

National Labour Hire Scheme – Project Office

FEDERATION FUNDING AGREEMENT – AFFORDABLE HOUSING, COMMUNITY SERVICES AND OTHER

Table 1: Formalities and operation of schedule	
Parties	Commonwealth Victoria
Duration	This Schedule is expected to expire on 31 December 2024, or on completion of the initiatives, including performance reporting and processing of payments against milestones.
Purpose	<p>This Schedule establishes an arrangement for the Commonwealth to provide initial funding to Victoria, as in principle host jurisdiction, to lead national labour hire implementation development as well as the establishment of a project office which is managing a range of scoping and planning work for a National Labour Hire Regulator. The project office was established in April 2024.</p> <p>This funding covers costs in this initial phase of the project including:</p> <ol style="list-style-type: none"> a. engagement of external consultants by the project office to provide financial modelling advice necessary for the development of estimated costs and funding options for such a regulator; b. initial staffing costs; and c. expenditure incurred by the project office for accommodation, corporate charges, legal and other professional advice. <p>The scoping and planning work of the project office and work for national labour hire implementation development is essential to informing any potential future operationalisation of a national regulator.</p>

Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to Victoria of \$2.0 million in respect of this Schedule.</p> <hr/> <p>Table 1</p> <table border="1"> <thead> <tr> <th data-bbox="395 342 847 376">(\$ million)</th> <th data-bbox="852 342 1225 376">2024-25</th> <th data-bbox="1230 342 1310 376">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="395 389 847 423">Estimated total budget</td> <td data-bbox="852 389 1225 423">2.0</td> <td data-bbox="1230 389 1310 423">2.0</td> </tr> <tr> <td data-bbox="395 436 847 510"><i>Less estimated National Partnership Payments</i></td> <td data-bbox="852 436 1225 510">2.0</td> <td data-bbox="1230 436 1310 510">2.0</td> </tr> <tr> <td data-bbox="395 524 847 598">Balance of non-Commonwealth contributions</td> <td data-bbox="852 524 1225 598">0.0</td> <td data-bbox="1230 524 1310 598">0.0</td> </tr> </tbody> </table>	(\$ million)	2024-25	Total	Estimated total budget	2.0	2.0	<i>Less estimated National Partnership Payments</i>	2.0	2.0	Balance of non-Commonwealth contributions	0.0	0.0
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Estimated total budget	2.0	2.0											
<i>Less estimated National Partnership Payments</i>	2.0	2.0											
Balance of non-Commonwealth contributions	0.0	0.0											
Additional terms	<ol style="list-style-type: none"> 1. The parties will meet weekly (or as otherwise agreed) to discuss progress of the National Labour Hire Project. 2. Victoria will be responsible for phases of work which will include: <ol style="list-style-type: none"> a. Engaging consultants to provide financial costs modelling advice on the expected dimensions of the national labour hire provider market and associated resourcing cost estimations and budget for the operations of a national labour hire licensing scheme (phase 1) <ol style="list-style-type: none"> i. Providing the financial modelling advice to the Commonwealth, states and territories for consideration. ii. Providing explanatory information to the Commonwealth, as required, in relation to the financial modelling, and establishment and operationalisation of the National Labour Hire Regulator, to support the progression of this schedule. b. Engaging consultants to provide financial funding modelling advice to calculate the licence fees required to ensure a national labour hire licensing scheme can be self-funding and develop cost recovery options (phase 2) <ol style="list-style-type: none"> i. Providing the financial modelling advice to the Commonwealth, states and territories for consideration. 												

	<ul style="list-style-type: none"><ul style="list-style-type: none"><ul style="list-style-type: none">ii. Providing financial modelling advice with consolidated comments from states and territories to the Commonwealth for consideration.iii. Providing explanatory information to the Commonwealth, as required, in relation to the financial modelling, and establishment and operationalisation of the National Labour Hire Regulator, to support the progression of this schedule.c. Other planning and scoping work for the National Labour Hire Project, including:<ul style="list-style-type: none">i. Procuring initial legal, ICT and project planning advice as necessary.ii. Supporting the development and execution of a preliminary stakeholder engagement and communications program, subject to receipt of relevant approvals.iii. Associated staffing and resourcing.3. The Commonwealth will be responsible for:<ul style="list-style-type: none">a. Reviewing and providing feedback on the financial modelling advice and other national labour hire implementation development materials.b. Supporting the development and execution of a preliminary stakeholder engagement and communications program, subject to receipt of relevant approvals.
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Table 2: Performance requirements, reporting and payment summary			
Output	Performance milestones	Report due	Payment
Establishment of the Project Office and provision of final financial modelling advice.	<p>Upon execution of this schedule, acknowledging that:</p> <ul style="list-style-type: none"> • on 17 June 2024, Victoria provided final Phase 1 costings to jurisdictions (noting that Phase 1 costings being final does not indicate the Commonwealth's agreement to fund these costs); • on 8 August 2024, Victoria provided the Commonwealth with financial modelling advice (confirmed as final without change on 23 August 2024) on Phase 2 (funding and recovery options, including licence fees) which includes: <ul style="list-style-type: none"> ○ consideration that the total fee revenue can be sufficient to cover the ongoing cost of all national operations including licensing, legal, ICT, compliance, and enforcement, communications, and corporate functions, including operational costs incurred prior to the regulator becoming self-funding ○ a tiered fee structure taking into consideration the 'size' and turnover of the business ○ distribution of labour hire businesses by national turnover size ○ total expected number of national licences (initial, and projected growth over time) ○ estimated contraction rate of licence holders over time (e.g., percentage/number of licences expected to lapse or be cancelled over time); ○ industry coverage of national scheme which may vary between jurisdictions (e.g. Victoria's coverage of labour hire in the commercial cleaning industry) ○ projected sequence and timeframes of jurisdictions joining a national regulatory scheme ○ costs of requirements to meet objectives of future legislation (i.e. cost to establish the regulator and regulator's operating costs until full cost recovery 	N/A	\$1,800,000

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	<ul style="list-style-type: none">○ licence application fee and annual fee payments○ number of providers expected in each tier band, and○ movement of licensees between fee tiers over time.		
Victoria to provide progress report and financial declaration to Commonwealth	<p>Commonwealth acceptance of a progress report detailing:</p> <ul style="list-style-type: none">▪ work undertaken under this Schedule relating to the establishment of the national labour hire scheme, including brief written summary of:<ul style="list-style-type: none">○ recruitment of initial staffing for the project office○ work undertaken in relation to procurement of Phase 1 and 2 reports and provision of those reports to other jurisdictions○ work undertaken in relation to any other procurement, and○ work undertaken in relation to the preliminary stakeholder engagement and communications program▪ expenditure undertaken in relation to establishing the project office, salary and other costs related to that work, up to the value of the \$2 million payment	1 December 2024	\$198,000

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

Signed for and on behalf of the Commonwealth of Australia by



Murray Watt
Minister for Employment and Workplace Relations

[Day] [Month] [Year]

30/9/24

Signed for and on behalf of the State of Victoria by



Tim Pallas MP
Minister for Industrial Relations

[Day] [Month] [Year]

29/11/2024