

## **Trends in TAFE student fees and charges**

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### **Abstract**

The resource pressures that have been imposed on TAFE systems in recent years have led to a greater reliance on funding from non-government sources. There has been renewed discussion about issues of equity and access, particularly following the *Varieties of Learning* paper released by the Commonwealth Minister. In this context, it seems timely to explore a national picture of TAFE fees and charges, in order to ascertain the trends in such costs to students.

This paper will review trends in aggregate and average fee levels and briefly outline state and territory policies in relation to fees and charges. While the paper will show a continued commitment to a low fee system overall, it will highlight particular concerns about student fees and charges and funding issues which need to be addressed if TAFE systems are to provide equitable access to vocational education and training.

### **Introduction**

The release of the higher education review paper, *Varieties of Learning, the interface between higher education and vocational education and training* (DEST 2002), has led to renewed discussion about issues related to equity and access to TAFE. *Varieties of Learning* suggested that students undertaking VET diplomas and articulating into a degree course would be paying 'significantly less' for their qualification. It posed questions as to whether it would be more equitable for these students to have access to income contingent loans.

The Minister has said 'There is no discussion of any change to the fees paid by *the vast majority* of TAFE students who do not transfer to university in the course of their studies'. (Nelson 2002a, my emphasis) He has also said that 'any additional money raised by changes would go directly back into TAFE therefore benefiting State Governments which largely provide vocational education and training'. (Nelson 2002b). The states and territories through MINCO have opposed the extension of HECS to TAFE. There has to date been no public indication of the final outcomes of these proposals.

The initial commentary provided by Mike Long and Gerald Burke (2002) addressed many of the concerns about the appropriateness of a HECS style system in VET as well as providing a commentary on the issues raised by *Varieties of Learning*. The issues they focused on related not only to the nature and extent of credit transfer from TAFE to university but also the characteristics of the VET sector and VET students, including their socioeconomic status, employment status, graduate earnings, and the fact that the vast majority of VET students are part time.

Some of the debates that have arisen in the wake of the *Varieties of Learning* paper have also raised the issue of equity from the perspective of a commitment to access. In other words, there have been suggestions that income contingent loan schemes would address the upfront fees that VET students have to pay, fees that may act as a disincentive to enrol. There have been anecdotal reports of growing charges – and hardships- faced by students, but little systematic research.

Underlying all of these issues is the more fundamental one of governments' responsibilities in funding the public VET system, in providing both young and mature aged citizens with access to vocational education and training. The public TAFE system has faced some years of critical under-funding, largely due to government withdrawal during a period of rapid expansion.

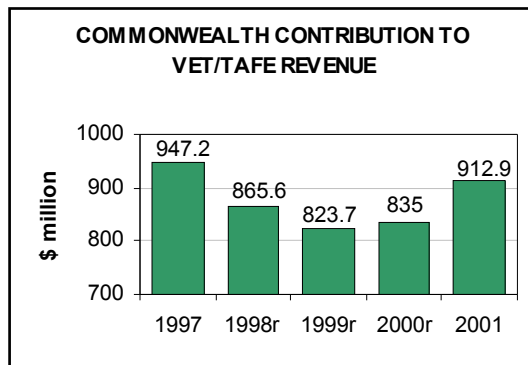
As the Victorian TAFE Association said in their response to the *Varieties of Learning* paper:

*'If the cost of learning through the publicly owned TAFE system is kept within the reach of those it is structured to serve, then there is no necessity for a recovery system of the magnitude of HECS. Equally, if the level of public support for, and participation in TAFE is matched by a similar level of fiscal support from government, there would be no need to even consider increasing the burden on learners to fund their education. (VTA 2002)'*

In this overall context, it has seemed timely to actually investigate the fees and charges that apply in TAFE across the states and territories and to ascertain the degree to which they have been increasing. This is particularly appropriate given the critical under-funding of the expanding VET system.

