

4. EDUCATION

NATURE OF OUTLAYS

The bulk of Commonwealth funding is provided, as grants, to the suppliers of education services, namely:

- higher education institutions;
- vocational education and training (VET) providers including Technical and Further Education (TAFE) institutions; and
- government (State and Territory) and non-government schools.

Other funds, sourced from general purpose grants to the States, which also flow to the schools and VET sectors, are reported in *14B. General Purpose Inter-Government Transactions*.

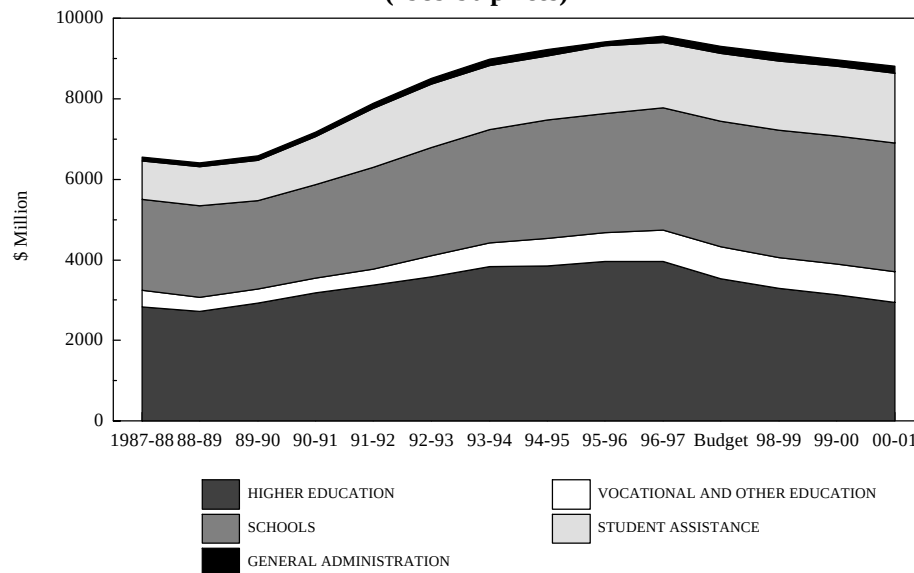
Outlays under this function also include income or other support for students (mainly through the Student Assistance Scheme (AUSTUDY) and the Aboriginal Student Assistance Scheme (ABSTUDY)), English language tuition for recently arrived migrants and running costs associated with the education function within the Employment, Education, Training and Youth Affairs portfolio.

Offsets to outlays include the repayment of Higher Education Contribution Scheme (HECS) liabilities and AUSTUDY supplement loans.

This function includes outlays of the following portfolios:

- Employment, Education, Training and Youth Affairs; and
- Immigration and Multicultural Affairs.

**Chart 1. Overview of Commonwealth Outlays on Education
(1989-90 prices)**



TRENDS IN EDUCATION OUTLAYS

Education outlays have increased in real terms for all sectors since 1989-90, with increases coming from:

- a significant expansion of the higher education sector (from around 370,000 places in 1985 to over 634,000 in 1996), with a flow-on to student assistance programmes, partly offset by revenue collected under HECS;
- major increases in funding for vocational education from 1991;
- enhanced Commonwealth support for schools, particularly since the early 1990s; and
- the restructuring of student assistance schemes in 1987 to improve incentives for students to undertake secondary and tertiary studies beyond the level of compulsory education including, in 1993, the introduction of the AUSTUDY Supplement Loans Scheme.

The forward years reflect a decline in higher education outlays resulting from increases in HECS revenue and reductions to operating grants. This is partly offset by continuing growth in non-government school enrolments and per capita grant payments to needier non-government schools and the buying back of AUSTUDY Supplement Loan debt from the Commonwealth Bank of Australia.

