

*Funding for Schools and VET*  
**FEDERAL BUDGET REPORT - 2006**

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## Education Budget Overview

*Education virtually ignored in this year's Federal Budget.* In fact, education is not mentioned at all in the Treasurer's Budget Speech or in the "Budget Highlights" document. This in the context of an overall Budget surplus of nearly \$11b and tax cuts of \$6.4b.

For 2006-07, the overall education budget of \$16.6b includes less than \$200m in new funding. There is less than \$50m in new funding for schools-related programs and less than \$30m in new funding for VET-related programs. The forward estimates are hardly encouraging as they estimate annual average growth of only 2.1 per cent in education funding over the period to 2009-10.

As Table 3 shows, non-government schools expenditure is the only area of education which will increase as a proportion of overall budget expenditure over the next four years. Expenditure on government schools, higher education and VET all decline as a percentage of total expenditure.

When the Minister describes VET funding, he usually combines funding for VET delivery, reported as "vocational and other education" as part of the "Education" function in the Budget Papers (Table 1), with funding described as "vocational and industry training" reported as part of the "Other Economic Affairs" function in the Budget Papers (Table 2). The latter incorporates funding for apprenticeships and various incentives for trainees and employers. As Table 4 shows, combined funding for "vocational and other education" and "vocational and industry training" declines as a percentage of overall Government expenditure from 1.1 per cent in 2005-06 to 1 per cent in 2009-10. For TAFE teachers probably the most useful funding figures reported in the Budget Papers are those relating to funding flowing from the Skilling Australia's Workforce (SAW) Act (Table 5), which are reported only until the end of the current funding triennium.

There is a slight increase in the proportion of schools funding going to government schools in 2006-07 due to the bringing forward of capital works expenditure but by 2007-08 the proportion drops to an all-time low (see Table 6 and Graph A).

As shown in Table 7, expenditure on Indigenous education declines. The reduction in funding for the administered programs component (i.e. payments to states) of "Australian Government Indigenous Expenditure – DEST" from 2005-06 to 2006-07 is \$13.8m (2.5 per cent). Estimated expenditure flowing from the Indigenous Education (Targeted Assistance) Act 2000 at \$341.7m for 2005-06 and \$333.1m for 2006-07. This is also a reduction of 2.5 per cent. The amount budgeted for the forward years declines even further. IESIP funding for government schools is projected to decline by over 34 per cent from 2005-06 to 2007-08.

It is worth noting that \$24.3m in new higher education funding for 2006-07 (\$91.6m over 2006-07 to 2009-10) is to assist universities to maintain some of the services gutted by the introduction of voluntary student unionism.

**Table 1 - Summary of Expenses (BP1, p. 6-9)**

EDUCATION	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10
	\$m	\$m	\$m	\$m	\$m
Higher Education	5199	5361	5492	5630	5765
Vocational and Other Education	1543	1607	1629	1649	1638
Non-Govt Schools	5393	5822	6225	6553	6967
Government Schools	2898	3215	3068	3124	3280
Schools	8290	9036	9293	9677	10246
Student assistance	475	486	498	530	548
General administration	1	2	1	1	1
School Education - specific funding	114	141	129	120	112
<b>Total Education</b>	<b>15622</b>	<b>16633</b>	<b>17041</b>	<b>17606</b>	<b>18353</b>

**Table 2: Summary of Expenses, Australian Government Budget, Vocational and Industry Training 2006-07 (BP1, p. 6-22)**

OTHER ECONOMIC AFFAIRS	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10
	\$m	\$m	\$m	\$m	\$m
Vocational and Industry Training	650	755	796	826	850

**Table 3 — Education Expenditure as a Proportion of Total Federal Government Expenditure (from BP1, pp. 6-5 & 6-9)**

	05-06 (% of total Budget)	06-07 (% of total Budget)	07-08 (% of total Budget)	08-09 (% of total Budget)	09-10 (% of total Budget)
<b>Total Education</b>	7.6	7.6	7.4	7.3	7.3
<b>Higher Education</b>	2.5	2.4	2.4	2.3	2.3
<b>VET*</b>	.7	.7	.7	.7	.7
<b>Non-Government Schools</b>	2.6	2.6	2.7	2.7	2.8
<b>Government Schools</b>	1.4	1.5	1.3	1.3	1.3
<b>Other</b>	.3	.3	.3	.3	.3

VET expenditure declines as a percentage of overall expenditure from .748% in 2005-06 to .666% in 2009-10.