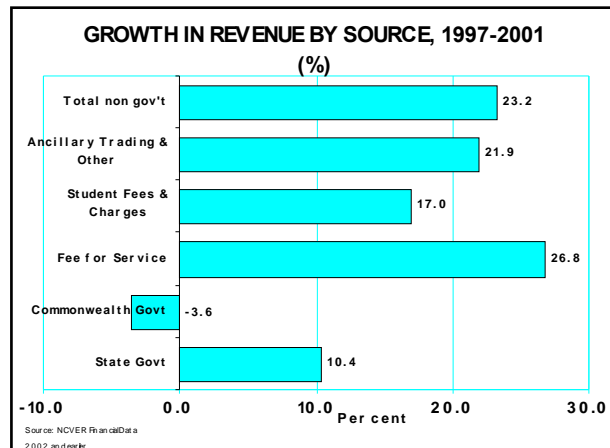
### Resource pressures

Since 1997, which was the last year of the previous growth funding regime, the Commonwealth contribution to VET revenue has been declining, as a result both of budget cuts and then the funding freeze of 1998-2000. Even with the reintroduction of some growth funding in the 2001 ANTA Agreement, the total Commonwealth allocation of \$912.9m in 2001 was \$34.3m less than in 1997. The states and territories collectively provided a total \$220.7m more than in 1997. (NCVER 2002a)



Over the same period, enrolments increased by 298,000, or over 20.4%. (NCVER 2002b) Unit costs per weighted AHC fell by 16.3% in real terms. (ANTA 2002)

In the context of these resource pressures, there has been a growing reliance on alternate sources of revenue.



NCVER Financial Data Statistics, 2002 & earlier

### **Aggregate student fees and charges**

As a proportion of total VET revenue, student fees and charges have risen from 4.1% in 1997 to 4.4% in 2001. (NCVERa)

In contrast, fees and charges in the university sector provided 15% of revenue in 1997, with HECS providing a further 15%. (Borthwick 1999)



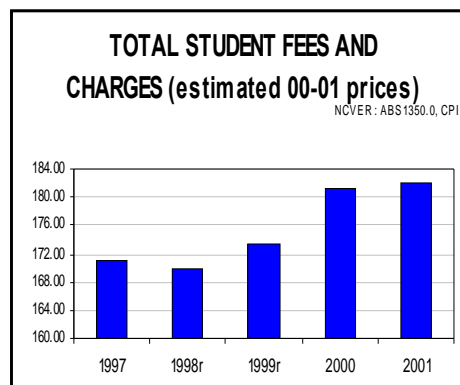
From 1997 to 2001, the Commonwealth contribution to recurrent revenue fell from 25% to 22.1% as a proportion of total VET recurrent revenue, while fee for service activity increased from 9.3% to 10.8% and ancillary trading/other from 5.5% to 6.1%.

In other words, Commonwealth funding fell by 3.6%, compared to an increase of 10.4% in revenue from state/territory governments. This is despite the increase in 2001 as a result of the restoration of some growth funds. In total, revenue from government sources increased by 6.1%, from \$3073.6m to \$3260m.

Revenue from total nongovernment sources increased in nominal terms by 23.2%, from \$670.4m to \$879m. While student fees and charges increased by 17% over that period, fee for service activities increased by 26.8% and ancillary trading/other by 21.9%. (NCVERa)

Other forms of nongovernment revenue have increased at a greater rate than has been the case for aggregate student fees and charges, but all grew faster than government inputs.

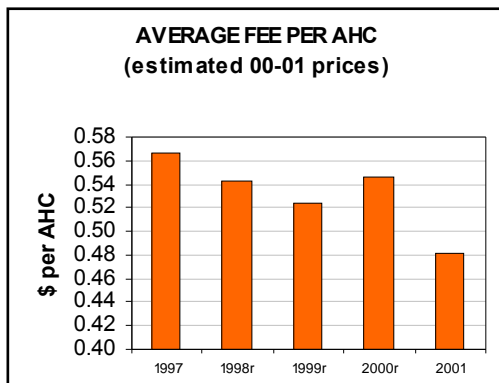
From 1997 to 2001, the total revenue from student fees and charges increased from \$155.7m to \$182.1m, an increase of around 6.4% when adjusted for CPI movements. (NCVERa)



NCVER Statistics Financial Data; ABS

1350.0 for CPI

### Average fees



Over the period 1997 - 2001, both VET enrolments and AHC delivered have increased substantially. A more useful measure of the movement in student fees and charges is the average student fee per AHC delivered.

