



# TAFE Works

## PRESSURE ON TAFE RESOURCES CONTINUES TO GROW

*The latest NCVER Financial Data reflects the introduction of modest growth funds in 2001. However, unit costs per Annual Hour Curriculum continue to fall. There is continued pressure on TAFE resources and the growth funds included in the 2001-2003 ANTA Agreement are inadequate to meet TAFE's needs.*

### Commonwealth funding role

During the period of the Commonwealth funding freeze, the total Commonwealth revenue contribution actually fell, from \$947.2m in 1997 to \$835m in 2000. (NCVER, 2002 & earlier) This was largely due to declines in Commonwealth specific purpose programs in both 1998 and 1999, since the bulk of funds under the ANTA Agreement were maintained in real terms.

After strong campaigning by the states and territories, the AEU and other stakeholders, the Commonwealth finally agreed to include some (limited) growth funds in the 2001-2003 ANTA Agreement. Totaling \$230m over the three years, the Commonwealth contribution towards growth in 2001 was to be \$50m.

This commitment is reflected in the \$77.9m in total additional Commonwealth funding provided in 2001, an increase of 9.3% over 2000.

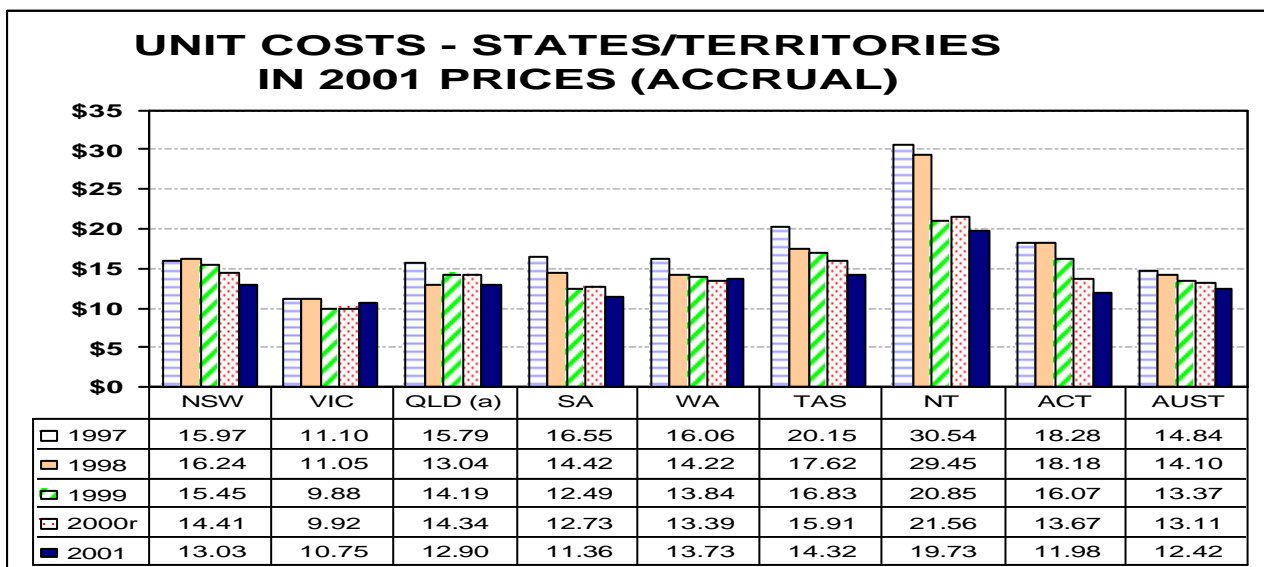
However, this does not even take the total Commonwealth contribution back to 1997 levels in money terms. The 2001 Commonwealth allocation of \$912.9m was \$34.3m less than the \$947.2m provided in 1997. The states and territories contributed a total of \$220.7m more in 2001 than in 1997.

Over the same period, VET enrolments increased by 298,200, or 20.4%.

### Unit costs still falling

Publicly funded expenditure per adjusted Annual Hour Curriculum (AHC) fell from \$13.11 in 2000 to \$12.42 in 2001. This is a drop of 5.3% in real terms, notwithstanding the modest increase in funding as a result of the growth funds.

From 1997 to 2001, expenditure per adjusted AHC has fallen from \$14.84 to \$12.42 in 2001 prices. This is a drop of 16.3% in real terms.



While a number of systems showed a modest increase in 2000, only Victoria has maintained this trend into 2001. Victoria remains the lowest spending system.

All other states and territories have had a drop in expenditure per AHC in 2001. This includes Queensland, even with the exclusion of abnormal expenses in 2000. (a) Queensland's expenditure was \$15.15 in 2000 when abnormal expenses are included.

### Commonwealth share of operating revenue

In the face of resource pressures, TAFE has had to expand other sources of revenue, particularly fee for service activities, which provided 9.3% of revenue Australia wide in 1997 and 10.8% in 2001, an increase of \$94m. In Victoria, fee for service activities provide 21.1% of total revenue, compared to 6.3% in NSW and 5.9% in Queensland.

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% to 56.7%, down from a peak of 59.4% in 1999. (NCVER 2002 & earlier)

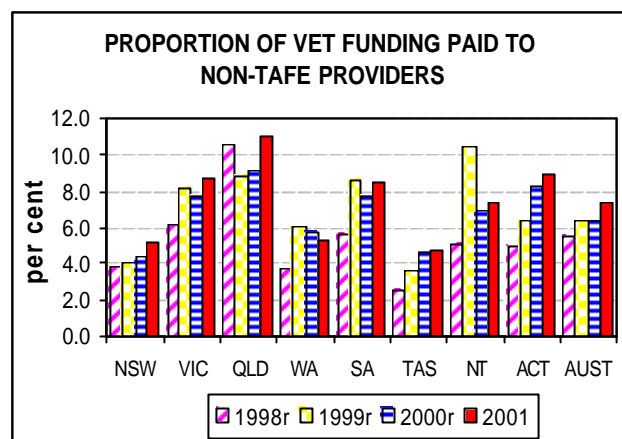
Total recurrent revenue for VET totaled \$4,139m in 2001.

### Competitive tendering and user choice

Resources continue to be 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)

Expenditure to non-TAFE providers for VET delivery increased by \$51m or 19% between 2000 and 2001.

The proportion of funds going to non-TAFE providers grew in all systems apart from Western Australia between 2000 and 2001.



### Employee costs

Since 1997, the number of VET students has increased by 298,200 or 20.4%. (NCVER 2002a)

At the same time, the proportion of expenditure attributed to employee costs has continued to decline, from 66% in 1997 to 64% in 2001.

Since 1997, a total \$182.4m has been spent on redundancies across Australia.

The 2001 AEU national survey of TAFE teachers estimated that, across Australia, full time and part time TAFE teachers were doing the work of an extra 6500 teachers in unpaid overtime. (Kronemann 2001)

Between 2000 and 2001, employee costs increased from \$2509.9m to \$2629.8m, or 4.8%.

Expenditure on direct delivery and delivery support was \$2923.6m, or 68.3% of total expenditure in 2001, compared to 68.6% in 2000.

### Major Sources:

- ABS 2002, *Australian Economic Indicators*, 1350.0
- ANTA 2002, *Annual National Report of the Australian Vocational Education and Training System 2001*, Vol. 3
- Kronemann M., 2001, *TAFE Teachers: Facing the Challenge*, AEU.
- NCVER, 2002, *Statistics 2001, Financial data, Australian Vocational Education and Training*, ANTA, and earlier years
- NCVER 2002a, *Statistics in Detail*, and earlier years.

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