

# Australian Training Providers Positioned to Meet Indonesia's Skills Needs

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October 2022



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# Acknowledgment

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This report has been prepared by Katalis in partnership with:



EQUITY ECONOMICS

Katalis acknowledges the input of Indonesian employers and Australian TVET providers who contributed through a series of interviews and survey of Australian TVET.

IA-CEPA ECP Katalis (Katalis) is a unique, five-year (2020-25) government-backed business development program unlocking the vast potential of economic partnership between Australia and Indonesia.

# Executive Summary

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**Australia's Technical Vocational Education and Training (TVET) sector is world leading.** Focused on competency-based training, industry demand, skills application, scalability, and flexibility Australian TVET providers are well placed to support Indonesian businesses to build their workforce capability.<sup>1</sup>

**Australian TVET providers are looking north to Indonesia to offer high quality skills and training.**

A survey of Australian TVET providers conducted by Katalis in 2022<sup>2</sup> found:

- 60% of surveyed providers currently deliver skills and training to Indonesian students in highly sought after areas, including in digital skills, business management, sales and marketing, tourism, and health.
- 27% currently deliver skills and training in Indonesia, with a further 53% interested in entering the Indonesian market.
- 87% identify as having courses suited for delivery in Indonesia, including courses currently ready and available to the Indonesian market, and those that could be developed to meet the specific needs of an Indonesian audience within one to 24 months.
- 20% have experience delivering courses in Indonesian, while 58% of surveyed Australian TVET providers wish to develop further capacity in Indonesian.
- 60% have experience providing courses tailored to the needs of specific businesses, working directly with firms in Australia and internationally to meet their skills requirement in-house. This avoids losing staff for extended periods to remote study. Short courses can also feed into Australian qualifications over time.

**Building workforce capability is critical to achieving Indonesia's growth and development goals.**

Indonesia continues to have strong demand for quality

vocational training. This Katalis Market Insight provides an overview of Australian TVET providers' current and potential course offerings to support those goals. Insights into Indonesia's skills need are set out in a separate Katalis Market Insights brief, including the skills and training needs of Indonesia's rapidly growing digital platforms and e-commerce sector.

**Opportunities for Australian investment in Indonesian TVET exist, but some challenges remain.**

The Indonesia – Australia Comprehensive Economic Partnership Agreement (IA-CEPA) allows for Australian majority ownership in TVET institutions based in Indonesia for the first time. To access this opportunity, Australia's TVET capabilities will need to evolve to meet the needs of Indonesia, including developing micro-credentials, the right price point and delivery model, and ensuring alignment in training needs with local regulations.

**Australian TVET providers will need to move quickly and strengthen online delivery.**

As global competition and online education rises, Australian TVET providers must strengthen online capabilities, including the use of artificial intelligence and virtual reality, to make online education possible and effective for TVET. This will be necessary to achieve a delivery model that has commercial viability for Australian TVET providers in Indonesia, as well as the ability to meet the scale of demand in Indonesia.

**TVET is often the bridge between industry and the labour market**

and has the potential to increase women's participation in the labour market, by supporting access to quality education and skills training.

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<sup>1</sup> For details on Australia's TVET model see: <https://sustainableskills.org/australia-tvet-experience/72952/>

<sup>2</sup> Katalis conducted a survey of Australian TVET providers in May 2022. Responses were received from 20% of all Australian TAFEs and a small number of the more than 4000 Australian registered training organisations (RTOs). The survey was developed and conducted by Katalis in partnership with Equity Economics. A series of focused interviews with Australian TVET providers was also conducted.

# Key Insights

**Australia is Indonesia's top overseas study destination.**<sup>3</sup> Despite this, current investments by Australian TVET providers in Indonesia are ad-hoc and limited to a few specific examples.

