

# NATIONAL TAFE FUNDING

## 2003 Background paper



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### 1. Overview of TAFE Funding

#### 1.1 Funding overview

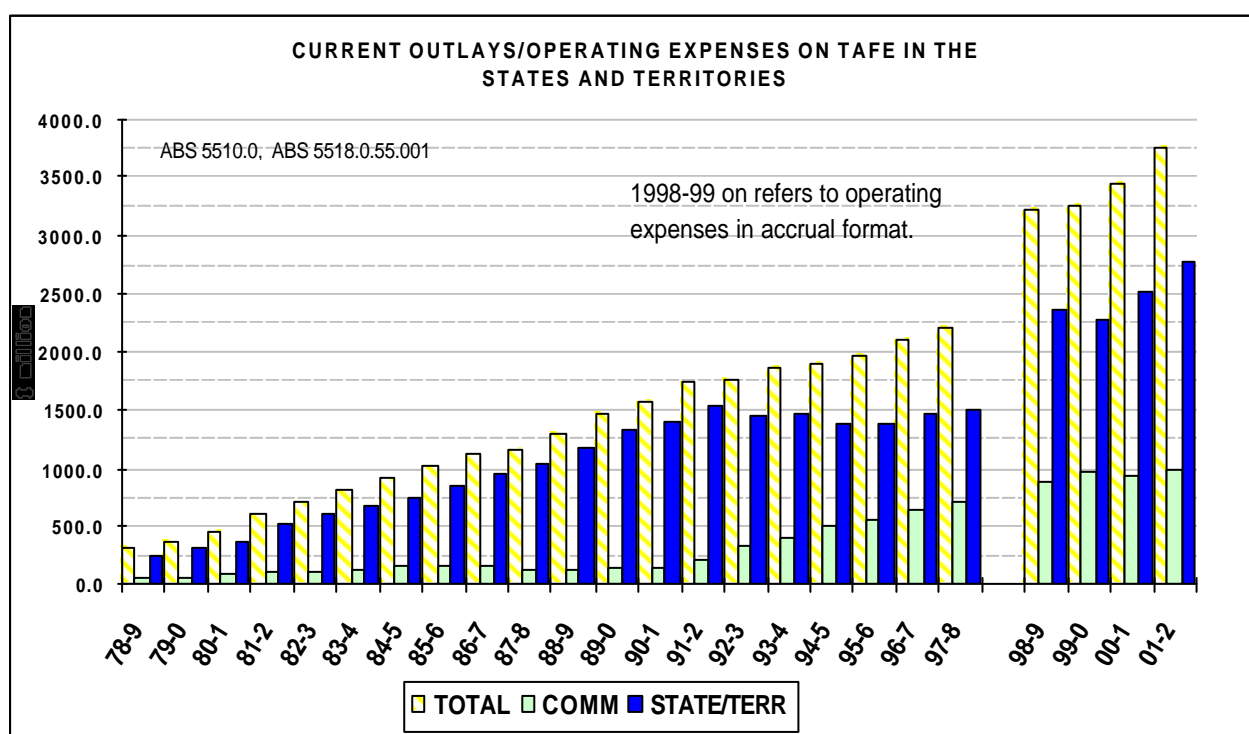
Overall, the Commonwealth provides about 28% of recurrent government funding for vocational education and training and 53% of capital expenditure. The states and territories continue to provide the bulk of recurrent government funding. The funding policies of both levels of government have a significant impact on TAFE systems. In total, governments now provide 78.8% of recurrent revenue for publicly funded VET.

Commonwealth recurrent funding for TAFE has increased substantially since it began in 1974, the time of the Kangan report. So have enrolments: in 1973 there were 430,000 students enrolled in TAFE. In 2001 there were 1.3 million students in TAFE and 1.76 million in the VET system as a whole. This means that 13.1% of all 15-64 year old Australians participated in VET in 2001. (NCVER 2002a and earlier)

Since 1992, national decisions about funding for TAFE and VET are largely made through the ANTA Agreements between the Commonwealth and the states and territories.

#### 1.2 Commonwealth and state funding trends

The contributions of each level of government have fluctuated over time. During the early 1980s, for example, state outlays began to plateau while in the late 1980s the Commonwealth contribution declined, ironically just at the time that the Commonwealth began to strengthen its role in shaping the national directions for technical and further education. (Kronemann 1999)



ABS 5510.0, ABS 5518.0.55.001

The early 1990s saw a significant expansion of the Commonwealth recurrent funding effort while there was an actual fall in the overall funding provided by the states and territories. In 1995-96, the states and territories were, overall, contributing 85.7% in real terms of the funding they allocated in 1991-92, and in 1997-98, they were contributing 90.3% of the funding they provided in 1991-92. By 1997-98, the Commonwealth contribution had increased to 31.6% of government funding for VET in the states and territories. (ABS 5510.0) The extent of the change has varied from system to system.

The change to accrual accounting format from 1998-9 has disrupted the trend data. The available data in relation to government funding of VET operating expenses shows some increase in the contribution of the states and territories. Recent NCVET data shows clearly that the states and territories have continued to increase their overall funding effort since.

### **1.3 TAFE's role**

TAFE funding structures from Kanganon generally recognised the complex educational, social and economic roles of a vocational education and training system.

The 1974 Kanganon report was the one that first used the acronym 'TAFE'. As Ross Free noted in his analysis of its role, Kanganon itself provided a broad humanistic picture of VET and TAFE - serving and empowering the individual. Kanganon, he said, placed TAFE squarely in the education continuum and justified lifelong learning, TAFE as a mechanism for social justice and social mobility, and public investment in vocational education and training to create a public good. (Free in Kearns and Hall 1994, p. 18)

The TAFE system has largely continued to provide the broad range of courses and services needed by students, by industry and the wider community. Much of this success has been despite, rather than because of, national structures and policies over recent years, with the pressures on resources and the imposition of competitive tendering and User Choice policies.

