

CHAPTER 4

Outcome 2: Post-School Education and Training

Individuals achieve relevant skills and learning outcomes from post-school education and training.

Description

High quality post-school education and training is critical to Australia's national competitiveness and economic and social development. The knowledge and skills individuals acquire lead to higher levels of lifetime income and a lower chance of becoming unemployed.

The Commonwealth's priority is to ensure Australia has a sustainable post-school education and training system that is nationally consistent and coherent. It must be responsive to individual, industry and community needs and be recognised, both nationally and internationally, for its high quality outcomes.

The Commonwealth and state and territory governments share responsibility and funding for post-school education and training. State and territory governments have constitutional responsibility for education and training and are, therefore, responsible for the regulation of the post-school education and training system.

Strategic policy directions, development and implementation at the national level are coordinated through the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA).

The Australian post-school education and training system comprises two sectors:

vocational education and training, and higher education.

Institutes of Technical and Further Education, private providers and individual enterprises supply formal competency-based vocational education and training courses, which lead to a wide variety of national qualifications, from Certificate 1 to Advanced Diploma. New Apprenticeships are available in a range of occupations and industry areas, providing pathways to a diverse range of careers.

Universities and other higher education institutions offer a range of programmes, from shorter undergraduate and corporate development programmes and bachelor degrees to higher degrees by research.

While the two sectors remain largely distinct, there are overlaps and connections being forged. There are a number of multi-sector universities and some vocational education and training providers that offer higher education qualifications. Some credit transfer arrangements also exist between the two sectors. Open Learning Australia brokers the delivery of education and training across both sectors through distance education arrangements.

The Commonwealth's role

The Commonwealth provides funding for the vocational education and training sector through the Australian National Training Authority (ANTA) Agreement. The Agreement provides a national framework for the sector, and creates a basis for partnerships between governments and

industry. Each state and territory receives funding following approval by the ANTA Ministerial Council (ANTA MINCO) of its annual Vocational Education and Training Plan. The plans focus on the level and type of training to be delivered using combined Commonwealth and state and territory funds, and action planned by the states and territories to address agreed national priorities. The Commonwealth also meets ANTA's operating costs.

The Commonwealth provides funding for the New Apprenticeships programme, including support for employers and New Apprentices. It also funds specific initiatives to assist individuals to make a successful transition to vocational education and training and to obtain and remain in employment.

In higher education, the Commonwealth works in partnership with state and territory governments and with the university sector to achieve national priorities. The Commonwealth has assumed primary responsibility for funding the higher education sector, including student loan arrangements and scholarships.

The department assists the Commonwealth in achieving its agenda for post-school education and training through three distinct but closely interrelated foci:

- ▶ high quality policy advice and other support provided to the Minister;
- ▶ efficient national programme management; and
- ▶ fostering and achieving cooperative and effective working partnerships with state and territory governments, education and training providers and other stakeholders.

Policy advice to the Minister is based on the department's range of in-depth research, analysis and evaluation, which also informs

the policy debate within the vocational education and training and higher education sectors.

The department administers a range of programmes and legislation to achieve the Commonwealth's policy objectives. In addition, the department manages the Business Partnership Agreement with Centrelink for the delivery of the *Language, Literacy and Numeracy Programme*, the *Job Pathways Programme*, *Career Counselling Programme* and ABSTUDY.

Resources

In 2002–03, total resources allocated for Outcome 2 were \$6290 million. The department administered \$6188 million (Administered Appropriations) on behalf of the Commonwealth through three administered output groups:

- ▶ Output Group 2.1 – funding for the post-school education and training systems and students;
- ▶ Output Group 2.2 – assistance for New Apprenticeships; and
- ▶ Output Group 2.3 – assistance for skills development and transition to work.

The department used Departmental Appropriations of \$90 million and raised almost \$3 million in revenue to total \$93 million for five departmental outputs:

- ▶ administration;
- ▶ policy advising;
- ▶ ministerial and parliamentary services;
- ▶ research, analysis and evaluation; and
- ▶ service delivery.

Table 11 sets out the resources invested in Outcome 2 for 2002–03.

Table 11: Resources invested in Outcome 2

Administered Expenses	Budget (inc AEs ^a) 2002–03 \$'000	Actual 2002–03 \$'000	Variation (column 2 minus column 1) \$'000	Budget Estimate 2003–04 \$'000
Funding for post-school education systems and students	5 521 375	5 647 380	126 005	5 758 262
Assistance for New Apprenticeships	586 989	573 016	-13 973	683 989
Assistance for skills development and transition to work	79 903	83 871	3 968	89 172
Total Administered Expenses	6 188 267	6 304 267	116 000	6 531 423
Departmental Appropriations				
Infrastructure funding for the post-compulsory education system	46 877	38 008	-8 869	40 831
New Apprenticeships	27 773	26 830	-943	20 416
Skills development and transition support	24 084	25 155	1 071	23 757
Total Revenue from Government (Appropriation) Contributing to Price of Departmental Output	98 734	89 993	-8 741	85 004
Revenue from other sources^b	3 270	2 893	-377	3 081
Total Price of Departmental Outputs	102 004	92 886	-9 118	88 085
TOTAL ESTIMATED RESOURCING FOR OUTCOME 2 (Total Price of Outputs and Administered Expenses)	6 290 271	6 397 151	106 881	6 619 508
Average Staffing Levels (Number)			2002–03 497	2003–04 550

^a AEs – Additional Estimates

^b Revenue from other sources does not include resources provided free of charge

Note:

Administered: The difference of \$116 million (two per cent) between the actual for 2002-03 and the budget for Administered Expenses is due mainly to the increase in the doubtful debt rate for the Higher Education Contribution Scheme from 19.5 per cent (budget) to 22.2 per cent (actual). This is offset by slightly lower than estimated expenses for New Apprenticeships and increased demand for the Language, Literacy and Numeracy Programme.

Departmental: The total price of output fell short of the budget by \$9.1 million. This reflects the one-off increase in funding for Centrelink as a result of the Centrelink Funding Model being attributed in the budget to Outcome 2 while actual data has been attributed across Outcome 1 and Outcome 2. There is a commensurate over expense in Outcome 1. Further variances at the output group level reflect the process of attributing costs to outputs on an actual basis.

Source: Department of Education, Science and Training

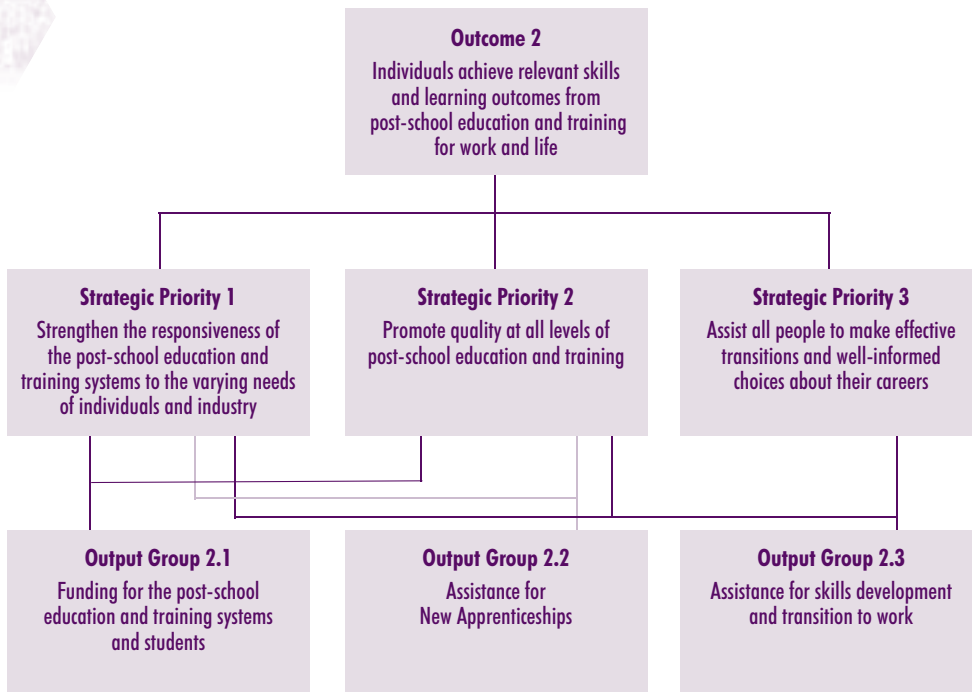
Planning for resource usage

To provide a business planning framework and operational focus within the department to support the Commonwealth's long-term outcomes for post-school

education and training, three strategic priorities, or medium-term goals, were identified for 2002–03. As can be seen from Figure 17, output groups can contribute to more than one strategic priority. The departmental outputs are also applied across all of the strategic priorities.



