



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**SKILLING AUSTRALIA'S
WORKFORCE BILL 2005**

**SKILLING AUSTRALIA'S
WORKFORCE (REPEAL AND
TRANSITIONAL PROVISIONS) BILL 2005**

Second Reading

SPEECH

Tuesday, 14 June 2005

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Macklin, Jenny, MP

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Ms MACKLIN (Jagajaga) (4.29 pm)—The Skilling Australia's Workforce Bill 2005 and the Skilling Australia's Workforce (Repeal and Transitional Provisions) Bill 2005 represent some of the most significant changes to the structure of the national vocational education and training system since Labor established the national system over a decade ago. That was a national training system built upon a common understanding that cooperation equalled progress, where the interests of ensuring Australia had the skills base we required so that our economy could grow were put before petty politicking. Unfortunately we now have Commonwealth-state relations reduced to political grandstanding and cheap pointscore by the current federal government. Unconcerned by the outcomes, they are motivated by increasing their control and power but without the troubling by-products of responsibility and accountability. Their attitude is nowhere better typified than in the area of education and training.

The approach of the government in this very important area has bordered on negligence for the bulk of their time in office. They cut away swathes of growth funding for TAFE during their first two budgets and failed to provide any growth funding in six of the last nine years. They were sowing the seeds of today's skills crisis—a crisis they still cannot acknowledge. When the cacophony of voices crying for increased skills investment reached a crescendo the response of this government was a petulant display with talk of bypassing the states and territories and threats to TAFE funding. We heard the Minister for Vocational and Technical Education carrying on like this just last Friday. Instead of negotiating and discussing with the states and territories, the government are proposing to duplicate world-class infrastructure and programs with their technical colleges. Minister Hardgrave confirmed their skills negligence, with the latest in a long line of head in the sand comments from this government, when he said during his second reading speech on this bill:

.. there is limited evidence of economy-wide skills shortages ...

How can the minister stand in this House and make that extraordinary claim when everyone from the Reserve Bank to the OECD is shouting warnings about Australia's skills crisis? Frankly, it is beyond belief. It should not be surprising then to learn that the content of the two bills before the House today reflect an arrogant and out-of-touch approach—all control and no responsibility. These bills dismantle the cooperative tripartite national training system established by Labor in 1992 under the auspices of the Australian National Training Authority, or ANTA as it has become known. The Skilling Australia's Workforce (Repeal and Transitional Provisions) Bill 2005 abolishes ANTA and repeals the Vocational Education and Training Funding Act. It transfers ANTA's assets and liabilities to the Commonwealth. These will be vested in the Department of Education, Science and Training.

The companion bill, Skilling Australia's Workforce Bill 2005, proposes to establish a new system for the provision of Commonwealth funding to vocational education and training in Australia. It is certainly an audacious bill. It proposes an unprecedented level of Commonwealth legislative prescription over vocational education and training funding in this country in an attempt to unilaterally force the Commonwealth's agenda upon the states and territories, and therefore upon our world-class TAFE system. There are some very troubling conditions detailed in the Skilling Australia's Workforce Bill which demonstrate why the Commonwealth would be better advised to remove the conditions from the legislation itself and to leave them to the text of any future agreements.

Proposed section 12 contains two provisions that Labor cannot support. The first forces TAFE colleges to offer Australian workplace agreements. Labor believe that the government's ideological industrial relations crusade has no place in legislation about funding vocational education and training. The second requires governments, both state and Commonwealth, to reduce TAFE funding. At a time of skills crisis it is outrageous that the government would introduce legislation that required a reduction in TAFE funding. We will be moving amendments to delete these proposed sections from the bill. Should both of these amendments be unsuccessful, Labor will oppose this legislation. Labor believe that our national training system should be supported by a strong, independent tripartite body able to provide broadly based advice to the entire sector. Training our current and future work force should be a partnership between all involved: government, industry and workers. Given

that the government is not willing to honour these principles in the new system it proposes, Labor will also oppose the bill which repeals ANTA and its associated national arrangements.

Under current legislative arrangements, vocational education and training funding is lawfully appropriated for the entire 2005 calendar year. I want to emphasise this point because I understand there is a scare campaign being mounted by the government that if we send this legislation off to a Senate committee then we jeopardise VET funding for the rest of the year. Our advice is that the current legislative arrangements guarantee that VET funding is lawfully appropriated for the entire 2005 calendar year. TAFE funding therefore is secure. The massive changes proposed in this legislation should be properly reviewed by this parliament. Commonwealth money for TAFE is available for the rest of the year but will only be passed on if the Commonwealth keeps its word.