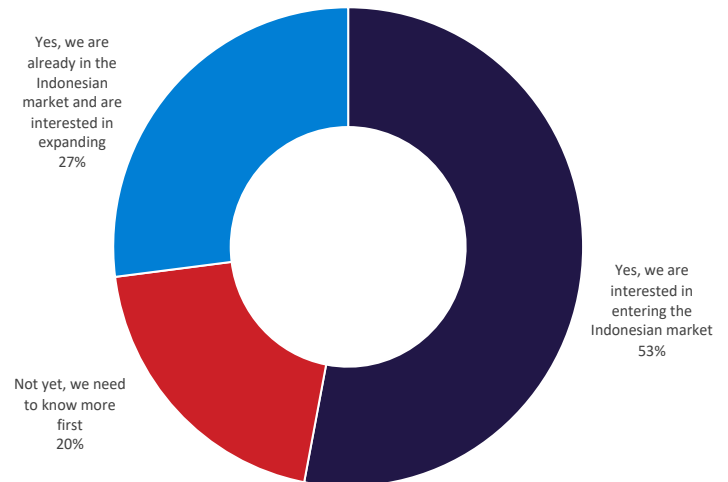
**IA-CEPA opens new opportunities for Australian TVET providers** that may change the outlook for Australia's investment in skills and training in Indonesia, and the availability of high-quality skills and training for Indonesian businesses.

- **Australian TVET providers operate successfully throughout the Asia Pacific and Middle East.** 40% of survey respondents had overseas locations in 16 different countries with China the most popular location due to market size and ease of operation. 13% had locations in Indonesia. Two Australian TAFEs had Indonesian locations, while a further two delivered programs in Indonesia with different models.
- **Australian providers are looking to expand their current and future offerings in Indonesia.** 27% already have activity in Indonesia and a further 53% are interested in entering the market. TAFE partners in Indonesia included Muhammadiyah Foundation, Binus University and LP3i Polytechnics.
- **Australia is experienced in training Indonesian students.** 60% of respondents had experience delivering courses to Indonesian students in Australia. 20% of respondents had experience delivering courses in Indonesia and in Indonesian.
- **Australian TVET is focused on delivering the skills demanded by industry.** Australian TVET providers use competency-based frameworks and 60% of survey respondents provide courses tailored to the specific needs of businesses.
- **Australian TVET is aligned to skills needs in Indonesia.** Australia is currently training Indonesian students in the top five most advertised Indonesian job categories and these areas are potentially suited to flexible delivery modes.
- **A range of operating models for Australian TVET providers exist,** including fully branded owned or co-owned campuses; partnering with

a local institution; supporting local partners with curriculum and teaching; and direct delivery of skills and training courses to businesses.

## 80% respondents in or interested in entering Indonesia

Q: Are you interested in entering the Indonesian market?



## Survey respondents' overseas locations



### TOP 5 MOST ADVERTISED JOB CATEGORIES IN INDONESIA (JULY 2021-JUNE 2022)<sup>4</sup>

1. ICT
2. Manufacturing
3. Wholesale and retail trade
4. Business Services
5. Accommodation and food

### AUSTRALIAN TVET OFFERINGS SUITABLE FOR INDONESIA (2022)

1. Digital skills: Software development, Digital comms, IT Support, Cybersecurity, Applied blockchain
2. Business management
3. Tourism
4. Sales and marketing
5. Health

<sup>3</sup> <https://www.statista.com/statistics/1272467/indonesia-tertiary-level-students-by-country-of-destination/>