In recent years, the public focus on VET has tended to be narrow, with its emphasis on an 'industry-driven' system and on New Apprenticeships. Some 22% of VET students are apprentices and trainees (NCVER 2002b). More recently there has been a renewed focus on the diversity of TAFE students and their reasons for studying.

The 2000 Senate inquiry report argued that: 'national VET objectives be renegotiated to include the objective of ensuring that there is equitable access for all Australians to vocational education and training that enhances their capacity to participate in society and take advantage of emerging opportunities in employment and in further education and training'. (SEWRSBERC 2000)

## **2. Funding structures in the 1990s**

### **2.1 The 1992 ANTA Agreement**

The ANTA Agreement arose out of a recognition of the need for national portable qualifications and a competency based training system linked with industrial awards to build a highly skilled workforce.

It was recognized that a national coordinating authority was needed to develop a national system and in 1992, the ANTA Agreement between the Commonwealth and states and territories was concluded. The new national structures included ANTA, a Ministerial

Council (MINCO) made up of Ministers responsible for vocational education from the states and territories and the Commonwealth; an ANTA Board, national ITABs and a range of national bodies.

Under the 1992 ANTA Agreement, the then Labor Commonwealth Government provided an initial \$100m for VET and then an additional \$70m per year (cumulative) to fund enrolment growth. In return the states and territories were required to maintain their training effort. State effort was measured in terms of funding, annual hours and enrolments. There were both technical and political complexities in the judgements of whether states and territories had maintained effort. Nonetheless, the fact that Commonwealth growth funding was conditional on maintenance of effort was important in setting national goals and objectives.

## **2.2. Commonwealth budgets, 1996 and 1997**

The Howard Government came to power in 1996 and both the 1996-97 and 1997-98 Commonwealth budgets imposed cost-cutting measures.

These measures imposed a \$240 million cumulative reduction in Commonwealth funding for VET over the budget forecast periods. Other budget measures, such as the massive cuts to labour market programs, also impacted on VET funding.

The Commonwealth commitment to maintain real funding levels under the 1998 ANTA Agreement was on the basis of this reduced funding base.

## **2.3 The 1998-2000 ANTA Agreement: growth through efficiencies**

Commonwealth funding for enrolment growth was abolished under the 1998 ANTA agreement. Instead, the states and territories were required to achieve 'growth through efficiencies' in return for the Commonwealth maintaining its funding in real terms. Imposition of the Commonwealth funding freeze has been a central element in the resource pressures felt increasingly by TAFE institutes and systems around the country.

The NSW Department of Education and Training (1999) estimated that the loss of cumulative growth funding over the three years of the 1998-2000 agreement was around \$138 million for NSW, without taking into account other Commonwealth policies such as the impact of the Youth Allowance and cuts to labour market programs. Given that NSW provides about 36.6% of total VET effort, their loss would extrapolate out to around \$377m across the country.

In addition, contestable funding was increasing and 'User Choice' was implemented in relation to apprenticeships and traineeships.

In reality, the total Commonwealth contribution did decline, since the commitment to maintain funds only applied to funds that are allocated through ANTA. (see section 3.1)

## **2.4 The 2001-2003 ANTA Agreement: modest growth funding**

The 1998 ANTA Agreement expired at the end of 2000. Through a number of often tense meetings, the states and territories demanded an end to growth through efficiency policies and the restoration of Commonwealth funding for growth. This was accompanied by months of strong campaigning by union and employer bodies including of course the AEU.

At the December 2000 meeting of the Ministerial Council (MINCO), then Commonwealth Minister Kemp finally offered the states and territories growth funding, of \$20m, \$25m and \$30m (ie \$140m on a cumulative basis) over three years, conditional on the states providing twice that amount themselves. This offer was rejected unanimously. It was again tabled at the March 2001 MINCO, and again rejected by all but the then Coalition Ministers in SA, NT and the ACT.

State Labor Training Ministers continued to refuse to sign off on a new ANTA Agreement unless the Commonwealth provided \$152m per annum in growth funding to address projected enrolment growth of up to 5.7% per year.

In the absence of an Agreement, funding for 2001 was allocated on the same basis as for 2000, leaving the states starved for funds. The 2001 Federal budget brought down in May saw yet another offer to the states, of \$230m over three years, conditional on signing up to a new ANTA Agreement and other factors.

The state and territory Ministers agreed in principle to this proposal at the 8 June, 2001 MINCO meeting in Brisbane and the VET Funding Amendment Bill was passed through both Houses.

Under the current Agreement, the Commonwealth has provided additional growth funding to the states and territories, of \$50m in 2001, \$25m in 2002 and \$25m in 2003, on a cumulative basis. The actual amounts, including indexation, have thus been \$50m, \$76.7m and \$104m, a total of \$230m over the three years. (VEATFA)

This funding has been conditional on the states and territories matching the Commonwealth growth funds on a dollar for dollar basis, something at least two systems reportedly failed to achieve. The states and territories have also been required to commit to increasing New Apprentices by 20,000 by June 2002 and to comply with User Choice Policy and Principles. ([www.anta.gov.au/NEWS/userchoice.htm](http://www.anta.gov.au/NEWS/userchoice.htm))

In addition to growth funding, the Commonwealth agreed to maintain base funding in real terms (ie indexed for cost increases) during the life of the Agreement. The states and territories agreed to maintain outputs or outcomes, measured on an agreed basis and to 'strive for ongoing efficiency improvements'. They have been able to use up to their respective share of \$30m in capital funds for recurrent purposes.

