

APPENDIX B

Sector context

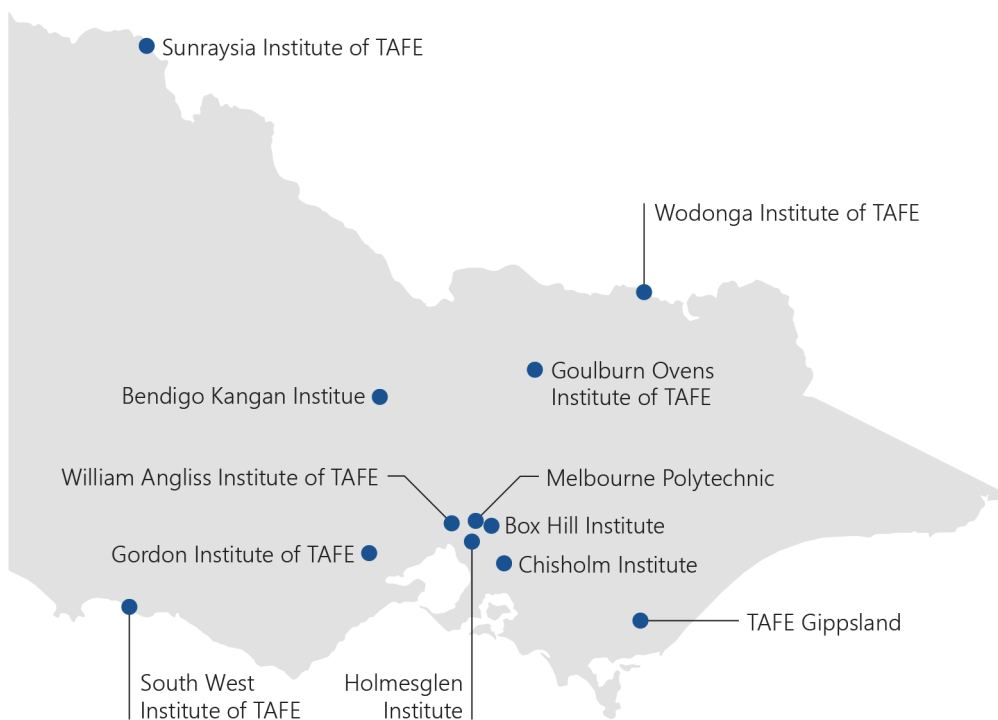
The sector at a glance

Victoria's TAFE sector is made up of 12 TAFE institutes and the 14 entities they control. They operate 69 campuses across Victoria.

TAFEs deliver vocational education and training (VET) courses to equip students with practical skills for a variety of careers. They also provide pathways to university courses.

Location of TAFE institutes

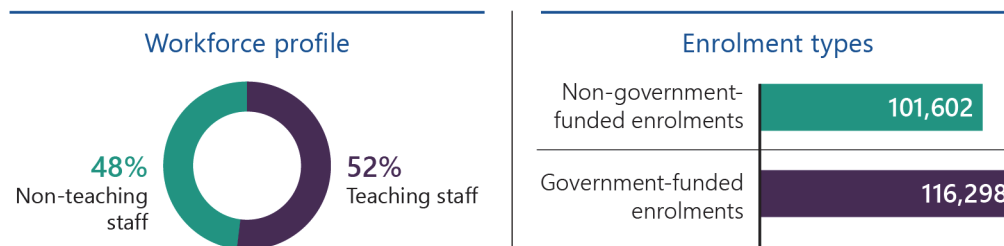
FIGURE B1: **Location of Victoria's TAFE institutes (2021)**



Source: VAGO.

TAFE workforce and enrolments

FIGURE B2: **Profile of TAFE workforce and student enrolments (2021)**



Source: VAGO

Private sector VET

In Victoria, private registered training organisations also deliver VET courses. We have not included them in this report because we are not required to audit them under the *Education and Training Reform Act 2006* and the *Audit Act 1994*.

