



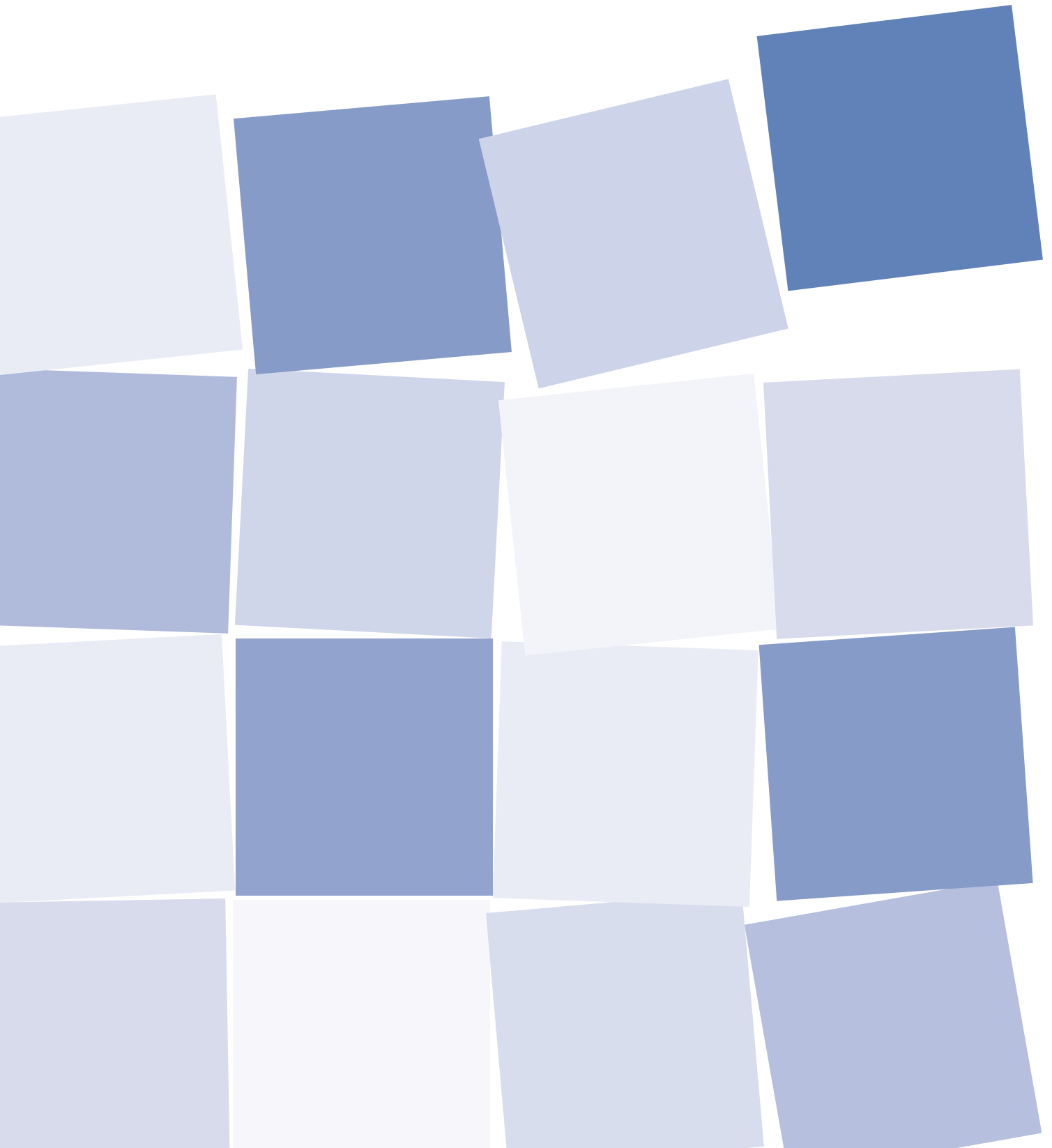
Department of Education and
Early Childhood Development

Skills Victoria

Victoria's Training Market

Early indicators of success

June 2011



Early indicators of the success of Victoria's training market

The challenge of building an adequately skilled workforce in order to improve productivity and capitalise on our opportunities is one every Australian jurisdiction faces.

Victoria has put in place a system which is starting to address this challenge.

In short, our system seeks to increase the number of people undertaking training in the areas and at the levels where skills are needed for Victoria's economic and social development.

We want those without qualifications to obtain them, and we want those who already have qualifications to upskill to higher levels – thereby increasing their employability, whilst simultaneously delivering the types of skills Victorian businesses need.