The 2001-2003 Agreement has provided about one third of what the states and territory Ministers said that they needed in 2001. The total value of their claim for growth funding was just over \$900m extra over three years, compared to the \$230m provided by the Commonwealth (\$460m if the requirement for the states and territories to provide matching funds is taken into account).

Despite the Federal Government's focus on providing over \$1 billion in 2001, the facts are that the 1995/96 Labor federal budget forecast spending more than \$1 billion by 1997/98 to expand TAFE/VET places. We are only just back to this target, despite the massive increase in enrolments.

## 2.5 Outcomes

The period of growth through efficiencies imposed enormous strain on TAFE around the country. States and territories undertook a range of strategies in relation to achieving growth and/or efficiency, including increased use of competitive tendering, increased fully on-the-job training for New Apprentices, increased focus on RPL, negotiated productivity improvements and development of flexible and on-line approaches to training delivery. Structural reforms have been virtually perpetual. The states have nonetheless had to pick up some of the additional costs of increased enrolments.

Yet at the same time, the states and territories yielded an 'efficiency improvement' of about 10.9% over that 1998-2000 period. (ANTA, 2002) Annual Hours Curriculum grew by 30.4m hours, or 10.1%, while student enrolments increased by 290,800 or 19.9%. (NCVER 2002b, 2002a, 1998)

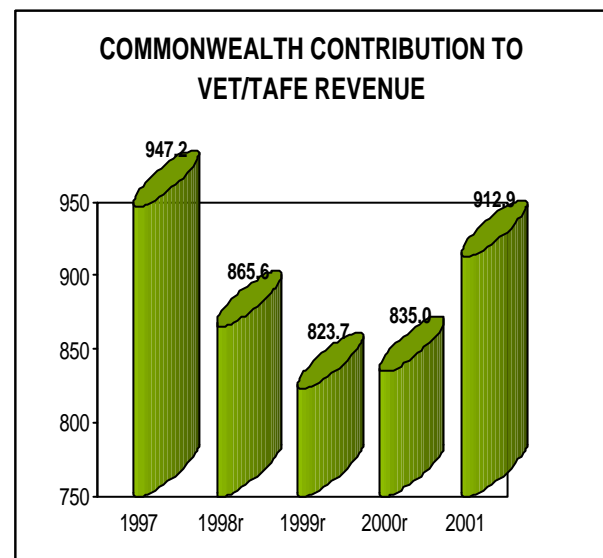
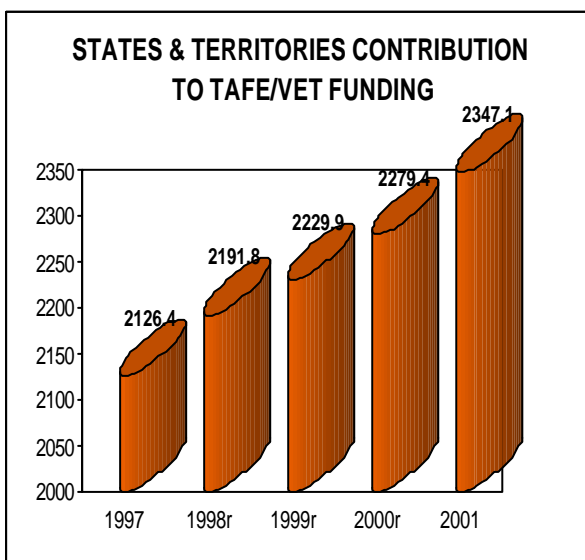
The reintroduction of relatively modest growth funds under the current Agreement has been insufficient to redress the impact of the resource pressures on TAFE. Current funding arrangements have placed serious constraints on the capacity of TAFE institutes to meet business, student and community needs and in some cases, to remain viable at all. As the 2000 AEU national survey of TAFE teachers made abundantly clear, the pressure on teachers' workloads and conditions has been immense. (Kronemann 2001)

## 3. The Commonwealth funding contribution in the 1990s

### 3.1 Commonwealth funding for VET 1997-2001

Between 1997 and 2000, the Commonwealth contribution to VET operating revenue fell by \$112m, from \$947.2m in 1997 to \$835m in 2000. (NCVER, 2001 & earlier)

This was largely due to declines in Commonwealth specific purpose programs in both 1998 and 1999, since the bulk of funds under the 1998-2000 ANTA Agreement had been maintained in real terms.

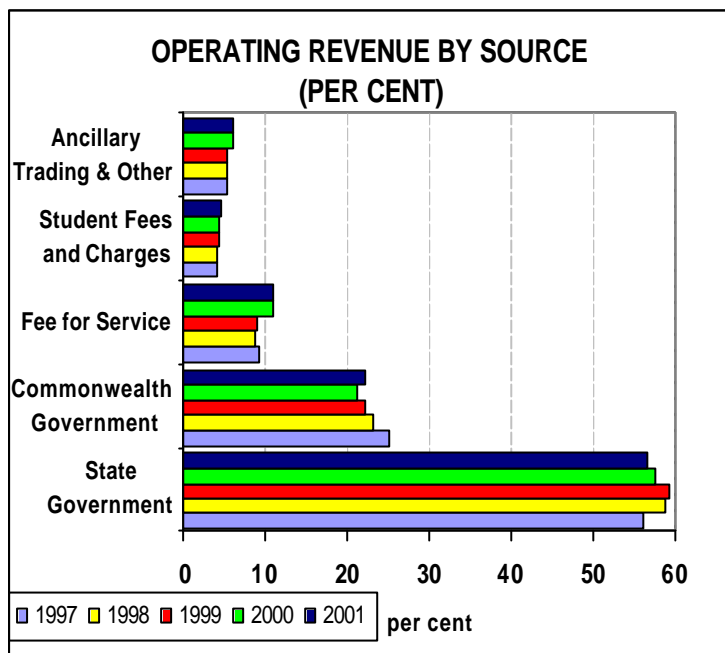


NCVER 2002 and earlier

Even with the modest increase in Commonwealth funding under the current Agreement, the total 2001 Commonwealth contribution of \$912.9m was \$34.3m lower in dollar terms than in 1997.

