relation to industry and skills policy and to take action to resolve issues that arise between governments (DIS 2015). CISC is chaired by the Australian Government Minister for Industry, who has portfolio responsibility for skills. State and Territory governments are represented by ministers with portfolio responsibility for industry and skills (DET 2014).

#### Industry liaison on skills and training

On 15 August 2014, the Vocational Education and Training Advisory Board was established. The board is comprised of industry representatives and provides advice to the Commonwealth Minister for Industry regarding priorities for reforms across the breadth of the VET sector.

In 2014, Industry Skills Councils represented the skill needs across 12 specific industry sectors (such as AgriFood, Community services and health, and Manufacturing). Industry Skills Councils are independent, industry‑led, not for profit companies funded by the Australian Government. Their role is to identify and respond to the skill development and workforce planning needs of their respective industries (ISC 2014).

#### Regulation of VET

National regulation of VET RTOs is managed through ASQA. ASQA regulates courses (including ‘accredited courses’ — discussed below) and training providers to ensure nationally approved quality standards are met (ASQA 2015).

ASQA has jurisdiction over all RTOs, except those RTOs that do not offer services to overseas students and operate solely in Victoria or Western Australia, which are regulated by the:

* Victorian Registration and Qualifications Authority (Victoria)
* Training Accreditation Council (WA).

Multi‑sector training providers — that offer both higher education and VET courses — must comply with ASQA and the Tertiary Education Quality and Standards Agency.

#### Nationally recognised training

The Australian Qualifications Framework (AQF) is the national policy for regulated qualifications in Australian education and training. It incorporates the qualifications from each education and training sector into a single comprehensive national qualifications framework. The AQF was first introduced in 1995 to underpin the national system of qualifications in Australia encompassing higher education, vocational education and training and schools. In 2014, the AQF was managed by the Australian Government Department of Education and Training in consultation with the Australian Government Department of Industry and Science and State and Territory governments (AQF 2015).

The VET sector delivers ‘nationally recognised training’ through:

* *training packages* — developed by Industry Skills Councils to meet the training needs of industry/ies, endorsed by the Australian, State and Territory governments, and approved for use throughout Australia (ASQA 2015). Each training package is made up of three components:
* units of competency: which define the skills and knowledge to operate effectively and how they need to be applied to perform effectively in a workplace context.
* qualifications framework: which outlines the required groups of units of competency ranging from Certificate I to Graduate Diploma level.
* assessment guidelines: which establishes the industry’s preferred approach to assessment, including the qualifications required by assessors (ASQA 2015).
* *accredited courses* — accreditation means the course is recognised nationally and that an RTO can issue a recognised VET qualification or VET statement of attainment following its full or partial completion. Course accreditation may be provided by Australian or State and Territory government regulators.

#### VET data and research

The National Centre for Vocational Education Research (NCVER) is Australia’s clearing house for VET data and research. The organisation is a not‑for‑profit company owned by Australian, State and Territory and government ministers responsible for training (NCVER 2015a).

As a requirement of registration, RTOs must submit data on all accredited training activity to either NCVER or their respective State or Territory Training Authorities (NCVER 2015a).

### Funding

The Australian, State and Territory governments’ recurrent expenditure on VET totalled $5.2 billion in 2014 — representing in real terms an increase of 4.0 per cent from 2004, but a decrease of 11.9 per cent from 2013 (table 5A.1). Nationally, government recurrent expenditure was equal to $334.06 per person aged 15–64 years in 2014 (table 5A.2).

#### VET funding flows

Figure 5.3 outlines the major funding flows with the VET system in 2014.

A significant component of government expenditure on VET is in the form of:

* *State and Territory government funding to RTOs* — State and Territory governments fund RTOs directly via annual grants (or appropriations) or competitive tendering arrangements. These arrangements vary across States and Territories. Nationally in 2014, State and Territory governments provided $3.7 billion in funding — 70.8 per cent of total government funding
* *Australian Government funding to States and Territories* — the Australian Government provided funding, through the National Specific Purpose Payment for Skills and Workforce Development and National Partnership Payments, to State and Territory governments. In 2014, the Australian Government provided $1.5 billion in funding (table 5A.10).

In addition, the Australian, State and Territory governments provided the following funding streams to VET participants.

* *Incentives and loans to individuals* — the Australian, State and Territory governments support VET students with the cost of living and learning during study/apprenticeship in the form of incentive payments, program subsidies and government loans — such as the Australian Government income contingent loan scheme VET FEE‑HELP (see section 5.5 for definition).
* *Skills development and incentives to employers* — the Australian, State and Territory governments provide subsidies and incentive payments to support employers with the cost of employing and training their staff — such as for Australian Apprenticeships. In addition to the costs and benefits of employing individuals engaged in VET, companies can contribute VET funding by directly purchasing training for their employees.
* *Support for the National Training System* — As well as direct support to employers, the Australian, State and Territory governments provide funding to industry bodies to support the training system, and assist in the identification of skills needs and the development of skills programs. Examples include the funding of the Industry Skills Councils and Australian Apprenticeships Centres (Australian Government 2015).

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| Figure 5.3 Major funding flows within the VET system, 2014 |
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In addition the Australian, State and Territory governments funded a number of specific VET programs in 2014, including:

* *Special needs funding* — to support individuals or communities with special needs to assist them to more effectively engage in further training or in the labour force.
* *VET in schools* — support to school‑based VET programs that provide credit towards a nationally recognised VET qualification.
* *Trade Training Centres* — a national partnership between the Australian Government and State and Territory governments (and non‑government schools) in which the Australian Government has provided funding to secondary schools for new or refurbished trade training buildings and trades equipment for the centres (DET 2015a).

RTOs also receive revenue from individuals and organisations (government and non‑government) for payment of course and administration fees (from individuals), ancillary trading revenue, other operating revenue and revenue from Australian, State and Territory government specific purpose funds.

#### Allocation of VET funding

Increasingly, VET funding is provided through contestable processes (open to private and public RTOs), with explicit subsidies for provision of training in regional areas or for disadvantaged students (PM&C 2014). In 2014, $2.4 billion (46.4 per cent) of government VET funding was allocated on a competitive basis — a 4.4 per cent decrease in real terms from 2013 (table 5A.10), of which $1.5 billion was allocated to non‑TAFE providers. Funding to non‑TAFE providers has grown 222 per cent since 2005, at an annual average rate of 13.9 per cent (table 5A.9).

Processes used to allocate funds on a competitive basis include:

* *user choice* — where the employer and apprentice/trainee choose an RTO and government funds flow to that provider. Nationally in 2014, 13.1 per cent of government funding was allocated on a user choice basis
* *competitive tendering* — where government and private RTOs compete for funding contracts from State and Territory training authorities in response to government offers (tenders). Tenders can be contested by any RTO (open competitive tendering), or restricted to specific types of training or target groups (limited competitive tendering) Nationally in 2014, 2.4 per cent of government funding was allocated on a competitive tendering basis
* *entitlement funding* — combines aspects of user choice and competitive tendering with guaranteed government‑subsidised training places for qualifications (box 5.4). Entitlement funding programs in 2014 accounted for 30.9 per cent of all government funding allocated to VET in 2014 (table 5A.10).

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| Box 5.4 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:   1. Student entitlement to VET training — They 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. 2. 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. |
| *Source*: State and Territory governments. |
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### Size and scope

#### Students

Approximately 1.4 million government funded students participated in VET programs across Australia in 2014 (table 5A.4).

#### Hours

Government funded VET students participated in 457.0 million government funded annual hours in 2014, with an average of 328.0 hours per student (table 5A.4).

#### Courses

A single VET student may enrol in multiple VET courses. Nationally in 2014, 1.4 million government funded VET students were enrolled in 1.8 million courses (tables 5A.4 and 5A.6). Data of government funded student enrolments, aged 20–64 years, are provided in table 5A.7.

Nationally, the highest qualification level attempted by government funded VET students in 2014 was:

* diploma or above — 11.9 per cent
* certificate level III or IV — 60.0 per cent
* certificate level I or II or lower, 20.1 per cent (table 5A.5).

A further 8.1 per cent of government funded students were enrolled in a course that did not lead directly to a qualification (table 5A.5).

VET students undertake courses in a range of fields of education. Of all students that were either government funded or fee‑for‑service attending a TAFE or other government RTO, the fields of education with the largest number of students in 2014 were:

* management and commerce (18.6 per cent)
* engineering and related technologies (16.3 per cent)
* society and culture (13.7 per cent) (NCVER 2014).

#### Institutions

In 2014, government funded programs were delivered by 2071 RTOs at 31 031 locations in Australia (table 5A.3).

Nationally in 2014, the value of physical non‑current assets owned by TAFE and other government RTOs was $9.8 billion, predominantly related to the value of buildings (table 5A.36). The net assets of government TAFE and other government VET providers per person in the population aged 15–64 years was $673.74 (table 5A.8).

## 5.2 Framework of performance indicators

Box 5.5 describes the objective and outcomes for the VET system, agreed by COAG in the NASWD, which underpin the performance indicator framework. Performance indicators reported in this chapter are aligned with VET performance indicators in the most recent version of the NASWD, where relevant.

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| Box 5.5 Objectives for VET |
| The objective for the VET system, as outlined in the NASWD, is:   * a system that delivers a productive and highly skilled workforce and which enables all working age Australians to develop the skills and qualifications needed to participate effectively in the labour market and contribute to Australia’s economic future, and supports the achievement of increased rates of workforce participation.   Success in meeting the objective for the VET system is underpinned in the NASWD by the following target outcomes:   * the skill levels of the working age population are increased to meet the changing needs of the economy * all working age Australians have the opportunity to develop skills * training delivers the skills and capabilities needed for improved economic participation for working age Australians.   The NASWD also acknowledges the need for the VET system to address the particular needs of individuals experiencing disadvantage or disengagement with gaining skills that lead to employment or other meaningful engagement in society.  These objectives are to be met through the provision of services in an efficient manner. |
| *Source*: COAG (2012a). |
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The performance indicator framework provides information on equity, efficiency and effectiveness, and distinguishes the outputs and outcomes of VET services (figure 5.4). The performance indicator framework shows which data are comparable in the 2016 Report. For data that are not considered directly comparable, text includes relevant caveats and supporting commentary. Chapter 1 discusses data comparability and completeness from a Report‑wide perspective (section 1.6).