**Table 4: “Vocational and other Education” (VOE) plus “Vocational and Industry Training” (VIT) Expenditure as a Proportion of Total Federal Government Expenditure (from BP 1, pp. 6-5, 6-9, 6-22)**

	05-06 (% of total Budget)	06-07 (% of total Budget)	07-08 (% of total Budget)	08-09 (% of total Budget)	09-10 (% of total Budget)
<b>Total VOE &amp; VIT</b>	1.1	1.1	1.1	1	1

**Table 5 – Skilling Australia’s Workforce Funding** (from BP3, Table B1, p. 46)

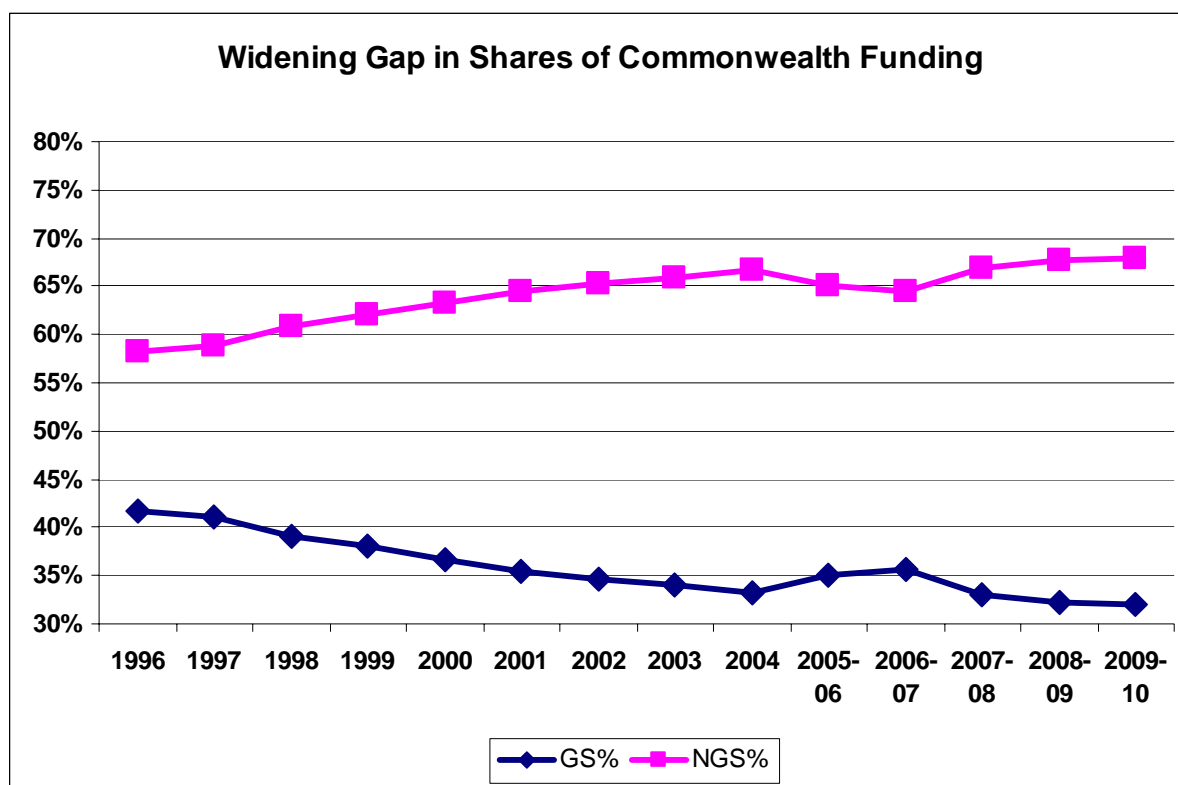
<b>SAW Funding</b>			
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
<b>\$m</b>	1210.2	1239.8	1245.0