Figure 17: Alignment of Strategic Priorities and Output Groups for Outcome 2



Achievements against the Strategic Priorities

The key deliverables for each strategic priority were outlined in the 2002–03 Portfolio Budget Statements along with performance measures and planned performance targets for the year.

Departmental outputs

Performance information on the departmental outputs is only available at the outcome level.

The department administered grants and payments to ANTA, vocational education and training providers, New Apprenticeships Centres, universities and other bodies. It also administered applications for Higher Education Contribution Scheme (HECS) remissions.

New Apprenticeships had a 98 per cent level of compliance with payment and management processes, measured through the Administered Funds Quality Assurance Packages developed for selected programmes, based on a risk assessment process.

The department implemented the new Unipay system in November 2002. The system was designed and implemented in accordance with the department's software development methodology and subjected to pre-implementation testing. A post-implementation audit has not yet been completed and therefore results for higher education administration are not available in relation to payments made through Unipay.

During 2002–03 the department provided in excess of 700 briefs to the Minister and prepared over 2090 replies to Ministerial correspondence for this outcome. It also responded to over 900 Parliamentary questions.¹ The department's performance in delivering policy advice and services is assessed against a number of criteria. The Minister rates advice against a five point scale for timeliness, presentation and quality. Ministerial and parliamentary services are assessed according to timeliness. The department exceeded the performance indicators for policy advice and services to the Minister and Parliament. For policy advising the Minister rated almost 90 per cent of the briefs as good to excellent on all three criteria (see Table 12).

Table 12: The department's performance on services provided to the Minister and Parliament

Performance Measure		2002–03	2002–03			Total
		Planned %	Actual %			
Policy advising	Minister's satisfaction with:		Satisfactory	Good	Excellent	
	- Presentation	90	10	75	14	99
	- Timeliness	90	18	74	4	96
	- Quality	90	9	72	15	96
Ministerial and parliamentary services	- Timeliness	90				96

¹ Total Parliamentary questions for the department. A breakdown by Outcome is not available.

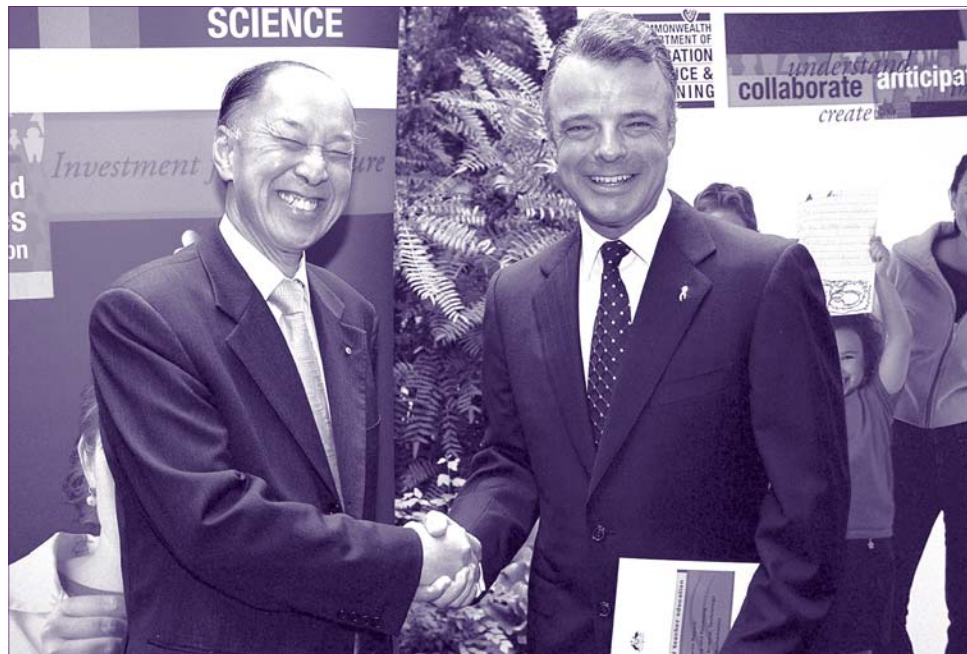
The department continued its ongoing research and analysis on a range of policy issues. Fifteen publications were produced during 2002–03, and specific details of these are reported under the relevant strategic priority.

The department also administered the DEST/ Centrelink Business Partnership Agreement for the delivery of services in relation to the *Job Pathways Programme*, *Career Counselling* and ABSTUDY. Centrelink met the key performance indicators for the *Job Pathways Programme* and ABSTUDY as set out in the Agreement, but did not meet the agreed target for *Career Counselling* referrals. Centrelink's performance in regard to the *Career Counselling Programme* is discussed under Strategic Priority 3.

Strategic Priority 1: Strengthen the responsiveness of the post-school education and training systems to the varying needs of individuals and industry

The post-school education and training system must be able to:

- ▶ provide individuals with flexibility and choice in types of courses, levels of qualifications, learning pathways and modes of delivery;
- ▶ provide all individuals with an equal opportunity to participate in education and training; and
- ▶ encourage institutions to build on their strengths and strategic advantage to respond to changing and diversifying needs of industry and communities.



The Chair of the Committee overseeing the Review of Teaching and Teacher Education, Professor Kwong Lee Dow, AM, Deputy Vice Chancellor (Students and Staff) of the University of Melbourne presents the Review Committee's Interim Report to the Hon Dr Brendan Nelson in February 2003.

Vocational education and training

Output Group 2.1: Funding for the post-school education and training systems and students

The Commonwealth has offered the states and territories an additional \$218.7 million between 2004 and 2006 under a new ANTA Agreement. The Commonwealth's priorities for the new Agreement have a continued focus on quality, national consistency, user choice, skill shortages and innovation.

The current ANTA Agreement for 2001–2003 was endorsed in August 2001, and provided for a significant increase in Commonwealth funding, to be matched by state and territory governments. The Commonwealth provided \$1002.7 million in 2001, \$1055.5 million in 2002, and \$1118.5 million in 2003 to vocational education and training. This included Commonwealth growth funding of \$225 million over the three years, which is payable if state and territory governments:

- ▶ match Commonwealth funding;
- ▶ achieve additional training activity;
- ▶ increase New Apprenticeships places to a target level by the midpoint of the agreement (June 2002);

- ▶ comply with User Choice policy and principles; and
- ▶ provide an innovation plan.

The Australian Capital Territory did not achieve its growth target for New Apprenticeships by June 2002. It has not yet been determined whether the Northern Territory, although achieving targets, has been able to provide matched additional recurrent funding for 2002 and 2003. Discussions are currently underway with both territories regarding their access to Commonwealth growth funds. However, all the states have complied with the conditions for additional Commonwealth funding. Overall growth in the states and territories of 279 038 million adjusted hours was achieved in 2002, with 1.7 million clients reported for 2002 within the scope and boundaries of the ANTA Agreement (see Table 13).

Employer satisfaction with vocational education and training has remained constant at 82 per cent. Graduate satisfaction with vocational education and training dropped in 2002 to 63 per cent (see Table 13).

Table 13: Performance information for Output Group 2.1 – vocational education and training

	2001 (Actual)	2002 (Planned)	2002 (Actual)
Clients (millions)	1 685	1 509	1 690
Provision (adjusted hours in millions)	278 564	266 626	279 038
Employer satisfaction with vocational education and training	82%	80%	82%
Graduate satisfaction with vocational education and training	67%	70%	63%

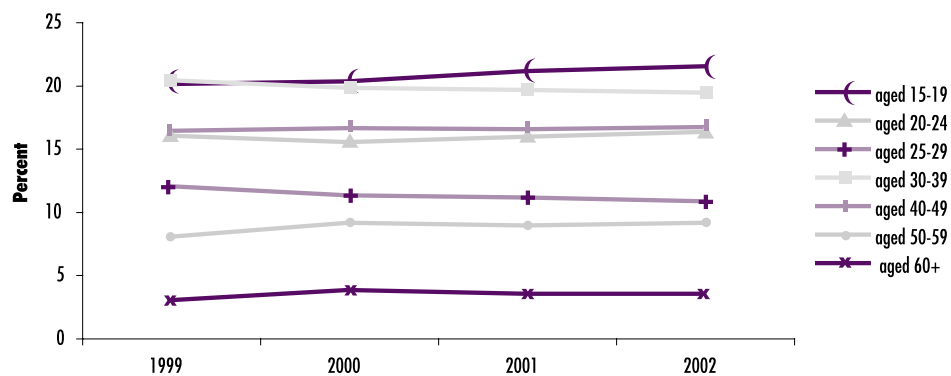
Note: This data excludes students participating in vocational education and training programmes while at school.

