



Australian Government
Department of Education and Training

Submission to the Senate Education and Employment Legislation Committee

**Inquiry into the Migration Amendment (Skilling
Australians Fund) Bill 2017, and the Migration
(Skilling Australians Fund) Charges Bill 2017**

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Opportunity through learning

Role in the Skilling Australians Fund

The *Migration Amendment (Skilling Australians Fund) Bill 2017* and the *Migration (Skilling Australians Fund) Charges Bill 2017* prescribe a new nomination training contribution charge (levy) on businesses nominating workers for certain temporary and permanent employer sponsored visas. These Bills do not prescribe how the revenue from the levy will be used. The nomination training contribution charge will offset expenditure from the Skilling Australians Fund (the Fund). For the information of the Committee, the department has prepared the following submission outlining how the Australian Government will support skills development using the revenue collected by the new levy.

In the 2017–18 Budget, the Government announced the new and ongoing Skilling Australians Fund (the Fund). The Fund pools employer levies to train Australians. The Fund will underpin a new national partnership with the states to ensure Australians receive the training they need.

The Fund replaces the National Partnership Agreement on Skills Reform (NPASR). The NPASR included a mix of payments for facilitation, structural reforms and training outcomes. The Fund will not include up-front payments, instead states will be paid for achievement of milestones that are linked to increasing the number of apprenticeships and traineeships.

Impact

The Fund will support skills development across Australia, providing a positive impact on employment outcomes and the businesses that gain these skilled workers. Improvements in human capital will influence Australia's economic success, future productivity and growth. With matched funding from the states, the Fund will support up to 300,000 more apprentices, trainees, pre-apprentices, pre-trainees and higher-apprentices. It will deliver a range of training across all skill levels and across a broad range of occupations.

The priority areas for the Fund include: apprentices and trainees in occupations in demand; occupations with a reliance on skilled migration pathways; industries and sectors of future growth; trade apprenticeships; rural and regional areas; people from targeted cohorts; industries and communities experiencing structural adjustment; and workforce priorities such as the implementation of the National Disability Insurance Scheme and Family Violence Reforms.

The focus on apprenticeships and traineeships, the flagships of the Australian Vocational Education and Training (VET) sector, reflects their crucial role in fulfilling the needs of industries which rely on a skilled workforce to drive innovation and growth. The numbers of apprentices and trainees have been in decline since 2012, following a series of cuts to employer incentives. There are national and regional skills shortages in a range of professions which have an apprenticeship or traineeship pathway. These shortages are burdensome for businesses.

The Fund will boost the number of Australians who choose and succeed in this pathway, supporting more Australians to get the skills they need for jobs in demand and industries of potential growth. More people in jobs will help grow our industries and keep the economy strong. Overall, employers and industry will have more opportunities to support skilling Australians and more opportunities for Australians to be an apprentice or trainee.

Supporting skills development

The Government has chosen to direct the revenue from this levy to the Fund for projects which prioritise apprenticeships and traineeships, reflecting that this is a national training priority area and recognising existing investments in schools and higher education. For example, the Government has invested in:

- National Innovation and Science Agenda – \$1.1 billion framework for Australia’s innovation policy over the next four years to drive smart ideas that create business growth, local jobs and global success
- Higher Education – investment of more than \$17 billion per year in higher education and a package of reforms which will deliver a more sustainable sector, increased transparency and accountability and a stronger focus on performance
- Quality Schools reform package – will deliver needs-based funding from 2018. Total Commonwealth recurrent funding will be \$249.8 billion from 2018-2027. A Review to Achieve Educational Excellence in Australian Schools will provide advice on the effective and efficient use of funding, including to improve the preparedness of school leavers to succeed in employment, further training or high education.

The combination of these programs will contribute to Australians getting jobs at all levels and occupations across the Australian economy. The application of this levy to areas of national training need, including apprenticeships, is also in line with the recommendations of the 2015 *Subclass 457 Integrity Review* and the 2016 Senate Inquiry into the impact of Australia's temporary work visa programs.

The new Fund is critical to ensure that Australians can fill jobs in areas of skill needs where a training pathway is available. In 2015–16, employers sponsored around 70,000 foreign workers. While there is not just one (education or training) pathway to many jobs, around 70 per cent of the jobs filled by these sponsored migrants were in an occupation with a possible training pathway through VET. In addition, around 50 per cent of the jobs filled were in an occupation with an apprenticeship or traineeship pathway.

Commitment to Vocational Education and Training

Skills training makes a significant contribution to the Australian economy and wellbeing. In 2015, around four million VET students accounted for two thirds of all post-secondary students. The Government recognises the importance of skills training, reflected in the significant funding committed to skills development. In 2017–18, the Government will provide \$1.5 billion to the states to support the operation of their training systems through the National Skills and Workforce Development Specific Purpose Payment, around \$1.2 billion for Commonwealth skills programs and an estimated \$350 million through the Fund. While the Commonwealth provides substantial support for VET, it is important to note that the states are responsible for setting the visions for their Technical and Further Education (TAFE) institutions and the funding arrangements within their jurisdictions, including the costs for TAFEs and subsidies for VET places.