

Post-secondary education

Overview

- 1 On 21 June 2023, the Commission issued a [consultation paper](#) on the draft post-secondary education assessment. The Commission considered changes since the 2020 Review and their implications for the assessment method.
- 2 The Commission did not propose changes to the 2020 Review assessment method.
- 3 A summary of state responses to each consultation question is included below, as well as the Commission's draft position and the draft 2025 Review assessment method.
- 4 State submissions can be viewed [here](#).

Consultation questions

Q1. Do states agree that a course mix driver should not be introduced?

State views

- 5 Most states agreed that course mix is unlikely to be material and should not be introduced as a driver.
- 6 Western Australia disagreed, arguing that course mix could be considered part of the 'industry mix' driver in services to industry and mining revenue. In this context, 'industry mix' refers to value of production, which is the measure for the economic environment driver in the services to industry assessment and the value of production driver in the mining assessment. Western Australia argued that this could also be a driver in the post-secondary education assessment, and that materiality would not need to be separately tested.

Commission response

- 7 The Commission explored Western Australia's suggestion.
- 8 It found evidence that a state's industrial profile can influence the courses it provides. For example, Tasmania provides an above-average amount of fisheries and forestry courses, and the ACT provides an above-average amount of political science and information technology courses.
- 9 There are also differences in course mix that are unrelated to industry mix. For example, Victoria provides nearly twice as many nursing courses as New South Wales, and South Australia provides twice as many human welfare

courses as Queensland. These could reflect student preferences and/or state policy influence.

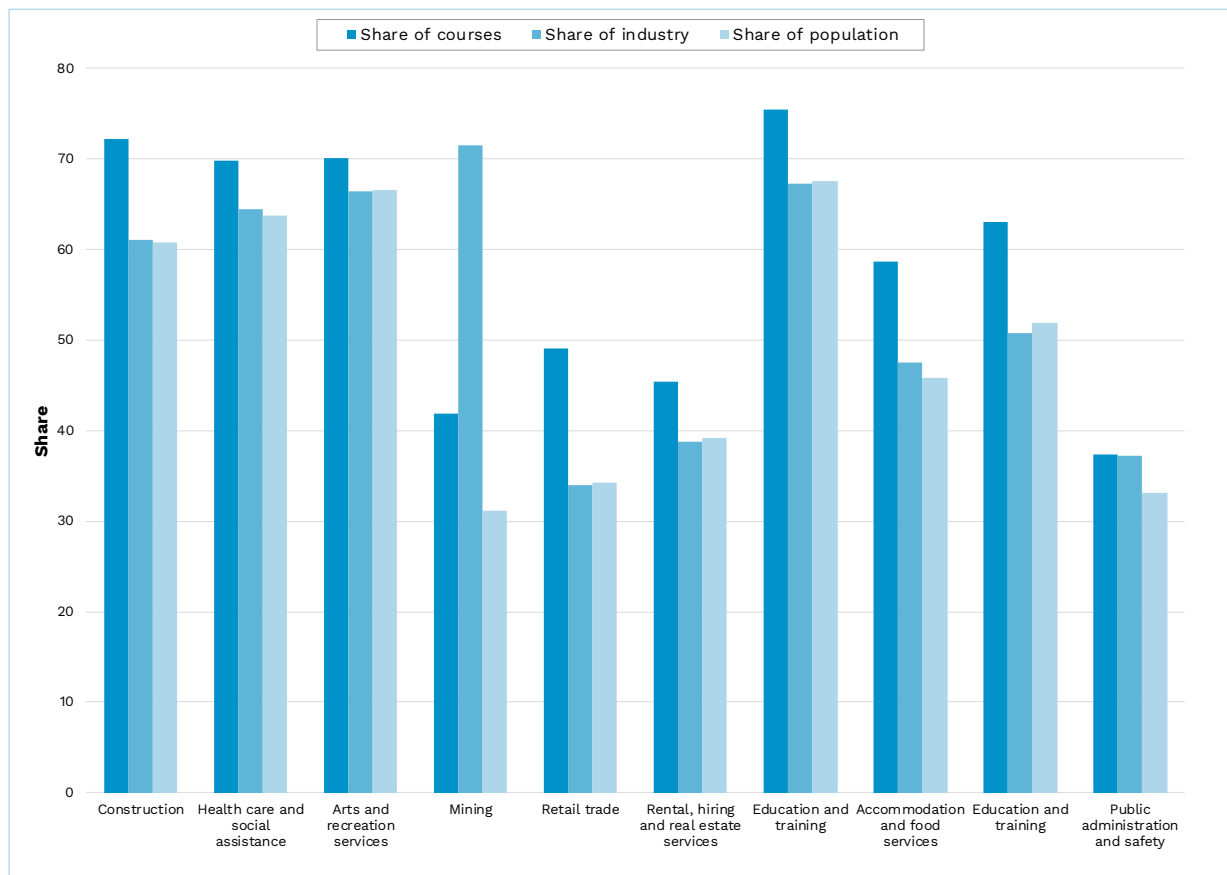
- 10 Table 1 shows the courses with the greatest difference from equal shares per state. For example, New South Wales, Victoria and Tasmania provide 72% of all building courses in Australia. However, these states have 61% of construction employment and 61% of population.
- 11 Of the 10 course groups with the greatest difference from population share, only one (mechanical and industrial engineering and technology) has a state distribution that could be explained by the associated industry mix. This is a course most used in the mining industry and is provided predominantly in Queensland and Western Australia.

