

Investing in vocational education and training

(Report 1: 2019–20).
Tabled 8 August 2019.

Welcome

Welcome to our presentation on the performance audit report on investing in vocational education and training (VET).

Please note that this is a summary and the full report can be read on our website.

Audit objective

In this audit, we examined whether the Department of Employment, Small Business and Training is achieving successful learning and employment outcomes through its public and private providers.

Our audit included:

- The Department of Employment, Small Business and Training
- TAFE Queensland
- Central Queensland University
- five private VET providers that receive state subsidies
- four community-based organisations that receive funding under the Skilling Queenslanders for Work initiative.

Context

Queensland's public investment in VET provides individuals with training and employment opportunities aligned to the state's employment, skilling and economic priorities.

The department administers the publicly funded, contestable, demand-driven VET market, where funding is open to both public and private providers.

The government expects public providers (there are currently five) to provide strong leadership and deliver quality VET services.

In 2018–19, the Queensland Government committed \$777.9 million to VET through the *2018–19 Annual VET Investment Plan*. This includes about \$333.5 million contributed by the Australian Government.

The department subsidises some VET qualifications that both public and private organisations deliver, and prioritises the qualifications to determine how much it will pay to each.

Our conclusions—VET outcomes and managing risks

We concluded that over the last five years, the department has contributed to successful learning and employment outcomes for students and industry.

It provides students with greater access to, and choice of, qualifications. It has also effectively supported disadvantaged students to get a job, and managed the transition to a fully contestable, demand-driven VET market.

The department can demonstrate that its annual VET investment is directed towards meeting Queensland's skilling needs in a mostly cost-effective way. However, it does not measure the outcomes or value created by the State Contribution Grant, which is directed towards supporting Queensland's public providers.

The department is effectively managing the risks of funding private and public training providers in a contestable market. This provides students and the Queensland public with greater assurance that pre-qualified suppliers are delivering quality training that meets industry skill needs and supports employment opportunities.

Our conclusions—public providers

The government and the department are committed to maintaining the presence and offerings of Queensland's public providers. The department invested approximately one-third of its VET budget in 2017–18 to help public providers maintain quality services in the contestable market, and cover declining training revenue. The Queensland Government often seeks additional services from its public providers, requesting they operate in inefficient parts of the system.

There is a risk the government will need to fund a greater proportion of public providers' operations through grants for them to remain sustainable. With this potentially increasing investment, it will be important to adequately measure the value it generates.

The government needs strategies to determine how it intends to meet the future education and training needs of Queenslanders as cost effectively as it can.

What we recommend

We made six recommendations to the Department of Employment, Small Business and Training about:

- its draft Skills Strategy
- the State Contribution Grants
- the annual investment plan and subsidy lists
- the Skilling Queenslanders for Work program
- the pre-qualified supplier contract-renewal process.

We made one recommendation to TAFE Queensland about strategies and plans to improve its financial sustainability.

For more information

For more information on the issues, opportunities and recommendations highlighted in this summary presentation, please see the full report on our website.

Thank you.