In addition to section 5.1, the Report’s Statistical context chapter contains data that may assist in interpreting the performance indicators presented in this chapter. These data cover a range of demographic and geographic characteristics (chapter 2).

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| Figure 5.4 VET performance indicator framework |
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## 5.3 Key performance indicator results

Different delivery environments, locations and types of client can affect the equity, effectiveness and efficiency of VET services.

Data quality information (DQI) is included where available for performance indicators in this Report. The purpose of DQI is to provide structured and consistent information about quality aspects of data used to report on performance indicators, in addition to material in the chapter or sector overview and attachment tables. All DQI for the 2016 Report can be found at www.pc.gov.au/rogs/2016.

### Outputs

Outputs are the actual services delivered (while outcomes are the impact of these services on the status of an individual or group) (see chapter 1, section 1.5). 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 an indicator of governments’ objective that disadvantaged groups have equitable access to the VET system (box 5.6).

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| Box 5.6 VET participation by target group |
| ‘VET participation by target group’ is defined as the number of government funded participants in the VET system who self‑identified that they are from a target group, as a proportion of the total number of people in the population in that group. For this Report, the designated equity groups are:   * Aboriginal and Torres Strait Islander people * people from remote and very remote areas — based on students’ home postcode using the Accessibility and Remoteness Index for Australia (ARIA) classification system. Under the ARIA classification there are no major cities in Tasmania, no outer regional or remote areas in the ACT and no major cities or inner regional areas in the NT * people with disability * people speaking a language other than English (LOTE) at home.   All else being equal, it is desirable that VET participation by target group is at, or above, a similar level to that for all students. A lower participation rate means the target group is underrepresented in VET.  Care needs to be taken in interpreting the participation rates presented for people with disability, people speaking a LOTE at home, and Aboriginal and Torres Strait Islander people, because the data depend on self‑identification at the time of enrolment and the number of non‑responses (that is, students who did not indicate whether or not they belong to these groups) varies across jurisdictions.  Data on participation by Indigenous status are for students identified as aged 15–64 years, and data on participation for other groups are reported for students of all ages. Data on participation are for students in Australia’s government funded VET system. |
| The participation rates by Indigenous status are calculated from two sources and comparability issues may occur when rates utilise data from different sources. This measure uses a numerator from the National VET provider collection and a denominator of projected resident population.  Data reported for this measure:   * may not be comparable (subject to caveats) within jurisdictions over time and may not be comparable across jurisdictions * are complete for the current reporting period (subject to caveats). All required 2014 data are available for all jurisdictions.   Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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##### VET participation by target group — Aboriginal and Torres Strait Islander people

Nationally in 2014, the participation rate for Aboriginal and Torres Strait Islander people aged 15–64 years was 17.2 per cent compared to 8.2 per cent for non‑Indigenous people. The participation rate in government funded VET for Aboriginal and Torres Strait Islander people aged 15–64 years has been consistently higher than for non‑Indigenous people over the last 10 years (figure 5.5).

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| Figure 5.5 National VET participation rate for people aged 15–64 years, by Indigenous status**a** |
| |  | | --- | | Figure 5.5 National VET participation rate for people aged 15–64 years, by Indigenous status  More details can be found within the text surrounding this image. | |
| a See box 5.6 and table 5A.12 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) National VET provider collection; ABS (2014), *Australian Demographic Statistics, June 2014*, Cat. no. 3101.0, Canberra; ABS (2013) *Estimates and Projections, Aboriginal and Torres Strait Islander Australians*, 2001 to 2026, Cat. no. 3238.0; table 5A.12. |
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An alternative approach to measuring participation is to analyse the VET student population by Indigenous status. Nationally in 2014, 5.6 per cent of government funded VET students (of all ages) identified as being of Aboriginal and Torres Strait Islander background (figure 5.6), higher than the proportion of Aboriginal and Torres Strait Islander people in the total population (3.0 per cent) (table 5A.18).

Caution should be taken when comparing these results as:

* these student participation data are not age standardised, so the younger age profile of the Aboriginal and Torres Strait Islander population is likely to overstate the difference in participation compared to the non‑Indigenous population
* the Indigenous status of 3.3 per cent of government funded VET students nationally was unknown (or not stated) in 2014 (table 5A.18), which could mean that the Aboriginal and Torres Strait Islander participation rate is understated.

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| Figure 5.6 Representation of Aboriginal and Torres Strait Islander students in VET compared with representation in the general population, 2014**a** |
| |  | | --- | | Figure 5.6 Representation of Aboriginal and Torres Strait Islander students in VET compared with representation in the general population, 2014  More details can be found within the text surrounding this image. | |
| a See box 5.6 and table 5A.18 for detailed definitions, footnotes and caveats |
| *Source*: NCVER (unpublished) National VET provider collection; table 5A.18. |
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##### VET participation by target group — people from remote and very remote areas

Nationally in 2014, participation was higher for people from remote and very remote areas (8.5 per cent) than for people from other geographic regions (7.0 per cent for outer regional areas, 7.5 per cent for inner regional areas and 5.3 per cent for major cities) (figure 5.7). In most jurisdictions, the VET participation rate is generally higher as remoteness increases (table 5A.14). Factors such as employment opportunities and the availability of alternative education services in regional and remote areas can affect the level of VET participation in these areas.

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| Figure 5.7 VET participation rate, by region, 2014**a, b** |
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| a See box 5.6 and table 5A.14 for detailed definitions, footnotes and caveats. b There are no outer regional or remote / very remote areas in the ACT, no major cities in Tasmania or the NT and no inner regional areas in the NT. |
| *Source*: NCVER (unpublished) National VET provider collection; ABS (2014), *Regional Population Growth, Australia, 2013‑14*, Cat. no. 3218.0; table 5A.14. |
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##### VET participation by target group — people with disability

Nationally, 8.4 per cent of government funded VET students in 2014 reported having disability, an impairment or a long‑term condition (figure 5.8). The disability status of 8.2 per cent of government funded VET students nationally was unknown (or not stated) in 2014 (table 5A.15), which could mean that the number of VET students with disability is understated.

Based on 2012 surveydata, an estimated 14.4 per cent of all 15–64 year olds in the population living in households and 18.5 per cent of the total population reported having disability (derived from ABS 2013). The proportion of VET students reporting disability is not directly comparable with the proportion of the population reporting disability, as the classifications of disabilities differ across the two collections. Within the VET system, the focus is on identifying students who require additional teaching and learning support, whereas for the population survey data the focus is on general functioning and need for assistance.

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| Figure 5.8 Proportion of VET students that are students with disability, 2014**a** |
| Figure 5.8 Proportion of VET students that are students with disability, 2014  More details can be found within the text surrounding this image. |
| a See box 5.6 and table 5A.15 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) National VET provider collection; table 5A.15. |
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##### VET participation by target group — people speaking a LOTE at home

As measured at the last population census, participation in VET for people speaking a LOTE at home was estimated to be 5.6 per cent nationally in 2011, compared with 7.1 per cent for people who spoke only English at home (table 5A.17).

In 2014, 18.9 per cent of VET students reported speaking a LOTE at home. By comparison, 18.2 per cent of the Australian population in 2011 spoke a LOTE at home (figure 5.9).

The language spoken at home was unknown (or not stated) for 5.8 per cent of government funded VET students nationally in 2014 (table 5A.16), which could mean that the participation rate for people that speak a LOTE at home is understated.

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| Figure 5.9 Representation of VET students speaking a LOTE at home compared to representation in the population, 2014**a** |
| |  | | --- | | Figure 5.9 Representation of VET students speaking a LOTE at home compared to representation in the population, 2014  More details can be found within the text surrounding this image. | |
| a See box 5.6 and table 5A.16 for detailed definitions, footnotes and caveats |
| *Source*: NCVER (unpublished) National VET provider collection; ABS (2012) *2011 Census of Population and Housing*, table 2A.11; table 5A.16. |
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### Effectiveness

#### Access — Student participation in VET

‘Student participation in VET’ is an indicator of governments’ objective to provide a productive and highly skilled workforce, by providing people aged 15–64 years with the level of access to the VET system that is necessary for a highly skilled workforce (box 5.7).

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| Box 5.7 Student participation in VET |
| ‘Student participation in VET’ is defined by three measures:   * the number of people aged 15–64 years participating in VET as a proportion of the population aged 15–64 years * the number of people aged 15–64 years participating in VET at certificate level III and above as a proportion of the population aged 15–64 years * the number of people aged 15–64 years participating in VET at diploma level and above as a proportion of the population aged 15–64 years.   High or increasing VET participation rates indicate high or increasing levels of access to the VET system by the general population. High or increasing participation in VET certificate level III and above, and in VET diploma level and above, indicate greater or increasing participation in higher skill level courses, which is desirable.  Data are reported by Indigenous status and are for government funded VET students.  Data reported for this indicator are   * comparable (subject to caveats) across jurisdictions and over time * complete for the current reporting period (subject to caveats). All required 2014 data are available for all jurisdictions providing the service.   Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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##### Student participation in VET — All government funded VET programs

In 2014, 1.4 million people aged 15–64 years participated in VET. This is equivalent to 8.7 per cent of people aged 15–64 years nationally (table 5A.11). The national participation rate for the general population aged 15–64 years decreased 0.7 percentage points from 9.4 per cent in 2013 (figure 5.10).

