

Federal Budget Report - 2003

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A. Overview

This budget follows the tactics prior to the last election. Whilst user pays, particularly in health and higher education is being increased, the surplus is being spent on defence and tax cuts to ensure that any Labor plans for social initiatives are constrained by the need to find the money.

Inflation is predicted at 2.75% and growth 3.25%.

It should be noted that in 2003-04 Commonwealth expenditure on private schools will for the first time exceed that on universities. Despite the increases to Universities, this will continue for the period of the forward estimates (see table below).

B. Main points (Schools)

1 The higher education measures have some effect on teachers:

- Teaching places are exempt from HECS increases. However, to a large extent this appears a hollow promise. It seems it will apply only to the teacher education component of double degree and graduate diploma courses. Teachers returning for other post-graduate courses will also be affected by the changed loan arrangements, potentially making these courses more expensive.
- There is some extra money (\$161 m over 4 years, with only \$11.9 m of that this coming financial year) for “National Priority Funding for Additional Student Places”. This includes calling teaching and nursing “national priority areas”. This seems to mean an increase of 645 places in Avondale College (a Seventh Day Adventist Teachers College) and possibly another 745 places in the system in general.
- There seems to be an allocation of \$81.4 m to to additional funding for teaching and practicums.
- Some of the higher education measures have industrial implications, including a proposed amendment to the IR Act so that the AIRC will have to take account of the effect of industrial action on students. This will presumably flow through to teachers in schools. (See below).
- “Prohibitions on domestic postgraduate fee paying students will be removed in respect of postgraduate nursing and teaching education courses that lead to initial registration” (from Commonwealth Grant Scheme – Growth in University Places fact sheet). This would seem to mean that teacher education faculties can now accept full fee paying students where graduates in other disciplines wish to enter teaching.

2 School measures:

As expected, the following are rolled over for another quadrennium (previously included in forward estimates):

- National literacy and numeracy program
- Non government schools capital funding
- SAISO (Strategic Assistance for Improving Student Outcomes)
- An additional \$1.8 m is allocated to the National Schools Drug Education Strategy (to make a total of \$3.5 m for this year). This will go to produce a parent and a student kit.
- One of Nelson's media releases talks of "new funding of \$4 million over four years for in-country fellowships for language teachers", and also of continuing LOTE program for another four years. This is not apparent in the New Measures section. (inquiries are being made).
- Savings (Cuts) in the schools area are made by efficiencies in New Apprenticeships (removing duplication) saves \$3m, \$1m, \$3m and \$3m respectively, and closing ECEF and moving its functions back into DEST saves \$1.5m, \$0.7m, \$0.7m and \$1.2m respectively in the Transition (school to work) Program.

For forward estimate calculations see Section C

3 VET

VET funding for the next three years was announced as \$1.17bn, \$1.19bn and \$1.22bn. In a press release accompanying the budget, Nelson indicated that he had written to the states and territories offering them an additional \$218.7m for the new ANTA Agreement for 2004-2006: \$43.3m in 2004, \$74.6m in 2005 and \$100.8m in 2006.

Other information indicated that total growth funds would be \$325.5m over the three years, including \$25.5m in indexation, all of which the states and territories would be required to match, as well as meeting other conditions.

In addition, there would be \$118.7m over three years for the Welfare Reform measures announced in previous budgets under the Australians Working Together programs and the Disability Support Pension measures announced last year. This latter program, worth \$29m, has not passed the Senate. The states and territories are asked to match this total amount also.

The Budget Measures, which provide forward estimates for new initiatives, provided no funding for the announced offer.

It has taken considerable time and effort on the part of the AEU and other stakeholders to establish the actual meaning of these announcements.

It is now clear that the 'offer' does not include any additional growth funding. In effect, the \$100m in growth funding available in 2003 will be 'rolled over' into the new ANTA Agreement, with no increase other than indexation. This means that there is no funding offered to resource new enrolment growth that will occur during the life of the Agreement. Enrolment growth has averaged 5.8% per annum over recent years.

The \$218.7m 'additional' money seems therefore to refer to the \$118.7m in previously announced Welfare Reform measures and three years of indexation of both base and 'growth' funding.

The states and territories would be required to match the existing level of 'growth' funds plus indexation and requested to match the Welfare reform funding. In addition, there are a number of other conditions proposed, including increasing User Choice, addressing skills shortage areas, increasing the uptake of New Apprenticeships in priority areas and increasing VET opportunities and outcomes for people with a disability, Indigenous Australians and those receiving income support.

4 The Budget and Women

The report consists of lots of talking about current/ongoing initiatives but there is no new funding for any women's initiatives. The budget will continue to disadvantage women and families, particularly in higher ed and health. The Medicare reforms and PBS scheme reforms mean additional costs for families with chronically ill dependents.

