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| National partnership on The Skilling Australians Fund | |
| An agreement between | |
|  | * the Commonwealth of Australia and * the States and Territories, being: |
|  | * New South Wales * Victoria * Queensland * Western Australia * South Australia * Tasmania * the Australian Capital Territory * the Northern Territory |
| This Agreement will contribute to improved employment outcomes by supporting Australians to obtain the skills and training they need and increasing the uptake of apprenticeships and traineeships, pre-apprenticeships, pre-traineeships, higher-apprenticeships, and other relevant employment related training. | |

National Partnership on the Skilling Australians Fund

# overview

1. This National Partnership (the Agreement) is created subject to the provisions of the Intergovernmental Agreement on Federal Financial Relations (IGA FFR) and should be read in conjunction with that Agreement and its Schedules, which provide information in relation to performance reporting and payment arrangements under the IGA FFR.

**Purpose**

1. In entering this Agreement, the Commonwealth and the States and Territories (the States) recognise that they have a mutual interest in improving outcomes in vocational education and training, including through a high quality vocational education and training system that contributes to Australia’s economic productivity and growth, and need to work together to achieve those outcomes.
2. This Agreement will contribute to improved employment outcomes by supporting Australians to obtain the skills and training they need for jobs in demand through increasing the uptake of apprenticeships and traineeships and other relevant employment-related training.

**Reporting Arrangements**

1. The States will report the minimum required to demonstrate that performance benchmarks and milestones have been met during the operation of the Agreement, that is, not more frequent than six monthly, as set out in Part 4 — Performance Monitoring and Reporting.

**Financial Arrangements**

1. The Skilling Australians Fund (the Fund) has been established to ensure that the businesses that benefit from employing skilled migrants are also skilling Australians. Employers that sponsor migrants under the new temporary skill shortage visa and certain permanent skills visas, will be required to pay a levy to generate revenue for the Fund.
2. As set out in Part 5 – Financial Arrangements, the Commonwealth will provide an estimated financial contribution of $1.2 billion[[1]](#footnote-2). In 2018-19, the Commonwealth will provide an estimated financial contribution to the States of $293.4 million. From 2019-20 to 2021-22, the Commonwealth will provide an estimated financial contribution to the States of $50 million each year plus actual revenue from the Levy collected in the previous financial year. All payments are exclusive of GST.

# Part 1 — Formalities

## Parties to this Agreement

1. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the States and Territories (the States).

## Term of the Agreement

1. This Agreement will commence as soon as the Commonwealth and one other Party sign it and will expire on 30 June 2022 or on completion of final performance reporting and processing of final payments against performance benchmarks or milestones, whichever is the later. The Agreement may be terminated earlier or extended as agreed in writing by the Parties.

# part 2 — objectives, outcomes and outputs

## Objectives

1. The objective of this Agreement is to improve employment outcomes by supporting Australians to obtain the skills and training they need for jobs in demand through increasing the uptake of apprenticeships and traineeships, pre-apprenticeships, pre-traineeships, higher-apprenticeships, and other relevant employment related training.

## Outcome

1. This Agreement will facilitate Australians to obtain the skills and training they need, and meet employer, industry and labour market needs for skilled workers. It will be supported by the Fund which is estimated to deliver a national target of up to 300,000 additional apprenticeships, traineeships, pre-apprenticeships, pre-traineeships, higher-apprenticeships, and other relevant employment-related training, relative to agreed baselines.