Sources: NCVER Statistics in Detail – Australia (various years), ANTA Directions and Resource Allocations Reports, NCVER Survey of Employer Views on Vocational Education and Training, 2001, NCVER Student Outcomes Survey, 2002

There was growth in the number of 15 to 24 year olds participating in vocational education and training, with a decrease for 25 to 39 year olds. Other age groups remained steady (see Figure 18). There has

been an improvement in the pass rate since 1999. In 2002, students passed 77.3 per cent of assessable hours of training, an increase from 75.4 per cent in 1999 as indicated in Figure 19.

Figure 18: Students in vocational education and training, age group proportions

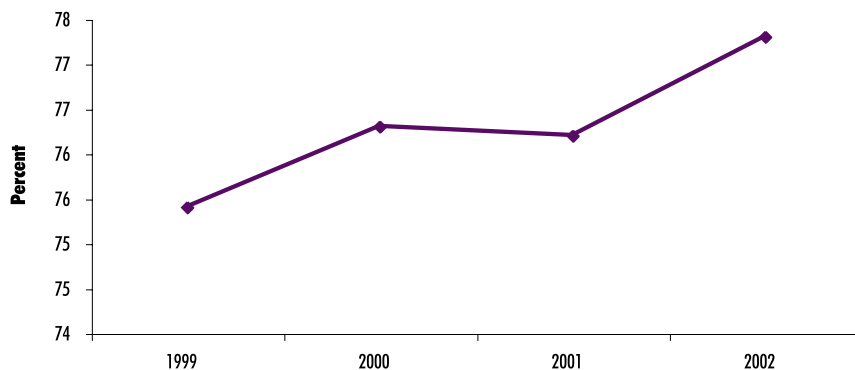


Note: Excludes those students attending school.

Break-in-series 2002: Data prior to 2002 have a small number of vocational education and training in schools participants who are out of scope in 2002. This mainly affects 15–19 year olds and the maximum effect is around 0.1 percentage point. Data prior to 2002 have been revised because of revised estimated resident population numbers.

Source: NCVER Statistics in Detail – Australia (various years), unpublished data and Population by Age and Sex, Australian States and Territories – Time Series, 1971 to 2002, cat. no. 3201.0, ABS, Canberra.

Figure 19: Load pass rate for vocational education and training



Note: Excludes those students attending school.

Source: ANTA Annual National Report – Volume 3

Enrolments of Indigenous students are at record levels in most states and territories. Indigenous students comprised 3.5 per cent of all vocational education and training enrolments in 2002 (see Table 14). These increasing enrolments are reflected in the increasing

numbers of tertiary students in receipt of ABSTUDY (see Table 15). The overall participation rate is very high, with an estimated 24.4 per cent of Indigenous 16 to 64 year olds enrolled in vocational education and training courses in 2002.²

Table 14: Indigenous enrolments compared to all vocational education and training enrolments 1999–2002

	1999	2000	2001	2002
Indigenous	50 795	51 662	58 046	59 763
Non-Indigenous	1 308 758	1 331 881	1 394 002	1 287 333
Not known	287 626	365 821	304 721	343 043
Total	1 647 179	1 749 364	1 756 769	1 690 139
Indigenous students as a percentage of total vocational education and training enrolments	3.1	3.0	3.3	3.5

Note: Excludes vocational education in schools and non-vocational students.

Source: NCVET National Vocational Education and Training Provider Collection; 1999–2002

Table 15: Tertiary students in receipt of ABSTUDY

	2001 Actual	2002 Planned	2002 Actual
Tertiary students in receipt of ABSTUDY	20 722	20 473	23 117

Note: Data for 2001–02 was reported as 2001 in the 2002–03 Portfolio Budget Statements.

Source: Department of Education, Science and Training and Centrelink

² Volume 3, 2002 ANTA Annual National Report (unpublished as yet). Participation rates are calculated using ABS census figures, *Australian Demographic Statistics*, September Quarter 2002, cat. no. 3101.0, ABS, Canberra. The comparable participation rate for total students 15–64 years old was 11.8 per cent in 2002.

Other initiatives during 2002–03

The Commonwealth provided \$4.28 million to ANTA to support national activities arising from *Partners in a Learning Culture*, the national strategy and blueprint to improve training outcomes for Indigenous people, and *Bridging Pathways*, the national strategy and blueprint for increasing opportunities in vocational education and training for people with a disability. Mid-term reviews of the Indigenous and disability blueprints are currently being finalised.

The Australian Flexible Learning (AFL) Framework Implementation Plan 2003 was endorsed by ANTA Chief Executive Officers on 27 September 2002. The framework has five key goal areas covering people capability, technological infrastructure, online content, applications and services, and policy and regulation. The aim of the framework is to make the vocational education and training sector anticipate and be more responsive to the ever-changing needs of its clients.

Two new industry sectors, aerospace and marine, joined the National Industry Skills Initiative, taking the total number of participating industries to eleven. The initiative is industry-led, in partnership with governments, to help industry meet skills needs now and into the future.

The department provided a comprehensive submission to the Senate Employment, Workplace Relations and Education Committee Inquiry into current and future skills needs in April 2003. The Committee is examining:

- ▶ the effectiveness of current Commonwealth, state and territory education and employment policies; programs and mechanisms for meeting current and future skills needs; and any recommended improvements; and
- ▶ the effectiveness of industry strategies to meet current and emerging skills needs.

The department will appear before the committee in the second half of 2003.

Output Group 2.2: Assistance for New Apprenticeships

Participation in the New Apprenticeships programme continued to expand throughout 2002–03, reaching record levels. The National Centre for Vocational Education Research (NCVER) estimated that at the end of June 2003 there were 395 990 people in training, an increase of 11 per cent over last year. The number of people starting a New Apprenticeship during the year also increased, although the rate of growth appears to be slowing. The reported number of completions increased in the year to 30 June 2003.

New Apprenticeships also continue to expand across industry sectors and are now available in over 500 occupations.

In November 2002, a survey of employers and New Apprentices revealed that 89.4 per cent of employers and 89.8 per cent of New Apprentices were satisfied with the services provided by New Apprenticeships Centres (see Table 16).

Market research conducted in May 2003 indicated that the level of employer awareness of New Apprenticeships had declined, as there was no major advertising campaign conducted during 2002–03 (see Table 16). There will, however, be a significant campaign conducted in July to September 2003, after which it is expected that the awareness levels will return to about 75 per cent.

In April 2003, the Minister announced the outcome of the department's tender for New Apprenticeships Support Services under which New Apprenticeships Centres are established. There will be a significant increase in the number of New Apprenticeships Centre sites from around 300 to 499 as a result of the new contract. The 37 organisations selected have now entered

into contracts with the Commonwealth and will deliver New Apprenticeships Support Services for three years from 1 July 2003 to 30 June 2006.

A key aspect of the tender was to ensure that rural and remote regions have access to quality New Apprenticeships services. This has been reflected in the increase in the number of sites in rural and regional Australia from 200 to 333.

The New Apprenticeships Incentives Programme was reviewed during 2002 to simplify the programme and ensure that it remains well targeted. The review included extensive consultation with key stakeholders. There were over 100 written responses to the Key Issues and Overview papers and the review team met with over 200 organisations during consultations in capital cities and regional centres.

The Minister announced the outcomes of the review in September 2002. Effective from 1 July 2003, changes focused on ensuring New Apprentices complete their training and on simplifying administrative processes.

