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- Research and analysis
- Reports and submissions
- Communication planning

# TRENDS IN VET FUNDING NSW AND AUSTRALIA 2009 Update

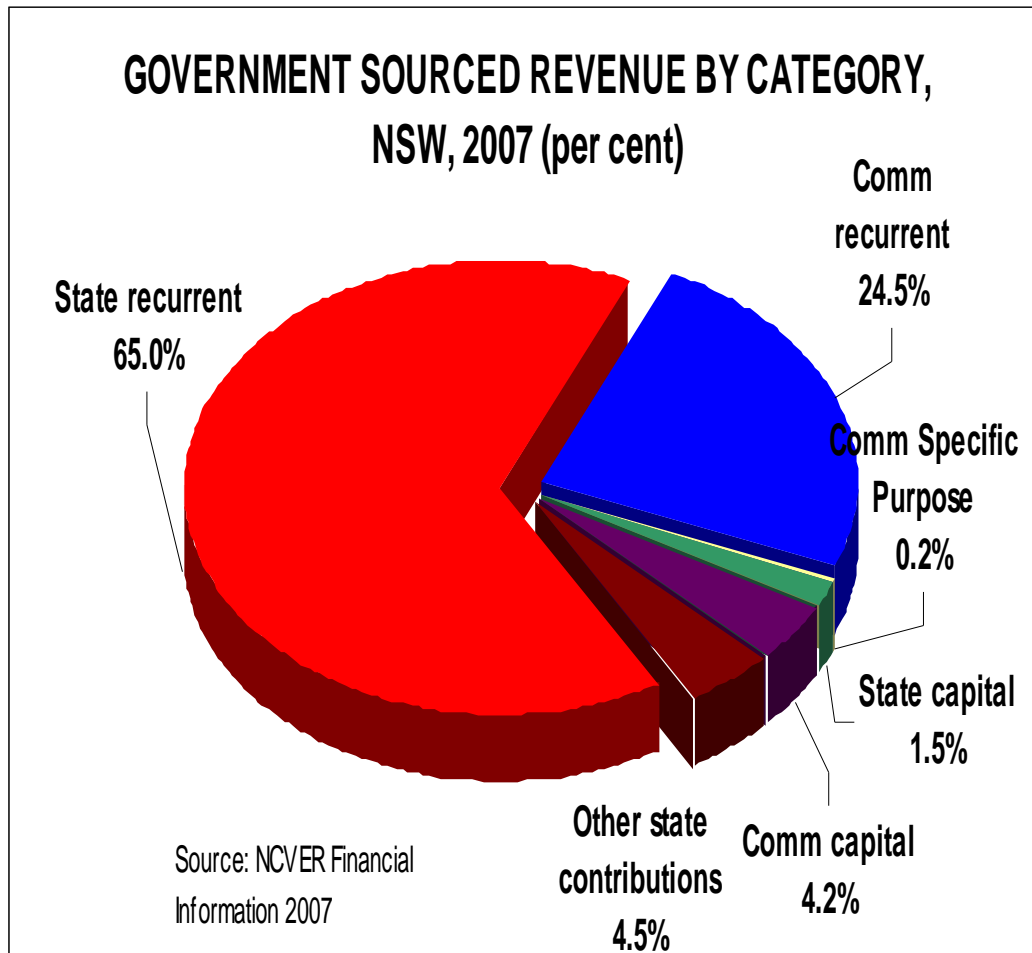
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# Funding overview

**Governments provide about three quarters of VET revenue.**

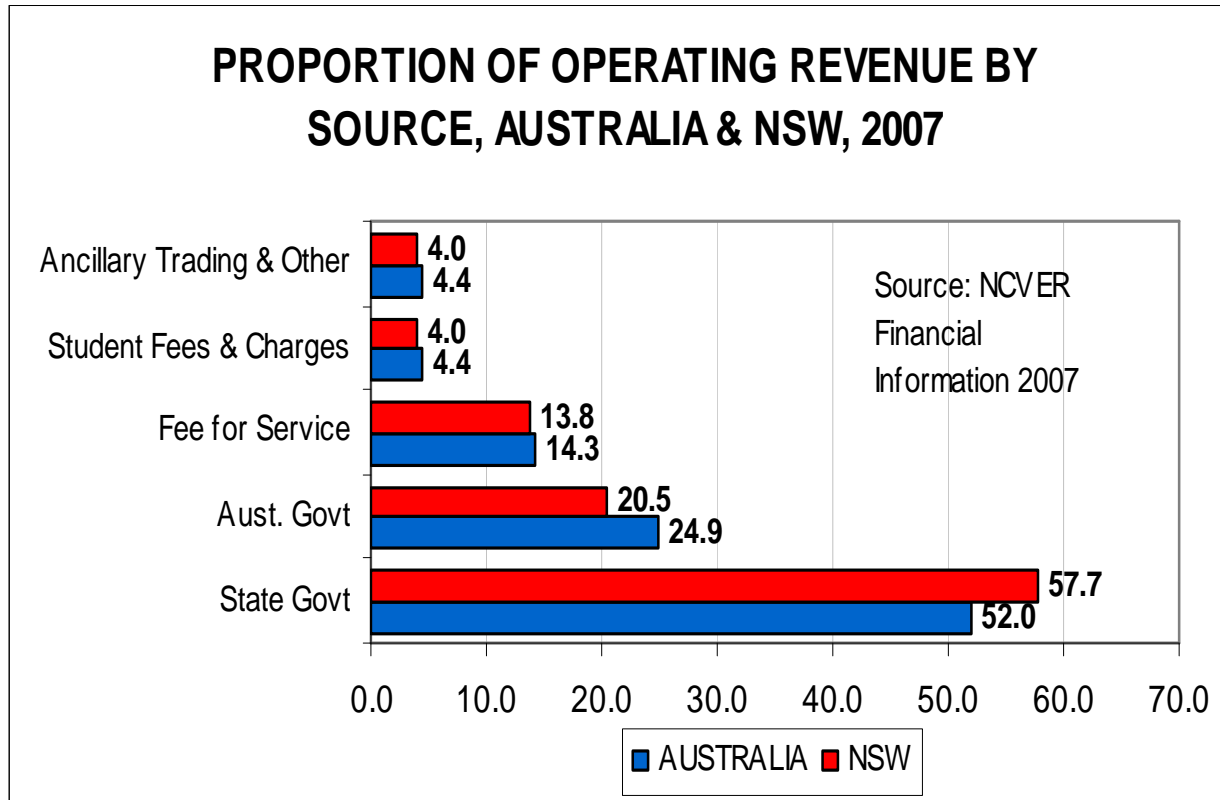


**In 2007, the Australian government provided:**

- **26.2% of NSW operating funds**
- **73.5% of capital funds.**

**State governments still provide the bulk of VET funds.**

# Sources of revenue



With downward pressure on government funds, other sources of revenue have become more important.

