

## **2.4 OUTCOME 4: VOCATIONAL EDUCATION AND TRAINING – INDIVIDUALS ACHIEVE RELEVANT SKILLS FROM VOCATIONAL EDUCATION AND TRAINING WHICH ENHANCE EMPLOYABILITY AND PRODUCTIVITY**

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of the department in achieving government outcomes.

### **Outcome 4 Strategy**

The Australian Government's agenda is focused on economic and social reform to drive productivity, workforce participation and social inclusion in order to reduce skills shortages and deliver economic and social benefits to all Australians. Effective, well-targeted investments in training boost productivity and participation and therefore increase Australia's GDP per capita as well as building social inclusion.

The vocational education and training (VET) sector is well placed to support this agenda by responding to the training needs of industry and the economy, by providing incentives and training for those currently not participating in the workforce, and by investing in lifelong learning to improve the job prospects of the existing workforce to ensure that skills are maintained and improved.

The key Government priorities for VET include:

- Reducing skills shortages and boosting productivity in order to reduce inflation
- Supporting social inclusion through skills training.

The publicly funded training system educates around 1.7 million Australians annually. Under Australia's Constitutional arrangements, State and Territory governments have primary responsibility for their training systems. The Australian Government contributes approximately one third of the total government funding for training.

The *Skilling Australia's Workforce Act 2005* (the Act), reflects the Australian Government's commitment to VET and establishes the key elements of the national training system. The Act is underpinned by a Multilateral Agreement and Bilateral Agreements with each jurisdiction. The Multilateral Agreement (the 2005-2008 Commonwealth-State Agreement for Skilling Australia's Workforce which expires at the end of 2008) sets out overall objectives and aims for the national training system, provides the mechanism for the release of funding to State and Territory governments through a Specific Purpose Payment (SPP), and recognises and reflects the joint

funding of the training system by all governments. The Bilateral Agreements tailor issues to each individual jurisdiction.

In the context of reforming Commonwealth-State relations, the Australian Government is reviewing all SPPs with a view to rationalising and reducing their number, and developing a stronger focus on agreed outcomes and National Partnership arrangements to drive reform. The outcomes of the review will directly impact on the format of future arrangements for the sector. The review outcomes are not known at the time of preparing this publication, but it has been indicated that the VET SPP will remain as a stand-alone funding agreement.

Key Government objectives for VET include:

- Ensuring that industry need is at the core of skills training
- Moving to a demand-driven training system
- Ensuring nationally consistent and high quality training is available to all Australians
- Strengthening partnerships with States and Territories through the Ministerial Council for Vocational and Technical Education (MCVTE) and the Council for Australian Governments.
- halving the proportion of Australians aged 20 to 64 without qualifications at Certificate III and above, and a doubling of the number of higher qualification completions (diploma and advanced diploma) over the next ten years.

The Australian Government is implementing its strategy for VET through its major policy statement *Skilling Australia for the Future* which places industry needs at the core of the training system. The strategy recognises that the supply of skilled labour represents a major constraint on the capacity of industry to keep pace with increasing demand. The strategy adopts a demand-driven approach to training delivery, with areas of skills to be identified through consultation with industry, and then addressed by delivering training in those areas. Skills Australia, an independent high level body, has been established to advise the Government about the future skills needs of the country and to help to inform public investment in training. These measures will increase, improve and deepen the skills capacity of the Australian workforce, by ensuring that the national training system delivers the skills that industry requires.

The new strategy complements existing arrangements for industry participation and engagement in the national training system, including through key governance committees. The strategy has a strong focus on increasing VET participation rates, particularly at the higher levels of Certificate III and above. The Government has agreed in partnership with State and Territory governments to a target outlined above to drive policies for lifting participation in VET by Australians aged 20 to 40.

The strategy and the partnership approach to skills training aims to increase completion rates, including by Australian Apprentices and Indigenous Australians, through greater flexibility and relevance of the national training system.

