

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 30 June 2025, 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> <ul 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 \$3.953 million in respect of this Schedule.</p> <table><tr><th>Table 1</th><th></th><th></th></tr><tr><th>(\$ million)</th><th>2024-25</th><th>Total</th></tr><tr><td>Estimated total budget</td><td>3.953</td><td>3.953</td></tr><tr><td>Less estimated National Partnership Payments</td><td>3.953</td><td>3.953</td></tr><tr><td>Balance of non-Commonwealth contributions</td><td>0.0</td><td>0.0</td></tr></table> <p>Notes: An initial \$1.998 million was for work on the national labour hire scheme development to 31 December 2024, with a second tranche of funding of \$1.955 million for further preparatory work for the national scheme to 30 June 2025.</p>	Table 1			(\$ million)	2024-25	Total	Estimated total budget	3.953	3.953	Less estimated National Partnership Payments	3.953	3.953	Balance of non-Commonwealth contributions	0.0	0.0
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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, subject to Victoria’s procurement process and the availability of suitable consultants’ proposals within the time and budget constraints of this Schedule 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, including estimated transitional costs, ICT solution options, organisational structure and staffing costs, and estimated future advertising costs.<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.															

	<ul style="list-style-type: none"> i. Providing the financial modelling advice to the Commonwealth, states and territories for consideration. 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. <p>c. Planning and scoping work for the National Labour Hire Project, including:</p> <ul style="list-style-type: none"> i. Procuring 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. Model law development, in consultation with the Commonwealth and states and territories. iv. Continuing development of a draft Intergovernmental Agreement, in consultation with the Commonwealth and states and territories. v. Associated staffing and resourcing. <p>3. The Commonwealth will be responsible for:</p> <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. c. Supporting the development of the model law and an Intergovernmental Agreement.
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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-fundinga tiered fee structure taking into consideration the 'size' and turnover of the businessdistribution of labour hire businesses by national turnover sizetotal 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 schemecosts of requirements to meet objectives of future legislation (i.e. cost to establish the regulator and regulator's operating costs until full cost recoverylicence application fee and annual fee paymentsnumber of providers expected in each tier band, andmovement of licensees between fee tiers over time.	N/A	\$1,800,000 (PAID)

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 (PAID)
Victoria to provide cash flow analysis advice to the Commonwealth	<p>Commonwealth acceptance of a consultant's financial modelling report detailing:</p> <ul style="list-style-type: none"> updated projected sequence and timeframes of jurisdictions joining a national regulatory scheme updated cost hurdles under expected transition timelines updated licence application fee and annual fee payments, under agreed scenarios, and analysis of timeframes for provision of funding and associated recovery, under agreed scenarios. 	On execution of this Schedule.	\$586,500
Victoria to provide ICT solution options.	Commonwealth acceptance of a written consultant's report detailing advice on enterprise-wide ICT solution options, including recommendations and cost estimates.	31 May 2025	\$586,500
Victoria to provide transitional cost estimates.	<p>Commonwealth acceptance of written consultants' reports detailing advice on resourcing cost estimations and budget for jurisdictions with existing labour hire regulators to join the national labour hire scheme under various scenarios, including:</p> <ul style="list-style-type: none"> ICT-related transition cost estimates, and labour-related transitional costs. 	31 May 2025	\$586,500
Victoria to provide updated financial modelling advice	<p>Commonwealth acceptance of a written consultant's report detailing revised funding and recovery options, including licence fees, taking into account the outcomes of the various consultancies estimating components of costs which includes:</p> <ul style="list-style-type: none"> estimates of fees and resulting revenue calculated to cover the estimated 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-funded 	30 June 2025	\$100,000

	<ul style="list-style-type: none"> • 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 assumed timeframes of jurisdictions joining a national regulatory scheme • costs of requirements to meet objectives of future legislation (i.e. cost to establish the regulator, regulator's operating costs, and transitional costs until full cost recovery) • licence application fee and annual fee payments • number of providers expected in each tier band • movement of licensees between fee tiers over time, and • analysis of timeframes and requirements for provision of funding and associated recovery. 		
Intergovernmental Agreement and Model Law development	<p>Victoria to provide the Commonwealth with:</p> <ul style="list-style-type: none"> • updated drafting instructions for the model law, developed in consultation with the Commonwealth and states and territories; • updated draft Intergovernmental Agreement, developed in consultation with the Commonwealth and states and territories. 	30 June 2025	\$50,000
Victoria to provide progress report and financial declaration to Commonwealth	Commonwealth acceptance of a progress report detailing work and expenditure undertaken under this Schedule relating to the establishment of the national labour hire scheme, up to the value of the second tranche of funding.	30 June 2025	\$45,500

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

Signed for and on behalf of the Commonwealth
of Australia by

Handwritten signature of Murray Watt in blue ink, followed by the date 20/2/25.

Murray Watt

Minister for Employment and Workplace Relations

[Day] [Month] [Year]

Signed for and on behalf of the
State of Victoria by

Handwritten signature of Jaclyn Symes in blue ink.

02/05/2025

Jaclyn Symes MP

Minister for Industrial Relations

[Day] [Month] [Year]