

# NATIONAL PARTNERSHIP AGREEMENT ON SKILLS REFORM

Council of  
Australian  
Governments

An agreement between

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

This Agreement will contribute to reform of the Vocational Education and Training (VET) system to deliver a productive and highly skilled workforce which contributes to Australia's economic future, and to enable all working age Australians to develop the skills and qualifications needed to participate effectively in the labour market.

# National Partnership Agreement on Skills Reform

## INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

### PRELIMINARIES

1. This National Partnership agreement (the Agreement) is created subject to the provisions of the *Intergovernmental Agreement on Federal Financial Relations* (IGA) and should be read in conjunction with that Agreement and its Schedules, which provide information in relation to performance reporting and payment arrangements under the IGA.
2. In entering this Agreement, the Commonwealth and the States and Territories (the States) recognise that they have a mutual interest in improving outcomes in vocational education and training (VET), and that they need to work together to achieve those outcomes. This will enable Australia to meet the challenges of changing economic conditions, maximising our productivity and prosperity in the longer term. This could include integration of innovative new technologies and delivery modes to deliver greater responsiveness to the needs of students and foster improved engagement with industry.
3. The Commonwealth and the States are also committed to 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 and community; vocational and higher education; and employment. Central to a reformed VET sector, should be the development and implementation of strategies that increase engagement with industry to ensure its needs and requirements are met. In implementing the reforms consideration will be given to minimising regulatory burden on training providers.
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 in order to gain 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 disability are addressed. Critical to achieving this are partnerships between enterprises, registered training organisations (RTOs), employment service providers, community and government as well as better integration of services at the local level.
5. This Agreement will be implemented consistently with the objectives, outcomes and outputs of all National Agreements and National Partnerships agreed by the Parties. In particular, the Parties are committed to addressing the issue of social inclusion, including responding to Indigenous disadvantage. The Parties have also 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.

6. The structural reforms and other actions carried out under this Agreement are directed to achieving the reform directions agreed under the *National Agreement on Skills and Workforce Development* (NASWD), which include:
- a. improving 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. improving training participation and qualification completions, including at higher levels and by those who may be experiencing disengagement or disadvantage;
  - c. encouraging responsiveness in training arrangements by facilitating the operation of a more open and competitive training market;
  - d. enabling 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. strengthening the capacity of public and private providers and businesses to deliver training and support people in training;
  - f. strengthening, streamlining and harmonising the Australian Apprenticeships system;
  - g. assuring 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. providing 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. increasing 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. facilitating 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.

### ***Joint reform activities***

7. To support the objective of this Agreement, the Commonwealth and the States will continue to explore a number of reform activities through mechanisms such as the Standing Council on Tertiary Education, Skills and Employment or other advisory groups.

8. To the extent that the following measures are incorporated in jurisdiction Implementation Plans, progress will be considered in the review of the Agreement outlined in Part 6:
  - a. improve linkages between Registered Training Organisations (RTOs), employment services providers, employers and Centrelink at state and local levels to improve outcomes;
  - b. improve alignment and develop a complementary approach to VET and higher education, including identification of opportunities to align regulation, barriers to smooth transition pathways (including but not restricted to financial, regulatory and assessment) and barriers to a more open tertiary market, and interoperability of student identifier systems; and
  - c. improve regulation, including through monitoring implementation of the Australian Skills Quality Authority.

### ***Policy and Program Alignment***

9. In addition, the Commonwealth and one or more States may reach agreement, through Implementation Plans, on improvements in policy and program alignment in the following areas:

#### ***Apprenticeship Support Services***

10. Subject to progress on national harmonisation of Australian Apprenticeships in accordance with agreed principles (at Schedule 1), the Parties may consider changes to current arrangements for Australian Apprenticeships Support Services under separate funding arrangements.

#### ***Language, literacy and numeracy***

11. Subject to agreement on VET structural reform and training performance, the Parties may consider ways to improve the efficiency and effectiveness of Commonwealth programs for language, literacy and numeracy for job seekers and related State programs, to improve language, literacy and numeracy outcomes.

#### ***Workforce development programs***

12. The Parties may consider ways to improve the alignment between Commonwealth and state funded programs that support the workforce and skills development within enterprises aimed at improving the productivity of the workforce. This could include: coordination of support services offered to enterprises and sharing of information concerning funding to enterprises via the National Workforce Development Fund and related state programs or investments.

#### ***Recognising jurisdictional priorities***

13. All Parties recognise that in pursuing the reforms in this Agreement, including the joint reform activities and policy and program alignment which are optional and subject to separate, bilateral negotiation with the Commonwealth, States will have different priorities, different levels of engagement and may proceed at different paces.

## PART 1 – FORMALITIES

### Parties to this Agreement

14. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the States.

### Terms of the Agreement

15. This Agreement will commence as soon as the Commonwealth and one other Party sign the Agreement.
16. The Agreement will expire on 30 June 2017, or on completion of the projects funded under this Agreement, including the acceptance of final performance reporting and processing of final payments against performance milestones, unless terminated earlier or extended as agreed in writing by the Parties.
17. Consistent with the commitment made under Clause 8 of the Productivity Places Program which expires on 30 June 2012, the Commonwealth and States undertake to honour their commitment to students who did not complete their qualifications by 30 June 2012 or during the term of this Agreement.
18. A State committing to reform in this Agreement may retain the projected balance of funding available at 30 June 2012 under the National Partnership for Productivity Places Program (PPP) to help meet the cost of students completing qualifications and to support training activity. Reporting under the PPP will continue to be required until complete.
19. The Parties also note that this Agreement supersedes the Commonwealth's 2010 offer to the states through the National Entitlement for a Quality Training Place (NEQTP). This Agreement also supersedes earlier processes and conditions for the provision of Commonwealth support for ICLs under the NEQTP.

## PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

### Objective

20. A VET system that delivers a productive and highly skilled workforce which contributes to Australia's economic future, and to enable all working age Australians to develop the skills and qualifications needed to participate effectively in the labour market.

### Outcomes

21. The outcomes sought by this Agreement are:
  - a. more **accessible** training for working age Australians and, in particular, a more **equitable** training system, which provides greater opportunities for participation in education and training;
  - b. a more **transparent** VET sector, which enables better understanding of the VET activity that is occurring in each jurisdiction;
  - c. a higher **quality** VET sector, which delivers learning experiences and qualifications that are relevant to individuals, employers and industry;

- d. a more **efficient** VET sector, which is **responsive** to the needs of students, employers and industry.

## Outputs

22. The objectives and outcomes of this Agreement will be achieved through a range of outputs, agreed by all Parties to improve the operation of the VET system, and ensure it is responsive and flexible to meet the needs of students, employers and industry.

### *VET system: structural reforms*

23. VET structural reforms are categorised by national or jurisdictionally flexible implementation as outlined below.
24. Part A - National Reforms are agreed under a national framework, with common elements that all States need to implement to achieve VET system reform. Milestones for projects in Part A are described in Schedule 2 to the Agreement.
25. Part B - Jurisdictionally Flexible Reforms are agreed under a national framework through this Agreement and may be implemented differently in each State as outlined in Implementation Plans. Milestones for projects in Part B are described at a high level in Schedule 2 to the Agreement.

### *Part A – National Reforms*

26. Jurisdictions will create a more **transparent** VET sector through :
  - a. enhancing national data collections including better measurement of total VET activity for all RTOs;
  - b. improving timelines for data sharing and reporting;
  - c. finalising the operational, funding, governance and State and Commonwealth legislative arrangements for the implementation of the USI; and
  - d. improving consumer information through development of proposals for release of comparable data on the national *My Skills* website and on RTOs' own websites, with data to include quality of providers, prices, government support, including subsidies, and labour market information.

### *Part B – Jurisdictionally Flexible Reforms*

27. Jurisdictions will improve the **quality** of VET teaching and training through:
  - a. implementation of criteria specific to each state for access to public subsidy funding and and/or complementary strategies that take account of the competition in local training markets and pattern of reforms and could include monitoring, evaluation, performance and quality indicators for providers;
  - b. development and piloting of independent validation of RTO assessment practices with a view to informing the development of a national model; and
  - c. publication of information on the quality of providers as indicated in Clause 26 (d), above.

28. Jurisdictions will create a more **accessible** and **equitable** training system through:
- a. introducing and strengthening a national entitlement to a government subsidised training place to a minimum of the first Certificate III qualification (see Schedule 3) which:
    - i. is accessible through any registered training organisation (RTO), public or private, which meets state-based criteria for access to the national training entitlement; and
    - ii. is available as a minimum to all working age Australians (from post-school to age pension age) without a Certificate III or higher qualification, subject to meeting minimum entry requirements and state based criteria; and
    - iii. includes foundation skills or lower qualifications contained within the Certificate III qualification.
  - b. supporting expansion of the Commonwealth's ICL scheme to improve the accessibility of higher level qualifications and work with the Commonwealth to enhance a quality framework including state and Commonwealth quality requirements for RTOs to access ICLs (see Schedule 4).
29. Jurisdictions will improve the **efficiency** and **responsiveness** of the VET system through:
- a. improvements in government-to-government information exchange through development of a shared information model to cover data on all forms of government funding for training (including capital), pricing, training activity (including hours and qualifications) and outcomes with details to allow analysis of variations by characteristics of the student, location of provider and mode of delivery, as input to the review referred to in Part 6; and data on higher education participation, courses and outcomes with details to allow analysis of variations by characteristics of the student and provider; and
  - b. development and implementation of strategies which 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.

### ***VET system: training outcomes***

30. The efficiency and responsiveness of the VET system and equity objectives will be improved through an increase in overall training activity measured by an increase in completions of qualifications in the order of 375,000 nationally over the life of this Agreement. State targets are to be negotiated and will be measured using a standard methodology and a common baseline of the average of 2008 and 2009 calendar year data. Completions funded through Commonwealth initiatives such as the National Workforce Development Fund will contribute to the national increase in completions of qualifications.

31. Improvements, either above trend growth rates or from an agreed baseline, for particular areas of priority will be negotiated on a bilateral basis and measured using a standard methodology, where appropriate, including commencements or completions for:
  - a. higher qualifications (Certificate III, IV, diploma and/or advanced diploma); and
  - b. Indigenous Australians.
32. States are required to identify two additional targets such as a cumulative increase in government funded Australian Qualifications Framework (AQF) qualification commencements, completions or equivalent full-time students in areas of priority such as rural and remote areas, students with disability or from low socio-economic status backgrounds, groups of policy focus (e.g. long-term unemployed, youth, single and teen parents or mature aged workers), or in a skills priority area.

## PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

33. To realise the objectives and commitments in this Agreement, the Commonwealth and each State and Territory has specific roles and responsibilities, as outlined below. These roles and responsibilities complement those set out in the NASWD.