**In 2007, fee for service activities, student fees and charges and ancillary trading activities provided over 20% of total VET revenues.**

# Role of the Australian Government

- The Federal government provides the smaller share of government funds but has a big influence on policy and directions.
- **The Aust. government has played a major role on the pressure on TAFE funding over the last decade, although the states and territories have also played their part.**
- The Rudd Government is providing extra funds to VET. Policies support greater competition.

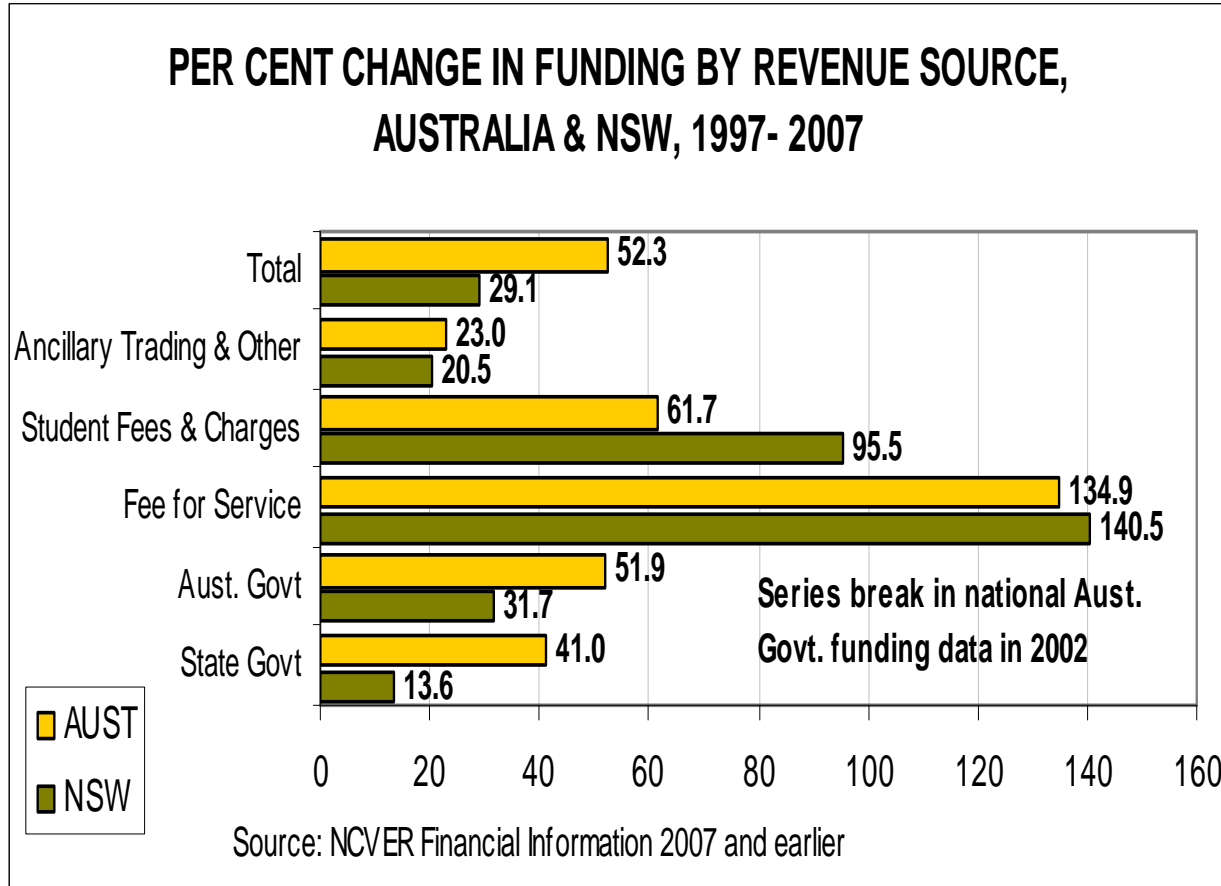
## A brief history of federal funding

- 1993-97** • An initial \$100 million and \$70m per year to fund enrolment growth.
- 1996-97** • Budget cuts reduce funding base.
- 1998-00** • Federal funding freeze: “Growth through Efficiencies”.
- 2001-03** Limited growth funding restored, states required to match.

## Federal funding history cont.

- 2004**
  - No indexation of growth funds. 7500 priority places put to direct tender by Federal Govt.
- 2005**
  - Funding rolled over. ANTA abolished. Australian Technical Colleges established. States forced to offer AWAs in TAFE.
- 2005-08**
  - 2004 funding rolled over plus indexation. \$215m for national programs and priority places.
- 2007-08**
  - Rudd government elected. 630,000 additional places over 5 years, no AWAs, competitive tendering to continue. Further 56,000 places announced in September.
- 2009-12**
  - New Agreement/s for 2009-12 providing additional funding and places over four years.

