

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 ADDITIONAL ESTIMATES HEARING

Outcome: 2
Output Group: 2.1 Vocational Education and Training

DEST Question No. E932_04

Senator Johnston asked on 18 February 2004, EWRE Hansard page 51

Refer to Question number E341_04

Question:

In relation to the skill centre project, the CSTC and the CFMEU:

- (a) can we ask the Western Australia Department of Training whether there is a written document evidencing the loan, what are the terms of the loan, and when is it repayable to the skills training centre.
- (b) Does ANTA have any oversight, capacity to impose sanctions on or audit the end users of the money?

Answer:

Construction Skills Training Centre

ANTA has provided the following response.

(a) Granting of loans between the union and CSTC

The WA Department provided ANTA with copies of the CSTC's audited financial statements for 1999 and 2000. On each occasion the audit opinion provided by the company auditor was unqualified confirming that the accounts present a true and fair view.

The 1999 audited financial statements clearly disclose the value of the grant received from the WA Department of Training as \$996,561 under note 5 to the statements. The full amount of \$996,561 is brought to account in the Statement of Income and Expenditure as income of \$446,786 in 1998, \$367,030 in 1999 and \$182,745 in 2000.

Note 5 to the financial statements, under the heading of related party transactions, discloses an interest free loan payable to the union of \$586,067 at 31 December 2000. This amount was \$126,067 in 1999 and \$26,067 in 1998.

The audited financial statements do not show any loan payable by the union to the CSTC and ANTA's investigation has concluded that there is no evidence to suggest such an arrangement has ever existed between the two parties.

The Cole Royal Commission's findings of a loan payable by the CSTC to the union relate to income received from training levies and not the ANTA grant funds.

The close relationship between CSTC and the union is reflected in note 3 to the financial statements, which states, "the Construction Skills Centre is dependent upon the continued financial support of the Western Australia Builders Labourers' Painters and Plasterers Union".

(b) Oversight of end users of skill centre funds

The program guidelines *'Infrastructure Program Skill Centre Component Information and Guidelines'* in place at the time state that

- Once funds have been approved by ANTA, State/Territory Training Agencies will have responsibility to progress the proposal with the applicants and arrange for the necessary formal agreements and management processes to be put in place to protect public funds.
- All contractual matters relating to the establishment of approved Skill Centres and the appropriate use of public funds will be the responsibility of the State or Territory.
- It will be a matter for the States/Territories to put in place any procedures they consider necessary to meet their own requirements, including conditions of grants, to ensure that proposals will withstand public scrutiny and to propose appropriate management arrangements to ensure proper accountability of public funds.

In addition, the standard funding schedule, which is attached to the approval letter sent to the relevant State or Territory, includes the following

- Following the completion of the project and the acquittal of the funds, we would seek your formal advice that the project has been completed and the funds provided have been expended as approved and any other conditions met.

States and Territories on behalf of ANTA administer the skill centre program. Under the program guidelines, it is the responsibility of States and Territories to

- arrange for the necessary formal agreements and management processes to be put in place to protect public funds, and
- put in place any procedures necessary, including conditions of grants to ensure that proposals will withstand public scrutiny and to propose appropriate management arrangements to ensure proper accountability of public funds.

It is also the responsibility of States and Territories to acquit the project in terms of their dealings with the proponent and arrange for the return of any unused grant funds to ANTA.

Given these guidelines, ANTA does not have a direct relationship with the recipient of the grant and does not have the capacity at this stage to apply sanctions on the grant recipients. ANTA has work underway with senior officials from Australian and State Government Departments to agree processes to further tighten grant arrangements between ANTA, the State or Territory and the grant recipient.