Meantime, the states and territories collectively provided \$220.7m more in 2001 than in 1997. (NCVER 2002 and earlier).

### 3.2 Commonwealth share of operating revenue



NCVER Statistics, Financial Data 2002 and earlier

As a percentage of total VET operating revenue, the Commonwealth contribution has declined from 25% in 1997 to 22.1% in 2001.

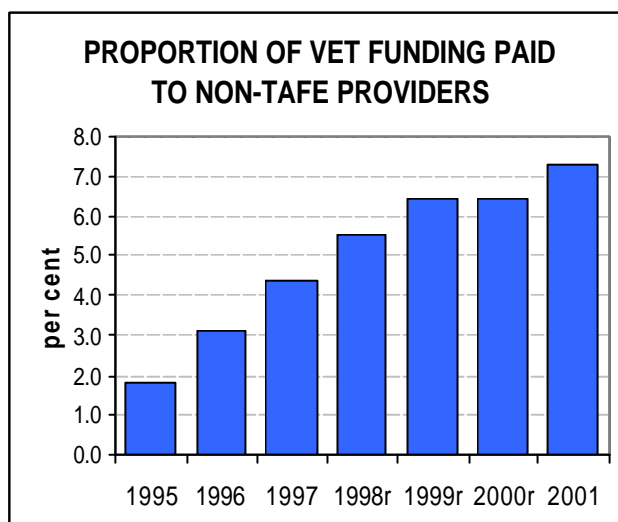
Revenue from the states and territories has increased from 56.1% in 1997 to 56.7% of operating revenue in 2001, down from a peak of 59.4% in 1999.

Other sources of revenue have also grown as a proportion of total revenue. Fee for service revenue has grown from 9.3% to 10.8%; student fees and charges from 4.1% to 4.4%; and ancillary trading and other from 5.5% to 6.1%. (NCVER 2002 and earlier)

### 3.3 Competitive tendering and user choice

The other major pressure on TAFE resources has been the significant growth in competition and contestable funding, driven by national policies. In effect, resources are being redirected from TAFE to non-TAFE providers.

In 1995, the total funding for non-TAFE providers was \$58.6 million, and by 2001 it had increased to \$318.7m, or 7.3% of total operating expenses. (NCVER, 2002: NCVER 1996)



NCVER Statistics, Financial Data 2002 and earlier

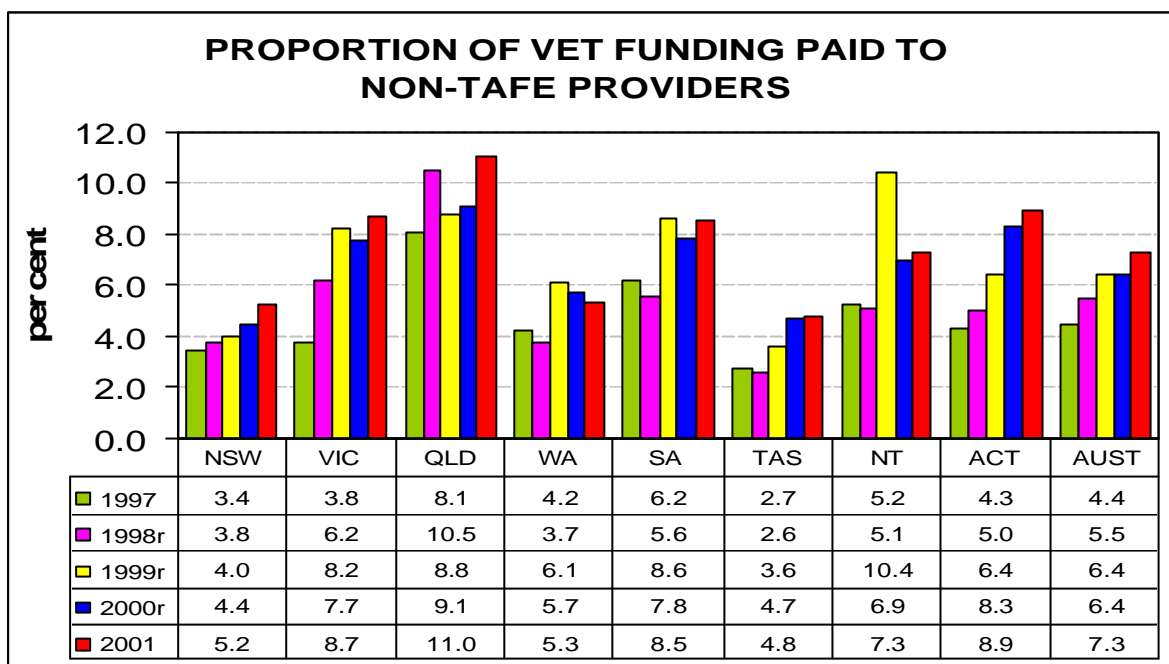
In 1997, TAFE enrolled 78.2% of students and delivered 90% of annual hours; community education providers enrolled 15.4% of students and delivered 3.7% of annual hours; while 'other' registered providers enrolled 6.3% of students and delivered 6.3% of total annual hours.

