

FEDERAL BUDGET REPORT

by Jenni Devereaux



Education and Training a winner?

Since the handing down of the 2007-08 Federal Budget on Tuesday, 8 May, the Government, and most of the media, have trumpeted that education is one of the Budget's 'Big Winners', with a "massive increase" of \$3.5 billion in education funding over four years.

According to the Government, the euphemistically titled 'Realising Our Potential Package' covering universities, vocational education and training and the schools sectors, represents an extra investment of \$3.5 billion into education and training over four years. A further \$5 billion from the 2006-07 Budget surplus will be used to establish the Higher Education Endowment Fund to pay for the future costs of university infrastructure and research facilities.

On analysis though there is little new funding for public education and training across the early childhood, schooling and TAFE sectors. Most of the increase (\$1.7 billion over four years) is for higher education. In addition to the \$1.7 billion, \$5 billion from this year's budget surplus will be used to establish the Higher Education Endowment Fund — to pay for the future costs of university infrastructure and research facilities. These measures are clearly aimed at countering Rudd/Labor's 'Education Revolution'.

Universities will receive around 50 per cent of the \$3.5 billion; schools around 25 per cent, the majority of it going to private schools; and VET around 18 per cent.

Education and Training Expenditure

Analysis of the Budget figures shows that despite the claims of a massive boost in education and training funding, total education and training expenditure as a proportion of total Commonwealth expenditure will decline over the next four years. Slight increases in the proportion of funding for higher education and a somewhat larger increase for private schools are more than offset by decreases in the proportion of funding to VET and public schools.

Education Expenditure [Major Areas] as a Proportion of Total Federal Government Expenditure

	06-07	07-08	08-09	09-10	10-11	change
Total Education	7.47	7.54	7.47	7.40	7.42	-0.05
Higher Education	2.42	2.46	2.52	2.45	2.44	+0.02
VET	0.73	0.70	0.68	0.65	0.64	-0.09
Non-Government Schools	2.6	2.66	2.66	2.71	2.76	+0.16
Government Schools	1.4	1.37	1.26	1.26	1.26	-0.14
ALL SCHOOLS	4.00	4.03	3.93	3.96	4.02	+0.02

Source: from Budget Paper 1; pp6-5 and 6-10

Further analysis reveals a particularly worrying trend, with Federal funding for private schools outstripping funding for higher education and continuing to increase as the VET share of Federal funding declines.

Summary of Major Education and Training Expenditure Areas

EDUCATION	Estimates		Projections		
	2006-07	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m	\$m
Higher Education	5,372	5,801	6,229	6,367	6,649
Vocational and Other Education	1,617	1,657	1,673	1,699	1,754
Non-Govt Schools	5,772	6,256	6,591	7,025	7,523
Government Schools	3,103	3,230	3,125	3,269	3,449
Schools	8,874	9,486	9,716	10,294	10,973

Source: Education Table 7 Summary of Expenses (Budget Paper 1, 6-10)

VET Funding

The Government announcement of over \$600 million in increased funding for the VET sector is welcome, but unfortunately provides no additional recurrent or capital funding for TAFE infrastructure, the TAFE workforce or the majority of students in TAFE.

The five new VET budget measures are comprised of:

- cash payments to young apprentices in skill shortage trades.
- vouchers to provide fee assistance for apprentices.
- payments to RTOs to fast-track apprenticeships.

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- payments to RTOs to fast-track apprenticeships.
- FEE-HELP for Dip and Adv Dip VET courses.
- three new Australian Technical Colleges.

Cash payments and fee assistance vouchers to apprentices amount to over half a billion dollars; around 80% of the funding allocation for new VET measures yet they are payable to a relatively small number of individuals, individuals. These individuals form a subset of the 25% of students currently in TAFE who are apprentices and are effectively a wage subsidy to employers. There are no new measures to assist the other 75+% of students in TAFE.

The provision of another \$83.6 million over five years for three more Australian Technical Colleges in key marginal areas is a testament to the Government's ideological commitment to privatisation and undermining public provision. It comes despite the fact that hundreds of millions of dollars have already been spent on the existing ATCs and enrolments remain small. With the added funding for the three new ATCs the establishment costs for these colleges is expected to amount to a total of \$552 million, excluding the ongoing schools funding which they receive. Across Australia the money spent on the small number of students enrolled in the ATCs, which duplicate and undermine existing VET provision in schools and TAFE, would have gone a long way to make up the nationwide shortfall in TAFE places.