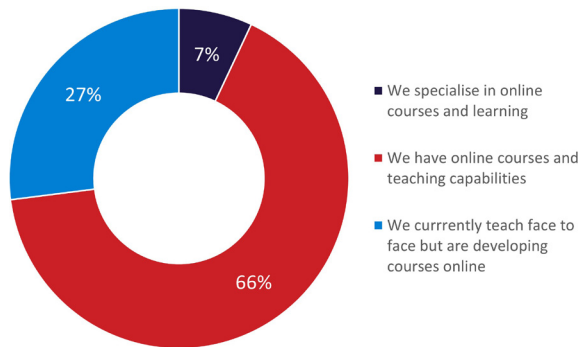
<sup>4</sup> Prospera data



## Australian TVET providers are expanding online and virtual training capabilities

The COVID-19 pandemic has forced Australian TVET providers to adapt their means of delivering courses and has accelerated a move to online formats both in Australia as well as when working with overseas partners. Many providers are offering either fully remote or blended learning formats. An increasing proportion of students are learning online while an even greater proportion of teachers are teaching online. The most common distance learning platforms used by Australian TVET providers are Moodle, Zoom and Microsoft Teams. These new delivery models provide flexible learning options for all students, including for women and people with disability.

**73% of Australian TVET providers currently deliver online learning**

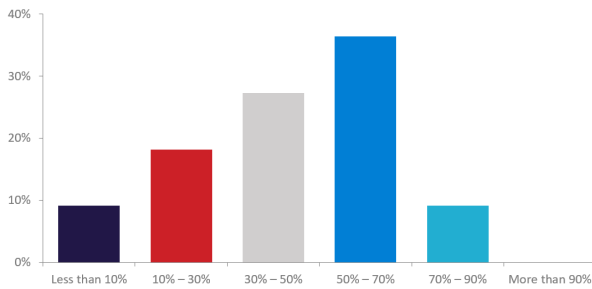


**Distance learning platforms used by Australian TVET providers**



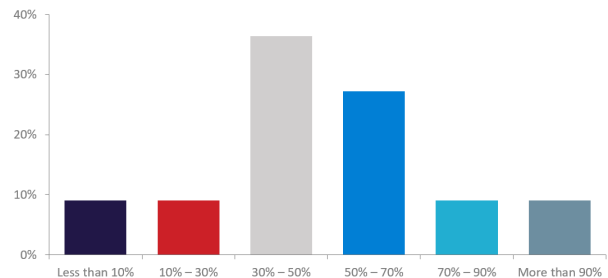
**The majority of students enrolled in Australian TVET are learning online**

*What proportion of your students are currently learning online?*



**Australian teachers are increasingly delivering online training**

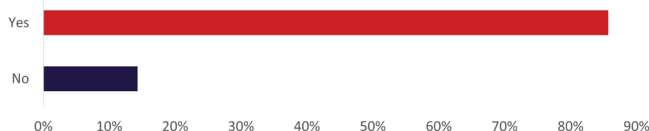
*What proportion of your teachers are delivering courses online?*



**67% of Australian TVET providers have online courses suitable for delivery in Indonesia.** Most TVET providers have the capacity to adapt and scale their current online course offerings to Indonesia within one to 24 months with an average lead time of six months.

**80% of providers have capacity to scale**

*Do you have capacity to scale your organisation's current online courses?*



“ In China we operate multiple offshore extended campuses, partnering with local institutions to offer joint qualifications. With COVID-19 we have now shifted to a virtual model which is working well.

Box Hill Institute

## Australian interest in delivering training in Indonesia is high and sector capability is developing

Overall, 87% of Australian TVET providers who responded to the survey indicated having courses suited for Indonesian delivery. The most common courses (83% of respondents) suited for offshore delivery relate to business skills. Australian TVET providers also reported suitable courses in other high demand areas, including tourism services, other professional roles, health workforce skills, and digital skills. Training and skills development in these areas aligns well with the most in demand skills in Indonesia (see separate Katalis Market Insight on Demand for Digital Skills in Indonesia).



The larger Australian TVET providers, mainly TAFEs, are well placed to deliver skills and training given their extensive teaching staff and course offerings. At the same time, smaller Registered Training Organisations (RTOs) can be more flexible and able to respond quickly to requests. The diversity of Australian TVET providers ensures the sector is well placed to support the range of needs for skills and training in Indonesia.

