



TAFE Works

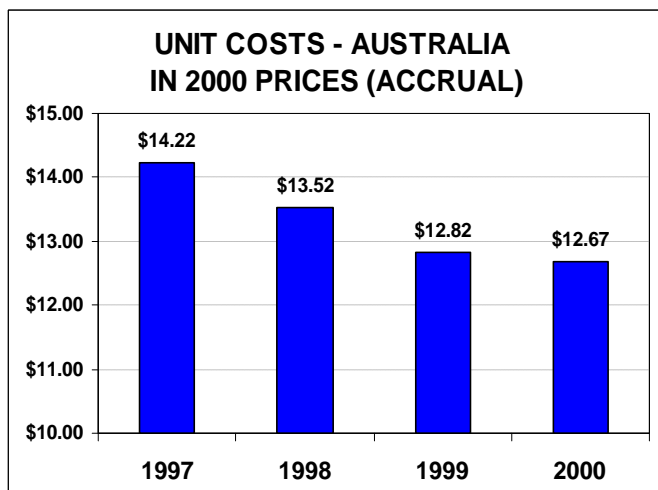
REAL FALL IN EXPENDITURE PER STUDENT HOUR 1997-2000

ANTA's Annual National Report on VET performance in 2000 shows that there has been a 10.9% fall in the public dollars spent per Annual Hour Curriculum since 1997. This is described as an improvement in 'efficiency' which largely reflects the 'growth through efficiency' requirements of the 1998-2000 ANTA Agreement. A focus on falling costs in itself fails to consider the impact on quality or effectiveness.

Falling unit costs

Public expenditure per adjusted AHC fell by 10.9% in real terms between 1997 and 2000 (in 2000 price terms). Across Australia, the expenditure fell from \$14.22 to \$12.67.

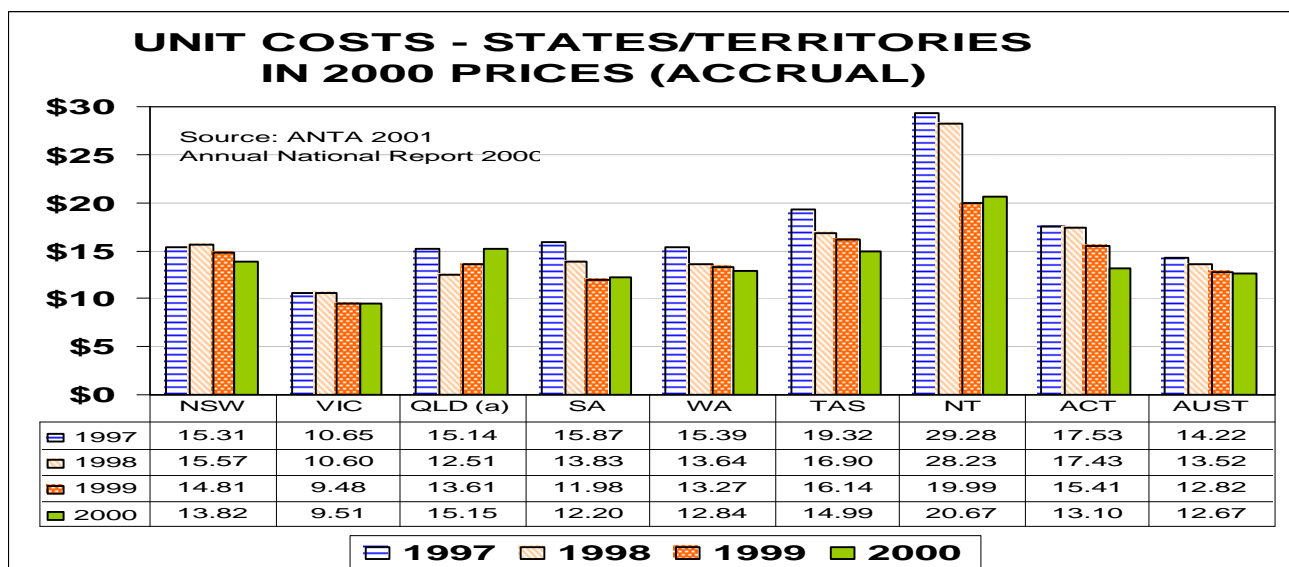
The cost per Annual Hour Curriculum (AHC) is calculated for activity which is publicly funded (by Commonwealth and States) under the ANTA Agreement. It is currently calculated on the basis of the nominal training hours for each unit of competency and module. The data is adjusted for invalid enrolments and for course mix differences.



ANTA (2001) Annual National Report 2000

There have been some minor fluctuations within individual systems but the overall trend is down. Leaving aside abnormal factors, this is true for Queensland too, where recent years have seen growth in funding.

