

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 BUDGET ESTIMATES HEARING

**Outcome:** 2  
**Output Group:** 2.2 – New Apprenticeships

#### DEST Question No. E145\_06

Senator Carr asked on 2 June 2005, EWRE Hansard page 28.

#### Question:

- (a) Do you have any data on where incentives payments have been withheld where the Australian Government has concerns about the quality of training being provided or the activity of an employer?
- (b) What is the quantum the Department has sought to recover, the number of employers that you sought it from and the reasons for the recoveries?

#### Answer:

##### *Recovery of New Apprenticeships Employer Incentives payments*

- (a) The Department does not hold data that disaggregates information on when incentives have been withheld or recovered due to concerns regarding the quality of the training. The recovery of employer incentives payments made through the New Apprenticeships Incentives Programme (NAIP) can occur for a number of reasons. These include payments made:
  - as a result of incorrect incentives eligibility assessment by New Apprenticeships Centres (NAC);
  - as a result of incorrect administration of NAIP by NACs;
  - incorrectly to employers as a result of the provision of false or misleading information by parties to the training contract;
  - to employers attempting to manipulate the system in order to maximise the payment of incentives;
  - to employers who are subsequently found to be in breach of the provisions of the training contract; and
  - where the State Training Authority (STA) has subsequently backdated the cancellation date of the New Apprenticeship to before the effect date of an incentives claim (i.e. does not consider that there was a legitimate New Apprenticeship arrangement in place at the time of payment).

Where an overpayment is identified, the Department seeks to recover the payment from the employer, with the exception of where the NAC is found to be at fault in processing the payment. In those cases the Department recovers the overpayment from the NAC.

New Apprenticeships employer incentives payments may be withheld where the:

- New Apprentice is not eligible to attract incentives;
- employer is found to be attempting to manipulate the system in order to maximise the payment of incentives; or
- employer is found to be in breach of the provisions of the training contract.

The recovery of overpayments and the withholding of possible payments are assessed on a case by case basis by the Department. Many of the circumstances outlined above require significant investigation by the Department's National Investigations Unit, Departmental and NAC staff. The Department holds only consolidated data on the recovery of overpayments. The Training and Youth Internet Management System database (TYIMS) does not hold itemised information about these recoveries or any information about the withholding of payments, as TYIMS is a payments management information system and is not designed to hold detailed case management information about the recovery of payments. However, as the tables below demonstrate, over \$715,000 has been identified for recovery from employers resulting from in-depth National Investigations Unit investigations.

- (b) The following tables list New Apprenticeships Incentives Programme payments identified for recovery from employers and as a share of total expenditure for this programme. All figures are exclusive of GST. This information is sourced from TYIMS. (Note: these tables do not include payments withheld from employers, or incentives recovered from NACs.)

### New Apprenticeships Employer Incentives identified for recovery from employers – amount of incentives

Source: DEST Training and Youth Internet Management System (TYIMS) database as at 15 July 2005

