

# **FEDERAL BUDGET REPORT 2009-10**

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One of the major economic commentators on the Federal Budget observed that “at first glance there’s nothing too new in it. Most of the key policy initiatives had already been leaked”. And despite ‘Operation Sunlight’ - the cute title for the Government’s ‘reforms’ to improve budget ‘transparency and accountability’ and provide Parliament and the public ‘with an increased level of information on agencies’ activities’, the Budget papers are anything but transparent; so much so that a number of commentators say they represent a new level in ‘non-transparency’.

That is particularly true where education is concerned.

## **1. OVERVIEW**

It is true that there have been funding increases for public schools but they have been previously announced.

Since late 2008 the Government has committed an additional \$3.5 billion over five years for the schools package agreed through COAG [Council of Australian Governments] and a further \$14.7 billion over three years for new capital infrastructure in schools under the stimulus package in response to the global economic crisis.

The first of the increases was announced on 29 November 2008 as part of the COAG agreements. The COAG \$3.5 billion in Commonwealth schools funding is in addition to the funding measures in the May 2008 budget. It comes in the form of:

- Additional money for government primary schools, by lifting the level of Commonwealth funding to primary schools from 8.9% of AGSRC equal to the rate provided for government high schools 10% of AGSRC. This decision ends a long standing anomaly and is clearly welcomed. (It remains however indefensible that Commonwealth funding for governments schools is capped at 10% of AGSRC whilst the rate of Commonwealth funding for private schools ranges between 13.7% - 70% of AGSRC)
- Additional indexation for government schools, and
- Additional funding for the Digital Revolution and the National Partnerships for Quality Teaching and Low SES schools.

At this stage, it appears that public schools will receive approximately 80% of this \$3.5 billion.

The second of the two announced increases in funding for public schools was contained in the Rudd government’s economic stimulus package announced on 3 February 2008. Aimed at ameliorating the effects of the global financial crisis, it included the announcement of a \$14.7 billion investment in school infrastructure over a three year period. It will allow schools to attend to urgent small-scale school renewal and maintenance projects as well as more substantial projects such as the construction of halls, performing arts centres, libraries and multi-purpose learning centres that will also be available for community use.

It is anticipated that over 70 per cent of this infrastructure spending will be allocated to public schools.

While welcome, analyses of these measures by Jim McMorrow and Adam Rorris show that these increases should be kept in perspective and viewed within the context of the wider picture of schools

funding legislation and policy in Australia<sup>1</sup>.

The extra \$2.8 billion over five years for public schools arising from the COAG agreement remains less than the funding the Commonwealth will provide to guarantee above-formula recurrent grants to private schools. Over the next five years, private schools will receive approximately \$3.5 billion more than they would be entitled to had the Commonwealth SES funding formula been properly applied.

Approximately 60 per cent of private schools are being given above-formula funding through the continuation of the flawed and discredited schools funding arrangements of the Howard years.

## **2. AEU BUDGET PRIORITIES**

Anticipating that there would be no new schools measures other than those outlined above contained in the Budget, the AEU focussed on new measures for VET and TAFE.

The AEU publicly called on the Federal Government to provide detailed funding measures in the Budget for the *Compact with Young Australians and National Youth Participation* announced by COAG on April 30.

The Federal Government's commitments to provide guaranteed education and training places for all young Australians under the age of 25, and the establishment of targets to lift year 12 retention rates are welcome but detailed Budget funding measures are required to give real meaning to these important initiatives.

To ensure quality training and access, the AEU called for increased funding to TAFE to provide the additional training places and support services essential to ensuring a broad choice of worthwhile qualifications, and to provide pathways into employment.

In addition the AEU emphasised that the costs of education and training for young people must not be put back on individual students and their families, and that sufficient levels of income support must be provided to young Australians while they are training to ensure a decent standard of living. The AEU also announced its opposition to the use of punitive measures including threats of withholding Youth Allowance or family tax benefits contained in the COAG statement.

Similarly, the AEU called for additional targeted funding to enable schools to meet the Federal Government's target of achieving a 90% retention rate to year 12 or its equivalent by 2015. MCEETYA research indicates that public schools nationwide require in the order of \$1.4 billion per annum to implement proven programs aimed at lifting retention rates to 90 per cent.

## **3. THE GOVERNMENT'S RESPONSE TO THE ECONOMIC CRISIS**

### **BP 1 6-5: The Government's Nation Building and Jobs Plan**

During 2008-09, the Government announced a Nation Building and Jobs Plan (**The Plan**) in response to the global economic crisis, the centerpiece of which is direct Government investment in schools, housing, energy efficiency, community infrastructure and roads, and support to small businesses.

The impact of The Plan's expense measures on various functions is set out below. The impact is

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<sup>1</sup> Jim McMorrow 'Updating the evidence: The Rudd Government's intentions for schools', December 2008; Adam Rorris, 'Rebuilding Australian schools – possibilities and implications for public schools', March 2008

primarily in the 2008-09, 2009-10 and 2010-11 financial years, consistent with what the Government calls 'the temporary and targeted nature of the Plan'.

**Table 1: Estimated Expenses Function Impact of the Nation Building and Jobs Plan**

	Estimates			Projections	
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Function	\$m	\$m	\$m	\$m	\$m
<b>Education</b>	<b>987</b>	<b>8,624</b>	<b>5,109</b>	<b>0</b>	<b>0</b>
Social Security and Welfare	12,179	196	0	0	0
Housing & Community amenities	260	4,072	1,744	312	0
Fuel & Energy	39	1,540	1,544	736	0
Agriculture, Forestry & fishing	20	0	0	0	0
Transport & Communication	230	160	0	0	0
Other Purposes	250	250	0	0	0
<b>Total</b>	<b>13,966</b>	<b>14,841</b>	<b>8,397</b>	<b>1,048</b>	<b>0</b>

The Education line constitutes the \$14.7 billion for *Building the Education Revolution [BER]*; the schools infrastructure package. The table indicates the size of the Education component relative to other areas.

The \$12+b for social security and welfare represents funding for tax bonus for working Australians, and bonuses for back to school, single income family and training and learning .

#### **4. FEDERAL FINANCIAL RELATIONS REFORM**

##### **BP 1 6-6: Federal Financial Relations Reform**

The new federal financial framework is embodied in the *2009 Intergovernmental Agreement on Federal Financial Relations (IGA)*. It represents a significant reform in the area of payments to the States and Territories ('the States') for specific purposes. These payments comprise 11.1% of Commonwealth expenses in 2009-10.

The new federal financial framework includes two main types of payments to and through the States for specific purposes:

- Broad-banded national specific purpose payments (SPPs) for healthcare, schools, skills and workforce development, disability services and affordable housing; and
- National partnership payments (NPPs) to the States to 'facilitate and reward reforms of national significance and to help fund specific projects'.

