

CEET National Conference

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Ascot Vale Melbourne

***Funding to support
learning in the
knowledge economy***

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Presentation deals with

□ the main areas of need:

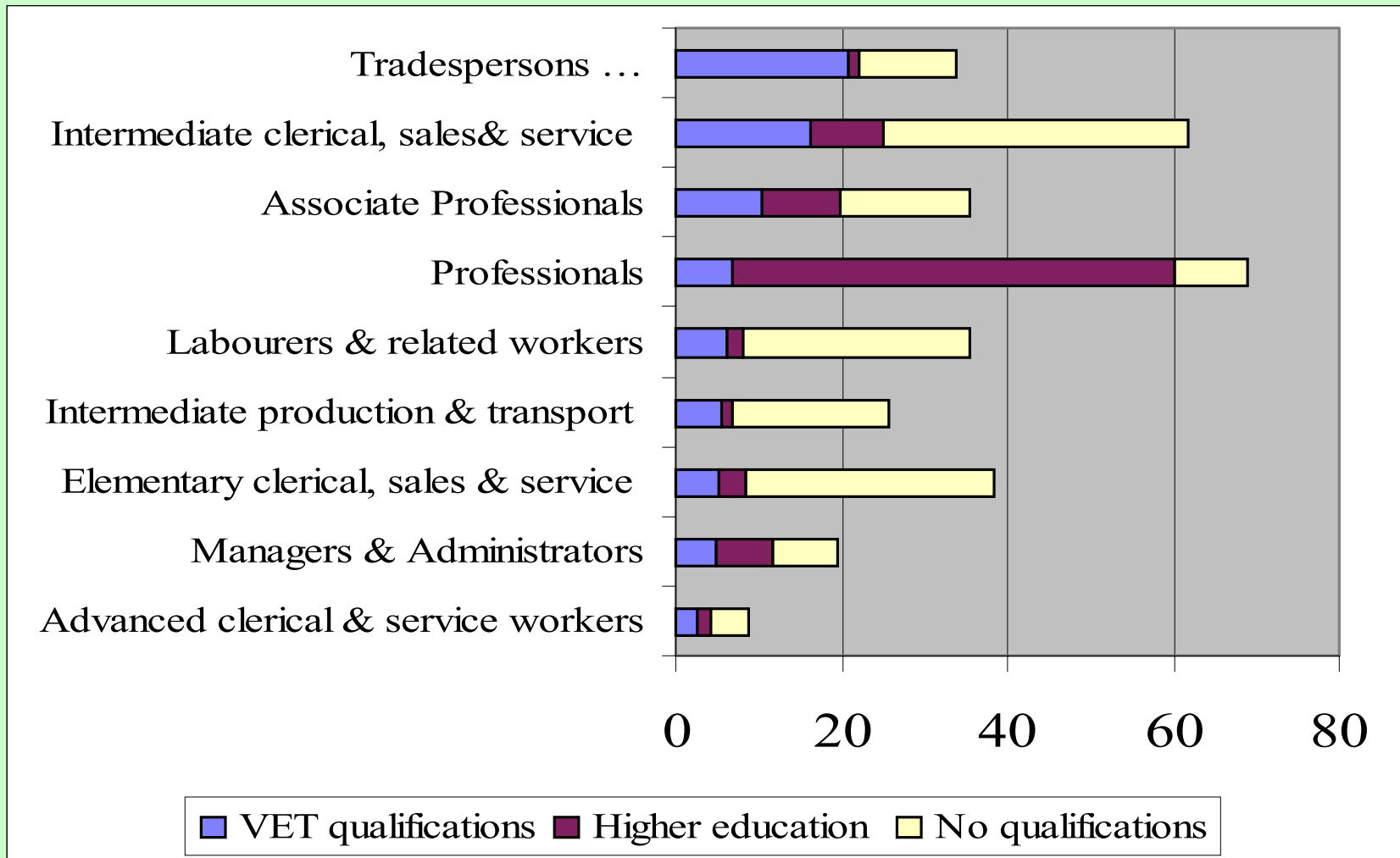
- Labour force and innovation
- Equity and social cohesion
- Demography