### Profiles of Australian TAFEs with courses for overseas delivery

	Number of Students	Number of Teaching Staff	Number of Courses	Internationally Available Course Area
TAFE NSW	500,000	2000+	1200	Sales and Marketing, IT Support, Business, Tourism
TAFE Queensland	120,000	2500	600	Sales and Marketing, IT Support, Software Development, Business, Tourism, IT Support
Box Hill Institute	35,000	800	250	Sales and Marketing, IT Support
Melbourne Polytechnic	30,000	1000	200	Sales and Marketing, Digital Communications, IT Support, Software Development, Business, Health, Tourism
SM TAFE	27,000	1250	300	Business, Software Development
Holmesglen	26,021	1018	295	Sales and Marketing, Digital Communications, IT Support, Software Development, Business, Health, Tourism
The Gordon	15,000	700	200	Health, Business, Tourism

“TAFE Queensland has proven success in delivering online and virtual courses to students and professionals in Indonesia. We currently have a suite of online and virtual courses available to students based in Australia [and] we have the capacity to expand these programs to Indonesia. TAFE Queensland is ready to offer micro-credentials or non-accredited short courses, professional programs, or full qualifications to the Indonesian market.

TAFE Queensland

## Maximising opportunities for women and people with disability

Vocational training is the bridge between industry and the labour market. In Indonesia, women and people with disability experience specific barriers in obtaining skilled work, fair pay and access to professional development and leadership opportunities. Whilst not being a panacea for these disparities, vocational training can provide accessible, flexible education and training opportunities to help women and people with disability access valuable skills and attain paid work. Through hybrid and fully online delivery models, vocational training provides a flexible means for women with full-time care responsibilities, or people living in rural and remote areas, to access skills training in their own time. TVET providers are also a major employer of women and can support the career progression of skilled females in teaching roles.

In entering the Indonesian market, Australian TVET providers can adopt a Gender, Disability and Social Inclusion (GEDSI) lens in considering the courses they prioritise offering, and the delivery model in which they're offered. For example, the e-commerce sector in Indonesia is a major employer of women, as demand for online goods and services grow amongst Indonesian consumers. E-commerce businesses have comparatively low set-up costs and allow for

flexible, home-based work with minimal overheads, making them an attractive option for women with caring responsibilities. Offering business courses which target self-employed business owners in the e-commerce sector may directly support the growth of women-led businesses and help alleviate the disproportionate number of men employed in the labour market compared to women.

The competency-based approach used by the Australian TVET sector when applied to the Indonesian market can also adopt a GEDSI lens. Ensuring competencies are not biased towards particular genders or abilities will help ensure course offerings are accessible and inclusive.

“ It is important to have gender equality targets for teacher training [such as] aiming for at least 40% female participants. This will be easier in some sectors such as hospitality but may be harder in IT.