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| Figure 5.10 VET participation rate, students aged 15–64 years**a** |
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| a See box 5.7 and table 5A.11 for detailed definitions, footnotes and caveats |
| *Source*: NCVER (unpublished) National VET provider collection; ABS (2014), *Australian Demographic Statistics, June 2014*, Cat. no. 3101.0, Canberra; table 5A.11. |
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Helping young people make a smooth transition from school to the workplace or further study is an important role for the VET sector (ESA 2014). For people aged 18–24 years, the participation rate is higher than that of all people aged 15–64 years. Nationally in 2014, 19.3 per cent of all people aged 18–24 years participated in VET, a decrease of 1.1 percentage points since 2013 (table 5A.12). For the Aboriginal and Torres Strait Islander population, 25.4 per cent of people aged 15–24 years participated in VET compared to 18.5 per cent of the non‑Indigenous population in the same age group (table 5A.12).

##### Student participation in VET — Participation in Certificate III or above

Nationally in 2014, approximately 1.0 million people aged 15–64 years participated in VET at Certificate III level or above, representing 6.4 per cent of the population aged   
15–64 years (figure 5.11 and table 5A.19). This represents a 0.2 percentage point decrease from 2013. For the Aboriginal and Torres Strait Islander population, 8.7 per cent of people age 15–64 years participated in VET at Certificate III level or above, compared to 6.1 per cent of the non‑Indigenous population.

The NASWD includes a national target to halve the proportion of Australians   
aged 20–64 years without qualifications at Certificate III level or above between 2009 and 2020 (COAG 2012a), which includes qualifications outside the VET system. Nationally in 2014, 5.5 per cent of all people aged 20–64 years participated in a Certificate level III or above VET course (table 5A.19).

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| Figure 5.11 VET participation rate in certificate III or above, students aged 15–64 yearsa |
| |  | | --- | | Figure 5.11 VET participation rate in certificate III or above, students aged 15–64 years  More details can be found within the text surrounding this image. | |
| a See box 5.7 and table 5A.19 for detailed definitions, footnotes and caveats |
| *Source*: NCVER (unpublished) National VET provider collection; ABS (2014), *Australian Demographic Statistics, June 2014*, Cat. no. 3101.0, Canberra; ABS (2013) *Estimates and Projections, Aboriginal and Torres Strait Islander Australians*, 2001 to 2026, Cat. no. 3238.0; table 5A.19. |
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##### Student participation in VET — Participation in diploma and above

The NASWD includes a national target to double the number of higher level qualification completions (diploma and advanced diploma) between 2009 and 2020 (COAG 2012a). In 2014, approximately 164 900 people aged 15–64 years participated in a diploma level or above VET course, representing 1.1 per cent of the population aged 15–64 years nationally — a decrease of 0.2 percentage points since 2010 (figure 5.12 and table 5A.20).

Nationally in 2014, 1.1 per cent of the Aboriginal and Torres Strait Islander population and 1.0 per cent of the non‑Indigenous population aged 15–64 years participated in VET at diploma level and above (table 5A.20).

The population aged 18–24 years had a higher rate of government funded participation in VET at higher qualification levels (2.5 per cent), than the population aged 20–64 years (1.0 per cent) in 2014 (table 5A.20).

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| Figure 5.12 **VET participation rate in diploma and above**, students aged 15–64 years, **2014a** |
| |  | | --- | | Figure 5.12 VET participation rate in diploma and above, students aged 15–64 years, 2014  More details can be found within the text surrounding this image. | |
| a See box 5.7 and table 5A.20 for detailed definitions, footnotes and caveats |
| *Source*: *NCVER (unpublished) National VET provider collection; ABS* (2014), *Australian Demographic Statistics, June 2014*, Cat. no. 3101.0, Canberra; ABS (2013) *Estimates and Projections, Aboriginal and Torres Strait Islander Australians*, 2001 to 2026, Cat. no. 3238.; table 5A.20. |
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#### Appropriateness — Student completions and qualifications

‘Student completions and qualifications’ is an indicator of governments’ objective that the skill levels of the working age population are increased to meet the changing needs of the economy (box 5.8).

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| Box 5.8 VET student completions and qualifications |
| ‘VET completions and qualifications’ is defined by three measures:   * ‘Qualifications completed by working aged VET students, by course level’ is defined as the number of qualifications achieved/passed each year by students of working age (currently collected by NCVER, where a qualification is a certification to a person on successful completion of a course in recognition of having achieved particular knowledge, skills or competencies).   Data for qualifications completed relate to Government funded VET, plus the fee for service activity of Government VET providers (box 5.3).  High or increasing qualifications completed per person in the population increases the national pool of skilled Australians. |
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| Box 5.8 (continued) |
| Data reported for this measure are:   * comparable (subject to caveats) across jurisdictions and over time. Qualifications completed data are ‘preliminary’ for 2014 and ‘final’ for years 2013 and prior * complete for the current reporting period (subject to caveats). All required 2014 data are available for all jurisdictions providing the service. * ‘Units of competency and modules completed’ is defined as the sum of the number of units of competency achieved/passed each year by VET students and the number of modules (outside training packages) achieved/passed each year by VET students (see box 5.1 for details).   High or increasing units of competency and modules completed per person in the population increases the national pool of skilled Australians.  Data reported for this measure are:   * comparable (subject to caveats) within jurisdictions over time but are not comparable across jurisdictions * complete for the current reporting period (subject to caveats). All required 2014 data are available for all jurisdictions providing the service. * ‘Qualification Equivalents’ is defined as the number of annual hours of training activity associated with successful completions of modules and units of competency by government funded VET students, divided by an agreed value of annual hours of training activity representing a qualification (see section 5.5 for more detail).   High or increasing numbers of qualification equivalents per person in the population increases the national pool of skilled Australians.  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 2014 data are available for all jurisdictions providing the service.   For each measure data are presented:   * per person in the population (measured by estimated resident population in each jurisdiction) * as an annual change — defined as the percentage change of qualifications from year to year.   Data are reported for VET target groups (residents of remote and very remote areas, people with disability, people speaking a LOTE at home and Aboriginal and Torres Strait Islander people).  Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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##### VET completions and qualifications — qualifications completed

Nationally in 2014, there were 560 701 qualifications completed by VET students, of which, students aged 15–64 years completed approximately 555 100 qualifications — equivalent to 35.6 qualifications per 1000 people aged 15–64 years in the population (figure 5.13 and tables 5A.24 and 5A.28). The level of qualifications completed by students were at:

* diploma level and above — 13.4 per cent of qualifications completed by all students
* certificate level III or IV — 65.1 per cent
* certificate level I or II or lower — 21.5 per cent (table 5A.24).

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| Figure 5.13 Qualifications completed by all students aged 15–64 years, per 1000 people in the population aged 15–64 years**a** |
| |  | | --- | | Figure 5.13 Qualifications completed by all students aged 15–64 years, per 1000 people in the population aged 15–64 years  More details can be found within the text surrounding this image. | |
| a See box 5.8 and table 5A.28 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) National VET provider collection; table 5A.28. |
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Nationally, the number of qualifications completed decreased by 0.5 per cent between 2013 and 2014 however, there has been a growth in the number of qualifications completed in most years since 2005 (figure 5.14). Overall, qualification completions have increased nationally by 87.7 per cent since 2005 (equivalent to an average annual increase of 7.2 per cent) (table 5A.24).

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| Figure 5.14 Qualifications completed, annual growth from previous year, all students**a** |
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| a See box 5.8 and table 5A.24 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) National VET provider collection; table 5A.24. |
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Amongst the VET target groups, between 2010 and 2014 the number of qualifications completed nationally:

* increased by 70.5 per cent for students with disability (table 5A.22)
* increased by 45.9 per cent for students speaking a LOTE at home (table 5A.23)
* decreased by 13.9 per cent for students from remote and very remote areas (table 5A.21).

Nationally, Aboriginal and Torres Strait Islander students completed 20 890 VET qualifications in 2014, an increase of 34.1 per cent from 15 579 in 2010 (table 5A.25). The greatest increase was for qualifications at Certificate III/IV level (figure 5.15). Aboriginal and Torres Strait Islander students aged 15–64 years gained 46.8 qualifications per 1000 Aboriginal and Torres Strait Islander people aged 15–64 years (figure 5.15). Data for non‑Indigenous people are available in table 5A.28.

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| Figure 5.15 Qualifications completed by Aboriginal and Torres Strait Islander students aged 15–64 years, per 1000 Aboriginal and Torres Strait Islander people in the population aged  15–64 years**a** |
| |  | | --- | | Figure 5.15 Qualifications completed by Aboriginal and Torres Strait Islander students aged 15–64 years, per 1000 Aboriginal and Torres Strait Islander people in the population aged  15–64 years   More details can be found within the text surrounding this image. | |
| a See box 5.8 and table 5A.28 for detailed definitions, footnotes and caveats |
| *Source*: NCVER (unpublished) National VET provider collection; table 5A.28. |
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Qualifications completed for students aged 18–24 years and 20–64 years, by Indigenous status are available in tables 5A.26‑27.

##### VET completions and qualifications — units of competency and modules completed

Nationally in 2014, VET students completed 10.1 million units of competency and modules, a decrease of 2.6 per cent from 2013, but an annual average increase of 3.2 per cent from 2010 (table 5A.30 and figure 5.16).