Under the New Apprenticeships Access Programme (NAAP), jobseekers who experience barriers to skilled employment are provided with vocational training, support and assistance to obtain and maintain a New Apprenticeship. Over 1000 of the 4378 jobseekers who participated in NAAP achieved a positive outcome. Ten brokers have been contracted to provide services to 8500 disadvantaged jobseekers for a two-year period, 2002–2004, in over 140 locations around Australia under NAAP (see Table 16).

Table 16: New Apprenticeships

	2001–02 (Actual)	2002–03 (Planned)	2002–03 (Actual)
Commencements	248 350 ^a	230 300 ^b	268 170 ^a
Number in training	356 460 ^a	N/A	395 990 ^a
Completions	105 910 ^a	N/A	121 160 ^a
Number receiving personal benefits	6 418	6 000	5 884
Number of outcomes from New Apprenticeships Access Programme	3 000	4 000	4 378
Percentage of New Apprenticeships providers to successfully meet contract outcomes and timeframes	> 90%	> 90%	100%
Level of employer awareness of New Apprenticeships	74%	76%	64%
Level of employer satisfaction with New Apprenticeships Centre service	82%	> 80%	89%
Level of New Apprentice satisfaction with New Apprenticeships Centre service	89%	> 80%	90%

^a Estimated actual rates

^b Planned rate of claims for incentives under the New Apprenticeships Incentive Programme

Source: *Apprentice and Trainee Activity, NCVER, June quarter 2003*

2002 National Apprenticeships Centre Satisfaction Survey, Department of Education, Science and Training

Department of Employment and Workplace Relations

Output Group 2.3: Assistance for skills development and transition to work

The Commonwealth funds a range of education and training initiatives designed to assist welfare recipients, and others relatively disadvantaged in the labour market, to improve their employment prospects.

Funding of \$72 million for the Commonwealth's *Australians Working Together* package commenced on 1 July 2002. This funding has been provided to states and territories through ANTA to meet the extra demand for training that resulted from the implementation of *Helping Parents Return to Work* and *A Fair Go for Older Workers* initiatives under *Australians Working Together*.

Funding was also provided to states and territories through ANTA for additional training places and associated learning supports for people with disabilities. The Commonwealth has also contracted 16 organisations to cover 18 regions across Australia to employ Disability Coordination Officers under the Disability Coordination Officer programme. There has been an increase in students' participation, pass rates and post-training employment outcomes in 2002 (see Table 17).

Table 17: Students with a disability in vocational education and training

	2001	2002
Number of students ^a	67 120	80 636
Proportion (unadjusted)	4.1%	4.9%
Proportion (adjusted) ^b	4.7%	5.8%
Pass rates	67.4%	68.2%
% employed after training	43%	45%

^a Data in relation to the number of people with a disability participating in vocational education and training relies on individuals self-identifying on course enrolment forms. Changes to the forms and individual choices around self-identification including definitions of disability, may directly impact on performance data. For example, 15.9 per cent of the total VET student population in 2002 did not respond to the relevant question regarding disability status.

^b Adjusted student numbers include a revised estimate using historical data on disability status.

Source: Extract from Tables A13.2 and A13.3 (Appendix 13) of the ANTA Annual National Report - Volume 3

Skills development for workers during 2002–03 was supported by other programmes: *Language, Literacy and Numeracy; Workplace English Language and Literacy (WELL)*; and the new *Basic IT Enabling Skills (BITES) for Older Workers*. The impact on the community of all of these programmes was significant.

Demand for the *Language, Literacy and Numeracy Programme (LLNP)* was high in 2002–03. The programme, designed to improve participants' chances of gaining a sustainable job or pursuing further education or training, attracted 19 565 training commencements, significantly exceeding the target of 16 000. Almost 40 per cent of participants achieved a positive outcome (see Table 18). 40 per cent was selected as a realistic target for LLNP to achieve. This was based on performance of the previous programme, the *Literacy and Numeracy Programme*, which had successful outcomes of approximately 20 per cent. The

current outcome target of 40 per cent has not been compared with other programmes but is in a similar range to that of the WELL programme, which aims to have at least 50 per cent of participants achieve a skills increase with programme participants who are already employed. It reflects the very low level of language and literacy skills of many participants in the programme and the subsequent high withdrawal rates.

During 2002–03, 244 projects were funded, 14 091 employees were assessed and 25 414 workers received training under the WELL programme. WELL funds helped workers with English language and literacy skills in

15 industries. Over 57 per cent of WELL participants achieved good to intermediate skill levels (see Table 18).

The BITES for Older Workers Programme, which was announced in May 2002, will provide basic skills in information technology to 11 500 mature age, low income workers each year. Five brokers were selected through open tender in the latter half of 2002 to manage delivery of BITES, covering 46 identified service regions across Australia. The first courses were delivered in late December 2002. To 30 June 2003, 8416 places had been provided and the completion rate was an impressive 91.5 per cent. BITES

Table 18: Language, literacy and numeracy programmes

	2001–02 (Actual)	2002–03 (Planned)	2002–03 (Actual)
Job seekers commencement training under the Language, Literacy and Numeracy Programme	5 827	16 000	19 565
Positive outcomes for participants in the Language, Literacy and Numeracy Programme		40%	39%
Workers trained by the WELL Programme	22 112	18 000	25 414
Percentage of WELL Programme participants who achieve good to intermediate skill levels	51%	≤50%	57.5 %

Notes: *The Language, Literacy and Numeracy Programme (LLNP) commenced in January 2002, replacing the Literacy and Numeracy Programme and the Advanced English for Migrants Programme. In addition to the elements of these two programmes, the LLNP includes basic English language provision. As a result, the former programmes and the LLNP are not directly comparable.*

participants have provided overwhelmingly positive feedback on the programme.

The Commonwealth, states and territories jointly fund NCVER to undertake research, analysis and evaluation activities that benefit the sector. In addition, the Commonwealth funds ANTA to undertake research to support the national training system. This includes funding for several specialist research centres.

Higher education

Output Group 2.1: Funding for the post-school education and training systems and students

The Commonwealth provided \$4509 million in 2002 in operating grants to 42 institutions, taking into account each institution's educational profile and agreed levels of places. The department undertook 17 Education Profile visits to universities during 2002. Key issues for discussion centred on university governance arrangements, under- and over-enrolments, prudential assurance, and research training and equity.

The Commonwealth published its annual report on the sector, the *Higher Education Report for the 2003 to 2005 Triennium*, in April 2003 and it was tabled in Parliament on 14 May 2003. A ten-year retrospective *The National Report on Higher Education in Australia (2001)*, covering 1991–2000, was released in July 2003.

Table 19 provides details of student enrolments, in equivalent full-time student units, for institutions in receipt of Commonwealth operating resources. Total domestic undergraduate places continue to increase, reflecting an increase in both the level of over-enrolment of Commonwealth-funded places and an increase in the number of domestic fee-paying undergraduates.

With regard to over-enrolment, institutions provided 10.2 per cent, or 37 995, more undergraduate places for domestic students than they had been funded for. This level of over-enrolment is an increase of 24 per cent compared to 2001. It is worth noting that despite increasing levels of over-enrolment, student satisfaction and pass rates have remained steady (see Table 19 and Figure 20).

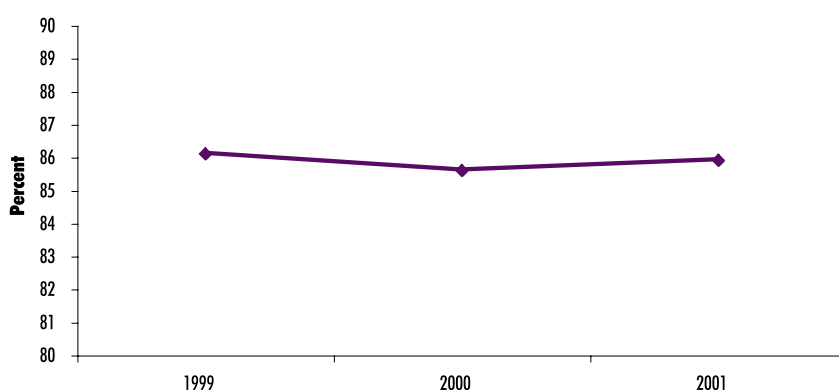
An additional 2000 places were allocated in mathematics, science and information technology under *Backing Australia's Ability* in 2002. A number of universities experienced difficulties in filling their allocated places, owing to the downturn in the information and communications technology environment and other unanticipated shifts in demand. A further 670 places for regional campuses and universities were also allocated in 2002. These places were provided to universities in areas of population growth and/or increasing demand for higher education.