With respect to immigration the government is providing an additional \$16 million, most of which will go to "alternative detention arrangements for women and children" to be modelled on the residential housing facility trialed at Woomera over the past 18months

5 GST

Budget Paper 3 (p.1) indicates that current estimates show that Queensland, Western Australia, Tasmania, ACT and NT will not require Budget Balancing Assistance this year. This means that, theoretically, these states and territories are receiving more from the GST than they did from FAGS.

Estimates of GST collections in the past financial year have been revised upwards by \$1.3 bn

6 Indigenous Education and other Indigenous Portfolio areas

6.1 Education

- The Higher Education sector was the recipient of new funding in the Indigenous Education area. Nelson's media release outlines the funding allocations as follows:

- i) Indigenous Staff Scholarships (\$0.2m)
- ii) Indigenous Support fund (\$24.9m) – a \$10.4m increase over 3 years
- iii) Indigenous Higher Education Advisory Council (\$0.3m)
- iv) Indigenous Researchers' Development scheme (\$0.2m)
- v) Commonwealth Education Costs Scholarships (\$84.4m – estimated - over 4 years) not targeted, but Indigenous peoples are able to apply
- vi) Commonwealth Accommodation Scholarships (\$75.8m – estimated – over 4 years) not targeted, but Indigenous peoples are able to apply

- It is worth noting that these reforms are subject to the passage of the Higher Education Legislation through the Senate, which Labor, the Greens and the Democrats have all agreed to block.
- There appears to be no new money allocated to Early Childhood Education, Schools and TAFE/VET.
- \$0.445m (i.e. \$445 000) will be provided for the COAG whole of Government initiatives. It is not clear whether this is new money, or re-distributed from the existing IESIP budget. More than likely, the money is re-distributed from the savings made by cuts to the NIELNS budget over this funding quadrennium.
- Budget paper 3, page 35, outlines the breakdown of IESIP between the Government and non-Government sectors as follows:

IESIP Breakdown – Government and Non-Government Schools					
\$ `000	02-03	03-04	04-05	05-06	06-07
IESIP – GS	131 732	118 968	121 401	124 153	124 205
IESIP - NGS	55 322	54 263	54 556	54 873	55 165

Source – Federal Financial Relations – Budget Paper No.3 – 2003-2004, page 35

- Teacher Education and Nursing Scholarships will target Indigenous peoples (\$22.1m for 1400 places in teaching and nursing).
- Our concerns include:
 - No new money for schools, ECE or TAFE.
 - Continuation of inequitable private/public funding arrangements and accountability frameworks.

- Continuing diminishment of NIELNS funding, with savings, rather than additional monies, being targeted to other areas.

6.2 Expansion of CDEP

- The expansion of the CDEP program to include 1000 additional targeted places is a feature of this budget.
- The 1000 places will be targeted at supporting 'Family Violence and substance abuse prevention and rehabilitation, and piloting of new outcomes-based contractual arrangements' (Indigenous Affairs Budget 2003, Fact Sheet 1)
- CDEP wages will be used to target:
 - Night patrols to prevent family violence
 - Training and support of new police aides and other workers within the legal and justice systems.
 - New and expanded substance abuse treatment, support and counselling services focussed on prevention, treatment and rehabilitation.
- \$61.5m dollars over four years will be targeted and prioritise the remote area communities participating in the COAG trials.
- Issues of concern include:
 - CDEP funding being used to subsidise what should be the core business funding responsibilities of Commonwealth, State and Territory Governments.
 - Police, Health and Family/Community Services Government Departments should be employing people in full-time positions, paying them award wages, and providing them with training in order to meet these identified needs within communities.
 - Accountabilities – as funding will be linked to outcomes and performance, there is a concern that CDEP participants working in these areas will need to account for the changes made in their communities in order to receive additional program funding. This is a case of providing minimal resources to Indigenous communities to deal with, and account for extremely complex issues and behaviours. All Governments have not been able to account back to Indigenous communities on the outcomes they have achieved in these areas. This places an undue burden on CDEP's.

6.3 Employment, Business and Economic Development

- Indigenous Capital Assistance Scheme (up to \$10.5m over 4 years) (Indigenous Affairs Budget 2003, Fact Sheet 7)
- A component of the existing Indigenous Employment Program (IEP), managed by DEWR.

