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CEET report

The deplorable state of TAFE funding

The true state of TAFE 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.

The 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.

The CEET report costs two COAG targets for higher level qualifications: halving the proportion of the population without a Certificate 3 or higher qualification and doubling the annual number of Diploma completions by 2020.

The report found that 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 for the COAG targets to be met.

What the CEET report said:

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.



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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.

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

(2008\$)	NSW	Vic	Qld	WA	SA	Tas	ACT(e)	NT	Aust
<i>2008 dollars per annual hour of training</i>									
2008	12.54	12.02	14.83	12.93	13.99	14.12	16.85	21.75	13.10
2007	13.25	12.12	14.86	14.33	15.45	14.61	16.19	21.09	13.62
2006	14.01	12.86	13.76	14.80	16.23	14.89	16.50	22.11	14.04
2005	13.97	13.05	14.91	15.75	15.57	15.11	17.67	26.58	14.39
2004	15.15	12.58	15.89	15.34	16.66	14.88	16.14	24.95	14.80
2003	14.87	12.70	15.93	16.14	16.72	14.86	16.51	27.14	14.86
2002	14.84	12.90	15.07	15.95	14.68	15.37	15.32	25.23	14.58
2001	14.47	12.67	14.73	15.04	12.30	17.16	14.95	23.75	14.09
2000	15.97	11.48	16.92	15.18	14.23	18.80	16.52	25.99	14.84
1999	17.05	11.49	16.28	15.93	13.83	19.66	20.06	25.53	15.20
1998	18.09	12.93	15.02	16.07	15.83	20.57	22.26	35.66	16.07
1997	17.71	12.96	18.06	18.10	18.23	23.75	22.66	36.99	16.85
<i>Percentage change to 2008</i>									
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

What will it cost to meet the targets? The increase in public funding required to achieve the COAG 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.

The CEET Report can be found at: www.aeufederal.org.au.