

Skilling for jobs – skills and jobs through group training
2017 Pre-Budget Submission



National Apprentice
Employment Network

January 2017

Introduction

Building the nation through employment and skills growth

About NAEN

The National Apprentice Employment Network (NAEN) is the national peak body representing the network of over 100 Group Training Organisations (GTOs) employing apprentices and trainees throughout Australia.

Formerly known as Group Training Australia, NAEN remains the largest network employer of apprentices and trainees, with some 25,000 in work around Australia.

The concept of group training was established almost 25 years ago and it continues to play a key role in Australia's vocational education and training (VET) system.

GTOs are the legal employers of apprentices and trainees who are placed with host businesses, where they receive on-the-job training. GTOs work on a predominantly not-for-profit basis and manage the recruitment, organise training, pay wages, and undertake administrative arrangements on behalf of the host business, as well as providing mentoring and support.

Apprentices and trainees placed with a host businesses may be rotated across host businesses when, for example, work has finished with one host or new skills are needed by the apprentice or trainee.

Across Australia, GTOs work with tens of thousands of largely micro, small and medium sized businesses, many of which would not be in a position to directly employ an apprentice or a trainee.

They occupy a pivotal role in many communities through their links with enterprises, training providers, schools and communities, as well as in indigenous and remote communities where they are central to careers and training. They also play a key role in promoting the value of vocational pathways.

The VET sector and the 2017 Budget

NAEN acknowledges the prevailing economic and fiscal climate in which the government is framing the 2017 Budget.

The focus on spending restraint, consistent with sustained economic growth and maintaining Australia's triple-A credit rating is paramount.

Over recent years, there have been a number of funding cuts to programs impacting the VET sector, together with a realignment of policies aimed at streamlining support for apprentices and trainees.

From NAEN's perspective, the main changes have centered on the abolition of the Joint Group Training Programme (JGTP) and the commencement of the Australian Apprenticeship Support Network (AASN).

While the end of the JGTP was disappointing, NAEN is not blind to the factors that have contributed to the need for a tightening of Commonwealth outlays.

The AASN established a new framework for support of apprentices and trainees, and a number of GTOs are among the AASN providers.

As the peak body for group training, we would argue that there is a lot more that the network could do to assist the government to achieve its goals in regard to training, skills development, the mentoring of apprentices and trainees, and promotion of VET as a career choice, more generally.

GTO's links with employers, schools, training providers and businesses are well-established and effective.

Because each and every placement of an apprentice or trainee is in response to the need of an employer, the process is entirely demand-driven, with the training directly linked to the job – there is no “training for training’s sake”.

The core expertise of GTOs lies in matching a prospective apprentice or trainee with an employer, and overseeing the relationship to ensure a successful outcome through to training completion.

We believe that there is room for government to better harness this expertise and the linkages across the group training network to further its jobs, careers and training goals across important areas – job placement, career advice, pre-vocational training, school-based apprenticeships, internships and skills formation.

NAEN stands ready to work with government to ensure that there is a more effective match between training and jobs, and that the skills Australia is developing are those most appropriate to industry.

Group Training - a value for money skills development tool

Group Training Organisations provide government with an outstanding value for money channel for promoting and delivering skills formation to support economic development. By working with GTOs government can target key trades and occupations (priority skills) and key groups (such as Indigenous Australians) to deliver economic and social equity outcomes.

The steady reductions in financial support, across both the VET system and group training specifically, are making it increasingly difficult for many GTOs, particularly those in rural and regional Australia, to respond to new community and industry opportunities. The modest support previously provided by government under the Joint Group Training Programme (JGTP) enabled GTOs to manage business cycle ups and downs. Governments have rightly supported skills formation for economic growth and initiated programs to encourage a wider range of people to enter the vocational workforce. As GTOs place and support apprentices and trainees with micro, small and medium-sized businesses, many of which would not directly employ an apprentice or trainee without a GTO, they are a vital resource for achieving the government's employment and training objectives.

