Trainees in ‘critical decline’

Tim Dodd

The vocational education and training sector has condemned federal Labor’s move to cut $242 million in funding for apprenticeships and traineeships in Friday’s pre-election economic statement.

The peak body representing TAFE colleges warned the decision would exacerbate the “critical decline” facing the Australian apprenticeship system.

Martin Riordan, chief executive of TAFE Directors Australia (TDA), said that a reduction in employer incentives made in July 2012 was the main reason for the dramatic drop in apprenticeship numbers in the past year.

“There is no doubt this decision will have a similar effect,” he said.

The latest cut was announced by Treasurer Chris Bowen as part of the $17 billion in savings intended to bring the federal budget into surplus by 2016-17.

Except where an apprentice is in a priority occupation, employers will no longer receive the payment of $3000 for full-time apprentices and $1500 for part-time apprentices at the completion of the apprenticeship.

While the payment will continue to be made when current apprentices complete their indenture, it has an immediate effect on ending the payment for new apprentices.

The exempted priority occupations are those on the National Skills Need List as well as aged care, childcare, disability care and enrolled nursing.

According to the TDA, the biggest impact of the cuts will be on retail, management and clerical traineeships.

The Australian Council for Private Education and Training (ACPET), which represents private education providers in vocational education, said the decision was the second in a week to hit the sector.

Fees charged by the Australian Skills Quality Authority for training providers to maintain their registration will also rise, between 170 per cent and 280 per cent.

“The combined cuts and fee increases will weaken the financial viability of hundreds of training providers and result in an unprecedented number of providers closing their doors,” said the ACPET chief executive, Claire Field.

She said the government’s own research had shown that giving modest support to employers to assist them in offering recognised training to their staff was important in providing training opportunities.

Also in Friday’s economic statement, Labor announced a one-year postponement of its plan to cap the tax deductibility of self-education costs to $2000 a year.

This decision came in response to an intensive campaign by education providers and professional bodies against the cap.

Universities Australia said the cap would have “increased the effective cost of postgraduate fee paying courses by an estimated 30 to 54 per cent resulting in a decline in postgraduate and professional development programs by an estimated one-third”.

If these figures are correct the introduction of a $2000 tax deductibility cap would have a devastating impact on university revenue from postgraduate courses.

The postponement will cost the government about $250 million in tax revenue, almost exactly the same amount which the government will save if Labor’s plan to cut apprenticeship completion payments is implemented.