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The department's effectiveness indicators for Outcome 4 broadly measure whether it is achieving the Government's objectives. Effectiveness indicators listed in Table 2.4A include trends in participation and outcomes in VET, including Australian Apprenticeships. These trends are monitored through national data collections maintained by the National Centre for Vocational Education Research (NCVER).

### Outcome 4 Resource statement

Table 2.4 provides additional detail of Budget appropriations and the total resourcing for Outcome 4.

**Table 2.4: Total resources for Outcome 4**

<b>Outcome 4: Vocational education and training – individuals achieve relevant skills from vocational education and training which enhance employability and productivity</b>	2007-08 Estimated actual (\$'000)	<b>2008-09 Total estimate of available resources (\$'000)</b>
<b>Administered Items:</b>		
<b>Ordinary Annual Services</b>		
Vocational Education and Training National Program	41,108	<b>38,870</b>
National Centre for Vocational Education Research Ltd	615	<b>627</b>
Australian Apprenticeship Centres	168,636	<b>181,945</b>
Support for Australian Apprenticeships	677,097	<b>746,122</b>
Australian Apprenticeship Workforce Skills Development	376,502	<b>357,530</b>
Australian Apprenticeship Access Program	26,965	<b>26,109</b>
Workplace English Language and Literacy	15,484	<b>15,102</b>
Language, Literacy and Numeracy	61,772	<b>65,102</b>
National Disability Coordination Officers	135	-
School of Fine Furniture	689	<b>691</b>
<b>Special Appropriations</b>		
<i>Skilling Australia's Workforce Act 2005</i>		
Vocational Education and Training Recurrent Funding	1,277,192	<b>1,313,235</b>
Fee Help for Vocational Education and Training Courses	2,940	<b>9,589</b>
<i>Social Security (Administration) Act 1999</i>		
Youth Allowance	181,960	<b>178,805</b>
<b>Total Administered</b>	<b>2,831,095</b>	<b>2,933,727</b>
<b>Departmental Outputs:</b>		
Output 4.1 - Policy Services	39,123	<b>35,578</b>
Output 4.2 - Program Management	61,742	<b>56,150</b>
Output 4.3 - Service Delivery	9,055	<b>8,235</b>
Revenue from other sources	1,509	<b>1,477</b>
<b>Total Departmental</b>	<b>111,429</b>	<b>101,440</b>
<b>Total resources for Outcome 4</b>	<b>2,942,524</b>	<b>3,035,167</b>
	2007-08	<b>2008-09</b>
Average staffing level (number)	508	<b>484</b>

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

## **Contributions to Outcome 4**

### **Overview of Outputs**

In 2008-09, transition to the Skilling Australia for the Future arrangements will be a major focus. The department's priority is to bed down the new training arrangements with a view to increasing participation in training (including through Australian Apprenticeships) by job seekers and existing members of the workforce. The department will monitor take-up of the training places to ensure an emphasis on higher level qualifications and responsiveness to the needs of industry. The department estimates that 110,000 new places will be taken up in 2008.

The greater interest in apprenticeships opportunities will increase the number of employers assisted by Australian Apprenticeships Centres through their contracts with the department, and is also likely to lead to an increase in the number of individual apprentices requiring personal assistance. In line with these priorities the performance measures in Table 2.4B show that the department expects an increase in outputs for apprenticeship commencements and in the numbers of employers and apprentices to receive assistance.

Through vocational education and training, the department will support the Government's long-term goal to guarantee access to skills training or higher education for every young Australian, and also address social inclusion. This will be achieved both by leveraging support from States and Territories through the national training arrangements and by directly delivering programs to support social inclusion.

Access to training opportunities is at the heart of addressing disadvantage and building communities. The department is working in partnership with States and Territories to deliver sustainable employment and training capacity to regional and remote communities through a new program for Indigenous adults and expects to fund 2600 projects in 2008.

### **The National Training System**

The Australian Government provides leadership to the national training system, working in collaboration with States and Territories to ensure national consistency and quality, and to work towards achieving shared priorities. The *Skilling Australia's Workforce Act 2005* is a key enabler; the department implements, maintains and monitors compliance with the Act.

