Research into the Financing of Technical and Vocational Education and Training (TVET) in the Pacific

Private Financing for TVET in the Pacific

Overview Paper

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This overview paper is based on research undertaken by the Australian Council for Educational Research (ACER) 2012-2014 for the Australian Department of Foreign Affairs and Trade under the research project Research into the Financing of TVET in the Pacific and on the various reports produced by ACER over the course of that research. However the use made of the ACER research and the views expressed in this paper are those of the author alone and do not necessarily reflect the views or policies of either ACER or the Government of Australia.

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List of Acronyms

ACER	Australian Council for Educational Research
APTC	Australia-Pacific Technical College
DFAT	Department of Foreign Affairs and Trade, Australia
ETES	Enterprise Training and Expenditure Survey
FNU	Fiji National University
ICT	Information and Communication Technology
IRC	Internal Revenue Commission (PNG)
PNG	Papua New Guinea
QTE	Qualifying training expenses (for PNG levy)
MoE	Ministry of Education
NGO	Non-Governmental Organization
NTC	National Training Council (PNG)
NPTC	National Training and Productivity Centre (Fiji)
NUS	National University of Samoa
ODA	Official Development Assistance
SINU	Solomon Islands National University
TIST	Tonga Institute of Science and Technology
TVET	Technical and Vocational Education and Training
VIT	Vanuatu Institute of Technology
VRTC	Vocational rural training centres (Solomon Islands)
VTSSP	Vanuatu TVET Sector Strengthening Program

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In addition to drawing on the country reports prepared for and published by ACER under the research project, this Overview Paper draws on the following unpublished papers produced by ACER in the course of the research:

ACER (2014b). *Draft Synthesis Report*, 10 November 2014. Melbourne: ACER.

McKenzie, P. (2014). *Regional Framework TVET Finance Data Collections*. Draft Thematic Paper, 25 September 2014. Melbourne: ACER.

McKenzie, P. (2014). *Unit Costs of TVET Provision*. Draft Thematic Paper, 4 October 2014. Melbourne: ACER.

Horne, R. (2014a). *The Role of Fees, and Financial Support, in Facilitating Student Access and Course Completion*. Draft Thematic Paper, 19 December 2014. Melbourne: ACER.

Horne, R. (2014b). *Marshalling Private Resources for TVET*. Draft Thematic Paper, 18 December 2014. Melbourne: ACER.

1. Introduction

Private resources, especially those of the private sector, are essential to the growth and sustainability of quality technical and vocational education and training (TVET) systems in the Pacific. International experience shows that for TVET strategies to be effective the private sector needs to be involved; not least to translate knowledge of the labour market into training programs (Dunbar, 2013).

Employers in the Pacific Island countries express concern about the quality and relevance of TVET available, but also seem to lack involvement in creating a better system. In Fiji, Papua New Guinea (PNG) and Vanuatu employers are dissatisfied with the quality and relevance of existing TVET provision, and the associated competencies of their recently trained new employees (Maglen et al., 2014; Horne et al., 2014; ACER, 2014a); in Tonga and Kiribati, there is no strong link to industry in terms of developing TVET curriculum or informing training provision to meet industry needs (Bateman et al., 2014b; Majumdar and Teaero, 2014); and, in Samoa, there is a low level of industry/employer participation in the planning of structured TVET provision (Maglen et al., 2013).

Encouraging more private resources for TVET financing, especially those coming from private enterprises, is strongly linked to policy objectives of making TVET systems more demand-driven, responsive and relevant (Atchoarena, 2009). Where resources from the private sector are channelled into TVET, employers may be encouraged to be involved in 'steering and delivering mechanisms for training' (Dunbar, 2013: 26), and in demanding training relevance and cost-effectiveness (Johanson and Adams, 2004).

In the Pacific Island countries, an increased sharing of costs with those who benefit from TVET has an important role to play. Pacific Island countries face strong pressures to expand their TVET systems and enhance their quality, just as they also face spending pressures on basic and higher education (Horne, 2014b). While funding for TVET can be increased through enhancing efficiency of existing spending, this will not be sufficient to address overall need. This overview paper examines the extent to which Pacific Island governments may be able to share the costs of enlarging and improving TVET systems with other stakeholders, principally the private sector, and for- and non-profit private providers. It reports on findings from seven Pacific Island countries (Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu) included in the Australian government funded research project on 'Research into the Financing of TVET in the Pacific'.[1] Section 2 outlines the current situation with regard to private resource financing of TVET in the seven countries. Section 3 highlights options that Pacific Island countries might consider as means to increasing the engagement of the private sector in TVET financing.

Strengthening the role of the private sector is one of the Australian Government's priorities for its aid program.[2] This includes: supporting partner countries to build better environments for business and addressing constraints to growth in specific markets;

[1] For a detailed list of the seven country studies, see references.
[2] Human development (including education, health, gender equality and women's empowerment) is the other priority area (DFAT, 2014).

exploring innovative ways to promote private sector growth; and, addressing development challenges by leveraging the resources of the private sector (DFAT, 2014).

2. Private Resources for TVET: Current Situation in the Pacific

This overview paper will explore the current situation of four types of private resources that contribute to TVET provision in the seven Pacific Island countries in this study:

- Resources from **enterprises**;
- Resources from **churches or NGOs**, whether local or foreign, largely to support **non-profit private TVET providers** run by them;
- Resources for TVET as a result of **private for-profit provision**;
- Resources from the **sale of products or services** by TVET providers.

Tuition fees paid by private individuals (students, trainees or their parents) are not included in this overview paper.[3]

Table 1 provides an overview of the relative importance of different types of funding (recurrent and capital) for institutional public and private TVET that could be identified in the seven Pacific Island countries in this study. The Australia-Pacific Technical College (APTC) is treated separately because it is a regional provider with funding arrangements separate from national systems. Excluding the APTC, the most significant source of funding for institutional public and private TVET in the seven Pacific Island countries was government funding, followed by student fees, official development assistance (ODA), and private resources.

Table 1. Shares in TVET funding for institutional public and private TVET - All seven participating countries

	% all sources	% all sources excl. APTC
Government grant	30.2	37.6
Official overseas aid excl. APTC	13.4	16.6
APTC	19.6	n/a
Student fees	28.4	35.3
Private resources	8.4	10.4
of which		
Church and NGO donations	0.5	0.6
Industry contribution	5.6	6.9
Sale of services etc	1.0	1.2
Other sources	1.4	1.7

Source: Summarized from Annex 1

Private resources comprise just over 10% of all funding to institutional TVET provision (excluding APTC), with industry contribution being the most important. Across the seven Pacific Island countries (excluding APTC again) the shares of TVET funding contributed by private resources varied quite considerably:

[3] This overview paper follows the definition of private resources used in the research which excluded student fees.