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| Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students**a** |
| |  | | --- | | Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students  NSW  More details can be found within the text surrounding this image.Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students  Vic  More details can be found within the text surrounding this image.Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students  Qld  More details can be found within the text surrounding this image.  Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students  WA  More details can be found within the text surrounding this image.Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students  SA  More details can be found within the text surrounding this image.Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students  Tas  More details can be found within the text surrounding this image.  Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students  ACT  More details can be found within the text surrounding this image.Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students  NT  More details can be found within the text surrounding this image.Figure 5.16 Units of competency and modules completed, annual growth from previous year, all students  Aust  More details can be found within the text surrounding this image. | |
| a See box 5.8 and table 5A.30 for detailed definitions, footnotes and caveats |
| *Source*: NCVER (unpublished) National VET provider collection; table 5A.30. |
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Amongst the VET target groups, between 2010 and 2014 the combined number of units of competency and modules completed:

* increased 11.3 per cent for Aboriginal and Torres Strait Islander students, which equates to an average annual growth rate of 2.7 per cent (table 5A.33).
* increased 34.3 per cent for students with disability, which equates to an average annual growth rate of 7.6 per cent (table 5A.31)
* increased 50.2 per cent for students speaking a LOTE at home, which equates to an annual average growth rate of 10.7 per cent (table 5A.32)
* decreased 27.2 per cent for students from remote and very remote areas, an average annual rate of decline of 7.6 per cent (table 5A.30).

##### VET completions and qualifications — Qualification Equivalents

Nationally in 2014, VET students undertook training equivalent to approximately 631 255 VET qualifications. There has been an increase in the number of Qualification Equivalents of 135 082 since 2010, an average annual growth rate of 6.2 per cent (table 5A.29). Trends in the number of Qualification Equivalents completed varied across jurisdictions (figure 5.17).

Nationally, growth in Qualification Equivalents between 2010 and 2014 has predominantly occurred at Certificate level III/IV (46.8 per cent increase, representing an average annual growth of 10.1 per cent), followed by diploma level and above (10.2 per cent increase, representing an average annual growth rate of 2.5 per cent) (table 5A.29). These increases were even greater for Aboriginal and Torres Strait Islander students (average annual growth rates of 17.5 per cent for Certificate level III/IV and 13.7 per cent for diploma level and above) (table 5A.29).

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| Figure 5.17 Qualification Equivalents, all students, per 1000 people aged 15–64 years in the population**a** |
| |  | | --- | | Figure 5.17 Qualification Equivalents, all students, per 1000 people aged 15–64 years in the population  More details can be found within the text surrounding this image. | |
| a See box 5.8 and table 5A.29 for detailed definitions, footnotes and caveats |
| *Source*: NCVER (unpublished) National VET provider collection; table 5A.29. |
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### Efficiency

A proxy indicator of efficiency is the level of government inputs per unit of output (unit cost). The indicators of unit cost reported are ‘recurrent expenditure per annual hour’ and ‘recurrent expenditure per load pass’. In VET, the user cost of capital is not included in estimates of recurrent expenditure, although it is reported separately in the indicators ‘user cost of capital per annual hour’ and ‘user cost of capital per load pass’ (box 5.9).

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| Box 5.9 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 (AVETMISS) for VET financial data. These data are prepared annually on an accrual basis and are audited.  Government recurrent expenditure for VET includes Australian Government and State and Territory governments recurrent funding, Australian Government specific purpose funding and State and Territory specific purpose funding. This includes activity funded under the NASWD.  Government recurrent expenditure for VET may be affected by the movement of TAFE institutes between government and non‑government sectors.  Government recurrent expenditure is calculated by adding the following AVETMISS financial statements revenue items for the government recurrent payments received by State and Territory governments:   * Commonwealth National Agreement revenue * State/Territory recurrent revenue * Commonwealth Administered Programs revenue * revenue for VET expenses and liabilities of State and Territory training departments undertaken by another department or agency but required to be reported in the financial accounts of the training department.   Government recurrent expenditure:   * includes payments received by State and Territory governments for VET in schools programs, which cannot be separated from other expenditure categories * excludes capital expenditure and the user cost of capital. These are reported separately.   To promote comparability of the financial data across states and territories, as well as comparability between the financial and activity data, expenditure is adjusted by course mix weights where used for calculating unit costs (that is, efficiency indicators per government funded annual hour) (see section 5.5 for details).  Expenditure data for years prior to 2014 are adjusted to real dollars (2014 dollars) using the gross domestic product (GDP) chain price index (table 5A.96).  Annual hours are adjusted for invalid enrolment rates based on formal advice of NCVER auditors. Invalid enrolments are those student enrolments reported in the national collection as participating in a module/unit of competency but for which the auditors could find no confirmed evidence that the student had participated in that enrolment within the collection period. |
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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 to provide VET services in an efficient manner. Recurrent cost per annual hour of training measures the average unit cost of producing a training output of the VET system (box 5.10).

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| Box 5.10 Government recurrent expenditure per annual hour |
| ‘Government recurrent expenditure per annual hour’ is defined as government recurrent expenditure (as defined in box 5.9) divided by government funded annual hours.  Low 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 a lessening of quality. 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 socio‑demographic composition, administrative scale, and dispersion and scale of service delivery * VET policies and practices, including the level of fees and charges paid by students.   Expenditure per annual hour is adjusted for course mix differences across jurisdictions (more information is provided in box 5.6).  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 2014 data are available for all jurisdictions providing the service.   Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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Since 2005, government real recurrent VET expenditure has increased 4.1 per cent, while the number of government funded annual hours has increased 51.8 per cent (table 5A.34). As a result, government real recurrent expenditure per annual hour has declined 31.5 per cent over the past 10 years — from $16.64 in 2005 to $11.40 in 2014 — at an average annual rate of decline of 4.1 per cent (table 5A.34 and figure 5.18).

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| Figure 5.18 Government real recurrent expenditure per annual hour (2014 dollars)**a** |
| |  | | --- | | Figure 5.18 Government real recurrent expenditure per annual hour (2014 dollars)  More details can be found within the text surrounding this image. | |
| a See box 5.10 and table 5A.34 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) National financial and VET provider collections; tables 5A.34. |
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#### Inputs per output — Government recurrent expenditure per load pass

‘Government recurrent expenditure per load pass’ is an indicator of governments’ objective to provide VET services in an efficient manner. It is the cost to government of each successfully completed VET module or unit of competency (box 5.11).

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| Box 5.11 Government recurrent expenditure per load pass |
| ‘Government recurrent expenditure per load pass’ is defined as government recurrent expenditure (as defined in box 5.9) divided by hours of government funded load pass. Load pass is based on assessable enrolments of modules and units of competency achieved/passed and recognition of prior learning, and does not include non‑assessable enrolments.  Low or decreasing unit costs can indicate efficient delivery of VET services per successfully completed load pass hour. 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 socio‑demographic 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 2014 data are available for all jurisdictions providing the service.   Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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Government real recurrent expenditure per load pass hour in 2014 was $13.66 nationally, a decrease from $15.54 in 2013 and from $22.39 in 2005 (figure 5.19 and table 5A.35).

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| Figure 5.19 Government real recurrent expenditure per hour of load pass (2014 dollars)**a** |
| |  | | --- | | Figure 5.19 Government real recurrent expenditure per hour of load pass (2014 dollars)  More details can be found within the text surrounding this image. | |
| a See box 5.11 and table 5A.35 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) National financial and VET provider collections; table 5A.35. |
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#### Inputs per output — User cost of capital per annual hour

‘User cost of capital per annual hour’ is an indicator of governments’ objective to provide VET services in an efficient manner. The user cost of capital is included in estimates of the cost of government services because it reflects the opportunity cost of government assets (box 5.12).

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| Box 5.12 User cost of capital per annual hour |
| ‘User cost of capital per annual hour’ is defined as the user cost of capital (adjusted for course mix weight) divided by government funded annual hours. User cost of capital is 8 per cent of the value of total physical non‑current assets. Annual hours are 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.  Low or decreasing total costs per annual hour can reflect higher efficiency in the delivery of VET services.  User cost of capital per annual hour should be interpreted carefully because low unit costs may not necessarily reflect a lessening of quality. Differences in some input costs (for example, land values) can affect reported costs across jurisdictions without necessarily reflecting the efficiency of service delivery. The user cost of capital for land is presented separately from the cost of other assets, to allow users assessing the results to consider any differences in land values across jurisdictions. The basis for the 8 per cent capital charge is discussed in chapter 1.  The user cost of capital may be affected by the movement of TAFE institutes (or their assets) between government and non‑government sector.  User cost of capital per annual hour is adjusted for course mix differences across jurisdictions (more information is provided in box 5.6).  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 2014 data are available for all jurisdictions providing the service.   Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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Nationally, the user cost of capital per annual hour in 2014 was $1.72. The largest components of user cost of capital per annual hour were building costs ($1.30) followed by land costs ($0.32). These costs varied across States and Territories (figure 5.20).

Tables 5A.36 and 5A.37 provide additional information on the total cost to government of funding VET per annual hour over a 10‑year time series (including both the user cost of capital and recurrent costs).

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| Figure 5.20 User cost of capital per annual hour, 2014**a** |
| |  | | --- | | Figure 5.20 User cost of capital per annual hour, 2014  More details can be found within the text surrounding this image. | |
| a See box 5.12 and table 5A.36 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) National financial and VET provider collections; table 5A.36. |
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#### Inputs per output — User cost of capital per load pass

‘User cost of capital per load pass’ is an indicator of governments’ objective to provide VET services in an efficient manner. The user cost of capital is included in estimates of the cost of government services because it reflects the opportunity cost of government assets (box 5.13).

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| Box 5.13 User cost of capital per load pass |
| ‘User cost of capital per load pass’ is defined as the user cost of capital divided by hours of government funded load pass. User cost of capital is 8 per cent of the value of total physical non‑current assets. Load pass is based on assessable enrolments of modules and units of competency achieved/passed and recognition of prior learning, and does not include non‑assessable enrolments.  Low or decreasing total costs per load pass hour can reflect higher efficiency in the delivery of VET services.  The user cost of capital may be affected by the movement of TAFE institutes (or their assets) between government and non‑government sector.  User cost of capital per load pass should be interpreted carefully because differences in some input costs (for example, land values) could affect reported costs across jurisdictions without necessarily reflecting the efficiency of service delivery. The user cost of capital for land is presented separately from the cost of other assets, to allow users assessing the results to consider any differences in land values across jurisdictions. The basis for the 8 per cent capital charge is discussed in chapter 1.  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 2014 data are available for all jurisdictions providing the service.   Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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In 2014, the user cost of capital per load pass hour was $2.07 nationally. The largest components were building ($1.56) and land ($0.38) costs (table 5A.36).