### Role of the Commonwealth

34. The Commonwealth agrees to be accountable for the following roles and responsibilities:
  - a. monitoring and assessing the performance in the delivery of reforms under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe;
  - b. providing a financial contribution to the States to support the implementation of this Agreement, as set out in Part 5 (Financial Arrangements) below and contributing to the achievement of the outcomes of this agreement through Commonwealth Own Purpose programs;
  - c. reviewing operational requirements for ICLs to streamline administration requirements, and making necessary changes to legislation, guidelines and administrative processes; and
  - d. leading the development and implementation of key national initiatives outlined in this agreement, including the national *My Skills* website and the Unique Student Identifier (USI) in VET.

### Role of the States and Territories

35. The States agree to be accountable for the following roles and responsibilities:
  - a. implementing specific reform initiatives consistent with the conditions in this agreement and as set out in their Implementation Plans;
  - b. monitoring performance in the delivery of reforms under this Agreement, to ensure that outputs are delivered and outcomes achieved within the agreed timeframe;
  - c. delivering on outcomes and outputs agreed by the States for implementation; and



- d. reporting on the delivery of outcomes and outputs as set out in Part 4 – Performance Milestones and Reporting.

## Shared roles and responsibilities

36. The Commonwealth and the States share the following roles and responsibilities:
  - a. developing and agreeing Implementation Plans in accordance with Clause 37 of this Agreement;
  - b. funding ICLs including costs of implementation, administration and sharing risk;
  - c. sharing data as part of the agreed government-to-government information model and the operation of labour markets;
  - d. participating in consultations as appropriate regarding the implementation of this Agreement; and
  - e. conducting evaluations and reviews of services and outputs delivered under this Agreement.
37. The Parties will meet the requirements of Schedule E, Clause 26 of the IGA by ensuring that prior agreement is reached on the nature and content of any events, announcements, promotional material or publicity relating to activities under an Implementation Plan, and that the roles of both Parties will be acknowledged and recognised appropriately.

## Implementation Plans

38. The Commonwealth and the States will agree Implementation Plans that set out each jurisdiction's strategies and actions for delivering VET system structural reforms, improvements in training outcomes and other activities as agreed between the Commonwealth and individual jurisdictions.

## PART 4 – PERFORMANCE MONITORING AND REPORTING

### Performance milestones

39. Achievement of the VET system structural reform outputs of this Agreement will be measured by reference to the achievement of agreed project milestones for implementation.
40. The Parties agree to meet key milestones for VET structural reform projects listed at Clauses 23 to 29 of this Agreement. Schedule 4 sets out the details of these milestones against each project.
41. Achievement of VET training outcomes as agreed under this Agreement will be measured against targets as outlined in each jurisdictions' Implementation Plan.

### Reporting

42. From 2013 to 2017, each jurisdiction will provide an annual performance report by 30 April, based on information from the previous calendar year (and could include data up until the due reporting date), against agreed structural reform project milestones as outlined in their Implementation Plan.

43. The annual performance report will also include reporting, based on data for the previous calendar year, on achievement of VET training outcomes against agreed State targets.

## PART 5 – FINANCIAL ARRANGEMENTS

44. The Commonwealth will provide a total financial contribution to the States of up to \$1.75 billion over the 2012-13 to 2016-17 period.
45. The Commonwealth’s estimated financial contribution to VET structural reform and training are shown in Table 1. The total financial contribution will be allocated to the States on the basis of population (a breakdown by state is at Schedule 5). 65 per cent of the funding will be provided on the basis of delivery of structural reforms, with the remaining 35 per cent tied to performance in achieving training outcomes.

**Table 1. Estimated Commonwealth financial contribution – VET structural reform and training outcomes**

Administered item expenses (\$millions)		2012-13	2013-14	2014-15	2015-16	2016-17	Totals
National Partnership:							
65%	In advance payments 20%	174.8	174.8				349.5
	Structural reform milestones 45%	63.6	63.6	377.3	141.0	141.0	786.4
	Total structural reform payments	238.4	238.4	377.3	141.0	141.0	1136.0
35%							
	Training outcomes				236.4	375.3	611.7
Total Reform National Partnership		238.4	238.4	377.3	377.3	516.3	1747.7

Note: Figures are subject to rounding

### Payments linked to structural reforms

46. The Commonwealth will make project payments to the States for VET structural reform on the following basis:
- once Implementation Plans have been agreed, an in-advance payment of 10 per cent of the funding available under this Agreement will be made in recognition of the up-front costs that states will incur in establishing projects.
  - an in-advance payment of 10 per cent will also be made in 2013-14, as further recognition of the implementation costs that States will incur in establishing projects under this Agreement; and
  - the remainder of the financial contribution of 45 per cent is payable subject to achievement of milestones agreed in each jurisdiction’s Implementation Plan. States can allocate this funding flexibly between projects as long as agreed performance milestones are met.

### Payments linked to training outcomes

47. Training outcome payments totalling 35 per cent of the funding available under this Agreement will be based on achievement of agreed improvements against performance measures in years four and five of the agreement. The distribution of outcome funding

between the five training outcome targets will be agreed in jurisdiction Implementation Plans. A minimum of 15 per cent of the total outcome funding will be attributed to each target.

