



TAFE Works

NO INCREASES UNDER COMMONWEALTH FUNDING ‘OFFER’

The Federal Minister released information about his funding offer to the states and territories when the Federal budget was brought down on May 13, 2003. The ‘offer’ took some time to clarify but it is now absolutely clear that it would involve no additional growth funding for 2004 -2006. State and territory Ministers have rejected the proposal. The AEU funding claim includes at least \$1.08 billion for growth.

Commonwealth funding offer

In a press release accompanying the May 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 has taken considerable time and effort on the part of the AEU and other stakeholders to establish the actual meaning of these announcements.

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.

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.

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 2002, *Statistics 2001 At a Glance*)

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 people with a disability, Indigenous Australians and those receiving income support.

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
Sub-Total	997.5	1,020.0	1,042.7	1,066.3
"Growth" funding	100.0	100.0	100.0	100.0
"Growth" indexation	4.0	6.3	8.5	10.7
Total "Growth"	104.0	106.3	108.5	110.7
Welfare Reform	16.9	35.4	41.8	42.2
Total Funding	1,118.5	1,161.8	1,193.1	1,219.2

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

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 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.

The press release, dated 13 June 2003, can be found at www.statements.qld.gov.au

The AEU ANTA Agreement 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.

Commonwealth funding role

The 1998 – 2000 ANTA Agreement was based on a Commonwealth funding freeze, with the states and territories expected to fund 'growth through efficiencies'.

Despite the maintenance of Commonwealth funds in real terms under the ANTA Agreement, falls in Commonwealth specific purpose programs meant that the overall Commonwealth contribution fell.

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, this compared with the \$900m the states and territories said they needed.

Despite this modest increase in Commonwealth funding under the current Agreement, the total 2001 Commonwealth contribution to operating revenue of \$912.9m was \$34.3m lower than in 1997. Meantime, the states and territories collectively provided \$220.7m more in 2001 than in 1997.

The Commonwealth funding squeeze has been a major source of the resource pressures on TAFE. The Commonwealth should provide substantially increased funds for the 2004-2006 ANTA Agreement.

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