**Table 6 - Schools Funding, Share to GS** (from BP3, Table B1, pp. 46 & 55-56)

<b>Funding to Schools</b>			
<b>\$m</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
<b>Recurrent GS</b>	1693.6	1835.3	1960.2
<b>Recurrent NGS</b>	4752.2	5207.5	5594.9
<b>Recurrent Total</b>	6445.8	7042.8	7555.1
<b>% GS</b>	26.3	26	25.9
<b>Targeted GS</b>	404.5	431.5	453.2
<b>Targeted NGS</b>	209.4	223.2	235
<b>Targeted Total</b>	613.6	654.7	688.2
<b>% GS</b>	65.9	65.9	65.9
<b>IESIP (Govt)</b>	160.7	111.3	105.5
<b>Capital GS</b>	537.3	689.3	412.9
<b>Capital NGS</b>	265.7	207.9	210.7
<b>Capital Total</b>	745.2	897.2	623.6
<b>% GS</b>	72.1	76.8	66.2
<b>Total GS (including IESIP)</b>	2796.1	3067.4	2931.8
<b>Total GS (excluding IESIP)</b>	2635.4	2956.1	2826.3
<b>Total NGS</b>	5227.3	5638.6	6040.6
<b>Total (including IESIP)</b>	8023.4	8706	8972.4
<b>Total (excluding IESIP)</b>	7862.7	8594.7	8866.9
<b>% GS (excluding IESIP)</b>	33.5	34.4	31.9

*Note: NGS IESIP funding was no longer reported separately as a payment through the states. It is now made as a direct payment and thus is unreported in Budget Paper No. 3.*

**Graph A**



(Source: 1996-2004 – Reports on States Grants (Primary and Secondary Education Assistance) Act; 2005-06 to 2009-10 – Federal Budget Papers, 2006-07)

**Table 7 – Indigenous Education**

Program	2005-06	2006-07	2007-08	2008-09	2009-10
IESIP (gov't schools)	\$160.7m	\$111.2m	\$105.5m	-	-
Indigenous Education (Targeted Assistance) Act 2000	\$341.7m	\$333.1m	\$295.5m	\$294.3m	\$295m
Australian Government Indigenous Expenditure – DEST	\$583.8m	\$570.7m	-	-	-

## New Money

(This shows additional funding for new programs or increased/reduced funding for existing programs. From Budget Paper 2, "Budget Measures".)

### Schools-Related

There are no "big ticket" additional expenditure schools-related programs. There was no announcement in relation to early childhood education and no mention in the Budget Papers that I could find of the reported centres for excellence in teacher education. Previously announced infrastructure funding was brought forward and this is the main contributor to an increase in schools expenditure.

Some programs for which "new money" was made available include:

Program:	Mental Health – Helping Young People in Education			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	6.6	12.9	13.1	13.4

Comments: This is part of the broader Budget focus on mental health issues arising from a COAG decision. It is expected to provide help to approximately 6000 students experiencing mental health problems who are at risk of leaving school.

Program:	ESL – New Arrivals			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	9	10	10.6	11.1

Comments: The funding expands the ESL – New Arrivals program to include some school-age migrants who were not previously eligible. While the increase is welcome, it falls considerably short of the estimated increase necessary to ensure that all newly arrived students with ESL needs receive support. Information provided to the AEU puts the amount at \$133m per year.

Program:	Flagpoles			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	3	2.3	1.8	-

Comments: Reimbursements of up to \$1500 per school are available to install or repair flagpoles.

Program:	ICT – National Consistency in Schools and VET			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	7.6	7.6	7.7	-

Comments: This program, which will also be funded by the states/territories and New Zealand, has two components: the school on-line curriculum content initiative and the Framework for Open Learning. Funding for the latter had already been announced and is not included in the above figures.

Program:	Parliament and Civics Education Rebate			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	2.4	2.6	2.8	2.9

Comments: Increases the travel rebates for school groups visiting Parliament House.

Program:	Community Festivals – Health Promotion			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	3.7	3.7	3.6	3.8

Comments: This is support for festivals such as the Crocfest, which promotes healthy lifestyles for young people. Previously funding for these events was provided through the Health portfolio.

Program:	POEM			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	5.4	9.7	9.8	10

Comments: The Partnership Outreach Education Models pilot is extended and expanded. It consists of projects to assist young people who have dropped out to re-engage in education.

