

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2006-2007 BUDGET ESTIMATES HEARING

Outcome: 2
Output Group: 2.2 - New Apprenticeships

DEST Question No. E109_07

Senator Wong asked on 1 June 2006, EWRE Hansard page 57.

Question:

Provide details of New Apprenticeships Centre's milestone or outcome payments structure for 2006 – 2009 and KPIs.

Answer:

Australian Apprenticeships

The 2006-2009 Australian Apprenticeships Support Services contract has a two tiered payment structure (See Attachment A for details) with the servicing requirements increasing for Tier 2 payments. Australian Apprenticeships in the Tier 2 category are generally the longer duration Australian Apprenticeships including traditional trades Australian Apprenticeships in skills need occupations.

There will be bonus payments made to Australian Apprenticeships Centres for Australian Apprenticeships completions for Indigenous Australian Apprentices and Australian Apprentices with a Disability.

The Performance Management Framework (relating to Key Performance Indicators) has a two-level Key Performance Indicator (KPI) structure.

The first level includes KPIs over which the Australian Apprenticeships Centre has direct control, such as administrative processes, Australian Apprentice and employer satisfaction and marketing. The second level KPIs include deliverables retention and completion rates and performance against benchmarks for Key Priority Groups.

The Performance Management Framework has 5 KPIs incorporating 16 measures that will be used to monitor and assess Australian Apprenticeships Centres' performance over the life of the Contract Period 2006-2009 (see Attachment B). The performance reporting will be against the 16 measures and will be done on a six monthly basis.

TIER 1 Fee for Service

Tier 1 Fee for Service applies to all Australian Apprentices defined to be an existing worker and all Australian Apprentices undertaking an AQF level I or II qualification, as determined by the State Training Authority.

An existing worker, is an existing or prospective employee who has had an employment relationship with their employer for a full-time equivalent of more than three months.

The table below outlines the breakdown of the Tier 1 Fee for Service payments as per contracted unit price:

AUSTRALIAN APPRENTICESHIP SIGN-UP	INITIAL SERVICING PERIOD (Commencement to one month after the 6 month point)	FINAL SERVICING PERIOD (start of the 8th month onward or date of completion)	BONUS (Indigenous Australian Apprentices and DAAWS recipients)
Commencement Fee	Six Month Point Fee	Completion Fee	Completion Bonus Fee
50%	20%	30%	25%

- A Commencement Fee of 50 per cent of the unit price will become payable to a AAC for each **Australian Apprenticeship Sign-up**;
- A Six Month Point Fee of 20 per cent of the unit price will become payable to a AAC after the six month point of the **Initial Servicing Period** of the Australian Apprenticeship;
- A Completion Fee of 30 per cent of the unit price will become payable to a AAC at the successful **Completion** of the Australian Apprenticeship;
- A Completion Bonus Fee of an **additional 25 per cent** of the unit price will become payable to a AAC at the successful completion of the Australian Apprenticeship where the Australian Apprentice is an Indigenous Australian or has been in receipt of disabled assistance for a Australian Apprenticeship in which the date of successful completion of the Australian Apprenticeship occurs in the Contract Period;
- A Shared Completion Fee of \$151.67 will become payable to a AAC after the AAC has processed the Australian Apprenticeships Shared Completion Incentive claim; and
- A Recommencement Fee of 50 per cent of the unit price will become payable to an AAC for each Recommencement Sign-up.

TIER 2 Fee for Service

Tier 2 Fee for Service applies to all Australian Apprentices undertaking an AQF level III qualification and above, as determined by the State Training Authority (excluding existing workers).

The table below outlines the breakdown of the Tier 2 Fee for Service payments as per contracted unit price:

AUSTRALIAN APPRENTICESHIP SIGN-UP	INITIAL SERVICING PERIOD (Commencement to one month after the 6 month point)	INTERMEDIATE SERVICING PERIOD (start of the 8th month to one month after the 12 month point or date of completion)	FINAL SERVICING PERIOD (start of the 14th month onward or date of completion)	BONUS (Indigenous Australian Apprentices and DAAWS recipients)
Commencement Fee	Six Month Point Fee	Twelve Month Point Fee	Completion Fee	Completion Bonus Fee
50%	20% (or 5%)	5% (or 20%)	25%	25%