- For Fiji, Papua New Guinea, Samoa and Tonga, within a range from 10% to 16%;
- For Kiribati, Solomon Islands and Vanuatu from 0% to 7%.

There was thus a very striking difference between the two groups, roughly corresponding to the relative prosperity of the countries concerned (Horne, 2014b).

The churches have made, and continue to make, an important contribution to the development of TVET in the Pacific Islands. However their share in the funding of TVET systems is relatively small – about 0.6% - because the larger enrolments, and the higher per capita funding, are in the Government-funded sector (Horne, 2014b). However, this understates their actual resource inputs since an important part of their contribution is through staff salary subsidies and volunteers, for example in Samoa (Maglen et al., 2013). Another general feature of the composition of private resource funding is the low per cent contributed from sale of goods and services (Table 1).

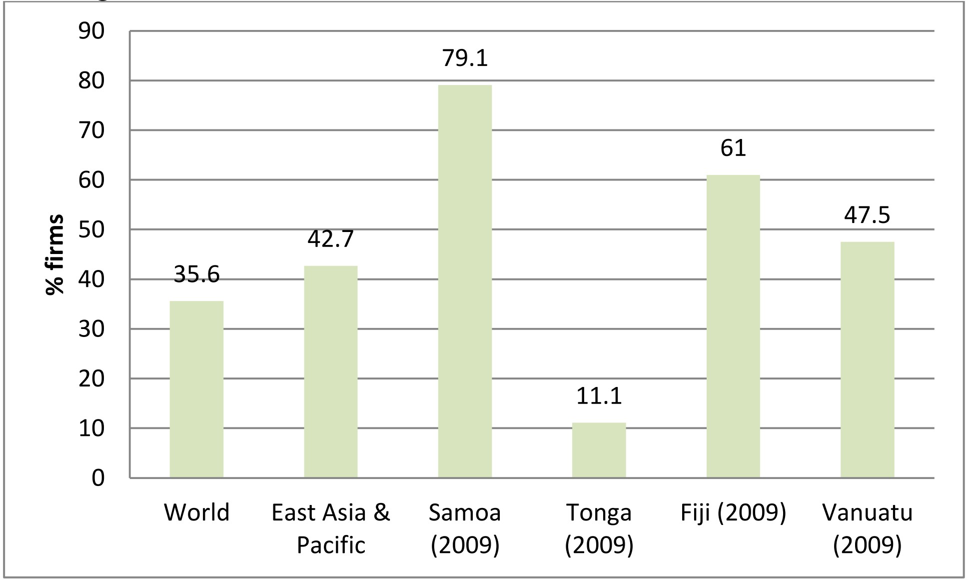
2.1. Enterprise-financed training

2.1.1. Enterprise-based training and paying for external training

Formal enterprises in the Pacific Island countries directly finance training activities, including through enterprise-based training (in-house professional development, apprenticeships), or paying the fees of external providers. Two of the seven countries studied (Fiji and PNG) have industry training levies (see 2.1.2 below).

Formal training by firms in several Pacific Island countries is very common (Fig 1, below), especially in Samoa, Fiji and Vanuatu – which all train a lot more than average for East Asia and the Pacific - while in Tonga the proportion of firms offering formal training is very low (about one quarter of the regional average).

Figure 1. Percentage of firms in selected Pacific Island countries offering formal training



Source: http://www.enterprisesurveys.org/ accessed 30.03.15

The Pacific Island countries' study included an Enterprise Training and Expenditure Survey (ETES) intended to obtain information about the types of training undertaken by firms, and the expenditure which firms incurred on both external and in-house training. However, the survey got responses from only five countries (Table 2), was not representative, had low non-random sample sizes and varying response rates (as low as 12% in Fiji). The ETES focus was on medium to large employers, from both the State Owned Enterprises and private corporate sectors. As a result of this approach, findings are only indicative and cannot be taken as representative of enterprises in the countries concerned. **Policy makers in the Pacific Island countries may find it useful to undertake a more rigorous enterprise survey to understand the current training activities and needs of small, medium and larger enterprises, public and private, formal and informal.**

Among the employers surveyed in formal medium to large enterprises, there appears to be a relationship between firm size and TVET expenditure per employee; the larger the firm, the higher the TVET expenditure per employee. This is consistent with international experience. Vanuatu appears slightly anomalous, having the smallest average firm size and TVET expenditure per employee comparable to Samoan firms (which are on average five times larger). Moreover, the total reported expenditure on training for the Solomon Islands appears high given that it is the least prosperous of the seven countries in terms of GNI per capita (Table 2).

Table 2. Employer funding for employee training, by country, 2012

	Fiji	Samoa	Solomon Islands	Tonga	Vanuatu
Number of firms surveyed	50	15	41	23	50
Number of firms responding	6	13	15	12	33
Response rate	12%	87%	37%	52%	66%
Number of employees	4,202	2,282	3,210	780	1,165
Average number of employees per firm	700	176	214	65	35
Total reported expenditure on training US$	$1,875,287	$500,775	$1,117,529	$68,624	$260,976
TVET expenditure per employee US$	**446**	**219**	**348**	**88**	**224**
Training expenditure as per cent of wages bill	NA	2.4%	6.9%	1.6%	NA

Sources: Horne (2014b) from the Employer Training and Expenditure Surveys.

Four of the seven countries in the Pacific Island countries' study have formal apprenticeship schemes, which combine on and off-the-job training over periods of 3 to 4 years. Formal apprenticeship programs operate in Fiji, PNG, Samoa, and the Solomon Islands, but not in Kiribati, Tonga and Vanuatu. Delivery and funding arrangements vary, for example (Horne, 2014b):

- Samoa delivers the off-the-job component through the National University of Samoa. Fee costs are shared in the ratio 40:30:30 between Government, apprentices and employers. Employers sometimes pay the apprentice's share (Maglen et al., 2013).
- Fiji delivers the off-the-job component through the Fiji National University. Costs are defrayed through the Fiji Training Levy (Maglen et al., 2014).
- PNG delivers the off-the-job component through approved apprenticeship training providers, which include some firms as well as some government technical colleges. Where firms offer the training to apprentices who are not their own employees, fees are at full cost (Horne et al., 2014).
- The Solomon Islands delivers the off-the-job component through the Solomon Islands National University. The Government provides scholarships to apprentices from the second year onwards (Bateman et al., 2014b).

2.1.2. Enterprise training funds / Industry training levies

Enterprise training funds are intended to provide incentives to increase in-service training of workers within enterprises (Johanson, 2009). They are typically financed by an industry training levy; a dedicated tax on enterprises principally used to raise funds for training purposes. They are based on a contribution of a certain per cent of a company's salary bill, with the levy amount decided either by government (in consultation with industry), or via a more collective agreement. The levy is normally paid by the company itself (not the employee). The broad rationale for them is that:

- Firms receive benefits from training (e.g. higher productivity of a trained worker, increased earnings) for which they should pay at least in part;
- Firms, if left to their own decision-making, may under-train; the incentive for enterprises to invest in training for their employees is lacking when they fear that these employees might be lured away by another firm; and,
- Training funds raised from a levy help to provide some predictability in the overall funding of training.