Program:	Tutorial Vouchers			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	11	9.5	-	-

Comments: The Tutorial Voucher Initiative has been continued. While the Minister’s press release makes much of the high satisfaction rate of parents with the program, it appears that there will be some changes designed to address the problems identified in the review of the scheme. The program will be re-badged as the Reading Assistance Voucher program and, according to the Minister, “a strong partnership between parents, schools and tutors will be encouraged”. Whether private providers will be involved “is yet to be determined”.

Program:	Portable Funding for Students with Disabilities			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	-	-	-	-

Comments: This is a feasibility study costing \$5.8m over two years to investigate the portability of funding for students with disabilities when they change schools (e.g. through the provision of vouchers). Presumably, this is designed to encourage greater enrolments of students with disabilities in non-government schools.

Program:	Students at Risk – Non-Government Schools			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	.6	.7	.8	.8

Comments: This also includes \$1.1m in 2005-6 to “enable non-government schools that specifically cater for students at risk” to gain “maximum general recurrent grant funding”.

## Indigenous Education

There are no major new projects reported in Budget Paper No. 2..

Program:	ABSTUDY – school term allowance			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	1.2	-1.4	-.9	-.8

Comments: Attendance requirements for eligibility to receive the allowance will be tightened.

Program:	ABSTUDY & Pensioner Education Supplement – Rules Revision			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	.8	-5	-5.1	-5.2

Comments: From 1 July 2007, the Government will limit to four years the amount of time a student is eligible to receive the ABSTUDY living allowance or Pensioner Education Supplement while undertaking AQF Certificate I and II courses.

Program:	Indigenous Tutorial Assistance – Year 9			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	3.7	7.8	4.1	-

Comments: This program which is currently available to Year 10 students to assist them to stay on in high school will be expanded to include Year 9 students.

Program:	Sporting Academies for Indigenous Students			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	3.4	4.6	5.6	5.9

Comments: The plan is to establish 20 sporting academies that will operate “in partnership with schools”.

Program:	Private Indigenous Boarding College			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	-	-	-	-

Comments: \$10m is provided in 2005-06 to assist with the construction costs of a “community managed” boarding college in the Tiwi Islands to open in 2007. There is no public high school in the islands. The college is expected to enrol up to 200 students across years 7-12 when fully operational.

Program:	Indigenous Tutorial Assistance – VET			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	3.1	6.1	6.2	6.4

Comments: Additional tutorial assistance through ITAS will be available for Indigenous students undertaking training at Cert III or higher. Getting ITAS support extended to VET is a development for which the AEU has advocated, so this is a positive step.

Program:	Reducing Substance Abuse – Petrol Sniffing			
	2006-07	2007-08	2008-09	2009-10
Expense \$m (DEST)	1.1	1.3	1.4	1.4
Expense \$m (total)	9.3	14.1	15.8	16

Comments: The DEST component of this program is for education programs.

## VET

While there are some funding commitments in relation to New Apprenticeships, these are accompanied by the reduction or curtailment of some other programs (see below). The two major initiatives are the National Approach to Apprenticeships as agreed at COAG (additional funding of \$64m over four years) and New Apprenticeship Centres (additional funding of \$106.7m over four years). There is no significant additional expenditure on VET delivery programs.

Program:	National Approach to Apprenticeships, Training and Skills Recognition			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	20.9	20.7	15.6	6.7

Comments: These figures include some funding from other portfolios. States/territories will also contribute funding. This arises from a COAG agreement in February and covers a range of “co-operative” state/territory/federal initiatives. The Minister’s press release identifies the following components of the approach:

- Funding to implement reforms that enable mutual recognition of licensed occupations between states and territories;
- A recognition of prior learning initiative;
- A program to target regional skills;
- Data sharing to improve the quality of skills supply and demand information;
- Identification of “skills sets” or groups of competencies for particular jobs.

The last of these appears to foreshadow a dangerously reductive and Taylorist approach to VET. The press release does not provide funding figures for any of the components of the approach.

