

# Report reveals the truth on

*The true state of VET funding in Australia and the dramatic turnaround required to meet COAG targets for higher level qualifications is revealed in a new report commissioned by the AEU.*

**T**HE report by the Centre for the Economics of Education and Training (CEET) at Monash University found that the funding per student hour had declined by over 22 per cent since 1997.

In the period between 2003 and 2008 alone expenditure fell by 11.9 per cent.

The report shows Government funding for TAFE has declined both because of the decline in recurrent public VET expenditure per hour and because of a shift of government recurrent funding away from the TAFE sector.

If both expenditure per hour and TAFE's share of that expenditure had been maintained at even 2003 levels, TAFE's funding would have been \$623.6m (or 17.0%) greater in 2008 than it actually was, the CEET report states.

AEU federal TAFE secretary Pat Forward said that the level of under-funding revealed by the report was disturbing.

"Cutting funding per student hour has been seen as a triumph of efficiency when in actual fact it has had a serious impact on the ability of TAFEs to meet demand, to properly reward staff and to upgrade facilities and equipment," she said.

The AEU also asked CEET to cost two COAG targets for higher level qualifications: halving the proportion of the population without a Certificate III or higher qualification and doubling the annual number of Diploma completions by 2020.

Researchers found it will require an increase in government recurrent funding of \$2.2 billion in total — an average increase of \$200 million each year between 2009 and 2020 in VET. ❖

**To read the CEET report visit [www.aeufederal.org.au](http://www.aeufederal.org.au)**

## What the CEET Report said about:

### Public funding of VET

Recent expenditure per public hour of VET instruction has declined almost consistently in almost all jurisdictions over the last decade or so.

Recent government recurrent funding of VET is characterised by a near year-on-year decline relative to provision.

Nationally the resources available for providing an hour of public VET have declined from \$14.86 in 2003 to \$13.10 in 2008 — a decline of 11.9% in 2008 dollars.

While nationally VET expenditure per annual hour declined by about 12% between 2003 and 2008, it declined by almost twice as much (22%) per hour from 1997 to 2008.

### TAFE's share of funding

The proportion of government VET funding received by TAFE has declined. Between 2002 and 2008 it fell from 91.6% to 89.0%. Payments to non-TAFE providers increased correspondingly. In the context of government funding that has been almost unchanged over that period, it represents a real decline in funding for TAFE.

If both expenditure per hour and TAFE's share of that expenditure had been maintained at 2003 levels, TAFE's funding would have been \$623.6m (or 17.0%) greater in 2008 than it actually was.

### What will it cost to meet the targets?

The increase in public funding required to achieve the targets is 52%, which corresponds to an annual increase of 3.9% between 2009 and 2020.

These increases translate into an increase in government funding for VET of \$157.4m in 2010 and progressively larger amounts in subsequent years — or an average cumulating increase of about \$200 million per year.

**Postponing this increase in funding either commits governments to even greater increases later or makes it less likely that the COAG targets will be achieved.**

**The Commonwealth will have to both increase its financial support for the VET sector in absolute terms and increase the relative size of its contribution compared with that of the states and territories if the COAG targets are to be met.**

# VET FUNDING

INVEST IN  
QUALITY  
INVEST IN **TAFE**

Table 1  
Government real recurrent expenditure per publicly funded annual hour, 1997 to 2008

(2008\$)	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST
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*2008 dollars per annual hour of training*

2008	12.54	12.02	14.83	12.93	13.99	14.12	16.85	21.75	13.10
2003	14.87	12.70	15.93	16.14	16.72	14.86	16.51	27.14	14.86
1997	17.71	12.96	18.06	18.10	18.23	23.75	22.66	36.99	16.85

*Percentage change to 2008*

2003	-15.7	-5.3	-6.9	-19.9	-16.4	-5.0	2.1	-19.9	-11.9
1998	-30.7	-7.0	-1.2	-19.6	-11.6	-31.4	-24.3	-39.0	-18.5
1997	-29.2	-7.2	-17.9	-28.6	-23.3	-40.6	-25.6	-41.2	-22.3



## The COAG targets

The major goal from the perspective of the VET sector is to:

**Halve the proportion of Australians ages 20-64 without qualifications at Certificate 3 level and above between 2009 and 2020**

A second COAG target focuses specifically on VET qualifications:

**Double the number of higher [VET] qualification completions (diploma and advanced diploma) between 2009 and 2020.**

## The Productivity Places Program

In 2009 TAFE institutes bid for only a small fraction of the places because of the low levels of expenditure per hour of delivery. Low levels of funding also skewed delivery to courses that required little capital equipment or existing infrastructure.

Given the fiscal constraints faced by many of the state and territory governments there is some risk of substitution of PPP places for other sources of funding.

## Student fees as a way of increasing funds

The CEET report is sceptical about using increases in student fees as a mechanism for increasing funding, as the Victorian government has done. It argues: "... higher fees undermine the goal of the greater access to VET required by the education targets. The nature of VET enrolments — mostly part-time with full-time employment — suggests that a system of income contingent loans might be less successful in mitigating financial disincentives for enrolment than it has been in the higher education sector."

# TAKE ACTION NOW

- ▶ The AEU has made it easy to take action in the campaign for better TAFE funding.
- ▶ Visit the TAFE section on the AEU website [www.aeufederal.org.au](http://www.aeufederal.org.au) and fill in the online letter to Julia Gillard and Treasurer Wayne Swan.
- ▶ Let them know how important more funding for TAFE is and that they should start delivering in the May budget.
- ▶ Sending the e-letter will only take a few moments and yet it will make a real difference in the campaign.