There are different types of incentive mechanisms for enterprise training funds (Johanson, 2009): i) cost reimbursement schemes, where approved enterprise training expenditures are reimbursed in part, within the limits of the levy paid by the enterprise; ii) levy-grant schemes, where training grants are offered to enterprises on a case-by-case basis in accordance with agreed criteria; iii) exemption-based schemes (also known as train-or-pay), where enterprises liable for a levy are exempt from it up to the amount that they themselves directly spend on training. Levies can also be hybrid, containing one, two or more incentive mechanisms. In two countries in this study, PNG and Fiji, there are training levy programs wherein employers above threshold sizes pay a levy that is pooled for approved training applications.

PNG training levy (hybrid: exemption-based, levy-grant)

In PNG employers with an annual payroll of PGK200,000 (US$78,000) or more pay a training levy at 2% of payroll. The training levy has three purposes: to raise revenue for government, like any other tax; to give employers liable to pay an incentive to train, through the deduction for qualifying training expenses (QTEs); and, to support training through the Training Assistance Fund operated by National Training Council (NTC). Its main features are (Horne et al., 2014: 89-90):

- The Internal Revenue Commission (IRC) collects revenue from employers only if their QTEs as reported to IRC are less than their levy liability. In that sense the PNG levy is exemption-based. About three-quarters of employers claim QTEs in excess of 2% of payroll and hence pay no levy;
- Over the years 2011-14 the annual yield of the levy varied from PGK2.8m to PGK4.7m (US$1.09m – US$1.83m), of which the NTC received about PGK1.5m (US$ 0.59m) to distribute to firms providing training. In this sense the PNG levy is a levy-grant scheme;
- The funds allocated to the NTC are distributed to firms as grants of up to PGK20,000 (US$7,800) based on their submission of a three-year training plan, and details of the training to be provided.

'The existing training levy in PNG is not working well' (Horne et al., 2014: 149):

- **As a source of revenue for government to fund TVET**, the levy provides a very modest source of funds to the Training Assistance Fund. Further, even the modest revenues to the Training Assistance Fund don't appear to be used most effectively: there is no competitive mechanism to allocate these funds to the best applicants; instead grant applications are considered as they come in (Horne et al., 2014: 90).
- **As a training incentive for employers.** It imposes on the Internal Revenue Commission a heavy, perhaps unrealistic, burden for the assessment of QTEs (Horne et al., 2014: 147). Moreover, the definition of QTEs 'is so wide that it is easy for employers to represent that their expenses exceed their liability to pay, and hard for the Inland Revenue Commission to check such claims' (Horne et al., 2014: 90).

There is apparently confusion in PNG about the levy objective, yield and the allocation of proceeds (partly to the Training Assistance Fund and partly to general government purposes). The PNG study recommends a review of the training levy with a view to clarifying the objectives, simplifying the method of collection, and analysing whether it serves to increase the training undertaken by employers (Horne et al., 2014).

Fiji training levy (levy-grant)

Fiji operates a levy-grant mechanism whereby the National Training and Productivity Centre (NTPC), which is part of the Fiji National University, collects levy money from industry and then pays out training grants to employers. Approximately FJ$ 12m (about US$ 6.4m) per annum is raised from this levy, representing about 12% of all TVET funding in Fiji (Annex 1). The training levy is a statutory requirement that obligates all employers in Fiji, except those that are specifically exempted by law, but including Public Service Commission on behalf of the government, to pay a levy of one per cent of gross payroll (Maglen et al., 2014).

While there was no publicly available data on how much is reimbursed to employers, there are two methods by which employers can get reimbursed for training:

- Method A (general levy refunds) – organizations that operate their own systematic training programs submit them for assessment by the NTPC, according to ten criteria specified by NTPC. The higher the assessed score, the greater the percentage re-imbursement of levy.
- Method B - open to those organizations that do not have established systematic training programs for their employees. Employers have to claim for each training activity.

The funds raised from the training levy are intended to be used primarily for in-service training of employees of levy payers, managing apprenticeship schemes, trade testing, productivity promotions and education and training in the national interest.

Employers might regard the training levy-grant scheme as just another tax, since both Method A and B mechanisms appear to not function well:

- In 2013, only 57 out of 6,557 employers registered with NTPC qualified as Method A employers, and were therefore entitled to have up to ninety per cent of their levies reimbursed. That is less than one per cent of the total, which seems inordinately low, and suggests that the scheme has not been particularly successful, at least in its objective of raising the participation of employers themselves in the training of their workforces. Perhaps NTPC has set the bar too high for Method A qualification (Maglen et al., 2014: 178).
- Meanwhile, to get reimbursed under Method B, employers have to undertake lengthy application procedures to obtain recompense for each specific training activity; and this discourages employers (Maglen et al., 2014: 178).

However, the lack of publicly available data and information about the Fiji levy at the time of the country study make it hard to know the extent to which it performs effectively or not.

2.1.3. Industry in-kind contributions

Industry contributions include the donation of equipment which is being re-placed at the work-place but is still good for training, and occasionally buildings no longer required. Sometimes such industry contributions can be substantial. For example, the PNG Liquefied Natural Gas Project gave a purpose-built Construction Industry Training Facility to the PNG Government when the project had no further use for it (Horne et al., 2014).

Another type of industry in-kind contribution is when industry offers work placements to trainees.

- In Tonga, for example, there is a ‘high reliance on in-kind contributions to ensure the sustainability of specific programs. Tonga Institute of Science and Technology, the main government provider, relies heavily on employers to provide suitable workplaces for trade students over a four-year period’ (Bateman et al., 2014b: 157).
- In the Solomon Islands, the Solomon Island National University work placement requirements are quite lengthy (9 weeks to 2 years depending on course), while the VRTCs require 6 months to a year of work placement. Such course requirements rely on industry in-kind contribution of work placements (Bateman et al., 2014a).

2.2. Private TVET provision

In many of the Pacific Island countries included in the study, church-founded TVET providers constitute a significant proportion of overall private provision, especially in Samoa, the Solomon Islands and Tonga. Such church-founded training colleges or centres often trace their origins back to the work of the missions. By contrast, it appears that for-profit private TVET provision is not common across the countries surveyed.

Unfortunately, it is not possible to be exact about the size of non- and for-profit private TVET provision in the study countries because study teams were not able to get responses from all private providers surveyed, and some were not surveyed. Annex 2 offers a summary of private TVET provision by country, based on the available data.