This is why NAEN in this budget submission is arguing for continued investment in the unique elements of the group training model that cannot be replicated by facilitation programs that do not provide direct employment, such as the Australian Apprenticeship Support Network (AASN).

NAEN budget position:

That in addition to the existing Commonwealth funding of commencements and completions, there is specific funding for the rotation of apprentices and entry level trainees to increase retention. This funding will support GTOs to manage the transfer of placements for apprentices and trainees to increase the breadth of experience and opportunity to apprentices and trainees, decrease attrition, increase completion opportunities and reduce risk to SMEs by offering support to engage in the apprenticeship employment system.

Group Training Investment Fund for the Delivery of Pre-employment and Pre-apprenticeship Training

In 2015 the Commonwealth established an Apprenticeship Reform Working Group to examine a number of key aspects of VET policy and activity. One policy on which the Working Group was asked to reflect was pre-apprenticeships. NAEN welcomes the group's recommendation that "the Australian Government develops, funds and delivers a national industry-led pre-apprenticeships program"¹

From our experience many training programmes are often inadequately resourced, poorly designed and one-off in nature. It can be difficult for participants to move seamlessly along a path to obtain the skills and knowledge needed to secure meaningful employment. 'Training for training's sake', as the phenomenon has come to be known, often does not lead to employment because there was never a clear line of sight to a 'real' job from the start of the training program. NAEN argues that in many cases involving disadvantaged job seekers, a series of interventions are needed prior to that job seeker presenting to an employer and job seekers are often not well supported through those critical early months of employment.

In the 2017-18 federal budget the government has a perfect opportunity to boost pre-apprenticeships in recognition of their acknowledged effectiveness as the stepping stone that many jobseekers need in order to access a full apprenticeship. A visionary policy approach from government would proactively assist young people who lack the foundation skills to be able to undertake a pre-apprenticeship and need pre-vocational training and intervention before considering an apprenticeship.

This policy proposal is based on many years' experience managing the former Australian Apprenticeship Access Program (Access), a pre-employment training program and the former Group Training in the Trades Program (GTTP), a pre-apprenticeship training program, and draws on the

¹ Commonwealth of Australia, 2016. "Apprenticeships Reform Advisory Group, Recommendation Report"

many representations NAEN has made to government about improving the synergy between the two types of program to produce better outcomes.

GTOs have a unique advantage in the delivery of pre-employment and pre-apprenticeship programs given their network of host employers with whom jobseekers can be placed. GTOs also have existing relationships with other employers who might prefer to employ an apprentice or trainee directly rather than through group training arrangements. The professional field staff of GTOs have extensive experience in selecting suitable jobseekers for apprenticeships and traineeships and supporting them and their host employers throughout the duration of the training. GTOs regularly work with schools as they reach out to students, many of whom are prospective apprentices and trainees.

Pre-employment programs and pre-apprenticeship programs are both important tools for getting jobseekers into jobs. While the terms are used interchangeably, creating some confusion in the market, they each serve a different purpose. Pre-employment programs essentially provide preliminary training to people with significant deficits in foundation or employability skills while pre-apprenticeships target job seekers who generally do not lack these skills and are ready to undertake preliminary trade training and the technical skills such training involves. For many jobseekers pre-employment training can be a critical starting point on the pathway to an apprenticeship or traineeship. For these jobseekers such training might entail learning how to learn, improved levels of literacy and numeracy and the provision of careers education and familiarisation with the world of work.

Pre-apprenticeship programs on the other hand principally offer candidates with the requisite foundation skills the opportunity both to test their interest in a particular trade or family of trades, as well as acquire technical skills which will make them more attractive to prospective employers in those trades. Participation in pre-apprenticeship programs tends to ensure better completion rates and, as an earlier GTA study² on pre-apprenticeships indicates, pre-apprenticeships are highly favoured by employers as part of their recruitment and selection process. The same report also highlighted the need for a greater investment in these programmes, particularly as there has been a significant decline in government investment in them over recent years.