□ what is provided

□ how the funds can be found

Needs - annual jobs for new entrants

'000 (from job growth and turnover)



Needs

Labour force in the global economy

- Shifting occupational pattern to higher skill areas but also to low skill jobs
- Danger of ‘low skills low wage outcome’
- Need for training and retraining
- Generic, basic knowledge, occupation specific
- **Costs to providers for cooperation needed to identify and develop better training for innovation**

Needs young persons

- 15% in households with no adult in full-time work
- 15% of 15-19 year olds not occupied full-time
- 15% not at Finn 19 years Target
- 50% Indigenous not at Finn Target
- Inequality more concentrated, e.g Moe
- Disadvantage continues in adult life
- **Costs more per student for those at risk**

Needs incarceration and training?

% of the male population in prison, Australia 2000

	20-24	25-34	15 and over
All Australians	0.6%	0.5%	0.2%
Indigenous	5.2%	4.8%	2.8%

Needs

adults % at lowest literacy level

Sweden	6
Germany	9
Netherlands	10
Australia	17
Switzerland	17
New Zealand	21
UK	24
US	23

**Adult educational participation high
for those with initial education and training
in full-time work**

	<u>1999</u>	
	<i>20-29</i>	<i>30-39</i>
	%	%
Australia	27	14
Sweden	34	16
United States	20	6
Netherlands	22	3
Germany	23	3

Needs

fewer school students more older adults

% population change Australia 2000 to 2010

0-4	5-9	10-14	15-19	20-24	25-34	35-44	45-64	65+	All
-5	-5	0	5	6	1	4	28	25	10

% of GDP

4.8% public

0.8% private

5.6% total

What is provided: expenditure on education

1993 to 1999 increase

	%
Government expenditure	28
Government transfers to private sector	68
Student benefits	22
Total government outlays	32
Private expenditure	65
Private less government transfers	63
Total	35
Education cost index	16
General price level	8

Public funding of government schools

constant prices

	Change 1993 to 1999
	%
Recurrent expenditure	11
Students	1
Expend. per student	10

Public and private funding non-government schools

constant prices

Change 1993 to 1999

%

Recurrent expenditure

36

Students

12

Expend. per student

20

Public funding of places in universities constant prices

Change 1995 to 2001

Base operating grant	-7
Actual students (EFTSU)	-2
Funds per student	-5

- ✓ Increase in HECS payments means government funds were reduced more than shown