2.2.1. Non-profit private provision (Churches and NGOs)

Many of the church-founded institutions are training centres focusing on basic craft skills (carpentry, metal skills), business and ICT, and agricultural skills (Annex 2). Present funding sources for these institutions vary, but include church donations, tuition fees, donor support, and the sale of goods and services. In several countries, the governments also provide an operating grant towards non-teaching costs, and in the Solomon Islands also cover staff salaries:

- In Samoa, the four private (mission) TVET providers, especially the Uesiliana Vocational Centre and the Tesese Institute of Administrative Studies, are very reliant on church donations and school fees which account for 32% and 27% of their overall funding respectively. These four private TVET providers do receive some government funding (14% of overall funding on average), but this ranges from 3%-19% between the four providers (Maglen et al., 2013).
- In the Solomon Islands, church-based providers appear to get the majority of their support (50-65%) from government in the form of staff salaries and grants, followed by tuition fees (18-29%) and donor support (1-24%) (Bateman et al., 2014a).
- In Tonga, for the church TVET providers (both the Free Wesleyan Church and Catholic Church TVET providers), the main source of funds was government funding (35%), followed by student fees (29%), Church Dioceses support (13%) and sale of services (11%) (Bateman et al., 2014b).
- In Fiji, the largest private providers are those run by faith-based organizations that rely almost exclusively upon annual government grants and what they can attract from foreign donors (Maglen et al., 2014).
- In PNG some of the church-founded vocational training centres are part of the Government system and their recurrent expenditure is fully funded by government. Other church-founded centres are independent and do not receive government funding (Horne et al., 2014).

In terms of expenditure, personnel (staff) costs accounted for about 50-85% of total expenditure in the Solomon Islands and Tonga, compared to about half that among for-profit-providers in the Solomon Islands (Annex 2). Historically churches have played an important role in building TVET systems in the Pacific Island countries, and maintenance and renewal continue to be part of their funding commitment.

There are a range of NGOs across the seven Pacific Island countries studied that provide non-formal training within communities, mainly to those in the informal economy. For example, in the Solomon Islands, there are 56 Community Based Training Centres supported by Union Aid Abroad – APHEDA (Bateman et al., 2014a); in PNG, the Ginigoada Business Development Foundation provides short-term skills training to unemployed young people via mobile training units (Horne et al., 2014). The governments across the seven Pacific Island countries generally don't appear to offer training support to those in the informal economy. Papua New Guinea may be the exception to this; it has its own *Informal*

Economy Policy (GoPNG, 2011), which specifically refers to the government's role in providing skills training to those in the informal economy. It is not known what actual training support is offered, however.

2.3. Income-generation by TVET institutions

In all of the Pacific Island countries in the study, with the exception of Kiribati, TVET institutions recorded income generation activities (Annex 3). However, in these countries income generated by TVET systems amounts to an average of only 1% of total revenue (see Table 1, above). Methods of income generation included (Horne, 2014b):

- Sales of products, such as fruit and vegetables or simple furniture;
- Sales of services based on student labour. Construction and catering were among the fields where this occurred;
- Hire of premises or rents, for meetings, markets and telecom relay towers.

Although there is often no explicit policy to discourage such activity, in three (Kiribati, Tonga, Vanuatu) of the four Pacific Island countries studied which stated it (Fiji being the fourth – see below), public TVET providers reported that they were not allowed to retain profits from such ventures to supplement their funding (Annex 3). This serves as a strong disincentive for training providers to undertake such income generation activities. In Fiji, such funds generated were retained and managed by the training providers themselves; most vocational centres and schools engage in 'grow, sew, make and sell' activities, even though such activities are discouraged as they are seen as taking students away 'from the main objective; education' (Maglen et al., 2014: 126).

For the non-profit church-run TVET providers, while it is not known if this is the case in other Pacific Island countries in the study, in Tonga providers were allowed by their Diocese to retain internally generated funds (Bateman et al., 2014b).

The training-production tension, the need to balance the provision of education and training with the need for providers to generate income through activities, is more acute among some providers than in others. For example, while the government supports by paying instructor salaries, the vocational rural training centres (VRTCs) in the Solomon Islands are expected by government to be sustainable and this results in the VRTCs using students for income generating activities. However, such income generating ventures can also give students positive educational benefits and work experience, for example through running model farms as a small business enterprise (Bateman et al., 2014a).

3. Increasing the Engagement of the Private Sector in TVET Financing: Options Pacific Island Countries Might Consider

3.1. Expansion of private training provision, while ensuring satisfactory levels of quality, and mitigating equity concerns

Private provision of TVET is already relatively significant in several of the Pacific Island countries studied (e.g. Samoa, Solomon Islands, Tonga), and encouraging further expansion of private provision was specifically noted in the PNG study (Horne et al., 2014). Governments could encourage such an expansion, for example by:

- **Making TVET scholarships available across the spectrum of public and private providers on equal terms**, in respect of courses satisfying the government's quality assurance framework (Horne, 2014b). The PNG study, noted that such an approach would promote competition and choice, and 'might enable PNG to meet the increased demand for TVET at lower overall cost' (Horne et al., 2014: 79).
- **Offering tax incentives to promote the growth of private TVET** (ADB, 2014). The Tonga study noted that such tax concessions/exemptions are already available to private training institutions (Bateman et al., 2014b: 101).
- **Setting up a competitive fund** (ADB, 2014), **with grant windows open to both public and private providers.**
- **Providing indirect public financing for private TVET**, for example via a targeted voucher mechanism where public funding follows the trainees (ADB, 2014) and can be used in both public and private providers. Voucher schemes can help to stimulate the private training market (as well as increasing demand from learners) (Dunbar, 2013). Vouchers can be universal or targeted at specific groups (e.g. unemployed, at risk, women, small and micro-enterprises). However, international evidence suggests that unless vouchers are carefully targeted, there is high potential that beneficiaries would have paid for the training anyway (in the absence of vouchers).
- **Encouraging public-private partnerships** (see below).

In order to ensure minimum standards, private TVET providers would need to be accredited according to a specified quality assurance framework. Planners should be mindful that equity concerns are addressed, for example via targeting of scholarships, or funding contracts / incentives that require / promote a greater participation in TVET of marginalized groups.

3.2. Encouraging public-private partnerships

Governments might consider entering into partnership with (for- and non-profit, including churches and NGOs) private providers willing to start up colleges or courses in new locations e.g. by assisting with provision of facilities and/or scholarships. For example, in PNG a non-profit private provider and provincial governments have entered into arrangements whereby the province supplies facilities, and the provider undertakes to offer TVET courses at those premises. Teaching costs would be covered by fees, preferably with some input of scholarships by the province (Horne et al., 2014). Such partnerships offer another way to promote cost-sharing and diversity, and may be a useful option for remoter locations in other Pacific countries, where buildings suitable at least for classroom-based TVET happen to be available. In Kiribati, the success of the Marine Training Centre shows how sharing costs and program development among government, industry and donors can be beneficial for all. Developing such partnerships across TVET more broadly and maintaining close interactions are necessary to overcome skill mismatches and make TVET more demand-driven (Majumdar and Teaero, 2014).