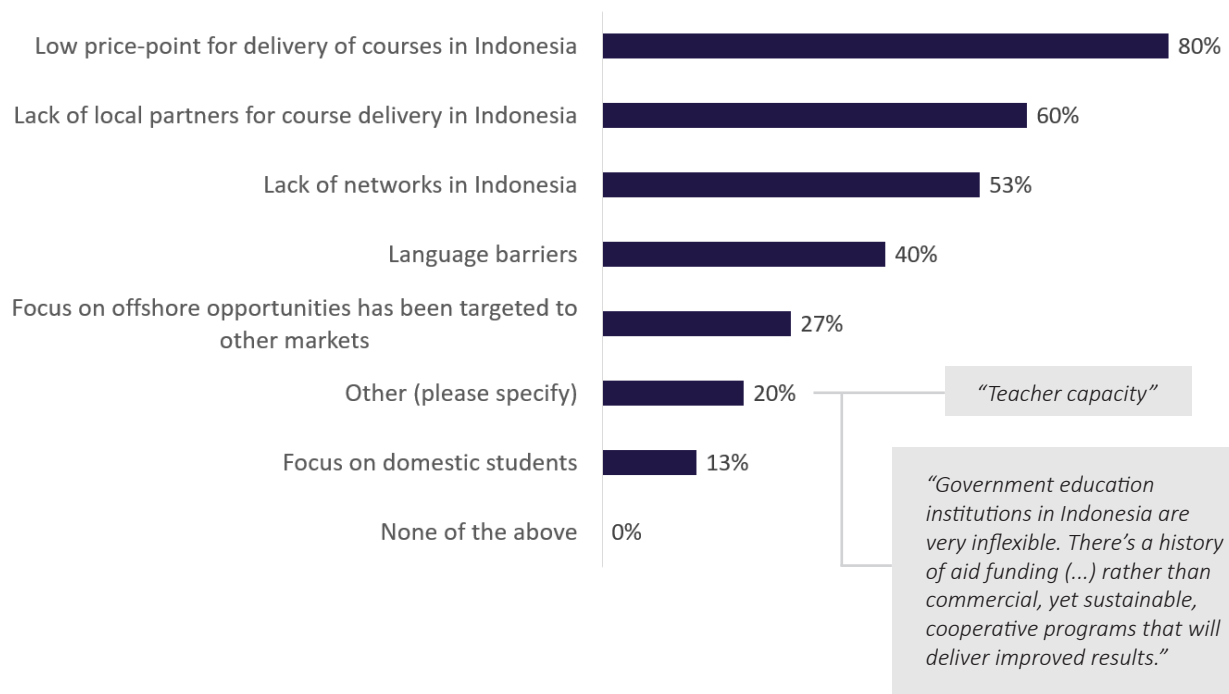
*Melbourne Polytechnic*

## IA-CEPA opens TVET opportunities, but a range of barriers remain

A number of barriers have discouraged investment in Indonesia in the past. These included foreign investment restrictions, variable quality of local institutions with which to partner, complex ministry oversight of qualification accreditation, labour market and language restrictions, as well as price point. Australian TVET providers surveyed also identified a lack of local networks in Indonesia to develop opportunities, and a focus on other overseas markets and domestic students.

Australian TAFEs cited the difficulty in navigating Indonesia's complex regulatory landscape and building partnerships in a highly decentralised system. This requires negotiations to be carried out successfully at the local government level, as well as the national level. Teacher quality was also cited as an issue. To address this, International Skills Training (IST) courses were launched by the Australian Government in 2017 to train teachers in overseas institutions in Australian TVET assessment and delivery standards.

### Australian TVET providers experience or anticipate a range of barriers offering courses to Indonesian students offshore



Recent policy reforms provide new opportunities for investment in Indonesia’s skills and training sector:

- IA-CEPA which came into force on 5 July 2020 sets out to improve trade, investment and economic partnership between Australia and Indonesia, creating new markets, relationships and opportunities for businesses, primary producers, and skills exchange. IA-CEPA allows Australian TVET institutions a majority ownership in the provision of nonaccredited training.
- Indonesia’s Omnibus Law implementing regulations allow Australian TVET institutions 100% ownership in the provision of non-accredited training.

To maximise the opportunity created by these changes, Australian TVET providers will need to consider how to succeed in the Indonesian market. Despite high demand for Australian qualifications, the price point for Australian TVET remains high, with courses ranging from AUD1,000 for a 1-month short course to AUD20,000 for a 12-month certificate. While not necessarily comparable in terms of quality or content, courses are currently available in Indonesia for the equivalent of AUD50 per month, along with a competitive market for free online courses, including by world-leading universities such

as MITx and major digital platforms such as Grow with Google.