### Outcomes

Outcomes are the impact of services on the status of an individual or group (while outputs are the services delivered) (see chapter 1, section 1.5). The objectives for VET services include a range of outcomes for students, employers, and the wider economy (box 5.5).

#### Student outcomes

The main source of data for student outcomes is the annual Student Outcomes Survey conducted by the NCVER, which collects data on students who undertook activity within the VET system in Australia in the previous year (box 5.14).

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| Box 5.14 Student Outcomes Survey |
| The Student Outcomes Survey collects data about graduates and module completers, including their general characteristics, fields of study, employment outcomes, occupations, industries of employment, satisfaction with their course of study, and further study outcomes.  The survey collects the opinions of a sample of VET students, so the results are estimates of the opinions of the total VET student population. The sample is randomly selected and stratified for graduates and module completers by TAFE institute, field of study, sex and age. Responses are weighted to population benchmarks to minimise non‑response bias.  The precision of survey estimates depends on the sample size and the distribution of sample responses. To assist with making comparisons across jurisdictions, error bars representing the 95 per cent confidence intervals associated with each point estimate are presented in the survey figures. These confidence intervals can be used to indicate whether there are likely to be statistically significant differences across jurisdictions. When comparing the estimates, if the confidence intervals for the jurisdictions do not overlap, then the estimates are statistically significantly different (at the 95 per cent confidence level).  The survey collects data on all VET providers, capturing government funded students (TAFE, private and community education providers) as well as those training on a fee‑for‑service basis (TAFE and some private and community education providers). Student outcomes data reported in the chapter only relate to the activities of government funded VET (box 5.3).  Care should be taken when comparing student outcomes across states and territories, because each jurisdiction has different economic, demographic and social profiles that are likely to have an effect on a range of training related outcomes. In particular, economic parameters beyond the control of the VET system may affect employment outcomes for graduates (see chapter 2). |
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#### Student employment and further study outcomes

‘Student employment and further study outcomes’ is an indicator of governments’ objective for the VET system to deliver the skills and capabilities needed for improved economic participation for working age Australians (box 5.15).

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| Box 5.15 Student employment and further study outcomes |
| ‘Student employment and further study outcomes’ is defined by four measures:   * the proportion of government funded VET graduates who were employed and/or continued on to further study after completing their course, reported by VET target groups * the proportion of government funded VET graduates employed after completing their course who were unemployed before the course * the proportion of government funded VET graduates who improved their employment circumstances after completing their course, reported by VET target groups and by level of qualification. The definition of ‘improved employment circumstances’ 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 * the proportion of government funded VET graduates who undertook their course for employment‑related reasons and were employed after completing their course, who reported at least one job‑related benefit from completing the course.   Data are provided for VET target groups (students with disability, students speaking a LOTE at home, students from remote and very remote areas and Aboriginal and Torres Strait Islander students).  Holding other factors constant, high or increasing proportions indicate positive employment or further study outcomes after training. The proportion of students who improved their employment outcomes or were engaged in further study can overlap, since students may realise the two outcomes simultaneously.  Comparison of labour market outcomes must 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 2014 data are available for all jurisdictions providing the service.   Data for these measures include 95 per cent confidence intervals (in the form of error bars in figures).  Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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##### Graduates who were employed and/or continued on to further study after completing their course

Nationally, 87.4 per cent of government funded VET graduates surveyed were either in employment and/or pursuing further study after completing a VET course in 2013. The proportion of government funded VET graduates in employment or pursuing further study has remained steady over the past five years. Of all government funded VET graduates that completed a course in 2013, 76.4 per cent said they were in employment while 35.5 per cent had continued on to further study in 2014 (figure 5.21).

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| Figure 5.21 Proportion of VET graduates in employment and/or who continued on to further study in 2014 after completing a course**a** |
| |  | | --- | | Figure 5.21 Proportion of VET graduates in employment and/or who continued on to further study in 2014 after completing a course  More details can be found within the text surrounding this image. | |
| a See box 5.15 and table 5A.40 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Student Outcomes Survey*; table 5A.40. |
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Of those government funded VET graduates who continued on to further study in 2014:

* 46.0 per cent pursued their further study within the TAFE system
* 23.8 per cent went on to further study at universities
* 30.2 per cent went on to further study at private providers or other registered providers.

The results varied across jurisdictions (figure 5.22).

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| Figure 5.22 VET graduates who continued on to further study after completing a course, by type of continuing institution 2014**a** |
| |  | | --- | | Figure 5.22 VET graduates who continued on to further study after completing a course, by type of continuing institution 2014  More details can be found within the text surrounding this image. | |
| a See box 5.15 and table 5A.40 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Student Outcomes Survey*; table 5A.40. |
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###### Aboriginal and Torres Strait Islander VET graduates

Nationally in 2014, 78.8 per cent of government funded Aboriginal and Torres Strait Islander VET graduates were employed and/or in further study after completing a course, comparable to 2010. Nationally in 2014:

* a lower proportion of Aboriginal and Torres Strait Islander government funded VET students were employed after completing a course (64.3 per cent), compared to non‑Indigenous government funded VET graduates (76.6 per cent)
* a similar proportion of Aboriginal and Torres Strait Islander and non‑Indigenous government funded VET graduates continued on to further study (36.5 per cent and 35.4 per cent respectively) (figure 5.23 and tables 5A.41‑42).

Of those government funded Aboriginal and Torres Strait Islander VET graduates who went on to further study in 2014:

* 58.7 per cent continued on to further study within the TAFE system (compared with 45.4 per cent for non‑Indigenous government funded VET graduates)
* 18.1 per cent went on to university (compared with 24.1 per cent for non‑Indigenous government funded VET graduates)
* 23.2 per cent went on to further study at private providers or other registered providers (compared with 30.5 per cent for non‑Indigenous government funded VET graduates) (tables 5A.41‑42).

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| Figure 5.23 Proportion of Aboriginal and Torres Strait Islander VET graduates in employment and/or who continued on to further study in 2014 after completing a course**a** |
| |  | | --- | | Figure 5.23 Proportion of Aboriginal and Torres Strait Islander VET graduates in employment and/or who continued on to further study in 2014 after completing a course  More details can be found within the text surrounding this image. | |
| a See box 5.15 and table 5A.41 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Student Outcomes Survey*; table 5A.41. |
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###### Other target groups

Nationally the following proportions of government funded VET graduates indicated that they were employed in 2014 after completing a course in 2013:

* people with disability — 51.4 per cent (table 5A.47)
* people who spoke a LOTE at home — 65.6 per cent (table 5A.48)
* graduates from remote and very remote areas —83.8 per cent (table 5A.46).

Further information for graduates from other geographical locations is reported in tables 5A.43–46.

Nationally the following proportions of government funded VET graduates indicated that they continued on to further study in 2014 after completing a course in 2013:

* people with disability — 40.1 per cent (table 5A.47)
* people who spoke a LOTE at home — 34.8 per cent (table 5A.48)
* graduates from remote and very remote areas — 37.1 per cent (table 5A.46).

##### Graduates employed after completing their course who were unemployed before the course

Nationally, of the government funded VET graduates surveyed in 2014 who were unemployed before their course, 46.7 per cent indicated they were employed after the course, 45.9 per cent were unemployed and 7.2 per cent were not in the labour force (table 5A.49). The proportion of all government funded VET graduates who were unemployed before the course and who became employed after the course was comparable between 2010 and 2014 (figure 5.24).

In comparison, Aboriginal and Torres Strait Islander government funded VET graduates who were unemployed before the course and who became employed after the course increased by 6.9 percentage points over the same period, to 40.0 per cent in 2014 (table 5A.50).

Additional information is provided in table 5A.52 on the labour force status of graduates who were employed prior to the course.

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| Figure 5.24 Proportion of VET graduates who were unemployed prior to commencing a course and were employed after completing a course**a** |
| |  | | --- | | Figure 5.24 Proportion of VET graduates who were unemployed prior to commencing a course and were employed after completing a course  More details can be found within the text surrounding this image. | |
| a See box 5.15 and table 5A.49 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Student Outcomes Survey*; table 5A.49. |
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##### Graduates who improved their employment circumstances after completing their course

Nationally, 59.3 per cent of all government funded VET graduates in 2014 indicated they had improved their employment circumstances after completing their course, a decrease of 3.7 percentage points from 2010 and 7.4 percentage points from 2005 (figure 5.25).

A VET student may report a positive response to more than one measure contributing to improved employment status after training. In 2014, VET graduates indicated that after completing their training:

* 13.4 per cent changed from ‘not employed’ before training to ‘employed’
* 7.6 per cent were employed at a higher skill level
* 50.7 per cent received a job related benefit (table 5A.60).

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| Figure 5.25 Proportion of government funded VET graduates who improved their employment circumstances after training**a** |
| |  | | --- | | Figure 5.25 Proportion of government funded VET graduates who improved their employment circumstances after training  More details can be found within the text surrounding this image. | |
| a See box 5.15 and table 5A.56 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Student Outcomes Survey*; table 5A.56. |
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Nationally a greater proportion of graduates improved their employment circumstances after completing a certificate III/IV course or a diploma or above course, compared to graduates completing a certificate I/II course. Nationally in 2014, for government funded VET graduates that completed the course at a level of:

* diploma or above — 62.0 per cent indicated their employment circumstances improved
* certificate level III/IV — 62.3 per cent indicated their employment circumstances improved
* certificate level I/II — 45.8 per cent indicated their employment circumstances improved (table 5A.63).

Data on VET graduates aged 20–64 years who improved their employment circumstances after completing their training, by certfificate level are included in table 5A.64.