3.3. Stimulating private enterprise investment in TVET

Industry training levies. As noted above, the policy objective of industry training levies is primarily related to increasing the incidence of training within firms. Some levies are also used to generate revenue to be applied to the TVET system at large. Of the Pacific Island countries studied, only PNG and Fiji have training levies in operation. In both these countries, the levy systems do not appear to be functioning particularly well (see also 2.1.2 above). A review of both the current schemes in PNG and Fiji would seem like a useful step towards improving their functionality. International experience does show that in the right context, levy systems do have certain advantages (with limitations) (Fig. 2).

Figure 2. Advantages and limitations of levy systems

Advantages	Limitations
Earmarked payroll levies can be viewed as "benefit taxation," i.e. those that benefit (employers and workers) pay for the training.	Earmarked taxation does not conform well with the principles of sound public finance and weaken attempts to unify the national tax system.
Levy systems can augment substantially the resource base for training.	Payroll levies raise the cost of labour to the employer, possibly discouraging employment.
Increased training resources, in turn, can substantially increase the incidence of training.	Employers may shift the incidence of the levy on to workers in the form of lowered wages; in this case, workers and not the employers bear the burden of the tax.
Levies can provide a steady and protected source of funding for training, particularly in the context of unstable public budgets.	Insecurity of income: Under fiscal pressure, government may divert levy proceeds into general public tax revenues for non-training uses.
Levy-grant systems can encourage firms to intensify their training efforts, increase training capacity and raise training quality.	Unequal access: many firms, particularly small ones, do not benefit from the scheme; this breeds resentment, opposition and compromises the status of training levies as "benefit taxation".
Training levies collected from formal sector employers can serve as a vehicle for cross subsidization, e.g. for smaller employers and especially for firms in the informal sector.	Inefficiency: Payroll levies may constitute an over-sheltered source of funding, leading to unspent surpluses, inefficiencies and top-heavy bureaucracies.
Funds with tri-partite management can forge cooperation among the social partners and facilitate formulation of appropriate training policies.	Red tape may erect high barriers for firms to access funds.
Funds can influence the quality of training through accreditation procedures and helping to stimulate a competitive training market.	
Levy-financed funds can also help correct imbalances in training access by pooling funds – e.g. for training disadvantaged segments of society, unemployed, those in the informal sector. This redistribution can be termed "cross-subsidization."	
Establishment of a separate training fund account can facilitate transparency and minimize distrust between employers and the public sector.	

Source: Ziderman (2003) and CEDEFOP (2008), as summarized in Johanson (2009: Table 3).

Introducing training levies is probably not currently feasible in the other five countries in the study where they are not done now. International experience shows that levy systems require a sufficient formal industrial base to justify the costs, and good tax collection capabilities (to collect payroll levies). The fact that many Pacific Island countries have large informal economies suggests not only that such a base probably does not exist, especially in the smaller Pacific Island countries, but also that tax collection will be more problematic. Therefore, payroll-financed training levies targeting formal enterprises may not be the most suitable option for raising funds for TVET in these settings. Moreover, the experiences of the training levies in PNG and Fiji highlight problems about levy functionality among other Pacific Island countries. An alternative option to a levy might be for sectoral associations to organise voluntary contribution systems.

Nonetheless, Pacific Island countries may opt to undertake their own feasibility work into the suitability of a levy system for their country; the Vanuatu study (ACER, 2014a) notes that establishing a training levy should at least be explored. Where countries do decide to explore the introduction of a training levy, several points[4] could be kept in mind, including:

- The purposes which it is desired to achieve;
- Whether a training levy is apt for such purposes, and if so which type of levy;
- How to build support for a levy among stakeholders, including firms and trainers;
- The method of collection, its likely feasibility in the local economy, and the cost;
- The balance between giving a general boost to training with discretion on types of training left to firms, and targeting specific training needs;
- How to build in on-going review of the scheme, and periodic evaluation of results;
- How to ensure transparency of collection and allocation;
- The governance of the levy (who controls the money).

Tax incentives for companies. Tax regulations and liabilities can affect companies' decision to train workers (OECD, 2014); tax incentives (typically tax credits of tax allowances) can be used as a means to encourage company investment in staff training. However, international experience suggests that tax incentives are unlikely to work well in countries where formal industry is not well-developed (and where small enterprises make up a bulk of all private enterprises) and where administrative or organizational capacity is weak (including tax collection capability) (Dunbar, 2013; OECD, 2014). This may imply that such approaches are not well suited to Pacific Island countries. However, the Kiribati study specifically noted that tax incentives for small enterprises might encourage them to take up training for current TVET providers (Majumdar and Teaero, 2014), so it may be an option Pacific Island countries want to explore in relation for formal enterprises (small, medium, large).

Education and training leave in companies. Mechanisms that regulate periods of temporary leave (paid or unpaid) from the workplace for the purpose of education and training can encourage employee skill upgrading. Where a company gives paid leave to an employee to undertake training, they are making a direct financial contribution. Even where unpaid leave is granted, the company incurs indirect costs (as a result of the employee not being present and the possibility of having to pay for a temporary replacement). As with tax incentives, above, such a mechanism is less suited to small (informal) enterprises that cannot afford staff to take off such time. Nonetheless, for formal medium and large enterprises in Pacific Island countries, introducing such regulations – where they don't already exist – may be a useful step to take.

Stimulating in-kind private sector resources. Marshalling in-kind private sector resources for TVET may be another option for governments to explore. For example, the involvement of the private sector:

- On TVET institutional boards;
- In (establishing) sector skills councils and TVET coordination bodies;
- In helping to define curricula and determine skill needs;

[4] Drawing on Horne (2014b).

- With regard to offering internships or work placements for both students and staff of TVET institutes.

Training vouchers for companies. Grants allocated to companies in the form of vouchers, which part finance training, can be another mechanism to stimulate private sector investment in training. Training vouchers can be purchased by enterprises at a discounted price to introduce an element of 'cost-sharing'; for example, a training voucher worth US$250 might be sold to companies for US$125. However, in the absence of targeting, such vouchers may simply be purchased by companies that would have paid full cost-recovery for training anyway.

Private sector corporate social responsibility towards TVET. Tapping into company corporate social responsibility agreements or marketing budgets might be one way to access corporate grants for TVET from large formal companies. For those Pacific Island countries with natural resources (e.g. oil, gas and gold in PNG, timber and gold in Fiji), or where tourism revenue is relatively significant (e.g. Fiji), there may be scope for such agreements including the requirement of private firms to support TVET providers within their sphere of operations (in cash or in kind).

