

# Submission

by the National Centre for Vocational Education Research (NCVER)

To

Victorian Essential Services Commission

## VET Fee and Funding Review (Victoria)

### RESPONSE TO TERMS OF REFERENCE

The National Centre for Vocational Education Research (NCVER) is an independent body responsible for collecting, managing, analysing, evaluating and communicating research and statistics about vocational education and training. This submission provides statistics and research findings relevant to the VET Fee and Funding Review in Victoria. NCVER would be happy to provide further data on request.

#### Statistics

##### Financial information

NCVER collects information on how public vocational education and training (VET) in Australia is financed and where the money is spent. This annual collection focuses on financial performance (revenues and expenses); financial position (assets and liabilities); how activities are financed (cash flows); and trends in revenues and expenses for applications in areas of VET financial policy, performance efficiency and research. Annual accrual reporting dates back to 1997.

VET financial information for this annual collection is provided to NCVER by the Australian, state and territory departments responsible for administering public funds for Australia's VET system. This information is generally in the form of General Purpose Financial Statements prepared in accordance with the Australian Accounting Standard. The data are submitted to NCVER using a data standard for finance to ensure consistency and comparability across jurisdictions. The finance data standard can be downloaded from the NCVER website at: <http://www.ncver.edu.au/publications/2335.html>

From this financial collection, NCVER publishes in September each year the *Australian vocational education statistics: financial information*. The latest published financial data are for 2009. Some of the highlights from this publication are:

From 2005 to 2009:

- Australian Government revenues increased by \$746.3 million (63.7%).
- State and territory government revenues increased by \$480.0 million (17.6%).
- Fee-for-service operations increased by \$428.6 million (67.3%), with \$238.7 million (55.7%) of the increase coming from overseas students' fees and contracted overseas training.
- Students' fees and charges, ancillary trading and other activities rose by \$92.6 million (19.3%).

<http://www.ncver.edu.au/statistic/21051.html>

This publication is supported by a series of data tables which includes state and territory, Department of Education, Employment and Workplace Relations and total government training department breakdowns on:

- Income statement, 2005-09 (latest)
- Balance sheet, 2005-09 (latest)
- Statement of cash flows, 2005-09 (latest)
- Statement of changes in equity, 2005-09 (latest).

The financial information published by NCVER does not purport to cover the whole VET sector. The current scope – which is under review – is the revenue and expenditure of the eight state and territory governments and the Australia Government (i.e. public vocational education and training). Publicly funded covers public VET institutions and publicly funded VET delivered by private institutes.

NCVER also provides state & territory and Statistical Local Area (SLA) level statistics in the *Atlas of Australian Public VET* demonstrating more fee-for-service provision in Victoria when compared to Australia. Tables 1 and 2 below are derived using this information source.

Table 1 relates to financial information. It shows how public VET is funded in Victoria and Australia-wide. Figures are for 2009.

**Table 1: VET students by funding source, Victoria and Australia, 2009.**

Funding source	Victoria (%)	Australia (%)
Commonwealth and state recurrent funding	58.4	69.3
Commonwealth and state specific funding	3.5	5.3
Fee for service	33.9	22.5
Overseas full fee paying	4.1	2.8
Not known		
Total	100.0	100.0

Source: Atlas of Australian public VET, Victoria, 2009. <http://www.ncver.edu.au/resources/atlas/Vic/2.html> , Table 1.12

### VET students

From the National VET Provider Collection, we know a lot about the students who undertake VET courses across Australia. This is an administrative collection of information on students, the courses they undertake and their achievement. The scope of the collection has progressively widened and broadly covers the public VET system. The information is sourced from RTO student enrolment systems via the state and territory training authorities, and published in July each year in the *Students and Courses* series.

<http://www.ncver.edu.au/statistic/21053.html>

The issues paper provided by the Victorian Essential Services Commission notes that the fee and funding review needs to consider the diverse student population in Victoria and their learning needs. Table 2 gives some indication of just how diverse the VET student population is in Victoria and Australia-wide. The figures have been produced from data contained in the *Atlas of Australian Public VET, 2009* (latest).<sup>1</sup> More information is available from the NCVER website at: <http://www.ncver.edu.au/resources/atlas/Vic/2.html> or by request.

<sup>1</sup> The Atlas of Australian Public VET is updated in July following the publication of Students and Courses.

**Table 2: Characteristics of VET students, Victoria and Australia, 2009.**

Student characteristics	Victoria (%)	Australia (%)
VET students by sex		
Females	45.9	47.2
VET students by age group		
15-24 years	40.5	43.1
25-49 years	43.8	42.4
50 years and over	13.7	12.7
VET Indigenous students		
Indigenous	1.1	4.4
VET students by language spoken at home		
Non-English speaking	17.4	14.9
VET students by disability status		
Students reporting a disability	5.8	5.9
VET students by labour force status		
Employed	59.8	56.2
Unemployed	17.8	15.0
Not in the labour force	11.4	10.3

Source: Atlas of Australian public VET, Victoria, 2009. <http://www.ncver.edu.au/resources/atlas/Vic/2.html>

Note: Totals include unknown.