The government must honour its commitment—reiterated as recently as the last ministerial council—that, if negotiations were continuing, it would maintain funding to the end of 2005. The minister should remember that commitment, which he gave to state and territory ministers. Given the extensive reach of the new funding conditions, coupled with the lack of promised consultation with the states and territories, we will be seeking a Senate inquiry. These are major funding changes with very significant conditions attached to them. It is only right that we have the opportunity to look at the impact that these changes may have on the vocational education and training system in Australia.

Before looking at the details of the bills I want to say a few words about the Australian National Training Authority and the national training system it helped bring into existence. On 4 November 1992 the Leader of the Opposition, Kim Beazley, was then the Minister for Employment, Education and Training. He introduced a legislative package to establish ANTA, supported by the Vocational Education and Training Funding Act. These legislative measures gave effect to the groundbreaking agreement between the Commonwealth and the states to establish a new vocational education and training system—a national system with ANTA as its centrepiece. It is worth reflecting on the significance of this agreement and the spirit in which it was negotiated. To quote from the then minister's second reading speech in 1992:

That agreement was reached after a sustained period of negotiations, during which the needs for a national and properly funded system of vocational education and training were balanced against the constitutional reality that vocational education and training remains primarily a responsibility of the States.

This package of legislation respects that balance.

Doesn't it seem like an absolute eternity ago that we had a Commonwealth government that understood, let alone respected, the constitutional balance? Certainly this government does not. It also seems like an eternity ago that we had a Commonwealth government that could usher in a comprehensive refocusing of the direction of vocational education and training while crossing not only the federal-state divide but also the party political divide. The agreement to establish ANTA was not implemented by surprise on the state governments. Rather, it was negotiated by governments of both political persuasions. The then federal Labor government was able to be in the same room and have constructive multilateral and bilateral dialogue with the then state Liberal governments, including with that of the biggest state, New South Wales, under both premiers Greiner and Fahey. It really does seem like an absolute eternity ago, given the attitude of the current federal government.

To quote again from an age when the Commonwealth acknowledged the need to have the vocational education and training system grow—and actually had an education minister able to deliver the additional funding required—the then minister said the first agreement 'honours the Commonwealth's commitment to provide triennial funding for vocational education and training, including a total of \$720 million in additional funds over the 1993-95 triennium'. So not only did the 1992 legislation lay the institutional foundations for our national training system; it also funded expansion of the system.

When Labor introduced the first Vocational Education and Training Funding Act back in 1992, there was \$720 million in additional growth funding provided by the Commonwealth from 1993 to 1995. If this government's bill that we are debating here today did what Labor's legislation did back in 1992, there would be an additional \$925 million in additional funding in today's dollars for VET funding over the next three years. Instead—and I am sure it will come as no surprise to all of those young people trying to get into TAFE or trying to get an apprenticeship—what we have from this government is very little that is new. It is mostly just a reallocation of existing funds. We have a proposal on the table as part of a new Commonwealth-State Training Funding Agreement funded by this legislation that we are debating today. It almost entirely comprises a reallocation of existing funds and has been unanimously condemned as inadequate by state and territory governments.

So, unlike the 1992 agreement, where we could get agreement between the states and territories across the political divide with growth funding for vocational education and training, this time, with this government, we have a Commonwealth government saying, 'Take it or leave it—this is what's on the table.' And, of course, they are saying that not only to the state and territory governments but also to all the families, all the young people and all the businesses who are being hurt by this government's damaging skills crisis. It is extraordinary, because this offer also flies in the face of the Productivity Commission's call for the Howard government to better cooperate with the states on vocational education and training. Of course, the government are ignoring their calls just like they are ignoring the calls of the Reserve Bank of Australia and the OECD to put more investment into this critical area of skills development.

So the differences in the Commonwealth's approach now and its approach back in 1992 could not be more pronounced. These bills are the result of no negotiations, no consultations, no sharing of responsibilities and no respect for Commonwealth-state balance. Most damning of all, though, given the extraordinary skills crisis this nation is presented with, is the lack of real growth funding. There is no new general funding of TAFE places for all of those Australians who want to develop their skills.