###### Aboriginal and Torres Strait Islander VET graduates

Nationally, 53.3 per cent of all government funded Aboriginal and Torres Strait Islander VET graduates in 2014 indicated they had improved their employment circumstances after completing their course, comparable to 2010, but a decrease of 7.6 percentage points from 2005. This compares with 59.5 per cent of government funded non‑Indigenous VET graduates that indicated they had improved their employment circumstances in 2014 after completing their course (figure 5.26).

Government funded Aboriginal and Torres Strait Islander VET graduates in 2014 indicated that after completing their training:

* 14.8 per cent changed from ‘not employed’ before training to ‘employed’
* 8.0 per cent were employed at a higher skill level
* 53.0 per cent received a job‑related benefit (table 5A.60).

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| Figure 5.26 Proportion of VET graduates who improved their employment circumstances after training, by Indigenous status**a** |
| |  | | --- | | Figure 5.26 Proportion of VET graduates who improved their employment circumstances after training, by Indigenous status  More details can be found within the text surrounding this image. | |
| a See box 5.15 and tables 5A.58‑59 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Student Outcomes Survey*; tables 5A.58‑59. |
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Data on VET graduates aged 20–64 years who improved their employment circumstances after completing their training are included in table 5A.62.

###### Other target group VET graduates

Nationally, lower proportions of graduates with disability and graduates who speak a LOTE at home reported improving their employment circumstances after completing their training, compared to all graduates, in each of the last ten years (table 5A.57).

In comparison, over the last five years, a higher proportion of VET graduates from remote and very remote locations reported that they improved their employment circumstances after completing their training, compared to VET graduates from major cities, inner regional and outer regional locations (table 5A.61).

##### Graduates who undertook their course for employment‑related reasons and were employed after completing their course, who reported at least one job‑related benefit from completing the course

Nationally in 2014, of all government funded VET graduates who were employed after their training and undertook their course for employment related reasons, 74.8 per cent indicated they had gained at least one job‑related benefit from completing the course (figure 5.27). This compares with 79.7 per cent for government funded Aboriginal and Torres Strait Islander graduates (table 5A.55).

Individual graduates could receive more than one benefit. The benefits reported by graduates included:

* obtaining a job (30.6 per cent)
* achieving an increase in earnings (23.8 per cent)
* achieving a promotion or an increased status at work (30.2 per cent)
* changing jobs or obtaining a new job (17.6 per cent)
* gaining the ability to start their own business (8.3 per cent) (table 5A.54).

Nationally in 2014, for those VET graduates who were employed after completing their course and undertook their course for employment‑related reasons, 80.2 per cent reported that the course was ‘highly relevant’ or had ‘some relevance’ to the main job (table 5A.53).

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| Figure 5.27 Proportion of VET graduates who undertook their course for employment‑related reasons and who received at least one job‑related benefit from completing the course**a** |
| |  | | --- | | Figure 5.27 Proportion of VET graduates who undertook their course for employment related reasons and who received at least one job related benefit from completing the course  More details can be found within the text surrounding this image. | |
| a See box 5.15 and table 5A.54 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) *Student Outcomes Survey*; table 5A.54. |
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#### Student achievement in VET

‘Student achievement in VET’ is an indicator of governments’ objective that students’ skill levels are increased to meet the changing needs of the economy (box 5.16).

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| Box 5.16 Student achievement in VET |
| ‘Student achievement in VET’ is defined by three measures:   * ‘load pass rate’ is the ratio of hours attributed to students who gained competencies/passed assessment in an assessable module or unit of competency to all hours of students who were assessed and either passed, failed or withdrew. See section 5.5 for more detail * ‘proportion of graduates with improved education/training status after training’ is the number of VET qualifications completed by students who have completed a course at a higher education level than their previous highest education level achieved (based on AQF), divided by the number of VET course completions * ‘estimated qualification completion rate’ is the number of VET students in a given year who commenced a course and eventually completed their course, expressed as a proportion of all course enrolments in that year. Qualifications at AQF Certificate I and above are included. The subject load pass rates for students commencing in that year are also included — while not all courses are completed, subject completions are also valuable. More detail on the estimation method is included in box 5.17.   For ‘load pass rate’ and ‘proportion of graduates with improved education/training status after training’, data are provided for VET target groups (students with disability, students speaking a LOTE at home, students from remote and very remote areas and Aboriginal and Torres Strait Islander students). Achievement by VET target groups can also indicate the equity of outcomes for these groups.  High or increasing load pass rates and proportions of students who commenced and completed indicate that student achievement is high or improving, which is desirable. Care needs to be taken in comparing data across jurisdictions because average module durations vary across jurisdictions.  Changes in the proportion of graduates with improved education/training status after training may be affected by relatively large changes in enrolments, due to the time lag between course enrolment (the denominator) and qualification completion (the numerator used for deriving the proportion). Care therefore needs to be taken when interpreting changes over time in the proportion of graduates with improved education/training status after training.  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 2014 data are available for all jurisdictions providing the service.   Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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##### Load pass rate

Nationally, between 2010 and 2014, the load pass rate increased for all students by 5.6 percentage points to 82.9 per cent (table 5A.65 and figure 5.28). All jurisdictions reported an increase in the load pass rate over this period.

Compared to all government funded students in 2014, the load pass rate was lower for:

* graduates with disability — which increased by 2.3 percentage points since 2010 to 73.7 per cent in 2014 (table 5A.67)
* graduates speaking LOTE at home — which increased by 4.5 percentage points since 2010 to 78.7 per cent in 2014 (table 5A.68)
* Aboriginal and Torres Strait Islander graduates — which increased by 8.6 percentage points since 2005, to 74.8 per cent. This compares with an increase of 4.4 percentage points over the same period for non‑Indigenous students (to 83.1 per cent in 2014) (table 5A.65) (figure 5.28).

By contrast, the load pass rate for students from remote and very remote areas was 83.4 per cent, which was higher compared to the load pass rate for all graduates in 2014 (figure 5.28). Nationally, the load pass rate for students from remote and very remote areas has remained higher than all graduates over the past five years (other than 2011) (table 5A.66).

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| Figure 5.28 Load pass rates, by target group, 2014**a** |
| |  | | --- | | Figure 5.28 Load pass rates, by target group, 2014   More details can be found within the text surrounding this image. | |
| a See box 5.16 and tables 5A.65–68 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) National VET provider collection; tables 5A.65–68. |
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##### Graduates with improved education/training status after training

Of all VET graduates that completed an AQF qualification nationally in 2014, 63.6 per cent did so with a higher qualification than their previous highest AQF qualification. This increased from 57.8 per cent in 2010 (figure 5.29).

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| Figure 5.29 Qualifications completed by students with improved education/training status after training, as a percentage of course completions**a** |
| |  | | --- | | Figure 5.29 Qualifications completed by students with improved education/training status after training, as a percentage of course completions  More details can be found within the text surrounding this image. | |
| a See box 5.16 and table 5A.69 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) National VET provider collection; table 5A.69. |
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Across most jurisdictions, a greater proportion of Aboriginal and Torres Strait Islander VET graduates, compared to non‑Indigenous graduates, improved their education/training status after training. Of the qualification completions by Aboriginal and Torres Strait Islander students nationally in 2014, 67.3 per cent were at a higher qualification level than previously achieved, compared to 64.3 per cent for non‑Indigenous graduates (table 5A.69).

Nationally in 2014, qualification completions with improved education/training status, as a proportion of all qualification completions was:

* 63.8 per cent for graduates from remote and very remote areas locations (table 5A.71)
* 68.3 per cent for graduates completing an AQF Certificate III or above (table 5A.73).

Tables 5A.70, 5A.72 and 5A.74 provide additional information on completions for students aged 20–64 years.

Data on the ‘qualification completed at a higher qualification level than previously achieved, as a percentage of all completions’, should be considered in conjunction with the measure ‘qualification completed at a higher qualification level, as a proportion off all enrolments’ (tables 5A.69–74). This second measure provides an indication of the number of students that commenced study but did not complete, and therefore did not meet the measure of completing at a higher qualification level.

##### Estimated qualification completion rate and subject load pass rate

The estimated qualification completion rate is an estimate of the percentage of all VET qualifications (both government and non‑government funded) at Certificate I or above commenced in a particular year of interest that will eventually be completed. The methodology is described in box 5.17.

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| Box 5.17 Estimated qualification completion rate |
| The methodology used to derive the estimated qualification completion rate involves creating a longitudinal dataset of VET qualification enrolments over a three‑year period (from one year before the commencing year under consideration to one year after). Students and the qualifications they enrolled in are matched to completions via a unique identifier and the qualification record identifier. For each unique VET qualification enrolment in the longitudinal dataset, variables are set up to indicate the year in which the qualification was commenced, the years in which it had a continuing enrolment, and the year in which it was completed (if it was completed). These indicator variables are then used to determine the probabilities of a qualification enrolment moving from a commencing or continuing status in one year to a completed or dropped‑out status in the next. Using these probabilities, the techniques of absorbing Markov chain theory are applied to calculate the completion rate of commencing qualification enrolments in each year.  Estimated qualification completion rates should be interpreted with caution due to data collection and methodological issues in tracking students and the qualifications they enrol in across different years of the National VET Provider Collection. In addition, not all students intend to complete an entire qualification but may only wish to complete specific modules or units of competency. The reporting of these students varies across states and territories. In some jurisdictions, students wishing to only complete a specific component of a qualification are required to enrol in that qualification for data collection purposes, whereas in other jurisdictions they are not. |
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For students who commenced in 2013:

* the estimated qualification completion rate was 34.0 per cent nationally, a decrease of 2.0 percentage points from students who commenced in 2012, but an increase from the qualification completion rate for students who commenced their qualification in 2009 (32.1 per cent)
* the subject load pass rate was 83.1 per cent nationally compared to 80.9 per cent for students who commenced their qualification in 2009 (figure 5.30).

