



Australian Government  
Department of Industry

**Business**

# **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

# Industry Skills Fund – Proposed Funding Priorities

**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:**

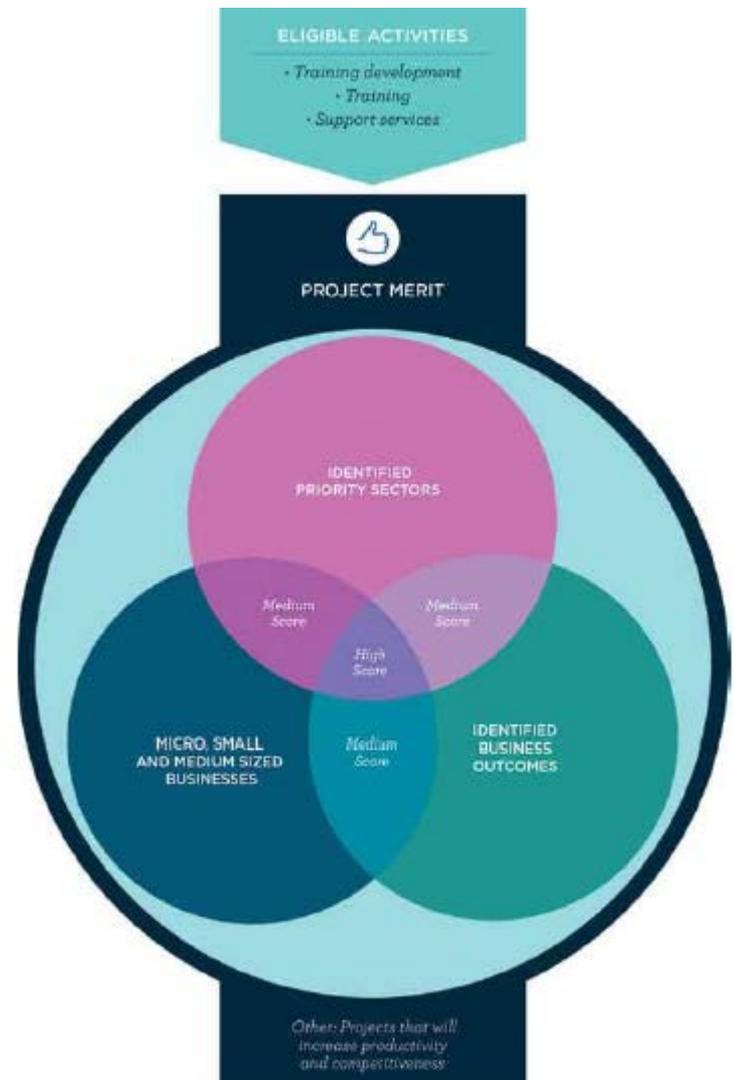
- Literacy and numeracy assistance
- Mentoring
- Support to access foreign markets
- Workforce development advice including workforce skills audits to identify opportunities for competitive positioning

*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](http://business.gov.au)
- To contact the Industry Skills Team in Brisbane:
  - [IndustrySkills-QLD@Industry.gov.au](mailto:IndustrySkills-QLD@Industry.gov.au)



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