

4. EDUCATION

NATURE OF OUTLAYS

The bulk of Commonwealth education funding is provided as grants to the suppliers of 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.

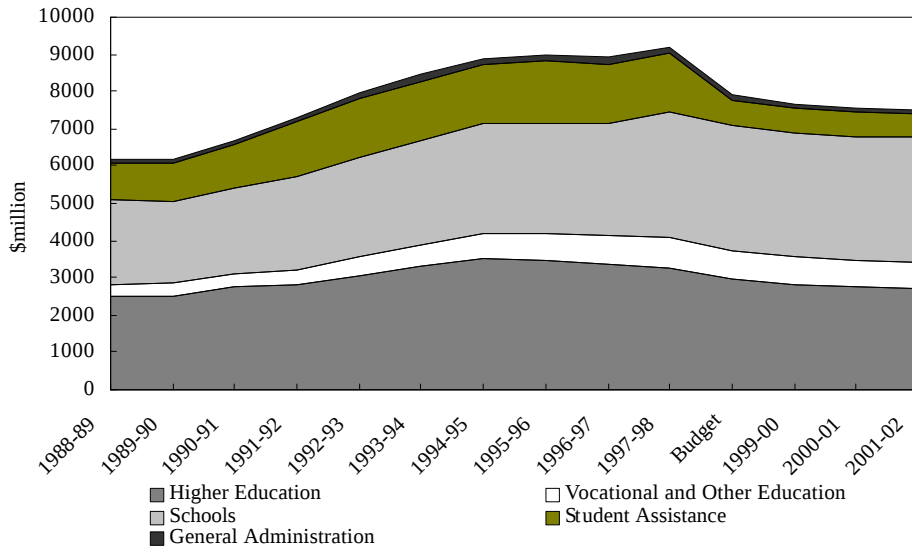
Other funds, sourced from general purpose grants to the States, which also flow to the schools and VET sectors, are reported in *14B. General Purpose Inter-Government Transactions*.

Outlays under this function also include the Aboriginal Student Assistance Scheme (ABSTUDY), Assistance for Isolated Children (AIC), English language tuition for recently arrived migrants, running costs associated with the education function within the Employment, Education, Training and Youth Affairs portfolio and income support for students over 25 years of age through the new Austudy Payment.

This function includes outlays of the following portfolios:

- Employment, Education, Training and Youth Affairs;
- Immigration and Multicultural Affairs;
- Social Security;
- Communications and the Arts;
- Transport and Regional Development; and
- Veterans' 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 over the period 1989-90 to 1997-98, with increases coming from:

- an expansion of the higher education sector from around 416,000 places in 1989 to 564,600 (excluding overseas students) in 1997;
- enhanced Commonwealth support for schools, particularly since the early 1990s; and
- major increases in funding for vocational education from 1991.

The Budget and forward years reflect a decline in outlays resulting predominantly from the former AUSTUDY programme being subsumed within the new Youth Allowance, which is classified under 6. *Social Security and Welfare*.

1998-99 AND FORWARD ESTIMATES

		1997-98 Estimate	1998-99 Budget	1999-00 Estimate	2000-01 Estimate	2001-02 Estimate
4.1	Higher Education	\$m 3851.4	3578.2	3482.2	3476.6	3491.7
		%	-7.1	-2.7	-0.2	0.4
4.2	Vocational and Other Education	\$m 952.7	931.2	939.5	956.4	972.1
		%	-2.3	0.9	1.8	1.6
4.3	Schools	\$m 3932.3	4083.5	4121.4	4216.9	4339.7
		%	3.8	0.9	2.3	2.9
4.4	Student Assistance	\$m 1858.8	782.7	784.7	804.8	820.7
		%	-57.9	0.3	2.6	2.0
4.5	General Administration	\$m 193.1	160.6	153.8	149.0	149.3
		%	-16.8	-4.2	-3.1	0.2
	TOTAL	\$m 10788.2	9536.2	9481.6	9603.8	9773.5
		%	-11.6	-0.6	1.3	1.8

4.1 HIGHER EDUCATION

		1997-98 Estimate	1998-99 Budget	1999-00 Estimate	2000-01 Estimate	2001-02 Estimate
	Higher Education Grants to Institutions	\$m 3742.7	3467.5	3362.9	3350.0	3364.8
		%	-7.4	-3.0	-0.4	0.4
	Net Payments from Higher Education Contribution Scheme Reserve	\$m 75.8	85.1	93.4	100.0	100.0
		%	12.3	9.8	7.1	na
	Open Learning Initiative	\$m 7.7	5.3	5.4	5.5	5.5
		%	-31.2	1.9	1.9	na
	Other Higher Education	\$m 15.6	15.3	15.3	15.8	15.9
		%	-1.9	na	3.3	0.6
	Sub-total	\$m 3841.9	3573.1	3477.0	3471.3	3486.2
		%	-7.0	-2.7	-0.2	0.4
	International Education	\$m 9.6	5.1	5.2	5.3	5.5
		%	-46.9	2.0	1.9	3.8
	TOTAL	\$m 3851.4	3578.2	3482.2	3476.6	3491.7
		%	-7.1	-2.7	-0.2	0.4

Higher Education Grants to Institutions and Net Payments from the Higher Education Contribution Scheme Reserve

Support for higher education institutions is provided under the *Higher Education Funding Act 1988* as well as through payments from the Higher Education Contribution Scheme Reserve. Funding is legislated for three forward years on a calendar year basis. Research grants are reported under *1D. General Research*.