(a) Queensland has advised that abnormal expenses of \$23m have 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. Excluding these abnormal expenses Queensland's unit cost for 2000 is approximately \$14.55.

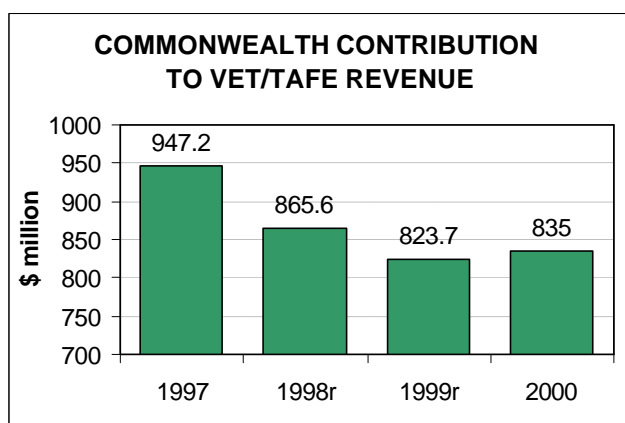


Growth through efficiencies

At a national level, expenditure per AHC has fallen every year since 1997. One factor that has contributed to this fall is the improved data management which has reduced 'invalid enrolments': in other words where students have enrolled but do not proceed with their training. Across Australia, invalid enrolments were 8.23% in 1997 and 4.91% in 2000.

The other factors in reducing expenditure per AHC relate to 'growth through efficiencies'. ANTA indicates that this included, for example, 'the further integration of services and the wider establishment of performance agreements with registered training organizations; the development of new initiatives in flexible and online delivery; and improved planning, quality improvement and resource allocation models'.

Under the 1998-2000 ANTA Agreement, the Commonwealth Government maintained funding under the Agreement in real terms. However other Commonwealth funding for specific purpose programs fell. NCVER (2001) *Financial Data, Statistics 2000* and earlier years shows that the total Commonwealth contribution to VET operating revenue has fallen from \$947.2m in 1997 to \$835m in 2000.



NCVER *Financial Data, Statistics 2000* and earlier years

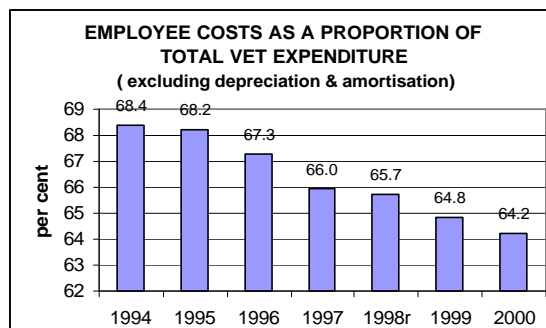
Financial pressures on TAFE

There are some other indicators of the impact of the growth through efficiencies and the funding pressures on TAFE institutes and systems.

Employee costs

NCVER *Financial Data* shows that employee costs have fallen from 68.4% in 1994 to 60.3% in 2000. Since 1997, employee costs have fallen from 62.1% to 60.3%.

However, it is only since 1997 that depreciation and amortisation have been included in the overall expenditure. Even when this factor is excluded, employee costs have fallen from 68.4% in 1994 to 64.2% in 2000.



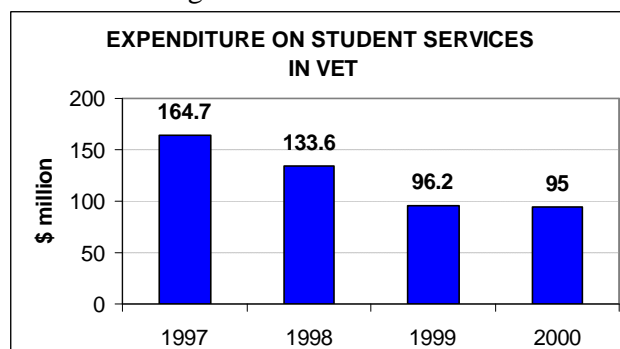
NCVER *Financial Data, Statistics 2000* and earlier years

This is despite the fact that, since 1994, the number of students has increased by over 600,000 and the number of annual hours have increased by 84.9 million hours. The AEU national survey of TAFE teachers shows that workloads and stress levels have increased.

Across Australia, \$148.7m has been spent on funding redundancies between 1997 and 2000.

Student Services

NCVER *Financial Data* shows that expenditure on student services has fallen from \$164.7m in 1997 to \$95m in 2000. As a proportion of total expenditure, expenditure on students services has fallen from 4.3% to 2.3%. This is despite the fact that TAFE students are drawn from the full spectrum of socio-economic backgrounds.



Major Sources:

ANTA 2001, *Annual National Report of the Australian Vocational Education and Training System 2000*

NCVER, 2001, *Financial Data, Statistics 2000, Australian Vocational Education and Training*, ANTA, and earlier years

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