Program:	New Apprenticeship Centres – Additional Funding			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	18.2	28.5	29.5	30.5

Comments: These centres deliver incentive payments and provide information to employers and apprentices. As a result of a recent decision by the Minister, as of the end of June this year there will be no publicly operated NACs, as NSW DET has lost the contract to run the NSW NAC.

Program:	New Apprenticeships – Women in Non-traditional Occupations			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	-4.8	-10.7	-11.3	-11.3

Comments: The program ceases in July 2006. The Government claims that “similar assistance” is available through other programs.

Program:	New Apprenticeships – Rural and Remote			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	-1.7	-3.8	-4	-4.1

Comments: The program guidelines are tightened so that the incentive will now only be paid in skills shortage trades.

Program:	New Apprenticeships – Incentives, Diploma and Advanced Diploma			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	1	2	3.1	4.5

Comments: This extends incentives for apprentices and employers to those doing diploma and advanced diploma level courses.

Program:	BITES			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	-5.8	-5.8	-5.8	-5.8

Comments: The Basic Information Technology Enabling Skills program, which was designed to assist older workers develop ICT skills ceases. The Government claims that “similar assistance” is available through other programs.

Program:	National Skills Shortage Strategy			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	-	-	-	-

Comments: \$6m is provided in 2005-06 for additional pilot projects in regions.

Program:	ICT – National Consistency in Schools and VET			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	7.6	7.6	7.7	-

Comments: see above.

Program:	Disability Coordination Officers			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	.9	-	-	-

Comments: The funding expands this program which provides transition support for people with disabilities to post-school education or training. Total funding for 2006-07 is \$2.4m, and it is \$1.4m per year in the on-years til 2009-10.

Program:	ABSTUDY & Pensioner Education Supplement – Rules Revision			
	2006-07	2007-08	2008-09	2009-10
Expense \$m	.8	-5	-5.1	-5.2

Comments: See above.

## ***Other Programs***

### **Australian Technical Colleges (ATCs)**

Budget Paper No. 3, which reports on “Federal Financial Relations” reports the following funding figures for ATCs as specific purpose payments to and through the states:

ATC Funding				
	2005-06	2006-07	2007-08	2008-09
\$m	6.2	5.8	1.7	1

These figures obviously bear no relation to the funding figures provided in last year's Budget Papers as follows:

<b>Funding for ATCs</b>			
2005-06	2006-07	2007-08	2008-09
\$65.4m	\$86.3m	\$102.5m	\$95m

The DEST Agency Budget Statement provides the following funding figures for ATCs:

<b>ATC Funding</b>					
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
<b>\$m</b>	39.786	65.991	92.724	97.899	81.496

To complicate matters further, the Government is introducing legislation to "bring forward" about \$75m in funding from 2007-08 and on-years to the 2005-06 and 2006-07 funding years. Given the slow progress in implementing ATCs, it seems improbable that the additional funding will be needed. It is likely that the real purpose of the proposed amendment legislation is to facilitate the carry-over of funds from one year to the next, which the government needs to do given the expected under-expenditure in 2005-06.

One possible explanation for the figures in Budget Paper No. 3 is that funding for the ATCs that have public TAFE involvement is paid as a payment through the states (and thus reported in the Budget Papers) but that payments to the private ATC providers is not reported.

## **Investing in Our Schools**

The main development in relation to this infrastructure program in the 2006-07 Federal Budget is the bringing forward of \$186.7m in funding to 2006. Since 70 per cent of this funding goes to government schools, this has inflated the expenditure figures for government schools for 2006-07. Features of this program which raise concern include its use of direct Federal funding to individual schools via individual school applications, its lack of connection with state/territory infrastructure planning, the fact that funding appears to be disproportionately directed at schools in Coalition electorates and that the pattern of funding appears to be one of supporting small scale projects in government schools but rather larger projects in non-government schools.

## **Teaching Australia**

Funding for Teaching Australia is reported in the Agency Budget Statements for the DEST portfolio (not made available in the Budget lock-up). Revenue for 2006-07 is \$8.1m, up from \$7.95m in 2005-06. Forward projections show future revenue is expected to remain at about \$7.5m for each of the forward years to 2009-10. Of the 2006-07 revenue, \$5.8m is provided from DEST funds, \$2.2m from "other" sources and \$.1m from interest. The nature of the other revenue is not clear.

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