The Victorian system is underpinned by a student entitlement to vocational education and training. Victorians are now provided with an entitlement to government subsidised training in any area they wish to study:

- Victorians aged under 20 can access training at any level, regardless of any qualifications already held.
- Those aged 20 and over can gain access to training in any qualification higher than they already hold.
- Access to Foundation level skills is unlimited to all Victorians, regardless of age or qualifications already held.
- Access to training in an apprenticeship qualification is similarly unlimited, regardless of age or previous qualifications.

The following pages outline progress to date with the implementation of Victoria's training market.

Our early results are promising:

While only in its early stages, results to date give us confidence that Victoria's training market approach is delivering the desired outcomes. In summary the data suggests that:

- Victorians are undertaking more training;
- More training is taking place in areas where skills needs are greatest;
- More training is at higher level qualifications;
- People with low level or no qualifications – including disadvantaged groups – are engaging in more training;
- Growth in the number of training providers means greater choice and better access to training;
- The growth in training to date has been significant. Future growth will be influenced by a range of factors including labour market issues.

A note on interpreting the data presented in this paper:

Victoria took a staged approach to the introduction of its student entitlement. In mid 2009 the entitlement was applied to qualifications at Diploma-level and above for people of all ages. In January 2010 this was extended to cover enrolments at any qualification level for students aged 15-24 (referred to as Youth Compact enrolments).

Full implementation, making the entitlement available to all age groups at all qualification levels, commenced in January 2011. Due to this staged implementation, the data used in this document is framed in one of two ways – in most instances it compares 2010 enrolment levels with 2008 enrolments - this is because 2008 was the final full year of operation of our previous system and therefore provides the best point of comparison.

It should be noted that these comparisons are restricted to enrolments at Diploma-level and above, and Youth Compact enrolments – the categories of enrolment to which the entitlement framework had been extended in 2010. In remaining instances, we will compare enrolment levels for the first quarter of 2011 (the first year of full implementation of the entitlement) with first quarter enrolments for 2010 or previous periods. All data relates to Government funded, accredited VET training at Certificate I and above.

Victorians are undertaking more training

In 2010, we experienced an additional 14,000 government funded enrolments in Diploma-level and above courses compared to 2008 - an increase of 24 per cent. Nearly 150,000 Youth Compact enrolments were reported, exceeding the 2008 result by 28 per cent. Preliminary first quarter 2011 figures indicate these trends continuing, with government funded enrolments by the working age population across all nationally recognised courses 31 per cent higher than at the same time in 2010.

More training is taking place in areas where skills needs are greatest

There has been strong growth in government funded training in the industry group Health Care and Social Assistance, forecast to be Victoria's biggest employer in 2017. Government funded training in Construction has also increased markedly. Our analysis of training in areas related to "specialised occupations", "occupations in shortage" and "specialised occupations in shortage"¹ has identified strong enrolment growth in Diploma-level and above qualifications and Certificate I-IV enrolments by students aged 15-24. The largest growth was in occupations related to Community Health, Construction, Child Care, and Automobile Service and Repair.

More training is at higher level qualifications

First quarter 2011 data indicate a shift in the profile of government funded training, as more students enrol in courses at higher qualification levels. Almost one in four government funded enrolments is at Diploma-level or above in 2011, compared to one in six in 2008. In addition, 55 per cent are in Certificates III or IV, up from 51 per cent in 2008.

People with low level or no qualifications – including disadvantaged groups - are engaging in more training

More than 265,000 government funded enrolments reported in 2010 were by people not holding qualifications at Certificate III level or above - up from just over 220,000 in 2008. In the first quarter of 2011, 73 per cent of government funded enrolments were undertaken by those without Certificate III, compared with 68 per cent in 2008.

For the first quarter of 2011, compared with the first quarter 2010, 19 per cent more Indigenous Victorians enrolled in training, nearly 35 per cent more people with a disability; and nearly 35 per cent more people from culturally and linguistically diverse backgrounds.

Growth in training providers means greater choice and better access to training

More training providers are delivering government funded training, leading to increased student choice and greater access to Government subsidised training. In the first quarter of 2011, 386 training providers who met the Victorian Government's quality standards received Government funding – an increase of nearly 95 per cent compared with 2008.