Funding measures such as these highlight the unwillingness of the Federal Government to increase resources to the states and territories for the running of their TAFE Institutes and the ongoing tension between state and territory governments and the Commonwealth over funding of the VET system.

This is confirmed by Budget analysis undertaken by the Social Policy Section of the Parliamentary Library [available at <http://www.aph.gov.au/library/pubs/RB/2006-07/07rb12.pdf>] which compares the size of the increase on these measures with the other main area of Commonwealth VET expenditure — payments to the states and territories to support them in the funding of their TAFE institutes and other providers. Its contribution under the 2005-2008 Commonwealth-State Agreement for Skilling Australia's Workforce provided additional funding of only \$215 million for the quadrennium. With the new expenditure in this budget the Federal Government's expenditure on grants to the states and territories will decline as a proportion of the Commonwealth's administered expenses on VET, from 52% in 2006-07 to 47% in 2007-08.

At a time when the public TAFE system is facing one of the most challenging moments in its history, it is lamentable that this Budget fails to deliver the level of resourcing for a system which is so critical to the future of Australian society.

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TAFE Lobbying

Around 40 TAFE activists from across Australia converged on Canberra on 9 and 10 May to lobby their Federal House of Representatives MPs and Senators about the critical state of TAFE funding and the need to support the public TAFE system.

The lobbying activity was framed by the 2007 Federal Budget brought down by the government on Tuesday, 8 May, and by the Opposition's speech in reply on Thursday evening. The fact that there was no mention of TAFE funding in either of the major political parties' speeches was somewhat ironic and reinforced the need for active and sustained lobbying.

Twenty NSW members, including seven new delegates, visited 38 MPs from across the political spectrum, as well as meeting with several Ministers' advisers and making agreements to meet another six MPs in their electorate offices. A contingent of NSW TAFE members who walked to Canberra were met by NSW politicians on the steps of Parliament House.

The New South Wales lobbyists reported that Coalition members were generally dismissive of their claims for the need for additional funding for TAFE. It appeared that they had all been schooled to say that TAFE was a state responsibility and that any shortfalls in funding were due to State/Territory governments. On the other hand, they found Labor MPs were generally supportive and opposed to Government policy on issues such as Australian Technical Colleges. Most indicated a willingness to be involved in the 'Enrol to Vote – Vote 1 TAFE' campaign and in candidates' meetings at local colleges in the lead-up to the elections.

The Queensland delegation visited a number of Labor MPs and reported that they were well received, with politicians enthusiastic about meeting back in their electorates with TAFE members. The main points raised with the politicians included the impact of competition policy and marketisation on TAFE trying to be competitive, nominal hours, problems with Australian Technical Colleges, and the fact that TAFE includes both Trade Training and Education.

The Western Australian contingent met with eight Members of Parliament to discuss a range

of issues, including the impact of funding and staffing shortages on students. The shortages were highlighted by stories from members about classes that have been cancelled or delayed due to lack of resources. The state of AMES in WA and the impact that tendering for work is having on the running of classes for students with poor or no English skills was another topic for discussion, as were the problems for the families of 457 visa workers and their impact on the TAFE system. Members also discussed the unprecedented growth in demand for skilled workers in WA and the major impact this is having on the TAFE system. At the current rate and projected growth for skilled workers, TAFE will be unable to meet the demand for training due to a chronic lack of resources.

The ACT had lobbied their MPs earlier in the month, and the Northern Territory combined with Queensland to see their own and Queensland politicians.

Affordable TAFE Roundtable

A major feature of the May lobbying event was the Affordable TAFE roundtable held at the Canberra Institute of Technology on the evening of Wednesday, 9 May. The Roundtable was chaired by Adrian Marron, a TAFE Director from South Australia, and speakers addressed a wide range of VET issues from a variety of perspectives.

Participants included James Barron (CEO of Group Training Australia), Sharan Burrow (ACTU), Bruce Chapman (ANU), Jim Davidson (DEST), Mary Hicks (Director of Employment and Training for the Australian Chamber of Commerce and Industry), Megan Lilley (Australian Industry Group), Peter Kell, Kerry Nettle (Greens), Elaine Wells (CIT Students Association), Ian Curry (AMWU) and Linda Simon. Andrew Robb was invited but was unable to attend, as was Stephen Smith who was a last minute apology.

Major issues facing TAFE, including the costs associated with studying at TAFE and the impact of these costs on students, as well as more general issues associated with funding trends and their impact on TAFE as the major public provider of VET in Australia were widely canvassed. ❖