1997-98 AND FORWARD ESTIMATES

		1996-97	1997-98	1998-99	1999-00	2000-01
		Estimate	Budget	Estimate	Estimate	Estimate
4.1	Higher Education	\$m 4580.3	4186.4	3988.3	3890.0	3747.0
	%		-8.6	-4.7	-2.5	-3.7
4.2	Vocational and Other Education	\$m 900.3	919.7	925.5	944.4	967.4
	%		2.2	0.6	2.0	2.4
4.3	Schools	\$m 3533.4	3691.4	3830.7	3941.1	4064.6
	%		4.5	3.8	2.9	3.1
4.4	Student Assistance	\$m 1865.2	1984.7	2086.0	2155.2	2216.4
	%		6.4	5.1	3.3	2.8
4.5	General Administration	\$m 187.4	198.0	216.4	209.0	209.6
	%		5.7	9.3	-3.4	0.3
	TOTAL	\$m 11066.6	10980.1	11046.8	11139.8	11204.9
	%		-0.8	0.6	0.8	0.6

4.1 HIGHER EDUCATION

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Higher Education Grants to Institutions	\$m	3906.9	3690.0	3464.9	3362.0	3352.7
	%		-5.6	-6.1	-3.0	-0.3
Net Payments from Higher Education Trust Fund	\$m	629.2	466.1	497.8	502.2	367.7
	%		-25.9	6.8	0.9	-26.8
Open Learning Initiative	\$m	18.0	5.2	5.3	5.4	5.5
	%		-71.1	1.9	1.9	1.9
Other Higher Education	\$m	15.7	15.6	15.3	15.4	15.9
	%		-0.6	-1.9	0.7	3.2
Sub-total	\$m	4569.8	4176.9	3983.3	3884.9	3741.8
	%		-8.6	-4.6	-2.5	-3.7
International Education	\$m	10.6	9.5	5.0	5.1	5.2
	%		-10.4	-47.4	2.0	2.0
TOTAL	\$m	4580.3	4186.4	3988.3	3890.0	3747.0
	%		-8.6	-4.7	-2.5	-3.7

Higher Education Grants to Institutions and Net Payments from the Higher Education Trust Fund

Support for higher education institutions involves direct grants and payments from the Higher Education Trust Fund. Funding is legislated for three forward years on a calendar year basis. Research grants are reported under *1D. General Research*.

Funding for the John Curtin School of Medical Research which was previously reported in *5.6 Other Health Services* is now reported in this subfunction.

Higher Education Contribution Scheme

All Australian citizens, New Zealand citizens and Australian permanent residents enrolled in higher education student places funded by the Commonwealth, unless specifically exempt, are required to make a contribution to the cost of their course through the Higher Education Contribution Scheme (HECS). Since the introduction of HECS in 1989, a proportion of total operating grants for State and Commonwealth institutions has been paid through the Higher Education Trust Fund each year, equal to all contributions deferred by students and discounts provided for up-front payments.

Differential HECS contributions apply to students commencing a HECS liable course from 1997 onwards on the basis of the units of study undertaken. Units of study have been divided into three different bands with a contribution rate of \$3,300, \$4,700 and \$5,500 for Bands 1, 2 and 3 respectively for a full-time equivalent load. Continuing students will be charged HECS under the previously existing arrangements until the completion of their course. The contribution rate for these students in 1997 is \$2,478 for a full-time student load.

The income threshold for compulsory HECS repayments is \$20,701 for income earned in 1997-98. From 1 July 1997 people who have deferred their HECS liability and who have a spouse or dependent children and would otherwise be required to make a repayment under the new arrangements will be exempted from making a repayment in any income year in which they receive an exemption or reduction of the Medicare levy because of low family income.

4.2 VOCATIONAL AND OTHER EDUCATION

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Vocational Education and Training	\$m	875.6	900.0	905.2	923.9	946.6
Grants	%		2.8	0.6	2.1	2.5
Other Vocational Education and Training	\$m	24.7	19.7	20.3	20.5	20.8
	%		-20.2	3.0	1.0	1.5
TOTAL	\$m	900.3	919.7	925.5	944.4	967.4
	%		2.2	0.6	2.0	2.4

Vocational Education and Training Grants

The Commonwealth's primary involvement in vocational education and training is conducted through the joint Commonwealth-State body, the Australian National Training Authority (ANTA).

Under the current ANTA agreement (which is subject to revision in 1997), the States are to maintain their effort in vocational education and training, while the Commonwealth has committed itself to maintaining a base level of financial support and to providing funding for growth in the VET sector.

Other Vocational Education and Training

The Commonwealth also provides funds to the States for operating the Advanced English for Migrants Programme, for ANTA's operating expenses and for developing innovative approaches to VET programmes.

