



**National Apprentice
Employment Network**

Apprentices | Trainees | Employers | Careers

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

Senate Education and Employment Committee

15 December 2017

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 36 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 business 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.

Discussion on the proposed Migration Bills

National Apprentice Employment Network (NAEN) welcomes the opportunity to comment on the Migration Amendment (Skilling Australians Fund) Bill 2017, and the Migration (Skilling Australians Fund) Changes Bill 2017.

NAEN does not provide technical comments on the proposed legislation, we instead wish to make comment on the nature on the structure of the fund and the proposed revenue stream for the fund.

NAEN applauds the ambitions of the Skilling Australians Fund (SAF, “the fund”) and supports the direction of the fund to prioritise apprenticeships and traineeships in the Vocational Education and Training (VET) sector. Apprenticeships and traineeships (both relevant when the term ‘apprenticeships’ is used in this submission) occupy a unique place in the VET sector, because, unlike other forms of training, there is an immediate link to employment upon commencement.

While the decrease in overall “apprenticeship” numbers gains much attention and appears alarming at first glance, the priority of NAEN and our members is on the smaller subset comprising entry level apprenticeships. While existing worker traineeships fall under the broader apprenticeships label, NAEN does not believe that the apprenticeship system is the correct place for these labor market programs. As such, the focus of this submission is on entry level apprenticeships (including entry level traineeships). When the existing worker traineeships are removed from the statistical analysis of apprenticeship trends, the decrease in numbers is markedly less. Regardless, NAEN applauds any program that is targeted at increasing the number of apprentices employed in entry level positions, in sustainable career pathways.

It is our understanding that the funding of the SAF will be generated from the Bills up for discussion in this submission, via a levy on employers of skilled migrants. These bills seek to redirect the currently mandated contribution that applies to organisations which currently import skills, into a dedicated fund that underpins the SFA. NAEN, in principle, supports this revenue stream for the fund, but holds concerns about the longevity and sustainability of this approach. The position of NAEN is that the government should guarantee a minimum contribution to this fund in the absence of funding provided through these bills. The VET sector should never be in a position where the best it can do to ensure sustainable funding for apprentices, going forward, is to encourage increased skilled migrant employment. That would counter the primary purpose of this fund.

NAEN holds concerns about the roll out of the fund in the proposed project basis. In principle we support targeted programs that allow for variations in regions and industries, however to limit this fund to small projects would create a significant administrative burden. Alternatively, to allow only larger project proposals due to administrative efficiencies, would disadvantage those in thin markets, regional and remote employers and potential apprentices, and small, emerging and innovative industries. NAEN calls for this fund to allow for direct partnership agreements with national or state organisations which have the capacity to deliver against the outcomes in the fund, at a reduced administrative cost, while still servicing thin markets. NAEN, for instance, has national reach (from the Kimberley regions in WA to Sydney metropolitan), through our member organisations. Our members service a broad range of industries and communities, and have a front line knowledge of what is required in these areas to deliver outcomes. NAEN has the capacity to manage a multi-jurisdictional innovation project fund under SAF, that would allow for the intricacies of local community and industry needs to be met, without the overarching

administrative cost. NAEN would support both organisations and associations with this capacity to be able to assist in the administration of the fund, without the need for duplicate reporting through multiple jurisdictional authorities.

Recommendations:

1. That the government guarantee a minimum level of funding to the *Skilling Australians Fund* that is not contingent, but may be offset by, the proposed bills; and
2. That the government redesign the *Skilling Australians Fund* to allow for direct partnerships with organisations that have a national reach, without the burden of individual jurisdictional red tape.

Further information:

For further information on any of these discussion points, please contact our National Executive Officer, Lauren Tiltman

NAEN would welcome the opportunity to present to the committee on this matter.