## Outputs

1. The objectives and outcomes of this Agreement will be achieved by delivering projects that support the delivery of up to 300,000 additional apprenticeships, traineeships, pre-apprenticeships, pre-traineeships, higher-apprenticeships, and other relevant employment-related training, in the following agreed priorities:
2. occupations in demand;
3. occupations with a reliance on skilled migration pathways;
4. industries and sectors of future growth that include, but are not limited, to the following priorities:
   * 1. tourism;
     2. hospitality;
     3. health, ageing, and community and social services;
     4. engineering;
     5. manufacturing;
     6. building and construction;
     7. agriculture; and
     8. digital technologies;
5. trade apprenticeships;
6. rural, regional and remote areas;
7. targeted cohorts;
8. industries and communities experiencing structural adjustment;
9. other workforce priorities agreed on a bilateral basis, for example, to support implementation of the National Disability Insurance Scheme, Family Violence Reforms and other significant areas of workforce growth; and
10. other priorities, agreed on a bilateral basis, including industries and sectors for future growth.
11. In addition to delivery of projects, the objectives and outcomes of this Agreement will be achieved following prerequisite agreement to:
    1. State-specific Budget Benchmarks that establish a baseline for States’ vocational education and training;
    2. State-specific baselines of existing training activity, adjusted for the cessation of the training outcome component of the National Partnership Agreement on Skills Reform (NPASR);
    3. matched financial contributions to individual projects; and
    4. arrangements with the Commonwealth on a cost sharing mechanism for VET Student Loans (VSL), which will include an agreement for states to pay 50 per cent of the debt not expected to be repaid for VSLs taken out in their State for vocational education and training (VET) Australian Qualifications Framework level 5 (Diploma) or level 6 (Advanced Diploma) courses to which a state subsidy applies plus 50 per cent of public debt interest costs for these loans, arising from the concessional treatment that applies to VSL. This will be paid annually in arrears.

# Part 3 — Roles and Responsibilities of Each Party

1. To realise the objectives and commitments in this Agreement, each Party has specific roles and responsibilities, as outlined below.

## Role of the Commonwealth

1. The Commonwealth agrees to be responsible for:
2. assessing project proposals and determining which projects are to be funded under this Agreement;
3. advising the States of the outcomes of the project assessment process;
4. providing a financial contribution to the States to support the implementation of this Agreement;
5. monitoring and assessing performance in the delivery of projects under this Agreement to ensure that outputs are delivered and outcomes are achieved within agreed timeframes;
6. monitoring the retention, progression and completion rates for training and the impact of these factors on the ‘in-training’ numbers using publicly available data;
7. monitoring each State’s expenditure on vocational education and training relative to the agreed Budget Benchmark using publicly available data and statistics and taking into account circumstances that may impact on the demand for vocational education and training;
8. monitoring each States’ project-related expenditure to ensure that financial matching requirements are being met;
9. publishing estimates of the Levy revenue;
10. notifying the States of any matters of which the Commonwealth becomes aware, that may affect Fund revenue; and
11. monitoring the intersection of other Commonwealth funding streams and funding under this Agreement to maximise effectiveness of the Commonwealth’s investment.

## Role of the States

1. The States agree to be responsible for:
2. advising the Commonwealth of its proposed Budget Benchmark, what the constituent parts are, and how it is related to public budget documentation;
3. submitting project proposals and supporting evidence demonstrating how the proposed project will support delivery of the outcomes of this Agreement;
4. providing a matching financial contribution to support delivery of projects under this Agreement;
5. delivering on outcomes and outputs of this Agreement;
6. reporting on the delivery of outcomes and outputs as set out in Part 4 — Performance Monitoring and Reporting; and
7. recognising and correctly acknowledging the respective contribution of the Commonwealth and the States to the activities supported under this Agreement in accordance with clause 17 of this Agreement.

## Shared roles and responsibilities

1. The Commonwealth and the States agree to be jointly responsible for:
2. agreeing State-specific Budget Benchmarks, which may involve the Commonwealth seeking clarification from a State on the components of the Budget Benchmark, how it was calculated, and how it is derived from public budget documentation;
3. agreeing the baseline of existing training activity for each State, adjusted for the cessation of the training outcome component of the NPASR ;
4. sharing costs of VSL for state funded VET students in accordance with clause 12(d) of this Agreement;
5. participating in consultations as appropriate regarding the implementation of this Agreement;
6. agreeing bilateral schedules to this Agreement in accordance with Part 4 — Performance Monitoring and Reporting; and
7. agreeing a protocol for project announcements in accordance with clause 17 of this Agreement.
8. The Parties will meet the requirements of Schedule E, Clause 26 of the IGA FFR, by ensuring that prior agreement is reached on the nature and content of any events, announcements, promotional material or publicity relating to activities in respect of an agreed project, and that the roles of both Parties will be acknowledged and recognised appropriately.