## Recognition of Partial Performance

48. A State will not be penalised where it fails to meet a structural reform milestone and/or agreed training outcome if the failure is due to circumstances beyond the State's control (including Commonwealth actions) or circumstances not anticipated at the time of signing this Agreement. In such circumstances, the Commonwealth and the state will negotiate an appropriate alternative basis for the payment
49. If the above clause does not apply, the Commonwealth will provide partial payments when an interim structural reform milestone has been achieved. The proportion of funding tied to each interim milestone will be agreed in the jurisdiction Implementation Plan.
50. For each training outcome, the Commonwealth will provide funding on a pro rata basis commensurate with actual performance achieved, above a minimum performance threshold of 50 per cent. That is, a threshold attainment of 50 per cent of a jurisdiction's agreed performance improvement target will be required before the Commonwealth will make a payment in year four of the agreement. If this threshold has been met then the Commonwealth will make a payment on a pro-rata basis in line with actual performance achieved.
51. For structural reforms, the Commonwealth will determine the amount of funding on each output in line with the proportion of the funding allocated to each category in **Table 2**. For example, under Access and Equity, the completion of the annual milestone for one project will attract 40 per cent of the amount allocated to that category, whilst the completion of the annual milestone for the second project will attract the remaining 60 per cent, totalling 100 per cent for the category.

**Table 2. Estimated Commonwealth financial contribution – structural reform milestones**

Outputs	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Quality (20%)</b>						
<ul style="list-style-type: none"> <li>• State criteria for access to public subsidy funding and/or complementary strategies</li> <li>• External validation of RTO assessment practices</li> <li>• Publication of RTO quality measures through <i>My Skills</i> (under improved consumer information below)</li> </ul>						
Completion of one project (40%)	5.1	5.1	30.2	11.3	11.3	157.3
<b>Completion of two projects (100%)</b>	<b>12.7</b>	<b>12.7</b>	<b>75.5</b>	<b>28.2</b>	<b>28.2</b>	
<b>Transparency (10%)</b>						
<ul style="list-style-type: none"> <li>• Enhanced National data collections</li> <li>• Improved and agreed timelines</li> <li>• Improve consumer information</li> <li>• Unique Student Identifier</li> </ul>						
Completion of one project (20%)	1.3	1.3	7.5	2.8	2.8	78.6
Completion of two projects (40%)	2.5	2.5	15.1	5.6	5.6	
Completion of three projects (60%)	3.8	3.8	22.6	8.5	8.5	
<b>Completion of four projects (100%)</b>	<b>6.4</b>	<b>6.4</b>	<b>37.7</b>	<b>14.1</b>	<b>14.1</b>	
<b>Efficiency (10%)</b>						
<ul style="list-style-type: none"> <li>• Improved government to government information sharing</li> <li>• Support public training providers</li> <li>• Review</li> </ul>						
Completion of one project (40%)	2.5	2.5	15.1	5.6	5.6	78.6
Completion of two projects (60%)	3.8	3.8	22.6	8.5	8.5	
<b>Completion of three projects (100%)</b>	<b>6.4</b>	<b>6.4</b>	<b>37.7</b>	<b>14.1</b>	<b>14.1</b>	
<b>Access and equity (60%)</b>						
<ul style="list-style-type: none"> <li>• National Entitlement</li> <li>• Increase access to ICLs</li> </ul>						
Completion of one project (40%)	15.3	15.3	90.6	33.8	33.8	471.9
<b>Completion of two projects (100%)</b>	<b>38.2</b>	<b>38.2</b>	<b>226.4</b>	<b>84.6</b>	<b>84.6</b>	
<b>Total Structural Reform Payment</b>	<b>63.6</b>	<b>63.6</b>	<b>377.3</b>	<b>141.0</b>	<b>141.0</b>	<b>786.4</b>

NOTE: Figures subject to rounding

## Project management risk

52. Having regard to the agreed estimated costs of projects specified in an Implementation Plan, a State or Territory will not be required to pay a refund to the Commonwealth if the actual cost of the project is less than the agreed estimated cost of the project. Similarly, the States bear all risk should the costs of a project exceed the agreed estimated costs. The Parties acknowledge that this arrangement provides the maximum incentive for the States to deliver projects cost effectively and efficiently.

## PART 6 – GOVERNANCE ARRANGEMENTS

### Enforceability of the Agreement

53. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, that does not lessen the Parties' commitment to this Agreement.

## Review of the Agreement

54. A review of progress of both VET structural reforms and training outcomes will be completed by 31 December 2015, focusing in particular on the outcomes of transparency reforms and state reform of funding to providers and enterprises through the introduction of a national training entitlement and ICLs. The outcomes of the review may inform future Commonwealth-State funding arrangements.
55. The review will explicitly examine the implementation of income contingent loans and management of bad and doubtful debt and will also consider progress on the reform activities referred to in Clause 8.
56. Some individual reform outputs may be reviewed prior to 31 December 2015, as agreed in consultation between the Commonwealth and the States.
57. Terms of reference for the review will be agreed by all jurisdictions by 30 April 2013.
58. Separate to the review, the Standing Council on Tertiary Education, Skills and Employment will appoint and determine the terms of reference of an Expert Panel in 2015, to examine options for future VET funding arrangements based on data and evidence collected as a result of this Agreement. The Expert Panel will report to all governments in the second half of 2016.

## Variation of the Agreement

59. The Agreement may be amended at any time by agreement in writing by all the Parties.
60. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties in writing.
61. Subject to Commonwealth Budget rules, any funds allocated for a State that have not been distributed by the end of a financial year due to the non-achievement of structural reform milestones or training outcome targets may be rolled over to the following year. In these circumstances, milestones would be moved forward as the basis for further payment.

