The Australian Government’s Plan to Develop Skills For Competitiveness

Boosting SEQ’s Global Competitiveness

Brett Hall
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Skills and Economic Development

“Productivity isn't everything, but in the long run, it’s almost everything. A country’s ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.”

Paul Krugman, 1994

• Well-established link between skills development and economic development at the regional, national and international levels.

• Strong correlation between holding qualifications and labour market participation

• Clear link between skills development and increases in productivity both at the firm level and for the broader economy
Skills: A Driver of Productivity and Competitiveness

- The nature of work and the structure of the labour market is changing, leading to increasing demand for higher level and more flexible skills.

- Majority of current economic growth is knowledge-driven and underpinned by skill-biased technological progress and innovation.

- Many traditional trades and occupations requiring no or low skills transitioning to a high-tech and high-skill environment.
Skills Policy Environment

- VET system (and skills development more broadly) firmly positioned as a driver of economic growth

- Focus on building the capability of businesses, individuals and industries to adapt to change, innovate and respond flexibly in the highly competitive global marketplace

- Access to training a critical factor in helping businesses, particularly SMEs, to:
  - Adjust to changes in a competitive economy
  - Grow, by accessing new markets (e.g. niche and export)
  - Diversify
2014 Budget: Building Skills and Capability

• The Australian Government’s investment in building skills and capability supports the Government’s vision for the future of Australia’s industries in a globally competitive market through:
  – A responsive vocational education and training (VET) sector delivering the skills that employers need for their workforce
  – A more efficient and effective skills and training system, which is industry led and outcome-driven

• There were a number of changes made to skills programmes in the 2014 Budget to underpin this strategic direction. Closing programmes include:
  – National Workforce Development Fund
  – Workplace English Language Literacy (WELL) Programme
Industry Skills Fund

$476 million over four years to ensure that industry has the skilled workforce it needs to boost the nation’s productivity.

Fast Facts:
- Commences 1 January 2015
- Training and/or support services for 200,000 employees over 4 years
- Training tailored to the needs of individual businesses
- Mandatory cash co-contribution
- Delivered by the Single Business Service
Priority businesses are micro, small and medium enterprises in productive, competitive industries that are:

- Adjusting to economy-wide changes; or
- Accessing new markets or
- Diversifying; or
- Operating across multiple jurisdictions; or
- Located in Northern Australia and looking to grow, diversify or export.

Priority Sectors:

- Food and agribusiness
- Mining equipment, technology and services
- Medical technologies and pharmaceuticals
- Oil and gas
- Advanced manufacturing
Industry Skills Fund—Proposed Eligibility

• **Eligible Applicants:**
  – Individual businesses which are:
    • Non-tax exempt and incorporated under *Corporations Act 2001*
    • Have an Australian Business Number
    • Registered for GST
    • Have a demonstrated trading history
  – An organisation applying on behalf of two or more eligible businesses:
    • Consortia lead member will be responsible for payments and project outcomes

• **Not Eligible:**
  – Training deliverers will not be eligible to apply for funding, to either their own workforce or any other eligible entity
  – State and Territory Government bodies
Industry Skills Fund – Proposed Funded Activities

Eligible Training:
- Nationally recognised training based on training packages (either full qualifications or skill sets) or accredited vocational training
- Innovative training for leading edge industries for which accredited training has not yet been developed

Eligible Support Services:
- Literacy and numeracy assistance
- Mentoring
- Support to access foreign markets
- Workforce development advice including workforce skills audits to identify opportunities for competitive positioning

Applicants will be required to demonstrate that training proposals cannot be delivered under existing publicly-subsidised training products.
Industry Skills Fund – Proposed Merit Criteria

Project approvals will be based on:

- Outcomes of Merit assessment
- Value proposition in relation to Government’s agenda
- Risk assessment
Industry Skills Fund – Youth Streams
Commencing March 2015

Training for Employment Scholarships
• Assist employers in regional areas with high youth unemployment to provide job-specific training to new employees
• Small to medium businesses hiring an unemployed person aged 18-24 will be eligible to receive funding to pay for up to 26 weeks of training

Youth Employment Pathways
• Community organisations will be able to apply for funding to deliver support services and training to young Australians aged 15-18 who are not in school
• 3,000 places will be offered initially in regional areas where school completion rates are currently low

Both of these initiatives commence in March 2015
Next Steps

• Industry Skills Fund Commences 1 January 2015

• Further information available at business.gov.au

• To contact the Industry Skills Team in Brisbane:
  – IndustrySkills-QLD@Industry.gov.au

$476 million
INDUSTRY SKILLS FUND