



The impact of New
Apprenticeships policy on the
VET system

An independent risk assessment by
KPMG

May 2004

This report contains 71 pages

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Limitations of approach

The findings presented in this report are based on the views and input of various government, industry, employer, Registered Training Organisation, New Apprenticeship Centre and apprentice / trainee stakeholders (the Stakeholders) consulted through discussions and meetings, and the information and documentation provided to us by Australian National Training Authority personnel. We did not perform any procedures to verify or substantiate the statements and representations made by the Stakeholders. As such, we cannot provide warranty of completeness, accuracy or reliability in relation to the statements and representations made by Stakeholders, and the information and documentation provided by Australian National Training Authority personnel.

Disclaimer

This report has been commissioned by ANTA and overseen by the National Training Quality Council Working Group on User Choice and New Apprenticeships (the Working Group) and should not be used for any other purpose or distributed to any other party without our prior written consent.

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| List of Acronyms |
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A list of key acronyms used within the Vocational Education and Training system is provided below for reference.

Acronyms used in this report

| | |
|-----------|---|
| AFO / IFO | Apprenticeship Field Officer / Industry Field Officer |
| AQTF | Australian Quality Training Framework |
| ITAB | Industry Training Advisory Board |
| MINCO | Australian National Training Authority Ministerial Council |
| NAC | New Apprenticeship Centre |
| NTQC | National Training Quality Council |
| RTO | Registered Training Organisation |
| RPL / RCC | Recognition of Prior Learning / Recognition of Current Competencies |
| STA | State and Territory Training Authority |
| VET | Vocational Education and Training |

1 Executive summary

KPMG was commissioned in February 2004 to undertake an independent risk assessment of the impact of New Apprenticeships policy on the VET system, for reporting to the Ministerial Council (MINCO) in June 2004.

This is the second of a two stage approach, developed in response to the MINCO decision in June 2003 that any further implementation of User Choice arrangements as recommended in the report "User Choice: Enhanced Arrangements" be considered after an independent risk assessment of the impact of User Choice and New Apprenticeships policies is completed. The first stage, an independent risk assessment of the impact of the User Choice Policy on the Vocational Education and Training system, was completed and presented to MINCO in November 2003.

A structured risk assessment process was used, based on the principles of AS/NZS 4360:1999 Risk Management. Facilitated interviews and workshops were held with a broad range of stakeholders, including representatives from government - Australian, States and Territories; service providers including Registered Training Organisations (RTOs) - both public and private, Group Training Organisations (GTOs), New Apprenticeship Centres (NACs), and brokers and other intermediaries; industry peak bodies; employers; and employees - both apprentices and trainees.

While many of the issues raised in this review are similar or related to those raised in the previous User Choice risk assessment, the focus of this review has been to build on the earlier findings and concentrate on specific impacts arising from New Apprenticeships policy.

Key risks identified

Five categories for attention were specified by the NTQC Working Group - *Marketing and Promotion, Regulation and Contractual Arrangements, Funding Arrangements, Training Delivery and Assessment, and Employment and Training Pathways*. Potential risks were identified according to these categories and consolidated to identify similar risks or risks more appropriately classed as a cause or consequence of other risks.

As a result of this process, fourteen key risks were identified as outlined below. Each risk has been given a priority ranking according to its likelihood of occurrence and the significance of its impact and extent to which it was raised as a concern, within and across stakeholder groups. The priorities are based on the inherent or gross risk, which indicates the situation prior to the application of the recommended controlling strategies. The risk priority categories are:

- **High** - Significant risk to New Apprenticeships policy, controlling strategies should be undertaken;
- **Medium** - Moderate risk to New Apprenticeships policy, referred for consideration as part of the National Risk Management approach to VET; and
- **Low** - Low risk to New Apprenticeships policy, controlling actions and regular monitoring are desirable.

