



Overview of the new National Skills Agreement

Reforming the national VET system

What is the National Skills Agreement?

The National Skills Agreement is a 5-year agreement between the Australian and state and territory governments, working in partnership to ensure that the national vocational education and training (VET) system provides high-quality, responsive and accessible education and training to boost productivity, support Australians to obtain the skills and capabilities they need to obtain well-paid, secure jobs, and ensure Australia has the skilled workforce it needs now and into the future, with TAFE at the heart of the VET sector.

From the outset, National Cabinet committed to genuine tripartite engagement on reform in the development of this agreement. This has resulted in a new way of working which embraces active and meaningful collaboration and partnership. This principle is central to the implementation of the Agreement.

The Agreement commenced on 1 January 2024.

What are the benefits?

The Agreement will deliver a skilled Australian workforce with TAFE at the heart of the VET sector. It supports access for all, especially priority groups, to the education, training and assistance they need to obtain the skills to participate and prosper in the modern economy.

The Agreement reflects a commitment by the Australian, and State and Territory Governments to ensure that no Australian is left behind or held back as the economy transitions and adapts to structural change, including by providing opportunities for life-long learning and foundation skills development.

What does it mean for the VET system?

The \$12.6 billion investment by the Commonwealth includes an extra \$2.4 billion in flexible funding to support state and territory skills sectors with capacity to deliver skills for critical and emerging industries.

There is up to an additional \$1.3 billion of Commonwealth funding to implement agreed reforms including:

- \$325 million to establish nationally networked TAFE Centres of Excellence and strengthen collaboration between TAFEs, universities and industry.
- \$100 million to support, grow and retain a quality VET workforce.
- \$155 million to establish a National TAFE leadership Network to promote cutting edge curriculum.
- \$214 million for Closing the Gap initiatives to be designed in partnership with First Nations people and led by them.
- \$250 million to improve VET completions including women and others who face completion challenges.
- \$142 million to improve foundation skills training capacity, quality and accessibility.
- \$116 million to improve VET evidence and data.

The Agreement also represents a fundamental shift in the way that governments work together to address shared challenges and capitalise on shared opportunities in the VET system.

A new stewardship model supports governments to work collaboratively and purposefully towards national priorities, while preserving flexibility for states and territories to align local skills supply with demand.

National priorities are areas that all governments have agreed require focused effort to address critical skills and workforce shortages. The agreed national priorities are:

- Gender equality
- Closing the Gap
- Supporting the Net Zero transformation
- Sustaining essential care services
- Developing Australia's sovereign capability and food security
- Ensuring Australia's digital and technology capability
- Delivering housing supply, and
- Delivering reforms to improve the regulation of VET qualifications and quality.

How will partners and stakeholders be engaged?

Under the Agreement, all governments have committed to ongoing and meaningful engagement with the VET sector, tripartite leadership structures such as Jobs and Skills Australia and Jobs and Skills Councils, as well as with First Nations organisations and communities.