

AVETRA CONFERENCE 2016

# VET funding: trends issue and future options

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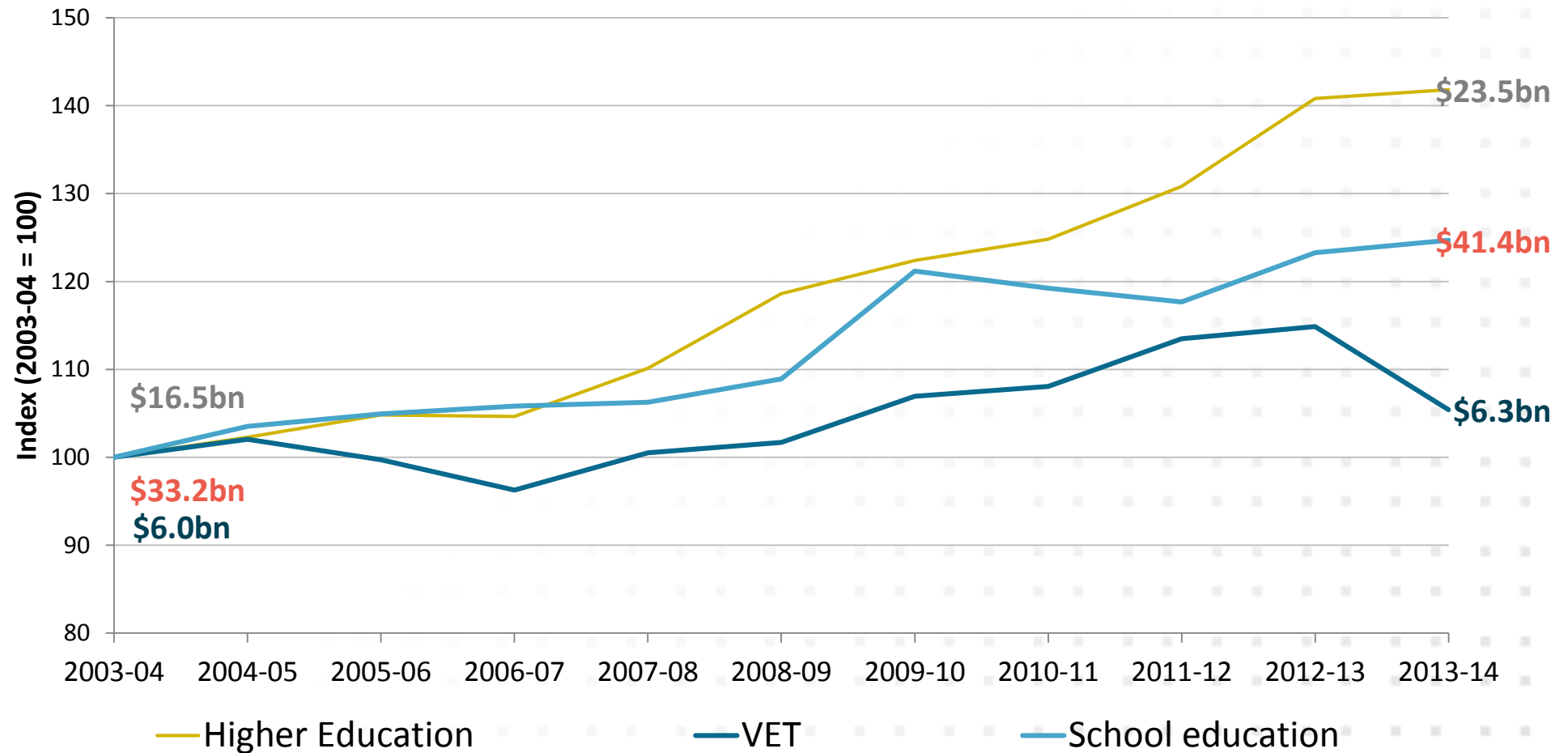
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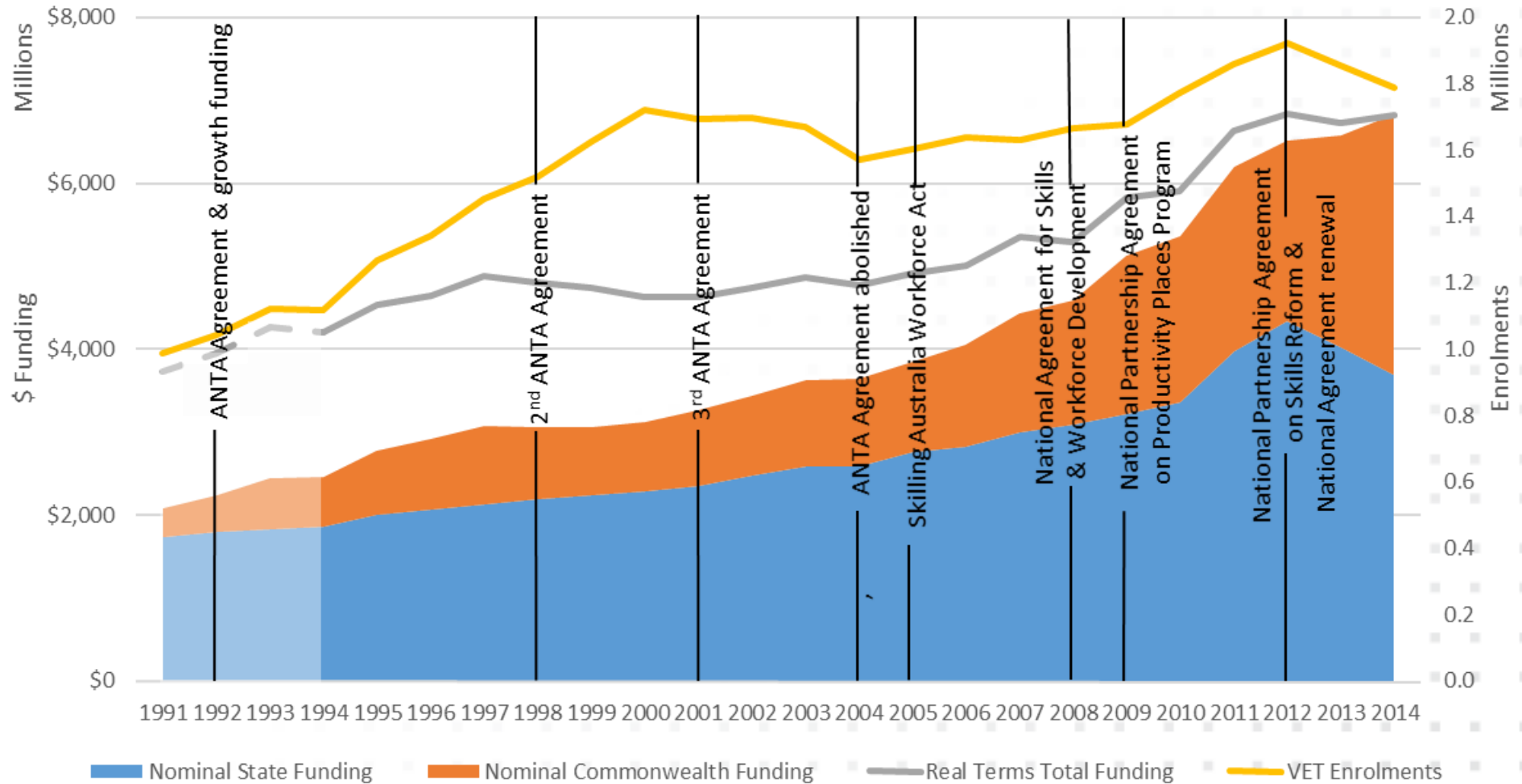
# Purpose of paper