| Risk | Priority |
|--|----------|
| Category 1: Marketing and Promotion | |
| 1 The risk that the objectives of New Apprenticeships policy are not clearly articulated, thereby leading to confusion about the application of New Apprenticeships as a training and employment pathway | Medium |
| 2 The risk that marketing practices adversely impact the quality of New Apprenticeships outcomes | High |
| 3 The risk that promotional activities result in consumers ¹ not having a clear understanding of New Apprenticeships, particularly their rights and obligations | High |
| Category 2: Regulation, Contractual and Administrative Arrangements | |
| 4 The risk that administration and regulation of New Apprenticeships is overly complex and ineffective | Medium |
| 5 The risk that compliance procedures are not effective in assuring quality in sign-ups, registrations, training and assessments | High |
| 6 The risk that employers, employees and service providers ² are not sufficiently accountable for their obligations under New Apprenticeships | Medium |
| 7 The risk that conflict of interest exists where service providers perform multiple roles | Low |
| 8 The risk that data analysis is inadequate in supporting effective monitoring and planning for New Apprenticeships | Low |
| Category 3: Funding Arrangements | |
| 9 The risk that Australian and State and Territory Government incentives and subsidies stimulate growth, which is difficult to address within available funding levels | High |
| Category 4: Training Delivery and Assessment | |
| 10 The risk that training arrangements do not result in quality training outcomes | Medium |
| 11 The risk that trainers and / or assessors are not adequately qualified, skilled or resourced | Medium |
| 12 The risk that current competencies or prior learning are not adequately recognised | Medium |
| Category 5: Employment and Training Pathways | |
| 13 The risk that the New Apprenticeships pathway is inappropriately used to up-skill some existing workers | Low |
| 14 The risk that industrial relations arrangements are a disincentive to the provision of training | Low |

¹ Consumers are defined to include apprentices/trainees, employees, employers, parents and guardians

² Service providers are defined to include NACs, RTOs, GTOs and Brokers

Each key risk has been detailed in terms of the cause or situations that may lead to the risk arising and consequences resulting from the risk. Controlling actions and treatments based on risk management principles, with a specific VET focus, have been suggested where appropriate (see section 4 for more detail).

Of the fourteen risks identified, four were assessed as high priority. These risks, together with suggested controlling strategies, are listed below.

1. (Risk 2) The risk that marketing practices adversely impact the quality of New Apprenticeships policy outcomes.

- Controlling strategies*
- Undertake a targeted review of marketing practices of service providers (incl. RTOs, NACs, GTOs, brokers and other intermediaries) including all points of intervention such as:
 - AQTF Standards;
 - Monitoring arrangements;
 - Performance measures / KPIs; and
 - Their roles and accountabilities.
 - Investigate other regulatory models that could address adverse practices employed by brokers and other intermediaries (particularly where they are currently acting outside any regulatory frameworks)

2. (Risk 3) The risk that promotional activities result in consumers not having a clear understanding of New Apprenticeships, particularly their rights and obligations.

- Controlling strategies*
- Improve the capability of teachers, career advisors and NACs to promote awareness and understanding of New Apprenticeships
 - Identify and establish appropriate standards for promotional material and ensure that clear and consistent information is available earlier (this could be done as part of the ANTA Client Information Research project or other appropriate initiatives)

3. (Risk 5) The risk that compliance procedures are not effective in assuring quality in sign-ups, registrations, training and assessments.

- Controlling strategies*
- Develop a process to target compliance activities on high-risk Training Contracts
 - Develop risk indicators and warning flags for approval and monitoring of contracts and sign-ups
 - Assure that appropriate training pathways have been nominated by strengthening the link between Training Plans and Training Contracts
 - Review opportunities to integrate regulation across the VET system (refer also Risk Management in VET – July 2003 Action #4.4.2)
 - Enhance the skills of auditors and support the moderation of audit judgements (refer also Risk Management in VET – July 2003 Action #7.1)
 - Reinforce the responsibility of NACs to ensure that
 - Appropriate sign-ups are established
 - Training arrangements are monitored and exceptions are reported to the relevant STA
 - Investigate the establishment of a memorandum of understanding between the STAs and NACs in partnership with DEST to better address the different compliance arrangements in place and to open a mutually beneficial avenue for NACs to represent STAs and communicate issues back to STAs
 - Strengthen compliance activities, for example, through requiring a declaration of potential conflict of interest where the provider has multiple roles

4. (Risk 9) The risk that Australian and State and Territory Government incentives and subsidies stimulate growth, which is difficult to address within available funding levels.