By 2001, TAFE enrolled 73.7% of students and delivered 81.1% of annual hours; community education providers enrolled 13.1% of students and delivered 3.7% of annual hours; and 'other' registered providers enrolled 13.2% of students and delivered 15.5% of total annual hours. (NCVER 2002a and earlier)

The real reduction in funding for public TAFE systems is thus considerably greater.

### 3.4 Funding of non-TAFE providers in the states and territories

There is considerable variation between states and territories in the proportion of funds going to non-TAFE providers.



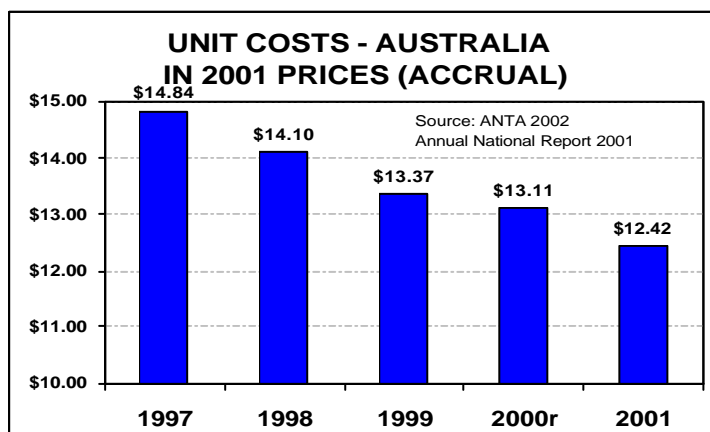
NCVER Statistics, Financial Data 2002 and earlier

The pressures on TAFE led three states to freeze user choice and to undertake reviews of key aspects of current policies and directions. (NSW from the beginning reserved its position on user choice.)

While Queensland was the only system to show a reduced proportion of funding going to non-TAFE providers in 1999, this was true for a number of systems in 2000 -Victoria, Western Australia, South Australia and the Northern Territory. Queensland again increased slightly but not to 1998 levels.

Expenditure for non-TAFE providers increased by \$51m or 19% between 2000 and 2001. Between 2000 and 2001, their share of funds increased in all systems except Western Australia. It is now the highest it has been across Australia and in every system apart from the Northern Territory, Western Australia and (just) South Australia.

### 3.5 Unit costs per AHC



Given the enormous increase in enrolments in TAFE, a clearer picture of the funding changes is offered by looking at the costs per annual hour of curriculum (AHC).

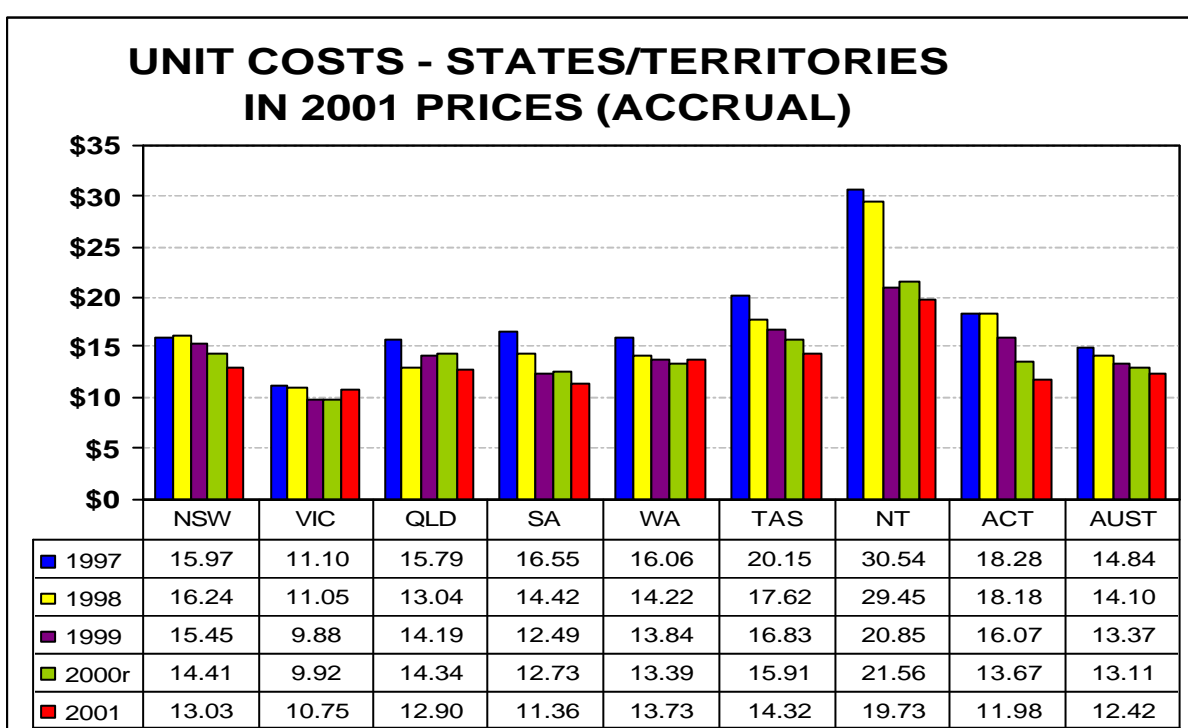
Across Australia, the cost per adjusted AHC has fallen from \$14.84 in 1997 to \$12.42 in 2001, in 2001 price terms.

From 1997 to 2001, the cost per adjusted AHC across Australia fell by 16.3% in 2001 prices. All states and territories have reduced their unit costs since 1997 - or, as ANTA reports it, have 'achieved improved efficiency performance'. (ANTA 2002a)

Publicly funded expenditure per adjusted AHC fell from \$13.11 in 2000 to \$12.42 in 2001. This is a fall of 5.3% in real terms, notwithstanding the modest increase in funding under the 2001 ANTA Agreement.