The abolition of the Australian National Training Authority will mark the end of an era. ANTA has earned a very well deserved amount of praise for establishing and maintaining a national system of vocational education and training qualifications and a national system of recognition and credit transfer. This should exist as a worthwhile guide to the often idiosyncratic credit transfer system between, and even within, our universities. So I do want to say thank you to ANTA staff members who have worked hard to create this national system. Staff are now faced with a 'Canberra or nothing' offer of continuing employment within the department of education. Thanks must also go to the members of the ANTA board from industry and from the unions who have worked very hard together, cooperatively, to bring about this unified national system—not without their disagreements at times but, nevertheless, with a very clear focus that they had in common.

From 1992, under ANTA board chairs Brian Finn, Stuart Hornery and David Hind, they laid the foundations for a truly national tripartite vocational education and training system. It was only a Labor government which actually had the vision to bring about a revitalisation of vocational education and training in the early 1990s. It was a vision to bring together an assortment of qualifications under a single consistent national framework—so important for Australia's development—and a commitment to provide the funding necessary to back the vision up and make things happen.

Extraordinarily, it took just a few lines in a prime ministerial press release to undermine and threaten the entire ANTA system. Many in the training sector were taken by surprise by the few short lines buried on page 4 of the Prime Minister's press release dated 22 October 2004 with the headline 'Fourth Howard Ministry'. In nothing more than an aside the Prime Minister unilaterally announced the abolition of ANTA. He did not talk to the states and territories. He did not announce it in cooperation with the partners who had entered into the ANTA agreement in the first place. He just announced it unilaterally on page 4 of a prime ministerial press release. By many accounts, apparently including his own, the minister for education was told, not consulted, about the change. So Dr Nelson, like all of the states and territories, was relegated to the position of a mere bystander—along with his department and everyone else—to one of the biggest changes in the Australian vocational and educational training system in over a decade.

The state and territory governments were not consulted. They were supposedly partners in this cooperative national system, founded on a productive relationship of collaboration that the government has progressively undermined and now all but destroyed. It is worrying—although from this government not surprising—that those who have been so intimately involved in the national training system over the past decade were not consulted about its future. This is symptomatic of the growing arrogance of this government. With impending absolute control, on a whim it will be able to do away with national institutions like ANTA. No doubt what we are debating today is a portent of things to come.

The government's arrogance is highlighted when we examine the detail of the bills and the funding arrangements for the new national training system it proposes to put in place. The new funding system will be established by the Skilling Australia's Workforce bills, which contain a level of unprecedented prescription from Canberra over how states and territories should allocate training resources. Extraordinarily, this is not only over the Commonwealth's share of the funding but also over all of the states' share of the funding. Despite the fact that over 70 per cent of public VET funding comes from the states and territories and less than 30 per cent comes from the Commonwealth, this government wants 100 per cent control. No doubt the minister for education will continue to accept zero per cent of the responsibility for any problems that arise.

In this legislation the government is appropriating \$4.4 billion in general VET funding over the next 3½ years. Interestingly, this is less than the \$4.9 billion the government was purporting to offer the states earlier in the year, so when the minister responds I would appreciate it if he would explain that \$500 million discrepancy. To this funding the government is attaching a raft of statutory conditions that will impose restrictions on how the VET system would operate. The states and territories are being told by the Commonwealth, 'If you want our 30 per cent of funding, you must agree to all of our conditions over all of your funding.' As I understand it, the Commonwealth is refusing to negotiate. The states and territories were promised the opportunity to discuss this legislation before it came into the parliament, but not surprisingly that did not happen. What sort of negotiation can there be if these conditions are enshrined in legislation that comes into the parliament before any discussion takes place? The previous agreements contained targets, goals and conditions, but they did not require legislative entrenchment to make them effective. We are under no illusion that the government will listen to any sense or reason. It seems to be blinded by an extraordinarily centralist crusade, in a perverse reverence of the Whitlam government.

We were told by the Prime Minister that abolishing ANTA would create budgetary savings. The current budget identifies savings of \$12 million over the next four years. But without ANTA there is a gap to fill in national industry led advice to government on training and skills. To plug this gap the government is proposing an Institute for Trade Skills Excellence. The functions of this mysterious institute have not yet been detailed, and we will have more to say about that once we finally know what it looks like. What we do know, from the budget papers, is that it is going to cost twice as much as the government is saving by abolishing ANTA—\$22.9 million over four years; extraordinary.