- Controlling strategies*
- Identify and investigate particular incentives and subsidies that are driving unintended market behaviour
 - Review opportunities for better alignment of incentives and subsidies with the objectives of New Apprenticeships
 - Investigate whether User Choice Resourcing Principles can be applied to provide for improved resourcing / funding arrangements for New Apprenticeships

Proposed actions

In addition to the independent risk assessment for the NTQC Working Group on the *Impact of User Choice policy on the VET system* (KPMG October 2003), the risks identified in this report complement and build on the existing *Risk Management in VET – July 2003* report as prepared by the NTQC Risk Management Group (see Appendix C). While the latter focussed on the overall VET system, this review has concentrated on the specific aspects of VET that relate to New Apprenticeships. There is, however, a significant overlap between the risks identified here and the twenty national key risks identified in the NTQC exercise, particularly in the area of quality training outcomes. As such, it is important that the risks relating to the application of New Apprenticeships are incorporated into the NTQC framework to ensure an ongoing coordinated approach to risk management in the VET system.

Of the controlling strategies identified, five have been selected for specific action and are discussed further below. These strategies are considered to be those that will provide the most significant impact on improving New Apprenticeships.

Action 1 - Undertake a targeted review of the marketing practices of service providers (including RTOs, NACs, GTOs, brokers and other intermediaries) and investigate other regulatory models

The marketing practices of some service providers do not always lead the candidate to the most appropriate training outcome. In particular, some brokers and intermediaries are difficult to control where they are outside the current regulatory framework. In addition, certain information provided through marketing activities is not always complete, up-to-date, and / or consistent with New Apprenticeships policy. This can result in consumers not having a clear understanding of their rights and obligations, or inappropriate training sign-ups.

It is recommended that:

- Targeted reviews be conducted to examine brokering arrangements and marketing practices of service providers, together with,
- An investigation into other regulatory models that could address adverse practices employed by brokers and other intermediaries.

The objective of this control is to reduce the occurrence of adverse marketing practices.

Action 2 - Improve the clarity and consistency of New Apprenticeships information and increase the capability of teachers, career advisors and NACs to promote awareness and understanding of New Apprenticeships

Information available to entrants into New Apprenticeships is inherently complex, with a large number of training options, delivery methods and service providers. This can result in apprentices and trainees being contracted into inappropriate training pathways or arrangements, or not entering Vocational Education and Training at all. Teachers, career advisors and NACs, in particular, are considered as having significant influence on awareness and understanding of New Apprenticeships.

It is recommended that:

- Activities and materials be developed to support teachers, career advisors and NACs in their promotion of New Apprenticeships, e.g. through focus groups and targeted information sessions.
- Appropriate standards for promotional material be identified and established, and existing communication channels be streamlined to ensure that clear and consistent information is available earlier. This could be done in conjunction with the ANTA Client Information Research project or other appropriate initiatives.

The objective of this control is to provide a clear understanding of New Apprenticeships, supported by readily accessible and consistent information and advice.

Action 3 – Develop more collaborative and targeted compliance processes and activities

STAs have limited resources to enforce compliance with the regulations governing New Apprenticeships, especially in areas where there is significant growth in training sign-ups. The lack of sufficient or suitable compliance monitoring can result in inappropriate sign-ups and training pathways being undertaken. NACs have a contractual responsibility at sign-up but have limited authority to represent STAs.

It is recommended that:

- The Australian and State and Territory governments investigate the establishment of a memorandum of understanding (MOU) between STAs and NACs in partnership with DEST to better address compliance issues through collaborative approaches. This MOU should result in a mutually beneficial arrangement where NACs represent the interest of STAs (for example, assisting in the identification of high risk Training Contracts for targeted monitoring by the STA).
- Based on a consistent approach to data collection, risk indicators and warning flags for approval and monitoring of contracts and sign-ups be developed to support compliance requirements for New Apprenticeships. This will be further assisted by the current integration of e-business arrangements between the STAs and the TYIMS databases.

The objective of this control is to ensure that compliance procedures assure quality in sign-ups, registrations, training and assessments.

Action 4 - Develop a process to identify and manage specific incentives and subsidies which have an unintended impact on the VET system

The impact of incentives and subsidies in stimulating the training market, together with different employer and industry needs in individual jurisdictions, have resulted in a diverse and high growth environment in which it is difficult to predict, resource and /or manage training demand. As a result, the expectations of both industry and consumers cannot always be met, and the growth of training services is not always best aligned with industry and government objectives.