Table 19: Higher education enrolments

	2000 (Actual)	2001 (Actual)	2002 (Planned)	2002 (Actual)
Fully-funded undergraduate places	365 920	367 785	371 500	371 500
Total domestic undergraduate places	392 986	403 414	414 039	417 128
Graduate satisfaction with higher education – proportion of students broadly satisfied with courses	90%	90%	90%	89%

Source: Department of Education, Science and Training, Graduate Careers Council of Australia

Figure 20: Pass rates in higher education



Source: Higher Education Student Statistics, various years, Department of Education, Science and Training

In 2002, there was an increase in domestic fee-paying postgraduate non-research places compared to 2001, indicating a positive response to the Postgraduate Education Loan Scheme (PELS) which commenced in 2002. A total of \$115 million was paid to institutions on behalf of 25 213 students. This equates to 11 387 places or 33 per cent of total domestic fee-paying postgraduate non-research places.

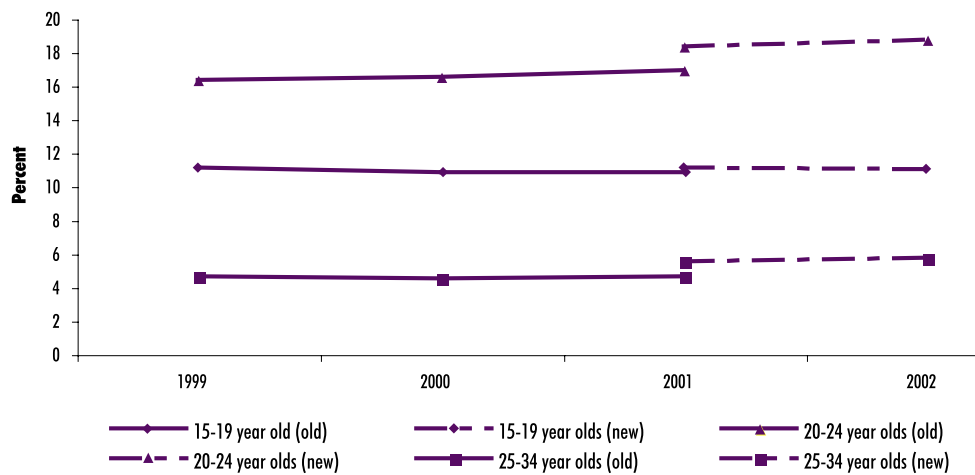
The *Higher Education Funding Act 1988* was amended to extend PELS to eligible students enrolled at four private institutions from 2003:

- ▶ Bond University;
- ▶ Christian Heritage College;
- ▶ Melbourne College of Divinity; and
- ▶ Tabor College (South Australia).

The percentage of 20 to 34 year olds participating in higher education continued to show a small but steady increase during the period 1999 to 2001 as indicated in Figure 21. By the Organisation for Economic

Co-operation and Development (OECD) standards, Australia's proportion of first time entrants to higher education programmes who are 27 years or older is high at more than 20 per cent.³

Figure 21: Participation in higher education



Note: Break-in-series 2001. Enrolments for 2001 are based on unduplicated counts of students enrolled between 1 September 2001 to 31 August 2002 while previous years enrolments are based on a snapshot at 31 March each year. Data prior to 2002 have been revised because of revised estimated resident population numbers

Source: Higher Education Student Statistics, various years, Department of Education, Science and Training; unpublished data and Population by Age and Sex, Australian States and Territories – Time Series 1971 to 2002, cat. no. 3201.0, ABS, Canberra.

³ Education at a Glance, OECD, 2002, p226.

The department has primary responsibility for managing students' contributions to their study through HECS, including the total accumulated debt, which is included in the financial statements at Appendix 8. The Australian Taxation Office, which is responsible under the *Higher Education Funding Act 1988* for collecting HECS repayments, supplies this information in

certified form as required in the Minister for Finance's *Financial Statements of Departments: Accrual Reporting Guidelines*. Table 20 shows total HECS liabilities and Table 21 provides information on the HECS outstanding debt. The outstanding HECS debt increased, primarily due to the introduction of the PELS in 2002.

Table 20: Total HECS liabilities for 2001–02 to 2002–03

	2001–02	2002–03
	\$m	\$m
Upfront payments	300	308
Discount for up-front payments	95	99
Loans	1 414	1 618
Total HECS liability	1 809	2 025
Total Payment from the HECS Special Account	1 509	1 717
<i>Voluntary repayments</i>	135	137
<i>Pay As You Go (PAYG)</i>	614	710
Total Repayments (voluntary and PAYG)	749	848
Commonwealth contribution to the Special Account	760	870

Note: *Up-front payments, discount for up-front payments, loans, and PAYG repayments for 2002-03 are estimates; figures allow for rounding.*

Table 21: HECS outstanding debt 2001–02 to 2002–03

	2001–02 \$'000	2002–03 \$'000
Total HECS debt at 1 July	7 161 530	8 103 859
Amount of HECS debt reported by institutions to the Australian Taxation Office	1 463 921	1 618 413
Indexation on HECS debt more than 12 months old at 1 June	252 232	247 095
HECS receipts paid through the tax system (PAYG) ^a	-614 117	-710 204
Amount deferred under Section 106W (hardship) of the <i>Higher Education Funding Act 1988</i>	1 701	2 132
Voluntary repayments of HECS debt to the Taxation Office	-134 624	-137 464
Bonus on voluntary payments	-19 893	-20 289
Repayments to individuals	858	862
Amounts waived under section 106L of the <i>Higher Education Funding Act 1988</i>	-1 864	-2 869
Amount of HECS debt variation where debtor has died	-3 297	-5 548
Variations performed by the Taxation Office	-1 984	-1 551
Amount of HECS debt due to bankruptcy	-604	-444
Amount of HECS debt deemed irrecoverable at law	-	-4
Amount of HECS debt variation deemed uneconomical to pursue	-	-59
Waiver of HECS debt by Department of Finance and Administration under Section 34 of the <i>Financial Management and Accountability Act 1997</i>	-	-63
Total HECS debt at 30 June	8 103 859	9 093 866
Estimated amount of HECS debt unlikely to be recovered^b	1 722 700	2 018 998
Total HECS debt estimated to be repaid	6 381 159	7 074 868

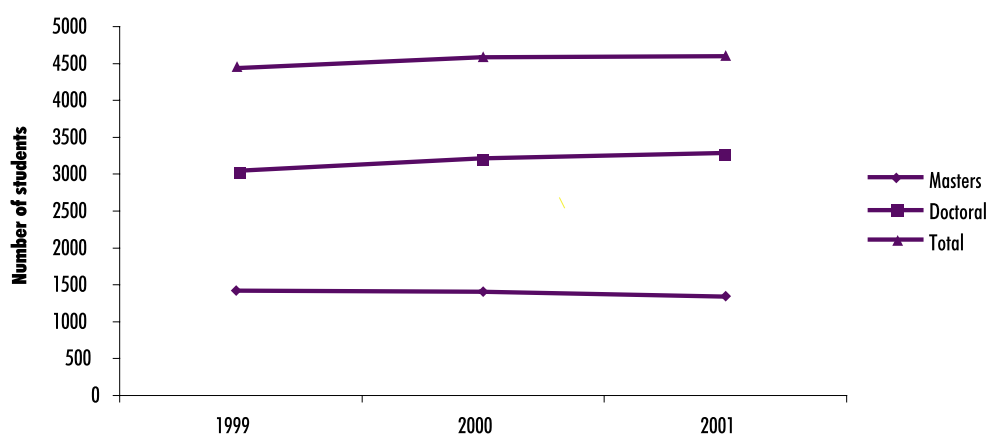
^a HECS receipts paid through the tax system (PAYG) for 2002–03 are estimated; figures allow for rounding.

^b The 2001–02 provision for the estimated amount of HECS debt unlikely to be recovered, referred to as the HECS doubtful debt estimate, has been determined by actuarial assessment. The corresponding provision for 2002–03 is a preliminary assessment.