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| Figure 5.30 Estimated completion rates and subject load pass rates for qualifications at certificate I level or above, commencing  2009–13**a** |
| |  | | --- | | Figure 5.30 Estimated completion rates and subject load pass rates for qualifications at certificate I level or above, commencing  2009–13  Estimated completion rate  More details can be found within the text surrounding this image.  Figure 5.30 Estimated completion rates and subject load pass rates for qualifications at certificate I level or above, commencing  2009–13  Subject load pass rate  More details can be found within the text surrounding this image. | |
| a See boxes 5.16 and 5.17 and table 5A.75 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (2015c), *Australian vocational education and training statistics: the likelihood of completing a VET qualification,* Adelaide; table 5A.75. |
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#### Student satisfaction with VET

‘Student satisfaction with VET’ is an indicator of governments’ objective of enabling students’ satisfaction with their training program (box 5.18).

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| Box 5.18 Student satisfaction with VET |
| ‘Student satisfaction with VET’ has two measures:   * ‘proportion of students who achieve their main reason for doing a VET course’ is defined as the proportion of graduates who indicate that they achieved or partly achieved their main reason for doing the course * ‘proportion of students who were satisfied with the quality of their completed VET course’ is defined as the proportion of graduates who indicated that they were satisfied or very satisfied with their VET training program. This measure is also reported according to the students’ identified purpose of study (employment related, further study and/or developmental).   Satisfaction with VET by target groups (students with disability, students speaking a LOTE at home, students from remote and very remote areas and Aboriginal and Torres Strait Islander students) can also indicate the equity of outcomes for these groups.  A high or increasing percentage of perceived satisfaction is desirable.  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 2014 data are available for all jurisdictions providing the service.   Data for these measures include 95 per cent confidence intervals (in the form of error bars in figures).  Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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##### Students who achieve their main reason for doing a course

Nationally in 2014, 81.9 per cent of government funded VET graduates indicated that their course helped (67.0 per cent) or partly helped (14.9 per cent) them achieve their main reason for doing the course — a decrease of 2.5 percentage points since 2010. Of government funded graduates in 2014, 9.0 per cent indicated their course did not help them achieve the main reason they did the course, an increase from 6.5 per cent in 2010 (figure 5.31).

Nationally in 2014, of the target groups, graduates from remote and very remote areas were the most likely to indicate that the course helped them achieve their main reason for doing the course (76.3 per cent), while graduates reporting disability were the least likely to do so (54.0 per cent). Amongst Aboriginal and Torres Strait Islander graduates, 74.3 per cent indicated that the course helped them achieve their main reason for doing the course (figure 5.32).

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| Figure 5.31 Proportion of VET graduates who achieved their main reason for doing the course, 2010–14**a, b** |
| |  | | --- | | Figure 5.31 Proportion of VET graduates who achieved their main reason for doing the course, 2010–14  More details can be found within the text surrounding this image. | |
| a The 95 per cent confidence intervals for the percentage estimates are reported in table 5A.76. b See box 5.18 and table 5A.76 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) Student Outcomes Survey; table 5A.76. |
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| Figure 5.32 Proportion of VET graduates who achieved their main reason for doing the course, by target group, 2014**a, b** |
| |  | | --- | | Figure 5.32 Proportion of VET graduates who achieved their main reason for doing the course, by target group, 2014  More details can be found within the text surrounding this image. | |
| a There are no remote and very remote data reported for Victoria and the ACT. b See box 5.18 and tables 5A.76‑77 and 5A.82–84 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) Student Outcomes Survey; tables 5A.76‑77 and 5A.82–84. |
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Tables 5A.78–81 provide additional information on whether the course helped non‑Indigenous graduates, graduates from major cities, from inner regional areas and from outer regional areas, achieve their main reason for undertaking training.

##### Students who were satisfied with the quality of their completed training

In 2014, 87.6 per cent of all government funded VET graduates nationally indicated that they were satisfied with the quality of their completed training (figure 5.33), representing an increase of 0.9 percentage points from 2005 (table 5A.85).

The satisfaction levels across target groups in 2014 were as follows:

* graduates from remote and very remote areas (89.7 per cent)
* Aboriginal and Torres Strait Islander graduates (90.9 per cent) — an increase of 8.1 percentage points from 2005 (table 5A.87)
* graduates speaking a LOTE at home (88.9 per cent)
* graduates with disability (85.2 per cent) (figure 5.33).

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| Figure 5.33 Proportion of VET graduates who were satisfied with the quality of their completed course, by target group, 2014**a, b** |
| |  | | --- | | Figure 5.33 Proportion of VET graduates who were satisfied with the quality of their completed course, by target group, 2014  More details can be found within the text surrounding this image. | |
| a There are no remote and very remote data reported for Victoria and the ACT. b See box 5.18 and tables 5A.85‑86 and 5A.91–93 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) Student Outcomes Survey; tables 5A.85‑86 and 5A.91–93. |
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Nationally in 2014, 87.6 per cent of graduates who had been seeking employment‑related outcomes were satisfied with the quality of their completed course. This is a similar outcome to graduates seeking further study outcomes (86.6 per cent satisfied) and graduates seeking personal development outcomes (88.2 per cent) (figure 5.34).

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| Figure 5.34 Proportion of VET graduates who were satisfied with the quality of their completed course, by purpose of study, 2014**a** |
| |  | | --- | | Figure 5.34 Proportion of VET graduates who were satisfied with the quality of their completed course, by purpose of study, 2014  More details can be found within the text surrounding this image. | |
| a See box 5.18 and table 5A.85 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) Student Outcomes Survey; table 5A.85. |
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Nationally in 2014, the majority Aboriginal and Torres Strait Islander graduates indicated that they were satisfied with the quality of their course, where they had been seeking:

* employment related outcomes (90.8 per cent of graduates)
* further study outcomes (84.9 per cent)
* personal development outcomes (84.9 per cent) (table 5A.86).

A further disaggregation by non‑Indigenous graduates, by target groups and by geographical classifications, can be found in attachment tables 5A.85–93.

#### Economy wide outcomes

Having a workforce with the necessary skills and training is an important factor in economic outcomes for individuals and the community as a whole (COAG 2012).

#### Skill profile

‘Skill profile’ is an indicator of governments’ objective to provide a VET system that develops the skills and qualifications needed in the labour market, which will contribute to Australia’s economic future (box 5.19).

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| Box 5.19 Skill profile |
| ‘Skill profile’ is broadly defined as measures showing whether the supply of skills matches industry/economy wide demands for a skilled workforce.  A broad concept of skill profile encompasses a range of issues such as skills shortages, skills mismatches, quality gaps, skill adaptability, skills utilisation, and over skilling.  This indicator has been identified for development and reporting in future. |
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#### Employer outcomes

The biennial Survey of Employers’ Use and Views of the VET System (NCVER 2015d) captures the extent to which employers make use of, and are satisfied with, aspects of the VET system. The findings represent the responses of all employers with at least one employee and their training experiences in the 12 months prior to the survey.

#### Employer engagement with VET

‘Employer engagement with VET’ is an indicator of governments’ objective that the needs of employers and individuals will be the focus of VET (box 5.20).

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| Box 5.20 Employer engagement with VET |
| ‘Employer engagement with VET’ is defined as the proportion of Australian employers who in the last twelve months:   * had employees undertaking apprenticeships/traineeships, or * arranged or provided nationally recognised training (other than apprenticeships /traineeships) for employees, or * had employees with formal vocational qualifications as a requirement of their job.   A high or increasing proportion of employers engaged with VET 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 2015 data are available for all jurisdictions providing the service.   Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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Nationally in 2015:

* 24.3 per cent of employers reported that they were engaged with apprenticeships or traineeships in the last twelve months, a decrease of 6.0 percentage points from 2007 (figure 5.35 and table 5A.94)
* 20.6 per cent of employers reported that they were engaged with nationally recognised training in the last twelve months, similar to 2007 (figure 5.35 and table 5A.94).
* 36.6 per cent of employers reported that they employed people with a formal vocational qualification as a job requirement in the last twelve months, similar to 2007 (figure 5.35 and table 5A.94).

Table 5A.94 provides additional historical information on employer engagement with VET from 2007 to 2015.

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| Figure 5.35 Proportion of employers who are engaged with aspects of the VET system, 2015**a, b** |
| |  | | --- | | Figure 5.35 Proportion of employers who are engaged with aspects of the VET system, 2015  More details can be found within the text surrounding this image. | |
| a Error bars represent the 95 per cent confidence interval associated with each point estimate. b See box 5.20 and table 5A.94 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) Survey of Employers’ Use and Views of the VET System; table 5A.94. |
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#### Employer satisfaction with VET

‘Employer satisfaction with VET’ is an indicator of governments’ objective that industry will have a highly skilled workforce to support strong performance in the global economy (box 5.21).

The Survey of Employers’ Use and Views includes employers’ satisfaction with ‘formal vocational qualifications as a job requirement’ where their employees in that category may have completed their required ‘formal vocational qualifications’ prior to the last 12 months (that is, earlier than the survey period), and irrespective of the timing, the training may have been provided by a non‑VET provider. This presents a different scope to the rest of this Report, which aims to report data relating to government funded VET programs for specific reporting periods.

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| Box 5.21 Employer satisfaction with VET |
| ‘Employer satisfaction with VET’ is defined as the proportion of Australian employers who engaged in an aspect of VET, and who are satisfied with VET in meeting the skill needs of their workforce.  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 indicator are   * comparable (subject to caveats) across jurisdictions and over time * complete for the current reporting period (subject to caveats). All required 2015 data are available for all jurisdictions providing the service.   Data quality information for this indicator is at www.pc.gov.au/rogs/2016. |
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Nationally in 2015:

* 81.7 per cent of employers engaged with apprenticeships or traineeships were satisfied with VET as a way of providing employees with skills required for the job (figure 5.36)
* 84.0 per cent of employers who arranged or provided nationally recognised training to employees over the past 12 months were satisfied with nationally recognised training as a way of providing employees with skills required for the job (figure 5.36)
* 76.2 per cent of employers who had employees in the last 12 months with a formal vocational qualification that was a requirement of their job were satisfied with formal vocational requirements as a way of meeting their skill needs for the job (figure 5.36).

