



# TAFE Works

## COMMONWEALTH PLANS TO EXTEND TAFE FUNDING FREEZE

*The Commonwealth Minister for Education, Training and Youth Affairs, Dr. Kemp, has proposed to maintain Commonwealth funding for vocational education and training in real terms for the next three years. In effect, this would maintain the current Federal funding freeze. The current VET Funding Bill before the Senate reflects this position.*

### **VET Funding Amendment Bill 2000**

The Vocational Education and Training Amendment Bill 2000 is intended to amend the Vocational Education and Training Funding Act 1992.

The Bill increases funding for 2000 from \$918,352,000 to \$931,415,000 simply to provide for cost supplementation. It includes provision for a base funding allocation for 2001 at the same level, despite objections from state and territory Ministers to this level of funding.

The Bill has been referred to a Senate Committee Inquiry, to report back on 13 October, 2000.

### **The current context**

The ANTA Agreement for 1998 - 2000 expires this year.

Negotiations on a revised ANTA Agreement are to continue at the November meeting of Ministers following the failure of the June MINCO meeting to reach agreement.

This follows the Commonwealth Minister's reported rejection of an alternative funding proposal tabled by NSW and supported by the states and territories (other than South Australia, which reserved its position) at the June meeting of MINCO. (*Campus Review*, July 5-11, 2000)

In his Second Reading speech, the Minister for Education, Training and Youth Affairs argued that the Bill reflects the Commonwealth proposal to the states and territories to maintain funding in real terms for a further three years, subject to finalising a satisfactory amended ANTA agreement.

In the context of the differing positions of the Commonwealth and the states and territories, this Bill is more likely to provide a Commonwealth constraint on the negotiation of a revised ANTA Agreement than to provide an appropriate base for such negotiations.

Should the ANTA negotiations not go to the satisfaction of the Commonwealth, it would appear that the Minister could determine a zero allocation. Clause 9B of the Vocational Education and Training Funding Act 1992 empowers the Minister to make or vary a determination and thus the Bill sets a maximum but no minimum.

The Bill reflects the Commonwealth position and ignores the views of the states and territories as well as other stakeholders who have argued that Commonwealth funding must increase to meet the costs of growth in demand and the impact of Commonwealth initiated policies.

Projected growth in demand is estimated between at least 2.8% and up to 5.7% per year. The next three year ANTA agreement would thus require a minimum of around \$450m and up to more than

\$900m in 1998 price terms just to fund growth in demand.

The Minister's position, upon which the Bill is based, would mean the continuation of the existing Commonwealth funding freeze for a further three years. This would require the states and territories to resource growth in demand within already highly stretched systems.

This is without dealing with the existing funding pressures arising from the 'growth through efficiencies' demanded under the current ANTA Agreement. Nor does it deal with the recognition by state and territory Ministers that development of a fully integrated national vocational education and training system will have significant resourcing impacts.

### **The 1998 - 2000 ANTA Agreement**

The Commonwealth commitment to maintain real funding levels under the 1998 ANTA Agreement was on the reduced funding base arising from 1996 and 1997 budget cuts which imposed a \$240 million cumulative reduction in Commonwealth funding for VET.

Commonwealth funding for growth was abolished under the 1998 agreement. Instead, the Agreement required the states and territories to achieve 'growth through efficiencies'.

Planned outcomes for 2000 are expected to provide total growth since 1997 of about 21 million valid Annual Hours Curriculum, or about 160,000 additional student places. (ANTA, 1999, *Directions and Resource Allocations for 2000*, Brisbane, ANTA.)

The imposition of the 'growth through efficiencies' policy has been a central element in the resource pressures felt increasingly by TAFE institutes and systems around the country.

### **Proposed amendment to VET Bill**

The Bill should be amended to reflect the concerns

of the states and territories and other stakeholders about the need to ensure increased Commonwealth funding to resource what are largely Commonwealth driven policies and the continued development of a high quality national vocational education and training system. This will provide the base for meaningful negotiations between the Commonwealth and states and territories about the terms of a new ANTA agreement.

The AEU has proposed an alternative ANTA Agreement which recognises the funding pressures imposed by the Commonwealth funding freeze; the need to address unmet demand; the need to ensure quality and innovation; and the need to resource enrolment growth. This provides for an additional increase of \$210m in the first year to address the pressures created by the funding freeze, to be used to begin to implement the 'youth guarantee' and to address unmet demand through an initial injection of \$100m, to provide \$100m for innovative national delivery strategies and, through a \$10m national staff development program, to begin to address the professional development needs of VET staff resulting from changes in skills requirements of occupations and industries.

In addition, the Commonwealth should provide annual funding to address the expected growth in enrolments for the period. The AEU has proposed that this be an additional \$100m per year.

**The amount included in the Bill for 2001 should be amended to \$1,241,415,000.**

### **Further Reading**

Further information can be found on the TAFE page of the AEU web site at <http://www.aeufederal.org.au>

Authorised R. Hewett, AEU Federal TAFE Secretary