The Research Training Scheme was fully implemented in 2002, with universities providing 21 450 places (see Table 22). The number of places was slightly lower than planned, indicating universities provided

more high-cost places than originally planned. Completions of research degrees for domestic students remained stable between 1999 to 2001 (see Figure 22).

Figure 22: Award course completions for domestic research students



Source: Higher Education Student Statistics, various years, Department of Education, Science and Training

Table 22: Higher education research enrolments

	2000 (Actual)	2001 (Actual)	2002 (Planned)	2002 (Actual)
Research Training Scheme places	21 156	21 512	22 059	21 450
Total domestic higher degree research places	24 862	25 099	24 632	25 291
International research student places	4 333	4 806	na ^a	5 149

^a na – not available

Source: Department of Education, Science and Training, Graduate Careers Council of Australia

The Commonwealth supports universities' efforts to respond to the needs of equity groups through the *Higher Education Equity Programme*, with funding of \$7.7 million in 2002. This programme also supports the Regional Disability Liaison Officers initiative and the *Additional Support for Students with Disabilities Programme*, which assists institutions in providing educational support and equipment for students with disabilities.

Research into the issues involved in assisting higher education students with learning disabilities was completed, and a

web-based learning disabilities resource package, *Opening All Options*, has been developed to assist educators and student support staff. The package is on-line at <http://student.admin.utas.edu.au/services/options/>

Participation of people from the five identified equity groups remained fairly constant between 2001 and 2002 as indicated in Table 23.

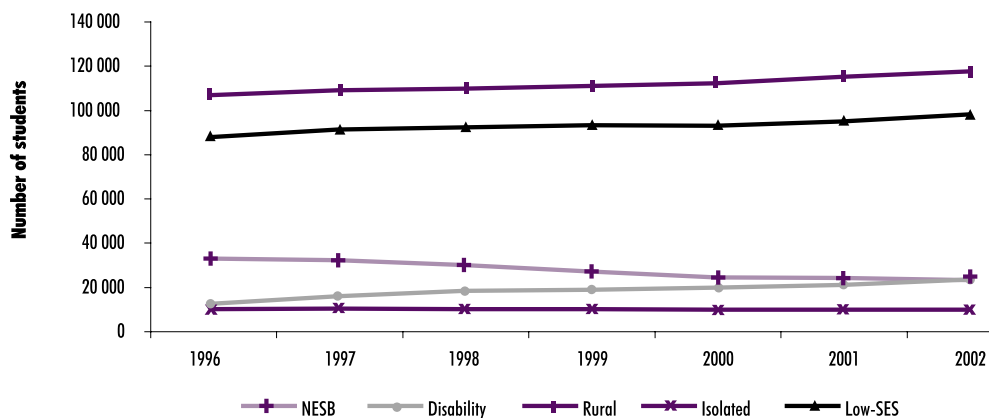
Figure 23 shows the trend in the number of students from each equity group over the past seven years.

Table 23: Equity groups in higher education

Equity Group	2001		2002	
	Number of students	Share of domestic students (%)	Number of students	Share of domestic students (%)
Students from low SES background	94 181	14.6	97 168	14.7
Students from a non-English speaking background	23 230	3.6	22 282	3.4
Students from rural areas	114 230	17.7	116 593	17.6
Students from isolated areas	9 024	1.4	8 934	1.3
Students with a disability	20 097	3.1	22 593	3.4

Source: Department of Education, Science and Training

Figure 23: Number of equity group students in higher education, 1996 to 2002



Source: Department of Education, Science and Training

Universities also received additional funding, totalling \$24 million in 2002, through the Indigenous Support Fund to develop strategies to support Indigenous students. Indigenous students comprised

1.3 per cent of the student population. Indigenous student enrolments in higher education steadied between 2000 and 2002, halting the decline that occurred between 1999 and 2000 (see Table 24).

Table 24: Indigenous students enrolled in higher education

	1999	2000	2001	2002
Indigenous students enrolled in higher education	8001	7350	8661	8871

Note: Break-in-series 2001. Enrolments for 2001 and 2002 are based on unduplicated counts of students enrolled between 1 September 2001 to 31 August 2002 while previous years enrolments are based on a snapshot at 31 March each year.

Source: Higher Education Student Statistics, various years, Department of Education, Science and Training

Funding is also provided to the higher education sector for infrastructure development. In 2002, Systemic Infrastructure Initiative funding was directed towards 22 projects to strengthen 'overhead' resources in order to support high quality research and research training in areas that included bandwidth, data and information repositories, and inter-operability.

Over 2002–04, the Minister has allocated Systemic Infrastructure Initiative funds in two key areas, information infrastructure and bandwidth. This was based on the advice of two expert committees, the Higher Education Information Infrastructure Advisory Committee (HEIIAC) and the Higher Education Bandwidth Advisory Committee (HEBAC). Funds have been committed to:

- ▶ establish the Australian Research and Education Network (AREN) as the next generation communications network for universities and the wider research community; and
- ▶ projects which will advance knowledge and its application in the effective management of research information, including storage, access and authentication issues.

In July 2002, MCEETYA agreed that a new action plan and Ministerial Statement be developed under the auspices of the MCEETYA Australian Information and Communications Technology in Education Committee. The action plan will address issues across both higher education and vocational education and training.

During 2002–03, all higher education institutions applied for second round funding under the *Workplace Reform Programme*. Thirty-one applications have been approved, and assessment of the remaining applications is underway.

Higher education reviews

The Australian Government's response to the Review of Higher Education was announced on 13 May 2003, as part of the 2003–04 Budget. The response followed a consultative process between June and September 2002. Six issues papers were produced which resulted in 373 submissions. In addition, 48 forums were held in all of Australia's major cities, in which around 800 stakeholders participated. The public consultation process concluded in October with a two-day Ministerial Forum held at Parliament House in Canberra.

Four key principles underpin the package of reforms resulting from the review: long-term sustainability and viability; improving quality; greater equity through the removal of systemic barriers to the participation of under-represented groups; and greater diversity and specialisation.

The Australian Government's higher education reform package, *Our Universities: Backing Australia's Future*, lays the foundation for a ten-year vision for Australian higher education. It details the Australian Government's commitment to a vision of higher education that will enable every Australian to find and achieve his or her own potential, while recognising the social and economic changes that are transforming Australian society.

Implementation of the reform package will be phased over several years. Most aspects of the package will commence in the 2005 academic year, though some enabling initiatives will commence in 2003 and 2004. The passage of legislation to implement aspects of the package is expected in the spring sitting of Parliament.

During 2002–03, the Commonwealth reviewed rural veterinary services education. The report of the review was finalised in January 2003, and found that there were sufficient numbers of veterinarians being trained. Funding arrangements for veterinary schools were considered in the context of the Higher Education Review. The Commonwealth's recent approval of \$17.5 million in funding for the Cooperative Research Centre on Biosecurity will also provide additional training opportunities and enhanced career paths for veterinary specialists.

The final report on the National Review of Nursing Education was released in September 2002. The Government took into consideration the review's recommendations for nursing education by:

- ▶ announcing nursing as a national priority in *Our Universities: Backing Australia's Future*,
- ▶ protecting nursing from increases in HECS; and
- ▶ offering additional funding to supplement the cost of clinical education and additional nursing places from 2004 and 2005.

Recommendations related to vocational education and training have been considered in funding two projects under the *Industry Training Strategies Programme*, and one project under the *Group Training New Apprenticeships Targeted Initiatives Programme*.

Reviews undertaken for the higher education sector include:

- ▶ The Business of Borderless Education 2001 Update – September 2002
- ▶ Identifying higher education students from low socioeconomic status backgrounds and regional and remote areas – September 2002
- ▶ Evaluation of the literacy and numeracy training programme for job seekers – September 2002
- ▶ Managing study and work: the impact of full-time study and paid work on the undergraduate experience in Australian universities – September 2002
- ▶ The organisation of the academic year: trends, implications and issues – November 2002
- ▶ Research training in doctoral programs: what can be learned from professional doctorates? – November 2002
- ▶ Research 2000 selected higher education statistics – November 2002
- ▶ Socioeconomic background and higher education participation: an analysis of school students' aspirations and expectations – December 2002
- ▶ Graduate skills assessment: stage one validity study – March 2003
- ▶ Finance 2001 selected higher education statistics – March 2003
- ▶ Students 2002 (first half year) selected higher education statistics – March 2003
- ▶ Staff 2002 selected higher education statistics – March 2003
- ▶ Students 2002 selected higher education statistics – April 2003
- ▶ University credit for school students – June 2003

Strategic Priority 2: Promote quality at all levels of post-school education and training

Australia has a strong framework to assure quality post-school education and training. There is a nationally agreed cross-sectoral framework for tertiary education awards through the Australian Qualifications Framework. For the higher education sector, the Australian Higher Education Quality Assurance Framework sets out the quality assurance arrangements. For the vocational education and training sector, the Australian Quality Training Framework and Training Packages, which form the National Training Framework, provide the quality assurance benchmarks.