# Change in funding by revenue source



**Average state govt. funding increased by three times the level of state govt. increase in NSW.**

**Revenue from student fees in NSW increased by 65% more than across Australia.**

**Fee for service activity grew more in NSW.**

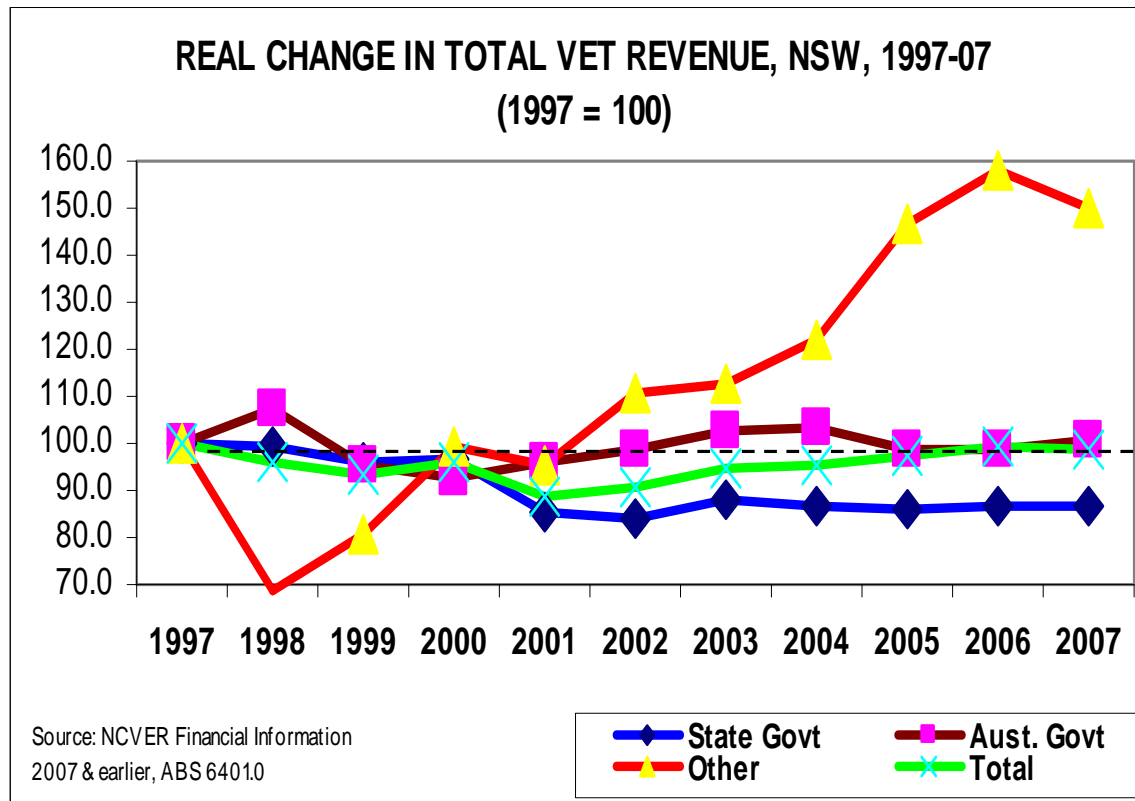
**Total revenue (unadjusted for price movements) has increased by 29.1% in NSW and 52.3% across Australia since 2007.**

# VET growth, 1997-2007

- VET enrolments in Australia increased by 14.7%, to 1.67 million.
- Annual student hours increased by approximately 33.7%, to 390.1 million hours.
- NSW enrolments grew by 12.8% in 1997-01 and fell by 0.8% since 2002. Aust. enrolments fell by 1.8% since 2002.
- NSW annual delivery hours increased by 8.6% since 2002.



## Real change in total VET revenue, NSW



Real (CPI adjusted)  
change in NSW 97-  
07:

State Govt -13.3%

Aust. Govt +0.5%

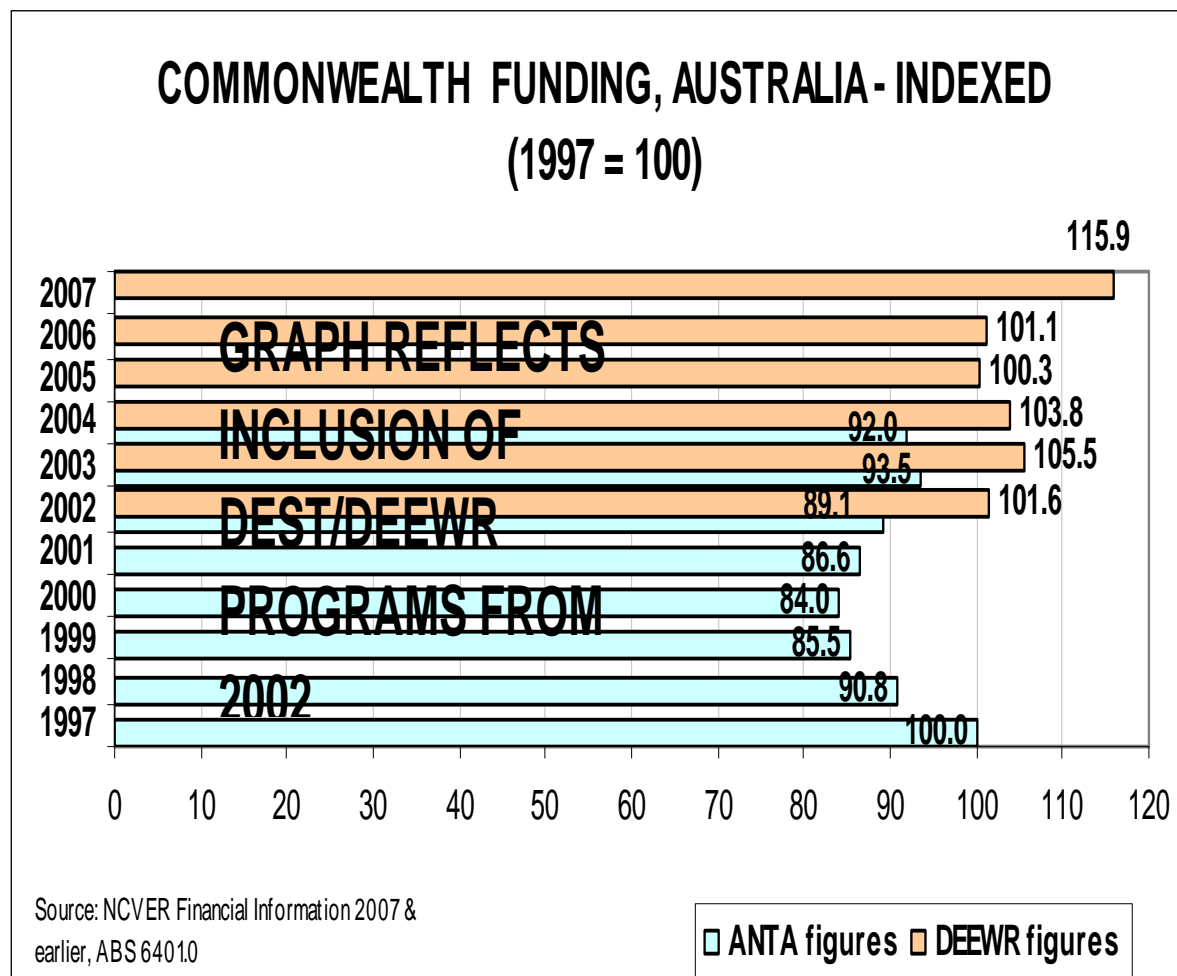
Other +49.9%

Total -1.5%

State and territory government funding for VET across Australia increased by 7.6% in real terms.

Total Aust. funding grew by an estimated real 16.2%.

# Federal funding - Australia

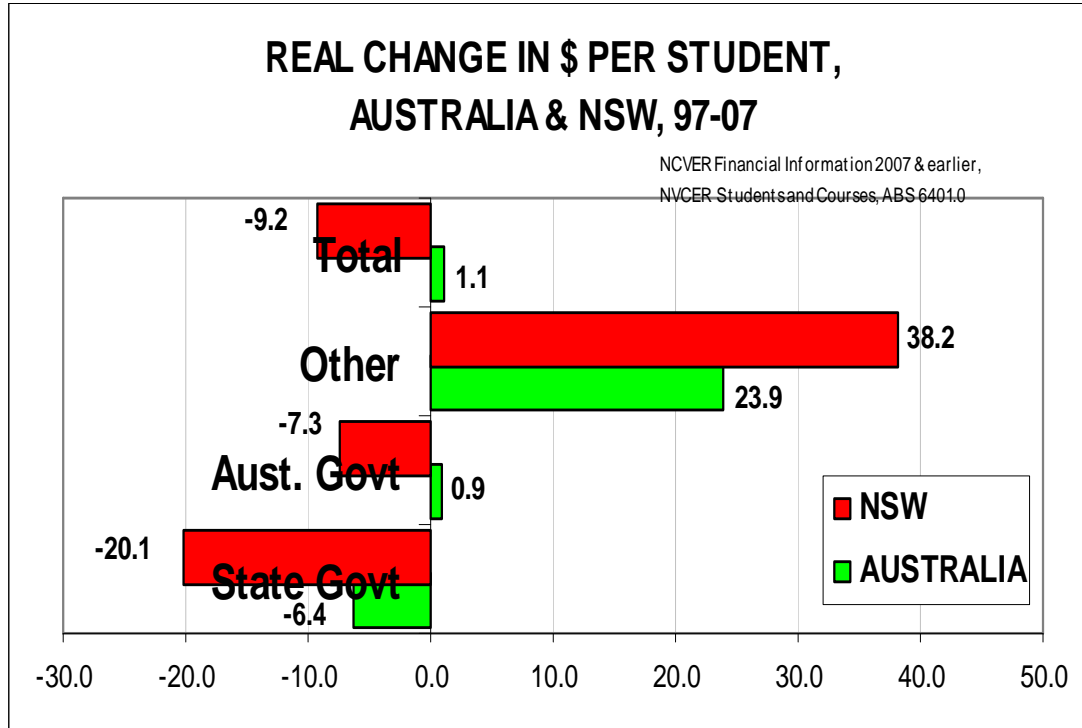


Funding data changed in 2002 with inclusion of DEST/ DEEWR programs for first time.

Funding fell again fallen from 2003 but increased in 2007.

**Real Commonwealth funding in 2007 was probably around 4.5% above 1997 levels. (a 14.6% increase on 2006)**

# Real change in \$ per student



Real per capita cuts in government funding but increased other revenue (fees, fee for service etc).

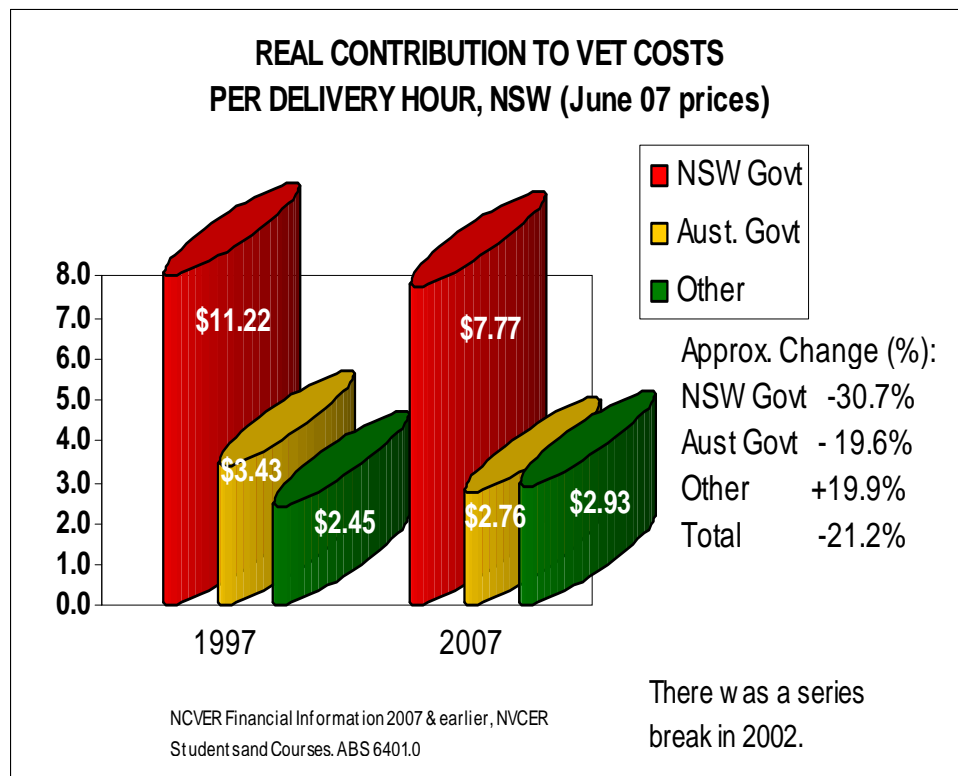
1.1% increase in **total** per capita funding across Australia but **government** funding down \$114.80.

