

NATIONAL AGREEMENT FOR SKILLS AND WORKFORCE DEVELOPMENT

Council of
Australian
Governments

An agreement between

- the Commonwealth of Australia and
- the States and Territories, being:
 - ◆ The State of New South Wales;
 - ◆ The State of Victoria;
 - ◆ The State of Queensland;
 - ◆ The State of Western Australia;
 - ◆ The State of South Australia;
 - ◆ The State of Tasmania;
 - ◆ The Australian Capital Territory; and
 - ◆ The Northern Territory of Australia.

The overall objective of this Agreement is to achieve a vocational education and training (VET) system that delivers a more productive and highly skilled workforce, enabling all working age Australians to participate effectively in the labour market and contribute to Australia's economic future.

National Agreement for Skills and Workforce Development

INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

PRELIMINARIES

1. This agreement is a schedule to, and created subject to the provisions of the *Intergovernmental Agreement on Federal Financial Relations* and should be read in conjunction with that Agreement and subsidiary schedules. In particular, the schedules include direction in respect of performance reporting and payment arrangements.
2. The National Agreement for Skills and Workforce Development (the Agreement) identifies the long term objectives of the Commonwealth and State and Territory Governments in the areas of skills and workforce development, and recognises the interest of all Governments in ensuring the skills of the Australian people are developed and utilised in the economy. The parties agree this includes the need for reform of the national training system to ensure it delivers the high quality, responsive, equitable and efficient training and training outcomes needed. The changes underway this century in the Australian economy heighten the need for reform to ensure that we are resilient and flexible. Structural changes between industries and occupations are occurring as a result of resource investments and moves to a clean energy future, technology including the opportunities flowing from the relatively strong growth in the Asia region..
3. Increasing productivity in the economy requires that the Parties work to increase skill levels of the labour force to ensure individuals have the opportunity to gain the skills for the jobs to which they aspire and are able to adapt to change. The Agreement reaffirms the commitment of all Governments to work in partnership, and with businesses and industry, to develop the skills of the Australian people.
4. The Parties are committed to increasing the level of workforce participation and providing the support an individual experiencing disadvantage or disengagement (including young people), may need towards gaining skills that lead to employment or other meaningful engagement in society. This includes consideration of strategies and performance indicators to ensure the needs of students with additional needs, including those with disability, are addressed. Critical to achieving this are partnerships between enterprises, employment service providers, community and government as well as better integration of services at the local level.
5. The Parties are committed to addressing the issue of social inclusion, including responding to Indigenous disadvantage. That commitment is embodied in the objectives and outcomes of this agreement. In addition, the Parties have agreed other objectives and outcomes – for example, in the National Indigenous Reform Agreement – which the Parties will pursue through the broadest possible spectrum of government action. Consequently, this agreement will be implemented consistently with the objectives and outcomes of all National Agreements and National Partnerships entered into by the Parties.

6. In addition, the Parties acknowledge the role of the National Foundation Skills Strategy for Adults in assisting people to attain the foundations skills needed to participate in a modern economy and to progress to higher level qualifications.
7. This Agreement embodies a shared vision for reform that addresses issues of access to training for all working age Australians, the ready availability of information that students and employers need to make informed choices and decisions about training, the quality of training delivery and the accountability of governments for outcomes from the national training system.
8. While the Agreement is focused on skills developed in the vocational education and training (VET) sector and workforce development, Governments acknowledge that the identified long term objectives will not be achieved by skills and workforce development alone. Schooling and higher education will have a significant impact on the skills development objectives, and economic and labour market conditions will impact on skills utilisation.
9. Parties to this Agreement also recognise that the efficiency and responsiveness of VET system outputs will incorporate the development of strategies to make use of technological advances.
10. The Parties are committed to reforms that aim to create:
 - a. A national training system, accessible to all working age Australians, that provides them with the opportunity to develop the skills and qualifications needed to participate effectively in the labour market.
 - b. A responsive, agile and equitable national training system that meets the needs of industry and students (including those from disadvantaged groups or locations) and provides pathways into, and removes barriers between, schools, adult, vocational and higher education, and employment.
 - c. A high quality national training system that is centred on quality teaching and learning outcomes.
 - d. A national training system where individuals, businesses and jurisdictions have access to transparent information about training products, services and outcomes so they are able to make informed choices and decisions.
 - e. A sustainable national training system with a stable funding base that promotes opportunities for shared investment across governments, enterprises and individuals.
 - f. An efficient national training system, where government efforts appropriately respond to areas of future jobs growth and support the skills needs of Australian industry.
 - g. A national training system that works with Australian businesses and industries to develop, harness and use the skills and abilities of the workforce.

