



Australian Government

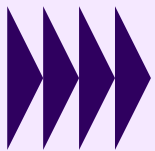


Jobs and Skills Australia

Pathways to Success

Jobs and Skills Report 2026

Supply – building and using workforce capability



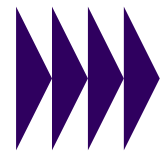
Australia retains multiple strong sources of skills supply through higher education, VET and skilled migration

Skills supply is essential. Its value depends on whether it aligns with changing job requirements and whether the capabilities formed are recognised and used effectively at work. The matching of supply and demand is constrained by pathway choices, unmet adult learner demand, uneven skills utilisation and VET system capacity. As population growth slows and workforce needs evolve, unlocking additional domestic skills supply and supporting lifelong learning will become important, particularly in the workplace context. The priority is therefore not only expanding supply, but aligning pathways, improving skills development and use in workplaces.



- A large cohort of school leavers is flowing through the jobs and skills system, with a plateau over the next decade and declines on the horizon due to declining fertility rates.
- Current school leavers have a strong preference for higher education pathways – among young Australians who are currently studying, more than two-thirds are studying a higher education degree compared to just under 1 in 4 studying VET at Certificate III or higher.
- Around 40% of adults who wanted to undertake tertiary education did not participate, mainly because of time and cost.
- 33% of women and 27% of men work in occupations below their skill potential.
- The utilisation of VET is reported to be high, with almost 9 in 10 adult graduates reporting their qualifications are relevant to their jobs.

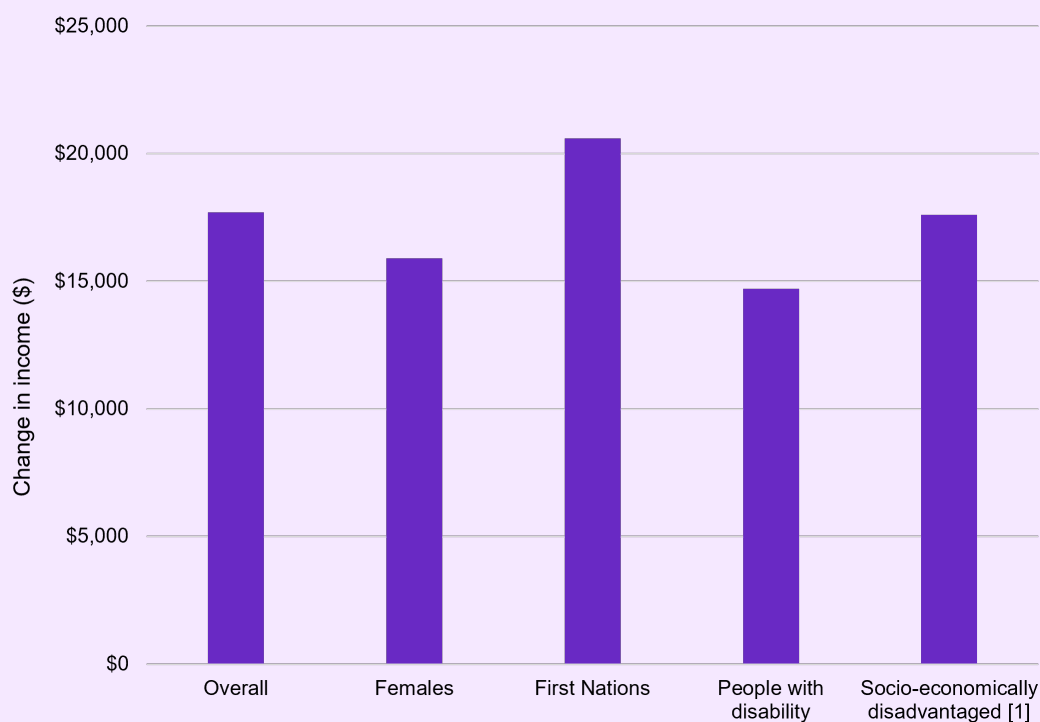
VET improves employment and earning outcomes, particularly for cohorts who have been historically disadvantaged



While young people are increasingly favouring higher education, VET remains critical to broadening labour market opportunity and strengthening participation for cohorts who have faced disadvantage. For example, First Nations graduates who completed a vocational education and training (VET) qualification in FY2022–23, experienced a median income uplift of \$20,600, which is \$2,900 higher compared to all VET completers.

Figure 1: VET completion is associated with substantial earnings gains across selected cohorts, with particularly strong income gains for First Nations completers

Change in income after completion of a VET qualification by selected cohorts, 2022–23 VET completers



Source: JSA analysis, VET National Data Asset (VNDA), 2026 release (2022/23 VET completers). Note: A full release of this data is expected in late 2026. "Socio-economically disadvantaged" refers to the socio-economic status (SES) quintile 1 from the ABS Index of Relative Socio-Economic Disadvantage (IRSD).

