

**INITIATIVES FOR SKILLS FUNDING LIMITED TO ALTERNATE PATHWAYS
INDUSTRY INITIATIVE
&**

**FUNDING FOR INTRODUCTION OF ENTITLEMENT TO TRAINING UNDER NATIONAL
PARTNERSHIP AGREEMENT ON SKILLS**

TDA has welcomed Federal Budget 2013 allocations initiating a limited scheme for *alternate skills pathway courses*, with **\$68.8 million** set aside for technical and trade qualifications, led by industry.

The Budget confirmed funding for the National Entitlement to Training, guaranteed under the *National Partnership for Skills and Workforce Development* with reward funds of \$1.75 billion for states and territories. That COAG Agreement on 'Entitlement' had earlier been signed by the Prime Minister with state and territory Premiers and First Ministers, in April 2012.

The Budget flagship for post-secondary funding remains Commonwealth higher education totalling \$7.185 billion, which along with \$9.8 billion school grants, together remain the major spending priorities in education.

University and higher education research funding now ranks 11th in total spending by Canberra, with the allocation of \$7.185 billion in 2013-14. This represents a 75% increase in recent years for university-dominated Commonwealth Supported Places (CSPs), supporting 189,000 university students. In addition, the Budget allocated an extra \$96.7 million for extra CSPs for postgraduate and sub-bachelor courses, with negotiations with universities on priority areas.

By contrast, the Treasurer, Hon. Wayne Swan, noted in his Budget Speech that under Labor, funds for skills had grown by under 50%. This total allocation included GFC Stimulus funds, and last year's Budget pledge to continue the *National Workforce Development Fund*, comprises \$700 million delivered over four years. The NWDF is restricted to enterprises willing to co-contribute to training costs. However, the administration of the NWDF may widen to agencies beyond the 11 Industry Skill Councils.

EDUCATION BUDGET -- CUTBACKS CONFIRMED

The Budget announced reversals and revenue set-backs to skills and education funding:

- Reversing the decision in Budget 2012 to invest \$6 million in Australian Skills Centres of Excellence
- Return of unspent funds under the Education Investment Fund (EIF), from the Solar Flagships program (\$159.1 million)
- The Australian Skills Quality Authority (ASQA) will continue with financial support, but required to move to cost recovery under RTO registrations and regulation.

- Removing discounts for Higher Education Loan (HELP) up-front and voluntary payments (\$276.7 million over four years)
- Efficiency dividend to universities, of 2.0% in 2014, and 1.25% in 2015 (\$902.7 million over four years)

The Budget provided some extra funds for the 'Asian Century' education initiatives, regional education programs, and pensioners who qualify as carer parents. However, no mention was made of the frozen \$500 million in Education Investment Fund Regional Round grants from 2012, affecting 12 TAFE/ VET applications. The Budget 2013 allocations were:

- \$58.1 million over four years from 2013-14 to support students to for *AsiaBound* study in Asia, and undertake an Asian language course.
- \$1.8 million over three years from 2012-13 to support "harmonisation" of vocational and training (VET) standards and skills recognition between corresponding industry in Australia and Asia
- Employment and Workplace Relations Minister Hon Bill Shorten, announced --
 - \$19.2 million to help Australians find work and regional businesses to find apprentices, including \$3.5 million to assist job seekers relocate to regions for employment and apprenticeships before 30 June 2014
 - \$39.7 million over four years under the Pensioner Education Supplement (PES), to all single carer parents receiving Newstart Allowances.

BUDGET OUTLOOK

The Budget Papers shows that Australia's participation forecast remains on a downward spiral, in line with the 2010 Intergenerational Report. Treasury predicts that 2010 showed the peak of national participation at 65.9%, however this is tipped to fall to less than 61% by 'out years' 2049-2050.

Participation remains a key determinant to national productivity. The upside to the workforce participation forecast is that more Australians aged over 55 are taking up education, and along with improved medical support, these factors will significantly stabilise the drop in participation, according to Treasury.

The Budget shows GDP growth at 2.75% in 2013-14, and predicts GDP to grow to 3.0% in 2014-15.

The deficit is forecast at \$18.0 billion in 2013-14, with return to surplus delayed until 2016-17.

Household consumption is likely to "grow solidly", with Treasury predicting this will provide a platform for recovery in some non-resource parts of the economy.

Treasury adds, "*...However, in the near term, economic growth outside the resource sector will continue to face some headwinds, and conditions are expected to remain uneven across the economy.*"

TDA COMMENT

Martin Riordan, Chief Executive of TAFE Directors Australia, said the Budget has confirmed that tight economic conditions will restrict the capacity for the technical and further education sector to recover from reduction in skills funds, and the impact on international education.

He added: "Skills policy has ranked far too low in Commonwealth priorities, with various projects from last year cut. The cost-shift to states and territories on one hand, and individual students on the other, will accelerate under Budget 2013.

"Federal grants on skills is now restricted enormously. There is funding channelled to the single shared 'Entitlement' funding with states and territories, and some adjustment for the National Workforce Development Fund. Yet even the NWDF remains contingent on industry co-contribution.

"Entitlement in whatever shape jurisdictions choose, will proceed from 2013-14, yet even here the Budget Papers confirms huge reliance on shifting funding to individual student income contingent loans."

For further information:

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