**Real cut per student of \$319.66 (9.2%) in NSW.**

For NSW, an additional \$175.5m would be required to bring **total funding per student** back to the 1997 level.

**Governments would be required to provide an additional \$279.6m – of which \$251.5m would come from the NSW government – in order to bring **government per capita funding** in NSW back to the real 1997 level.**

# Estimated real change in \$ per NSW student hour



**Estimated total cut of 21.2% in \$ per student hour in NSW.**

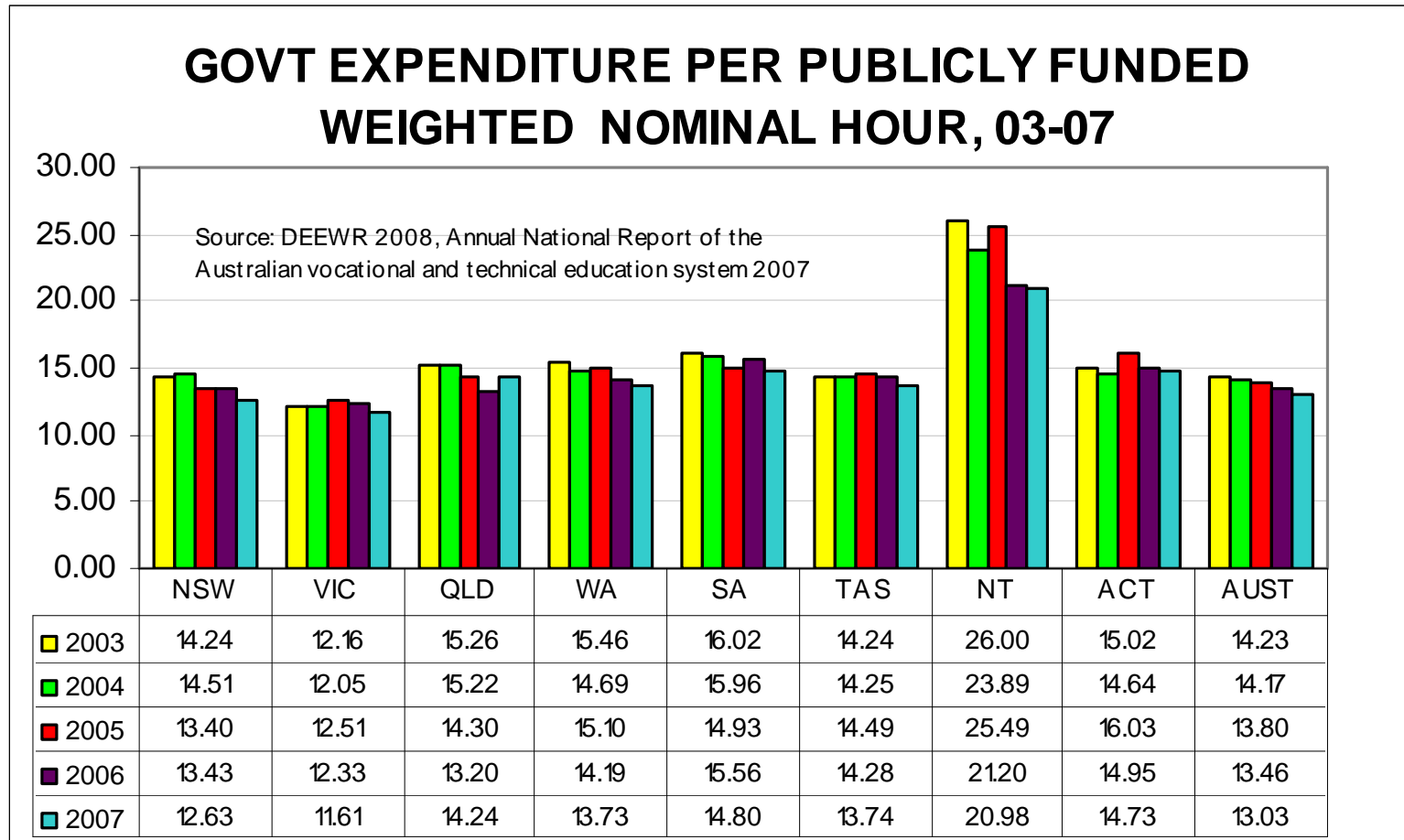
**Estimated total cut of 13.1% in \$ per delivery hour across Australia.**

**An estimated extra \$466.2m needed to restore total funding per hour in NSW.**

**In order to restore government funding per NSW delivery hour to real 1997 levels, governments would need to provide an estimated extra \$528.3m.**

