

# Appendix B: Sector context

## The sector at a glance

### Victoria's TAFE sector

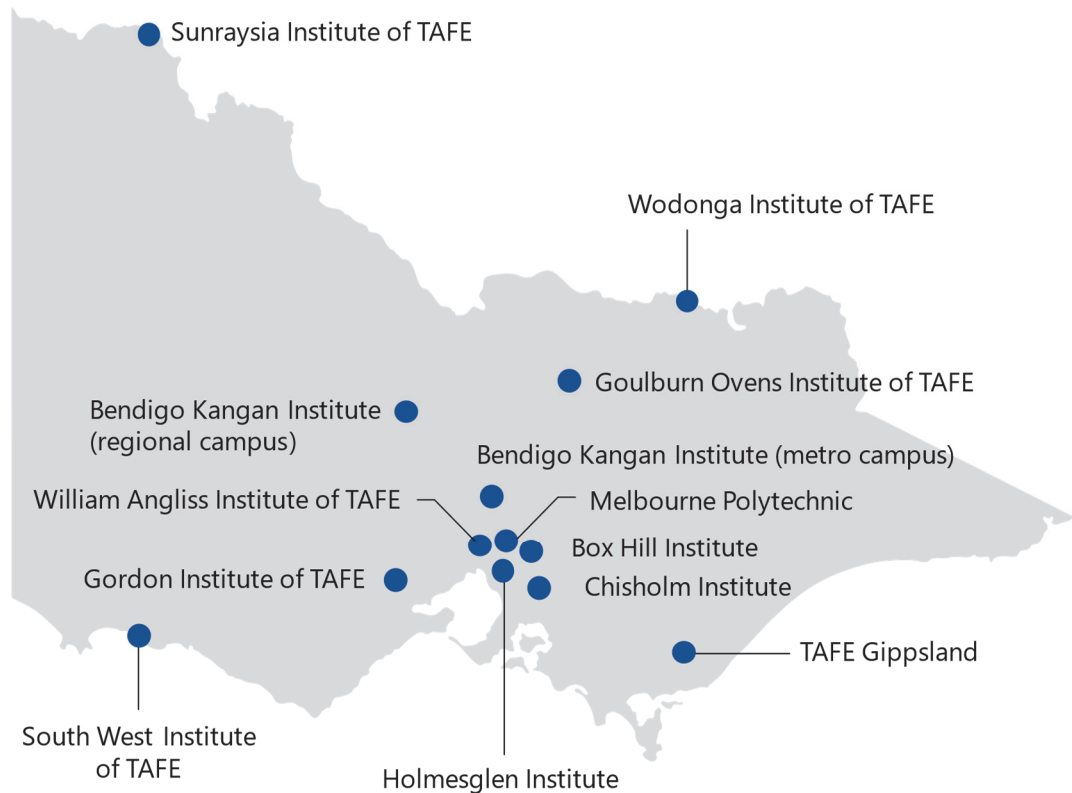
Victoria's TAFE sector is made up of 12 TAFEs and the 14 entities they control. They have 69 campuses across Victoria.

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

### Location of TAFEs

Figure B1 shows where Victoria's 12 TAFE institutes are located.

Figure B1: Where Victoria's TAFE institutes are

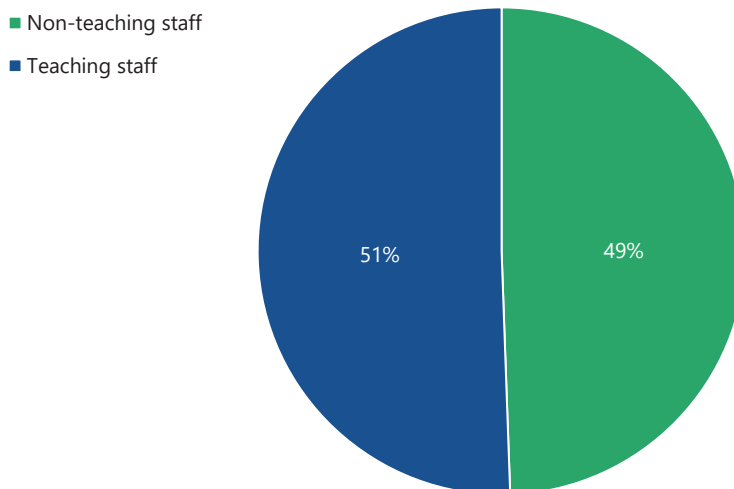


Source: VAGO.