Funding of VET

constant prices

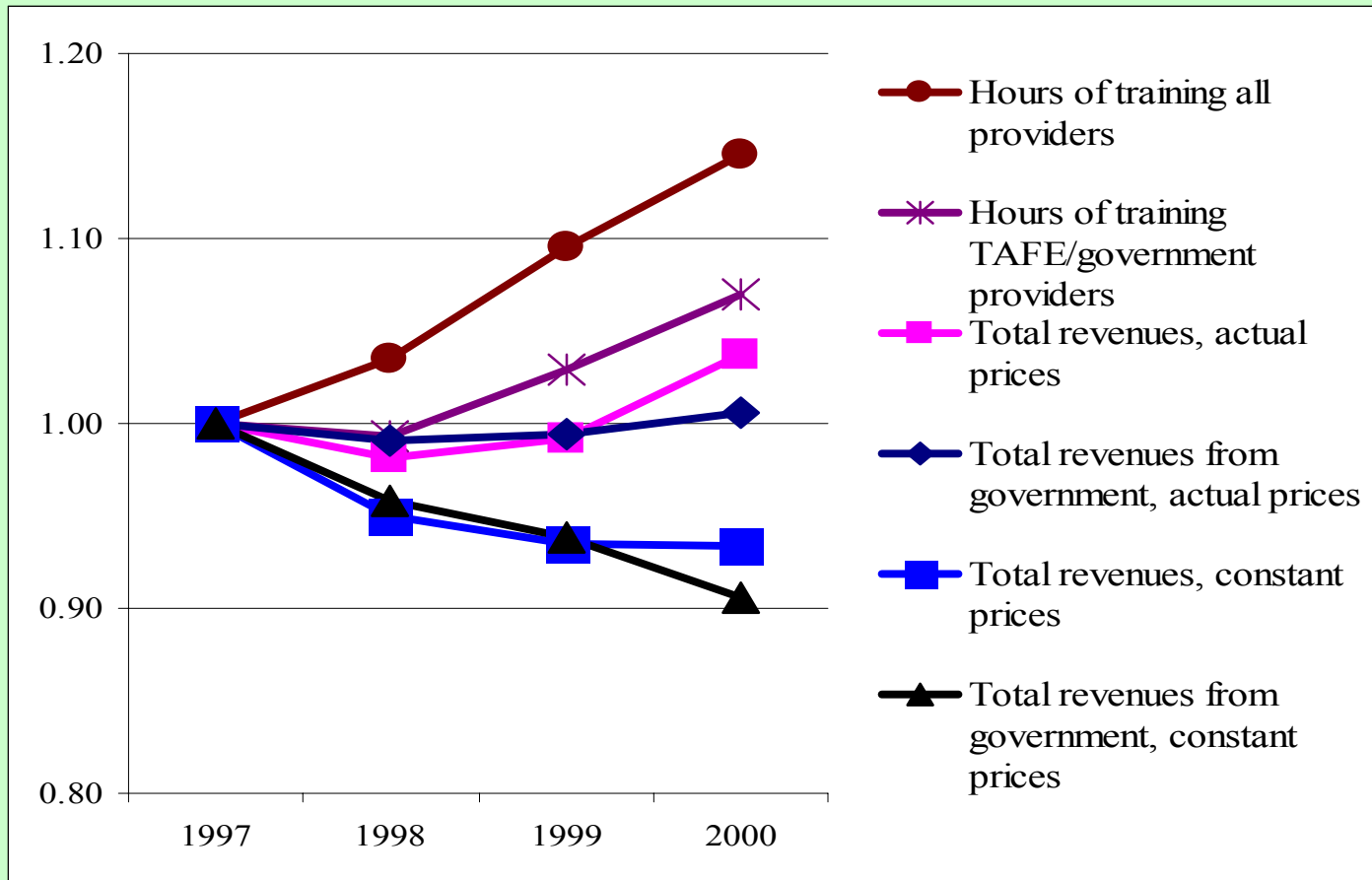
Change 1994 to 2000

	%
Total revenues	-1
Government revenues	-6
Total hours provided	33
Hours in TAFE/Government providers	14

1997 to 2000

- Revenues received by VET institutions increased by a total of 4 per cent
- Revenues from governments increased 1 per cent
- Revenues at constant prices fell by 7 per cent
- Revenues from government fell 9 per cent
- Hours of training by all providers increased by 15 per cent
- Hours by TAFE and other government providers increased by 7 per cent

VET revenues and hours of training



Possible further savings?

Effects of demographic change

Saving on personnel and capital e.g.

- Use of new technologies
- Reduced hours of instruction
- Larger classes
- Changing salary structures
- Devolve decision making
- Increase competitiveness

Finance needed

- Liaise and develop better training
- Increasing participation **for all** over a lifetime
- Quality of staffing of education and training
- Funds to **counsel, retain, re-enrol** less advantaged in variety of settings
- Implies attention be given to:
 - indigenous,
 - low SES young
 - disadvantaged adults
 - regional issues

Financing options: increase payments by more advantaged?