In

actual money terms, the average student fee has fallen from \$0.52 per AHC in 1997 to \$0.48 in 2001. When adjusted for CPI, this is a fall of around 15.8% in real terms in the average fees charged per AHC. (NCVERa: ABS 1350.0)

In 1997, fees varied between \$0.51 per AHC to \$1.75 per hour for short courses, with additional student services/administration charges ranging from \$10 to \$150 per year. Most states have a cap on annual fees. (Borthwick 1999)

Average fees and charges per full time equivalent student in TAFE were around \$400 in 1997, while the average across all students, including those doing short courses, was \$100. (Borthwick 1999)

.NCVER Statistics Financial Data; ABS 13500 for CPI

Only 9.5% of VET students are full time equivalent (ie have a load of 540 hours or more). (NCVER 2002) These average figures take fee concessions and exemptions into account, so students who do pay fees would pay somewhat more than this. Given the lack of significant movement in total fees, these figures have probably not changed all that much. Borthwick (1999) noted that a relatively high proportion of students in TAFE, at least 20-30% in many states, access fee concessions or exemptions.

In contrast, the HECS contribution for full time university students in 1999 ranged from \$3409 to \$5682 per annum, with the average upfront payment around \$3150 per annum. In addition, student or general services fees ranged from \$100 to over \$400. (Borthwick 1999)

There is little information about fees charged by private providers, but Borthwick (1999) notes that anecdotal evidence suggests fees for a one year course range from around \$5,000 to \$10,000.

### **System policies regarding fees and charge**

Each state/territory TAFE system determines its own fee arrangements and determines the level of cost recovery that fees provide. The fee policies discussed below refer to centrally funded/profile courses and charges related to fee for service courses are outside the scope of these policies.

#### *Tuition fees*

All systems charge a form of tuition or administration fee to TAFE students. With the exception of NSW, which charges a flat fee, the tuition fee is calculated on the basis of an amount per nominal curriculum hour. The fee per nominal hour is a flat charge in all other systems apart from South Australia and the ACT, and varies from \$0.70 in the Northern Territory (NT University only) to \$1.50 in Tasmania. South Australia charges a differential fee per nominal hour for each course, according to a schedule. Charges for Cookery courses in South Australia, for example, vary from \$2.45 to \$3.30, while Small Business is charged out at \$2.15 per hour: some course fees are higher. In the ACT, fees are based on billing points and the number of nominal hours per billing point varies.

The majority of systems have capped the level of student tuition fees payable in any calendar year or semester. In Victoria, students will pay a maximum of \$500 in a calendar year, with lower caps for apprentices/trainees (\$290), VCE students (\$420) and others. In Tasmania, the maximum is \$900. In Queensland, the cap of \$672 relates to a program of study with BSSSS subjects at \$43 per semester. In Western Australia, there is a cap of \$420 per semester. The flat rate in NSW depends on both the level and length of the course and is \$690 for Associate Diploma ( now called Diploma under the AQF) and above courses, and \$250 for other courses that are longer than a semester.

No cap is indicated for South Australia, ACT and the Northern Territory University however their price regimes lead to different levels of fee for a full time student. In the ACT, a student enrolled over two semesters in a full time course (540 hours) would pay tuition fees of around \$648, while a student at NT University would pay \$378. In South Australia it would depend on the course; a Small Business course, for example, would cost \$1161 for 540 hours.

### *Other fees and charges*

The level of tuition fees is related to two other issues: the other fees and charges imposed in addition to the base tuition/ administration fee and the range of exemptions and concessions available to students.

In Tasmania, for example, the maximum tuition fee appears at first sight to be higher than most others. However the Tasmanian fee generally includes all material costs except 'add-ons' (such as acquisition of licences). Students may be required to purchase uniforms, tools etc which will remain their property. In a small number of courses, such as photography or jewellery, materials fees are charged but arrangements are in some instances made with private companies to sell these at concession rates.

Likewise, in South Australia no materials fees may be charged, but students may be required to purchase tools, uniforms etc that remain their property.

