

# TAFE FUNDING & NEW FEDERALISM

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The 2004 election campaign signalled the Coalition's intention to impose a new form of federalism involving far greater federal control over activities at the state and territory level.

Their education announcements clearly indicated intent to consolidate the Coalition's own vision of structures and purposes through the imposition of increased conditions on funding agreements with the states, as in the extensive requirements for accountability and system change – and flag flying – in the Schools Funding Bill.

The Coalition also proposed to develop direct funding relationships with education providers/communities and individuals, such as the direct allocation of capital funding to schools and funding for toolboxes to New Apprentices. Australian Technical Colleges will provide direct competition to state schools and TAFE Institutes. There are some complexities in these mechanisms since state funding and or registration or other processes will in fact require the cooperation of the states in many of these areas.

The Federal Government wields enormous power through its control of funding which is essential to the maintenance of current levels of state-based services. The recent federal threats to tear up the \$35 billion GST agreement with the states unless they accepted Commonwealth directions about reducing certain business taxes is at the hard edge of that process. In this new mood of centralism, Howard has been reported as saying that 'Australia would be better off without state governments' but that the idea of abolishing them 'is unrealistic'. (*The Age*, 25/3/05)

Abolition of ANTA and the transfer of responsibilities to the Department of Education, Science and Training is another step in achieving

more direct federal control over the structures and directions of VET. While Commonwealth funding has been appropriated for 2005 at the reduced rate which reflects penalties imposed as a result of failed ANTA negotiations last year, new legislation will be required to enable the continuation of payments under the new administrative arrangements from July 2005. Given the general change in federal responses and the degree to which the Coalition made election commitments regarding VET outside the funding support to states and territories, the future level of Commonwealth support, and the conditions which will be applied to such funding, are very uncertain.

The recent DEST paper, *Skilling Australia, New Directions for Vocational Education and Training*, outlines the framework of a new national system as the basis for consultations. There will then be a separate process with the states and territories to finalise a new Commonwealth-State Funding Agreement. Legislation, to be introduced before July, will repeal existing Acts and define the powers of a new Ministerial Council on Vocational Education and other bodies.

A new multi-lateral funding agreement will replace the existing ANTA Agreement. It will continue to set out national objectives and aims and provide the mechanism for the release of funding to state governments. In addition, the DEST paper outlines a set of bilateral funding agreements, which are to 'provide flexibility to implement national priorities and establish performance levels that are relevant to each jurisdiction'. Funding will be negotiated at the conclusion of the consultations about the new national arrangements. The current formulae for allocating funds to each state will continue but the Government will seek state

agreement to explore options for 'a revised, more sophisticated funding model' as part of a broader examination of VET funding.

With the negotiations set for such a short timeline and in this overall context of uncertainty, the prospects for funding remain unclear. In the short term, funding parameters are set by the appropriation, but what is uncertain is what will happen should agreement not be reached. The reduced funding that has been appropriated reflects the penalties imposed by the Commonwealth following the failure to reach agreement for 2004, including non-indexation of the rolled over 'growth funds' and the direct tendering by the Commonwealth of \$20.5 million for 7,500 priority training places.

The outcomes longer term may well be affected by the range and cost of Coalition election commitments for VET which will be outside the Commonwealth funding provision to the states – such as the funding for toolboxes, provision of the Youth Allowance to New Apprentices and the creation of Australian Technical Colleges.

The Commonwealth has since 1996 been squeezing VET funding, and imposed the 'growth through efficiencies' funding freeze for 1998-2000, reintroduced modest but inadequate funding for growth in response to campaigning in 2000-2003, and invoked funding penalties in response to the failure to reach a new ANTA Agreement in 2004. Since 1997 total Commonwealth funding for VET has fallen by 10.9% in real terms.

It is likely that the Federal reluctance to provide adequate funding for TAFE will continue and thus the campaign to ensure that TAFE is properly resourced will continue to be a central priority. ♦  
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