

COUNCIL OF AUSTRALIAN GOVERNMENTS

FACT SHEET

NATIONAL AGREEMENT FOR SKILLS AND WORKFORCE DEVELOPMENT

What is the content of the Agreement?

The Council of Australian Governments (COAG) agreed to a new National Skills and Workforce Development Agreement which sets out the commitment between the Commonwealth and the States to work towards increasing the skill levels of all Australians, including Indigenous Australians.

COAG agreed that, through this National Agreement, it would monitor progress towards achieving the following outcomes:

- the working age population have gaps in foundation skill levels reduced to enable effective educational, labour market and social participation;
- the working age population has the depth and breadth of skills and capabilities required for the 21st century labour market;
- the supply of skills provided by the national training system responds to meet changing labour market demand; and
- skills are used effectively to increase labour market efficiency, productivity, innovation and ensure increased utilisation of human capital.

As part of this National Agreement, the States will ensure the effective operation of the training market, including in relation to market information. The Commonwealth agreed to provide national information to clients and potential clients in all jurisdictions.

Under the Skills and Workforce Development Specific Purpose Payment, the Commonwealth will provide an estimated \$6.7 billion over the forward estimates from 1 January 2009 to 2012-13, including \$37 million in skills and workforce development funding. The States will deliver up to 1.15 million Vocational Education and Training (VET) course completions nationally over this funding period.

The States acknowledged that the base funding provided includes the Commonwealth's contribution to capital development and maintenance in the training sector. In addition, the base funding will include funding previously provided to the States for VET through Indigenous-specific funding elements, and also include VET-in-Schools funding. To ensure that non-government schools are not disadvantaged by this change, the States agreed to ensure that VET in Schools funding levels for non-government schools is to be maintained.

COAG agreed that funding of \$47.4 million annually (plus indexation) for management of the National Training System be quarantined from the Agreement and that Training Ministers and Senior Officials monitor and advise on how this funding is allocated. The Agreement also sets out agreed COAG targets to halve the proportion of 20-64 year olds without qualifications at Certificate III level by 2020, and to double the number of higher qualification completions by 2020.

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What will the impact of the Agreement be?

The National Agreement is a move to a new Commonwealth-State relationship where States have greater flexibility to target funding to address individual State needs and to achieve agreed VET outcomes. This represents a change from burdensome prescriptions over how States should deliver training to a more hands off approach underpinned by outcomes-based public accountability.

The new approach focuses on *what* should be achieved in the sector, rather than, as in the past, prescribe *how* services will be delivered. States will have the flexibility they need for resources to be allocated to areas where they will produce the best results. The new arrangements will provide the States with greater funding certainty and reduce administrative costs associated with previous, burdensome reporting requirements.

What will change?

The impact of the new agreement will be different in each jurisdiction as State governments run their training systems differently. The agreement sets out a clearer separation of roles and responsibilities for the States.

States will now have full responsibility for the maintenance and support of public training infrastructure, and to facilitate development and training of the public VET workforce in their jurisdiction. This will reduce red-tape and allow for better engagement of local concerns in developing infrastructure and workforce policy.

The new agreement also contains a new, fairer model for distributing funding between States based on current population levels.

In line with the increased flexibility for States to allocate resources, funding for some Commonwealth programs has been reallocated to the States' base funding. States will manage this funding in line with the specific needs of their jurisdiction. The affected programs are: Schools-based Skill Centres, Reframing the Future, Adult Literacy, Commonwealth-State Skill Shortages, Adult Learner's Week, VET in Schools and Major Capital. The States are required to ensure that VET-in-Schools funding levels for non-government schools will be maintained.

What are the benefits that will flow from the Agreement?

The National Agreement will significantly improve the operation of Commonwealth-State relations in the VET sector, with:

- improved public accountability with an outcomes-based reporting framework;
- greater flexibility to respond to individual State needs;
- clearer roles and responsibilities for all governments;
- improved funding certainty for the States;
- fairer distribution of funding between jurisdictions; and
- reduced administrative costs.

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The new agreement also sets new outcomes, outputs, performance indicators and targets to drive improvements in State service delivery.

When will the changes take effect?

The new agreement will commence on 1 January 2009.

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QUESTIONS AND ANSWERS

1. Will the new agreement contain provisions requiring the States to maintain current policies regarding user choice and third-party access to infrastructure?

The new agreement offers the States greater flexibility in how they run their training systems, and the States could use this flexibility to implement changes to their User Choice or third-party access policies.

2. How were the outcomes, objective performance indicators and policy directions determined?

The new arrangements were developed collaboratively by the Commonwealth and the States through the Productivity Agenda Working Group.

3. The previous agreement contained funding for VET-in-schools programs. Will this funding be maintained?

The States will have greater flexibility in how they allocate funding, and will now have discretion as to how much funding is directed to VET-in-schools programs. The States are required, however, to at least maintain current funding levels for these programs for non-government schools.

4. Does the new national agreement impact on current Commonwealth programs?

The Commonwealth currently manages a range of programs outside of the new agreement such as the Apprenticeships Incentives program. Ongoing development and responsibility for these programs will continue with the Commonwealth.