It is recommended that:

- A review be undertaken to identify specific incentives and subsidies that are driving unintended market behaviour and / or creating growth in ‘non-priority’ areas. This review will assist in identifying opportunities to better align incentives and subsidies with the objectives of New Apprenticeships policy.

The objective of this control is early identification of unmanageable demand or poor quality training outcomes, and to improve resource planning for training demand.

Action 5 - The Department of Education, Science and Training and State and Territory Training Authorities, in consultation with ANTA and Industry, clearly articulate the objectives of New Apprenticeships policy

Also recommended for attention is the “risk that the objectives of New Apprenticeships policy are not clearly articulated, leading to confusion about the application of New Apprenticeships as a training and employment pathway”. While ranked as a medium priority, it is considered to have a fundamental and significant impact on many of the other key risks identified.

The objectives of New Apprenticeships policy have evolved since its inception, with successive policy decisions made at both Australian, and State and Territory government levels. They are also subject to differing State and Territory legislative or regulatory frameworks and policy views. Encouraging convergence and cohesion will assist in improving the operation of New Apprenticeships.

Through consultations with stakeholder groups, it became apparent that the objectives of New Apprenticeships are not well understood, or are being interpreted differently, across jurisdictions and roles within VET. Examples include varying interpretations of the New Apprenticeships policy regarding existing workers and school-based pathways. In particular, there are differing views whether the prime focus should be on entry level or extended to all-of-workforce, and whether New Apprenticeships is primarily a pathway to employment, or both training and employment.

Conclusion

This risk assessment of New Apprenticeships policy has identified fourteen risks to be addressed, of which four are considered high priority – relating to *marketing (risk 2)*, *awareness (risk 3)*, *compliance (risk 5)*, and *incentives and subsidies (risk 9)*. Controlling strategies for these four risks have been identified and recommended for immediate action. As an important pre-requisite, it is also recommended that the *objectives (risk 1)* of New Apprenticeships be clearly articulated.

The specific actions proposed address three of the five categories of issues requested for investigation, namely *marketing and promotion, regulation, contractual (and administrative) arrangements*, and *incentives and subsidies*. While there was an expectation at the outset that conflicts of interest when performing multiple *roles (risk 7)* may have ranked higher, it was found to be a less significant issue than in the previous User Choice Risk Assessment. This is most likely due to it being a consequence of, and hence addressed by, a number of the other risks identified in the New Apprenticeships risk assessment. Nevertheless there may be value in investigating this issue further in the future.

Of the other two categories, *training and employment pathways* risks were all ranked as low priority and *training delivery and assessment* risks were all ranked as medium priority. These risks are still considered to have a potentially significant impact on the VET system and should be addressed as part of the National Risk Management approach to VET. In particular, the training delivery and assessment risks relating to *training arrangements (risk 10)*, *training resources (risk 11)* and *current competencies (risk 12)* have been identified by the NTQC Working Group as the subject of a number of existing risk management initiatives (e.g. Training and Assessment (TAA) Training Package, Strategic Industry Audits and High Level Review of Training Packages). The risks should therefore be revisited after these initiatives have been completed.

The findings of this review build on and should be considered in conjunction with the previous risk assessment of the User Choice Policy. While the User Choice Risk Assessment identified a number of broad and systemic risks and controlling strategies, many of which have been planned or initiated, this risk assessment has concentrated on prioritising specific additional risks and controlling strategies.

In both assessments it has been evident that there are mutual dependencies and interrelationships between the risks identified, their causes and their consequences. The controlling strategies should be managed and monitored as an integrated program of initiatives to ensure that actions taken to mitigate a risk in a specific area do not have unforeseen or unintended consequences in other areas.

2 Introduction and background

KPMG was commissioned in February 2004 to undertake an independent risk assessment of the impact of New Apprenticeships policy on the Vocational Education and Training system.

2.1 Project context³

In June 2003 ANTA MINCO agreed that any further implementation of User Choice arrangements as recommended in “*User Choice: Enhanced Arrangements*” be considered after the independent risk assessments of the impact of User Choice and New Apprenticeships policies are completed and in the context of the next ANTA Agreement.

To enable an effective and efficient response to the MINCO decision, it was agreed to undertake the independent risk assessment in two stages. Stage One focussed on assessing the risks associated with the impact of the User Choice Policy. Stage Two was planned to focus on aspects of New Apprenticeships and build on the findings from Stage One. Stage Two is the focus of this report.