The challenges facing Australia's quality assurance framework for post-school education and training arise from:

- ▶ increasing numbers and diversity in the student population seeking access to post-school education;
- ▶ the impact of new technologies on learning experiences and outcomes;
- ▶ new skills and knowledge requirements from the knowledge economy and emerging industries;
- ▶ new providers and new structures; and
- ▶ an increase in the internationalisation of Australia's education and training.

Vocational education and training

Output Group 2.1: Funding for the post-school education and training systems and students

The states and territories are responsible for registering, monitoring and auditing training providers in vocational education and training. The Commonwealth's role is to provide leadership to ensure that national consistency is achieved and appropriate national standards are in place.

There was significant progress in enhancing quality arrangements in the sector in 2002–03. The Australian Quality Training Framework was fully implemented from 1 July 2002. It provides strengthened national standards for registering and auditing of training organisations and accreditation of courses.

Commonwealth, state and territory ministers, through ANTA MINCO, agreed in November 2002 to implement model clauses for state and territory vocational education and training legislation to support a national approach to legislation for the Australian Quality Training Framework by July 2004. This represents significant progress towards a nationally consistent vocational education and training system across jurisdictions, which will assist national employers and those seeking to move between state and territory labour markets.

The Commonwealth undertook to develop a *National Code of Good Practice for Responding to Complaints about Vocational Education and Training Quality* following ANTA MINCO's agreement to the initiative in November 2002. ANTA MINCO agreed to a draft National Code in June 2003, and work is underway for its implementation in 2004.

The Minister launched a National Training Complaints Hotline for vocational education and training consumers in June 2003. This hotline has been established by the Commonwealth to ensure that the clients of the vocational education and training system have an avenue to follow if they have concerns about the quality of vocational education and training services, products or policies.

A total of 79 national training packages (70 industry and 9 enterprise) had been endorsed by June 2003. Training packages, which include national competency standards and qualifications, now cover most industries and an estimated 83 per cent of the workforce. Most training packages are required to undergo review within three years of their endorsement, to assist in maintaining high quality and industry-relevant packages. At June 2003, 37 packages were under review, and one new package was under development.

A website containing *National Implementation Guides* for training packages was completed and became available in September 2002. Entries for ten training packages have been uploaded to the site, and further guides will be incorporated during 2003–04.

A Nominal Hours Range Framework to enhance national consistency of nominal hours for qualifications was adopted by ANTA Chief Executive Officers. The Nominal Hours Working Group is undertaking further work to develop strategies to investigate and reduce variation beyond the agreed nominal hour ranges in the framework.

Output Group 2.2: Assistance for New Apprenticeships

National standards for Group Training Organisations were developed during 2002–03 and became effective from 1 January 2003, with states and territories progressively auditing group training organisations that wish to be registered. The Group Training Review Implementation Committee, with representation from ANTA, the Commonwealth, state and territory governments and group training organisations, will oversee their implementation. The National Register of Group Training Schemes was established in

2003 and a group training logo developed for use by group training organisations that meet the national standards.

Higher education

Output Group 2.1: Funding for the post-school education and training systems and students

The Australian Universities Quality Agency began its formal audits during 2002. Nine universities and the Victorian Accreditation Authority were audited during 2002. Five audit reports were released publicly in 2002–03. To date, there has been no substantive criticism in the reports, although individual recommendations have been made to institutions.

Major events for the year included:

- ▶ in November 2002, the *Higher Education Legislation Amendment Bill (No 3) 2002* was passed, extending the operation of the National Protocols for Higher Education Approval Processes to Australia's external territories;
- ▶ the sixth National Teaching Forum was held in Canberra on 2–3 December 2002. The theme was 'Internationalism and Cultural Diversity';
- ▶ the Neville Bonner Award for Indigenous Teacher of the Year was introduced in 2002; and
- ▶ the Australian Awards for University Teaching were held in December 2002.

Major enhancements to the awards for teaching were announced as part of *Our Universities: Backing Australia's Future*.



2003 Neville Bonner Memorial Scholarship winner, Nicole Foreshew. The scholarship was established in 2000 in memory of the late Neville Bonner, the first Indigenous member of Federal Parliament. It is awarded each year to an Indigenous Australian to study Honours at any Australian university.

Strategic Priority 3: Assist all people to make effective transitions and well-informed choices about their careers

The Commonwealth seeks to assist all Australians to make effective choices about career opportunities available within their communities. These initiatives complement the Commonwealth's approach to improving the transition of individuals through school and from school to further education, training and work, outlined in Outcome 1 (see Chapter 3).

The *Longitudinal Surveys of Australian Youth* research encompasses three areas of interest: educational and vocational outcomes, labour market outcomes and social outcomes.

The programme is managed jointly by the Australian Council for Educational Research and the department. It studies the progress of several cohorts of young Australians as they move from school into post-secondary education and work. The programme arose out of the recognition by successive Australian Governments of the importance of the transition that young Australians make from youth to adulthood, a transition that can be difficult for some. An essential element of the programme is that the data and results are readily available to policy makers, practitioners and the research community. A range of reports are prepared by the Australian Council for Educational Research and are available from its website, <http://www.acer.edu.au>

Cross-sectoral

Output Group 2.3: Assistance for skills development and transition to work

The Commonwealth provides funding for the *Career Counselling Programme* and *Jobs Pathway Programme*.

In 2002–03, the Commonwealth provided funding of \$1.9 million for the *Career Counselling Programme*. The programme helps unemployed people to establish or develop their employment, training and education goals and develop career management, research and decision-making skills. From July 2002, additional funding for 908 places was provided under the *Australians Working Together* initiative, specifically for older people and parents/carers returning to work.

Centrelink was originally the sole agency referring clients to the *Career Counselling Programme* and this was changed in July 2002 to allow direct referrals from the providers of *Work for the Dole*, *Job Search Training*, *Green Corps* and *Job Placement, Employment and Training* programmes. These programmes are administered by other Commonwealth departments, including the Department of Employment and Workplace Relations and the Department of Family and Community Services.

Centrelink remained the primary agency referring clients to the *Career Counselling Programme*, and did not meet its minimum target of 10 000 referrals as agreed in the *DEST-Centrelink Business Partnership Agreement*. Consequently the department did not achieve the planned number of placements (see Table 25). The department, the provider and Centrelink are introducing strategies to improve Centrelink's referrals and placements in 2003–04.

The *Jobs Pathway Programme* has assisted around 69 000 young people aged 14 to 19, from around 1600 schools, who were at risk of not making a smooth transition through school and from school to further education, training or employment (see Table 25). The type of assistance provided varies, depending upon the individual needs of the young person. After an initial assessment, assistance may include: personal development; support to remain in or return to school; career counselling; job search preparation; referral to vocational education and training programmes and New Apprenticeships Centres; as well as access to ongoing support.



Table 25: Transition programmes

	2000 (Actual)	2001 (Planned)	2002 (Actual)
People placed in Careers Counselling	6 061	8 500	6 679
Young people provided with access to Jobs Pathway Programme	69 690	Up to 70 000	69 046

Source: CRS Australia and Jobs Pathway Programme Internet System (JPPIS)

The Partnership Outreach Education Model (POEM) pilots began in April-May 2002. The pilots help young people aged 13 to 19, who are disconnected from mainstream schooling and, at times, from family and community support, to develop their education levels, life skills, self esteem and employability skills. Some \$4 million supported 21 projects across Australia over 2002 and 2003.

Local support networks were formed around the pilot project to link disconnected young people with support services, other education providers, business and their communities. The pilots help them to access a range of accredited education options, and to re-engage with mainstream education in comfortable settings. The pilots ensure a flexible, holistic and cohesive approach is taken to helping participants deal with their often complex and compounding personal issues.