While a number of systems showed a modest increase in hourly expenditure in 2000, only Victoria has maintained this trend into 2001. Victoria remains the lowest spending system. Western Australia also increased hourly expenditure in 2001, but this did not take it back to even 1999 levels.

All other systems have had a drop in expenditure per AHC in 2001. This includes Queensland, even with the exclusion of abnormal expenses in 2000.



ANTA 2002a, *Annual national report 2001 Volume 3, Vocational Education & Training Performance*

(a) Queensland has advised that abnormal expenses of \$23m significantly impacted on their 2000 unit cost. These expenses relate to depreciation /amortisation, losses on asset sales and the treatment of capital expenditure on information technology as recurrent. Including these abnormal expenses, Queensland's unit cost for 2000 was approximately \$14.93. (ANTA 2002a)

ANTA reported that many of the factors cited by the states and territories as their 'growth through efficiencies' contributed to this overall downward trend.

The latest ANTA report indicates that:

"States and Territories are continuing to improve the alignment of their planning and purchasing activities to achieve better value for money. Other areas that contribute to improved efficiency include the expansion and refinement of competitive purchasing arrangements, the maximisation of value within User Choice, and the enhanced use of information and communications technology within both training and training system support activities." (ANTA 2002a)

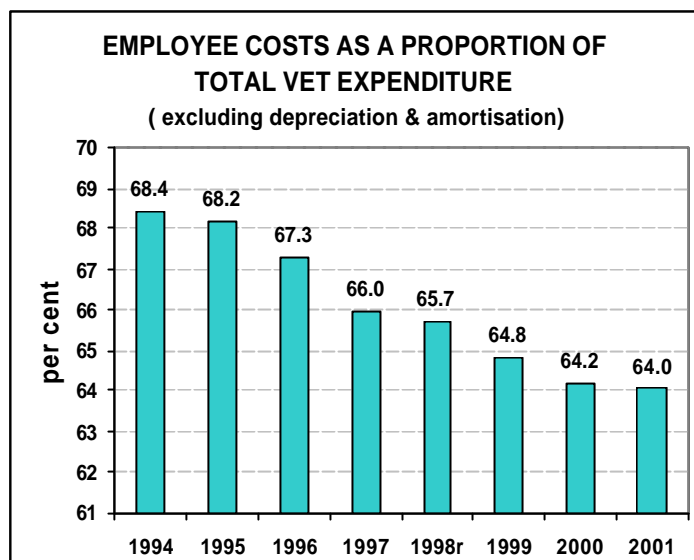
### 3.6 Falling unit costs

The reality is that TAFE's have been under enormous financial pressure as a result of growth through efficiencies and other cost-reducing measures.

From 1997 to 2001 there was an increase of 153,700 student places in TAFE and 298,000 in VET, yet:

- Employee costs have fallen from 66% in 1997 to 64 % of total expenditure (excluding depreciation). (NCVER 2002 & earlier)
- \$182.4m was spent on redundancies; and
- Expenditure on student services fell from \$96.2m in 1999 to \$88.1m, or from 2.5% to 2.1% of total expenditure. (NCVER 2002 and earlier)

Small wonder that report after report has been raising concerns about quality and effectiveness.



NCVER Statistics, Financial Data 2001 and 1999

### 3.7 Unmet demand for TAFE

In 2002, there were 78,800 Australians unable to gain a place in post-school education and training, of whom 70,300 sought a place that would lead to a qualification. Of the total number unable to gain a placement 48,100 wanted to do vocational education and training. In other words, about two thirds of those unable to gain a place in post school education and training sought access to VET; 23,100 sought access to Higher Education. (ABS 6227.0)

Unmet Demand for VET			
	TAFE student places	Other VET*	Total VET
1998	35,200	12,900	48,100
2000	40,500	13,800	54,300
2001	34,600	12,000	46,700
2002	39,600	8,500	48,100

\* 'Other' includes programs that do not result in a recognised qualification.

Unmet demand for TAFE has again been increasing and 39,600 Australians were unable to gain a place in 2002. "Other" VET, may also include some TAFE places since it includes programs that do not result in a recognised qualification. Demand for VET as a whole is back to 1998 levels and is equivalent to 2.7% of total VET participation in 2001. (ANTA 2002a, ABS 6227.0)

Enrolment growth has averaged 5.9% per annum in the ten years since 1991. A failure to provide adequate growth funding under a new ANTA Agreement could increase the level of unmet demand. (NCVER 2002a)