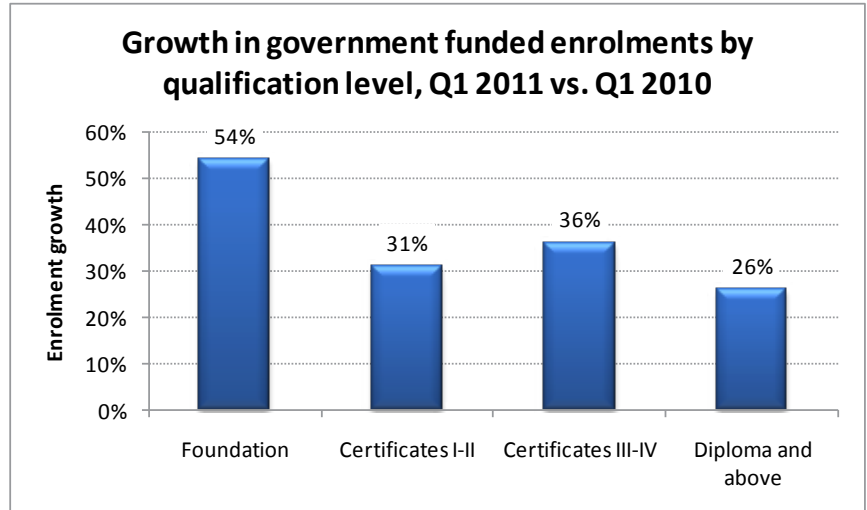
¹ See definitions on p5

Victorians are undertaking more training

Training has increased at all levels and for all age groups in the first quarter of 2011

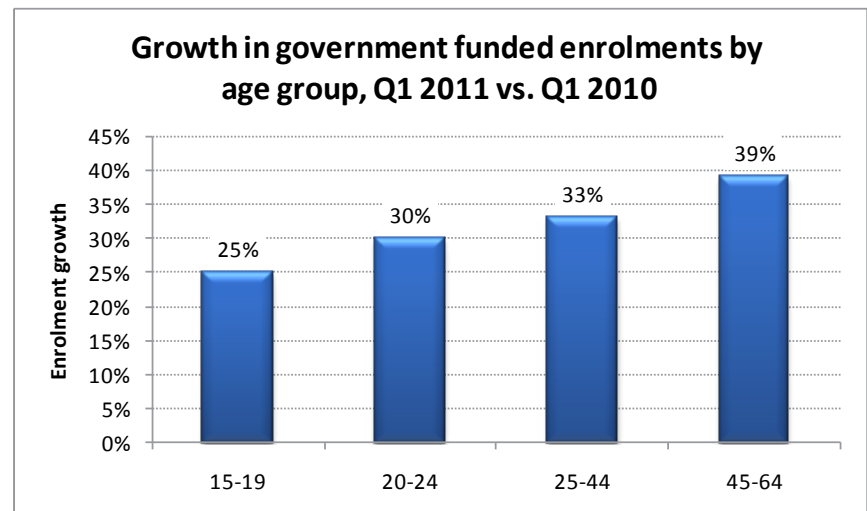
Results for the first quarter of 2011 compared to the first quarter 2010 indicate strong growth in enrolments at all qualification levels:

Figure 1: Percentage growth at all qualification levels – Q1 2011 compared with Q1 2010² – Skills Victoria



This growth is shared across all age groups:

Figure 2: Percentage growth by age group – Q1 2011 compared with Q1 2010 – Skills Victoria



With regard to completions, data is only just being reported on courses that commenced under the new system. However, assuming usual reporting lags, completions at Diploma-level and above in 2010 are expected to exceed 30,000, up from just over 20,000 in 2008; a nearly 50 per cent increase.

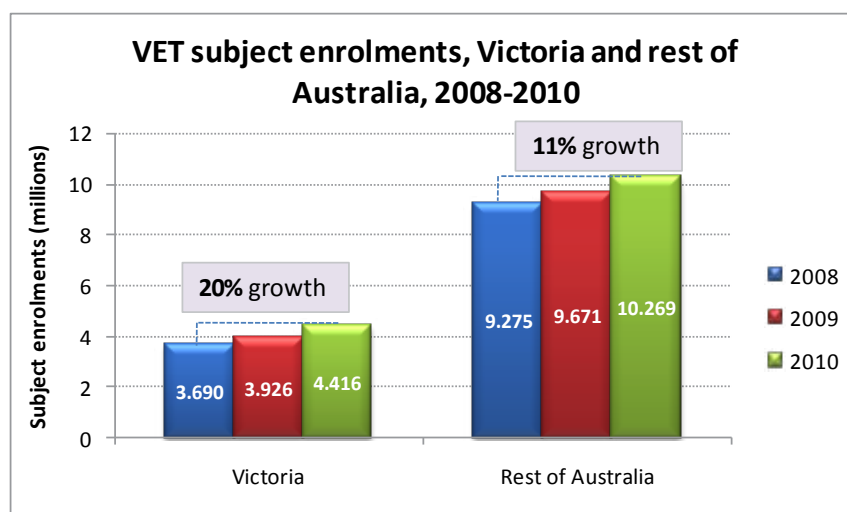
Individual and industry investment in skills continues

Nearly half of every fee for service (FFS) training dollar within the public VET system is collected in Victoria. Like all jurisdictions, Victorian data on fee for service training is incomplete – with only public providers reporting results in this area. However, 2010 figures give some cause for confidence that the strong growth in government subsidised training has not come at the expense of private individual or industry investment. In 2010, TAFE institutes reported 8,300 fee for service enrolments at Diploma level and above by domestic students, a 13 per cent increase over 2008.