During 2002–03, POEM pilots assisted 964 young people with full-time accredited learning and life skills development. Of these, 56 per cent were male, 35 per cent Indigenous and 41 per cent homeless or at risk of homelessness. A further 800 young

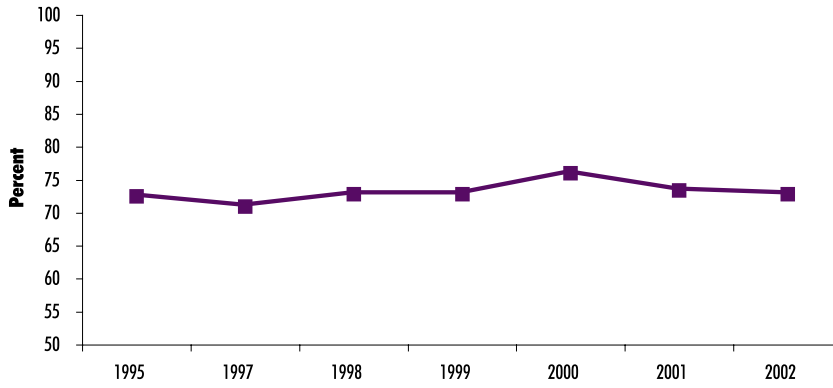
people were assisted on a part-time or intermittent basis with short courses and other personal development activities.

Early evaluation information suggests that these pilots are successfully delivering relevant and accredited education and training in community-based learning environments for young people.

Overall effectiveness of the post-school education system

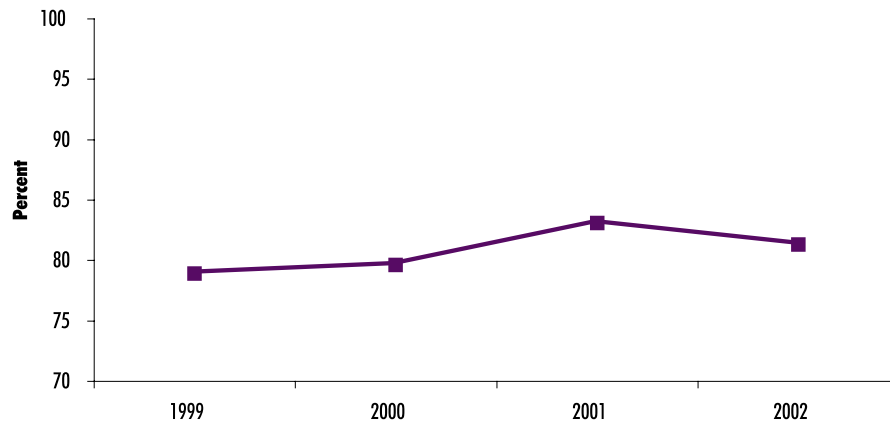
The effectiveness of Australia's post-school education and training system is demonstrated through economic returns to both the individual and Australia. People with post-school qualifications enjoy higher levels of employment and lower levels of unemployment. The employment rates for technical and further education and higher graduates have remained steady over the last seven years at around 73 and 80 per cent respectively (see Figures 24 and 25).

Figure 24: Employment rates for technical and further education graduates



Source: *NCVER Student Outcomes Survey*

Figure 25: Employment outcomes for higher education graduates



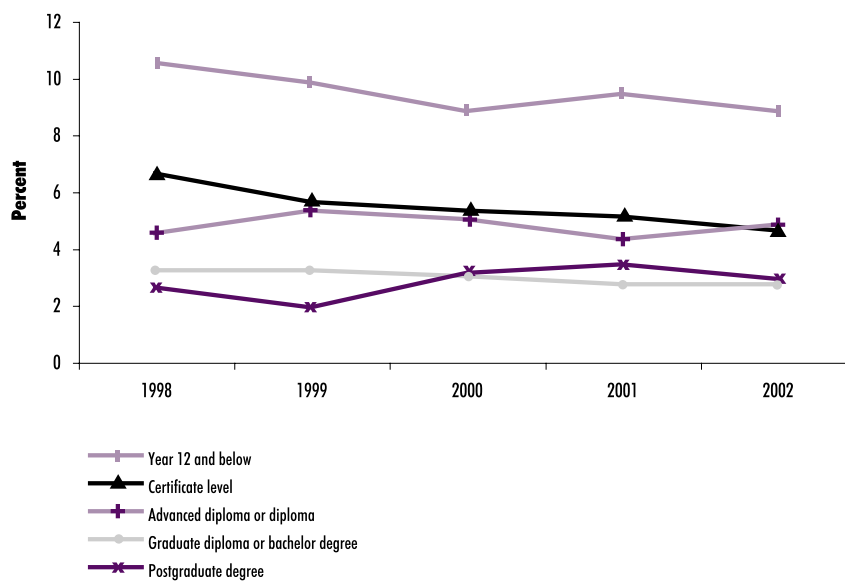
Note: *These figures represent the proportion of new higher education graduates available for full-time work in full-time work four months after graduating*

Source: *Graduate Destination Survey, Graduate Careers Council of Australia*

The levels of unemployment for people with both higher education and vocational education and training qualifications remain much lower than for those without a post-school qualification. For the quarter ending May 2002 the unemployment rate for those with a vocational qualification was 4.6 per cent; and for those with a diploma

or an advanced diploma, 4.8 per cent. The lowest rate of unemployment, 2.7 per cent, was experienced by those with a graduate diploma or bachelor degree. In comparison, the unemployment rate for people with a qualification of Year 12 and below was 8.8 per cent (see Figure 26).

Figure 26: Comparative unemployment rates by education qualification



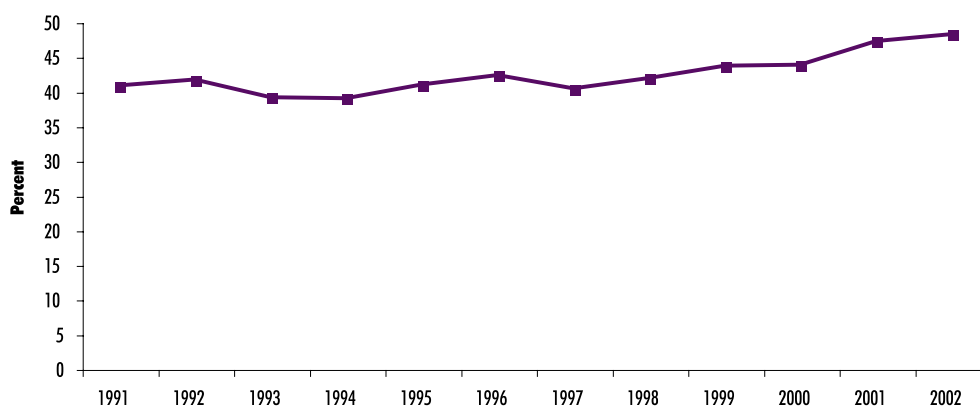
Source: *Education and Work, various issues, cat. no. 6227.0, ABS, Canberra.*

The education levels of Australia's population continue to increase as indicated in Figure 27. In Australia, 27 per cent of males and 31 per cent of females attained an undergraduate diploma or higher, compared with the OECD country mean of 24 and 22 per cent respectively.⁴

Lifelong learning has continued to be a departmental priority. Research conducted during the year considered Australia's achievements in terms of lifelong learning infrastructure, programmes and outcomes, and identified areas for further attention. Policy responses are being developed within the department and in conjunction with other departments, in particular through the Demographics Taskforce.

⁴ *Education at a Glance: OECD Indicators 2002, p55.*

Figure 27: Educational attainment levels of the adult population — proportion of persons with non-school qualifications — ages 15–64 years.



Source: *Education and Work, May 2001 and May 2002, Australian Bureau of Statistics*

Engagement in learning among mature aged people is comparatively high despite their poor attainment profile. The net enrolment rate for people 40 years and over in Australia across all education levels was 7.1 per cent, compared with an OECD mean of 1.3 per cent in 2000.⁵ Australia tops the OECD rankings for participation in formal

education by people aged 45 years and over. However, 2001 ABS data show that only 53 per cent of people aged 45 to 64 years of age had completed upper secondary education. The low attainment of this population is a key challenge for future post-school education and training policy.

⁵ 2000 data, table C1.2, *Education at a Glance*, OECD 2002.