## Delegations

62. The relevant Commonwealth Minister with portfolio responsibility for VET is authorised to agree and amend Schedules, including Implementation Plans, to this Agreement and to certify that performance milestones specified under this Agreement have been achieved, so that payments may be made.
63. Respective State and Territory Ministers with portfolio responsibility for VET are authorised to agree and amend Schedules, including Implementation Plans, to this Agreement.
64. The Commonwealth Minister may delegate the assessment of project-based milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

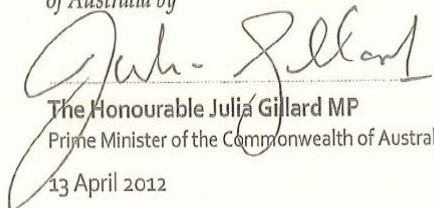
## Dispute resolution

65. Any Party may give notice to other Parties of a dispute under this Agreement.


66. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
67. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers and if necessary, the relevant Ministerial Council.
68. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to COAG for consideration.

69. The Parties have confirmed their commitment to this agreement as follows:

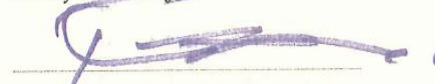
*Signed for and on behalf of the Commonwealth of Australia by*

  
The Honourable Julia Gillard MP  
Prime Minister of the Commonwealth of Australia  
13 April 2012

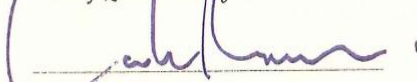
*Signed for and on behalf of the State of New South Wales by*

  
The Honourable Barry O'Farrell MP  
Premier of the State of New South Wales  
13 April 2012

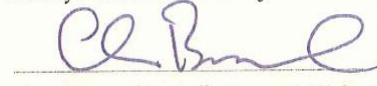
*Signed for and on behalf of the State of Victoria by*

  
The Honourable Ted Baillieu MLA  
Premier of the State of Victoria  
13 April 2012


*Signed for and on behalf of the State of Queensland by*

  
The Honourable Campbell Newman MP  
Premier of the State of Queensland  
13 April 2012

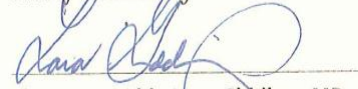
*Signed for and on behalf of the State of Western Australia by*

  
The Honourable Colin Barnett MLA  
Premier of the State of Western Australia  
13 April 2012

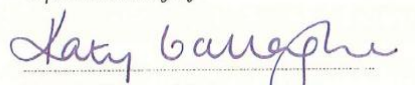
*Signed for and on behalf of the State of South Australia by*

  
The Honourable Jay Weatherill MP  
Premier of the State of South Australia  
13 April 2012


*Signed for and on behalf of the State of Tasmania by*

  
The Honourable Lara Giddings MP  
Premier of the State of Tasmania  
13 April 2012

*Signed for and on behalf of the Australian Capital Territory by*

  
Katy Gallagher MLA  
Chief Minister of the Australian Capital Territory  
13 April 2012

*Signed for and on behalf of the Northern Territory by*

  
The Honourable Paul Henderson MLA  
Chief Minister of the Northern Territory of Australia  
13 April 2012

## NATIONAL HARMONISATION PRINCIPLES

Harmonisation is a key priority of governments. Jurisdictions will work in close collaboration to implement changes within their system to achieve harmonisation of the issues at Appendix A. The principles of harmonisation are that, once achieved:

1. The Australian Apprenticeships system supports the changing needs of Australian Apprentices, employers and industry through the provision of nationally consistent arrangements, supporting system efficiency and mobility.
2. Consistent requirements, rules and procedures apply across multiple jurisdictions.
3. Jurisdictional compliance requirements associated with the Australian Apprenticeships Training Contract are aligned, reducing complexity and ensuring compliance requirements are streamlined and nationally consistent, while maintaining appropriate protection for parties to the contract.
4. The training package endorsement process includes responsibility for advising on the establishment of occupations and qualifications for an apprenticeship or traineeship at the national level. This includes nominal durations, probationary periods and identification of apprenticeship and traineeship pathways.
5. There is agreement between Commonwealth and all state and territory governments to the components and content of a nationally consistent training plan template.
6. There is agreement between Commonwealth and state and territory governments about data to be collected including common understanding of data definitions, consistent views on quality and transparency of data and agreed protocol for ownership and review.
7. States and Territories to have flexibility in the way they give effect to these principles; in particular:
  - a. States and Territories to determine the Australian Apprenticeships pathways for which they provide funding according to their individual circumstances;
  - b. the existence of an Australian Apprenticeship pathway does not obligate a state or territory to provide funding for that pathway; and
  - c. jurisdictions to determine which bodies are responsible for disciplinary matters.



### Areas for Improving Harmonisation

Examples of where differences occur across State and Territory boundaries include:

1. Transfer to a new employer: Victoria, Queensland and the Australian Capital Territory do not have this provision and currently the training contract must be cancelled and started with a new employer.
2. The establishment of an apprenticeship/traineeship pathway for a particular occupation.
3. Assessment process for determining the suitability of the employers of Australian Apprentices. For example in South Australia the employer of an Australian Apprentice must be registered and approved by the STA.
4. The rights and obligations of employers and apprentices under a contract of training.
5. The rules and processes faced by employers and apprentices relating to the approval, variation (including suspension), transfer, cancellation and completion of a training contract and its associated training plan.
6. The rules to assess competency and time served credits applicable to an Australian Apprentice when establishing a new training contract or transferring to an existing contract in another jurisdiction.
7. Administrative settings, including in relation to:
  - a. nominal duration terms;
  - b. the number of training hours to complete a qualification;
  - c. training plan requirements;
  - d. additional completion requirements beyond the RTO issuing the qualification;
  - e. minimum working age for commencing an Australian Apprenticeship;
  - f. the availability of backdating the commencement of an Australian Apprenticeship;
  - g. part time or full time arrangements that apply to Australian Apprenticeships, including Australian School based Apprenticeships;
  - h. probationary periods; and
  - i. ratio of supervisory requirements.