Across all qualification levels, preliminary data reported by the National Centre for Vocational Education Research (NCVER) indicates considerably stronger growth in training delivery in Victoria relative to the rest of Australia. Combining all government funded delivery with fee for service delivery at publicly-funded institutions, Victoria has shown a 20 per cent increase in subject enrolments in 2010 relative to 2008. In comparison, the increase across the rest of the nation has been 11 per cent. Victorian providers delivered 30 per cent of Australia's subject enrolments in 2010, despite only having 25 per cent of the working age population.

² Note – Some Foundation level course enrolments are also included in Certificate I-II and Certificate III-IV categories.

Figure 3: Victoria and rest of Australia, 2008-2010.
Source: Students and courses 2010 – Preliminary data, National Centre for Vocational Education Research (2011)



More training is taking place in areas where skills needs are greatest

There are many challenges in assessing the responsiveness of the training market to labour market needs. Firstly, the identification of occupations experiencing skills shortages by industry bodies or governments is not straightforward because the available evidence on the nature and depth of shortages is rarely clear-cut. Secondly, the VET market is but one source of skills supply along with the Higher Education sector, interstate and international migration, and occupational migration of existing labour market participants. Thirdly, many occupations do not directly align with VET courses or may align with multiple VET courses. Further, this alignment changes over time as training requirements for occupations change and as courses are repackaged. Fourthly, comprehensive VET training data are not available as private training organisations are not required to report their fee-for-service activity.

As a result, this section presents a number of perspectives on labour market needs, including a forward view of the composition of the Victorian economy, and 'specialist' and 'in shortage' occupation lists from Skills Australia, the Commonwealth Department of Education, Employment and Workplace Relations, and Victorian Industry Training Advisory Boards. These lists have been slightly broadened to capture also closely related occupations. While detailed matching of training courses to these occupations and analysis of relevant enrolment trends has proven to be illuminating, the methodology will continue to be refined.

Responsive and sensitive to the changing economy

A third of all workers in Victoria, nearly one million, are employed in three industries: Retail Trade; Health Care and Social Assistance; and Manufacturing. Employment within these industries is forecast to change in the next six years – by 2017, Manufacturing will have been replaced by Construction in the top three, and Health Care and Social Assistance will have assumed the top spot.

The training market is an important source of skilled labour for these industries, and must be responsive to the changing nature of our economy and the needs of industries. Results to date give us some confidence that learners are choosing to study in these important industries. For example, there has been strong growth in government funded training in the industry group Health Care and Social Assistance, forecast to be Victoria's biggest employer in 2017.

Relative to 2008, there were twice as many enrolments by young people in Aged Care Certificates in 2010, and enrolments in the Diploma of Nursing rose dramatically from under 100 to nearly 2,400. Government funded training in Construction has also increased markedly. Enrolments by young Victorians in Plumbing, Carpentry and Plastering, and Wall Tiling have all increased by at least 25 per cent between 2008 and 2010.

We're getting better at meeting the demand for training in specialised occupations, and occupations in shortage

Training uptake in the new demand driven system has been strong both in courses relating to “specialised occupations” as defined by Skills Australia³; in courses identified as related to occupations “in shortage” in Victoria⁴; and in a refined grouping of courses relating to occupations that are both “specialised occupations and in shortage” in Victoria.

In the following breakdowns three measures of Government funded, accredited VET training activity are used to assess sector responsiveness, due to the staged implementation of the demand-driven system (as discussed above):

- Diploma and above enrolments, 2008 vs. 2010
- Certificate I-IV enrolments by students aged 15-24, 2008 vs. 2010
- All enrolments Certificate I and above, Q1 2010 vs. Q1 2011

Specialised occupations

The following findings for specialised occupations shed some light on the workings of the training market to date:

- At the Diploma and above level, enrolments in courses relating to specialised occupations rose 37 per cent, from 13,000 to 18,000, between 2008 and 2010. The majority of this increase was in Child Care Centre Management, which grew from 3,500 enrolments in 2008 to 7,000 enrolments in 2010. Training for Enrolled Nurses also grew by 2,000 enrolments to 2,500 between 2008 and 2010. However, there was a decrease of 1,000 enrolments in nursing courses at Certificate IV level for the same period, which suggests some migration between qualifications in this occupation. It also may reflect the impact of the upskilling requirement, with people choosing to study at the higher level in order to qualify for a Government subsidised training place.
- For Certificate I-IV enrolments by students aged 15-24 there was a 14 per cent increase, from 31,500 enrolments in 2008 to 36,000 enrolments in 2010, primarily due to increases in construction occupations.
- Between Q1 2010 and Q1 2011 enrolments in training for specialised occupations rose 27 per cent from 35,500 to 45,000. Occupations experiencing the highest growth were in the areas of Community Care and Health, and Construction.