Overpayment description	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	Total
Administrative error	\$1,250	\$1,250	\$1,250	\$7,750	\$9,500	\$7,575	\$5,500	<b>\$34,075</b>
Client not employed as New Apprentice at time of eligibility / backdated cancellation by STA	\$3,500	\$9,750	\$45,000	\$175,212	\$282,312	\$206,450	\$189,850	<b>\$912,074</b>
Duplicate payment	\$1,250	\$2,500	\$1,250	\$10,625	\$2,750	\$2,750	\$0	<b>\$21,125</b>
Employer requested recovery of incentives	\$0	\$0	\$0	\$0	\$45,500	\$9,128	\$750	<b>\$55,378</b>
Incentive paid to incorrect employer	\$0	\$9,750	\$16,000	\$10,750	\$46,750	\$68,250	\$38,100	<b>\$189,600</b>
Incorrect qualification / incorrect incentive paid	\$3,000	\$6,250	\$13,500	\$4,750	\$14,500	\$16,000	\$22,750	<b>\$80,750</b>
New Apprentice an ineligible existing worker	\$0	\$3,500	\$3,750	\$121,000	\$101,250	\$8,750	\$3,250	<b>\$241,500</b>
New Apprentice holds prior qualification	\$3,750	\$8,750	\$10,500	\$11,000	\$37,750	\$21,000	\$8,000	<b>\$100,750</b>
New Apprentice in business relationship with employer	\$3,250	\$0	\$1,250	\$1,250	\$7,750	\$0	\$2,500	<b>\$16,000</b>
New Apprenticeship arrangement not appropriate	\$1,000	\$1,000	\$2,000	\$7,250	\$14,750	\$22,000	\$2,500	<b>\$50,500</b>
Overpayment identified as result of National Investigations Unit investigation	\$12,000	\$82,250	\$127,250	\$260,000	\$185,750	\$0	\$0	<b>\$667,250</b>
Training Contract not approved by STA	\$0	\$0	\$6,250	\$6,750	\$1,250	\$2,500	\$0	<b>\$16,750</b>
Training not commenced at time of claim	\$0	\$0	\$0	\$1,250	\$4,750	\$1,250	\$0	<b>\$7,250</b>
Training not completed at time of claim	\$0	\$0	\$0	\$0	\$6,000	\$4,500	\$1,500	<b>\$12,000</b>
Unspecified reason	\$297,125	\$81,000	\$241,118	\$95,500	\$53,250	\$20,750	\$7,534	<b>\$796,277</b>
<b>Total</b>	<b>\$326,125</b>	<b>\$206,000</b>	<b>\$504,229</b>	<b>\$783,633</b>	<b>\$895,083</b>	<b>\$429,911</b>	<b>\$310,457</b>	<b>\$3,455,438</b>
Total incentives expenditure		\$270,205,000	\$308,510,000	\$365,375,000	\$432,370,000	\$510,008,000	\$539,229,000	

<b>% Total incentives expenditure</b>		<b>0.08%</b>	<b>0.16%</b>	<b>0.21%</b>	<b>0.21%</b>	<b>0.08%</b>	<b>0.06%</b>	
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### New Apprenticeships Employer Incentives identified for recovery from employers – number of employers

Source: DEST Training and Youth Internet Management System (TYIMS) database as at 15 July 2005

<b>Overpayment description</b>	<b>1998/1999</b>	<b>1999/2000</b>	<b>2000/2001</b>	<b>2001/2002</b>	<b>2002/2003</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>Total</b>
Administrative error	1	1	1	3	7	6	3	<b>22</b>
Client not employed as New Apprentice at time of eligibility / backdated cancellation by STA	2	7	29	96	163	115	64	<b>448</b>
Duplicate payment	1	2	1	8	2	2	0	<b>16</b>
Employer requested recovery of incentives	0	0	0	0	8	7	1	<b>15</b>
Incentive paid to incorrect employer	0	7	10	4	18	23	18	<b>78</b>
Incorrect qualification / incorrect incentive paid	3	3	9	4	12	11	9	<b>51</b>
New Apprentice an ineligible existing worker	0	2	2	12	10	4	3	<b>29</b>
New Apprentice holds prior qualification	3	5	6	8	21	14	5	<b>59</b>
New Apprentice in business relationship with employer	3	0	1	1	2	0	1	<b>8</b>
New Apprenticeship arrangement not appropriate	1	1	2	4	9	4	2	<b>19</b>
Overpayment identified as result of National Investigations Unit investigation	2	1	3	9	8	0	0	<b>16</b>
Training Contract not approved by STA	0	0	5	2	1	2	0	<b>10</b>
Training not commenced at time of claim	0	0	0	1	1	1	0	<b>3</b>
Training not completed at time of claim	0	0	0	0	4	3	1	<b>8</b>
Unspecified reason	78	47	30	33	18	14	6	<b>214</b>
<b>Total</b>	<b>91</b>	<b>74</b>	<b>88</b>	<b>171</b>	<b>239</b>	<b>182</b>	<b>100</b>	<b>945</b>

Note: Where an employer has had an overpayment against more than one overpayment description or across more than one financial year, they are only counted once in the totals.