A challenge with pre-employment and pre-apprenticeship programmes has been the silo approach to their implementation by government departments, limiting their effectiveness at preparing jobseekers for employment. They are usually implemented with separate guidelines, payment arrangements, compliance, and monitoring rules which provide little, if any, scope for easy movement of jobseekers from one to the other when this would often be beneficial to their chances of gaining sustainable employment.

NAEN is proposing that government establish an investment fund that will support GTOs to conduct pre-employment and pre-apprenticeship training in any combination to assist jobseekers find employment particularly, though not exclusively, as an apprentice or trainee. The funding would enable GTOs to provide pre-apprenticeship training to any jobseeker deemed to have adequate

² Group Training Australia, 2012. *"A Study into Pre-Apprenticeship Delivery Models and their Labour Market Outcomes"*.

foundation skills, especially literacy and numeracy, thereby making them a much more attractive proposition to any employer. These programs would align with elements within the government's PaTH objectives and programs, ensuring these programs lead to lasting employment outcomes underpinned by nationally recognised skills training and on-the-job experience.

Equally, the funding would enable a GTO to provide those foundation skills to any jobseeker who had little hope of succeeding in a pre-apprenticeship training programme without first undertaking pre-vocational training. Each jobseeker would be assessed to determine the level of assistance needed, would be provided with the necessary intervention and subsequently case-managed into the most suitable employment, including an apprenticeship or traineeship. Irrespective of the nature of the employment outcome they would be supported through the early stages of their employment to ensure they have adjusted adequately to the demands of the workplace. In the case of an apprentice or trainee employed through a GTO of course such support continues through the duration of their apprenticeship or traineeship.

NAEN's budget position:

That, in recognition of their value in constructing employment pathways for a diverse range of clients across the labour market, government establish an investment fund to enable GTOs to develop pre-employment and pre-apprenticeship training programs to assist jobseekers to obtain employment, particularly apprenticeships and traineeships.

National Partnership Agreement on Skills Reform

The National Partnership Agreement on Skills Reform (NPASR) expires on 30 June 2017. This is the agreement by which the commonwealth government partners with state governments to fund VET under a select number of outcome guidelines. MYEFO budget figures show no future commitment to a renewed or extended NPASR post expiry³. It is clear that while a number of the targets were met, some of the targets set in the former scheme did not lead to the desired outcomes, particularly in relation to apprentice outcomes.

This pending significant loss to the VET funding pool creates a level of uncertainty within the sector. The future, potential significantly detrimental, impact of this funding removal remains unquantifiable at this stage.

Should there be an intention to restructure this funding, this will require timely stakeholder consultation around goals and targets for this funding. This process can't be rushed if true outcomes are sought. However, to maintain state programs and continuity for the sector, elements of this agreement should continue to be funded until any potential restructure process is complete and implemented.

NAEN's budget position:

³ Commonwealth of Australia, 2016. "2016-17 Mid-Year Economic and Fiscal Outlook"

That the government commit to future funding of skills through relationships with State Governments, aligning funding to employment readiness and employment outcomes and increasing contestability in the training market.

Regional, Rural and Remote Support

The group training network provides extensive coverage and apprenticeship support services across large tracts of regional, rural and remote Australia. They have done this for decades assuming the role of a critical employment and training lynchpin for so many small communities. In states such as SA and WA, 17% of the GTO apprentices and trainees are located in regions classified as ‘very remote’⁴. However the commercial challenges of operating in so many thin labour markets is placing enormous stress and strain on the capacity of GTOs to continue to deliver quality across-the-board services and it is why in this submission NAEN is arguing that greater support be provided to employers of apprentices and trainees operating across regional, rural and remote markets.

NAEN’s budget position:

That the government double the value of the current rural and regional skill shortage incentive from \$1,000 to \$2,000 and further examine the eligibility criteria to ensure the widest possible coverage of employers and apprentices and trainees being employed in rural and regional Australia.