Unless specifically exempt, all Australian citizens, New Zealand citizens and Australian permanent residents enrolled in higher education student places funded by the Commonwealth, 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, part of the total operating grants for publicly funded higher education institutions come from students' contributions under HECS. An amount equal to the contribution by students who elect to defer payment and the discount provided to students who pay up front is paid through the Higher Education Contribution Scheme Reserve.

4.2 VOCATIONAL AND OTHER EDUCATION

		1997-98	1998-99	1999-00	2000-01	2001-02
		Estimate	Budget	Estimate	Estimate	Estimate
Vocational Education and Training	\$m	933.0	910.9	919.0	935.7	951.2
Grants	%		-2.4	0.9	1.8	1.7
Other Vocational Education and Training	\$m	19.7	20.2	20.5	20.7	21.0
	%		2.5	1.5	1.0	1.4
TOTAL	\$m	952.7	931.2	939.5	956.4	972.1
	%		-2.3	0.9	1.8	1.6

Vocational Education and Training Grants

The Commonwealth's primary funding for vocational education and training is provided to the States and territories through the Australian National Training Authority (ANTA) under the Commonwealth-State ANTA Agreement current from 1998 to 2000.

Other Vocational Education and Training

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

4.3 SCHOOLS (a)

		1997-98	1998-99	1999-00	2000-01	2001-02
		Estimate	Budget	Estimate	Estimate	Estimate
Schools in the States and Territories						
Government	\$m	1283.5	1289.1	1293.4	1324.7	1360.6
	%		0.4	0.3	2.4	2.7
Non-Government	\$m	2108.4	2243.7	2322.2	2433.8	2516.4
	%		6.4	3.5	4.8	3.4
Targeted Programmes	\$m	398.1	425.5	393.9	365.6	369.0
	%		6.9	-7.4	-7.2	0.9
Indigenous Education Strategic Initiatives Programme	\$m	135.0	118.5	106.0	86.9	87.5
	%		-12.2	-10.5	-18.0	0.7
Other Assistance	\$m	7.3	6.7	6.0	6.0	6.1
	%		-8.2	-10.4	na	1.7
TOTAL	\$m	3932.3	4083.5	4121.4	4216.9	4339.7
	%		3.8	0.9	2.3	2.9

(a) The majority of the outlays in "Other Assistance" have been reclassified under "Targeted Programmes" from 1998-99.

Government and Non-Government Schools

The majority of Commonwealth funding for schools is provided on a calendar year basis under the *States Grants (Primary and Secondary Education Assistance) Act 1996*. The Act provides funding for the 1997 to 2000 quadrennium and 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

Commonwealth targeted programmes for schools are grouped into five priority areas: 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 assists schools to improve literacy outcomes for students from educationally disadvantaged backgrounds, including students from poor 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 people.

Other Assistance

The Commonwealth also provides other assistance through its Framework for Open Learning programme and its Grants and Awards programme, which 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

		1997-98 Estimate	1998-99 Budget	1999-00 Estimate	2000-01 Estimate	2001-02 Estimate
AUSTUDY	\$m	1456.7	-	-	-	-
	%		-100.0	na	na	na
Austudy Payment	\$m	-	297.5	305.0	315.7	326.4
	%		na	2.5	3.5	3.4
ABSTUDY and Other Assistance to Aboriginals	\$m	186.5	192.7	192.9	198.1	203.9
	%		3.3	0.1	2.7	2.9
Migrant Education	\$m	96.0	95.0	83.5	86.2	82.8
	%		-1.0	-12.1	3.2	-3.9
Other Assistance	\$m	119.7	197.5	203.4	204.9	207.6
	%		65.0	3.0	0.7	1.3
TOTAL	\$m	1858.8	782.7	784.7	804.8	820.7
	%		-57.9	0.3	2.6	2.0

AUSTUDY

From 1 July 1998 the new Youth Allowance will replace the AUSTUDY programme for students aged 16 to 24. For a description of the Youth Allowance see 6. *Social Security and Welfare*.

Austudy Payment

From 1 July 1998 the new Austudy Payment will replace the AUSTUDY programme for students aged 25 or over. The Austudy Payment will be administered by the Department

of Social Security under the *Social Security Act 1991*. The introduction of this payment arises from the introduction of the new Youth Allowance from 1 July 1998.

ABSTUDY and Other Assistance to Indigenous Students

ABSTUDY assists Aboriginal and Torres Strait Islander full time secondary and tertiary students and some primary school students by providing income support and other supplementary benefits tailored to their needs. Some supplementary benefits are also available to part-time students.

The Aboriginal Tutorial Assistance Scheme provides students with contracted tutorial assistance and assists 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. The Vocational Education Guidance for Aboriginals Scheme provides grants to conduct projects for Indigenous students and/or their parents and for prisoners in lawful custody.

Migrant Education

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

Other Student Assistance

The Pensioner Education Supplement, Fares Allowances, Student Loan Supplement and the Assistance for Isolated Children (AIC) scheme also assist students. Supplementary Loans are available to tertiary students who are eligible for Youth Allowance, the Austudy Payment, ABSTUDY or the Pensioner Education Supplement. Eligible students can trade in up to \$3,500 of their grant for a Supplementary Loan of twice that amount. The interest charges are met by the Commonwealth Government. Repayments do not start for at least five years and then not until the person's taxable income exceeds average earnings.

The AIC provides financial assistance to the families of students who do not have reasonable daily access to an appropriate government school.

4.5 GENERAL ADMINISTRATION

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