Before I look at some of the specific conditions proposed in the legislation, I want to reflect that it extends the Commonwealth's capacity to micromanage the TAFE system and the courses it offers. This will not come as a surprise to anyone in the university system, because they know that is what has already been introduced in universities by legislation passed through this parliament in 2003. The education minister then gave himself unprecedented power to pick and choose what he considers to be courses worthy of funding. It is extraordinary that we have an education minister who knows better than our universities what should be taught to each and every one of our students. It is not only in undergraduate teaching; the minister, Brendan Nelson, also has the power to veto research grants. Using his extraordinary, untold wisdom he has already rejected two Australian Research Council peer reviewed recommendations. Unfortunately, we still cannot get any reasons for him rejecting those recommendations.

Proposed section 7(3) of the Skilling Australia's Workforce Bill 2005 says:

The Minister must not authorise a payment of financial assistance ... unless the Minister has approved the annual VET plan for the State for the year.

That gives the minister unprecedented control—which is, of course, very true to form for this arrogant government. Part 2, division 2 of the Skilling Australia's Workforce Bill details the lengths this government wants to go to to prescribe the operations of the VET system and circumscribe the policy-making capacities of state and territory governments. Proposed section 7 stipulates that the Commonwealth minister must not authorise payments of financial assistance unless the conditions are complied with. All of this is, of course, at the complete discretion of the Commonwealth minister.

As I mentioned earlier, section 12 contains two provisions Labor will be seeking to delete from the bill. Section 12(1)(b) requires all of our TAFEs to offer Australian workplace agreements to their staff. Labor strongly believes that the vocational education and training system is no place for the Howard government to be driving its ideological industrial relations agenda in. I will move an amendment to delete this requirement.

There is no question that Australian workplace agreements have been an outright dud in setting employment conditions. The hallmark of their success is that, after nine long years of vigorous advocacy and promotion by the Howard government, AWAs cover just 2.4 per cent of the work force. That is why the government has decided that advocacy and promotion are no longer the way forward: wherever it can, it is going to force AWAs onto those institutions—make them offer AWAs to their workers. The government is proceeding in universities; now, through this legislation, it is trying to impose its industrial relations conditions in our TAFEs. The government has even decided to establish its own system of technical colleges and force the implementation of these industrial relations changes in these new schools. This requirement contravenes the objects of the government's own Workplace Relations Act. A principal object of that act is:

... ensuring that the primary responsibility for determining matters affecting the relationship between employers and employees rests with the employer and employees at the workplace or enterprise level ...

That is the government's own law; that is their own principle. They should at least have some respect for their own principles and leave the decision as to whether or not AWAs will be offered to be made by the people who actually run the TAFEs—who, of course, are not employees of this government.

Of course, the government acknowledge that their blind ideological pursuit of AWAs is somewhat constrained by the Commonwealth Constitution. Some state governments have repeatedly told the government that they are constitutionally precluded from offering AWAs to TAFE employees. This is because in some states, such as Tasmania and Queensland, TAFE employees are part of the state Public Service and therefore ineligible for AWAs under the terms of the Workplace Relations Act. But it would be unlike this government to let reason stand in the way of its ideological crusade on industrial relations.

The second amendment Labor will move concerns words in section 12(1)(f); specifically, I will move to delete the words that would require governments, both state and Commonwealth, to reduce their funding of TAFE. At a time of skills crisis in this country, it is outrageous that the Howard government would introduce legislation that required a reduction in TAFE funding. This government has already slashed the vocational education and training growth funding; it has created an \$833 million skills deficit by lagging behind states and territories on vocational education and training funding; and it has turned away 270,000 Australians from TAFE since 1998. Now, in this bill, the government proposes to further reduce funding, and to force the states to do so as well.

Labor supports TAFE institutions developing more entrepreneurial and commercially orientated business plans, but this should not be used as an excuse to cut TAFE funding at a time when Australia is crying out for more skilled workers. The government has belatedly been forced to follow Labor's lead on this issue, and the minister will be moving amendments to delete these words from the bill. But the words are hardly a drafting error, which is the way the minister tried to explain the situation when he made the amendments public: they are an admission of policy intent.

If both of the amendments that I will move in the consideration-in-detail stage do not succeed, we will strongly oppose this legislation in the House and we will seek a Senate inquiry to look at the details of the legislation and the impact that it will have on our vocational education and training system. If the government perseveres and takes this legislation as it currently exists into the Senate, we will strongly oppose it in the Senate as well.