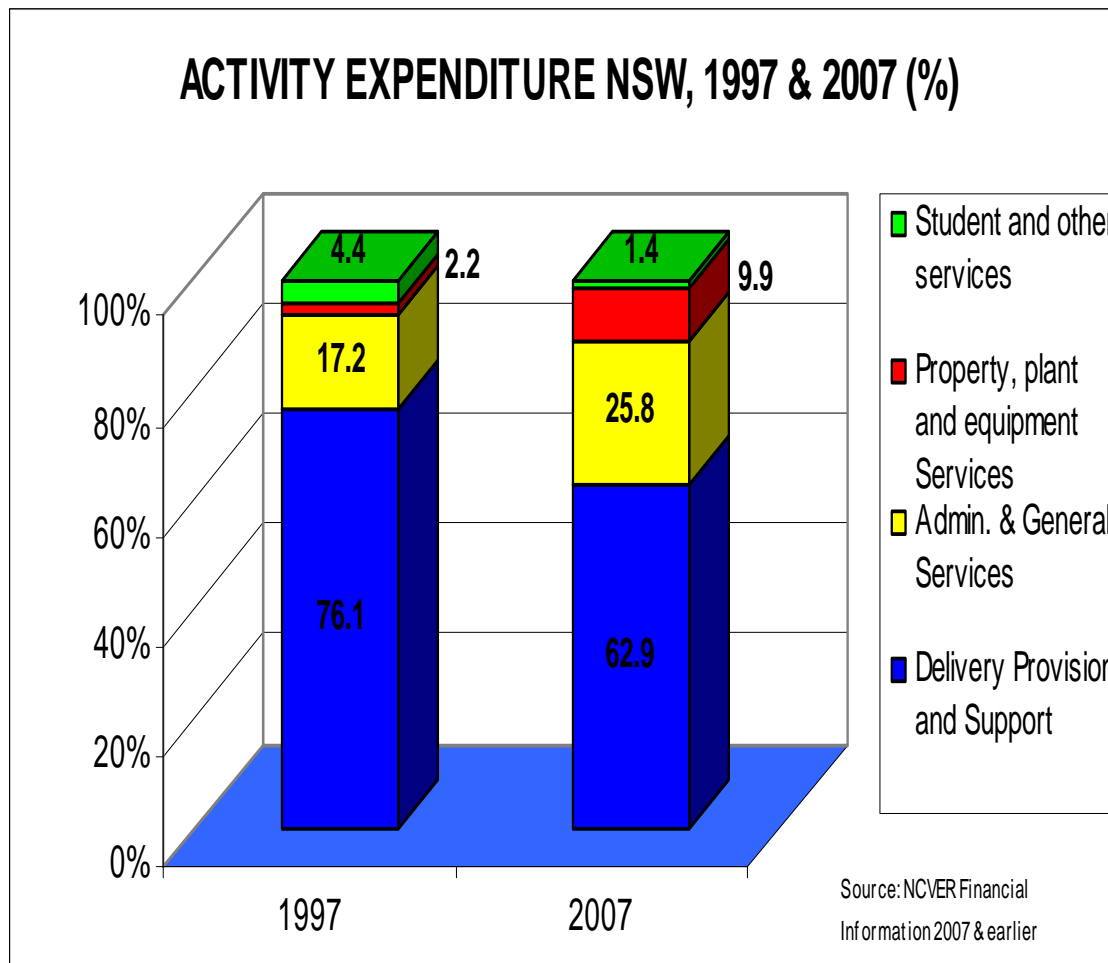
**Across Australia, governments would need to provide an estimated extra \$946.8m to restore real government funding levels.**

# Government funding per weighted nominal hour



- **NSW funding per hour is second lowest in Australia.**
- **Funding per weighted hour fell 11.3% in NSW and 8.4% across Australia between 2003-2007.**

# Change in activity expenditure



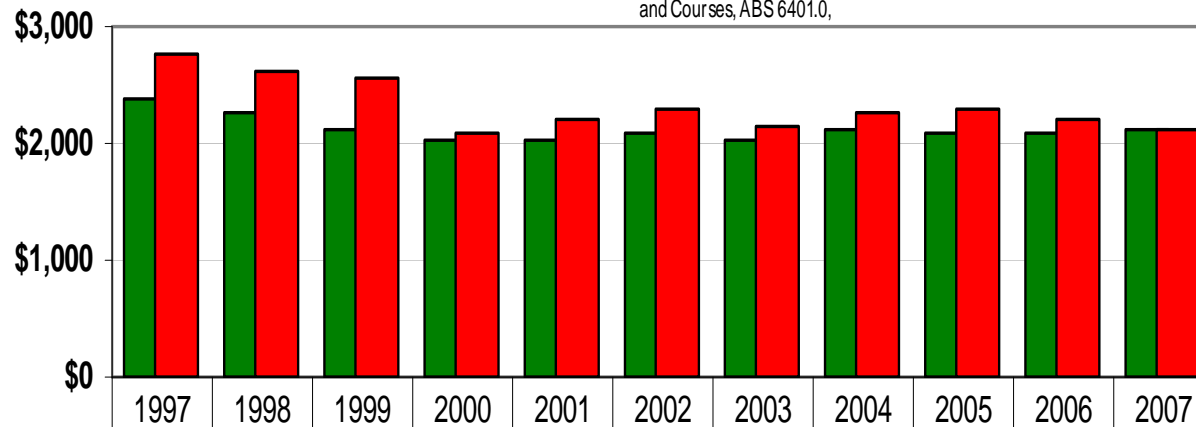
## In NSW:

- Delivery provision and support has fallen from 76.1% to 62.9% since 97;
- Admin and General Services have increased from 17.2% to 25.8%.

# Real change in delivery provision & support

**REAL CHANGE IN DELIVERY PROVISION & SUPPORT PER STUDENT, AUST & NSW, (June 07 prices)**

Source: NCVET Financial Information 2007 & earlier, NCVET Students and Courses, ABS 6401.0,



■ AUSTRALIA	2379.4	2252.3	2130.0	2040.8	2031.5	2081.3	2032.8	2111.1	2100.5	2086.4	2120.0
■ NSW	2769.3	2608.4	2559.1	2089.9	2199.5	2296.3	2135.3	2269.6	2282.2	2213.2	2131.1