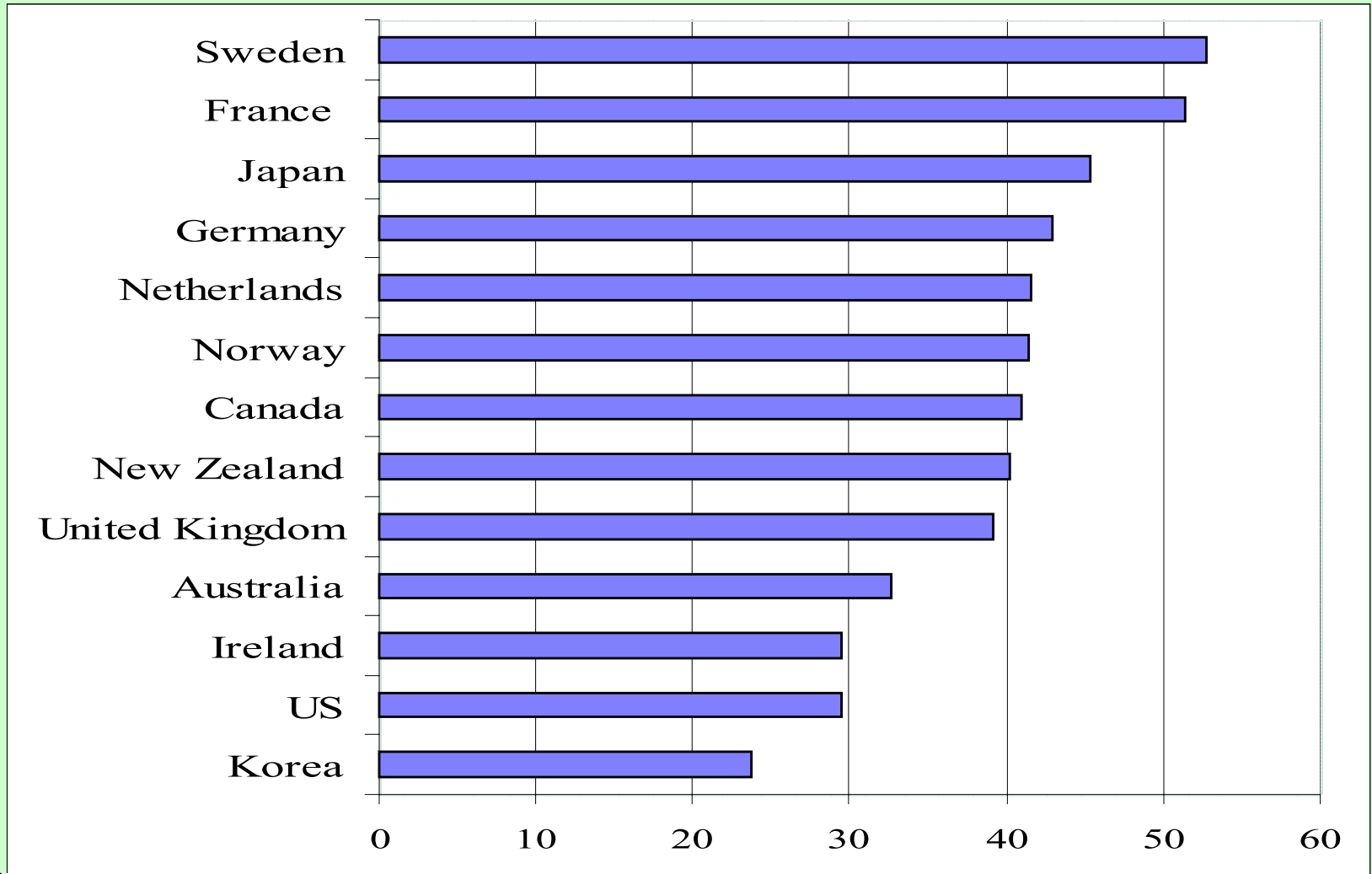
- Increase fees? – but may reduce participation
- HECS type schemes
- Changes to funding of schools – consider British or Canadian schemes?
- Career advice/information to optimise the returns to investment in education and training **and encourage private payment**