In Queensland there is a student services fee of \$0.20 per nominal hour, with a cap of \$158.20. This effectively brings the base administrative charge (tuition fees and student services charges) up to \$1.05 per AHC. Essential basic materials required to complete the study and off-campus activities detailed in the curriculum must be provided without additional cost. Anecdotal reports indicate that it is routine to charge for class notes. In Business Studies type courses, for example, this leads to additional charges of around \$5 per unit on average, but can be up to \$30-\$40. While the requirement to provide essential materials without additional charges means that, for example, food is provided for cookery classes and wood for woodworking classes, in general the practice is that if students get to take the product they have made home, they are required to pay for the materials.

In Victoria, goods, materials and excursions may be charged to students at no more than actual cost and any charge for student services/amenities must make provision for hardship exemptions. Anecdotal reports indicate that a student amenities fee of \$0.20 per hour is fairly standard for on-campus courses. Student amenities fees are charged for those students paying a minimum fee, which in effect, leaving aside extreme hardship exemptions, would make the real base cost for a full time student on general concessions something around \$150.

In NSW materials charges are imposed for some courses, students must purchase uniforms, tools etc and there is provision for payment of Student Association membership. Anecdotal reports here indicate that in some cases, cross subsidies are applied to ensure that, for example, students in prevocational courses do not have to pay materials charges.

In Western Australia, there is also provision for materials charges and an enrolment charge of \$20 per semester. At NT University, some courses have a materials fee and students are charged a student amenities fee up to a maximum \$224 per year.

The ACT has no cap on tuition fees and allows for a range of other mandatory fees and charges. These include materials fees (averaging around \$95 but up to \$240), internet access fees (\$25), student services (CITSA) fees (\$58 for a year), excursion fees, as well as tools, uniforms etc. In addition, required text book lists can add significantly to the cost for students. For example, a Certificate III course in Business (Administration) of around 460 hours per semester (about 25 hours per week) would

incur total fees (tuition and other charges) of \$631 per semester. Textbooks could add around \$175-300 to that cost. If the ACT course were 540 hours for the year, the total cost (including \$40 Material fees eg for Business Administration) would have been \$806, in itself not so different to the level of fees charged elsewhere.

The real difference for the ACT and South Australia is that the absence of a fees cap means that the overall fee levels can be significantly higher than they would be in other systems, particularly for those courses with a heavy load. Taking into account other fees and charges which apply, such a high load course (920 hours) over two semesters would cost significantly more in the ACT and South Australia. (While the NT University also has no cap, the hourly fee charge is low.) However, only 9.5% of students study full time and 540 hours would be more common as a definition of full time study than the current example.

	<b>920 hours load</b>	<b>540 hours load</b>
ACT:	\$1222	\$766 per year & materials charges <i>(assumes 1 Billing Point is 5 NHS)</i>
South Australia:	\$1978	\$1161 per year (assumes \$2.15 p.hr)

This is in contrast to the costs that would apply in other systems. The total ACT additional charges come to around \$160 per annum (if one included \$40 materials costs) so could perhaps provide a rough indicator of possible additional costs:

New South Wales:	\$250 plus materials charges and possible Student Association membership	\$250 plus materials charges and possible Student Association membership
Victoria:	\$684 plus materials charges	\$608 plus materials charges
Queensland:	\$830	\$567
Northern Territory University:	\$868 plus possible materials charge	\$602 plus possible materials charge
Western Australia:	\$880 plus possible resources charge	\$661 plus possible resources charge
Tasmania:	\$900 inclusive	\$810 inclusive

For a full time TAFE student with a 540 hour load outside NSW, the total fees and other charges if paid in full would in most systems be in the order of something around \$600-\$700; it is worth noting that 34.4% of all TAFE clients are in NSW, where maximum fees are considerably lower than this. For 90% of TAFE students the annual fee burden would be substantially lower given that their course load is, on average, around 200 hours rather than 540 hours. As Borthwick (1999) indicated, the average fees and charges paid by TAFE students are more like \$100.

It should be noted that the effect of differential nominal hours for the same course can result in higher fees in some states.

The AEU is currently seeking to investigate the materials/resource charges and additional costs that students face, such as tools and books, across a range of courses. In Business Studies, for example, responses across a number of systems indicate materials charges of anything from nil to about \$50. Books for such courses could add



\$200-\$300, as the ACT example cited earlier indicates, and part of the issue would be whether they are available on loan.