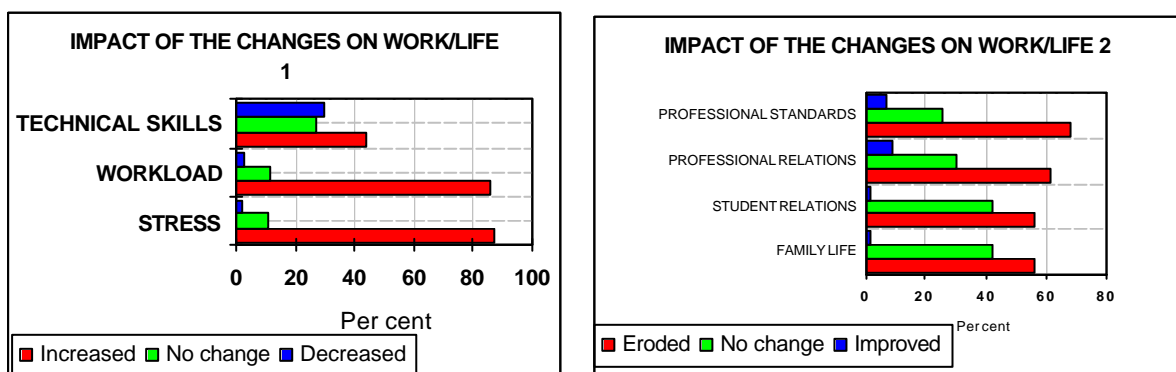
## 4. Impact of the resource pressures

### 4.1 Overview of impact

- The various Schofield reports have identified key concerns about quality in relation to apprenticeships and traineeships, with 19% of Queensland trainees receiving no training and 20% in Victoria believing they were not learning new skills.
- The 2000 Senate Report also found major problems with the Australian Recognition Framework and the quality of apprenticeships and traineeships.
- Many systems have seen higher class sizes, rationalisation and reductions in TAFE courses, cuts to student services, amalgamations and closures and colleges facing significant financial difficulties.
- The overall failure/withdrawal rate for students has increased from 13.7% of all subject/module enrolments in 1997 to 18% in 2000 and 18.9% in 2001. (NCVER 2002b, and earlier)
- There has been a substantial growth across Australia in the proportion of contract and casual/sessional staff, although more recently there have been some moves back to more secure employment as a result of negotiations between the union and the employers. In general, it would seem that about 30%-40% of TAFE teachers are permanent/ongoing. (Kronemann 2002)
- The 2000 AEU national survey of TAFE teachers showed how teachers have borne much of the costs of the resource pressures (Kronemann 2001).

### 4.2 Impact of the changes on teachers work and life

The AEU national survey showed that workloads have increased and intensified, stress is high and the majority of teachers say their ability to maintain professional standards/provide quality education has been eroded. (Kronemann 2001)



TAFE Teachers; Facing the Challenge

In a paper given at the 2003 AVETRA conference, Roger Harris and Michelle Simons also found that 86% of VET practitioners said that their work responsibilities had changed 'a lot' or 'to some extent' (with 63% saying 'a lot'). Within public providers, 97% of respondents gave these responses.

The AEU survey found that 68% of TAFE teachers said that their ability to maintain professional standards/provide quality education had been eroded. In addition, 61% of

teachers said that the professional interaction between staff has been eroded and half said that their relations/interactions with students had been eroded. (Kronemann 2001)

There are some complexities in looking at hours of work, because of interstate differences describing total paid hours or attendance time requirements.

But on average, full time teachers are working an average of 7 hours unpaid overtime a week, although the spread is obviously pretty wide, with 57% working more than 40 hours a week and 34% working more than 45 hours a week. (Kronemann 2001)

Without getting into the intricacies of the calculations, this unpaid overtime done by full time teachers would be roughly equivalent to 2160 additional effective full time teachers.

When you add in the unpaid work undertaken by teachers who work part time or irregular hours, on a rough estimate, TAFE teachers, both full time and part time, are doing the work of something like an extra 6500 teachers around the country.

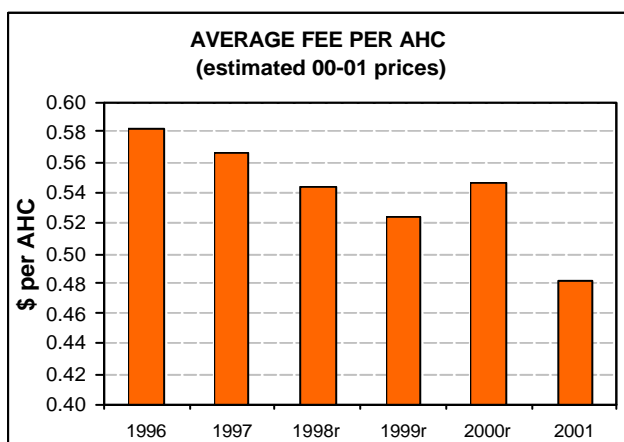
What do teachers see as priorities for the union? Restoring a viable quality TAFE system is the issue that three out of four teachers identified. Security of employment and improved conditions are also issues for the majority of TAFE teachers.

The AEU survey also showed that the vast majority of precariously employed TAFE teachers see their main career as teaching in TAFE and get their main income from TAFE.

The majority of teachers employed in casual positions hope to get a fixed term contract or a permanent/ongoing position in TAFE. (Kronemann 2002)

### 4.3 Student fees and charges

As a proportion of total VET revenue, student fees and charges have risen from 4.1% in 1996 to 4.4% in 2001. Other forms of nongovernment revenue have increased at a greater rate than has been the case for aggregate student fees and charges, but all grew faster than government inputs. From 1997 to 2001, the total revenue from student fees and charges increased from \$155.7m to \$182.1m, an increase of around 6.4% when adjusted for CPI movements. (NCVER 2002, ABS 1350.0)



Over the period 1997 - 2001, both VET enrolments and AHC delivered have increased substantially. A more useful measure of the movement in student fees and charges is the average student fee per AHC delivered.

In actual money terms, the average student fee has fallen from \$0.52 per AHC in 1997 to \$0.48 in 2001. When adjusted for CPI, this is a fall of around 15.8% in real terms in the average fees charged per AHC. (NCVERa: ABS 1350.0)

NCVER 2002 and earlier, ABS 1350.0

A 1999 study for DETYA by Sally Borthwick indicated that in 1997 the average fees and charges across all students on TAFE, including those doing short courses, was \$100, while the average per full time equivalent student was around \$400.

As Borthwick (1999) noted, in many states at least 20%-30% of students receive fee exemptions or concessions on the basis of financial need.

Around 90% of TAFE students study part time and some 23.8% of all students enrolled in Advanced Diploma/Diploma or Certificate courses receive financial support from their employer, whether they are enrolled at TAFE, private providers, university or school. (ABS 6278.0). Of those students who are undertaking Certificate III or IV courses, the overwhelming majority of whom would be enrolled in TAFE, 37% report that they are receiving financial support from their employer. They may also be receiving government or other support.