The Multilateral Agreement creates the basis for a partnership between the Australian, State and Territory governments to work together to support the implementation of the national training arrangements and reinforces a shared commitment between governments and industry to:

- support the national goals and objectives for vocational education and training
- provide Australia with a highly skilled, productive and competitive workforce
- equip individuals with the knowledge and skills they require to actively participate in work and society.

The *Skilling Australia's Workforce Act 2005* establishes the Ministerial Council for Vocational and Technical Education (MCVTE) as the national forum for vocational education and training. The Ministerial Council comprises the Australian Minister for Education and state and territory training ministers, and provides leadership through a number of mechanisms, including:

- the *National Governance and Accountability Framework*, which establishes the decision-making processes and bodies responsible for training, as well as planning and performance monitoring arrangements
- the *National Skills Framework*, which sets out the system's requirements for quality and national consistency in terms of qualifications and the delivery of training
- the *Australian Quality Training Framework 2007 (AQTF2007)*, which contains the requirements for registration and audit of training organisations delivering national qualifications to increase national consistency and ensure high levels of industry confidence in quality skills outcomes.

Industry leadership and engagement operates at all levels of the national training system. This ranges from high level advice to the Ministerial Council on business and industry priorities and skills needs, to input at the operational level, such as development and review of Training Packages.

#### **Administered activities**

The Administered funding for Outcome 4 supports the objectives for 2008-09.

#### **Skilling Australia for the Future**

This is a new initiative administered by the department consisting of components including:

- *Skills Australia* – a high level statutory body which will advise Government on current and future demand for skills and training and help to inform public investment in training by identifying Australia's workforce development needs by bringing together a range of data from diverse sources including, for example, commissioned research and industry stakeholders. The establishment of Skills Australia was fast-tracked to enable it to be fully operational in 2008-09 and the department will support its operations through a secretariat.
- *Productivity Places Program* – delivers 450,000 new training places aimed at higher level qualifications with an emphasis on higher level qualifications which specifically respond to the current and emerging skills needs of industry. The department brought the first 20,000 places for job seekers on line from April 2008, and the remainder of places for existing workers will be available from 1 July 2008.
- *Strengthened Role of Industry Skills Councils* – support ISCs to take on an expanded role to work with industry on workforce development including identification of current and future skills needs. The Councils will work with employers to diagnose their skills needs and link them with suitable training providers and with Employment Service Providers to enable job seekers to have access to training that matches industry needs.

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- *Skills and Training Information Centres* – supports the operation of the new one-stop services to employers, students and training providers and referral services to Industry Skills Councils.

#### **Supporting National Vocational Education and Training Priorities**

The department administers programs and initiatives to progress the achievement of national priorities for VET including:

- *Skilling Australia's Workforce Act 2005* – seeks to strengthen Australia's economic base by providing a highly skilled workforce that will meet the future needs of Australian businesses, industries, communities and individuals. It promotes a national approach to the delivery of VET through collaboration and cooperation between the Commonwealth, the States and Territories and industry.
- *Vocational Education and Training – National Programs* – aims to support the implementation of 'Shaping our future: Australia's National Strategy for VET 2004–2010' and the related national priorities.
- *National Centre for Vocational Educational Research (NCVER) Program* – contributes funding to NCVER, along with the States and Territories. The NCVER is a national research, evaluation and information organisation which provides valuable information for the Australian VET sector.

#### **Encouraging Higher Level VET qualifications**

Australian industry needs higher level VET qualifications and if our businesses are to remain globally competitive they will need higher level skills and the ability to continuously upgrade workforce skills. The department administers initiatives designed specifically to respond to this:

- *FEE-HELP for Vocational Diplomas, Advanced Diplomas, Graduate Certificates and Graduate Diplomas* – aims to encourage more people to build or enhance their skills and knowledge by allowing full-fee paying students to access government funded loans to meet the upfront costs of studying.
- *Incentives for Higher Technical Skills* – aims to encourage greater participation in higher level qualifications by providing employer incentive payments for a range of Diploma and Advanced Diploma qualifications undertaken through both Australian Apprenticeships and non-apprenticeship pathways.