Private investment in TVET capital projects. Private funding of capital projects for public TVET may be feasible in certain cases, if for example the new buildings have a specific income stream associated with them. Dormitory construction is a case in point, if students are to be charged economic rents (Horne, 2014b).

Payback clauses to encourage enterprise-financed employee training. Payback clauses are essentially agreements between an employee and an employer regarding training that has been financed at the employer's expense; the employee is obligated to stay with that company for a set period of time (e.g. 1-2 years) after completion of training, or else repay all or part of the cost of training. Again, a mechanism more suited to formal and larger companies.

3.4. Creating high quality industry courses in public TVET providers

Apart from apprenticeships, continuous vocational training for employees – usually on a part-time basis - seems a relatively rare type of provision for the public training systems in Pacific Island countries. Public providers can set out to increase contributions from industry by putting on full-cost courses e.g. off-the job training for apprentices or continuous vocational training. For example, in Samoa and PNG, there are indications that private sector employers would be prepared to increase their investment in TVET if they can be assured that their views are heard and/or if the courses are good quality and geared to meeting labour market needs (Maglen et al., 2013: xviii; Horne et al., 2014: 149). However, to be able to do this, public providers would not only have to get significant direction from the private sector as to what type, level and duration of courses they would pay for, but there would inevitably be an up-front investment required to bring facilities and equipment up to the standard employers demand.

3.5. Income-generation by TVET institutions

While the economic environment of a TVET provider's locality may constrain its ability to sell goods and services (e.g. in areas with low purchasing power), there are several steps that can encourage such income generation activities. First, if public (and some church-run) providers are allowed to retain any profits generated at the provider level they will have more incentive to enter into such ventures. Both the Kiribati and Vanuatu country studies made this point, and also noted the need to ensure appropriate accountability mechanisms were in place (Majumdar and Teaero, 2014; ACER, 2014a). Second, TVET institution managers may require capacity building, for example in basic accounting, management or entrepreneurial skills.

As noted above, there would be the need to strike a balance between where the paid work reinforces the training rather than itself becoming the major part of the student's commitment. As suggested by the Vanuatu study, in other contexts it might be that where the TVET provider uses students as workers in a business such as building or catering, such work could be credited towards fee costs (ACER, 2014a). In contexts where markets are income-constrained, and the sale of goods and services by a TVET provider may thus be limited, another option to explore might be for TVET providers that have building, construction, metal work courses to seek small contracts from local or provincial governments for small scale public construction work or furniture/desk building.

3.6. Stimulating private investment in TVET among small and micro-enterprises, including those in the informal economy

In many Pacific Island countries, the informal economy represents a major part of the whole economy (ILO, 2010), and where the majority of the labour force works; for example, 60% of the labour force in Samoa work in the informal economy (ILO, 2014), over 50% in Fiji, and about 70% in Vanuatu (UNESCAP, 2007). While structured training for the informal labour market was within the scope of the research project (AusAid, 2011), and was only covered in a limited way (see Palmer, 2015), training in the informal small and micro-enterprises was not.

International experience shows that the smallest enterprises, especially those operating in the informal economy, are the least likely or least able to be able to provide their own training, or to invest in it. Several of the country studies (e.g. Vanuatu and Kiribati) noted a similar situation; that enterprises are generally small and often lack the capacity to provide their own training programs.

Of the financing instruments noted above, perhaps the most suited to stimulating the engagement of SMEs, including those in the informal economy, are subsidized training vouchers. However, the use of vouchers will not be suitable where governments cannot afford the associated costs of monitoring the quality of training that vouchers can be used to buy (e.g. through accreditation), or of identifying target groups and getting vouchers/grants to these groups. Moreover, in contexts where training providers are geographically dispersed, which is the case in many Pacific Island countries, SMEs may have no or little choice about the training provider they select; and thus one of the potential benefits of vouchers (promoting competition among providers) is not applicable. It may not be easy (or possible), therefore, to stimulate much in the way of direct investment in training by SMEs, particularly those in the informal economy.

Other approaches, like government or donor-supported equity training funds may be more suited. Equity-oriented training funds are funds that target groups who are not usually able to access training (Johanson, 2009); such groups might include those working in the informal economy, as well as the unemployed. The best known example of an equity training fund in the study countries is the Skills Development Trust Fund (SDTF) in PNG (Johanson, 2009). SDTF was originally endowed with capital (which in 2006 amounted to PGK53m / US$ 17m)[5] by the Asian Development Bank and the four provinces in PNG. The accrued interest from the invested capital was used to co-finance short-term courses proposed by informal sector training providers, usually on the basis of 70% grant from its endowment, and contributions of 20% from course providers and 10% from students. The cost-sharing arrangement appears sound, but SDTF currently delivers much less training than might be expected from the original endowment, and divulges very little information about its performance and finances (Horne et al., 2014).

4. Creating the Right Environment for Private Financing

One of the current TVET priorities/strategies in the Pacific Education for Development Framework (PEDF) is that ‘there is a clear need to increase public and private investment in TVET and to diversify financing instruments’ (PIFS, 2009, Annex A: 10).

This research has shown that there are workable interventions for increasing private financing of TVET in the Pacific. For these interventions to function, governments might want to explore how best to create the most conducive policy, regulatory and administrative climate in which private financing can flourish alongside public financing.

Part of this is appreciating that private financing is ‘intrinsically linked to the expected return in that investment and to greater involvement by those financers in its development’ (Dunbar, 2013: 34); in other words, to crowd-in private financing to TVET, especially private sector financing, the private sector needs to be directly involved in creating a better system. This would include a central role in determining the allocation of funds raised from private sector contributions, involvement in governance, in developing TVET curriculum, in informing training provision as well as in other areas.

Another strategic aspect of attempts to crowd-in private financing for TVET is knowing where best to focus such attempts. TVET and labour market information systems need to be strong enough so that policy makers can understand where the training market is not currently working, including where there are private under-investments or public over-investments in TVET and why.