As part of this reform, additional funding to the States has been committed through a number of economic stimulus packages:

- The Economic Security Package (October 2008)
- The November 2008 COAG package
- The Nation Building package (December 2008)
- The Nation Building and Jobs Plan (February 2009)

**Table 2: Estimated Payments to the States in the Economic Stimulus Package**

	Estimates			Projections	
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Function	\$m	\$m	\$m	\$m	\$m
<b>Education</b>	<b>1,999</b>	<b>9,486</b>	<b>5,678</b>	<b>868</b>	<b>883</b>
Health	1,788	720	922	1,307	1,692
Social Security and Welfare	70	23	71	101	143
Housing & Community amenities	1,986	5,196	2,267	898	609
Transport & Communication	618	542	-204	- 330	-177
Other Purposes	100	-	-	200	250
<b>Total</b>	<b>6,562</b>	<b>15,968</b>	<b>8,734</b>	<b>3,045</b>	<b>3,399</b>

**5. TOTAL BUDGET EXPENSES****BP 1 6-7: The 2009-10 Budget by function****Table 3: Estimates of Expenses by Function**

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m	\$m
General public services	17,910	17,755	18,739	19,598	20,280
Defence	18,745	20,952	20,021	20,101	19,885
Public order and safety	3,687	3,901	3,781	3,759	3,861
<b>Education</b>	<b>21,502</b>	<b>35,222</b>	<b>32,087</b>	<b>28,630</b>	<b>29,878</b>
Health	49,373	51,223	53,201	55,619	57,628
Social Security and welfare	124,915	110,994	116,503	120,574	123,957
Housing and community amenities	4,410	9,089	5,571	4,266	4,005
Recreation and culture	2,997	3,099	3,000	2,938	2,944
Fuel and energy	6,280	8,403	7,899	7,044	6,454
Agriculture, forestry and fishing	3,267	3,407	2,791	2,852	2,915
Mining, manufacturing & construction	1,921	1,681	1,962	1,947	1,906
Transport and communication	6,989	5,482	5,637	6,686	6,826
Other economic affairs	7,037	8,183	7,994	7,854	7,450
Other purposes	55,408	58,822	65,344	74,518	87,002
<b>Total expenses</b>	<b>342,443</b>	<b>338,213</b>	<b>344,528</b>	<b>356,388</b>	<b>374,990</b>

The following shows the education share of total Budget expenses:

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Education Share of Total Expenses	6.3%	10.4%	9.3%	8.0%	8.0%

The papers note that the increase of \$13.7 billion from 2008 2009-10 is largely due to:

- increased investment on school infrastructure provided under BER;
- an increase in funding for government schools under the new National Education Agreement [see below]; and
- a significant increase in expenses for higher education association with the Government's response to the Bradley Review.

### ***The National Education Agreement***

*The NEA is an agreement between governments through COAG which will deliver \$42.4 billion, including \$14 billion for government schools, over the next four years, from 1 January 2009.*

*In addition the Government will deliver a National Partnership on Teacher Quality worth \$550 million, a National Partnership on Literacy & Numeracy worth \$540 million and a National Partnership on Low SES School Communities worth \$1.1 billion over five years.*

*The NEA will deliver \$18 billion to assist the States in meeting the costs of delivering schooling. In the past, this investment in schooling has incorporated funding for General Recurrent Grants, Capital Grants and Targeted Programs.*

*The overall funding includes an additional \$635 million to align historical Commonwealth funding rates between primary and secondary government schools.*

*The NEA will be adjusted each year using a composite growth factor comprising growth in average school recurrent costs and growth in enrolments in government schools. This will provide an estimated additional \$412 million over the forward estimates period. Funding will be distributed among the States on the basis of full-time student enrolments in government schools.*

*Additional Commonwealth funding of \$807 million will be provided for the legitimate additional costs of implementing the National Secondary School Computer Fund.*

*While previous funding arrangements were delivered on a quadrennial basis, the NEA will be an ongoing agreement, subject to periodic review. Furthermore, funding for the NEA, along with all agreements that are part of the Intergovernmental Agreement (IGA), will be appropriated through the proposed Federal Financial Relations Act, to be administered by Commonwealth Treasury.*

*In order to deliver on the Commonwealth Government's election commitments and provide stability and certainty of funding for 2009-2012, funding for the non-government school sector is being appropriated through separate Commonwealth legislation – the Schools Assistance Act 2008. The accountability framework for non-government schools and school systems will be consistent with that of the new NEA. The reporting agreed by all governments includes the following elements:*

- *streamlined and consistent reports on national progress, including an annual national report on the outcomes of schooling in Australia;*
- *national reporting on performance of individual schools to inform parents and carers and for evaluation by governments of school performance; and*

- provision by schools of plain language student reports to parents and carers and an annual report made publicly available to their school community on the school's achievements and other contextual information.

The following table provides the top 20 programs, ranked highest to lowest in terms of expenses in the 2009-10 financial year. Approximately 31.8 per cent of the expenses relating to these programs are attributable to revenue assistance to the States and Territories, with programs providing services to seniors, families, the sick and disabled, students and the unemployed accounting for 13 of the remaining 19 programs.

**Table 4: Top 20 programs by expenses in 2009-10**

		Estimates		Projections	
		2009-10	2010-11	2011-12	2012-13
<b>Program</b>	<b>Agency</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Revenue Assistance to the States & Territories	Treasury	41824	44356	47180	50132
Income Support for Seniors	FaHCSIA	29335	31698	33790	36149
Family Tax Benefit	FaHCSIA	17424	17249	17335	17559
Medicare Services	Health	15003	15649	16498	17311
Disability Support Pension	FaHCSIA	11558	12234	12680	13185
National Healthcare Specific Purpose Payment	Treasury	11224	11978	12820	13747
Job Seeker Income Support	DEEWR	8876	10411	10122	9090
<b>Government Schools - Payments to/through States</b>	Treasury	8592	6953	4256	4283
Pharmaceuticals & Pharmaceutical Services	Health	8403	8961	9503	10003
Higher Education Support	DEEWR	6615	6538	6765	6944
<b>Non-government Schools - National Support</b>	DEEWR	6457	6936	7479	8045
Housing-Payments to/through the States	Treasury	6318	3145	1696	1427
Commonwealth Debt Management	AOFM*	6264	8340	10659	12493
Residential Aged Care	Health	6170	6551	6914	7183
Public Sector Superannuation	Finance	5793	5878	5963	6063
Parents' Income Support	DEEWR	5295	5295	5319	5453
Fuel Tax Credits Scheme	ATO	5073	5134	5281	5694
Army Capabilities	Defence	4804	4776	4855	4916
Air Force Capabilities	Defence	4308	4310	4378	4460
Income Support for Carers	FaHCSIA	4120	4985	5454	5936
<b>Total</b>		<b>213455</b>	<b>221380</b>	<b>228946</b>	<b>240075</b>

Source: BP 1 6-10

## 6. TOTAL EDUCATION EXPENDITURE

### 2009-10 Budget Paper 1: Budget Strategy and Outlook

Total education expenditure covers expenditure for higher education institutions; vocational education and training providers (including technical and further education institutions); and government (State and Territory) and non-government primary and secondary schools.