Occupations in shortage

If we consider only occupations identified as in shortage the story is again a positive one:

- At the Diploma and above level enrolments rose 43 per cent from 21,000 to 30,000 between 2008 and 2010. This rise comprised large increases in enrolments related to higher level training in Community Services, Nursing and Retail.
- For Certificate I-IV enrolments by students aged 15-24 there was a 26 per cent increase from 46,000 enrolments in 2008 to 58,000 enrolments in 2010. The occupations experiencing the largest growth were in Construction, Hospitality, Transport and Logistics, and Health and Community Care.
- Between Q1 2010 and Q1 2011, enrolments in training related to occupations in shortage rose 30 per cent from 58,000 to 75,500. Occupations experiencing the highest growth were in the areas of construction, hospitality, and community health and welfare.

³ Skills Australia defines a specialised occupation as one where specialised skills, learned in formal education and training, are needed at entry level, and the impact of market failure is significant. These occupations need at least two of the following three characteristics: require extended learning and preparation over several years; a good occupational ‘fit’; disruption of the skills supply imposes significant economic or community costs because an organisation can’t operate. See *Australian Workforce Futures – A National Workforce Development Strategy*, Skills Australia, 2010

⁴ Our definition of occupations in shortage draws on a combination of occupations identified by the Department of Education, Employment and Workplace Relations publication *Skills Shortage List, Victoria (2010)*, supplemented by Victorian Industry Training Advisory Board advice in the report *Victorian skill needs in 2011: A summary of industry intelligence*, Access Economics, 2011

Specialised occupations in shortage

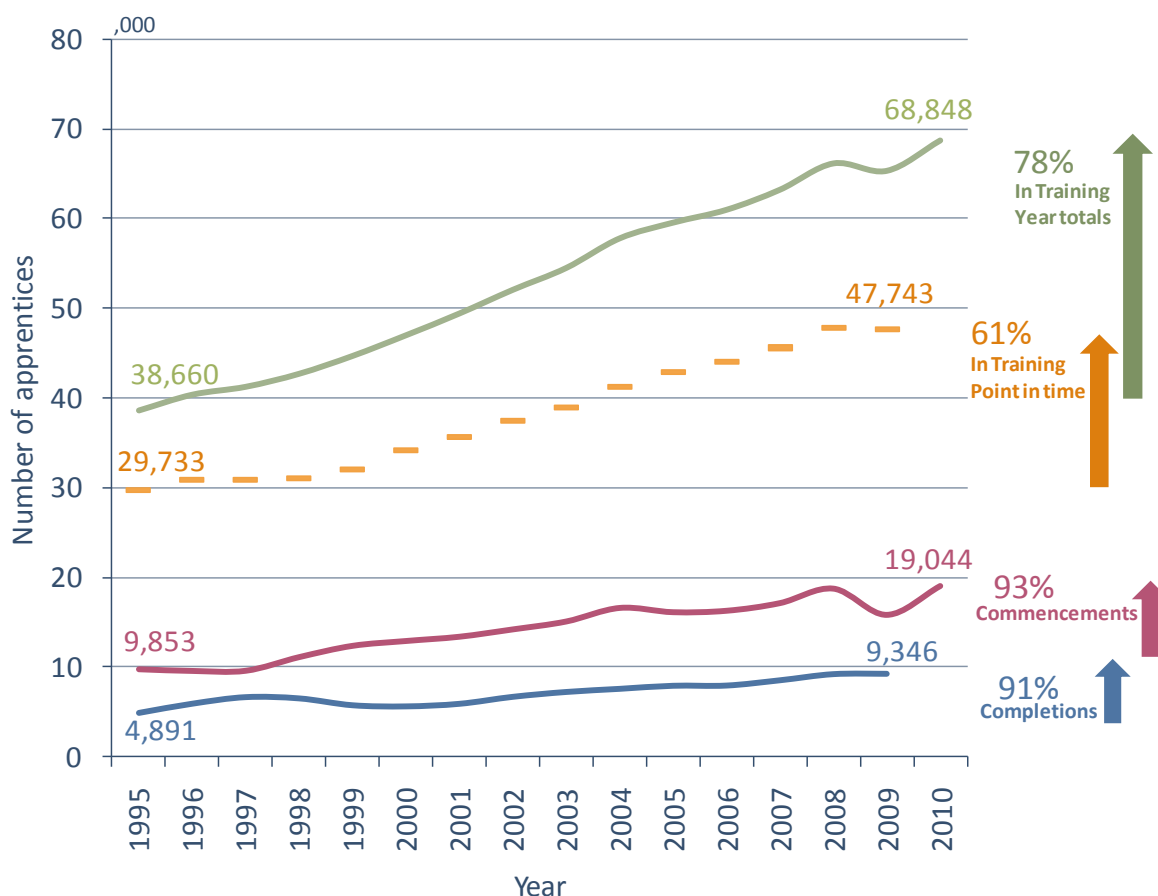
This category focuses on qualifications which are highly correlated with use in specific occupations, and where those occupations are highly relevant to the current Victorian industry and labour market profile.