[5] Using exchange rate from 1 July 2006 of PGK 1 = US$ 0.3217 (www.oanda.com)

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Annex 1. Funding of TVET provision in Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu

	Fiji (i)			*Kiribati (ii)*		*PNG (iii)*			*Samoa*			*Solomon Islands (iv)*		*Tonga (v)*		*Vanuatu (vi)*			*Total*		
	2012-13			*2012*		*2012*			*2011-12*			*2012*		*2011-12*		*2012*					
	US$ m	% all sources	% all sources excl APTC	*US$ m*	% all sources	*US$ m*	% all sources	% all sources excl APTC	*US$ m*	*% all sources*	*% all sources excl APTC*	*US$ m*	*% all sources*	*US$ m*	*% all sources*	*US$ m*	% all sources	% all sources excl APTC	Total US$m	% all sources	% all sources excl APTC
Government grant	**15.61**	**26.6**	**33.0**	**2.25**	**30.5**	**4.88**	**22.7**	**30.8**	**2.19**	**25.1**	**62.6**	**8.99**	**53.6**	**1.62**	**34.2**	**3.54**	**30.8**	**42.4**	**39.1**	**30.2**	**37.6**
of which NUS									*2.11*	*24.2*	*60.3*										
of which SINU												*6.79*	*40.5*								
Official Development Assistance	**16.11**	**27.5**	**10.1**	**5.04**	**68.3**	**5.64**	**26.3**	**0.0**	**5.23**	**59.9**		**1.78**	**10.6**	**2.14**	**45.1**	**6.68**	**58.1**	**42.3**	**42.6**	**33.0**	**16.6**
of which APTC	*11.31*	*19.3*				*5.64*			*5.23*	*59.9*						*3.15*	*27.4*		*25.3*	*19.6*	
of which FNU	*3.47*	*5.9*	*7.3*																*3.5*	*2.7*	*3.3*
of which VTVETSSP																*2.1*	*18.3*	*25.1*	*2.1*	*1.6*	*2.0*
of which other	*1.33*	*2.3*	*2.8*	*5.04*								*1.78*		*2.14*		*1.43*	*12.4*	*17.1*	*11.7*	*9.1*	*11.3*
Student fees	**20.63**	**35.2**	**43.6**	**0.09**	**1.2**	**9.08**	**42.3**	**57.4**	**0.75**	**8.6**	**21.4**	**4.81**	**28.7**	**0.52**	**11.0**	**0.79**	**6.9**	**9.5**	**36.7**	**28.4**	**35.3**
of which FNU	*18.74*																				
of which NUS									*0.6*	*6.9*	*17.1*										
of which SINU												*3.79*	*22.6*								
of which VIT																*0.71*	*6.2*	*8.5*			
Private resources	**6.27**	**10.7**	**13.3**	**0**	**0.0**	**1.87**	**8.7**	**11.8**	**0.56**	**6.4**	**16.0**	**1.18**	**7.0**	**0.46**	**9.7**	**0.49**	**4.3**	**5.9**	**10.8**	**8.4**	**10.4**
of which																					
Church and NGO donations						*0.13*	*0.6*	*0.8*	*0.18*	*2.1*	*5.1*	*0.12*	*0.7*	*0.18*	*3.8*		*-*	*-*	*0.6*	*0.5*	*0.6*
Industry contribution	*5.85*	*10.0*	*12.4*			*1.3*	*6.1*	*8.2*	*0.03*	*0.3*	*0.9*						*-*	*-*	*7.2*	*5.6*	*6.9*
Sale of services etc	*0.06*	*0.1*	*0.1*			*0.44*	*2.0*	*2.8*	*0.14*	*1.6*	*4.0*	*0.32*	*1.9*	*0.15*	*3.2*	*0.18*	*1.6*	*2.2*	*1.3*	*1.0*	*1.2*
Other sources	*0.36*								*0.21*	*2.4*	*6.0*	*0.74*	*4.4*	*0.13*	*2.7*	*0.31*	*2.7*	*3.7*	*1.8*	*1.4*	*1.7*
Total all sources	**58.62**	**100.0**		**7.38**	**100.0**	**21.47**	**100.0**		**8.73**	**100.0**		**16.76**	**100.0**	**4.74**	**100.0**	**11.5**	**100.0**		**129.2**	**100.0**	
Total all sources, excl. APTC	47.31		100.0	7.38		15.83		100.0	3.5		100.0	16.76		4.74		8.35		100.0	103.9		100.0

(i) The Fiji Data only include funding for FNU TVET (and exclude funding for degree programs); figures were calculated assuming TVET courses are allocated pro-rata funding, that is, 72.4 percent of the FNU total (see Fiji Report tables 8.11 and 12.1). The 'industry contribution' for the Fiji data is from the proceeds of the Fiji Training Levy.

(ii) The Kiribati data includes only the Kiribati Institute of Technology, Marine Training Services and Fisheries Training Services, and excludes providers offering training in nursing or teaching that are listed as TVET providers in the country study.

(iii) The PNG figures are based on data collected from 7 private providers, 5 technical and business colleges, and 7 vocational training centres; out of more than 200 providers in PNG. An estimation of total funding for all providers has not been attempted here due to lack of data on what weight to give the data collected. E.g. the 7 private providers surveyed (out of about 200) are reported to be some of the larger ones. The PNG data in the table above will therefore be an underestimate, and more attention should be paid to the proportions than numerical totals. For PNG, the 'industry contribution' is the levy revenue, calculated based on a 4 year average (2011-14) due to the 2012 figure (US$1.8m) being so much higher than other years.

(vi) The Solomon Islands study only managed to survey 14 of the 41 Vocational Rural Training Centres (VRTC), with the data recorded in Table 12.1 of the Solomon Islands country report. The above table has incorporated an estimate of the 41 VRTCs based on a proportional scale up the 14 surveyed VRTCs.

(v) The Tonga study was not able to obtain all the required data from Tonga Institute of Higher Education and from private providers, so the Tonga data here underestimates funding from donors, student fees, sale of goods and other income.

(vi) The Vanuatu study did not collect data for the non-government sector (e.g. Rural Training Centres and church/mission providers). Therefore, these data represent an incomplete picture and, as such, are an under-estimate of the total funding for TVET provision in Vanuatu.

-Private resources 'Other sources' are assumed to be private resources, but this was not fully clear from the data collected.

-APTC is treated separately because it is a regional provider with funding arrangements separate from national systems. At the time of the study APTC did not have campuses in Kiribati, the Solomon Islands or Tonga.

-Key: APTC - Australia-Pacific Technical College; FNU - Fiji National University; NUS - National University of Samoa; SINU - Solomon Islands National University;
TIST - Tonga Institute of Science and Technology; VIT - Vanuatu Institute of Technology; VTVETSSP - Vanuatu TVET Sector Strengthening Program.

