



THE ANTA AGREEMENT AND COMMONWEALTH FUNDING

The Commonwealth now provides about 30% of government funding for vocational education and training. It also plays a central role in the development of national policies and directions. Commonwealth funding policies have played a major role in the resource pressures felt by TAFE systems

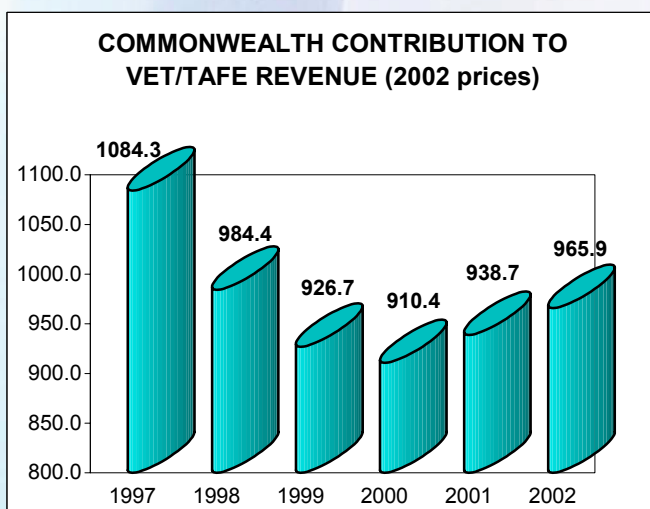
Commonwealth funding role

The Commonwealth role in providing recurrent funding for TAFE has increased substantially since it began in 1974, at the time of Kangan.

TAFE has also expanded and changed in its structures, services and clientele. In 1973 there were 430,000 students enrolled in TAFE. In 2002, there were 1.3 million students in TAFE and 1.7 million in the VET system as a whole. (Kronemann 1999, NCVER 2003)

Overall, the Commonwealth provides about 30% of government funding for vocational education and training: about 28% of recurrent government funding and 56% of capital funding. The states and territories continue to provide the bulk of recurrent funding.

Total government funding for VET in 2002 was \$3.4 billion, of which \$2466.5 million was provided by the states and \$965.9 million by the Commonwealth. (NCVER 2003a)



(NCVER 2003a, ABS 6401.1)

Commonwealth funding for VET 1997-2002

Despite the massive growth in the system, Commonwealth funding has only increased in actual money terms by \$18.7 million since 1997. In constant prices (ie adjusted for CPI), Commonwealth funding has fallen by 10.9%.

The states collectively have increased their funding by 1.3% in real terms. (NCVER 2003a, ABS 6401.1)

Over the same period, VET enrolments increased by 236,900, or 16.3%.

Funding arrangements under ANTA

The economic difficulties faced by Australia during the 1980s led to a stronger focus on the role of vocational education. It became clear that there was a need for national portable qualifications and a competency based system linked with industrial awards to build a highly skilled workforce.

The ANTA Agreement was signed by the Commonwealth and the states and territories in 1992 and ANTA was established in 1994.

The ANTA Agreement provided the framework for a national VET system, with agreed objectives, priorities, assured funding arrangements and consistent national strategies. State specific plans (profiles) were negotiated with ANTA within the agreed national frameworks.

The new national structures included ANTA, the ANTA Board, national industry training advisory bodies and a range of other bodies, with a strong industry focus.

In addition to operational responsibilities, ANTA's role was to provide advice to the Ministerial Council (MINCO), which included a Minister from each state/territory and the Commonwealth.

The 1992 ANTA Agreement

Under the 1992 ANTA Agreement, the then Labor Commonwealth Government provided an initial \$100m for VET and an additional \$70m per year, on a cumulative basis, to fund enrolment growth. The growth funds were extended to 1996 and 1997.

In return the states and territories were required to maintain their effort.

1996-1997: Coalition budgets

The first two budgets of the Howard Government imposed cost-cutting measures worth \$240m over the forecast period. Growth funding was abolished and labour market programs were slashed.

This provided a reduced funding base for the subsequent 1998 ANTA Agreement.

1998-2000: 'Growth through efficiencies'

Under the ANTA Agreement for 1998 – 2000, the states and territories were required to achieve 'growth through efficiencies' in return for the Commonwealth maintaining its funding in real terms- in effect, a funding freeze.

The NSW Department of Education and Training (1999) estimated that the loss of cumulative growth funding over the three years of the 1998-2000 agreement was around \$138 million for NSW, without taking into account other Commonwealth policies such as the impact of the Youth Allowance and cuts to labour market programs. This would extrapolate out to around \$377m across the country.

In addition, contestable funding was increasing and 'User Choice' was implemented in relation to apprenticeships and traineeships.

2001-2003: Modest growth funding restored

Months of tense negotiations and campaigning for the restoration of growth funds initially failed to reach agreement, and Commonwealth funding for 2001 was allocated on the same basis as for 2000, leaving the states starved for funds. (Kronemann 2003)

Agreement was reached in July 2001, with the Commonwealth agreeing to again provide (modest) growth funds of \$50m in 2001, \$25m in 2002 and \$25m in 2003, on a cumulative basis, a total of \$230m. Commonwealth base funding was to be maintained in real terms.

In return the states/territories were required to match the Commonwealth growth funds on a

dollar for dollar basis, something at least two systems reportedly failed to achieve, as well as meeting other conditions.

The 2001-2003 Agreement provided about one third of what the state and territory Ministers said that they needed in 2001. They had argued for \$152m per annum in growth funding to address projected enrolment growth of up to 5.7% per year. The total value of their claim for growth funding was just over \$900m extra over three years, compared to the \$230m provided by the Commonwealth (\$460m if the requirement for the states and territories to provide matching funds is taken into account).

One year arrangement with failure to reach agreement for 2004-2006

In May 2003 the federal Minister announced the Commonwealth funding offer for 2004-2006.

The Commonwealth proposed maintaining base funding in real terms and a roll over of the 2003 growth funds, to be indexed. There was to be \$119.5m for Australians Working Together/welfare reform measures announced in previous budgets. In return, the states were to be required to match the rolled over and indexed growth funds and requested to match the \$119.5m, as well as meet other conditions.

The states and territories rejected this offer, arguing that potential growth of 5.2% pa needed \$348m more than the Commonwealth 'offer'.

The Commonwealth Minister announced that penalties would be applied if the states and territories failed to sign up by the December deadline.

Since then, the states and territories have reluctantly signed up for 2004. The terms and conditions of the 2003 arrangements will apply. However as a result of the Commonwealth penalties, there will be no indexation of the rolled over growth funds and the Commonwealth has directly purchased places by tender for people with a disability, older workers, parents returning to work (\$20.5m).

Major Sources:

ABS, *Consumer Price Index*, 6401.0

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*.

Kronemann M., 1999, *Learning from History: Towards a new deal for TAFE*, circulated paper, AEU.

NCVER, 2003, *Students and courses 2002*, and earlier years.

NCVER, 2003a, *Financial information 2002*, and earlier years.