Scope

11. Governments expect to make substantive progress towards achieving the objective, outcomes and targets of the Agreement. However, to ensure these outcomes and targets are met by 2020, all governments may need to reconsider their future contributions to the training system, and overall structure of programs, including the contributions of others, while also taking budget circumstances into account.
12. There are currently a number of Commonwealth Own Purpose Expenses which sit outside the National Specific Purpose Payment (NSPP) associated with the NASWD, such as the Australian

Apprenticeships Incentives Program, the Australian Apprenticeships Access program, Apprenticeship Support Services, Group Training, adult literacy and workforce development initiatives. State and Territory Governments also contribute to these areas. Funding arrangements for income contingent loans are separate from the NSPP.

13. However, from time to time Parties may discuss changes to roles and responsibilities and associated funding arrangements which may alter the scope. The funding that each jurisdiction agrees to, including the NSPP, related Commonwealth Own Purpose Expenses (COPE) and the National Partnership Agreements, will contribute to achieving the objective, outcomes and targets of this Agreement.
14. As agreed in 2008, the NSPP includes VET in Schools funding, including for non-government schools.

Funding to support the National Training System

15. All parties to the Agreement agreed to the quarantining of the National Training System Commonwealth Own Purpose Expenditure (NTS COPE) from the NSPP each year. The amount is specified in the relevant Commonwealth Government Portfolio Budget Statement which in 2011-12 was \$47.201 million, and is indexed annually.
16. The allocation of the amount is determined by the Standing Council on Tertiary Education, Skills and Employment (SCOTESE) on advice from the National Senior Officials Committee.

Structure of the Agreement

17. The agreement is structured in the following sections:
 - a. context for the Agreement and details of Governments' shared objective, outcomes, outputs and targets;
 - b. agreed areas of reform; and
 - c. the roles and responsibilities for the different levels of government.

OBJECTIVE, OUTCOMES AND PERFORMANCE INDICATORS

Objective

18. The objective of this National Agreement is a VET system that delivers a productive and highly skilled workforce and which enables all working age Australians to develop the skills and qualifications needed to participate effectively in the labour market and contribute to Australia's economic future; and supports the achievement of increased rates of workforce participation.

Outcomes

19. The Agreement will contribute to the following outcomes:
 1. the skill levels of the working age population are increased to meet the changing needs of the economy;
 2. all working age Australians have the opportunity to develop skills;

3. training delivers the skills and capabilities needed for improved economic participation for working age Australians.

Performance indicators

20. The Agreement will contribute to improvements demonstrated by progress against:

Outcome 1:

- a. Proportion of working age population (WAP) with higher level qualifications (Certificate III and above);
- b. Proportion of employers satisfied that training meets their needs;

Outcome 2:

- a. Proportion of WAP with adequate foundation skills (literacy level 3 or above);
- b. Proportion of WAP with or working towards a non-school AQF qualification;

Outcome 3:

- a. Proportion of VET graduates with improved employment status after training.
- b. Proportion of VET graduates with improved education/training status after training.

21. In reporting on outcomes, the data for the indicators will, where statistically appropriate, be disaggregated by subgroups needed to meet reporting requirements in this and other agreements and by jurisdiction. In addition, trends in training activity, including by qualifications, will be reflected in reports. The data used may be updated to reflect changes in collections or the availability of improved sources.

Targets

22. The outcomes contained within the Agreement are ambitious with targets that are long term (out to 2020), national and aspirational.