#### **Australian Apprenticeships**

The Australian Government supports employers of Australian Apprentices and eligible apprentices, through the following programs:

- *Australian Apprenticeships Centres* – funds more than 300 full-time and part-time sites across Australia requiring them to offer a genuine one-stop-shop for employers and apprentices, including a range of streamlined services and facilitation of job placements.

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- *Support for Australian Apprenticeships* – funds the Australian Apprenticeships Incentives Program which provides financial incentives to employers to encourage them to take on apprentices, and provides some personal assistance to individual apprentices to help them to undertake their apprenticeship.
- *Australian Apprenticeship Workforce Skills Development* – through this initiative the department administers programs designed to increase and maintain participation in Australian Apprenticeships, including:
  - The *Apprenticeship Wage Top-Up* increases the take-home pay of eligible apprentices by providing a tax-free payment of \$1000 per year (paid in six monthly instalments) for first and second year apprentices under 30 in skill shortage trades
  - The *Apprenticeship Training Vouchers* provide up to \$500 to all first and second year apprentices in skill shortage trades to help apprentices or their employers meet the cost of their course fees
  - *Tools For Your Trade* – aims to increase the number of apprentices commencing in trades that are experiencing a national shortage by providing a tool kit up to the value of \$800
  - *Group Training Australian Apprenticeships Targeted Initiatives Program* – enables Group Training organisations to generate quality Australian Apprenticeship opportunities in priority areas that would not otherwise happen without intervention
  - *Joint Group Training Program* – increases Australian Apprenticeships using group training arrangements to address a need for targeted skills training
  - *Group Training in the Trades* – increases Australian Apprenticeships using group training arrangements, to address a need for more training in the trades
  - *Support for Fast Track Apprenticeships* provides grants of up to \$50,000 to Registered Training Organisations to develop arrangements that will help apprentices reach their qualification sooner while still meeting the skills requirements of employers and industry
  - *Industry Training Strategies Program* – supports VET reform by providing outcomes against key workforce skills development strategies such as skills development, industry engagement and access to the national training system, and improved training outcomes for Indigenous people and disadvantaged groups.
  - *Australian Apprenticeships Access Program* - increases Australian Apprenticeships and employment opportunities for eligible job seekers facing barriers to employment, using brokerage arrangements

### **Supporting Social Inclusion through skills development**

The department administers programs that support individuals to develop skills to assist them to obtain and maintain employment:

- *Workplace English Language and Literacy* – provides funding to organisations to train workers in English language, literacy and numeracy skills
- *Language, Literacy and Numeracy Program* – seeks to improve clients' language, literacy and/or numeracy skills, to enable them to participate more effectively in training or in the labour force
- *Training Initiatives for Indigenous Adults in Regional and Remote Communities Program* - recognises the particular difficulties associated with providing training for Indigenous people in regional and remote areas, and aims to open up sustainable employment opportunities by building the capacity of the training market for Indigenous people in regional and remote communities by increasing the capacity of existing providers or developing new community based providers to meet this special need
- *National Disability Coordination Officers Program* - assists people with a disability move from school into training and higher education, and then into their chosen career.

The department also administers a number of financial assistance measures directed at assisting students with funding appropriated for specific purposes:

- *ABSTUDY* - to address the particular educational disadvantages faced by Aboriginal and Torres Strait Islander people by providing support to students and Australian Apprentices to improve access and participation in secondary and tertiary education and training.
- *Austudy* – to provide support for students and Australian Apprentices who begin study or training when aged 25 years and over, who are in need of financial assistance, to undertake full-time post-compulsory secondary or tertiary education or training.
- *Youth Allowance* - to provide support for full-time students and Australian Apprentices aged 16-24 years who are in need of financial assistance, to undertake secondary or tertiary education or training.

### Performance information for Outcome 4

Programs and initiatives delivered by DEEWR which contribute to Outcome 4 form part of a wider set of factors that affect that Outcome. The indicators in Table 2.4A provide an indication of the overall trends under Outcome 4.