- In 2010, over 15,000 government funded enrolments were reported in Diploma-level and above courses relating to occupations identified as being in shortage in Victoria and a specialised occupation, an increase of 67 per cent over the 2008 figure of 9,000. This dramatic increase is attributable to greater uptake of courses relating to Child Care Centre Management, enrolled nursing and in occupations related to the construction industry.
- Especially pleasing is that more young people are undertaking government funded training in Certificates that relate to specialised occupations in areas of skills shortage. Last year Certificate I-IV enrolments by students aged 15-24 increased 14 per cent from 21,500 in 2008 to 24,500 in 2010. The largest growth was in occupations related to Community Health, Construction and Automobile Service and Repair.
- Between Q1 2010 and Q1 2011, enrolments in training related to specialised occupations in shortage rose 26%, from 29,000 enrolments to 36,500. Absolute growth has been strongest in the occupation groups related to Community Health and Care, Nursing, and the Construction Trades.

Trades and apprenticeships remain vital to economic performance

Trade skills – defined here as those obtained via a formal apprenticeship pathway - continue to be important across all sectors of the economy. The scenario for apprenticeship commencements in Victoria has been relatively strong for a number of years, as illustrated in Figure 4, below:

Figure 4: Victorian apprenticeship commencements and in-training numbers (1995-2010)



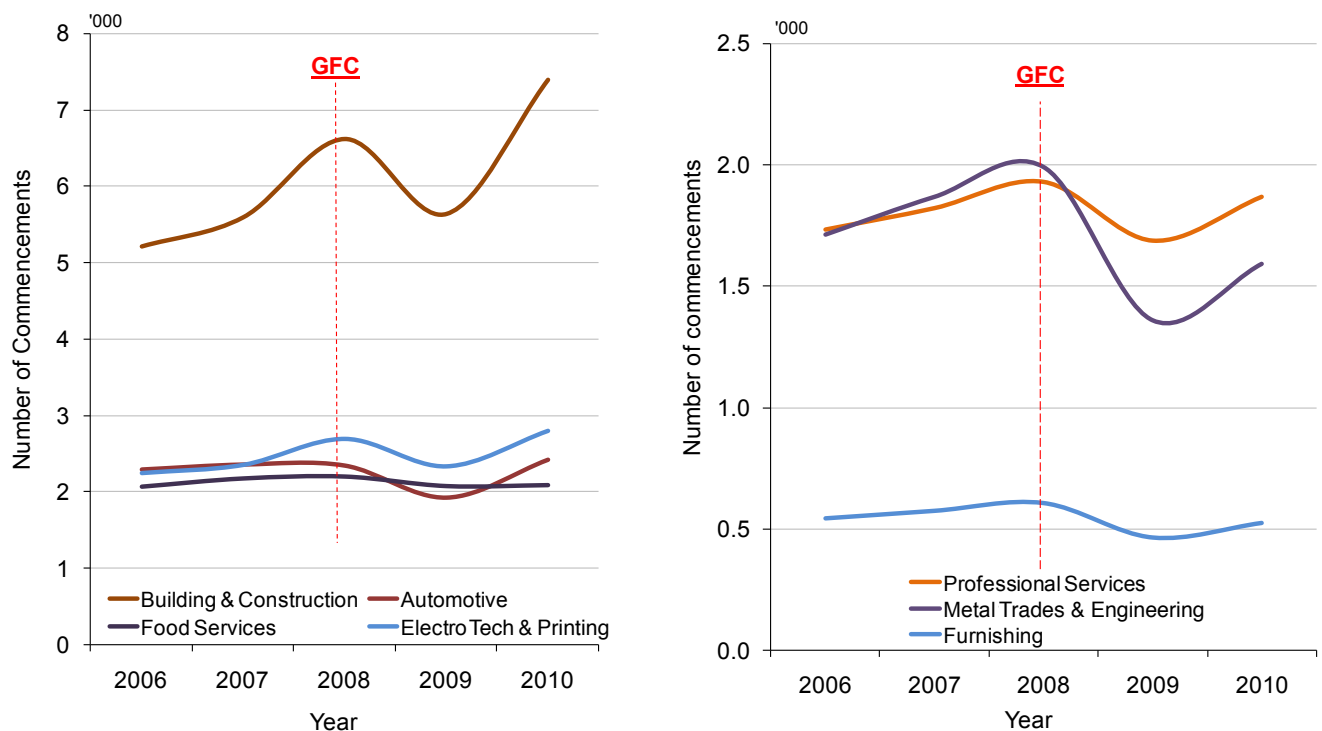
DELTA data set 05/02/11 : Commencements : In training year totals & point in time : Completions: 1995-2010