The TAFE sector's financial model

Sector revenue and expense streams

The TAFE sector gets most of its revenue from delivering courses. This revenue comes from government funding and from full fee-paying students.

Government funding

The Victorian Government funds TAFEs in 3 ways:

- **government subsidies** (also known as contestable funding) for domestic students studying courses eligible for a government grant
- **operating grants** to help TAFEs meet day-to-day costs or other specific needs
- **capital grants** for the construction of new buildings and to maintain existing infrastructure.

Full fee-paying students

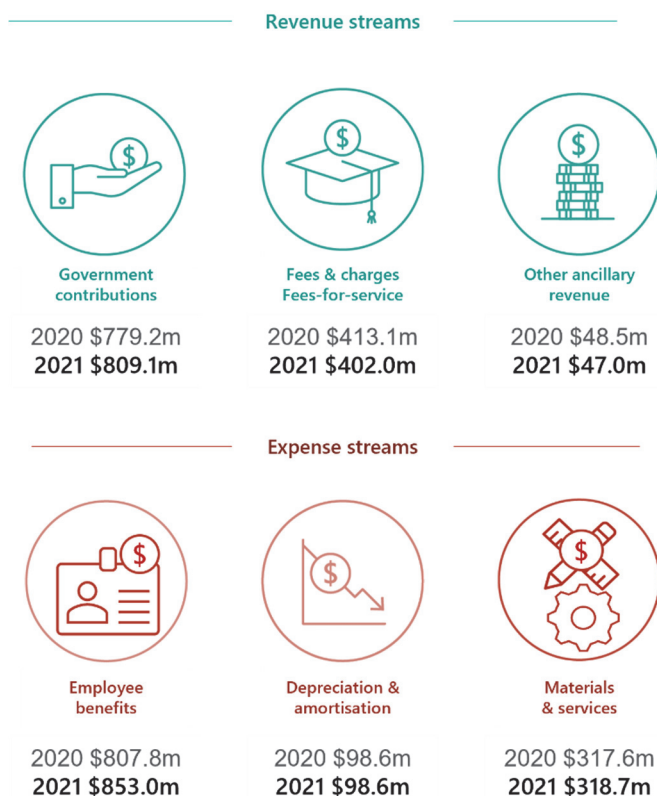
Both private domestic students and international students pay full fees.

Because private domestic students are not entitled to government subsidies, they fund their courses themselves or with a Commonwealth VET student loan. In this case, the Australian Government pays the course fees to the TAFE and the student repays the government through the tax system when they earn above a minimum income threshold.

Revenue and expense streams (2020/21)

Figure B3 shows the key revenue and expense streams, comparing 2021 with the previous year.

FIGURE B3: **Key revenue and expense streams showing 2020 and 2021**



Source: VAGO.

Legislative and financial reporting framework

Applicable Acts

The *Education and Training Reform Act 2006* establishes and governs TAFE institutes. This Act outlines the requirements for establishing a TAFE board and its governance responsibilities.

The Act requires each TAFE to prepare an annual statement of corporate intent containing the KPIs that are included in the TAFE's performance statement. It also defines the functions and powers of TAFEs.

As public bodies, TAFEs must comply with the *Financial Management Act 1994*, including complying with any general or specific direction the Assistant Treasurer gives when preparing financial reports.

TAFEs are also subject to the *Public Administration Act 2004*, which provides a framework for governance in the public sector.

Purpose and aims of TAFEs

TAFEs exist to perform functions for the public benefit. They aim to facilitate student learning and to collaborate as part of a strong network of public training providers.

Management and oversight of TAFEs

Each TAFE has a board, which is accountable to the Minister for Training and Skills and the Minister for Higher Education.

The Department of Education and Training (DET) manages the sector on behalf of these 2 ministers. This includes:

- overseeing governance of the sector and individual TAFEs
 - overseeing of the breadth, depth and appropriateness of the training TAFEs deliver
 - funding the training TAFEs deliver through a subsidy for each hour of training.
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