**The sector's workforce and enrolments**

Figure B2 shows the proportion of teaching and non-teaching staff in the sector.

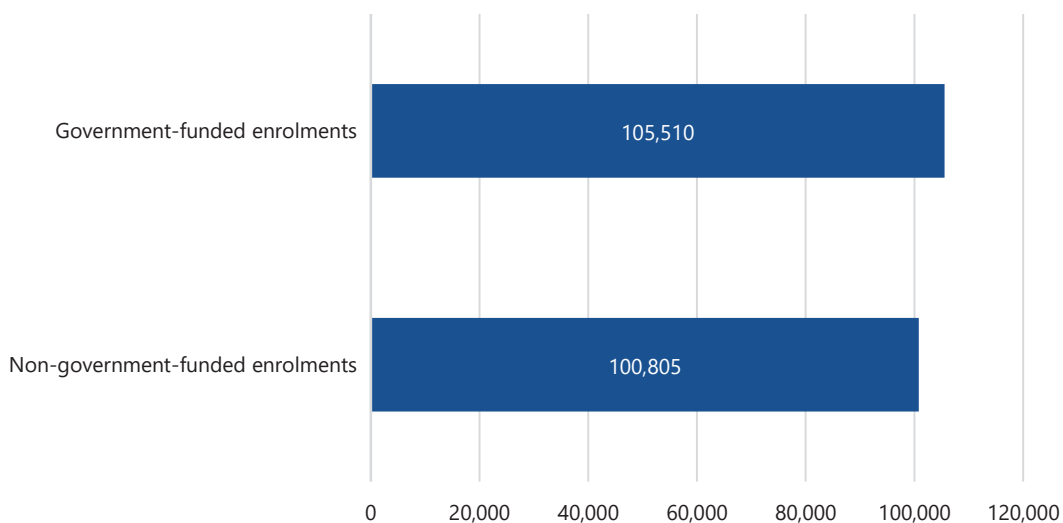
Figure B2: Teaching and non-teaching staff in the sector in 2022



Source: VAGO.

Figure B3 shows the number of government-funded and non-government funded enrolments at TAFEs in 2022.

Figure B3: Enrolment numbers by type in 2022



Source: VAGO.

**Private sector VET**

In Victoria private registered training organisations also run VET courses.

We have not included them in this report because the *Education and Training Reform Act 2006* and the *Audit Act 1994* do not require us to audit them.

**The sector's financial model**

**Revenue and expense streams**

The TAFE sector gets most of its revenue from running courses.

This revenue comes from both government-funded students and full fee-paying students.

## Government funding

The Victorian Government funds TAFEs in 3 ways:

- government subsidies (or 'contestable funding') for domestic students who study eligible courses
- operating grants to help TAFEs pay for day-to-day costs or other specific needs
- capital grants for constructing new buildings and maintaining existing infrastructure.

## Full-fee-paying students

Both private domestic students and international students pay full fees.