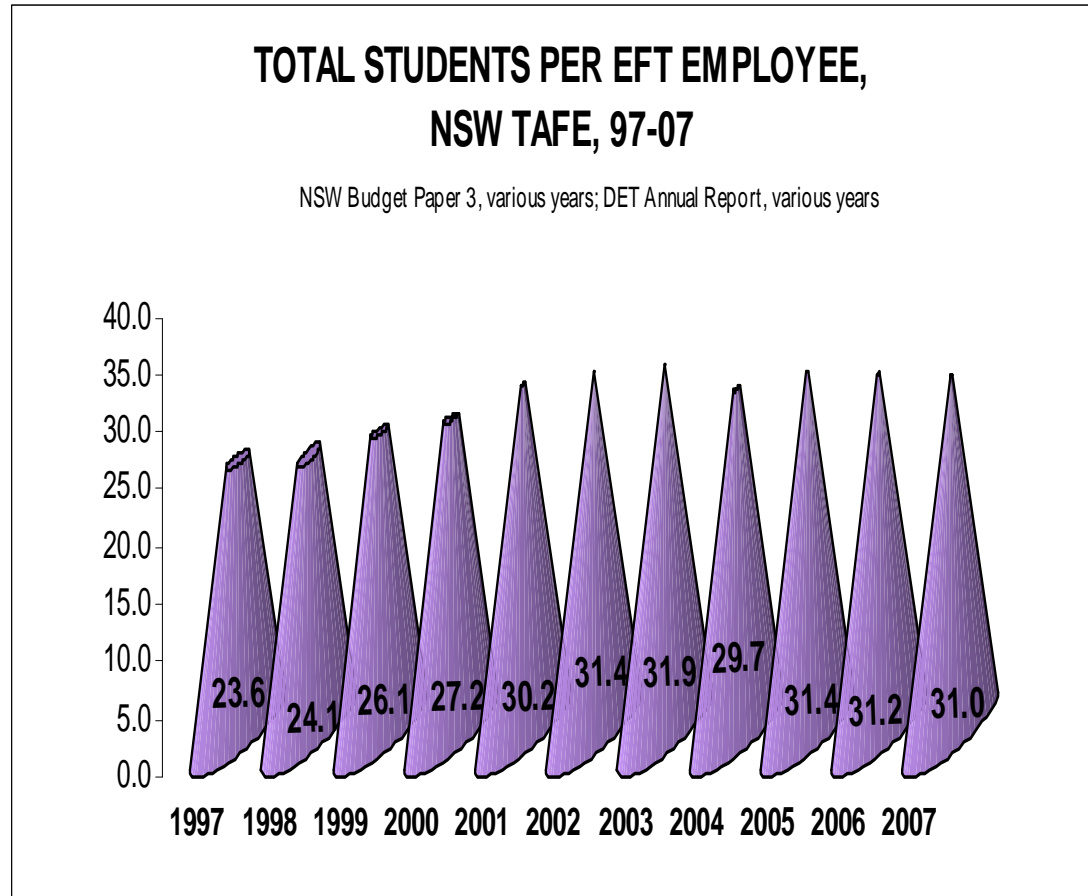
**Real cut in delivery provision and support per student 97-07:**

**-10.9% across Australia**

**-23.0% in NSW.**

**In 2007 NSW spent \$2131.10 per student, compared to an Australian average of \$2120.00.**

## Worsened student-staff ratio in NSW



An increase from 23.6 students to 31.0 students per staff member since 1997 – includes teachers and non-teaching staff.

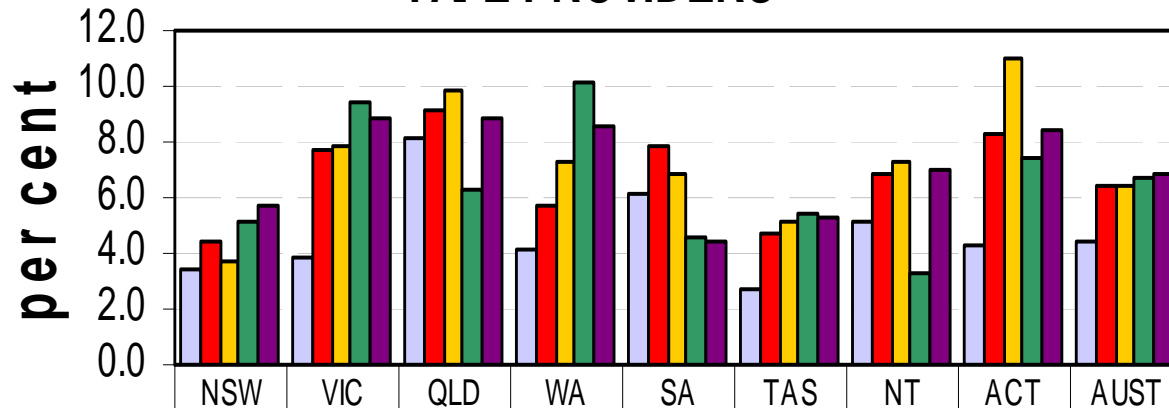
A small improvement in 2007.

Total students per FTE TAFE teacher in NSW improved from 50.2:1 in 2003 to 47.5:1 in 2007.



# Funding of non-TAFE providers

PROPORTION OF VET FUNDING PAID TO NON-TAFE PROVIDERS



	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	AUST
1997	3.4	3.8	8.1	4.2	6.2	2.7	5.2	4.3	4.4
2000	4.4	7.7	9.1	5.7	7.8	4.7	6.9	8.3	6.4
2003	3.7	7.9	9.9	7.3	6.8	5.1	7.3	11.0	6.5
2006	5.2	9.4	6.3	10.1	4.6	5.5	3.3	7.5	6.7
2007	5.7	8.9	8.9	8.6	4.4	5.3	7.0	8.4	6.9