#### 6.1 Total Education Expenditure Budget Papers 2009-10

Table 5: Total Education Expenditure Budget Papers 2009-10

Summary of Expenses - education					
	Estimates			Projections	
	2008-2009	2009-2010	2010-2011	20011-2012	22012-2013
	\$m	\$m	\$m	\$m	\$m
Higher Education	6,747	8,030	8,109	8,452	8,750
Vocational & Other Education	1,829	2,475	2,282	2,398	2,453
Schools	10,677	14,899	13,737	11,556	12,157
<i>Non-Government Schools</i>	<i>6,336</i>	<i>6,306</i>	<i>6,784</i>	<i>7,299</i>	<i>7,873</i>
<i>Government schools</i>	<i>4,342</i>	<i>8,593</i>	<i>6,953</i>	<i>4,256</i>	<i>4,283</i>
Student Assistance	562	3,339	3,310	3,449	3,653
General administration	94	714	708	719	728
School education -specific funding	1,582	5,765	3,942	2,056	2,138
<b>Total education</b>	<b>21,502</b>	<b>35,222</b>	<b>32,087</b>	<b>28,630</b>	<b>29,878</b>

Source: Education Table 7 Summary of Expenses Budget Paper 1, 6-18 2009-10 Budget Papers

According to the Budget Papers the primary factors driving the significant rise in education expenditure over the next 2 year are:

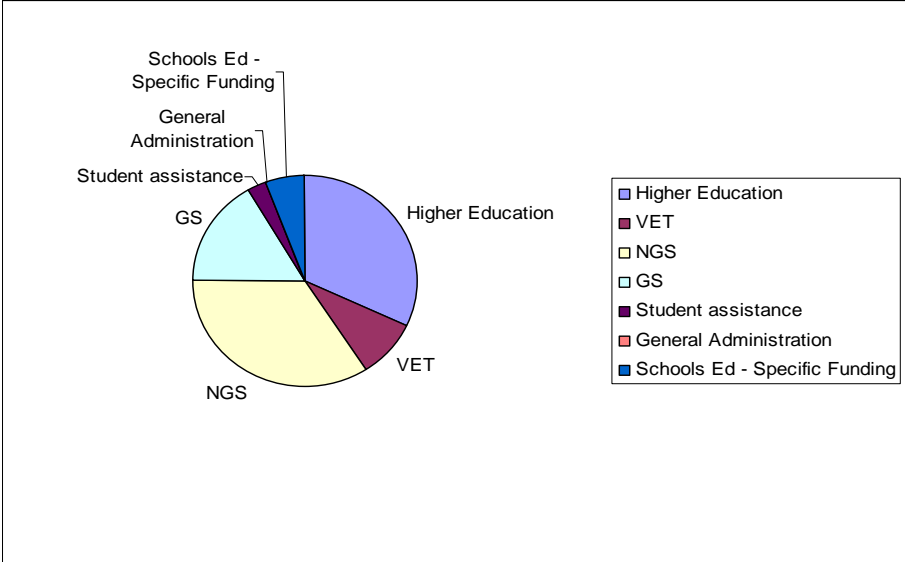
- Spending on school infrastructure (BER component of NBJP).
- Response to the Bradley Review.
- Reclassification of tertiary student assistance from the social security and welfare function.

The Budget papers note that total education function expenses are forecast to decrease in 2010-11 and 2011-12, "largely reflecting step downs in expenses as the temporary investment in schools infrastructure ends, offset to some extent by projected strong annual growth in spending on schools."

**Table 6: % Share of Total Education Budget 2009-10**

	<i>Estimates</i>			<i>Projections</i>	
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Higher Education	31.4%	22.8%	25.3%	29.5%	29.3%
Vocational & Other Education	8.5%	7.0%	7.1%	8.4%	8.2%
Schools	49.7%	42.3%	42.8%	40.4%	40.7%
<i>Non-Government Schools</i>	29.5%	17.9%	21.1%	25.5%	26.4%
<i>Government schools</i>	20.2%	24.4%	21.7%	14.9%	14.3%
Student Assistance	2.6%	9.5%	10.3%	12.0%	12.2%
General administration	0.4%	2.0%	2.2%	2.5%	2.4%
School education -specific funding	7.4%	16.4%	12.3%	7.2%	7.2%

**Figure 1: Total Education Expenditure 2009-10**



With regard to *School Education — Specific Funding* the Budget Papers note that expenses will increase substantially in 2009-10, reflecting the measures announced as part of the Government's Nation Building and Jobs Plan to build or renew infrastructure in all Australian schools under the Building the Education Revolution program. Additional funding has also been provided for the additional costs of implementing the National Secondary Schools Computer Fund in 2008-09 as part of Digital Education Revolution program.

**Table 7: 2008-09 to 2012-13 Education Expenditure as a Proportion of Total Federal Government Expenditure**

	Estimates			Projections	
	2008-09	2009-10	2010-11	2011-12	2012-13
Higher Education	2.0%	2.4%	2.4%	2.4%	2.3%
Vocational & Other Education	0.5%	0.7%	0.7%	0.7%	0.7%
Schools	3.1%	4.4%	4.0%	3.2%	3.2%
<i>Non-Government Schools</i>	1.9%	1.9%	2.0%	2.0%	2.1%
<i>Government schools</i>	1.3%	2.5%	2.0%	1.2%	1.1%
Total education	6.3%	10.4%	9.3%	8.0%	8.0%

## 7. SCHOOLS FUNDING

Based on the figures in the budget lines for government and non-government schools, analysis of the figures for total education expenditure shows the % share for each of the Budget line.

**Table 8: Budget Public/Private Share of Total Education Budget & Total Schools Funding 2008-09 to 2012-13**

	Estimates			Projections	
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
	\$m	\$m	\$m	\$m	\$m
<b>Total education</b>	<b>21,502</b>	<b>35,222</b>	<b>32,087</b>	<b>28,630</b>	<b>29,878</b>
<i>Non-Government Schools</i>	6,336	6,306	6,784	7,299	7,873
<i>Government schools</i>	4,342	8,593	6,953	4,256	4,283
<b>Schools</b>	<b>10,677</b>	<b>14,899</b>	<b>13,737</b>	<b>11,556</b>	<b>12,157</b>
<b>NGS Share of Total Education Budget</b>	29.5%	17.9%	21.1%	25.5%	26.4%
<b>GS Share of Total Education Budget</b>	20.2%	24.4%	21.7%	14.9%	14.3%
<b>NGS Share of Schools Budget</b>	59.3%	42.3%	49.4%	63.2%	64.8%
<b>GS Share of Schools Budget</b>	40.7%	57.7%	50.6%	36.8%	35.2%

### What the Budget Papers Say:

*Total expenses for the **government and non-government schools** sub-functions are expected to increase by 5.4 per cent in real terms from 2008-09 to 2012-13, or 1.3 per cent annually on average. Funding includes the new National Education Agreement, which will see total funding for government and non-government schools of around \$42 billion between 2009 and 2012, compared to \$33.5 billion under the previous schools agreement (excluding Indigenous funding).*

*Schools expenses in the future will be complemented by over \$1.9 billion of additional funding over the period of the agreement, comprising National Partnerships for literacy and numeracy, improving principal leadership development and teacher quality, and improving educational outcomes in low socio-economic status school communities.*

However what is clear that after the impact of the temporary Budget measures, the 'old' levels of

public/private funding share will return.

### **Expenditure on private schools relative to the higher education sector**

For the first time in years, budget allocations for private schools are lower than those for the entire higher education sector.

## **8. VET FUNDING**

Within the context of the Federal Budget, funding for VET delivery generally combines funding reported as the *Vocational and Other Education* sub-function as part of the *Education* function in the Budget Papers and funding described as *Vocational and Industry Training* reported as part of the *Other Economic Affairs* function in the Budget Papers.

