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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

TRAINING GUARANTEE (SUSPENSION) BILL 1994

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Schools, Vocational
Education and Training, the Hon Ross Free MP)

TRAINING GUARANTEE (SUSPENSION) BILL 1994

GENERAL OUTLINE

The Training Guarantee (Suspension) Bill 1994 amends the Training Guarantee (Administration) Act 1990 to give effect to an undertaking made by the Government in the White Paper on Employment and Industry to suspend the Training Guarantee for two years. The Government believes that employers have recognised the value of training and will continue to play their role in increasing Australia's skills base.

The Bill removes any requirement for employers to pay a training guarantee charge for the years beginning 1 July 1994 and 1 July 1995 and reduces the minimum training rate in those two years to 0%.

The White Paper also contains an undertaking that the Training Guarantee will be abolished if employers give a credible commitment to providing the training places required in the White Paper strategy.

The Bill does not remove employers' obligations for the year beginning 1 July 1993. Employers who have a shortfall in that year may either pay the shortfall by 30 September 1994 or elect to postpone the shortfall and make it up by providing eligible training in the two years of the suspension. The reduction of the minimum training rate means that any eligible training provided during those two years may be counted against the postponed shortfall.

Employers who train during the two years of the suspension who do not have a postponed shortfall or whose expenditure is greater than the amount of the shortfall may carry their remaining excess forward to the following years to be set off against any shortfall which may arise in those years.

FINANCIAL IMPACT STATEMENT

It is expected that there will be a small saving in administrative costs as a result of these amendments to the Training Guarantee (Administration) Act 1990.

NOTES ON CLAUSES

Clause 1 - Short title, etc

Clause 1(1) provides for this Act to be cited as the *Training Guarantee (Suspension) Act 1994*.

Clause 1(2) relates this Act to the principal Act, the *Training Guarantee (Administration) Act 1990*.

Clause 2 - Commencement

This clause provides for the amendments to take effect on the day on which the Act receives the Royal Assent

Clause 3 - Charge not payable unless employer has training guarantee shortfall etc

Subsection 13(2) of the Principal Act identifies provisions of the Act which exempt employers from paying the training guarantee charge.

This clause amends subsection 13(2) of the Principal Act to include a reference to the new section 15AA to be inserted by Clause 5, which provides that employers are not liable to pay a training guarantee charge in respect of the period of suspension.

Clause 4 - Minimum training requirement

Subsection 13(1) of the Principal Act prevents a training guarantee charge being payable by an employer for a year unless the employer has a training guarantee shortfall in that year. The training guarantee shortfall is calculated according to a formula set out in sections 14 and 15 of the Act. Part of that formula depends on a minimum training requirement which is currently 1.5% of the employer's annual national payroll.

This clause amends section 15 of the Principal Act to reduce the minimum training rate from 1.5% to zero for the two years of the suspension.

Clause 5 - Insertion of new section

This clause inserts a new section 15AA which removes the obligation for employers to pay any training guarantee charge relating to the two years of suspension.



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