4.3 SCHOOLS

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Schools in the States and Territories						
Government	\$m	1167.1	1178.3	1195.0	1204.9	1236.8
	%		1.0	1.4	0.8	2.6
Non-Government	\$m	1881.5	2006.4	2146.8	2283.5	2376.7
	%		6.6	7.0	6.4	4.1
Targeted Programmes	\$m	341.1	366.4	342.6	349.3	356.2
	%		7.4	-6.5	2.0	2.0
Indigenous Education Strategic Initiatives Programme	\$m	110.1	111.2	117.3	80.9	80.8
	%		1.0	5.5	-31.0	-0.1
Other Assistance	\$m	33.6	29.1	29.1	22.5	14.0
	%		-13.4	-	-22.7	-37.8
TOTAL	\$m	3533.4	3691.4	3830.7	3941.1	4064.6
	%		4.5	3.8	2.9	3.1

Government and Non-Government Schools

The major part of Commonwealth funding for schools is provided on a calendar year basis under the *States Grants (Primary and Secondary Education Assistance) Act 1996* which provides funding for the 1997 to 2000 quadrennium. This includes funding for recurrent and capital grants. Commonwealth grants represent about 12 per cent of total spending on government schools with the balance being met by State governments either from General Purpose Grants or from their own revenue sources. About 38 per cent of total support for non-government schools is provided by the Commonwealth.

with the balance being met by other governments (19 per cent) and private sources (43 per cent).

Targeted Programmes

On 1 January 1997 Commonwealth programmes for schools were broadbanded, effectively streamlining over 40 smaller programmes into five priority areas of Literacy, Languages, Special Learning Needs, School-to-Work and Quality Outcomes. Programmes funded under these priority areas aim to enhance educational outcomes across both government and non-government schools. For example, funding under the literacy programme goes to such projects as providing grants to schools to improve literacy outcomes for students from educationally disadvantaged backgrounds, including students from low socio-economic backgrounds and those needing to improve their English language competency.

Indigenous Education Strategic Initiatives Programme

The Indigenous Education Strategic Initiatives Programme provides supplementary funding assistance to pre-schools, government and non-government school systems, TAFE authorities and independent Indigenous education providers to improve educational outcomes for Indigenous peoples.

Other Assistance

The Commonwealth also provides other assistance through its Grants and Awards Programme. This includes Grants in Aid, the Australian Students Prize and grants to the Asia Education Foundation, Language Australia and the Curriculum Corporation.

4.4 STUDENT ASSISTANCE

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
AUSTUDY	\$m	1570.2	1677.1	1787.1	1855.3	1911.0
	%		6.8	6.6	3.8	3.0
ABSTUDY and Other Assistance to Aboriginals	\$m	184.4	181.5	179.8	180.2	184.9
	%		-1.6	-0.9	0.2	2.6
Migrant Education	\$m	76.1	95.6	83.0	83.3	83.9
	%		25.6	-13.2	0.4	0.7
Other	\$m	34.5	30.5	36.1	36.3	36.6
	%		-11.6	18.4	0.6	0.8
TOTAL	\$m	1865.2	1984.7	2086.0	2155.2	2216.4
	%		6.4	5.1	3.3	2.8

AUSTUDY

AUSTUDY provides income support grants to full-time students 16 years of age and older undertaking approved courses of study in secondary schools, TAFE colleges, approved TAFE equivalent courses offered by private providers and higher education institutions.

Under the AUSTUDY Supplement Loans Scheme eligible students have the option of trading-in part of their grant for a loan of twice that amount, up to a maximum of \$7,000 a year.

ABSTUDY and Other Assistance to Aboriginals

ABSTUDY is similar to AUSTUDY, assisting Aboriginal and Torres Strait Islander students in primary, secondary and tertiary education by providing income support and other assistance tailored to their needs. Retention rates for Aboriginal and Torres Strait Islander students were estimated at 30 per cent in 1995 compared to 74 per cent for the general population.

The Aboriginal Tutorial Assistance Scheme provides Aboriginal students with tutorial assistance by contracting tutors and with assistance for the establishment and operation of homework centres. The Aboriginal Student Support and Parental Awareness programme funds school-based parents' committees to undertake activities aimed at increasing education participation.

Migrant Education

The Adult Migrant English Programme provides access to English as a second language tuition for all recently arrived migrants without functional English.

4.5 GENERAL ADMINISTRATION

Outlays under this subfunction consist almost entirely of running costs associated with the administration of the Education function.