Table 1 Courses provided by states, 2022

Course group	Difference from equal share	States with greater than equal share of courses	Industry with greatest concentration of graduates	Over-represented states' shares		
				Share of courses	Share of industry	Share of population
	'000 courses			%	%	%
Construction	201	NSW, Vic, Tas	Construction	72	61	61
Health care and social assistance	152	NSW, Vic, SA, Tas, NT, ACT	Health care and social assistance	70	64	64
Arts and recreation services	151	Vic, Qld	Arts and recreation services	70	66	67
Mining	127	Qld, WA, Tas	Mining	42	72	31
Retail trade	115	Qld, WA	Retail trade	49	34	34
Rental, hiring and real estate services	85	NSW, Qld, WA, SA	Rental, hiring and real estate services	45	39	39
Education and training	66	Vic, WA, SA, ACT	Education and training	75	67	68
Accommodation and food services	63	NSW, WA, SA, Tas, ACT, NT	Accommodation and food services	59	47	46
Education and training	62	NSW, Qld, ACT	Education and training	63	51	52
Public administration and safety	50	NSW, WA, SA, ACT, NT	Public administration and safety	37	37	33

Source: Commission calculation based on NCVER data.

Figure 1 Share of courses provided by states with above-average provision, 2022



Source: Commission calculation based on NCVET data.

- 12 After considering the evidence, the Commission considers that a state’s course mix is primarily driven by factors not related to the industrial profile. These are likely to include student preferences, as well as state and Commonwealth policy choices. The different influences would need to be untangled, which is not yet possible.
- 13 A further consideration is the differing employment intensity of different industries. An industry might account for a large proportion of value-add or number of businesses, but not employment. Any driver would relate to a state’s industrial employment profile, not business counts or chain volume measures.
- 14 The evidence suggests that any course mix driver would be different from economic environment drivers in services to industry. A separate course mix driver is both potentially not policy neutral and, as noted in the consultation paper, not material.

Commission draft position

- 15 The Commission proposes not to introduce a course mix driver in the 2025 Review.

Q2. Do states agree that the variables used in the socio-demographic assessment need to be retained?

State views

- 16 All states agreed that the socio-demographic assessment be retained.
- 17 Victoria had concerns that the socio-demographic assessment (both current and proposed) involves measuring the interrelated drivers of First Nations, low socio-economic status, and remote populations, which could lead to double counting. Victoria did not provide further analysis as evidence for its position.
- 18 Western Australia argued that the current regional cost gradient does not adequately assess the service delivery scale needs associated with its remote post-secondary education training. Western Australia also highlighted the possibility of better and more mature data being available to measure these drivers.

Commission response

- 19 The Commission does not share Victoria's concern that double counting could be a problem. The assessment is based on disaggregated socio-demographic profiles. For example, the use of post-secondary education by remote, low SES, First Nations people (and every other detailed population group) is separately measured. The GST distribution is based on the fully disaggregated profile of users of post-secondary education, and so there is no potential for double counting individual attributes.
- 20 The regional costs adjustment in the post-secondary education assessment is based on state funding formulas, which include allowances for higher costs in more remote areas. Because states do not have a separate additional allowance for small institutes, the Commission has not adjusted for this effect. The regional cost adjustment will be updated with current data following a data request. The aim of this data request is to capture any available and relevant data improvements to measure these drivers.

Commission draft position

- 21 The Commission proposes that the variables used in the socio-demographic assessment be retained.

Other issues raised by states

Cross-border adjustment

- 22 New South Wales noted that it is negotiating to reimburse the Canberra Institute of Technology, in the ACT, directly, and that this will require the cross-border adjustment to be updated.

Commission response

23 For its post-secondary education assessment, the Commission purchases data from the National Centre for Vocational Education Research on the amount of training provided by ACT institutes for New South Wales residents and vice versa. Once details of the agreement are settled, the Commission proposes to adapt this data request to only reflect cross border provision of training that is not covered by the agreement.

Commission draft position

24 In each assessment year, the Commission proposes to use data that reflect the amount of cross-border training not covered by alternative funding arrangements. This means that adjustments can be made between reviews to account for changing cross-border arrangements.

Draft 2025 Review assessment method

25 Following consideration of state views, the Commission proposes to retain the 2020 Review assessment method.

26 Table 2 shows the proposed structure of the 2025 Review post-secondary education assessment.

Table 2 Proposed structure of the post-secondary education assessment

Component	Driver	Influence measured by driver	Change since 2020 Review?
Post-secondary education	Socio-demographic composition	Recognises that for the working age population certain characteristics affect the use and cost of services, namely Indigenous status, remoteness, and socio-economic status.	No
	Cross-border	Recognises the cost to the ACT of providing services to residents of New South Wales.	No (a)
	Wage costs	Recognises differences in wage costs between states.	No

(a) A slight change in the data request may be required, but the general approach will remain unchanged.

Indicative distribution impacts

27 No method changes are proposed for this assessment. The indicative impact of the re-estimation, with new data, of the socio-demographic cost weights is shown in Table 3.

Table 3 Indicative impact on GST distribution (difference from an equal per capita distribution), 2024–25

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total Effect
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
U2024 using R2020 methods	-47	-73	44	24	-14	16	1	48	134
U2024 using draft R2025 methods	-65	-72	43	32	-11	18	0	54	148
Effect of draft method change	-17	1	-1	8	3	1	-1	6	19
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
U2024 using R2020 methods	-6	-10	8	8	-7	28	3	187	5
U2024 using draft R2025 methods	-8	-10	8	11	-6	31	1	211	5
Effect of draft method change	-2	0	0	3	2	2	-2	24	1

Note: The GST pool and population estimates are equivalent to those used in the 2024 Update. The data included in the table have not been subject to full quality assurance processes and as such, should be treated as indicative only. Indicative GST impacts are provided for illustrative purposes only and should not be used to predict impacts on GST distribution for 2025-26.