**SKILLS REFORM NP – VET STRUCTURAL REFORMS –GENERAL IMPLEMENTATION SCHEDULE**

Payments will be made on the achievement of agreed milestones and timeframes as agreed in Implementation Plans – for which the Schedule is the basis for negotiation.

<b>Outcomes</b>	<b>Outputs</b>	<b>Project Description</b>	<b>Milestones 2012-13</b>	<b>Milestones 2013-14</b>	<b>Milestones 2014-15</b>	<b>Milestones 2015-16</b>	<b>Milestones 2016-17</b>
<p>A more transparent VET sector, which enables better understanding of the VET activity that is occurring in each jurisdiction;</p> <p><b>Total VET activity</b></p>	<p><b>Transparency</b></p> <p>Jurisdictions will create a more transparent VET sector through:</p> <p>a. enhancing national data collections including better measurement of total VET activity of all RTOs;</p>	<p>Develop a strategy for reporting total VET activity for public and private RTOs.</p>	<p>States agree on strategy and implementation plan for mandating and reporting total VET activity.</p> <p><b>Annual Performance Report in April 2013</b></p>	<p><b>Reporting of total VET activity has been mandated, supported by appropriate regulation/legislation, and support system.</b></p> <p><b>Annual Performance Report in April 2014</b></p>	<p>Data collected and submitted.</p> <p><b>Annual Performance Report in April 2015</b></p>	<p>Data collected and submitted.</p> <p><b>Annual Performance Report in April 2016</b></p>	<p>Data collected and submitted.</p> <p><b>Annual Performance Report in April 2017</b></p>
<p>A more transparent VET sector, which enables better understanding of the VET activity that is occurring in each jurisdiction;</p> <p><b>Improved timelines</b></p>	<p>Jurisdictions will create a more transparent VET sector through:</p> <p>b. improving timelines for data sharing and reporting;</p>	<p>States agree to strategy to deliver improved timelines for provision of data.</p>	<p>States and Commonwealth agree to a strategy for improved timelines for provision of data.</p> <p><b>Annual Performance</b></p>	<p>Implementation based on agreed Commonwealth and State strategy.</p> <p><b>Annual</b></p>	<p>Strategy fully implemented.</p> <p>Data collected and submitted as agreed. <b>Annual Performance Report in April 2016</b></p>	<p>Data collected and submitted as agreed. <b>Annual Performance Report in April 2016</b></p>	<p>Data collected and submitted as agreed. <b>Annual Performance Report in April 2017</b></p>



Outcomes	Outputs	Project Description	Milestones 2012-13	Milestones 2013-14	Milestones 2014-15	Milestones 2015-16	Milestones 2016-17
			<b>Annual Performance Report in April 2013</b>	By <b>1 January 2014</b> , the USI is fully implemented and state owned RTOs are providing AVETMISS compliant data (including the USI) to NCVET in accordance with agreed timelines from that date.  <b>Annual Performance Report in April 2014</b>		<b>Annual Performance Report in April 2016</b>	<b>Annual Performance Report in April 2017</b>
A more transparent VET sector, which enables better understanding of the VET activity that is occurring in each jurisdiction;  <b>Consumer information – My Skills</b>	Jurisdictions will create a more transparent VET sector through:  d. Improving consumer information through development of proposals for release of comparable data on the national <b>My Skills</b> website and on RTOs' own websites, with data to include quality of providers, prices,	Staged implementation of comparable data on a national website such as <i>My Skills</i> and on RTOs' own websites.	Commonwealth and States agree to <i>My Skills</i> implementation plan.  By <b>31 December 2012</b> Commonwealth and states implement Stage 1 of <i>My Skills</i> as agreed.	By <b>31 December 2013</b> Commonwealth and states implement Stage 2 enhancements to <i>My Skills</i> incorporating data as it becomes available including mandatory data collected through ASQA data provisions and	By 30 June 2015 Commonwealth and States implement agreed Stage 3 of <i>My Skills</i> to make it fully operational.  Data collected and submitted as agreed.	<i>My Skills</i> fully operational.  Data collected and submitted as agreed.	<i>My Skills</i> fully operational.  n.  Data collected and submitted as agreed.

Outcomes	Outputs	Project Description	Milestones 2012-13	Milestones 2013-14	Milestones 2014-15	Milestones 2015-16	Milestones 2016-17
	government support, including subsidies, and labour market information.	<p><b>Note:</b> <i>My Skills</i> milestones are indicative and will be amended to reflect the detailed work plan agreed by SCOTese.</p>	<p><b>Annual Performance Report in April 2013</b></p>	<p>NCVER quality indicators as agreed. States implement requirement for agreed specified RTO consumer information via website.</p> <p><b>Annual Performance Report in April 2014</b></p>	<p><b>Annual Performance Report in April 2015</b></p>	<p><b>Annual Performance Report in April 2016</b></p>	<p><b>Annual Performance Report in April 2017</b></p>

## Part B: Jurisdictionally Flexible Reforms

### Projects to be detailed in jurisdictional Implementation Plans

Outcome	Project Description	Reform Milestone
<p><b>Access and equity</b></p> <p>More accessible training for working age Australians in particular, a more equitable training system, which provides greater opportunities for participation in education and training</p>	<p>Introduction of a national entitlement.</p> <p>Expanded access to ICLs.</p>	<p><b>From 2012 to 2014</b></p> <p><b>From 2012 to 2015</b></p>
<p><b>Quality</b></p> <p>A higher quality VET sector, which delivers learning experiences and qualifications that are relevant to individuals, employers and industry;</p>	<p>Implementation of state based criteria for access to public subsidy funding.</p> <p>External validation of assessments trialled and, subject to outcomes, implemented as a national model.</p>	<p><b>From 2012 to 2014</b></p> <p><b>From 2012 to 2015</b></p>
<p><b>Efficiency and Responsiveness</b></p> <p>A more efficient VET sector, which is responsive to the needs of students, employers and industry.</p>	<p>Development of a shared information model.</p> <p>Review of National Partnership agreement.</p> <p>Strategies to support public providers</p>	<p><b>From 2012 to 2015</b></p> <p><b>December 2015</b></p> <p><b>From 2012 to 2014</b></p>