- A Commencement Fee of 50 per cent of the unit price will become payable to a AAC for each **Australian Apprenticeship Sign-up**;
- **A maximum of 25 per cent of the unit price will become payable to an AAC for conducting the Initial and Intermediate Servicing Period requirements.** The mode of contact is left to the discretion of the AAC and must include at least one visit:
 - 20 per cent of the unit price will become payable to a AAC after the six month point of the **Initial Servicing Period** of the Australian Apprenticeship where the contact is by visit or 5 per cent of the unit price where the contact is by phone; and
 - 20 per cent of the unit price will become payable to a AAC after the twelve month point of the **Intermediate Servicing Period** of the Australian Apprenticeship where the contact is by visit or 5 per cent of the unit price where the contact is by phone;
- A Completion Fee of 25 per cent of the unit price will become payable to a AAC at the successful **Completion** of the Australian Apprenticeship;
- A Completion Bonus Fee of an **additional 25 per cent** of the unit price will become payable to an AAC at the successful completion of the Australian Apprenticeship where the Australian Apprentice is an Indigenous Australian or has been in receipt of disabled assistance for a Australian Apprenticeship in which the date of successful completion of the Australian Apprenticeship occurs in the Contract Period;
- A Shared Completion Fee of \$151.67 will become payable to an AAC after the AAC has processed the Australian Apprenticeships Shared Completion Incentive claim; and
- A Recommencement Fee of 50 per cent of the unit price will become payable to a AAC for each Recommencement Sign-up.

Table 1

Key Performance Indicator	Performance Measure
<p>1. Accuracy</p> <p>Australian Apprenticeships Support Services and the Australian Apprenticeships Incentives Programme are administered in an accurate and timely manner.</p>	<p>Measure A: Assessment of all measured aspects of Australian Apprenticeships Centre administration: accurate data entry; accuracy in assessment of incentives and personal benefits eligibility; Training Contracts, Claim forms and eligibility advice turn-around within 10 working days.</p> <p>Measure B: Percentage of Training Contracts from a sample received in each 6 monthly monitoring period which are processed within 10 working days.</p> <p>Measure C: Percentage of claims from a sample received in each 6 monthly monitoring period which are processed within 10 working days.</p> <p>Measure D: Percentage of incentives eligibility advice letters to employers and Australian Apprentices in each 6 monthly monitoring period which are dispatched within 10 working days.</p> <p>Measure E: Accuracy in assessment of incentives and personal benefits eligibility.</p> <p>Measure F: Percentage of administrative errors against actual business levels.</p>
<p>2. Satisfaction Level</p> <p>85 per cent employer and Australian Apprentice satisfaction with the provision of Australian Apprenticeships Support Services.</p>	<p>Employer and Australian Apprentice satisfaction surveys to be undertaken in 2007 and 2008.</p>
<p>3. Marketing and Promotion</p> <p>Targeted regional marketing and promotion of Australian Apprenticeships, Australian Apprenticeships Centres and Australian Apprenticeships Incentives Programme to all interested persons. Marketing and promotion consistent with any DEST national marketing campaigns, clause 30.1 of this Contract, and the Australian Government Design Guidelines.</p>	<p>Annual Marketing and Promotion of Australian Apprenticeships Business Activity Report (to be provided each calendar year) against tendered Marketing and Promotion of Australian Apprenticeships Business Plan.</p>

<p>4. Key Priority Groups</p> <p>Improvement in the participation rates of Key Priority Groups</p>	<p>Measure A: Participation rates (commencement, retention and completion) of Indigenous Australians measured 6 monthly against the participation rates as at 30 June 2005.</p> <p>Measure B: Participation rates (commencement, retention and completion) of people with a disability measured 6 monthly against the participation rates as at 30 June 2005.</p> <p>Measure C: Participation rates (commencement, retention and completion) of Australian School-based Apprenticeships measured 6 monthly against the participation rates as at 30 June 2005.</p> <p>Measure D: Participation rates (commencement, retention and completion) of mature aged workers measured 6 monthly against the participation rates as at 30 June 2005.</p> <p>Measure E: Participation rates (commencement, retention and completion) in skills need occupations measured 6 monthly against tendered participation rates.</p>
<p>5. Retention and Completion Rates</p> <p>Increase in the retention and completion rates of all Australian Apprenticeships.</p>	<p>Measure A: Retention rates of all Australian Apprenticeships measured 6 monthly against the retention rates as at 30 June 2005.</p> <p>Measure B: Completion rates of all Australian Apprenticeships measured 6 monthly against the completion rates as at 30 June 2005.</p>

In addition to qualitative monitoring against set regional and State benchmarks for KPI 4 - Measures A to D, the quality of the service provided by each Australian Apprenticeships Centre will also be measured. Australian Apprenticeships Centres will be required to provide a Business Activity Report, each calendar year, against their tendered Servicing Key Priority Groups Business Plan (which is a Schedule to their contract).

In addition to qualitative monitoring against set benchmarks for KPI 4 – Measure E, the quality of the service provided by each Australian Apprenticeships Centre will also be measured. Australian Apprenticeships Centres will be required to provide a Business Activity Report, each calendar year, against their tendered Skills Need Occupations Business Plan (which is a Schedule to their contract).