Improving Employment and Training Outcomes for Indigenous People

IAS (INDIGENOUS ADVANCEMENT STRATEGY)

IAS is a suite of five Indigenous-specific broad-based programmes that replaced some 150 programmes previously administered under a variety of portfolios. Of the five programmes, the Jobs, Land, Economy programme funds much of the employment-focused activity that was previously funded under the now defunct IEP (Indigenous Employment Program).

NAEN’s budget position:

As the group training model is fit-for-purpose to deliver employment and training outcomes to Indigenous jobseekers, GTOs, particularly those operating in regional, rural and remote locations should be funded and supported to maintain and grow their suite of services offered to Indigenous communities

Jobs, Land, Economy programme funding should preference those organisations that provide holistic services, with historically high retention rates and sustainable employment outcomes; and recruitment periods under the new programme should be of at least two years in duration – not restricted to 12 months as was previously seen under IEP.

⁴ NCVER VOCSTATS, June 2016

School-based apprenticeships and traineeships

The traditional trades, along with most professions and occupations, are being revolutionised by the introduction of technology. The study and mastery of STEM subjects is recognised as becoming increasingly essential to success in the labour market of modern economies.

The opportunity to commence trade training at school and ensure that the right level STEM subjects are chosen in tandem with the development of the training plan will equip young people to make successful career choices and transition into a vocational area that matches their interests and skills.

GTOs have been at the forefront of the development of Australian School-based Apprenticeships (school-based apprenticeships and traineeships). Indeed, GTOs were arguably the progenitors of these innovative education and training arrangements with some of the earliest models put in place by GTOs in Queensland and Victoria. While the percentage of engagement in the school based apprenticeship program varies for GTOs, in some states 40% of Australian School-based Apprentices are employed through group training arrangements⁵. In most instances, school-based trainees can, and generally do, complete their vocational certificate at the same time as they complete their senior secondary certificate.

However, this is not the case with students who are also undertaking school-based traditional apprenticeships. These students invariably need several more years beyond the completion of their schooling before they can complete their trade certificate. There is evidence that students who undertake a school-based traditional apprenticeship are more likely to continue that apprenticeship through to completion after leaving school if they were employed by a GTO while at school than if they started their apprenticeship by being indentured directly to an employer.

The issue of completion rates for both apprentices and trainees is a vexed one for the training system. The support services provided by GTOs to apprentices and trainees can make the difference between the cancellation and the completion of a training contract, particularly when it involves a student balancing general education with training in a traditional trade.

GTOs maintain close relationships with the secondary schooling sector, the RTOs and the apprentices and trainees they employ, putting them in an ideal position to assist the apprentices and trainees to map their qualifications back against the requirements of their secondary certificate of education and in many cases complete their secondary education. Given that GTOs are linked with network partner schools, there is also the capacity to facilitate apprentices and trainees to undertake any gap training requirement to meet secondary school certificate requirements not covered in the apprenticeship/traineeship.

Preparing Secondary Students for Work – A framework for vocational learning and VET delivered to secondary students⁶ extols the benefits to secondary students of undertaking school-based traditional apprenticeships that conform to certain best practice principles. There can be no doubt

⁵ NCVET VOCSTATS, June 2016

⁶ Education Services Australia, 2014. "Preparing secondary students for work".

from this text that GTOs make an ideal vehicle for managing the myriad relationships involved in school-based apprenticeships and for assuring the quality of the training program.

NAEN's budget position:

Given the partnership arrangements GTOs have with schools and RTOs through their network of field officers, mentors and counsellors, that all school-based apprenticeships be undertaken through group training arrangements and government provide appropriate funding to do so.

That a program enabling GTOs to assist in-training apprentices and trainees to utilise their qualifications to achieve any outstanding competencies in their senior secondary certificate and achieve formal secondary schooling completion through their apprenticeship or traineeship pathway.

For further details on these proposals, please contact the following:

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