The cost of tools and uniforms has always been part of trade/apprenticeship-based subjects. In a couple of examples from a Certificate III in Carpentry and Joinery, materials range up to \$80 a year, with about \$100 in clothing and equipment and about \$60 -\$90 in books and related costs. A Hospitality (Cookery) course might require \$400-\$600 for tools and uniform plus any books, although the tools would last throughout an apprenticeship and into working life.

It is perhaps worth noting, as Borthwick (1999) does, that the 1997 Senate Inquiry, *Not a level Playground: the private and commercial funding of government schools*, estimated that senior students in government schools pay an average of \$200 for equipment, materials etc, excluding voluntary contributions and the cost of uniforms and the like. The Brotherhood of St Laurence estimated that parents pay about \$800 a year in contributions and levies for a secondary school student. (Borthwick 1999)

#### *Exemptions and concessions*

As Borthwick (1999) noted, in many states at least 20%-30% of students receive fee exemptions or concessions on the basis of financial need.

In general, these are provided to recipients of a range of Commonwealth allowances and benefits, including AUSTUDY and other student allowances, and people with Health Care, Pensioner Concession and Veteran Affairs Pensioner Concession cards. They also apply to certain targeted equity groups, such as Aboriginal and Torres Strait Islander students. Fee concessions and/or exemptions in some cases apply to tuition fees only, in others they also apply to other fees and charges such as student services fees.

Either concessions or exemptions also apply for a range of particular courses, variously including literacy and numeracy courses, ESL, prevocational courses and courses specifically for targeted equity groups.

While the South Australian concessions (apart from low fee courses such as prevocational courses) are only set at \$0.40 per hour, in general fee concessions for individuals and particular courses range from 50% (as in the ACT) through to full exemption from fees for some students in NSW, Queensland and at Northern Territory University. In addition, other systems, such as Victoria, South Australia, Queensland, Victoria and Western Australia may waive all fees in the case of extreme financial hardship. In some cases students receiving fee concessions will still be required to pay a student amenities charge.

In the ACT, student loans of \$200 are available from the CIT Student Association and there are also, as in South Australia, some scholarships made available. In a number of systems there are arrangements which enable students to pay fees by instalment.

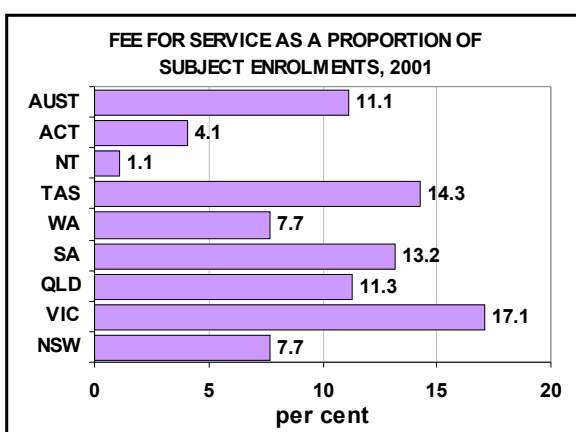
It is worth noting that even if concessions reduce the level of fees and charges significantly, even relatively modest amounts can be a burden for students facing extreme severe financial hardship. There are also 'hidden' costs relating to access, such as transport, particularly in rural and remote areas.

#### **Fee for service courses**

The vast majority of students enrolled in centrally funded or profile courses face fees and charges which are capped, with exemptions available to those students suffering severe financial hardship. However the resource pressures on TAFEs across Australia have led to a growing reliance on fee for service students.

In 2001, 11.1% of total subject enrolments were on a fee for service basis. While 1.1% of subject enrolments in the Northern Territory were on a fee for service basis, this was true for 7.7% of subject enrolments in NSW and 17.1% in Victoria.

In revenue terms, fee for service activities provided 10.8% of recurrent revenues across Australia in 2001, ranging from 2.2% of revenue in the Northern Territory to 21.1% in Victoria. (NCVERa)



Some of the concerns that have been expressed regarding fee levels may reflect the growth in fee for service programs. Outside the profile frameworks, these enrolments are not subject to the policies that provide limits on fees and charges and concessions and exemptions for students facing hardship.