-Conversion factor from local currency to USD: Fiji Dollar FJD 1 = US$ 0.53; Kiribati AUD 1 = US$ 0.97; PNG Kina PGK 1 = US$ 0.39; Samoan Tala WST 1 = US$ 0.43; Solomon Islands Dollar SBD 1 = US$ 0.13; Tonga Pa'anga TOP 1 = US$ 0.53; Vanuatu Vatu VUV 1 = US$ 0.0105

Source: derived from country reports and ACER (2014b)

Annex 2. Summary of private TVET providers by country (2011-13)

	Fiji (2012)	Kiribati (2013)	PNG (2012)	Samoa (2012)	Solomon Islands (2012-13)	Tonga (2011)	Vanuatu (2011-12)
Number	107	2	200*	4	35	10	39*
% CSO/church non-profit	-	50%	-	75% (3/4)	97% (34/35)	80%*	25%*
Total private enrolment	3,415*	-	7,139* (iii) 6,482* (ii)	393 in non-profit 292 in for-profit	4,306	1,057 in non-profit 294 in for-profit	1,181
Average enrolment per provider	131	-	35* (iii) 75% have <5 trainees	171	265* (vi)	155	38* (Rural Training Centers only)
% female enrolment	35%*	-	38%* (ii)	-	25%*	-	30%
% private of total TVET enrolment	51% (cert. 1&2 level) 12% (of all TVET)	-	-	46% (at cert. 1&2 level)	-	58%	-
Range of courses (% enrolment in these areas)	26% trade and technician skills; 38% agricultural programs; 11% IT skills; 8% service skills; 17% other *	-	85% business, ICT* (ii)	28% mechanics and metal work; 28% IT; 21% pre-trade life skills; 8% food processing (2010)	29% carpentry; 25% agriculture; 21% mechanics; 16% life skills	-	-
Level of courses	Basic (approximately Cert. 1 and 2)	Certificate, diploma and a degree qualification	Basic, Certificate, Diploma	Cert. 1 and 2	Basic (approximately Cert. 1 and 2)	Certificate, Diploma	-
Total number annual TVET graduates	2,964 (2012)	-	5,131 (2012) (ii)	226 (2010)	-	-	-
Funding sources	33% tuition fees; 32% government grant; 20% development assistance; 15% unspecified	-	100% tuition fees; 13% of fees paid by scholarship providers or employers	32% church support; 27% tuition fees (iv); 14% government grant; 5% sale of goods/services; 1% donors; 21% unspecified	Church-based providers: 50-65% government support (staff salary and grant); 18-29% tuition fees; 1-24% donor support. Private for-profit: 100% tuition fees* (v)	Church-based providers: 35% government; 29% tuition fees;13% church grant; 11% sale of goods/services	-
Expenditure areas	32% personnel 69% MOOE (i)	-	-	64% personnel 10% MOOE	Church-based providers: 62-85%	Church-based providers: 46%	-

	Fiji (2012)	Kiribati (2013)	PNG (2012)	Samoa (2012)	Solomon Islands (2012-13)	Tonga (2011)	Vanuatu (2011-12)
	0% capital			18% capital 8% staff development	personnel; 11-34% MOOE; 1% staff development; 1% capital. Private for-profit: 31% personnel; 66% MOOE; 4% capital * (v)	personnel; 54% MOOE*	

- missing data
* estimate
MOOE = maintenance and other operating expenses
(i) due to rounding
(ii) data refers only to those registered training organizations sampled (22 out of >200).
(iii) Estimated from Horne et al., 2014: Table 5.14 and Annex 4
(iv)% revenue from tuition fees varies greatly from 10-12% among non-profit church providers to 80% in the for-profit provider.
(v) based on 1 private for-profit provider only
(vi) based on data from 7 church-based providers and 1 private for-profit provider
Source: ACER, 2014a; Bateman et al., 2014a; Bateman et al., 2014b; Horne et al., 2014; Maglen et al., 2014; Maglen et al., 2013; Majumdar and Teaero, 2014.

Annex 3. Summary of TVET funding mechanisms by country

	Fiji (2012)	Kiribati (2013)	PNG (2012)	Samoa (2012)	Solomon Islands (2012-13)	Tonga (2012)	Vanuatu (2012)
Government central payment of TVET teacher salaries in public TVET providers	Yes – MoE and Ministry of Youth and Sports providers No - Fiji National University	NS	Yes - Technical and Business Colleges, Vocational Training Centers and TVET at tertiary level: staff paid from national pay-roll, not the center or college	No – National University of Samoa pays staff directly	Yes - church-based non-profit private providers; Solomon Islands National University No – some church-based providers still pay own staff	Yes - For public providers (Tonga Institute of Science and Technology, Tonga Institute of Higher Education)	Yes - For public providers
Operating grant from government for non-teaching costs	Yes – MoE and Ministry of Youth and Sports providers; Fiji National University; some registered non-profit private providers	Yes - Kiribati Institute of Technology, Marine Training Center, Fisheries Training Center	Yes - Technical and Business Colleges and Vocational Training Centers	Yes – private TVET providers, but low and not as dedicated funds Yes - National University of Samoa	Yes – church-based non-profit private providers; Solomon Islands National University No – for-profit private providers	Yes - public providers (Tonga Institute of Science and Technology, Tonga Institute of Higher Education), church providers	Yes - public providers No – private (rural training centers)
Tuition fees	Yes – public providers (Fiji National University, MoE providers) Yes- private providers No – Ministry of Youth and Sports providers, APTC	Yes – public providers (Kiribati Institute of Technology, Marine Training Center), but not retained Yes – private providers, retained No - Fisheries Training Center	Yes – public providers (Technical and Business Colleges, TVET at tertiary level) Yes - private providers No - Vocational Training Centers are now fee free	Yes – public providers (National University of Samoa) Yes – private providers	Yes – Vocational Rural Training Centers (including church-based, provincial); for-profit private provider No - Solomon Islands National University; government sponsors all students.	For public providers (Tonga Institute of Science and Technology, Tonga Institute of Higher Education): paid direct to Ministry, returned to general revenue For church-providers: paid to provider, forwarded to Diocese	Yes – public providers, but not retained Yes - private (rural training centers)

	Fiji (2012)	Kiribati (2013)	PNG (2012)	Samoa (2012)	Solomon Islands (2012-13)	Tonga (2012)	Vanuatu (2012)
Materials / project fees	NS	NS	Yes - Vocational Training Centers	NS	NS	Yes, retained. For public providers, returned if not used.	NS
Funds from commercial activity	Yes – retained by MoE and private providers	NS	Yes - Technical and Business Colleges and Vocational Training Centers	Yes	Yes – Vocational Rural Training Centers No - Solomon Islands National University	For public providers: Possible but not done, returned to general revenue For church-providers: Yes, retained	For public providers: Possible but returned to general revenue
Levy-based training fund	Yes - levy-grant mechanism	NS	Yes - exemption-based levy, but some features of levy-grant	NS	NS	NS	NS
Scholarships	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Student loans	Yes – but limited to 40 economically disadvantaged students.	NS	Yes – but limited mainly to students of Engan descent	NS	NS	NS	NS
Tax reductions/ Tax Rebates	NS	NS	NS	NS	NS	Yes	NS
Vouchers	NS	NS	NS	NS	NS	NS	NS
Training leave	NS	NS	NS	NS	NS	NS	NS

NS - means that this mechanism was not stated in the country reports.
Source: ACER, 2014a; Bateman et al., 2014a; Bateman et al., 2014b; Horne et al., 2014; Maglen et al., 2014; Maglen et al., 2013; Majumdar and Teaero, 2014.