# Part 4 — Performance Monitoring and Reporting

## Performance indicators

1. Achievement of the objectives and outcomes of this Agreement will be informed with reference to the following performance indicators:
2. The increase in the number of apprenticeships, traineeships, pre-apprenticeships, pre-traineeships, higher-apprenticeships, and other relevant employment-related training, relative to agreed baselines in:
3. occupations in demand;
4. occupations with a reliance on skilled migration pathways;
5. industries and sectors of future growth;
6. trade apprenticeships;
7. rural, regional and remote areas;
8. targeted cohorts;
9. industries and communities experiencing structural adjustment;
10. other workforce priorities agreed on a bilateral basis in accordance with clause 11(h) of this Agreement; and
11. other priorities, agreed on a bilateral basis in accordance with clause 11(i) of this Agreement.

## Performance targets

1. In accordance with clause 11, the Fund will support delivery of a national target of up to 300,000 additional training contracts, or equivalent if the training does not include a training contract, relative to agreed baselines. This Agreement will contribute to the national target , which is comprised of approximately:
2. 230,000 apprenticeships and traineeships which may include training that shares similar characteristics to an apprenticeship or traineeship provided that the training is at certificate III or IV;
3. 50,000 pre-apprenticeships and pre-traineeships; and
4. 20,000 higher apprenticeships.
5. Unless the Commonwealth determines otherwise, State targets supported by the Fund will contribute to the national target and will be commensurate with each State’s population share of available Fund revenue.
6. The national target and State targets may be adjusted on a pro rata basis over time for any variations in Fund revenue.

## Bilateral schedules

1. In accordance with clauses 16(e) and 53 of this Agreement, the Commonwealth and relevant State ministers with portfolio responsibility for vocational education and training will agree bilateral schedules to this Agreement.
2. Bilateral schedules will set out:
3. the State’s agreed Budget Benchmark;
4. the Commonwealth’s estimated financial contribution and State’s matched financial contribution to each project;
5. the State’s baseline of existing training activity adjusted for the cessation of the training outcome component of the NPASR;
6. the number, type and priority areas of additional training contracts or equivalent expected to be delivered; and
7. performance benchmarks and/or milestones for agreed projects, their relationship to the outcome and outputs of this Agreement, expected completion dates, relevant reporting data and expected payments to be made; and
8. data to be used to report the delivery of performance benchmarks and/or milestones and achievement against performance benchmarks.
9. Arrangements for multi-jurisdictional projects will be set out in the bilateral schedules of the relevant States.
10. In accordance with clause 50 of this Agreement, bilateral schedules may be amended from time to time to amend existing projects or include additional projects up to the maximum estimated Commonwealth financial contribution for each State, subject to Commonwealth budget rules as appropriate, and the written agreement of Commonwealth and State ministers with portfolio responsibility for vocational education and training.