Expenses for the *Vocational and Other Education* sub-function are reported differently this year from previously. Budget measures for this sub-function last year were reported as:

- Vocational Education and Training
- Adult Migration English Program
- Careers Transitions and Partnerships
- Other

**Table 9: Vocational and Other Education sub-function – Education function 2009-10**

	Estimates		Projections	
	2009-2010	2010-2011	2011-2012	2012-2013
	\$m	\$m	\$m	\$m
Payment to/through States National Skills & Workforce Development	1,530	1,637	1,743	1,770
National Training System	699	382	385	400
Adult English Migrant Program	209	211	213	221
VET Higher Education Loans Program	38	52	56	62
<b>Total</b>	<b>2,475</b>	<b>2,282</b>	<b>2,398</b>	<b>2,453</b>

Source: Table 7.1: Trends in the major components of vocational and other education sub-function expenses, (BP1, p. 6-19)

### **What the Budget Papers Say:**

*Vocational and other education sub-function expenses are estimated to increase by 32.9 per cent in real terms from 2008-09 to 2009-10. This is driven by the Nation Building and Jobs Plan, which provides \$500 million in 2009-10 for the Teaching and Learning Capital Fund to improve and modernise the quality of teaching and learning across the vocational education and training sector.*

*The 2009-10 Budget incorporates a number of measures which support maintaining the development of the skill base of the Australian population, including an extra 10,000 places available under the Productivity Places Program, an additional 5,500 Apprenticeships Access places, and additional incentive payments to secure recommencement and completions for Australian apprentices*

**Table 10: Vocational and Industry Training sub-function - Other Economic Affairs function**

Note: The other economic affairs function includes expenses on tourism and area promotion, labour market assistance, immigration, industrial relations and other economic affairs not elsewhere classified.

	Estimates		Projections		2012-2013
	2008-09	2009-2010	2010-2011	2011-2012	
	\$m	\$m	\$m	\$m	
Tourism and area promotion	195	169	168	166	169
Total labour & employment affairs	5,463	5,802	5,733	5,516	5,134
<i>Vocational and industry training</i>	<i>1,343</i>	<i>1,430</i>	<i>1,330</i>	<i>1,352</i>	<i>1,350</i>
<i>Labour market assistance to job seekers and industry</i>	<i>2,129</i>	<i>2,329</i>	<i>2,497</i>	<i>2,239</i>	<i>1,916</i>
<i>Industrial Relations</i>	<i>689</i>	<i>547</i>	<i>507</i>	<i>504</i>	<i>430</i>
<i>Immigration</i>	<i>1,302</i>	<i>1,495</i>	<i>1,399</i>	<i>1,420</i>	<i>1,438</i>
Other economic affairs nec	1,380	2,212	2,093	2,172	2,146
<b>Total</b>	<b>7,037</b>	<b>8,183</b>	<b>7,994</b>	<b>7,854</b>	<b>7,450</b>

Source: Table 16: Summary of Expenses - Other Economic Affairs (BP1, p. 6-38)

#### What the Budget Papers Say:

*Additional funding has been provided under the labour market assistance to job seekers and industry sub-function in response to the expected rise in unemployment. Expenses are projected to decline in 2011-12 and 2012-13, as additional expenditure on labour market assistance projects funded through the Jobs Fund does not continue into these forward years, when the economy is projected to be recovering.*

*Expenses in the vocational and industry training sub-function are projected to be largely stable over the forward estimates. The estimated growth in 2009-10 is mainly due to the reclassification of expenses between the other economic affairs function and the education function. The subsequent decrease in 2010-11 mainly reflects an expected reduction in expenses under the Australian Apprenticeships Workforce Skills Development program as a result of the Reform of Australian Apprenticeships Incentives Funding package which better targets payments to apprentices and employers.*

*The main driver of expected growth in the labour market assistance to job seekers and industry sub-function in 2009-10 and 2010-11 is the \$650 million Jobs and Training Compact — Jobs Fund measure. The anticipated reduction in expenses from 2011-12, and particularly in 2012-13, is largely due to a projected reduction in labour market assistance.*

## INDIGENOUS EDUCATION

Source: *Closing the Gap between Indigenous and Non-Indigenous Australians* Ministerial Statement by Jenny Macklin

A continuation of the Northern Territory Intervention accounts for more than half of the \$1.3 billion Indigenous spend in this year's Federal Budget. Key Indigenous measures include \$807 million to the NT intervention, \$204 million for health, \$202 million for CDEP reforms, and \$50 million over four years for reforms to the native title system.

The Budget papers reiterate the 2008 COAG National Indigenous Reform Agreement: \$3.6 billion in funding from the Commonwealth Government and \$1.0b from the States and Territories over ten years to drive reforms in remote housing, health, early childhood, jobs and improvements in remote service delivery. The Government says that the five National Partnership Agreements – Remote Indigenous Housing, Indigenous Health Outcomes, Indigenous Early Childhood Development, Indigenous Economic Participation, and Remote Service Delivery established so far *provide the context for many measures in this Budget*.

The Government says that significant investments in what it calls *universal* health, housing and education, negotiated within the COAG framework, will *flow on through to Indigenous people, particularly those living in urban and regional areas. Ensuring increased funding to improve universal services for Indigenous Australians is integral to our strategy*.

### ***Indigenous Early Childhood Development National Partnership Agreement***

*In July 2008 COAG agreed to an integrated policy framework as a basis for investment and reform by all governments in Indigenous early childhood development. The first vehicle for implementing this policy framework is the Indigenous Early Childhood Development National Partnership Agreement. The National Partnership was agreed at the October 2008 COAG meeting which committed \$564.0 million over six years in joint funding of which the Australian Government contribution is \$490.0 million. The Commonwealth and States and Territories are collaborating on the National Partnership, with jurisdictions taking the lead role in program implementation.*

*The National Partnership consists of three elements. Element one will establish a minimum of 35 Children and Family Centres across Australia in areas of high Indigenous population and disadvantage. Element two focuses on increasing access to antenatal care, pre-pregnancy, and teenage sexual and reproductive health programs by Indigenous young people. Element three aims to increase access to, and use of, maternal and child health services by Indigenous families.*

### **'Closing the Gap in the Northern Territory'**

The Budget provides funding of \$807.4 million to continue the measures initiated under the Northern Territory Emergency Response (NTER). These include:

**Supporting families:** \$46.3 million over three years to support children and parents comprising:

- \$32.9 million over three years to support 22 established safe houses in 15 remote communities to continue the operation of the Mobile Child Protection Team, and support the existing Remote Aboriginal Family and Community Workers;
- \$9.1 million in operational funding for eight newly established crèches, capital and operational funding for a ninth crèche and capital funding to upgrade two more existing crèches;
- \$2.8 million for the extension of playgroups; and
- \$1.5 million over three years to continue to support early childhood services to improve the skills of families and educate young people about pregnancy, birth and parenting.

The Government says these measures will build on their agenda for early childhood education and child care “aimed at providing all Australian families, including Indigenous Australians, with access to high quality, affordable early childhood education and child care. Early childhood programs improve the whole-of-life outcomes for young children and assist the transition to education.”

**Enhancing education:** \$56.9 million over three years to continue the Australian Government's commitment to remote schools and address the poor education outcomes of Indigenous students in these communities. This includes \$45.7 million over three years to overcome barriers to accelerating literacy and numeracy achievement by Indigenous students in the Northern Territory, provide professional development for staff and increase retention of teachers with an emphasis on developing a local Indigenous education workforce; and \$11.2 million in 2009-10 to build up to 22 additional teacher houses, recognising that housing shortfalls have been impacting on teacher recruitment and retention. Funding for 15 classrooms will be provided from the *Building the Education Revolution* program will relieve pressure on existing school infrastructure.

