

Commonwealth tightens the funding screw

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hen ANTA MINCO met on 15 April, they failed to reach agreement on future funding arrangements. Things have been moving rapidly since, as Federal Research Officer **MICHAELA KRONEMANN** explains.



The Commonwealth funding offer provided for an additional \$174.7m over 3.5 years from July. Most of this (an estimated \$145.7m) was the re-inclusion of the Priority Places Program, put out to tender in 2004 as one of the penalties for failing to reach agreement. The remaining \$29m appeared to be indexation.

The state and territory ministers called on the Commonwealth to increase its investment in training and expressed concern about the conditions that the Federal Government sought to impose, particularly the industrial relations agenda. The next MINCO meeting was scheduled for June, with a report back by officials on the impact of the Commonwealth funding proposals on the availability and quality of training before an agreement would be signed.

The Federal Budget was brought down on 10 May. Election commitments around new apprenticeships, such as toolboxes, were funded. It also provided additional funding of \$39m for the 'welfare to work' measures. This increased the total funding 'offer' from \$174.7m to \$215m for 2005-08.

Legislation

The Skilling Australia's Workforce Bill 2005 and the Skilling Australia's Workforce (Repeal and Transitions) Bill 2005 were tabled the day after the Budget, on 11 May, obviously pre-empting further negotiation with the states.

The Skilling Australia's Workforce Bill 2005 lays out both funding appropriations and the conditions to be imposed on payment of that funding to the states and territories.

Under this Bill, the Minister will not be authorised to make any payment to a state unless there is a written agreement which complies with the conditions set out in the legislation. The Commonwealth provides some 30% of government funding for VET and is in effect threatening to withhold

some \$1.2 billion unless the states comply with the onerous conditions in this legislation.

Industrial agenda

TAFEs are to offer Australian workplace agreements (AWAs) to all staff, or other individual agreements where AWAs are not possible. TAFE directors are to be given more power, including in relation to remuneration and recruitment. A performance management scheme is to be introduced, 'rewarding' high performance (including performance pay) and 'managing' underperformance. TAFEs 'must neither encourage nor discourage trade union membership'. Existing certified agreements and other industrial instruments will

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continue to apply but all new ones will have to be consistent with these requirements.

As Pat Forward has reported, the original clause providing for increased capacity for TAFEs to develop entrepreneurial and commercially oriented business plans 'that will enable government funding to be reduced' has been amended to delete the final clause.

Other conditions

States must comply with user choice policy and expand user choice by 5% per year, as well as participate in the establishment of a national unit price band for each New Apprenticeship.

States must also take action to remove requirements in State awards for time-based training and must contribute to the achievement of a consistent national system of occupational licens-

ing requirements. TAFE facilities must be made available to other parties on a commercial basis.

Funding

The Bill provides funding of \$605.8m for the second half of 2005, \$1231m in 2006 rising to \$1290.7m by 2008. This funding is subject to the requirements laid out in the legislation.

It is worth reiterating that while the full amount of Commonwealth funding is under threat as a result of the terms of this legislation, the 'offer' that links to this legislation provides modest additional funding only in relation to the welfare to work program.

Since 1997, Commonwealth funding for VET has fallen by 6.5% in real terms while enrolments have increased by 18.8%. Funding per student hour (Annual Hour Curriculum) has fallen by 18.1% since 1997 when adjusted for CPI; within that, the Commonwealth contribution has fallen by 26.3%. The current funding 'offer' promises more of the same financial squeeze while seeking to impose greater Commonwealth control of the national system, more privatisation and commercialisation, and of course the industrial relations agenda.

As Linda Simon reports, the Council of Australian Governments (COAG) met in June and agreed to establish a working party to address the perceived barriers to a national approach to apprenticeships and training. The Premiers have appeared to concede many of the Commonwealth claims in this approach, although not of course the industrial relations issues.

The Labor Party has tabled an amendment to delete the requirement for AWAs. The legislation has now been made the subject of a Senate inquiry, which is to report back in August (when the Coalition will have the numbers). ♦

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