**Table 2.4A: Effectiveness Indicators for Outcome 4**

<p><i>Vocational Education and Training</i></p> <ul style="list-style-type: none"> <li>• Trend in student participation in VET</li> <li>• Trend in Australian Apprenticeship commencements</li> <li>• Trend in student achievement in VET</li> <li>• Trend in Australian Apprenticeship completions</li> <li>• Employment outcomes - Increasing percentage of VET graduates employed at the end of May by year of completion of training</li> <li>• Employer satisfaction with Australian Apprenticeship Centres</li> <li>• Trend in number of Indigenous students in the public VET system by Australian Qualifications Framework level</li> <li>• Trend in number of Indigenous Australian apprenticeship completions.</li> </ul>
<p><i>Special Assistance</i></p> <ul style="list-style-type: none"> <li>• Number assisted through Workplace English Language &amp; Literacy (WELL) Program</li> <li>• Increase in the percentage of the Language, Literacy and Numeracy Program (LLNP) participants who complete at least one block of training and go on to further training or employment.</li> </ul>
<p><i>Student Assistance</i></p> <ul style="list-style-type: none"> <li>• The percentage of the relevant full-time student population receiving support under: <ul style="list-style-type: none"> <li>o FEE HELP</li> </ul> </li> <li>• Trend in the number of full-time students receiving income support under: <ul style="list-style-type: none"> <li>o Youth Allowance</li> <li>o Austudy</li> <li>o ABSTUDY.</li> </ul> </li> </ul>

**Table 2.4B: Performance information for Administered Outputs**

Performance Measure	2007 Estimate	2007 Estimated actual	2008 Estimate
<b>Australian Apprenticeship Centres</b>			
• Number of organisations contracted to provide services	29	28	28
• Number of Australian Apprenticeship commencements	265,300	269,100	272,600
• Number of Australian Apprenticeship completions	141,500	129,600	132,200
<b>Support for Australian Apprenticeships</b>			
• Total number of employers assisted nationally	73,000	87,000	97,400
• Total number of Australian Apprentices assisted nationally through Personal Benefits	62,900	70,700	79,500
<b>Australian Apprenticeship Access Program</b>			
Number of eligible job seekers assisted	9,500	9,178	9,500
<b>Australian Apprenticeship Workforce Skills Development</b>			
<i>Productivity Places Program</i>			
• Total number of job seekers assisted	-	20,000	44,000
• Total number of Existing Workers assisted	-	-	66,000
<i>Group Training in the Trades Program (GTTP)</i>			
• Number of pre-vocational places supported in trade areas	1,700	1,000	1,200
<i>Targeted Initiatives Program (TIP)</i>			
• Number of Group Training Organisations (GTOs) supported	11	11	32
• Number of apprentices through GTOs:			
○ commencements	97	158	547
○ completions	677	420	n/a
<i>Joint Group Training Program (JGTP)</i>			
• Number of Australian Apprentice commencements in state/territory group training sub-programs	22,000	22,000	22,500
<i>Training Initiatives for Indigenous Adults in Regional and Remote Communities program</i>			
• Number of projects funded	-	-	2,600

**Table 2.4B: Performance information for Administered Outputs (cont)**

Performance Measure	2007 Estimate	2007 Estimated actual	2008 Estimate
<b>Workplace English Language and Literacy</b>			
Number of individuals assisted through Workplace English Language & Literacy (WELL) program	18,500	16,000	16,500
<b>Language, Literacy and Numeracy</b>			
Number of individuals assisted through Language, Literacy and Numeracy program (LLNP)	20,450	25,386	24,000
<b>Disability Co-ordination Officers<sup>1</sup></b>			
Number of Disability Coordination Officers funded (FTE)	11.5	16.5	31
<b>ABSTUDY</b>			
<ul style="list-style-type: none"> <li>Number of students attending a TAFE college or Private training institution receiving ABSTUDY during the year<sup>2</sup></li> </ul>	12,000	10,000	-
<ul style="list-style-type: none"> <li>Number of students attending a TAFE college or private institution as at June<sup>3</sup></li> </ul>	-	2,000	2,000
<b>Youth Allowance</b>			
Number of students attending a TAFE College or Private training institution in receipt of Youth Allowance as at June <sup>4</sup>	28,000	26,000	25,000
<b>Austudy</b>			
Number of students attending a TAFE College or Private training institution in receipt of Austudy as at June <sup>4</sup>	6,000	8,000	8,000

<sup>1</sup> Funded positions from June to December 2007 only. Program to be replaced by the National Disability Coordination Officer Program from 1 January 2008.

