



Policy costing request—during the caretaker period for a general election

Name of policy:	Boost TAFE Funding and establish VET Ombudsman
Person requesting costing:	Senator Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	28 June 2016
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)?	No
Details of the public release of this policy (Date, by whom and a reference to that release):	http://greens.org.au/sites/greens.org.au/files/Policy%20initiative%20-%20Restoring%20the%20TAFE%20system.pdf
Description of policy	
Summary of policy (as applicable, please attach copies of relevant policy documents):	To provide an extra \$400 million per year for TAFE and provide \$10 million over two years as seed funding to establish a VET Ombudsman to facilitate student complaints against private education providers.
What is the purpose or intention of the policy?	To increase the proportion of the population that will attain a higher education qualification, particularly those from disadvantaged backgrounds.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.	Yes, will interact with the policy for the removal of VET-FEE-HELP funding to for-profit providers.
Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?	Capped
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	Yes, as the administrators of TAFE systems, State governments would have a role in ensuring the funding is best utilised for the benefit of students and teachers alike.

PBO Policy costing request—during the caretaker period for a general election

Are there associated savings, offsets or expenses? If yes, please provide details.	No			
Does the policy relate to a previous budget measure? If yes, which measure?	No			
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No			
Will the funding/program cost require indexation? If yes, list factors to be used.	Yes, at CPI			
Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices)^(a)				
	2016–17	2017–18	2018–19	2019–20
Underlying cash balance (\$m)	-333.3	-413	-423.1	-428.6
Fiscal balance (\$m)	-333.3	-413	-423.1	-428.6
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	That the private VET sector would contribute to the operation of the ombudsman as most industry bodies do. The \$10m is seed funding from the government with an even \$5m split in 2017-18 and 2018-19.			
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No			
What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?	<p>In 2014 more than a million students studied at TAFE.</p> <p>TAFE plays a vital role in offering educational opportunities for students from disadvantaged and low-income backgrounds.</p> <p>Boosting funding will provide better resources for TAFE to implement courses for students throughout the country.</p> <p>The vital additional funding will help increase the TAFE sector's future capability to deliver higher qualifications in the key skills shortage areas identified by government</p>			

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Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	Department of Education and Training
Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).	
Intended date of implementation:	1 September 2016
Intended duration of policy:	Ongoing
Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).	
Are there any other assumptions that need to be considered?	That the first year of funding would be pro-rata based on \$400m of funding
<p>NOTE:</p> <p><i>Please note that:</i></p> <p><i>The costing will be on the basis of information provided in this costing request.</i></p> <p><i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i></p>	