## NATIONAL ENTITLEMENT TO A GOVERNMENT SUBSIDISED TRAINING PLACE

### PREAMBLE

All jurisdictions are committed to the introduction of a national entitlement to training. The flexibility in the essential criteria for the national training entitlement recognises that jurisdictions are at different starting points and have different reform destinations.

Moreover, jurisdictions recognise that the introduction or further strengthening of an entitlement will also require a suite of supporting reforms – such as the expansion of the Commonwealth’s income contingent loan scheme to improve the accessibility of higher level qualifications and strategies to support public providers to adapt to the particular circumstances of their local training markets, including an environment of greater competition and contestability.

### ESSENTIAL CRITERIA

The national training entitlement will be an entitlement to access a government subsidised training place to a minimum of the first Certificate III qualification, which:

- a) is accessible through any registered training organisation (RTO), public or private, which meets state-based criteria for access to the national training entitlement; and
- b) is available as a minimum to all working age Australians (from post-school to age pension age) without a Certificate III or higher qualification, subject to meeting minimum entry requirements and state based criteria; and
- c) includes foundation skills or lower qualifications contained within the Certificate III qualification.

The Essential Criteria above are the minimum acceptable. Jurisdictions are encouraged to go beyond the minimum required, where affordable, and may vary other criteria as set out below.

### NOTES

#### *Eligibility*

The minimum requirement is that the entitlement is available to all working age Australians who do not have a Certificate III level qualification or higher. Jurisdictions have flexibility to go beyond the minimum, for example: to expand the entitlement beyond Certificate III; or to make the entitlement available to people who already have a qualification at Certificate III level or higher.

Jurisdictions may also implement strategies to manage the uptake of the entitlement to balance supply and demand within their jurisdiction and budget constraints.

Students must meet any eligibility criteria of the relevant Registered Training Organisation (RTO) to enrol in the course or institution of their choice.

#### *Field of qualification*

Consistent with the overall objective of the entitlement, jurisdictions may respond to jurisdictional priorities *including by: determining which courses are subsidised, varying the*

subsidy levels; number of course places; and marketing particular courses strongly to potential students.

*Facilitation of student choice*

Jurisdictions will make efforts to ensure potential students have access to high quality information about courses and RTOs, to enable students to make informed choices about training.

*Location*

An 'entitlement' does not imply that all courses should be available in all geographic locations. Where necessary, students may need to travel or re-locate within the state to take up a particular course, or study on-line or through a delivery mode other than face-to-face.

*Cross-border issues*

States may develop bilateral jurisdictional arrangements to facilitate cross-border access to the national training entitlement for a student residing in another state.



## KEY REQUIREMENTS IN RELATION TO THE VET FEE-HELP ASSISTANCE SCHEME

The following sets out the key requirements and elements related to the VET FEE HELP scheme. It sets out obligations on States and Territories and identifies some key changes to critical elements of the scheme that form part of the Commonwealth's offer.

In order to receive access to income contingent loans in relation to students accessing subsidised Diploma and Advanced Diploma places, a State or Territory will need to:

- As set out in this Agreement, have in place a training entitlement to the first Certificate III level qualification or higher (including any foundation skills lower level qualifications contained within a Certificate III) subject to meeting the course entry requirements and eligibility criteria.
- Agree to implement the quality and transparency measures set out in the National Agreement for Skills and Workforce Development and this Agreement, including providing assurance to the Commonwealth in relation to the quality of training provided through courses for which VET FEE HELP is available.
- Agree to pay 50 per cent of the fair value of impaired assets relating to ICLs taken out in their state for diploma or advanced diploma courses to which a state subsidy applies; plus 50 per cent of public debt interest cost for these loans, arising from the concessional treatment that applies to ICLs under the VET FEE HELP Assistance Scheme. This will be paid annually in arrears based on actuarial assessments undertaken by the Commonwealth. Additional analysis may be needed as implementation plans are developed for jurisdictions to fully assess the likely impact of these costs.
- Agree with the Commonwealth an approach to funding and administering ICLs for state subsidised diploma and advanced diploma courses and provide details in the State's Implementation Plan. Issues to be considered include:
  - information about the profile of providers and courses that may offer ICLs and fees;
  - the extent of transparency of information for consumers (for example, about the course, fees, loan conditions, and general labour market prospects) so they can make an informed choice between providers in their state, noting this is provided for in the National Partnership; and
  - how the State will monitor the weighted average cost of tuition fees across the full range of subsidised diploma and advanced diploma courses to be offered, and what efforts may be practicably undertaken to ensure loans do not exceed the agreed limit.
- Ensure that public providers who are approved in the State comply with the relevant legislative requirements and guidelines, which will be revised to reflect this Agreement, and the agreed outcomes from the Post Implementation Review of the VET FEE HELP Scheme undertaken in 2011.

The agreed limit for the weighted average loan value across all ICLs in a jurisdiction will be \$4,000 from 1 July 2012, rising to \$5,000 on 1 July 2013.