Table 5A.95 provides additional historical information on employer satisfaction with VET from 2007 to 2015. Data for years prior to 2015 have been revised.

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| Figure 5.36 Proportion of employers who engaged with an aspect of the VET system and are satisfied with VET as a way of meeting their skill needs, 2015**a, b** |
| |  | | --- | | Figure 5.36 Proportion of employers who engaged with an aspect of the VET system and are satisfied with VET as a way of meeting their skill needs, 2015  More details can be found within the text surrounding this image. | |
| a Error bars represent the 95 per cent confidence interval associated with each point estimate. b See box 5.21 and table 5A.95 for detailed definitions, footnotes and caveats. |
| *Source*: NCVER (unpublished) Survey of Employers’ Use and Views of the VET System; table 5A.95. |
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## 5.4 Future directions in performance reporting

Aspects of some VET indicators are not yet fully developed or comparable, and developments for future reports include:

* identifying measures for the ‘skill profile’ indicator
* incorporating data on Total VET Activity
* using data from the Unique Student Identifier to improve reporting on the measure ‘estimated qualification completion rate and subject pass rate’ within the outcome indicator ‘Student achievement in VET’.

## 5.5 Definitions of key terms

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| **Adult and community education providers** | Organisations that deliver community‑based adult education and training intended principally, 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. Annual hours are adjusted to account for invalid module enrolments. | |
| **Australian Qualifications Framework (AQF)** | The national policy for regulated qualifications in Australian education and training. It incorporates the 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. | |
| **Comparability** | Data are considered comparable if, (subject to caveats) they can be used to inform an assessment of comparative performance. Typically, data are considered comparable when they are collected in the same way and in accordance with the same definitions. For comparable indicators or measures, significant differences in reported results allow an assessment of differences in performance, rather than being the result of anomalies in the data. | |
| **Completeness** | Data are considered complete if all required data are available for all jurisdictions that provide the service. | |
| **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).  Data on qualifications completed includes both government and  non‑government funded VET students attending TAFE, and only government funded students from private providers. This differs to other data under the outcome indicator ‘skill profile’, such as data for units of competency and modules completed, which are reported for government‑funded students only (in keeping with the scope of the VET chapter focusing on government‑funded activity). This is due to a limitation of the data, that does not enable correct disaggregation of completions by funding source. | |
| **Course** | A structured program of study that leads to the acquisition of identified competencies and includes assessment leading to a qualification. | |
| **Course mix weight** | Expenditure per annual hour is 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. | |
| **Employer engagement with VET** | The proportion of Australian employers who in the last 12 months had employees undertaking apprenticeships/traineeships (now referred to as Australian Apprenticeships), or arranged or provided nationally recognised training (other than apprenticeships /traineeships) for employees, or had employees with formal vocational qualification as a requirement of their job. | |
| **Employer satisfaction with VET** | The proportion of Australian employers who engaged in an aspect of VET, and who were satisfied with VET in meeting the skill needs of their workforce. The components of satisfaction with the VET system are satisfaction with apprentices/trainees, nationally recognised training, and formal vocational qualifications as a job requirement. Satisfaction is measured on a 5 point scale, ‘satisfied’ includes employers who were satisfied or very satisfied and ‘dissatisfied’ includes employers who were dissatisfied or very dissatisfied. | |
| **Enrolment** | The registration of a student at a training organisation’s 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.  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’. This may be of importance if comparing VET data in this chapter with other VET data. | |
| **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 students** | VET students who are funded under Commonwealth and State recurrent, Commonwealth specific and State specific funding. This includes activity funded under the NASWD, and excludes students participating in VET programs delivered in schools (where the delivery was undertaken by schools) or who undertook ‘recreation, leisure or personal enrichment’ education programs. Fee for‑service by private providers, delivery undertaken at overseas campuses of Australian VET institutions, and credit transfer are also excluded. | |
| **Government recurrent expenditure per annual hour** | Government recurrent expenditure divided by the number of government funded annual hours (adjusted for invalid enrolment rates). Expenditure is adjusted for course mix weight. | |
| **Government recurrent expenditure per load pass** | Government recurrent expenditure divided by the number of hours successfully completed from assessable government funded enrolments of modules and units of competency achieved/passed and recognition of prior learning. | |
| **Graduate** | A person who has completed a VET program. | |
| **Graduates’ main reason for undertaking a VET course** | Either seeking an employment–related outcome (to get a job, to try for a different career, to meet job requirements, to get extra job skills), seeking a further study outcome (to get into another course) or seeking a personal development outcome (for personal interest, for other reasons). | |
| **Language other than English (LOTE) spoken at home** | Students speaking a language other than English at home are those who self‑identify on their enrolment form that they speak a language other than English at home. | |
| **Load pass rate** | The ratio of hours attributed to students who gained competencies/passed assessment in an assessable module or unit of competency to the hours of all students who were assessed and either passed, failed or withdrew. Load pass rate is calculated as the total competency achieved/passed and recognition of prior learning divided by the total competency achieved/passed, recognition of prior learning, competency not achieved/failed and withdrawn. | |
| **Module** | A unit of training in which a student can enrol and be assessed. | |
| **Private provider** | A commercial organisation that provides training. | |
| **Qualification Equivalents** | Qualification Equivalents is a measure of the quantum of training relative to the effort required to fully complete a VET qualification.  QE expresses skill outputs in terms of equivalent qualifications within each AQF level and field of education. QEs are based on the training activity (annual hours) associated with completions of modules and units of competency, divided by an agreed value of training activity representing a qualification.  All courses have a nominal hour value reported as part of the national VET provider collection. This value provides a guide to the amount of activity that is required to complete the qualifications. These courses are classified by Australian Standard Classification of Education field of education and qualification level. For example, the median hours associated with a course in the field of education Food, Hospitality and Personal Services at diploma level for 2005 was 1660 hours. The number of hours successfully completed in modules and units of competency from these courses was 353 052. These 353 052 nominal hours represent 213 equivalent diploma qualifications. | |
| **Real** | Actual expenditure/funding/assets adjusted for changes in prices. Adjustments are made using the GDP chain price deflator and expressed in terms of final year prices. | |
| **Recognition of prior learning** | recognition of prior learning is an assessment process through which students may gain formal recognition for skills and knowledge acquired through previous training, work or life experience. recognition of prior learning may be used to grant status or credit in a subject or module. It can lead to a full qualification in the VET sector. | |
| **Recurrent funding** | Funding provided by the Australian, State and Territory governments to cover operating costs, salaries and rent. | |
| **Registered training organisation (RTO)** | RTOs are organisations registered by ASQA, the Victorian Registration Quality Authority (Victoria) or the Training Accreditation Council (WA) to deliver training and/or conduct assessment and issue nationally recognised qualifications in accordance with the AQF.  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 is described using ARIA+, which is published as a 1 kilometre grid or matrix that covers the whole of Australia. The ABS calculated the arithmetic mean ARIA+ values for each Census Collection Districts that formed the base level of the Remoteness Structure. | |
| **TAFE** | Technical and further education colleges and institutes, which are the primary providers of government funded VET. | |
| **Training packages** | A training package is a nationally endorsed, integrated package consisting of: units of competency, assessment requirements, AQF qualifications and credit arrangements, and one or more quality assured companion volumes. The optional companion volumes can include support materials such as learning strategies, assessment resources or professional development materials for trainers.  Training packages specify the skills and knowledge required to perform effectively in the workplace. They are developed in consultation with industry to meet the training needs of an industry or group of industries | |
| **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 per annual hour** | User cost of capital (which is 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) divided by government funded annual hours and course mix weight. |
| **User cost of capital per load pass** | User cost of capital (which is 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) divided by successfully completed government funded VET modules or units of competency. |
| **VET FEE‑HELP** | The Australian Government administers the Higher Education Loan Programme (HELP) to assist students with the cost of their tuition. As an extension of the higher education FEE‑HELP arrangements, VET FEE‑HELP is an income contingent loan scheme for students undertaking certain VET courses of study (diploma, advanced diploma, graduate diploma and graduate certificate courses) with an approved VET provider. It was first introduced in 2009.  A trial to extend VET FEE‑HELP income contingent loans to certain subsidised certificate IV qualifications commenced on 13 January 2014 and will continue until 31 December 2016. | |
| **VET participation** | VET student participation data presented in this Report refer only to VET students who were funded by government expenditure and were engaged in training delivered by TAFE and other government providers (including multi‑sector higher education institutions), registered community providers and registered private providers. They do not include students who participated in VET programs delivered in schools (where the delivery was undertaken by schools) or undertook ‘recreation, leisure or personal enrichment’ education programs. Fee‑for‑service by private providers, delivery undertaken at overseas campuses of Australian VET institutions, and credit transfer are also excluded.  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’. This distinction between ‘student’ numbers and the number of ‘enrolments’ (or ‘student enrolments’) may be of importance if comparing VET data in this chapter with other VET data. | |
| **VET program** | A course or module offered by a training organisation in which students may enrol to develop people work‑related knowledge and skills. | |
| **Whether the VET course helped graduates achieve their main reason for doing the course** | Whether ‘the course helped’, ‘the course partly helped’, ‘the course did not help’ or the graduates ‘cannot say’. | |

## 5.6 List of attachment tables

Attachment tables are identified in references throughout this chapter by a ‘5A’ prefix (for example, table 5A.1). Attachment tables are available on the Review website (www.pc.gov.au/rogs/2016).

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## 5.7 References

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