Coinciding with the global financial crisis Victoria, like all jurisdictions, experienced a drop in commencements in 2009. However, for the majority of industries, 2010 commencements rebounded, particularly those in the Building and Construction Industry – soon to be one of our three most important industries.

Whilst apprenticeship commencements are influenced by many factors – not the least of which is the health of the economy and therefore employers' capacity to employ an apprentice – the new training system has supported apprenticeship growth in 2010.

In recognition of the importance of apprenticeship pathways for both individuals and the economy, Victorians enrolling in an apprenticeship have an entitlement to Government subsidised training regardless of age or prior qualifications held.

Figure 5: Victorian apprenticeship commencements by industry group – 2006 to 2010



DELTA data set 05/02/11 : clustered ANZSCO occupations : Commencements 2006-2010

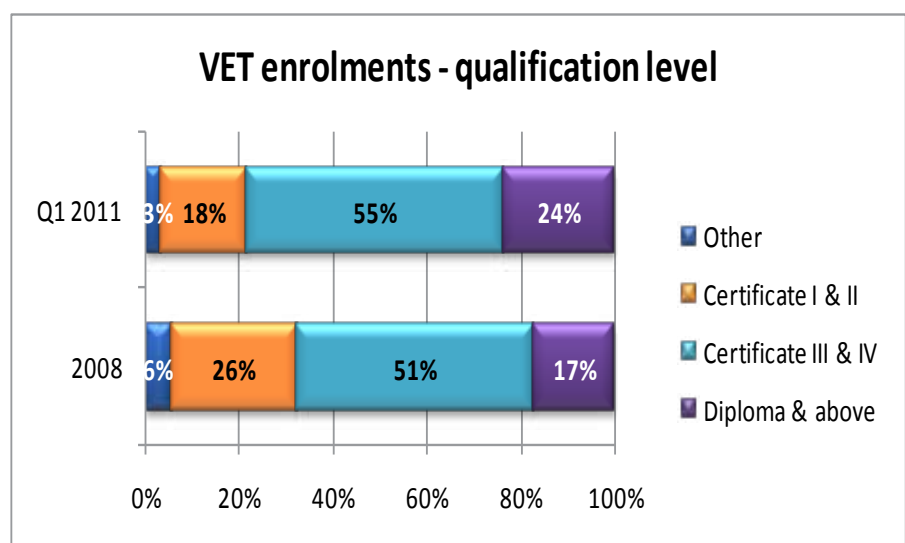
More training is at higher level qualifications

It's working - people are responding to prompts to climb the skills ladder

The message is getting through. There has been a 24 per cent growth in Diploma-level and above enrolments from 2008 to 2010. First quarter 2011 data indicate a continued shift in the profile of government funded training, as even more students enrol in courses at higher qualification levels. As shown below in figure 6, almost one in four government funded enrolments is at Diploma-level or above in 2011, compared to one in six in 2008. In addition, 55 per cent are in Certificates III or IV, up from 51 per cent in 2008.

This growth is even more impressive given that Victoria already had a higher share of Diploma and above level training than the rest of Australia – so off an already strong base, we have further improved engagement in training at higher levels. It is also worth noting that since 2008 the percentage of school leavers enrolling in Bachelor level study has risen from 44.1 per cent to 49.5 per cent in 2011.⁵

Figure 6: Qualification level of government funded enrolments in nationally recognised VET courses – Skills Victoria



Through the Deakin at Your Doorstep program five TAFE institutions have partnered with Deakin University to deliver an innovative new VET to higher education pathway. Diploma and above level qualifications are being used to both deepen skills of existing workers and provide pathways into degrees.

Delivered at six locations across metropolitan and regional Victoria, students enrol concurrently in a TAFE Diploma program funded through their VET student entitlement and a higher education Associate Degree program. The course of study has been designed so that after two years, students graduate with both qualifications. Graduates can then enrol into a Deakin bachelor program with up to eighteen months credit. This approach has been deliberately designed for students who may doubt their ability to succeed in tertiary study or who may not have developed a clear idea of their longer term career path.