### Training outcomes

We note the emphasis given in the review to improving outcomes from vocational education and training. To enable stakeholders to monitor outcomes from training, NCVER conducts the Student Outcomes Survey, an annual self-completion survey of students who completed or part-completed a qualification in the preceding year and left the VET system. It covers their employment situation, their reasons for undertaking their training, the relevance of the training to their employment, their level of satisfaction, any further study aspirations (graduate only) and reasons for not undertaking further training (module completers only). The latest survey results are for 2010. For more information, go to:

<http://www.ncver.edu.au/publications/2315.html>. To access the national statistics go to the publication tab, and for Victoria specific data please select Victoria. Selected highlights are shown in Table 3.

**Table 3: Student outcomes from training, Victoria and Australia, 2010.**

Student outcomes	Victoria (%)	Australia (%)
Employed after training		
Graduates	76.3	76.3
Module completers	76.8	73.5
Enrolled in further study after training		
Graduates	32.1	32.1
Module completers	4.8	4.4
Training relevant to their current job		
Graduates	77.0	77.2
Module completers	65.8	63.1
Satisfaction with overall quality of the training		
Graduates	87.8	88.9
Module completers	85.0	84.0

Source: Student Outcomes Survey, 2010, Data tab, Total reported VET 2010 by key measures – updated, tables 1 and 2. <http://www.ncver.edu.au/publications/2315.html>

NCVER also surveys students who completed their vocational education and training (VET) under the Productivity Places Program (PPP) during 2008. The Productivity Places Program Survey covers students who were awarded a qualification in 2008 with funding from the PPP. The survey focuses on students' employment outcomes and satisfaction with VET. Information about the level and type of training students undertake, further study patterns, whether they achieved their main reason for undertaking training and how relevant the training was to their current job is also collected. For more information, go to:

<http://www.ncver.edu.au/publications/2220.html>. To access the national statistics go to the publication tab, and select the data tab and then select Victoria.

## Research

NCVER also undertakes and commissions research relating to vocational education and training. Research pertinent to the review includes:

- In 2009, NCVER commissioned six leading thinkers to offer insights into what is meant by a training market, market constraints, and areas for system improvement for greater consumer choice. These papers, along with responses and an introduction by NCVER's Managing Director, contribute to the public debate about the design of a market in the vocational education and training sector. See <http://www.ncver.edu.au/publications/2150.html>
- In 2008, NCVER published a research report by Fran Ferrier, Tom Dumbrell, Gerald Burke *Vocational education and training providers in competitive training markets*. This study explores the experiences and initiatives of vocational education and training (VET) providers in three areas: income sources and mixes, 'thin markets' in VET, and research and development. Practices and policies are evolving in these three areas. The report contributes to a deeper understanding of the scope and range of VET activities in a competitive environment and the factors that shape them. See <http://www.ncver.edu.au/publications/2025.html>
- The book of research readings published in 2005 by NCVER *Funding and financing vocational education and training* (Ed. Katrina Ball), while a little dated, provides considerable information about the funding and financing of vocational education and training (VET) in Australia. See <http://www.ncver.edu.au/publications/1594.html>
- Two aspects of the VET system relevant to efficiency are the rate of completion and the pay-off to training. Estimated rates of completion, by various characteristics including field of study or occupation, can be found at:
  - *Australian vocational education and training statistics: Apprentices and trainees – Annual*, NCVER 2009  
<http://www.ncver.edu.au/publications/2263.html>
  - *Individual-based completion rates for apprentices*, Karmel T, 2011.  
<http://www.ncver.edu.au/publications/2357.html>
  - *Australian vocational education and training statistics: Likelihood of completing a VET qualification 2005-2007*, NCVER, 2011.  
<http://www.ncver.edu.au/publications/2348.html>
- Some relevant research to the pay-off from training include:
  - *Analysis of private returns to vocational education and training*, Lee W-S & Coelli M, 2010.  
<http://www.ncver.edu.au/publications/2221.html>
  - *Participation in and completion of vocational education and training for people with disability*, University of Melbourne, Melbourne Institute of Applied Economic and Social Research (MIAEST)Melbourne, 2010  
<http://www.melbourneinstitute.com/wp/wp2010n08.pdf>
  - *The impact of wages and the likelihood of employment on the probability of completing an apprenticeship or traineeship*, Karmel T & Mlotkowski P, 2011  
<http://www.ncver.edu.au/publications/2364.html>