**School Nutrition Program:** \$37.5 million over three years will fund the continuation of the School Nutrition Program to improve Indigenous student attendance, performance and health by providing nutritious meals and the continued delivery of a breakfast and lunch program at 68 or more sites in communities along with the progressive establishment of sites in 45 town camps.

**Language, literacy and numeracy:** \$3.0 million over three years for additional training places for job seekers wanting to improve basic skills through the Language, Literacy and Numeracy (LLN) Program using community-based delivery to increase cost-efficiency. The program aims to assist Indigenous job-seekers to build their language, literacy and numeracy skills and become job ready.

**Other Indigenous Budget Measures** include the **Sporting Chance Program**

- \$10.0 million over four years from 2008-09 to expand the Sporting Chance Program including \$5.0 million to establish up to 10 new school-based academies across Australia with the focus on involving girls in sport, and \$5.0 million for the Former Origin Greats, Queensland (FOGs) to establish school-based academies with a rugby league focus in Queensland and New South Wales.

## BUDGET PAPER 2 BUDGET MEASURES 2009-10

### DEEWR

The following provides an overview of all the relevant DEEWR budget measures which relate to education and training – ECE to VET.

#### **An Innovation and Higher Education System for the 21st Century — Education Investment Fund — Future Rounds**

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	-	350.0	250.0	125.0
Total	-	-	350.0	250.0	125.0

The Government will provide \$750.0 million over four years (including \$25 million in 2013-14) to fund future rounds from the Education Investment Fund.

\$500 million will be allocated for Round 3 projects and \$250 million will be partnered with up to \$400 million allocated for research under the Clean Energy Initiative to form a \$650 million Sustainability Round.

The two new funding rounds will provide higher education, research and vocational institutions with a further opportunity to bid for capital funding.

\$200 million of Round 3 funding will be allocated to support projects which assist universities to adjust to reforms in the higher education sector. There will be a particular focus on supporting collaboration between universities and the vocational education sector and developing stronger research networks.

Funding from the EIF will be subject to endorsement by the EIF Advisory Board once suitable projects are identified.

#### **An Innovation and Higher Education System for the 21st Century — Education Investment Fund — Round 2**

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	40.0	227.2	247.6	78.2	19.5
Department of Innovation, Industry, Science and Research	-	159.6	79.2	82.8	-
Total	40.0	386.8	326.8	161.0	19.5

The Government will provide \$934.2 million over four years from the Education Investment Fund (EIF) to contribute funding to successful projects from the second round of the EIF. These projects were assessed by the EIF Advisory Board, following the invitation for applications on 16 February 2009 by the Minister for Education, Employment and Workplace Relations and the Minister for Innovation, Industry, Science and Research.

Both university and VET projects will be funded. Those in the VET area are:

### Vocational Education and Training

- Holmesglen Institute of TAFE (Victoria) — New Facility for Childhood Development, Vocational Colleges and Related Services — \$16.8 million;
- Central Gippsland Institute of TAFE (Victoria) — Chadstone Campus Development — \$16.2 million;
- TAFE NSW South Western Sydney Institute (New South Wales) — Macarthur Building Skills Centre — \$9.9 million;
- TAFE NSW Western Institute (New South Wales) — Heavy Vehicles Facility — \$9.7 million;
- Skillsets for a Low Carbon Economy (New South Wales) — \$5.0 million;
- Bendigo Regional Institute of TAFE (Victoria) — Training Facilities for the 'Traditional Trades' in Echuca — \$5.0 million;
- Energy Australia (New South Wales) — Silverwater Learning Centre — \$25.0 million;
- University of Ballarat (Victoria) — Manufacturing Technology Training Centres — \$18.1 million;
- Industries Services Training Pty Ltd (Northern Territory) — Mobile Trades Schools Training facilities — \$7.9 million;
- TAFE NSW Illawarra Institute (New South Wales) — Shellharbour Campus Children's Services Training Facility — \$6.5 million;
- Tocal College (New South Wales) — Rural VET Infrastructure to Ensure Social Inclusion, Sustainable Land Use, Lower Carbon Agriculture, and Efficient Water Use — \$5.5 million; and
- TAFE NSW Sydney Institute (New South Wales) — Sustainable Hydraulics — \$6.4 million.

### Business-School Connections Roundtable

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	-	-	-	-

The Government will provide \$0.45 million to sponsor a Business-School Connections Roundtable and to develop a practical strategy to foster partnerships between schools, business and the community. The roundtable will consist of representatives from business, community and education organisations and will oversee the development of a strategy to ensure all secondary schools benefit from a business connection. This initiative is part of the Government's broader commitment to stronger business-schools linkages to create a broad and supportive environment for students that involves business, the community and parents in schooling.

The cost of this measure will be met from within the existing resourcing of the Department of Education, Employment and Workplace Relations.

This measure responds to key priorities from the productivity stream of the Australia 2020 Summit.

#### **Council of Australian Governments — Skills Recognition Taskforce**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	1.1	4.8	-	-	-

The Government will provide \$5.9 million over two years for the ongoing operation of the COAG Skills Recognition Taskforce.

The COAG Skills Recognition Taskforce supports the Intergovernmental Agreement for a national licensing system for a range of economically important trades and other occupations, removing inconsistencies across state borders and allowing for a more mobile workforce.

#### **Drought Assistance — Assistance for Isolated Children Scheme — extension**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	7.8	1.9	-	-
Centrelink	-	0.5	-	-	-
Total	-	8.3	1.9	-	-

The Government will provide \$10.1 million over two years to extend the Distance Education Allowance Supplement of \$1,061 per annum per student until 30 June 2010, the Additional Boarding Allowance of \$1,000 per annum per student and the consequential ABSTUDY Boarders' rate for School Fees Allowance until 31 December 2010.

The extension of these measures, which are specifically targeted at geographically isolated families, will help ensure that current levels of financial assistance are maintained for rural families who may be experiencing financial hardship as a result of living in drought-affected areas.

#### **Drought Assistance — schools — extension**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	26.0	-	-	-

The Government will provide \$26.0 million in 2009-10 to extend the existing Drought Assistance for Schools program for 12 months. This program provides grants of up to \$10,000 per school per annum to assist the operation of government and non-government schools in Exceptional Circumstances-declared areas. The extension of this program until 30 June 2010 will assist rural families experiencing financial hardship as a result of the drought to meet ongoing education expenses.

### Expansion of income contingent loans to state-subsidised students in vocational education and training

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	1.8	6.7	7.2	8.1	9.2
Australian Taxation Office	3.4	1.5	1.9	1.9	1.9
Total	5.2	8.2	9.1	10.0	11.1
<i>Related revenue (\$m)</i>					
<i>Department of Education, Employment and Workplace Relations</i>	-	-	1.3	2.8	4.5

The Government will provide income contingent loans to state-subsidised diploma and advanced diploma students in Victoria, but without the loan fee and credit transfer requirements applying under VET FEE-HELP.

Under existing arrangements, VET FEE-HELP is available to full-fee students in diploma or advanced diploma courses where significant credit towards a university degree will be provided by undertaking the course.