## Projects

1. In accordance with clause 12 of this Agreement, project proposals will be approved following agreement to:
2. State-specific Budget Benchmarks;
3. bilateral baselines of existing training activity; and
4. matched financial contributions to individual projects.
5. Project proposals should include the following information:
6. a description of the project’s purpose, objectives and timelines;
7. project deliverables and timing, demonstrating how the project supports the outcomes of this Agreement;
8. the annual cost of the project and the basis for the costings, and assurance of the State’s matching contribution;
9. the number, type and priority areas of additional training contracts or equivalent to be delivered above the agreed baseline, over the term of the Agreement and adjusted for the cessation of the training outcome component of the NPASR;
10. the performance benchmarks and/or milestones that are proposed for payment, and the proposed amount of payment against each performance benchmark or milestone;
11. how and when the performance benchmarks and/or milestones for the project would be measured, including the data sources that will be used and when the relevant data will be available (noting that payments will be dependent on data that demonstrates that the performance benchmark and/or milestone has been met);
12. demonstration of industry and employer engagement in the design of the project and their level of support for the project;
13. relevant State context, including government policies and priorities; and
14. any other supporting evidence to enable assessment of the proposal.
15. Projects proposals may:
16. be submitted at any time for any period within the term of the Agreement;
17. include a range of measures such as training activities, tax relief or payments for employers and/or individuals, and strategies to improve commencements, progression rates and completion rates;
18. include training with similar characteristics to apprenticeships and traineeships provided that they deliver additional training; and
19. be for multi-jurisdictional projects.
20. In assessing project proposals, the Commonwealth Minister will consider:
21. consistency of the proposal with the objectives and outcomes of this Agreement;
22. the extent to which the proposed project will deliver additional training contracts or equivalent relative to the baseline;
23. the extent to which the proposed project demonstrates value for money;
24. the State’s matching contribution; and
25. supporting evidence from industry and/or employers.

## Reporting arrangements

1. The States will report the minimum required to demonstrate that performance benchmarks or milestones have been met, that is, not more frequent than six monthly, during the operation of the Agreement. Reports are expected by dates agreed in the bilateral schedules.
2. For the purposes of the Budget Benchmark, from 2018-19, the States will provide a statement of assurance that that their annual budget for vocational education and training at least equals the agreed Budget Benchmark and has been calculated using the same method that was used to calculate the agreed Budget Benchmark.
3. For the purposes of matched funding for agreed projects, the States will report their total expenditure for each agreed project in the financial year in which the project receives Commonwealth funding, including their matched contribution, and relevant data on expenditure for all in-scope initiatives and services consistent with the data identified by the State in its project proposals. Publicly available data should be used wherever possible.

## Part 5 — Financial Arrangements

## Financial contributions

1. The Commonwealth will provide an estimated total financial contribution to the States of $1.2 billion[[2]](#footnote-3) in respect of this Agreement. All payments are exclusive of GST.
2. In 2018-19, the Commonwealth will provide an estimated total financial contribution to the States of $293.4 million.
3. From 2019-20 to 2021-22, the Commonwealth will provide an estimated total financial contribution to the States of $50 million each year plus actual revenue from the Fund Levy collected in the previous financial year.
   1. Where actual revenue collections are greater than estimated, the additional funding will be available to States, subject to the requirements of this Agreement being met.
   2. Where actual revenue collections are less than estimated, funding available to the States will be the actual revenue collections from the previous year and with a minimum of $50 million available to the States, subject to the requirements of this Agreement being met.
4. In all years, funding will be allocated on an equal per capita basis.
5. The Commonwealth’s funding contribution will not be reduced where the States secure funding from other activity partners.

## Budget benchmarks

1. Budget Benchmarks for each State will be based on the lowest annual budget for vocational education and training in 2014-15, 2015-16 and 2016-17, adjusted for the cessation of the NPASR and the commencement of this Agreement.
2. If a State’s budget estimate for vocational education and training for the forthcoming financial year, as provided in accordance with clause 31 of this Agreement, falls below the agreed Budget Benchmark, the funding available for that State in that year will be reduced by 50 cents for every dollar that the State’s budget estimate is below the agreed Budget Benchmark. Forgone funds:
3. may result in a reduction in funding for certain agreed projects but the State’s funding allocation cannot fall below zero; and
4. will be reallocated on an equal per capita basis in the subsequent year where the reduction is less than or equal to State’s equal per capita share of revenue from the Fund. Where the reduction is greater than the State’s equal per capita share of revenue from the Fund, the amount additional to that share up to a maximum of that State’s equal per capita share of $50 million will be returned to the Commonwealth budget.
5. The Commonwealth will not make a payment to a State until it has been established whether that State’s funding allocation is subject to the provisions of clause 39 of this Agreement.