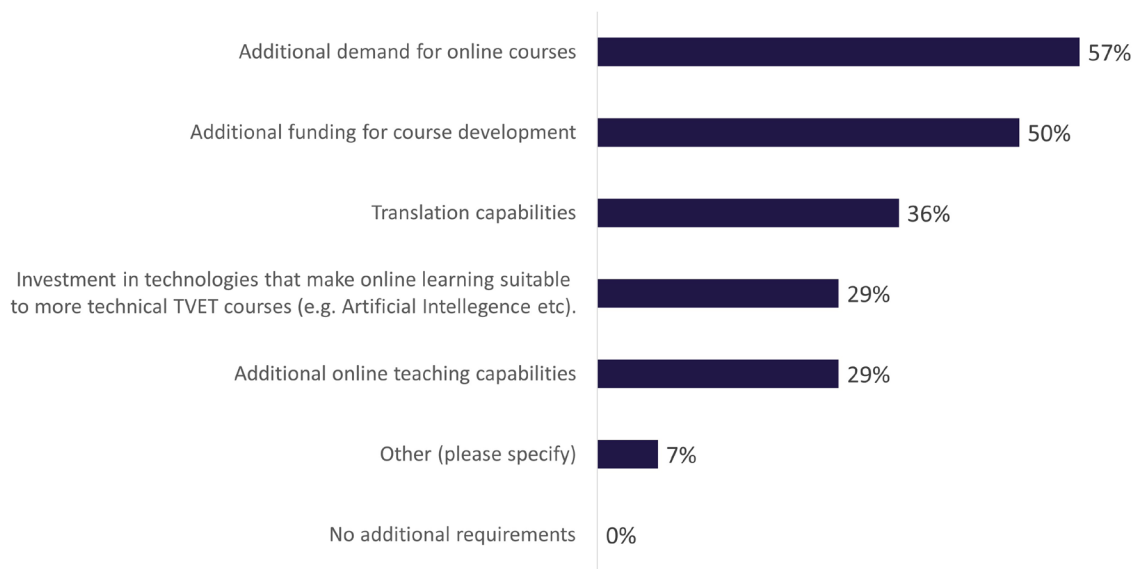
To align with the lower price point, Australian TVET providers will need to consider lower cost formats, including online delivery. Online courses provide for economies of scale and are well suited to the growing number of Indonesians seeking skills and training. While progress has been made amongst Australian TVET providers in adapting to online delivery, particularly during the COVID-19 pandemic, further investment is required to excel and compete globally with this delivery model. Not all technical vocations are suited to online learning, and competitively priced skills and training for blended delivery models are also required.

TVET providers were asked about the support they require to expand their courses into Indonesia. Respondents noted that they needed a guaranteed level of student participation to make their market entry financially viable, including an ongoing level of commitment. They also required introductions to prospective student cohorts, and funding or subsidies to enable market entry.



Even with lower cost models, Australian TVET providers recognise the need to serve larger cohorts, as well as the value of support in developing initial market offerings. Of the surveyed Australian TVET providers, 57% required additional demand for online courses to increase their online training capabilities for Indonesia; 50% required funding for online course development; 36% required translation capabilities, and 29% required investment in technology and teaching capabilities to make online training a viable and suitable delivery model for TVET.

### What would it take to increase your online training capabilities for Indonesia?



### Opportunities exist to deepen ties between Indonesian and Australian training providers

Australian TVET providers have a short window to address barriers to entry and build market share in Indonesia. TVET providers are interested in exploring and developing market entry and growth strategies to establish presence, identify stable student cohorts, and sustainable funding models. There is a recognition that operating in Indonesia requires a lower price point than other markets. This necessitates some flexibility, such as moving away from full Australian

accredited courses to locally adapted offerings such as micro-credentials. By mapping qualifications back to the Australian system, TVET providers can potentially offer partial recognition or credits towards a full Australian qualification over time. This model of delivery is better suited to Indonesia’s immediate skills and training needs, given the significant proportion of the workforce seeking skills and training in Indonesia.

“The Australian Government has recently developed a certification in cybersecurity which is ready for offshore delivery.