- a. halve the proportion of Australians nationally aged 20-64 without qualifications at Certificate III level and above between 2009 and 2020;
- b. double the number of higher level qualification completions (diploma and advanced diploma) nationally between 2009 and 2020.

23. This Agreement while focused on the VET sector recognises the role played by governments, individuals, industry and by the higher education and school sectors in attaining these targets. Governments, individuals and industry contribute to the funding of training and training may occur in registered training organisations as well as in other settings. Recent reforms in higher education may impact on the achievement of these targets.

Datasets

24. An agreed dataset for VET data collection and performance reporting at the national, jurisdiction and RTO level will include:

- a. Australian Vocational Education and Training Management information Statistical Standard (AVETMISS) (currently the National VET Provider Collection, the National Apprenticeship and Trainee Collection and the National Financial Information Collection), Student Outcomes Survey (SoS) and Survey of Employer Use and Views of the VET system (SEUV) managed by the National Centre for Vocational Education Research; and
- b. data collected by the Australian Bureau of Statistics needed for performance reporting.

Reform directions

25. All Parties agree the following policy reform directions aimed at delivering a productive and highly skilled workforce on which Australia's economic future depends. In addition, these reforms are highly desirable and represent a shared vision for reform to the national training system. All Parties commit to pursuing the following reform directions, which include:

- a. improve training accessibility, affordability and depth of skills, including through the introduction of a national training entitlement and increased availability of income contingent loans (ICLs);
- b. improve training participation and qualification completions, including at higher levels and by those who may be experiencing disengagement or disadvantage;
- c. encourage responsiveness in training arrangements by facilitating the operation of a more open and competitive training market;
- d. enable public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities;
- e. strengthen the capacity of public and private providers and businesses to deliver training and support people in training;
- f. strengthen, streamline and harmonise the Australian Apprenticeships system;
- g. assure the quality of training delivery and outcomes, with an emphasis on measures that give industry more confidence in the standards of training delivery and assessment;
- h. provide greater transparency through better information to ensure consumers (students and employers) can make informed choices, governments can exercise accountability and policy-makers and regulators can understand and respond to emerging issues;
- i. increase industry's engagement with the VET sector to ensure training outcomes are high quality and relevant to the needs of employers to improve skills utilisation and workforce development; and

- j. facilitate more interconnected tertiary and training sectors that cross boundaries between school, adult, vocational and higher education, with better links between employment services and training provision in order to improve labour market outcomes.

ROLES AND RESPONSIBILITIES

Commonwealth responsibilities

26. The Commonwealth will:

- a. provide funding contributions to States and Territories to support their training systems;
- b. provide specific interventions and assistance to support:
 - 1. industry investment in training;
 - 2. Australian Apprenticeships;
 - 3. literacy and numeracy; and
 - 4. those seeking to enter the workforce.
- c. coordinate the development and publication of the Annual National Report as legislated under the *Skilling Australia's Workforce Act 2005*; and
- d. ensure data is provided as required.

State and Territory responsibilities

27. States and territories will:

- a. determine resource allocation within their State/Territory;
- b. oversee the expenditure of public funds for, and delivery of, training within states and territories; and
- c. ensure the effective operation of the training market. .

Shared responsibilities

28. Develop and maintain the national training system including:

- a. developing and maintaining a system of national regulation of RTOs and of qualification standards;
- b. ensuring high quality training delivery;
- c. supporting and implementing the reform directions;
- d. establishing priorities and developing strategic policy initiatives to deliver the objectives and outcomes of this Agreement, including through the Standing Council on Tertiary Education, Skills and Employment (SCOTESE) and supporting groups;

- e. ensuring RTO compliance with data requirements as specified through regulation and contractual arrangements for public funds, with improved access to data by students and others, including the release of data on a national website such as MySkills and on RTOs' own websites;
- f. supporting industry to engage directly with RTOs; and
- g. commitment by both levels of government to the sharing of an agreed set of data on the training system and the labour market.

29. Raise the status of VET and Australian Apprenticeships.