In 2010, the program's first year, 75 students commenced the Deakin at Your Doorstep program. For 2011, the number of commencing students increased to 126.

⁵ On Track Survey data, Department of Education and Early Childhood Development, 2011

People with low level or no qualifications – including disadvantaged groups – are engaging in training

More people are putting their foot on the ladder – both low skilled and disadvantaged groups

More people with low or no prior qualifications are engaging with the Victorian training system. There has been considerable growth in nationally recognised training by those not holding qualifications at Certificate level III or above, with more than 265,000 government funded enrolments reported in 2010, up from just over 220,000 in 2008 - a 20 per cent increase.

In the first quarter of 2011, nearly 75 per cent of government funded enrolments were undertaken by those without Certificate III, compared with nearly 70 per cent in 2008.

The Skills for Growth program warrants consideration for its contribution to these results. Skills for Growth is a Workforce Development Program dedicated to working with small and medium-sized businesses to explore training and education opportunities that will benefit the business and develop the skills of their staff. Since commencing in April 2009, the program has assisted Victorian businesses through the development of almost 4,000 workforce action plans, which have led to almost 30,000 reported placements into training for staff of these businesses.

Under the new system all Victorians are now eligible for unlimited government subsidised training in Foundation level courses aimed at improving literacy and numeracy and therefore employability. This became available to those aged 15 to 24 in 2010, and enrolments by young people increased 23 per cent over the 2009 number. Now all Victorians can access Foundation level courses under the entitlement framework. First quarter 2011 enrolments have exceeded 20,000, more than 50 per cent higher than at the same time in 2010. This reflects the focus on equity inherent in the design of the Victorian training system.

Our data on equity groups also shows that disadvantaged Victorians are benefitting from our reforms. Their first quarter 2011 student numbers are significantly higher than at the same time in 2010:

- Indigenous Victorians – up 19 per cent. The first quarter number represents 55 per cent of the full year 2010 total number of Indigenous students
- People with a disability – up 33 per cent, representing 78 per cent of the full year 2010 number
- Culturally and Linguistically Diverse Victorians – up 33 per cent, representing 80 per cent of the full year 2010 number

Through strategies such as using telematic goggles, RMIT plumbing teachers successfully adapted their course for apprentices from the Plumbing Trades Employees Unions' Indigenous Apprenticeship Programme to help overcome students' poor literacy and their difficulty with formal teaching settings.

More training providers: greater competition; more choice; better access

More training providers have met Victoria's quality standards to qualify for the delivery of government funded training, leading to increased student choice and improved access to Government subsidised training. In 2010, nearly 350 private training providers received Government funding – an increase of 73 per cent compared with 2008. The expansion in provider numbers has created greater access to training and the flexibility to respond to local training needs.

In the Shire of Baw Baw, two training providers reported government funded enrolments across ten courses at Diploma-level and above in 2008. In 2010 this increased to seven training providers reporting government funded enrolments across 24 higher level courses. Notably, a number of these newly introduced courses relate to specialised occupations identified as in shortage in Victoria – including Child Care, Disability Work and Nursing.

The expansion in the number of providers contracted to receive funding for the delivery of Government subsidised training has required additional investment in contract management and monitoring. In addition to stronger contract entry requirements, Victoria has also invested significantly in the development of a comprehensive web based information technology system, the Skills Victorian Training System (SVTS). SVTS provides 'real time' information about contracted RTOs' training delivery and funding, enabling oversight of current behaviours and trends in the contracted training provider market.

In addition to providing a powerful tool for informing further policy development to refine and craft the market, SVTS also provides a key means of managing risk within the system, enabling us to track access to training and the performance of the training market across the state.

In addition we are re-shaping our audit strategy to drive further improvement in performance and better manage the changed risk settings associated with the expanded, contestable training provider market.

Victoria will continue to invest in these and other mechanisms to monitor and assure the quality of training delivery in our expanded market.

A work in progress

While the Victorian training story is only in its opening chapters we are confident, from data and our relationships with stakeholders, that tangible benefits are being achieved by combining competition with collaboration.

The introduction of a student entitlement and contestable funding is driving competition between providers, meaning that Victorian students now have greater choice in where and what they study.

More employers are able to access cost-effective, customised training for their staff, through collaboration with registered training providers.

Learners are increasing in numbers. More low skilled and disadvantaged learners are engaging with the system, and more people are upskilling in areas the Victorian economy needs.

An increasing number of training providers are entering the market with diverse offerings.

By establishing a more competitive training market we are better placed to ensure Victoria can meet the skill demands of today while increasing long term employability for individuals, and the long term competitiveness of Victorian businesses.

Queries regarding this paper should be directed to Andrew Maurer, Director, Market Information and Analysis, Skills Victoria at maurer.andrew.w@edumail.vic.gov.au