The Commonwealth will remove the 20 per cent loan fee in relation to training places in subsidised training courses at the diploma and advanced diploma level.

The Commonwealth will remove credit transfer requirements relating to all diploma and advanced diploma courses both subsidised and full fee paying.

The Commonwealth will provide to each jurisdiction comprehensive, timely data on the take-up and loan value of ICLs in the jurisdiction (including on the student, course, provider and location characteristics), and analysis and projections of the public debt interest cost.

The Commonwealth and States will develop a limited trial of extending the eligibility for ICLs under VET FEE-HELP Assistance to students undertaking selected Certificate IV qualifications shown to provide a significant personal return through increased earning potential.

The Commonwealth will work with States during 2012-13 to review the administration of ICLs, with the intention to simplify their administration, maximise transparency for students and providers, and minimise the emergence of gap fees. The Commonwealth and States and Territories will also work to develop an equivalent indexed maximum loan cap, which may be applied instead of an average weighted loan system in some or all jurisdictions from 2013-14.

The Commonwealth will work with States to monitor and report on the take up and repayment of income contingent loans, and from time to time and as appropriate the Heads of Treasuries will consider the rigour of the collection of bad and doubtful debts.

## VET Reform NP - Draft Allocation by State/Territory (\$ million)

**Notes:** The state populations are estimates of the population used by treasury. They are constructed using the latest demographic data available from the Australian Bureau of Statistics (ABS) and Treasury assumptions.

<b>New South Wales</b>	<b>32.1%</b>	2012/13	2013/14	2014/15	2015/16	2016/17	Total
In-Advance Payments (20%)		56.2	56.2				112.3
Structural Reform Milestones (45%)		20.4	20.4	121.2	45.3	45.3	252.7
Training Outcomes (35%)					75.9	120.6	196.5
<b>Total</b>		<b>76.6</b>	<b>76.6</b>	<b>121.2</b>	<b>121.2</b>	<b>165.9</b>	<b>561.6</b>
<b>Victoria</b>	<b>24.9%</b>	2012/13	2013/14	2014/15	2015/16	2016/17	Total
In-Advance Payments (20%)		43.5	43.5				87.0
Structural Reform Milestones (45%)		15.8	15.8	93.9	35.1	35.1	195.7
Training Outcomes (35%)					58.8	93.4	152.2
<b>Total</b>		<b>59.3</b>	<b>59.3</b>	<b>93.9</b>	<b>93.9</b>	<b>128.5</b>	<b>434.8</b>
<b>Queensland</b>	<b>20.4%</b>	2012/13	2013/14	2014/15	2015/16	2016/17	Total
In-Advance Payments (20%)		35.7	35.7				71.4
Structural Reform Milestones (45%)		13.0	13.0	77.0	28.8	28.8	160.6
Training Outcomes (35%)					48.3	76.6	124.9
<b>Total</b>		<b>48.7</b>	<b>48.7</b>	<b>77.0</b>	<b>77.0</b>	<b>105.4</b>	<b>356.9</b>
<b>Western Australia</b>	<b>10.4%</b>	2012/13	2013/14	2014/15	2015/16	2016/17	Total
In-Advance Payments (20%)		18.2	18.2				36.5
Structural Reform Milestones (45%)		6.6	6.6	39.4	14.7	14.7	82.0
Training Outcomes (35%)					24.6	39.1	63.8
<b>Total</b>		<b>24.9</b>	<b>24.9</b>	<b>39.4</b>	<b>39.4</b>	<b>53.8</b>	<b>182.3</b>
<b>South Australia</b>	<b>7.3%</b>	2012/13	2013/14	2014/15	2015/16	2016/17	Total
In-Advance Payments (20%)		12.7	12.7				25.4
Structural Reform Milestones (45%)		4.6	4.6	27.4	10.2	10.2	57.1
Training Outcomes (35%)					17.2	27.3	44.4
<b>Total</b>		<b>17.3</b>	<b>17.3</b>	<b>27.4</b>	<b>27.4</b>	<b>37.5</b>	<b>127.0</b>
<b>Tasmania</b>	<b>2.2%</b>	2012/13	2013/14	2014/15	2015/16	2016/17	Total
In-Advance Payments (20%)		3.9	3.9				7.8
Structural Reform Milestones (45%)		1.4	1.4	8.4	3.2	3.2	17.6
Training Outcomes (35%)					5.3	8.4	13.7
<b>Total</b>		<b>5.3</b>	<b>5.3</b>	<b>8.4</b>	<b>8.4</b>	<b>11.6</b>	<b>39.1</b>
<b>Australian Capital Territory</b>	<b>1.6%</b>	2012/13	2013/14	2014/15	2015/16	2016/17	Total
In-Advance Payments (20%)		2.8	2.8				5.6
Structural Reform Milestones (45%)		1.0	1.0	6.0	2.3	2.3	12.6
Training Outcomes (35%)					3.8	6.0	9.8
<b>Total</b>		<b>3.8</b>	<b>3.8</b>	<b>6.0</b>	<b>6.0</b>	<b>8.3</b>	<b>28.0</b>
<b>Northern Territory</b>	<b>1.0%</b>	2012/13	2013/14	2014/15	2015/16	2016/17	Total
In-Advance Payments (20%)		1.8	1.8				3.6
Structural Reform Milestones (45%)		0.7	0.7	3.9	1.5	1.5	8.1
Training Outcomes (35%)					2.4	3.9	6.3
<b>Total</b>		<b>2.5</b>	<b>2.5</b>	<b>3.9</b>	<b>3.9</b>	<b>5.3</b>	<b>18.1</b>