- Part of a series of reports on tertiary education financing
  - <http://www.mitchellinstitute.org.au/reports/>
- Establish fact and information base on VET funding system
  - Skewed debate under VET FEE HELP
  - Comprehensive history of VET funding since Kangan Report
  - Analysis of VET funding trends levels and outcomes under inter-governmental agreements since 1991
  - Comparison with other sectors
- Issues with VET shared funding model
- Current state of play
- Future options

# Expenditure on education and training in Australia, 2003-4 to 2013-14

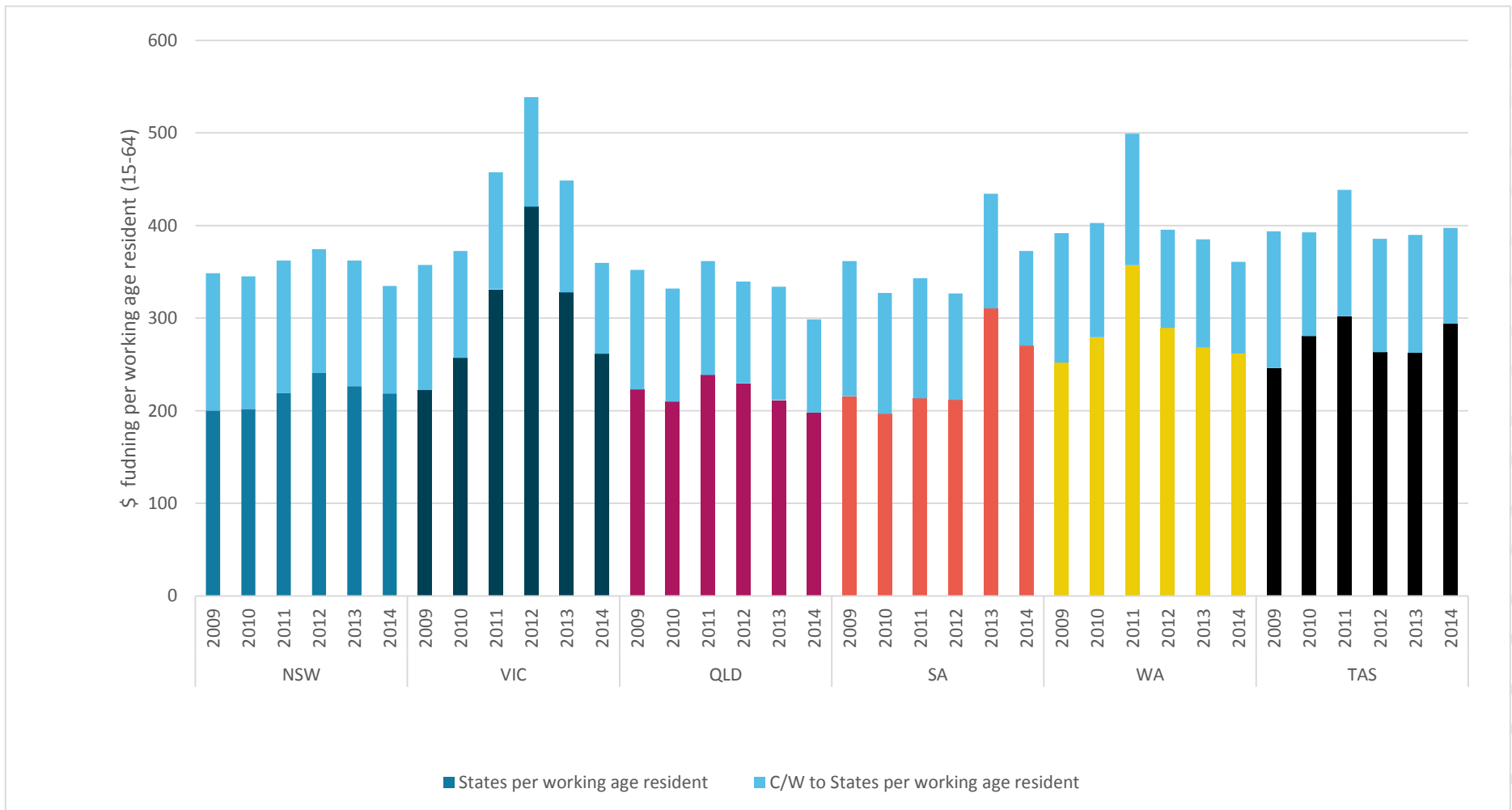


# VET Funding and enrolment trends 1991- 2014



Source: ACIL Allen Consulting and NCVET finance and enrolment data

# VET funding levels and shares by jurisdiction 2009-14



# \$ per annual hour 1997-2014

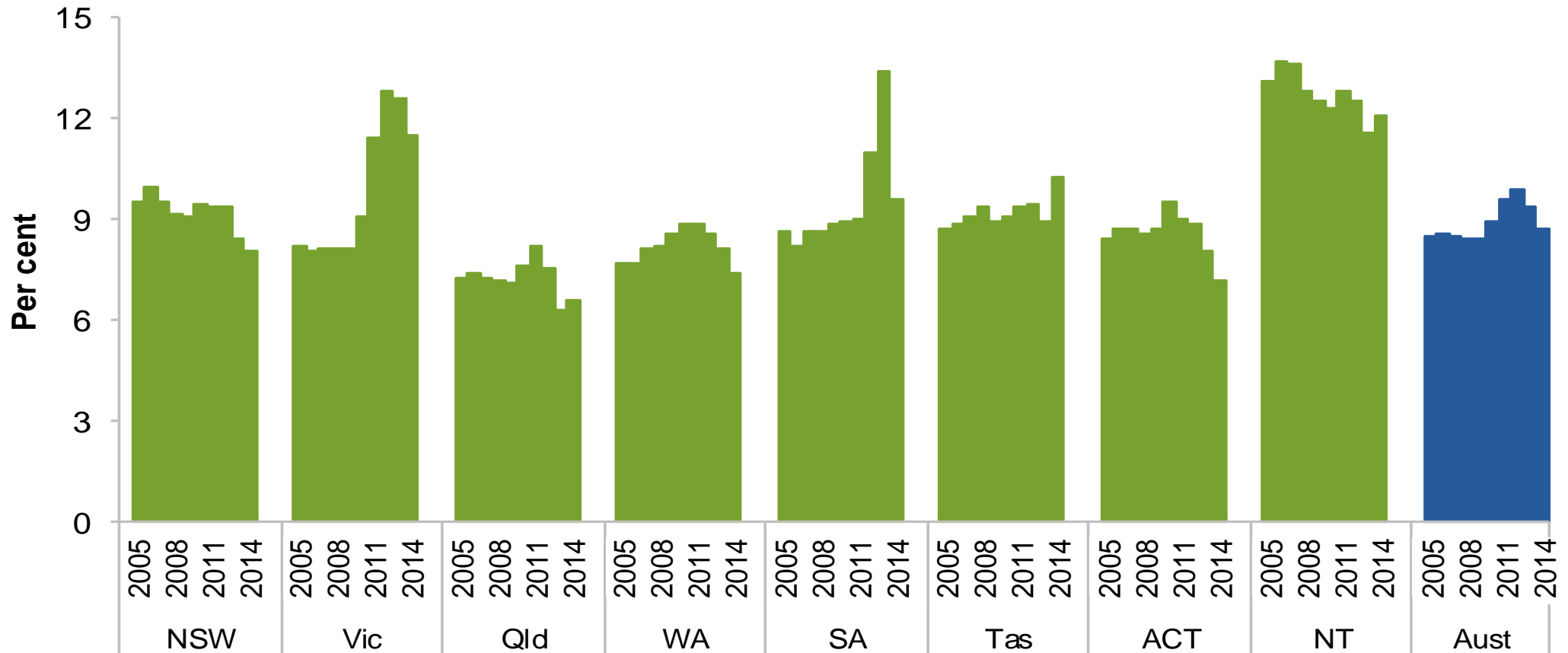
	\$ per AH	Index
2014	11.40	58.5
2013	12.86	66.0
2012	12.74	65.4
2011	13.69	70.2
2010	13.80	70.8
2008	14.63	75.1
2008	15.00	77.0
2007	15.60	80.1
2006	16.21	83.2
2005	16.64	85.4
2004	17.11	87.8
2003	17.18	88.2
2002	16.86	86.5
2001	16.29	83.6
2000	17.16	88.1
1999	17.58	90.2
1998	19.31	99.1
1997	19.49	100.0

Source Professor Gerald Burke: 2005 to 2014 data based on Productivity Commission, *Report on Government Services 2016* Table 5A.34. Data for 1997 to 2004 from earlier reports with prices changed to 2014 levels (based on Long M 2010, TAFE Funding and the Education Targets, AEU).

# Problems with current funding system

- The difficulty of applying a uniform system of Commonwealth funding across multiple jurisdictions with differing budgetary needs and priorities;
- How both levels of government can benefit from reduced costs associated with increased efficiency;
- The frequent tendency of the Commonwealth to act as a direct funder outside of the agreement when it wishes to directly secure specific outcomes;
- Growing differences between jurisdictions in funding and consequently participation levels and qualifications completion levels;
- Growing differences between jurisdictions in funding for the same qualification and in eligibility criteria for the VET student entitlement compared to nationally consistent pricing and eligibility criteria that apply in higher education (eligibility is essentially determined by institutions and without regard to prior qualifications