The Victorian Government has agreed to make a contribution of \$22.4 million over the first four years of the scheme. These payments from Victoria are separately accounted for in the Budget papers.

Amounts loaned under the Higher Education Loan Program (HELP) are treated as financial assets and therefore only the concessional interest cost of offering the loan impacts on the fiscal balance. Indexation on the outstanding HELP debt and associated loan fees are treated as revenue. The additional public debt interest cost incurred by the Australian Government in financing the loans is separately accounted for in the budget papers.

### Expansion of VET FEE-HELP for full-fee students

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	18.8	21.8	25.2	29.2
<i>Related revenue (\$m)</i>					
<i>Department of Education, Employment and Workplace Relations</i>	-	21.8	31.7	43.1	55.7

To complement the expansion of income contingent loans to state-subsidised vocational education and training students in Victoria, the Government will extend VET FEE-HELP for full-fee diploma and advanced diploma students in Victoria. This will be achieved by waiving the normal requirement for access to VET FEE-HELP that the course guarantees significant credit towards a university course.

Amounts under the Higher Education Loan Program (HELP) are treated as financial assets and therefore only the concessional interest cost of offering the loan impacts on the fiscal balance. Indexation on the outstanding HELP debt and associated loan fees are treated as revenue. The additional public debt interest cost incurred by the Australian Government in financing the loans is separately accounted for in the Budget papers.

## JOBS AND TRAINING COMPACT

### Jobs and Training Compact — Building the Basics — Language, Literacy and Numeracy — additional training places and workforce development

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	6.5	16.5	5.2	-	-

The Government will provide \$28.2 million over three years to provide 5,888 additional language, literacy and numeracy (LLN) training places for adults aged 25 years and over. The funding will also assist in developing the LLN workforce by increasing the number of trainers and encouraging the acquisition of further qualifications.

The extra training places will comprise 4,138 places for job seekers, 1,500 Workplace English Language and Literacy places to provide employees with vocationally-oriented intensive training, and 250 places in short courses designed to attract disengaged adults into further LLN training. This measure will assist adult workers who are vulnerable to redundancy or have recently been retrenched to remain in or return to the workforce.

### Jobs and Training Compact — improved participation requirements for 15 to 20 year olds

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	100.6	41.0	25.4	-8.6
Department of Families, Housing, Community Services and Indigenous Affairs	-	-18.9	-32.3	-32.4	-32.9
Total	-	81.6	8.7	-7.0	-41.4

The Government will strengthen participation requirements for young unemployed Australians aged 15 to 20 years old seeking to receive Youth Allowance (Other) or Family Tax Benefit Part A at a cost of \$41.9 million over four years.

Young people without a Year 12 or equivalent qualification will be required to undertake full time education or training in order to receive Youth Allowance (Other) or for their families to receive Family Tax Benefit (Part A) for that child. Where study or training is undertaken on a part time basis, additional activities will be required to fulfil their participation requirements.

This measure forms part of the Compact with Young Australians established by COAG on 30 April 2009, which guarantees an education or training place for every Australian under 25. This measure will help ensure that young people 15 to 20 years old are either working or working towards a year 12 or equivalent qualification.

The measure will commence from 1 July 2009 for new Youth Allowance (Other) claimants and from 1 January 2010 for all Family Tax Benefit (Part A) recipients and existing Youth Allowance (Other) recipients.

**Jobs and Training Compact — Pathways to Skills: Australian Apprenticeships Access Program — additional places**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	21.2	6.2	6.4	-

The Government will provide \$33.7 million over three years to fund an additional 5,500 training places in 2009-10 for vulnerable young job seekers as part of an enhanced Australian Apprenticeships Access Program. The new places will provide individualised support and training to vulnerable jobseekers who are most likely to be affected by the impact of the economic downturn.

The 5,500 places will provide individualised support and training and comprise:

- 3,650 places for 19 to 24 year-old job seekers who are most likely to be affected by the impact of the economic downturn at a cost of \$10.9 million; and
- 1,850 places for retrenched workers, at a cost of \$3.5 million.

The measure will also enhance the Australian Apprenticeships Access Program, for the new and existing places, through more tailored support for individual needs, improved research and greater incentives for access brokers to achieve positive outcomes for job seekers at a cost of \$19.4 million.

**Jobs and Training Compact — Productivity Places Program — 10,000 additional places**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	77.2	-	-	-

The Government will provide \$77.2 million in 2009-10 to offer an additional 10,000 training places at Certificate III-level qualification or higher under the Productivity Places Program.

This measure increases the number of training places provided under the *Skilling Australia for the Future* initiative to more than 700,000 over the five years from 2007-08 to 2011-12 and will help to ensure that Australians can develop the skills that industry needs and allow newly redundant workers to upgrade their skills.

**Jobs and Training Compact — Securing Australian Apprenticeships — securing completions through RTOs**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	0.9	4.5	4.3	-	-

The Government will provide \$9.7 million over three years to fund Registered Training Organisations to deliver required off-the-job training where an Australian apprentice has been made redundant and cannot complete their required training with an employer. This measure will allow Australian Apprentices at the Certificate III, IV, Diploma and Advanced Diploma level to maintain the value of their investment in training by allowing them to complete the off-the-job component of their training arrangements through a non-indentured pathway.

The initiative commences 1 July 2009 and runs for a two-year period.

### **Jobs and Training Compact — Securing Australian Apprenticeships Re-commencements — all employees**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	38.9	72.5	34.2	-	-

The Government will provide \$145.6 million over three years to provide additional incentive payments for all employers who employ out-of-trade apprentices. This measure allows out-of-trade apprentices and trainees to remain connected with the workforce and maintain their training. Additional payments of up to \$2,800 will be available to employers, including Group Training Organisations, eligible for standard incentives, who take on an out-of-trade Australian Apprentice at the Certificate III or IV level, in skills shortage areas as defined by the National Skills Needs List, or at the Diploma or Advanced Diploma level.

Payments will be backdated to 1 January 2009 and will be made through Australian Apprenticeship Centres. These incentives will be available for two years until 31 December 2010.

Further information can be found in the press release of 19 February 2009 issued by the Minister for Education, Employment and Workplace Relations.

### **Jobs and Training Compact — Training Supplement**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	46.0	25.0	3.1	-
Centrelink	0.2	5.5	2.1	1.2	-
Total	0.2	51.5	27.1	4.3	-

The Government will provide \$83.1 million over four years to provide a training Supplement of \$41.60 per fortnight for eligible job seekers engaged in full-time accredited training.

The supplement will be available to job seekers on Newstart Allowance or Parenting Payment who have not completed Year 12, or equivalent, or who are upgrading their qualification to better equip them to find future employment.

The supplement will be paid through the income support system and will apply to those who commence approved training during the period 1 July 2009 to 30 June 2011. Recipients of the Training Supplement may also be eligible to receive the \$208 *Education Entry Payment* and the \$950 *Temporary Supplement*.

## Jobs and Training Compact — Youth Attainment and Transitions National Partnership

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of the Treasury	-	-	-	50.0	-
Department of Education, Employment and Workplace Relations	-	-	-	-	-
Total	-	-	-	50.0	-

The Government will provide up to \$644.0 million over five years (including up to \$50.0 million in 2013-14) in support of a Youth Attainment and Transitions National Partnership to improve the education and training of young people across Australia. The National Partnership aims to assist young people to complete Year 12 or an equivalent qualification and enter the workforce.