The vast majority of students enrolled in centrally funded or profile courses face fees and charges which are capped, with exemptions available to those students suffering severe financial hardship. However even modest amounts can be a burden for students facing extreme financial hardship. NSW and South Australia have both announced fee increases in their 2003 state budgets.

The resource pressures on TAFEs across Australia have led to a growing reliance on fee for service activities. In 2001, 11.1% of total subject enrolments were on a fee for service basis. In revenue terms, fee for service activities provided 10.8% of recurrent revenues across Australia in 2001, ranging from 2.2% of revenue in the Northern Territory to 21.1% in Victoria. (NCVER2002)

Outside the profile frameworks, these enrolments are not subject to the policies that provide limits on fees and charges and concessions and exemptions for students facing hardship.

There is little public information available about enrolments in fee for service courses and the extent to which, for example, they represent courses negotiated with and paid for by enterprises on behalf of their employees. Anecdotal reports from teachers indicate that individual students for whom there are no profile places are studying on a fee for service basis.

There are over 40,000 potential students who are unable to gain a TAFE place each year. The fee for service enrolments are at least in part an additional and invisible form of unmet demand, where the full costs of enrolments are transferred from government to individual students. Where this occurs it leads to substantial inequity between students and imposes a considerable burden on some. The obvious answer is to ensure that funding for TAFE is increased to enable a reduction in fee for service activities.

The Commonwealth and state and territory governments have a responsibility to ensure that all Australians are able to access the education and training they need to participate as active citizens and workers. The AEU is opposed to the imposition of fees in TAFE. In the first instance, measures need to be implemented which address the existing inequities in costs and access. (Kronemann 2002)

## 5. Negotiations for an ANTA Agreement 2004-2006

### 5.1 Commonwealth Government funding offer

In a press release accompanying the May 2003 federal budget, Commonwealth Minister 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: \$43.4m in 2004, \$74.6m in 2005 and \$100.8m in 2006.

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 \$119.5m 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.

It is now clear that the 'offer' does not include any additional growth funding. In effect, the \$100m in growth funding available in 2003 would 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 5.9% per annum in the ten years since 1991. (NCVER 2002a)

#### Commonwealth funding 'offer' 2004 -2006

	2003	2004	2005	2006
	actual			
Basic Funding (1)	975.4	997.5	1,020.0	1,042.7
Indexation	22.1	22.5	22.7	23.6
<b>Sub-Total</b>	<b>997.5</b>	<b>1,020.0</b>	<b>1,042.7</b>	<b>1,066.3</b>
"Growth" funding	100.0	100.0	100.0	100.0
"Growth" indexation	4.0	6.3	8.5	10.7
<b>Total "Growth"</b>	<b>104.0</b>	<b>106.3</b>	<b>108.5</b>	<b>110.7</b>
Welfare Reform	16.9	35.4	41.8	42.2
<b>Total Funding</b>	<b>1,118.5</b>	<b>1,161.8</b>	<b>1,193.1</b>	<b>1,219.2</b>

(1) "Basic Funding" includes major capital, VET in Schools, Skills Centres, National Projects etc

The \$218.7m 'additional' money refers to the \$119.5m 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 Indigenous Australians, people with a disability and those receiving income support.

### 5.2 States reject 'offer'

At the MINCO meeting in Darwin on 13 June, the state and territory Ministers refused to endorse the Commonwealth funding proposal.

In a release put out on 13 June by Queensland Employment, Training, Youth & Arts Minister Matt Foley (and other Ministers), the states and territories indicated that they 'are joining together to fight for a fair deal for vocational education and training'.

The Ministers have said that the indexation will not even cover wage increases and will not allow for growth in demand, thus potentially worsening skills shortages.

## **6. The AEU Alternative ANTA Agreement.**

### **6.1 A National Plan for TAFE**

A new national consensus and funding principles need to be brokered before further progress can be achieved. This should include increased base funding for TAFE to redress the existing resource pressures, to ensure stability of profile funding and enhance TAFE's capacity to meet industry, individual and community needs. A National Plan for TAFE should be developed.

### **6.2 AEU Federal funding claim**

Currently there are over 1.75 million students undertaking programs in the vocational education system. Ten years ago there were fewer than one million students. The system has been growing at about 5.9% per year. Yet around 40,000 people are unable to find a place in TAFE each year.

**On the basis of existing growth trends, the Commonwealth must provide growth funding for new enrolments of at least \$1080m for 2004-2006 made up of \$180m for 2004; \$360m for 2005 and \$540m for 2006 indexed for inflation.**

Growth funding is needed in order to address unmet demand and to provide a 'youth training guarantee' and ensure that the training needs of existing workers are met.

#### **In addition the following programs need to be funded:**

- Commonwealth and State and Territory Governments should fund Quality Improvement Programs (QIP) to provide:
  - a. a national curriculum development program
  - b. a national staff and professional development program
  - c. applied research and innovation projects
  - d. a national TAFE/VET teacher registration body
  - e. cooperative partnership programs for VET in schools
- Governments should jointly establish an Education Equity Program (EEP) which would ensure that services, programs, and support structures meet the needs of disadvantaged students and local communities. Such a program would provide resources for a whole of government approach combining industry policy, labour market programs, job creation, job placement, education and training and community and welfare support and services.
- The Commonwealth Government should contribute additional funds on a dollar for dollar basis to the states and territories to assist TAFE institutions enrolling a disproportionate number of disadvantaged students.
- Commonwealth capital funding should be at least maintained in real terms and capital funding to private training providers be reviewed.

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## Further Reading

See the TAFE page of the AEU web site at <http://www.aeufederal.org.au>