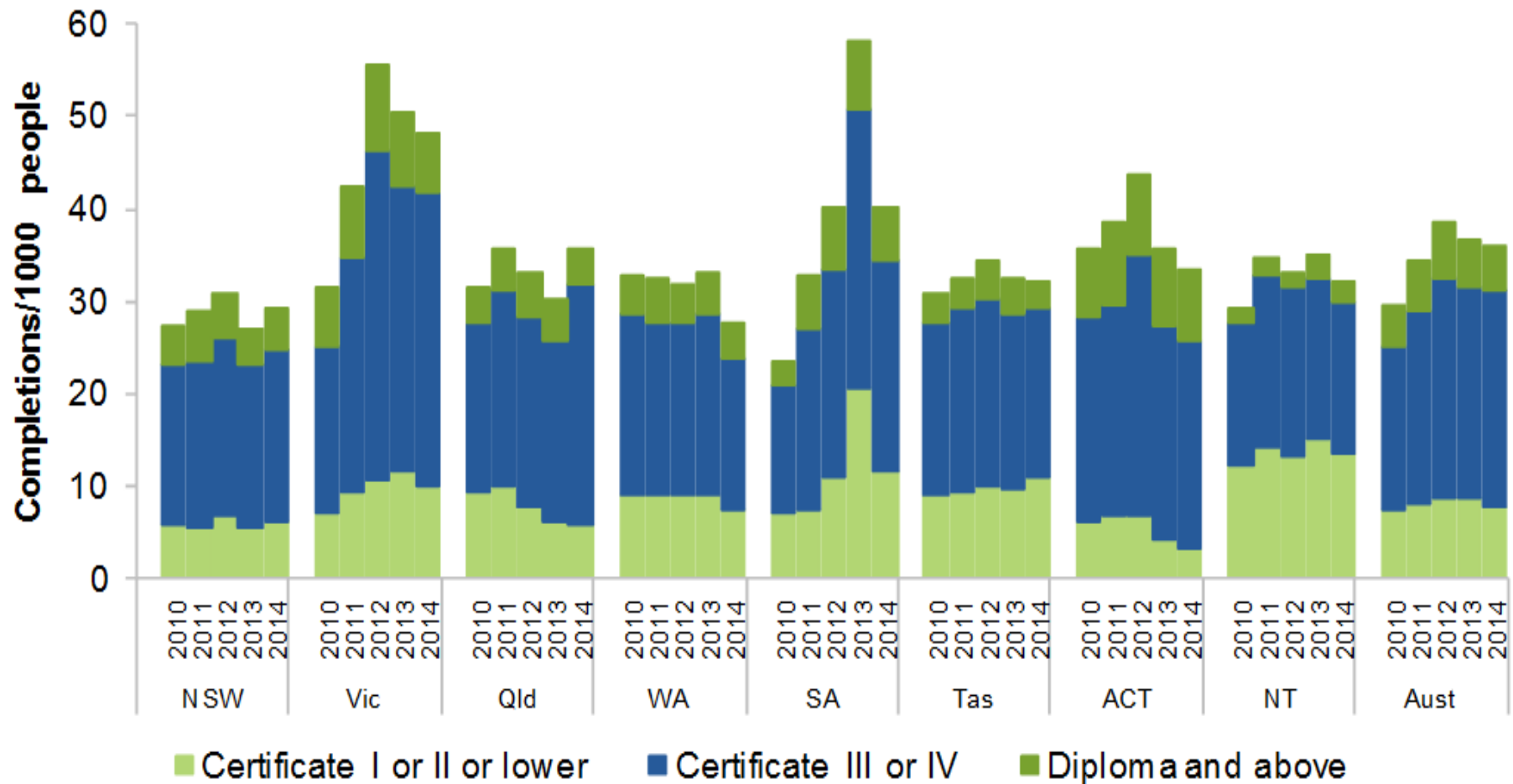
# VET participation rates 2005-2014



Source: Report on Government Services 2016 Productivity Commission



# Qualifications completed by all students aged 15–64 years, per 1000 people



# A Way Forward

- Develop a forward-looking view about the future of the VET system and required outcomes.
- Develop a clear understanding of the provider system required to deliver those outcomes – including the future role of TAFE as the public provider
- Undertake a national assessment of future participation and resourcing requirements for VET.
- Agree on the range of qualifications that should be funded under a national VET system.
- Develop a funding model for those qualifications by setting:
  - an efficient or benchmark price for each qualification;
  - the balance between public and private contributions (to make up the total price).
- Redesign VET FEE-HELP to extend it to all nationally funded VET qualifications while ensuring that the scheme is sustainable
- Determine the respective roles of the Commonwealth and the states. Options include:
  - The Commonwealth could fully fund the course subsidy and meet the costs of income contingent loans).
  - The Commonwealth and each state and territory jointly fund the course subsidy and meet the costs of VET FEE-HELP.
  - The Commonwealth and the states could agree to each fund specific qualifications.

# Possible research priorities

- Continue to build research base on VET funding and increase pool of VET finance researchers
- Improving information on all sources of VET funding
- Effects of differences in funding between jurisdictions on enrolments, participation and outcomes
- Policies and effects of subsidy and fee levels for similar qualifications across jurisdictions
- Income Contingent Loans in VET
- Policy underpinnings for setting subsidies and student contributions
- VETiS funding
- HE and VET financing