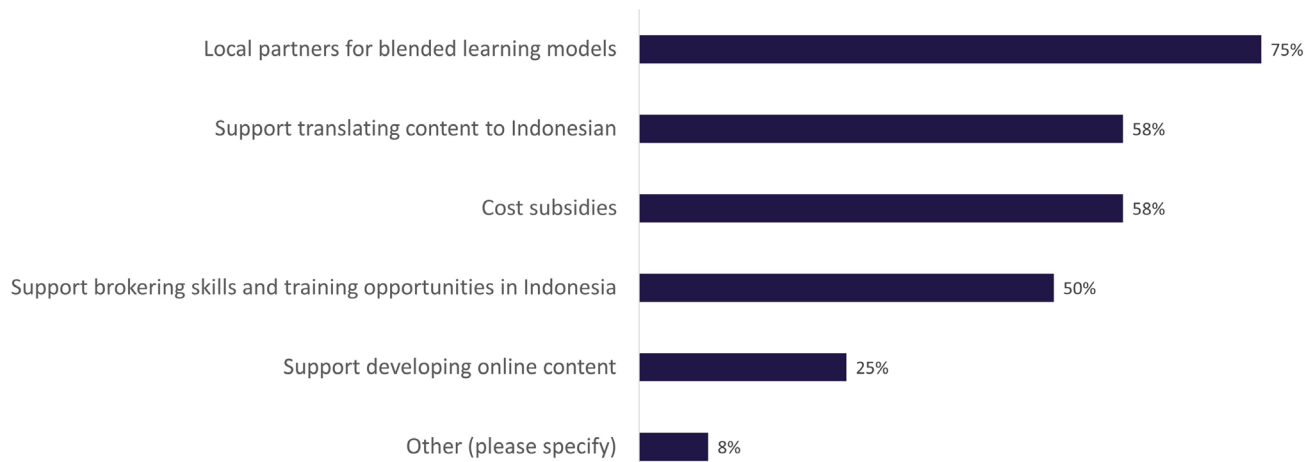
“The Victorian Government has already sponsored a suite of micro credentials developed for offshore delivery, in skills areas of need for Indonesia. This means that a consortium of Victorian TAFEs could move very quickly to support models...

“Australian [T]VET qualifications in skills areas (what is needed in Indonesia) cannot be delivered solely online. We would need to adapt content into non-AQF [Australian Qualifications Framework] programs that are mapped to Australian qualifications so that online delivery is possible.

Melbourne Polytechnic

Australian TVET providers responding to the survey identified a need for local partners to deliver blended learning models (75%), support with translating content (58%), cost subsidies (58%), and support brokering skills and training opportunities in Indonesia, amongst other requirements.

**Support required to develop courses designed to meet the skills and training needs of the Indonesian workforce offshore**



TVET providers are interested in exploring partnerships with larger companies, drawing on the broad training base of TVET providers delivering tailored but non accredited qualifications. TVET providers also expressed an interest in delivering full qualifications through partners and in some cases establishing Indonesian campuses. Many TVET providers have experience in delivering courses in Indonesian, and while this requires additional steps, particularly around quality assurance, it is a feasible option.

To help Australian TVET providers successfully enter the Indonesian market, Australian TVET providers require subsidies to accelerate market entry and help ensure financial sustainability. This could include seed funding for local partners to undertake IST training to prequalify them to provide Australian training. Cost subsidies could also be used to help develop suitable micro-credentials. In the longer-term, larger student cohorts will be necessary to operate a low-cost, sustainable teaching model.

Assistance is also required navigating the complex Indonesian institutional requirements to achieve

accredited courses in Indonesia. Linking Indonesian employers with relevant Australian TVET providers would be welcomed by the sector. Finally, support for content development and translation is needed.

There is huge potential for Australian TVET providers to build a strong and lasting presence in Indonesia. However, to accelerate this process and build momentum, support is needed to help grow successful and sustainable models that can be developed going forward. Price point remains a challenge and some TVETs will need to consider non-accredited models such as micro credentials to reduce delivery costs.