There is little public information available about enrolments in fee for service courses and the extent to which, for example, they represent

courses negotiated with and paid for by enterprises on behalf of their employees. Anecdotal reports from teachers indicate that individual students for whom there are no profile places are studying on a fee for service basis. It has been suggested that fee for service places are often provided to augment inadequate numbers of places provided within state profiles. In some cases, these students are sharing a class room with other students who, being within the state profile, have access to the limits and concessions within their system's fees policy. There are indeed some anecdotal reports suggesting that in some TAFE Departments, a certain proportion of fee for service/commercial students must be enrolled in particular courses. In some cases, courses offering national accreditation are bringing in considerable revenue and are charged at commercial rates.

Some teachers report going to considerable effort to arrange traineeships for their students so that they do not have to pay fees commensurate with fee for service charges.

There are around 40,000 potential students who are unable to gain a TAFE place each year. The fee for service enrolments are at least in part an additional and invisible form of unmet demand, where the full costs of enrolments are transferred from government to individual students. Where this occurs it leads to substantial inequity between students and imposes a considerable burden on some. The obvious answer is to ensure that funding for TAFE is increased to enable a reduction in fee for service activities.

### Comparative public support

For TAFE students, the average level of public subsidy of their study is 95% of course costs. The subsidy for the 10% of students who are equivalent full time was around \$7800 in 1997. The average student undertook 198 hours of study, paid average fees of \$100 and received a public subsidy of under \$2200 per annum.

The average undergraduate university student paid an average upfront HECS payment of around \$3150 in 1997, and received a public subsidy of 66% of course costs, or an average \$6150 per annum. The annual public subsidy ranged from \$2950 for Humanities courses to \$11,375 for Medicine. (Borthwick 1999)

The percentage of course costs met through public subsidy is higher in TAFE than in university. However, the average VET student receives a far lower amount of public subsidy than does the average undergraduate student.

### **Conclusion**

To the extent that there are issues about student fee levels in TAFE, it would appear to have more to do with the distribution of those fees and charges rather than the average or total levels.

In response to a Senate Question on Notice early this year, DEST indicated that 2.4% of those not undertaking vocational training identified cost as a reason for non participation, and 3.9% of non participants said they would have trained in the previous year if the cost had been lower. (SLC 2002)

At the same time, there are suggestions in some systems that materials and other charges have increased and are imposing financial pressures on students. In some systems, such additional charges are controlled and limited. More information is needed on the extent of these 'hidden' costs, and their levels for different types of courses.

It is perhaps worth reiterating that 90% of TAFE students study part time. It is worth noting also that some 23.8% of all students enrolled in Advanced Diploma/Diploma or Certificate courses receive financial support from their employer, whether they are enrolled at TAFE, private providers, university or school. (ABS 2001) There is unfortunately no differentiation of the levels of support by provider, since TAFE students are probably more likely to have an employment relationship than are undergraduate or school students. Of those students who are undertaking Certificate III or IV courses, the overwhelming majority of whom would be enrolled in TAFE, 37% report that they are receiving financial support from their employer. They may also be receiving government or other support.

Students enrolled on a fee for service basis, or individuals who have been unable to gain a TAFE place, fall outside the general access parameters established by state and territory policies in relation to fees.

The Commonwealth and state and territory governments have a responsibility to ensure that all Australians are able to access the education and training they need to participate as active citizens and workers. The AEU is opposed to the imposition of fees in TAFE. In the first instance, measures need to be implemented which address the existing inequities in costs and access.

Consideration should be given to whether application of a cap on annual fees would ensure greater equity for students with heavy loads in those systems that do not currently have such a limit on total costs.

Increased funding levels to TAFE systems would reduce the pressure on increasing fee for service activities and assist with reducing or maintaining fees and charges at low levels.

Provision of increased places is needed to ensure access for all school leavers unable to access university or employment, as well as more mature Australians who need access to vocational education and training.

In addition, implementation of the House of Representatives Standing Committee's 1998 recommendation (HRSCEET 1998) for the Commonwealth to contribute additional funds on a dollar for dollar basis to the states and territories to assist TAFE institutes that enrol a disproportionately large number of disadvantaged students would assist in ensuring that all students receive needed financial support and access to adequate student support services.

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