## Matching

1. States will match the Commonwealth’s financial contribution to agreed projects only with recurrent expenditure or forgone revenue. Capital depreciation and the user cost of capital will not be eligible for matching purposes. Project proposals will include information on the amount and nature of the State’s matching contribution, in accordance with clause 27(c) of this Agreement.
2. Having regard to the agreed estimated costs of projects for the purposes of the matching requirements of this Agreement, States will not be required to pay a refund to the Commonwealth if the actual cost of a project is less than the agreed estimated cost. Similarly, the Commonwealth’s financial contribution will not increase should the cost of a project exceed the agreed estimated cost.

## Payments

1. Payments will be made in arrears on achievement of performance benchmarks and milestones, as agreed in the bilateral schedules to this Agreement. Where a performance report demonstrates that a performance benchmark or milestone has been met in advance of the due date, the Commonwealth may make the associated payment earlier than scheduled provided it falls within the same financial year as the original performance benchmark or milestone date.
2. Payments for milestones will not be made unless the State has achieved the milestone in full. Payments for performance benchmarks will not be made unless at least 50 percent of the relevant performance benchmark has been achieved. Payments will be made proportional to achievement against the performance benchmark on a pro rata basis to the nearest per cent, from 50 per cent to 100 per cent of funding.
3. Where appropriate, the Commonwealth will make provisional payments subject to early data, or proxy data, demonstrating achievement of the relevant target. Provisional payments may be adjusted subsequently for any differences arising from final, verified data.
4. The Commonwealth’s and the States’ estimated financial contributions to the operation of this Agreement, including through National Partnership payments to the States paid in accordance with *Schedule D – Payment Arrangements* of the IGA FFR, are shown in Table 1.

Table 1: Estimated financial contributions(a)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **($ million)** | 2018-19 | 2019-20 | 2020-21 | 2021-22 | Total |
| ***Estimated*** total budget (1) | 586.8 | 586.8 | 676.6 | 596.4 | 2,446.6 |
| ***Estimated*** National Partnership payments (2) (b)  New South Wales  Victoria  Queensland  Western Australia  South Australia  Tasmania  ACT  NT | 293.4  93.8  76.1  58.7  30.5  20.3  6.1  4.9  2.9 | 293.4  93.9  76.6  58.7  30.3  20.1  6.1  4.9  2.8 | 338.3  108.3  88.8  67.6  34.8  23.0  6.9  5.6  3.2 | 298.2  95.5  78.7  59.6  30.5  20.1  6.0  5.0  2.8 | 1,223.3  391.6  320.1  244.7  126.1  83.5  25.1  20.4  11.7 |
| Commonwealth own purpose expense (3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Commonwealth contribution (4) = (2) + (3) | 293.4 | 293.4 | 338.3 | 298.2 | 1,223.3 |
| Balance of non-Commonwealth contributions (5) = (1) – (4) (c) | 293.4 | 293.4 | 338.3 | 298.2 | 1,223.3 |

(a) All estimates are rounded and may not add.

(b) The Commonwealth’s estimated financial contribution is based on 2018-19 Budget estimates. Estimates from 2019-20 onwards are subject to adjustment in accordance with clause 35 of this Agreement.

(c) Balance of non-Commonwealth contributions is subject to matching of agreed projects from States’ own source funding.

# Part 6 — Governance Arrangements

## Enforceability of the Agreement

1. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, this does not lessen the Parties’ commitment to this Agreement.

## Review of the Agreement

1. In accordance with clause E23 of the IGA FFR, this Agreement is time limited. To assess the degree to which the agreed objectives and outcomes and/or outputs have been achieved, and inform decisions regarding the appropriate treatment following its expiry, an independent review of the Agreement will be scheduled to be completed approximately 12 months prior to its expiry.
2. This Agreement is intended to provide funding to support the delivery of services in the areas of the vocational education and training that improve employment outcomes by supporting Australians to obtain the skills and training they need and increasing the uptake of apprenticeships and traineeships, pre-apprenticeships, pre-traineeships, higher-apprenticeships, and other relevant employment related training.
3. As part of this process, the Parties should consider whether the overall objectives, outcomes and/or outputs of the Agreement have been achieved and whether the activity levels have been raised in an effective, efficient and appropriate manner.