Details of the National Partnership will be finalised with state and territory governments through the Council of Australian Governments in conjunction with the non-government school system. Funding for all elements of the National Partnership, except reward payments, could be progressively transferred from existing Commonwealth programs to States and Territories.

The National Partnership will support the bringing forward of the Council of Australian Government 90 per cent Year 12 or equivalent educational attainment rate target from 2020 to 2015, and will consist of five elements:

- Youth Connections to provide case management and support 'at risk' young people to remain engaged in, or reconnect with, education and training;
- Community and Education Engagement to assist community and business engagement with schools and so encourage student engagement, deepen learning experiences, lift attainment and improve educational outcomes;
- National Career Development to support career development and youth engagement activities which require a national approach to their implementation;
- Quality On-The-Job Workplace Learning payments to the states and territories to coordinate work placements for school students participating in vocational education and training; and
- up to \$100.0 million of reward payments to the states and territories for achievement of improved rates of participation in Years 10 to 12 and attainment of Year 12 or equivalent level qualification, with up to \$50.0 million provided in each of 2011-12 and 2013-14.

Funding for this National Partnership will consist of up to \$100.0 million of additional funding, with the remaining \$544.0 million of the cost of this measure being met from within the existing resourcing of the Department of Education, Employment and Workplace Relations.

## Quality Teacher Program — National Projects component — abolition

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	-7.7	-8.1	-8.3	-8.1

The Government will not proceed with unallocated funding for the National Projects component of the *Quality Teacher Program*. The Government has taken a more strategic approach and invested substantial funding through the *Smarter Schools — Improving Teacher Quality National Partnership*.

The Council of Australian Governments agreed on 29 November 2008 to provide funding of \$550 million over four years from 2008-09 to fund the National Partnership to deliver quality teaching initiatives to attract, train, place, develop and retain quality teachers and school leaders.

**Reform of Australian Apprenticeships Incentives Funding — abolish the Increased Opportunities for School-based New Apprentices in the Trades**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	-6.2	-6.4	-6.6	-6.7

The *Increased Opportunities for School-based Apprentices in the Trades* program will be abolished from 1 July 2009. Take-up rates for this program have been low. There are a number of other overlapping programs that provide targeted assistance for school-based apprentices including the *Group Training Australian Apprenticeships Targeted Initiatives Program*, the *Joint Group Training Program*, Australian Technical Colleges and other State and Territory Government programs.

In addition, the Government has previously provided significant new funding to assist school based apprentices, including under the *Trade Training Centres in Schools program* which provides \$2.5 billion over 10 years; and the *Schools Grants for on-the-job training* measure which provides \$98 million over four years for grants to schools to enable students to undertake on-the-job training for one day a week for 20 weeks.

This measure will achieve savings of \$25.9 million over four years.

**Reform of Australian Apprenticeships Incentives Funding — combine three incentive programs into one program — Tools for Your Trade**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	1.6	7.2	7.4	7.4

The Government will provide net additional funds of \$23.6 million over four years to combine and extend the *Tools For Your Trade*, the *Commonwealth Trade Learning Scholarship* and the *Apprenticeship Wage Top-Up* to provide a \$3,800 personal cash benefit. This new payment will be paid in five instalments for apprentices in skills shortages occupations and apprentices in all agriculture occupations and, in rural and regional areas, horticulture occupations through a new *Tools for Your Trade* payment.

This measure will introduce new eligibility rules that will extend support to some groups of apprentices that currently do not receive one or more of these payments. The creation of a single program providing cash payments will reduce the current administrative complexity involved with allocating funds through three separate programs, each with different administrative and eligibility requirements. Savings achieved from reduced administrative complexity will be re-invested in expanded incentive payments. The implementation of streamlined administration and consolidation of sub-programs reduces expenses.

The new payment will be available to Australian Apprentices in selected trade occupations, agricultural occupations and, if in rural and regional Australia, horticultural occupations.

**Reform of Australian Apprenticeships Incentives Funding — extend employer incentives to all Diploma and Advanced Diploma courses**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	10.0	15.9	12.9	8.2

The Government will provide an additional \$47.0 million over four years to continue employer incentives — mainly commencement, recommencement and completion payments — for apprentices undertaking selected Diplomas and Advance Diplomas. This is an ongoing measure. This measure will support the COAG Participations and Productivity agenda to double the number of Diploma and Advanced Diploma completions between 2009 and 2020.

**Reform of Australian Apprenticeships Incentives Funding — provide support for Mid-Career Apprentices by extending funding to those aged 25 years and over**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	11.3	14.0	13.9	13.9

The Government will provide an additional \$53.1 million over four years to support more Mid-Career Apprentices. Currently support is only available to employers of apprentices aged 30 years and over in an occupation listed on the National Skills Needs Lists and is capped to a maximum of 10,000 new commencements each year.

This measure will extend support to apprentices aged 25 years and over and remove the limit on the number of eligible apprentices able to receive this support. Support under the initiative is \$150 a week for first-year full-time apprentices, and \$100 per week for second year apprentices in Certificate III and IV programs.

This measure complements COAG's Compact with Young Australians which ensures every Australian under the age of 25 will have a guaranteed education or training place.

**Reform of Australian Apprenticeships Incentives Funding — reduce and phase out Fast Track Apprenticeships**

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	-3.0	-5.4	-11.0	-16.9

The *Fast Track Apprenticeships* program tackles skill shortages by increasing the number of tradespeople in undersupplied industries through accelerated competency based apprenticeship models. Currently the program provides direct assistance to a large number of smaller individual projects and will be redeveloped to focus on a small number of large projects which demonstrate the development and dissemination of best practice. The new program will be time-limited and operate over the next four years.

It is expected that program outcomes will set benchmark processes for future delivery of accelerated apprenticeship pathways and enhance the flexibility of the national training system.

This measure will achieve savings of \$36.3 million over four years.

### Reform of Australian Apprenticeships Incentives Funding — streamlined administration

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	-0.4	-5.0	-6.4	-6.5

The Government will achieve administrative efficiencies and save a total of \$18.3 million over four years by streamlining administration arrangements across the Australian Apprentices incentive programs.

New streamlined administrative arrangements will reduce departmental expenses by a total of \$24.1 million over four years by reducing the number of separate payments, combining three payments into a single 'Tools for Completion' payment, reduce employer administration by making cash payments rather than reimbursements, and introduce more consistent eligibility arrangements. This will be offset by a one-off cost of \$5.8 million to establish the *Tools for Completion* payment arrangements.

See also the related expense measure titled *Reform of Australian Apprenticeships Incentives Funding — Combine three incentive programs into one program — Tools for Completion* in Education, Employment and Workplace Relations portfolio.

### Skills for the Carbon Challenge

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	8.3	7.0	5.6	6.0

The Government will provide \$26.9 million over four years to improve the capacity of industry and the vocational education and training sector to respond to climate change.

Funding of \$20 million over four years will be used to establish a pilot Skills for Sustainability Incentives Program which will provide support for approximately 5,000 Australian Apprentices per year in selected National Skills Needs List occupations undertaking a threshold level of sustainability skills related training. Additional funding will drive the development and trial of qualifications and training resources that incorporate sustainability principles, green skills and responsive educational approaches in a number of key industries.

This measure responds to key priorities from the Productivity and Sustainability streams of the Australia 2020 Summit.