- Provide a mechanism to ‘develop essential skills to stimulate economic development’; ‘develop essential skills and stimulate economic development, in partnership with mainstream financial institutions’; and ‘contribute to a changing relationship between Indigenous businesses and Government from guaranteed loans to a new approach of business facilitation, based on commercial principles’.
- Issues of concern:
 - This doesn’t seem to be new money. “The cost of this new element will be absorbed within the programme (IEP)”, rather, a re-distribution and targeting of existing money.
 - Where does this link with education and training?
- Expansion of Centrelink Agents and Access Points (50 new sites over four years, costing \$8.2m) – to improve access to Centrelink services in remote communities (Indigenous Affairs Budget 2003, Fact Sheet 9)

6.4 Health

- Boost to Primary Health Care Access Program (\$19.7m increase to \$55m in 2003-2004) (Budget 2003-2004 Indigenous Affairs – Health Fact Sheet)
- The National Aboriginal Community Controlled Health Services (NACCHO) have outlined their concerns (National Aboriginal Community Controlled Health Organisation, Press Release 14 May 2003, Aboriginal Health Still in Crisis) as follows:
 - It does not address “the chronic undersupply of health professionals in Aboriginal Health”
 - Does not “improve access to medications for Aboriginal people in non-remote areas”
 - Does not establish the NACCHO national alcohol and other drugs network”
 - Does not “improve the Commonwealth hearing program to meet the hearing needs of Aboriginal and Torres Strait Islander peoples”
 - Does not address the “Chronic under-funding of the more than 100 established community controlled health organisations”.
- NACCHO quotes estimates that an additional \$245m per year is required to address the Indigenous health crisis in Australia.

6.5 National Report to Parliament

- \$600, 000 per annum provided to the Steering Committee for the Review of Commonwealth State Service Provision (SCRCSSP) to provide an annual report on Indigenous disadvantage
- Our concerns include:
 - How are Indigenous peoples involved in this arrangement?
 - How do these reports measure Government inactivity and accountability, given that reports on these areas have been produced by the Human Rights Commission Aboriginal and Torres Strait Islander Social Justice Commissioner, the Council for Aboriginal Reconciliation, ATSIC, and a myriad of others, including the Royal

Commission in to Aboriginal Deaths in Custody? What recompense is there for inactivity and lack of accountability?

- The report seems to pick up on the general theme of this Government, which was outlined in the way they managed the Commonwealth Grants Commission Indigenous Funding Inquiry, where Indigenous disadvantage was measured relative to other Indigenous peoples, rather than relative to mainstream Australia.

C. Tables - SCHOOLS' BUDGET

Forward Estimates (Budget Paper 1, 6-18)

FORWARD ESTIMATES (Budget Paper 1, 6-19)										
						Increases %				
	2002-03	2003-04	2004-05	2005-06	2006-07	02/3-03/4	03/4-04/5	05/6	06/7	5 years
Private	3975	4373	4712	5062	5424	10.01%	7.75%	7.43%	7.15%	17.91%
Public	2140	2262	2389	2515	2647	5.70%	5.61%	5.27%	5.25%	12.06%
Total	6115	6635	7101	7577	8071	8.50%	7.02%	6.70%	6.52%	15.86%
% Share to Private	65.00%	65.91%	66.36%	66.81%	67.20%					

FORWARD ESTIMATE (Budget Paper 3, Pages 34,35, 44)										
						Increases %				
\$000	2002-03	2003-04	2004-05	2005-06	2006-07	02/3-03/4	03/4-04/5	04/5-05/6	05/6-06/7	5 years
Recurrent - GS	1431822	1535692	1631655	1733597	1839516	7.25%	6.25%	6.25%	6.11%	28.47%
Recurrent - NGS	3645258	4034647	4359994	4698154	5048729	10.68%	8.06%	7.76%	7.46%	38.50%
% to NGS	71.80%	72.43%	72.77%	73.05%	73.29%	0.88%	0.47%	0.38%	0.34%	2.08%
Targeted - GS	327908	346872	365754	385533	406314	5.78%	5.44%	5.41%	5.39%	23.91%
Targeted - NGS	170235	174621	184206	194367	205035	2.58%	5.49%	5.52%	5.49%	20.44%
% to NGS	34.17%	33.48%	33.49%	33.52%	33.54%	-2.02%	0.03%	0.07%	0.06%	-1.86%
IESIP - GS	131732	118968	121401	124153	124205	-9.69%	2.05%	2.27%	0.04%	-5.71%
IESIP - NGS	55322	54263	54556	54873	55165	-1.91%	0.54%	0.58%	0.53%	-0.28%
% to NGS	29.58%	31.32%	31.01%	30.65%	30.75%	5.91%	-1.02%	-1.14%	0.34%	3.99%
Capital - GS	238118	248951	257665	259207	264389	4.55%	3.50%	0.60%	2.00%	11.03%
Capital - NGS	93612	97870	101294	101902	103939	4.55%	3.50%	0.60%	2.00%	11.03%
% to NGS	28.22%	28.22%	28.22%	28.22%	28.22%	0.00%	0.00%	0.00%	0.00%	0.00%
VET	1013906	1092594	1117760	1142324	1168580	7.76%	2.30%	2.20%	2.30%	15.26%

NOTE: IESIP funding for 2002-03 is inflated by unspent money carried over from the previous year.

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