## Variation of the Agreement

1. The Agreement may be amended at any time by agreement in writing by all the Parties.
2. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties in writing.
3. Schedules to this Agreement that have no impact on other Parties to this Agreement may be amended at any time by agreement in writing by the relevant Commonwealth and State portfolio ministers.

## Delegations

1. The relevant Commonwealth Minister with portfolio responsibility for vocational education and training is authorised to agree and amend schedules to this Agreement and to certify that performance benchmarks and milestones specified under this Agreement have been achieved, so that payments may be made.
2. Respective State and Territory Ministers with portfolio responsibility for vocational education and training are authorised to agree and amend schedules to this Agreement.
3. The Commonwealth Minister may delegate the assessment of project-based performance benchmarks and milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

## Dispute resolution

1. Any Party may give notice to other Parties of a dispute under this Agreement.
2. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
3. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.

## Interpretation

1. For the purposes of this Agreement:
2. **Apprenticeships and traineeships** - Apprenticeships and traineeships are an arrangement underpinned by a Contract of Training between an employer, an apprentice or trainee that is approved by training authorities in each jurisdiction under legislation.
3. **Training that shares similar characteristics to an apprenticeship or traineeship** may also be included for the purpose of contributing to additional training, provided the training is at certificate III or IV level.
4. **Pre-apprenticeships/traineeships** are programs of training to prepare individuals for successful entry into an apprenticeship or traineeship and the workplace through a short training course which may combine general and industry-specific competencies. Pre-apprenticeships can include a range of elements such as work ready skills, the experience that employer’s need and nationally accredited training to support the student gain employment, particularly in an apprenticeship or traineeship, on completion.
5. **Higher apprenticeships** combine a program of structured on-the-job training with formal study, with the study component leading to the award of a VET qualification at the Australian Qualifications Framework level 5 (Diploma) or level 6 (Advanced Diploma).

The Parties have confirmed their commitment to this agreement as follows:

|  |  |  |
| --- | --- | --- |
| Signed for and on behalf of the Commonwealth of Australia by    The Honourable Malcolm Turnbull MP  Prime Minister of the Commonwealth of Australia  [Day] [Month] [Year] |  |  |
|  |  |  |
| Signed for and on behalf of the  State of New South Wales by    The Honourable Gladys Berejiklian MP  Premier of the State of New South Wales  [Day] [Month] [Year] |  | Signed for and on behalf of the State of Victoria by    The Honourable Daniel Andrews MP  Premier of the State of Victoria  [Day] [Month] [Year] |
|  |  |  |
| Signed for and on behalf of the State of Queensland by    **The Honourable Annastacia Palaszczuk MP**  Premier of the State of Queensland  [Day] [Month] [Year] |  | Signed for and on behalf of the State of Western Australia by    The Honourable Mark McGowan MLA  Premier of the State of Western Australia  [Day] [Month] [Year] |
|  |  |  |
| Signed for and on behalf of the State of South Australia by    The Honourable Steven Marshall MP  Premier of the State of South Australia  [Day] [Month] [Year] |  | Signed for and on behalf of the State of Tasmania by    The Honourable Will Hodgman MP  Premier of the State of Tasmania  [Day] [Month] [Year] |
|  |  |  |
| Signed for and on behalf of the Australian Capital Territory by    Andrew Barr MLA  Chief Minister of the Australian Capital Territory  [Day] [Month] [Year] |  | Signed for and on behalf of the Northern Territory by    The Honourable Michael Gunner MLA  Chief Minister of the Northern Territory of Australia  [Day] [Month] [Year] |

1. The Commonwealth’s estimated contribution is based on 2018-19 Budget estimates. [↑](#footnote-ref-2)
2. The Commonwealth’s estimated contribution is based on 2018-19 Budget estimates. [↑](#footnote-ref-3)