Source: NCVET Financial Information 2007 & earlier

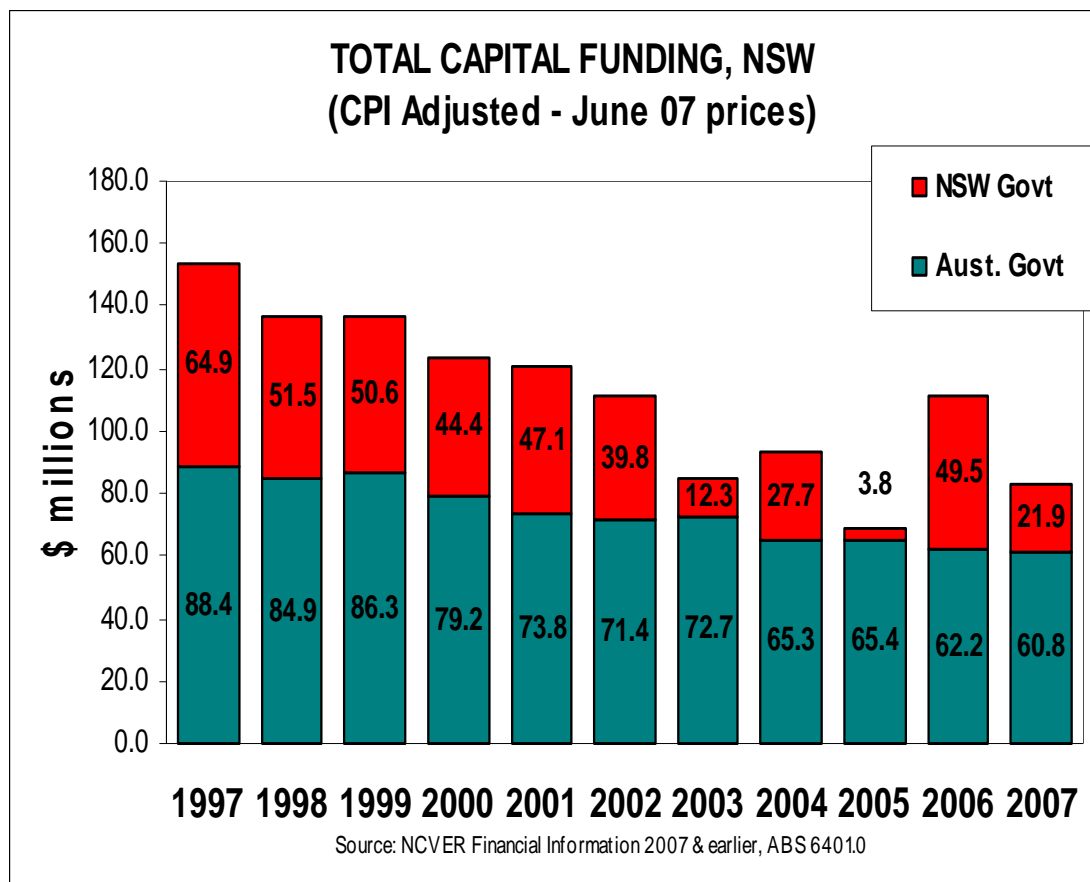
**Increase of 135.6% across Australia (97-07).**

**Increase of 126.1% in NSW – total \$106.7m in 2007.**

**6.9% of total Australian funding**

**5.7% of total NSW funding.**

# Capital works funding



**In real terms, capital funding in NSW fell by 46.1% between 1997 and 2007.**

**Between 06-07 and 07-08, Australian government funding fell by 2.2% while NSW government funding fell by 55.8% in real terms.**

**Across Australia, capital funding between 1997 and 2007 fell by 33.3% in real terms.**

# The impact on TAFE systems

- High levels of casualisation of the TAFE workforce.
- **Increased workloads and stress.**
- Downward pressure on teacher qualifications.
- **Increased student fees and charges.**
- More full fee-paying students and commercialisation.
- **Larger class sizes.**
- Threats to the viability of 'non-profitable' courses (eg literacy and numeracy courses).
- **Increased student withdrawal and failure rates.**
- Continued reorganisations, mergers and amalgamations.
- **An undermining of TAFE as the public provider of VET.**

# The new (?) agenda

- Promised an additional 630,000 places over five years (since increased).
- strengthened Industry Skills Councils, Skills Australia, and skills & training information centres.
- infrastructure funding via Education Investment Fund.
- **Strong focus on competitive tendering and commercialisation.**
- **Changes now occurring in context of Global Financial Crisis.**

# New funding arrangements

## National Skills and Workforce Development Agreement for 2009 - June 2013 agreed by COAG November 2008.

- Commonwealth to provide an estimated \$6.7 billion including capital funds and \$37m in skills and workforce development funding.
- States to deliver up to 1.15m course completions.
- Targets: to halve proportion of 15-64 yo's without Cert III and to double higher level qualifications by 2020.
- Further work to be done on market design principles – contestability and competitive neutrality in context of Global Financial Crisis.

**Education Investment Fund provides common framework for infrastructure funding for universities and TAFE.**

## Productivity Places Partnership Agreement

- An additional 506,750 qualifications commencements over 2009-2012 (now 711,000 over 5 yrs)
- **Contestable funding**
- The Commonwealth to fund 100% of places for job seekers and 50% of places for existing workers. (\$1.2 billion over 4 years.
- The States to fund 40% places for existing workers.
- The remaining 10% to be funded by **private** contributions.

### Also agreed:

States funded to waive fees for Dip/ Ad Dip courses in Children's Services.

\$400m for TAFE infrastructure in July 2009.

# Major 2009-10 Budget announcements

## • Compact with young Australians

- Up to 17, must be in fulltime school, training or work;
- Under 20, will be provided with a training place – yr 12 or equivalent; or no youth allowance/ Family Tax Benefit A
- Under 25, guaranteed training place if not in work.
- \$100m reward payments for improved yr 12/equiv. participation. (+ \$544m existing funds over 5 years).
- 10,000 extra places for retrenched workers in 09-10 (\$77.2m)
- 5,500 Aust Apprenticeship Access places over 3 yrs -19-24yos and retrenched workers (\$33.7m)
- 5,888 LLN places over 3 yrs (\$28.2m)
- Special 'deal' for Victoria on student loans

# Victoria – leading the way...??

- Government funded places on demand - if go for a higher qualification.
- **Fully contestable funding (increased base funds for TAFE).**
- **Qualification based fee structure. Diploma+ max. of \$1500 in 2009 & \$2500 in 2012. Providers able to determine price.**
- **No fee concessions for Diploma+. Income contingent loans.**
- **New teachers from industry – Cert. IV.  
(full fee??)**
- **Commonwealth will provide income contingent loans to state subsidised Dip + students in Victoria (with contribution from Vic. Govt). VET Fee-Help for full fee paying students.**
- **National market design principles deferred but on the agenda.**



## What you can do

- **Inform your community, students and local industry about the importance of funding the public TAFE system adequately.**
- **Establish local campaign committees to support adequate funding for TAFE.**
- **Highlight with local media and stakeholder groups the impact of funding pressures on courses and students.**
- **Lobby your state and federal Members of Parliament for support for the public TAFE system.**
- **Participate in Federation and AEU funding/public education campaigns.**