**Katalis is well placed to assist with this process and is developing an Indonesia-Australia Skills Exchange platform that will work to overcome the barriers outlined above. The Indonesia-Australia Skills Exchange will broker opportunities between the Indonesian business community and Australian TVET providers. It is expected to be operational by the start of 2023.**

# Key Takeaways

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- New opportunities exist to meet Indonesia’s workforce skills needs with high-quality Australian skills and training in technical and vocational areas.
- Australian TVET providers are working to meet the skills needs of Indonesian industry and businesses – including digital skills, business management, health, tourism, and other services sectors.
- Australian TVET providers can deliver training to Indonesian industry and businesses, focusing on their specific skill needs, through hybrid and online delivery models to manage costs.
- Additional investment and focus are needed to truly maximise this opportunity, but the Australian TVET sector is interested and capable of building its offering to the Indonesian market.
- Katalis can help you connect. If you are an Australian TVET provider able to deliver digital skills and training in the Indonesian market, or an Indonesian business looking to deliver training to your employees, contractors or clients, contact Clarice Campbell, [clarice.campbell@iacepa-katalis.org](mailto:clarice.campbell@iacepa-katalis.org) to discuss opportunities.

## Annex A. Australian courses nominated by TVET providers for potential delivery in Indonesia

	Course Area	Globally recognised certification	Delivery mode	Full Course Fee (AUD)	Course duration
Holmesglen	Sales and Marketing	Yes	Blended	5001-10000	12 months
	Digital Communications	Yes	Blended	5001-10000	12 months
	IT Support	Yes	Blended	5001-10000	12 months
	Software Development	Yes	Blended	5001-10000	12 months
	Business	Yes	Blended	5001-10000	12 months
	Health	Yes	Blended	5001-10000	12 months
	Tourism	Yes	Blended	5001-10000	12 months
	Other online courses	No	Blended	1001-2000	1 month
TAFE Queensland	Sales and Marketing	No	Blended	15001-20000	12 months
	Sales and Marketing	No	Online	5001-10000	6 months
	IT Support	No	Blended	15001-20000	12 months
	IT Support	No	Online	5001-10000	6 months
	Software Development	No	Blended	15001-20000	12 months
	Business	No	Blended	2001-5000	6 months
	Tourism	No	Online	5001-10000	6 months
	Tourism	No	Online	15001-20000	12 months
	Other online courses	No	Online	10001-15000	12 months
	IT Support	No	Blended	15001-20000	12 months
TAFE NSW	Sales and Marketing	No	Blended	1001-2000	12 months
	IT Support	No	Blended	2001-5000	2 years
	Business	No	Blended	1001-2000	12 months
	Tourism	No	Blended	1001-2000	12 months
The Gordon	Health	Yes	Blended	20001+	18 months
	Health	Yes	Blended	5001-10000	6 months
	Business	Yes	Online	5001-10000	12 months
	Business	No	Blended	2001-5000	6 months
	Tourism	Yes	Blended	5001-10000	6 months
Australia Institute of Advanced Studies	Health	Yes	Online	10001-15000	6 months
	Business	Yes	Online	5001-10000	6 months
	Tourism	Yes	Blended	10001-15000	12 months
Melbourne Polytechnic	Sales and Marketing	Yes	Blended	2001-5000	2 years
	Digital Communications	No	Blended	201-500	2 years
	IT Support	No	Blended	201-500	12 months
	Software Development	Yes	Online	5001-10000	12 months
	Business	Yes	Blended	5001-10000	12 months
	Health	No	Blended	201-500	3 weeks
	Tourism	Yes	Online	201-500	6 months
Box Hill Institute	IT Support	Yes	Online	5001-10000	6 months
	Sales and Marketing	Yes	Online	5001-10000	18 months
Outsource Institute	Other online courses	No	Online	20001+	2 years
	Business	No	Online	5001-10000	12 months
	Business	Yes	Online	501-1000	2-5 days
	Business	Yes	Online	501-1000	2-5 days
	Business	No	Online	5001-10000	12 months
SM TAFE	Software Development	Yes	In-person	5001-10000	6 months