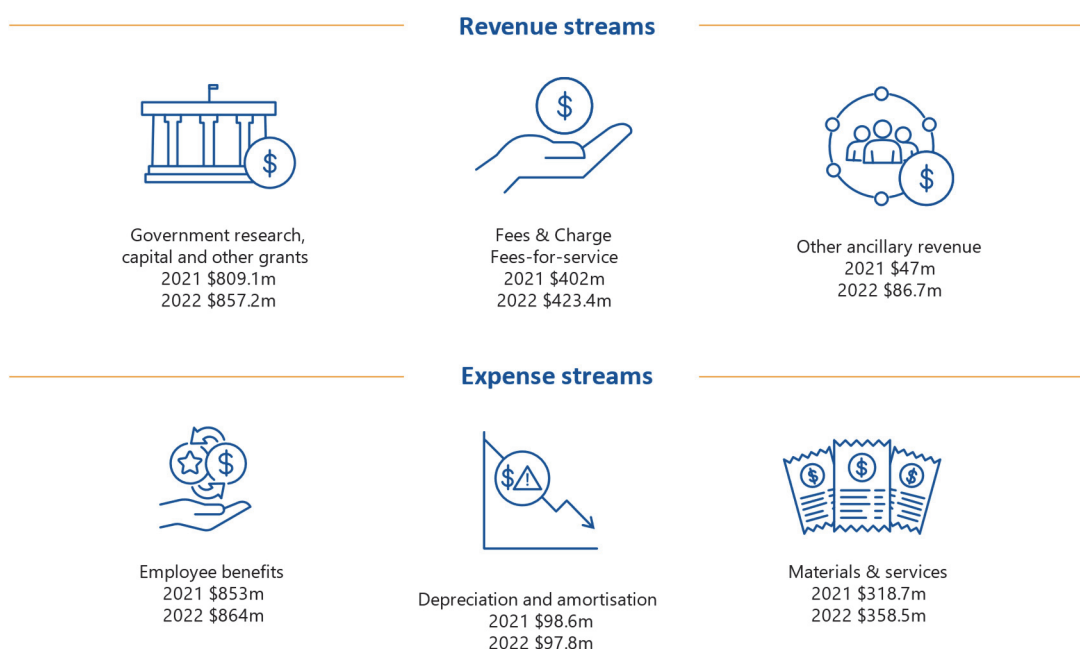
Private domestic students are students who are not eligible for government subsidies. They pay for their courses themselves or with an Australian Government VET student loan.

With a VET student loan, the Australian Government pays the course fees to the TAFE. The student repays the government through the tax system when they earn above a minimum income threshold.

## Revenue and expense streams in 2021 and 2022

Figure B4 shows the sector's key revenue and expense streams in 2022 compared to 2021.

Figure B4: The sector's key revenue and expense streams in 2021 and 2022



Source: VAGO.

## Legislative and financial reporting framework

**Applicable Acts** The *Education and Training Reform Act 2006* governs TAFEs. The Act outlines:

- TAFEs' functions and powers.
- the requirements for setting up a TAFE board
- TAFE boards' governance responsibilities.

The Act also requires each TAFE to prepare an 'annual statement of corporate intent'. It says that this statement must include the KPIs in the TAFE's performance statement.

As public bodies, TAFEs must follow the *Financial Management Act 1994*. This includes complying with the Assistant Treasurer's directions for preparing financial reports.

TAFEs must also follow the *Public Administration Act 2004*, which outlines the public sector's governance framework.

---

### Managing and overseeing TAFEs

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

The Department of Jobs, Skills, Industry and Regions manages the TAFE sector on behalf of these ministers. This includes:

- overseeing the sector and individual TAFE's governance
  - overseeing the breadth, depth and appropriateness of TAFEs' courses
  - funding the courses that TAFEs run through a subsidy for each hour of training.
- 

## Performance reporting framework

### Applicable regulations

TAFEs are required to report mandatory performance indicators in line with the reporting requirements outlined by the Minister for Training and Skills in the statement of priorities.

Figure B5 shows the performance report indicators, description and methodology.

Figure B5: Performance report indicators, description and methodology

Indicator	Description and methodology
Training revenue diversity	Breakdown of training revenue by: <ul style="list-style-type: none"><li>• government funded</li><li>• fee-for-service</li><li>• student fees and charges</li></ul>
Employment costs as a proportion of training revenue	Employment costs plus third-party training delivery costs as a proportion of training revenue
Teaching revenue per teaching FTE <sup>†</sup>	Training revenue (excluding revenue delivered by third parties) per teaching FTE
Operating margin percentage	EBIT* (excluding capital contributions)/total revenue (excluding capital contributions)

Source: VAGO.

Note: \*EBIT = earnings before interest and taxes.

---