### Vocational Education Broadband Network

Expense (\$m)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	25.7	15.6	-	-

The Government will provide \$81.9 million over three years (including \$40.5 million in 2008-09) to

provide the infrastructure to support a Vocational Education Broadband Network. This measure will support a high speed broadband network for the training sector. This will create a single post-secondary high speed network, connecting vocational education and training providers to the same network serving universities and other research institutions. The network will feature an online training marketplace, enabling private and community providers to offer courses across Australia.

The measure will assist in supporting foundation skills training, such as language, literacy and numeracy, through the provision of infrastructure to support low cost delivery. It also responds to key priorities from the Productivity stream of the Australia 2020 Summit.

#### **Youth Development and Support Program — funding reallocation**

Expense (\$m)	2008-09	2009-10	2010-11	2011-12	2012-13
Department of Education, Employment and Workplace Relations	-	-	-	-	-

The Government will reallocate funding of \$0.5 million per annum to the new Youth Development and Support Program from the former Youth Sponsorship Initiative program to fund organisations to support initiatives aimed at offering development opportunities for young people. The new program will allow eligible organisations to apply for project funding of up to \$75,000.

The cost of this measure will be met from within the existing resourcing of the Department of Education, Employment and Workplace Relations.

### BUDGET PAPER 3: AUSTRALIA'S FEDERAL RELATIONS

In 2009-10, the States will receive \$19.4 billion in payments from the Commonwealth to support state education services, an increase of 64.4 per cent compared with the \$11.8 billion the States will receive in 2008-09.

The additional funding to the States includes \$3.5 billion over five years for state education services as part of the COAG reform package agreed on 29 November 2008. This additional funding to the States includes:

- funding of \$1.0 billion over five years in recurrent base funding for the National Schools SPP, including \$412.0 million over five years from indexing the government schools component of the National Schools SPP each year using a more generous indexation arrangement, and \$635.0 million over five years to align historic Commonwealth funding rates between primary and secondary government schools;
- funding of \$1.1 billion over five years for the National Partnership on Low Socio-economic Status School Communities to facilitate reforms to address the needs of disadvantaged schools;
- funding of \$807 million in 2008-09 for the legitimate additional costs of implementing the National Secondary Schools Computer Fund — this measure complements the *Education Revolution — Improving our Schools — Digital Education Revolution* measure previously announced; and
- funding of \$550 million over five years for the National Partnership on Improving Teacher Quality that will address the significant challenges Australia faces in maintaining the quality of its teaching workforce, with a specific focus on professional development and support for principals.

The additional funding to the States also includes \$14.7 billion over three years from 2008-09 to improve capital infrastructure for the benefit of schools and their local communities, announced as part of the Nation Building and Jobs Plan on 3 February 2009.

From 1 January 2009, the Commonwealth has provided financial contributions to support state education services under the new National Schools SPP. This National SPP encompasses payments to the States for both government and non-government schools.

The government schools component of the National Schools SPP replaces the following payments to the States which were paid until 31 December 2008:

- \$1.2 million in 2008-09 for government schools to provide supplementary assistance as general recurrent grants which can be applied to staff salaries, teacher professional development and general operational provisions in government schools;
- \$250 million in 2008-09 under targeted programs for government schools and joint, which provides assistance for: improving literacy, numeracy and education outcomes for educationally disadvantaged students; promoting the study of other languages; and assisting the transition from school to work; and



## National Partnership on Productivity Places Program

The Productivity Places Program is part of the Government's Skilling Australia for the Future initiative and aims to reduce skills shortages and increase the productivity of industry and enterprises. The *National Partnership Agreement on Productivity Places Program* is a component of the Productivity Places Program.

The program aims to deliver up to 557,556 course enrolments and 402,881 qualification commencements. The National Partnership includes the additional 15,000 jobseeker places announced by the Commonwealth on 10 September 2008, with additional resourcing of \$45.5 million in 2008-09.

Funding under the National Partnership requires 50/40/10 cost sharing across the Commonwealth, States and private sources.

The Commonwealth will provide data to Skills Australia to assist in identifying industries, occupations and regions with skill shortages. Additionally, the Commonwealth will work in conjunction with the States to ensure the outcomes of the National Partnership are being met effectively. The States will have responsibility for implementing and managing the National Partnership.

### Estimated payments for the Productivity Places Program

Million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Payments to the States</b>									
<b>2008-09</b>	<b>30.3</b>	-	<b>10.6</b>	<b>9.6</b>	<b>7.1</b>	<b>2.2</b>	<b>1.6</b>	<b>1.0</b>	<b>70.4</b>
20 09-10	89.2	-	56.1	28.5	21.7	4.9	4.7	3.1	208.2
<b>20 10-11</b>	<b>131.0</b>	-	<b>65.9</b>	<b>43.7</b>	<b>32.6</b>	<b>6.3</b>	<b>7.3</b>	<b>4.7</b>	<b>301.4</b>
<b>20 11-12</b>	<b>161.2</b>	-	<b>90.7</b>	<b>60.3</b>	<b>37.0</b>	<b>14.9</b>	<b>8.6</b>	<b>6.3</b>	<b>376.9</b>
<b>20 12-13</b>	<b>161.2</b>	-	<b>90.7</b>	<b>60.3</b>	<b>37.0</b>	<b>14.9</b>	<b>8.6</b>	<b>6.3</b>	<b>376.9</b>
<b>State contribution</b>									
<b>2008-09</b>	<b>12.5</b>	-	<b>7.7</b>	<b>3.9</b>	<b>2.0</b>	<b>0.9</b>	<b>0.6</b>	<b>0.4</b>	<b>20.0</b>
20 09-10	40.8	-	26.2	13.3	10.2	3.1	2.1	1.5	97.0
<b>20 10-11</b>	<b>67.1</b>	-	<b>41.7</b>	<b>21.2</b>	<b>16.7</b>	<b>4.0</b>	<b>3.6</b>	<b>2.3</b>	<b>106.3</b>
<b>20 11-12</b>	<b>71.7</b>	-	<b>40.0</b>	<b>24.0</b>	<b>11.1</b>	<b>6.6</b>	<b>4.2</b>	<b>2.6</b>	<b>101.0</b>
<b>20 12-13</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>									
<b>2008-09</b>	<b>42.8</b>	<b>0.0</b>	<b>28.3</b>	<b>13.4</b>	<b>9.9</b>	<b>3.1</b>	<b>2.3</b>	<b>1.4</b>	<b>90.2</b>
20 09-10	130.0	0.0	82.3	41.8	31.9	8.0	6.8	4.5	305.3
<b>20 10-11</b>	<b>206.2</b>	<b>0.0</b>	<b>127.6</b>	<b>64.9</b>	<b>48.2</b>	<b>12.2</b>	<b>11.0</b>	<b>6.9</b>	<b>476.7</b>
<b>20 11-12</b>	<b>232.9</b>	<b>0.0</b>	<b>137.5</b>	<b>76.1</b>	<b>51.1</b>	<b>20.6</b>	<b>12.7</b>	<b>8.0</b>	<b>509.6</b>
<b>20 12-13</b>	<b>161.2</b>	<b>0.0</b>	<b>90.7</b>	<b>60.3</b>	<b>37.0</b>	<b>14.9</b>	<b>8.6</b>	<b>6.3</b>	<b>376.9</b>