

## SKILLS AND WORKFORCE DEVELOPMENT

In 2017-18, the Commonwealth will provide funding of \$1.8 billion to support State skills and workforce development services, including \$1.5 billion through the National Skills and Workforce Development SPP and \$350 million through National Partnership payments, as detailed in Table 2.6.

**Table 2.6: Payments to support State skills and workforce development services**

| \$million   | 2016-17        | 2017-18        | 2018-19        | 2019-20        | 2020-21        |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>National Skills and Workforce Development SPP</b>  | 1,476.1        | 1,495.5        | 1,516.9        | 1,540.3        | 1,562.6        |
| <b>National Partnership payments</b>                  |                |                |                |                |                |
| Building Australia's Future Workforce — skills reform | 526.9          | -              | -              | -              | -              |
| Skilling Australians Fund                             | -              | 350.0          | 360.0          | 390.0          | 370.0          |
| <b>Total</b>  | <b>2,003.0</b> | <b>1,845.5</b> | <b>1,876.9</b> | <b>1,930.3</b> | <b>1,932.6</b> |

### National Agreement for Skills and Workforce Development

The *National Agreement for Skills and Workforce Development* identifies the long-term objectives of the Commonwealth and the States in the areas of skills and workforce development.

The Agreement seeks to deliver a vocational education and training (VET) system with improved quality and greater transparency for students, employers and governments, greater access to training opportunities, improved outcomes for disadvantaged students, and greater efficiency. It also aims to achieve a more demand-driven and client-focused system, and to drive the next wave of innovation and productivity.

### National Skills and Workforce Development SPP

| \$million | NSW   | VIC   | QLD   | WA    | SA    | TAS  | ACT  | NT   | Total   |
|-----------|-------|-------|-------|-------|-------|------|------|------|---------|
| 2016-17   | 472.8 | 372.7 | 296.3 | 159.6 | 104.0 | 31.6 | 24.2 | 14.9 | 1,476.1 |
| 2017-18   | 479.2 | 379.0 | 299.7 | 161.8 | 104.8 | 31.7 | 24.5 | 14.9 | 1,495.5 |
| 2018-19   | 486.1 | 386.2 | 303.5 | 163.9 | 105.6 | 31.8 | 24.8 | 15.0 | 1,516.9 |
| 2019-20   | 493.8 | 393.9 | 307.7 | 166.3 | 106.5 | 31.9 | 25.1 | 15.1 | 1,540.3 |
| 2020-21   | 501.1 | 401.4 | 311.6 | 168.5 | 107.3 | 32.0 | 25.4 | 15.2 | 1,562.6 |

The National Skills and Workforce Development SPP is the funding associated with the *National Agreement for Skills and Workforce Development*. The Intergovernmental Agreement defines the annual growth factor for the National Skills and Workforce Development SPP as:

$$(0.85 \times \text{Wage Cost Index } 1) + (0.15 \times \text{Wage Cost Index } 6).$$

The growth factor is estimated to be 1.32 per cent in 2017-18.

## National Partnership payments for skills and workforce development

In addition to the National Skills and Workforce Development SPP, the Commonwealth will provide funding through National Partnerships, as detailed below.

### Building Australia's Future Workforce — National Partnership on skills reform

| \$million | NSW   | VIC   | QLD   | WA   | SA   | TAS  | ACT | NT  | Total |
|-----------|-------|-------|-------|------|------|------|-----|-----|-------|
| 2016-17   | 165.9 | 128.5 | 112.7 | 53.8 | 37.5 | 13.8 | 8.3 | 6.4 | 526.9 |
| 2017-18   | -     | -     | -     | -    | -    | -    | -   | -   | -     |
| 2018-19   | -     | -     | -     | -    | -    | -    | -   | -   | -     |
| 2019-20   | -     | -     | -     | -    | -    | -    | -   | -   | -     |
| 2020-21   | -     | -     | -     | -    | -    | -    | -   | -   | -     |

This National Partnership progresses reform of the VET sector. The agreed reforms aim to create accessible training for working age Australians, and a more transparent and efficient VET sector, which is responsive to the needs of students, employers and industry.

From 1 July 2017, this National Partnership will be replaced by the National Partnership for the Skilling Australians Fund.

### National Partnership on the Skilling Australians Fund<sup>(a)</sup>

| \$million | NSW   | VIC  | QLD  | WA   | SA   | TAS | ACT | NT  | Total |
|-----------|-------|------|------|------|------|-----|-----|-----|-------|
| 2016-17   | -     | -    | -    | -    | -    | -   | -   | -   | -     |
| 2017-18   | 112.2 | 88.7 | 70.1 | 37.9 | 24.5 | 7.4 | 5.7 | 3.5 | 350.0 |
| 2018-19   | 115.4 | 91.6 | 72.0 | 38.9 | 25.1 | 7.5 | 5.9 | 3.6 | 360.0 |
| 2019-20   | 125.0 | 99.7 | 77.9 | 42.1 | 27.0 | 8.1 | 6.4 | 3.8 | 390.0 |
| 2020-21   | 118.7 | 95.1 | 73.8 | 39.9 | 25.4 | 7.6 | 6.0 | 3.6 | 370.0 |

(a) State allocations are indicative estimates only.

The Commonwealth will support the training of Australians through a range of projects focused on skills priorities. These include training in occupations in high demand that currently rely on skilled migration, future growth industries, and rural and regional areas. There will also be a strong focus on apprenticeships and traineeships.

From 2018-19, amounts available to the States from the *Skilling Australians Fund* will be determined by the revenue paid into the Fund. States' access to the Fund will be dependent on meeting eligibility criteria defined by the Commonwealth, including matching Commonwealth funding, achieving outcomes, and providing up to date data on performance and spending.

This revenue will be drawn from a levy which will be paid by businesses employing foreign workers on certain skilled visas. Levy revenue estimates are reflected in the table above.

New measures associated with this National Partnership are listed in Table 1.4 and described in more detail in Budget Paper No. 2, *Budget Measures 2017 18*.