



TAFE Works

THE RESOURCE PRESSURES ON TAFE

Commonwealth funding policies for vocational education and training have played a major role in the resource pressures felt by TAFE institutes and systems around Australia. The current funding freeze was imposed on the top of budget cuts and the Commonwealth funding commitment to VET, including TAFE, has been substantially reduced since 1996.

The 1992 ANTA Agreement

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 effort.

Commonwealth budgets, 1996 & 1997

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

The 1996-97 budget cut VET grants to the states, abolished the 5% real growth on base recurrent funding and cut ANTA operating expenses. The 1997-98 budget imposed a \$20 million 'benchmarking efficiency' on grants to the states.

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.

The 1998 - 2000 ANTA Agreement

Commonwealth funding for growth was abolished under the 1998 agreement. Instead, the states and territories were required to achieve 'growth through efficiencies' in return for the Commonwealth maintaining its funding in real terms..

Planned outcomes for 2000 are expected to provide total growth from 1997 of about 21 million valid Annual Hours Curriculum, or 160,000 additional student places. Collectively the states and territories are also expected to yield an 'efficiency improvement' of about 6.9% over that period. (ANTA, 1999, *Directions and Resource Allocations for 2000.*)

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.

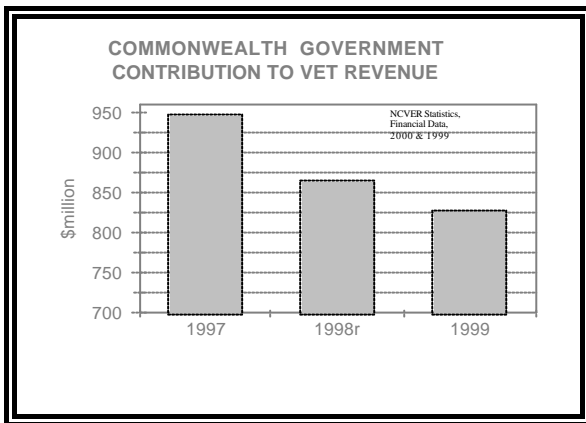
The NSW Department of Education and Training estimates that the loss of cumulative growth funding over the three years of the current agreement is around \$138 million for NSW, without taking into account other Commonwealth policies such as decreasing capital grants, the impact of the Youth Allowance and cuts to labour market programs.

(Department of Education and Training and TAFE NSW, 1999, Submission to the General Purpose Standing Committee's Inquiry into the Proposed Closure of Seaforth TAFE.)

A declining contribution

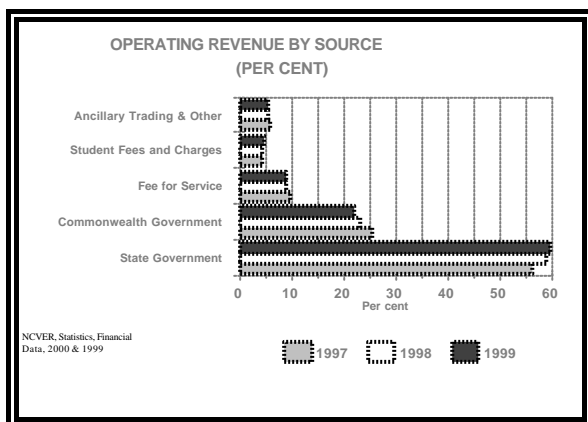
The Commonwealth contribution to VET operating revenue has fallen from \$947.2m in 1997 to \$828.2m in 1999. (NCVER, 2000 & 1999, Statistics, Financial Data)

This is a fall of \$119m, largely through declines in

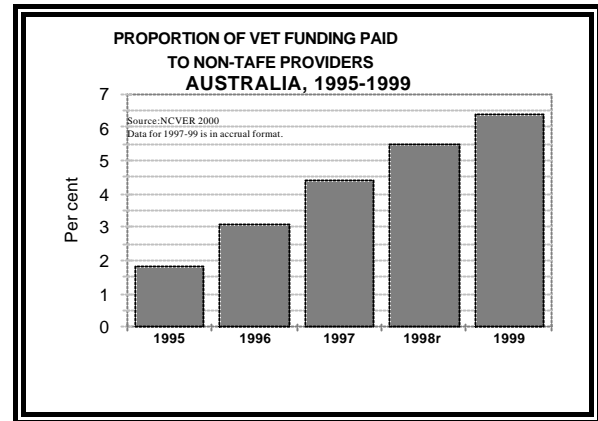


Commonwealth specific purpose programs in both 1998 and 1999. It has effectively 'neutralised' an increased contribution of \$99m by the states and territories.

As a percentage of total VET operating revenue, the Commonwealth contribution has declined from 25% in 1997 to 22.1% in 1999.



Revenue from the states and territories has increased from 56.1% to 59.3% of operating revenue. Other sources of revenue have been relatively stable in aggregate. (NCVER 2000, 1999)



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 1999 it had increased to \$251.6m, or 6.4% of total operating expenses. (NCVER, 2000, op cit: NCVER 1996) The real reduction in funding for public TAFE systems is thus considerably greater. Queensland, Victoria and Tasmania have frozen contestable funding to allow for reviews of current arrangements.

More of the same?

The Commonwealth Minister Dr. Kemp wants Commonwealth funding to be maintained in real terms for a further three years. The states and territories have argued for an additional \$1 billion to fund growth and national initiatives.

The AEU has proposed an alternative ANTA agreement which would provide an additional

\$210m in the first year to address the existing funding pressures, plus an additional \$100m per year (cumulative) to fund enrolment growth.

Further Reading

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

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