Financing options: increase employer spending

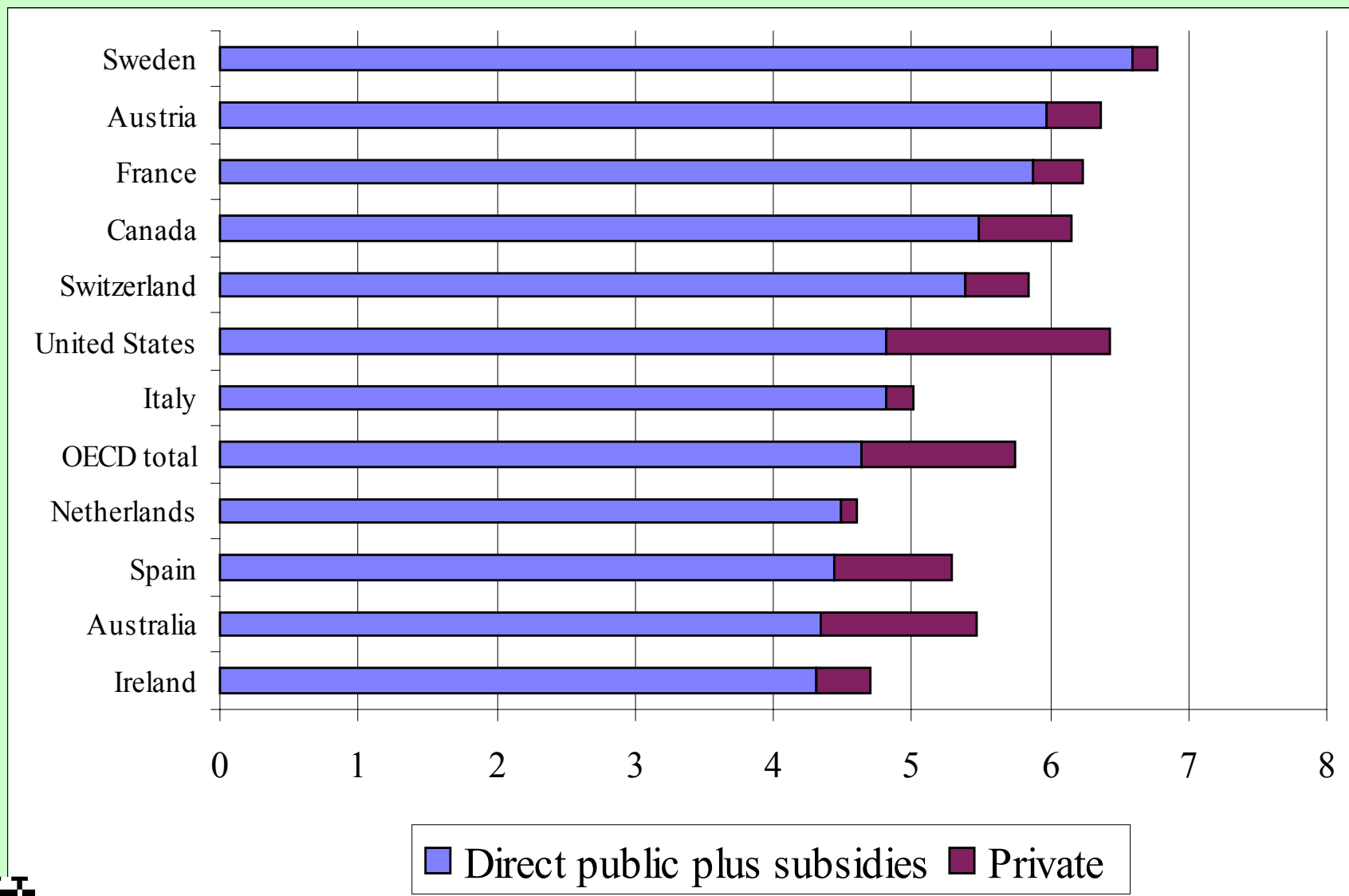
- Disclosure of firms' intellectual capital - to get training integrated in the planning process
- Continuation of contracts of training that permit below market wages for provision of training
- Review employer training levy
- Promotion of employer/union social obligation

