



2006 TAFE FACT SHEET, No. 4

The 2006-07 Federal Budget and “Skills for the Future”

The Budget

There was no significant additional expenditure for VET delivery programs in this year’s Budget. As the table below shows, despite nominal increases in expenditure – mainly focused on welfare to work measures, support for apprentices and incentives for employers – Commonwealth VET expenditure as a proportion of overall Commonwealth expenditure is projected to stagnate over the period to the end of the decade.

VET Expenditure as a Proportion of Total Federal Government Expenditure <i>(from BP1, 2006, pp. 6-5, 6-9 & 6-22)</i>					
	05-06 (% of total Budget)	06-07 (% of total Budget)	07-08 (% of total Budget)	08-09 (% of total Budget)	09-10 (% of total Budget)
Vocational and Other Education (VOE)*	.7	.7	.7	.7	.7
Vocational and Industry Training (VIT)**	.3	.3	.3	.3	.3
Total VOE & VIT	1.1	1.1	1.1	1	1
*VOE expenditure <i>declines</i> as a percentage of overall expenditure from .748% in 2005-06 to .666% in 2009-10. **VIT expenditure increases as a percentage of overall expenditure from .315% in 2005-06 to .337% in 2009-10. (Totals do not add up due to rounding.)					

VET receives less federal funding than any other education sector. Each of the schooling sectors (government, independent and Catholic) on their own receive more federal funding.

Summary of Expenses - Australian Government Budget, Education, 2006-07 (BP1, p. 6-9)

EDUCATION	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10
	\$m	\$m	\$m	\$m	\$m
Higher Education	5199	5361	5492	5630	5765
Vocational and Other Education	1543	1607	1629	1649	1638
Non-Govt Schools	5393	5822	6225	6553	6967
Government Schools	2898	3215	3068	3124	3280
Schools	8290	9036	9293	9677	10246
Student assistance	475	486	498	530	548
General administration	1	2	1	1	1
School Education - specific funding	114	141	129	120	112
Total Education	15622	16633	17041	17606	18353

Summary of Expenses, Australian Government Budget, Vocational and Industry Training 2006-07
(BP1, p. 6-22)

OTHER ECONOMIC AFFAIRS	Estimates		Projections		
	2005-06	2006-07	2007-08	2008-09	2009-10
	\$m	\$m	\$m	\$m	\$m
Vocational and Industry Training	650	755	796	826	850

Skilling Australia's Workforce Funding (BP3, Table B1, p. 46)

SAW Funding			
	2005-06	2006-07	2007-08
\$m	1210.2	1239.8	1245.0

The "Skills for the Future" Package

In October the Prime Minister announced \$837m over five years for a "Skills for the Future" package (\$56m of which is university funding). The centre-piece of the package is a \$3000 voucher program for people aged 25 years and over who have not completed Year 12 or the equivalent. The vouchers can be used for literacy/numeracy and basic education courses and for Certificate II courses.

While the Government's belated recognition of the need to address the needs of mature-aged people and to focus on literacy/numeracy and basic education pathways is welcome, in vouchers it has chosen a most inappropriate vehicle to deliver funds.

Vouchers are a bad choice because:

- There is no guarantee that the vouchers will be taken up. In the Howard Government's previous foray into a voucher scheme – the literacy vouchers for primary students – only about a third of eligible students signed up.
- Access to the funds by VET providers will be haphazard and piecemeal. TAFE institutes will not be able to plan provision due to the unpredictability of funding.
- The Work Skills vouchers do not target key skill shortage areas (they can be used for any Certificate II course).

What is needed is a co-ordinated and well-funded plan for skills formation in which the public TAFE system plays a pivotal role.