<sup>2</sup> In future, numbers of ABSTUDY recipients will be reported as at June each year, rather than on a 'during the year' basis as was formerly the case. The changed arrangement brings reporting in line with that used for Youth Allowance and Austudy.

<sup>3</sup> The 2007 Estimated Actual and 2008 Estimate refers to the points-in-time at June 2008 and 2009 respectively, being the end of their respective financial year.

**Table 2.4C: Performance information for Departmental Outputs**

<b>Performance Indicator</b>	<b>2008-09 Estimate</b>
<b>Program management</b>	
<i>Quality</i>	
Payments are made in accordance with approved timelines.	All programs to meet relevant administrative targets set by quality assurance processes in DEEWR.
Payments made are based on calculations which are accurate and in accordance with approved guidelines.	All programs to meet relevant administrative targets set by quality assurance processes in DEEWR.
Lead reform of the national training system as agreed by the Council of Australian Governments and priorities identified by MCVTE.	Initiatives implemented in accordance with the Council of Australian Government and MCVTE timelines.
Encourage a shared commitment under the <i>Skilling Australia's Workforce Act 2005</i> between the Australian Government and State and Territory Governments to promote a national approach to the delivery of vocational education and training through collaboration and cooperation. The current multilateral agreement will be finalised on 31 December 2008.	The multilateral agreement, a bilateral agreement and annual VET plan are in force between the Australian Government and State and Territory governments.
Annual National Report of the Australian Vocational and Technical Education System is tabled in the Australian Parliament	Annual National Report for 2007 is tabled in the Australian Parliament by October 2008.
Timeliness of Parliamentary reports (including interim responses where appropriate) provided to Parliament and its Committees	At least 90 per cent meet deadline.
High quality Ministerial replies as measured by the level of satisfaction of Ministers and the Parliamentary Secretary with the quality and timeliness of the replies.	<ul style="list-style-type: none"> <li>• Qualitative evaluation of satisfaction using feedback from the Ministers and Parliamentary Secretary to the Secretary.</li> <li>• Analysis of trends over time to monitor percentage delivered within agreed timeframes.</li> </ul>
Skills Australia is established and operating as an independent statutory body.	Stakeholders accept the advice provided by Skills Australia and the body establishes a presence within the national training system.
<i>Client satisfaction</i>	
High quality delivery of Australian Apprenticeships Support Services, Australian Apprenticeships Centres as measured by satisfaction surveys undertaken in 2007 and 2008.	At least 85 per cent satisfaction by employers and Australian Apprentices.

**Table 2.4C: Performance information for Departmental Outputs (cont)**

<b>Performance Indicator</b>	<b>2008-09 Estimate</b>
<b>Policy Services</b>	
<i>Quality</i>	
High quality policy advice as measured by the level of satisfaction of Ministers and the Parliamentary Secretary with the quality and timeliness of policy advice.	Qualitative evaluation of satisfaction and timeliness using feedback from the Ministers and Parliamentary Secretary to the Secretary.
High quality research and evaluation reports as measured by the level of satisfaction of Ministers and the Parliamentary Secretary with the quality and timeliness of the reports	Qualitative evaluation of satisfaction using feedback to the Secretary from Ministers and Parliamentary Secretary.
Research activities are completed according to plan	At least 90 per cent completed to plan
<b>Service Delivery</b>	
<i>Quality</i>	
Satisfactory services as reported by Centrelink through the timely processing of ABSTUDY, Austudy, Youth Allowance, Assistance for Isolated Children claims	Services provided in accordance with DEEWR-Centrelink Business Partnership Agreement (BPA)