Can governments find the funds?

1. General government outlays as % GDP 2000



2. Public and private spending on education % GDP 1998



VET Revenues, hours of training and client numbers 1997 to 2000

	1997	1998	1999	2000
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Commonwealth Recurrent	731	732	721	737
Commonwealth Capital	191	194	194	192
State Recurrent	2004	2065	2109	2156
State Capital	130	113	128	110
Other government	338	260	224	221
Total revenues from government at act	3395	3364	3375	3415
Index 1997=100	1.00	0.99	0.99	1.01
Fee for service	351	323	342	427
Ancillary Trading and other	207	193	196	247
Student fees	156	155	160	171
Total revenues all sources at actual pri	4108	4034	4073	4260
Index 1997=100	1.00	0.98	0.99	1.04
Cost factor 75% AWE 25 % CPI	1.00	1.03	1.06	1.11
Total revenues from government at cor	3395	3254	3184	3074
Index 1997=100	1.00	0.96	0.94	0.91
Total revenues at constant prices	4108	3901	3841	3834
Index 1997=100	1.00	0.95	0.94	0.93
Hours of training	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
TAFE and government providers	272	270	280	291
Index 1997=100	1.00	0.99	1.03	1.07
All providers	302	313	331	346
Index 1997=100	1.00	1.04	1.10	1.15
Client Numbers	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
TAFE and government providers	1141	1151	1232	1321
Index 1997=100	1.00	1.01	1.08	1.16
All providers	1459	1535	1647	1749
Index 1997=100	1.00	1.05	1.13	1.20

Source: NCVET and ABS

VET Revenues, hours of training and client numbers 1994 to 2000

	1994	1995	1996	1997	1998	1999	2000
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Commonwealth Recurrent	632	775	853	731	732	721	737
Commonwealth Capital	228	228	228	191	194	194	192
State Recurrent	1964	2003	2071	2004	2065	2109	2156
State Capital	110	110	143	130	113	128	110
Other government	na	na	na	338	260	224	221
Total Government	2933	3115	3294	3395	3364	3375	3415
Fee for service	303	307	347	351	323	342	427
Ancillary Trading and other	91	173	175	207	193	196	247
Student fees	122	147	149	156	155	160	171
Total	3450	3742	3964	4108	4034	4073	4260
Index 1994=100	1.00	1.08	1.15	1.19	1.17	1.18	1.23
Cost factor 75% AWE 25 % CPI	1.00	1.05	1.09	1.12	1.16	1.19	1.24
Total Government at constant prices	3122	3164	3229	3229	3095	3028	2923
Index 1994=100	1.00	1.01	1.03	1.03	0.99	0.97	0.94
Total at constant prices	3671	3801	3886	3907	3711	3654	3646
Index 1994=100	1.00	1.04	1.06	1.06	1.01	1.00	0.99
1995 Government if indexed to 2000	2974	3115	3228	3327	3440	3527	3696
1995 Total indexed to 2000	3572	3742	3877	3996	4132	4237	4440
Hours of training	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
TAFE and government providers	256	262	269	272	270	280	291
Total	261	271	285	302	313	331	346
Clients	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
TAFE and government providers	1043	1099	1117	1141	1151	1232	1321
Total	1132	1273	1347	1459	1535	1647	1749

Source: NCVET and ABS

References:

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