The outcomes of Stage One were reported to ANTA MINCO in November 2003. Ministers noted that the independent risk assessment of the impact of User Choice had been completed and that an independent risk assessment of the impact of New Apprenticeships policies was to be progressed, with a report to Ministers in 2004.

Given that New Apprenticeships policy encompasses a number of key aspects of the VET system, particular attention needed to be given to related reviews / evaluations either completed, currently underway or proposed for New Apprenticeships.

New Apprenticeships

‘New Apprenticeships’ is the term used for the national apprenticeship and traineeship arrangements, which came into effect on 1 January 1998. A New Apprentice is an individual who is:

- A signatory to a Training Contract registered with, and validated by, a State or Territory Training Authority and employed under an award, registered contract or other contract of employment;
- Involved in paid work and structured training which may be on and/or off the job; and
- Undertaking a negotiated training programme responsive to client choice that involves obtaining a nationally recognised qualification (meeting a specified package of endorsed standards).

³ Extract from ANTA Consultancy Brief – New Apprenticeships Risk Assessment, 21 January 2004

2.2 Project approach and methodology

The project brief for Stage Two was to undertake an independent risk assessment of the impact of New Apprenticeships policy on the Vocational Education and Training system. This risk assessment identified and analysed the key risks and opportunities, taking into account the following categories associated with New Apprenticeships:

- Marketing and Promotion;
- Regulation and Contractual Arrangements;
- Funding Arrangements;
- Training Delivery and Assessment; and
- Employment and Training Pathways.

Project activities were conducted in accordance with accepted risk management processes (AS/NZS 4360:1999 - Risk Management) and included the identification of risks from the perspective of all stakeholders (for more details see Appendix D).

This risk assessment refers to, and considers the *Risk Management in VET – July 2003 Report* developed by the NTQC which focussed on the overall VET system. It also refers to and builds on our previous findings from the risk assessment of the impact of the User Choice policy on the Vocational Education and Training system.

In identifying the risks associated with the impact of New Apprenticeships policy, consultations were held with the Australian Government (DEST), State and Territory Training Authorities, and peak employer and union organisations. Additionally, a selection of stakeholders including New Apprenticeship Centres, State ITABs & Industry Skills Councils, Registered Training Organisations (RTOs), Group Training Organisations (GTOs), brokers and intermediaries, Apprenticeship Field Officers (including Industry Field Officers), Tribunals / Dispute Bodies, trainers and assessors (private and public), employers, apprentices and trainees were also consulted as a part of the risk assessment process.

Those consulted within the RTO, GTO and employer stakeholder groups included representatives from large / small, metro / rural / remote organisations and enterprises as requested by ANTA in the consultancy brief. In addition, attention was given to ensuring a number of organisations selected have multiple roles (for a graphical representation of the stakeholder spread see Appendix A).

2.3 The strategic objectives of the VET system

As identified in “*The National Strategy for Vocational Education and Training 2004-2010, Shaping our Future*” the objectives of the Vocational Education and Training system are:

- Industry will have a highly skilled workforce to support strong performance in the global economy;
- Employers and individuals will be at the centre of vocational education and training;
- Communities and regions will be strengthened economically and socially through learning and employment; and
- Indigenous Australians will have skills for viable jobs and their learning culture will be shared.

2.4 Timeframe

The timeframe for undertaking the project activities is presented below:

| Week starting | 1 16-Feb | 2 23-Feb | 3 1-Mar | 4 8-Mar | 5 15-Mar | 6 22-Mar | 7 29-Mar | 8 5-Apr | 9 12-Apr | 10 19-Apr | 11 26-Apr | 12 3-May | 13 10-May | 14 17-May | 15 24-May |
|-------------------------------------|-------------|-------------|------------|------------|-------------|-------------|-------------|------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|
| Phase / Milestone | | | | | | | | | | | | | | | |
| 1 Project Initiation | | | | | | | | | | | | | | | |
| Approach prepared | ◆ | | | | | | | | | | | | | | |
| Confirmed with NTQC WG | | ◆ | | | | | | | | | | | | | |
| 2 Risk Assessment | | | | | | | | | | | | | | | |
| Inherent Risks Identified | | | | | | | | | | | | | | | |
| Stakeholders Identified | | | ◆ | | | | | | | | | | | | |
| Stakeholder Consultation Completed | | | | | | ◆ | | | | | | | | | |
| Findings Consolidated | | | | | | | | | | ◆ | ◆ | | | | |
| 3 Action Plan Development | | | | | | | | | | | | | | | |
| Mitigation Strategies Developed | | | | | | | | | | | | | | | |
| Synopsis of Findings Distributed | | | | | | | | | | | | | | | |
| 4 Reporting | | | | | | | | | | | | | | | |
| Draft Findings Presented to NTQC WG | | | | | | | | | | | | | | | |
| Submit Risk Summary | | | | | | | | | | | | | | | |
| Submit Draft Report | | | | | | | | | | | | | | | |
| Report Finalised | | | | | | | | | | | | | | | |
| NTQC WG Meetings | 20-Feb | | | | 18-Mar | | | 6-Apr | | 20-Apr | | | | | |

3 Stakeholder feedback

Eighty-six separate consultations were conducted across governments, service providers, employers and industry groups, apprentices and trainees. The consultations were selected to include large / small, public / private and metro / rural organisations.

The consultations with government and industry were conducted in face-to-face interviews. Service providers were consulted through focus group discussions as well as face-to-face interviews. Consultations with employers comprised both face-to-face and telephone interviews. Apprentices and trainees were consulted using a telephone survey.

In order to ensure consistency across all consultations, a briefing document was developed and sent to all participants prior to the consultation (see Appendix D). The briefing document was based on the risk categories provided by the NTQC Working Group⁴ and included worksheets to be completed during the interviews focussing on a number of potential inherent risks of New Apprenticeships.

A summary of feedback received from participants of each stakeholder group is provided below. There was a high level of consistency in the responses from those consulted, and a number of common themes recurred throughout the consultations.

3.1 Government

Both Australian Government (DEST) and State and Territory Governments were concerned about the general level of awareness in both service providers and employers of their rights and obligations under New Apprenticeships. STAs also expressed concern at the aggressive marketing practices of some service providers and brokers. As a consequence, STAs feel there is a greater potential for inappropriate sign-ups, including wrong qualifications being targeted or the employer being unable to adequately support the training required.

STAs felt that addressing the above market behaviour has led to increased regulatory arrangements, which are thought to have become overly complex and excessive. It was considered important that any risk mitigation recommendations arising from this review focus on simplifying and increasing the effectiveness of existing measures rather than adding further layers of regulation.

It was also noted that some employers, encouraged by service providers, might be using incentives as a means primarily to subsidise labour costs. As a consequence, the employer incentive scheme has been reviewed to place a greater focus on completions. A change in the KPIs established for NACs further reinforces the higher emphasis on completion rates.

STAs also raised the potential for different interpretations and emphasis of New Apprenticeships policy at the national, and state and territory levels. STAs felt that there was a need for greater coordination and prioritisation of incentives and subsidies, taking into account potential impacts on the levels of funding required for the delivery of training.

Concern was also raised at both levels of government that Recognition of Prior Learning (RPL) or Recognition of Current Competencies (RCC) is not used to the extent that it could

⁴ ANTA Consultancy Brief: New Apprenticeships Policy Risk Assessment, 21 January 2004, pages 3 - 4

be to assess the competency of existing workers in New Apprenticeships resulting in the opportunity to fast-track existing workers through the education process. This was considered to be due to the perceived difficulty and expense for service providers in undertaking RPL / RCC and the potential impact on the level of incentives and subsidies available, though this varied within STAs.

Apprenticeship Field Officers identified as an area of concern the high level of confusion regarding the roles of the various service providers (including NACs, RTOs, GTOs, brokers and other intermediaries). This had the potential for employers and employees to be unaware of their rights and obligations, and of the most appropriate training options, resulting in either poor training choices or even dropping out of New Apprenticeships altogether.

They also noted that an increasing number of RTOs appear to be driven by commercial pressures resulting in increased student to trainer ratios, and tendencies to conduct “tick and flick” assessments, which does not necessarily assure the delivery of quality training. An additional concern raised by Licensing Bodies, was in respect to the effectiveness of the competency-based approach to training and assessment. No ‘final exam’ being conducted in some instances at the end of the apprenticeship to assess the student in all competencies acquired over the course of the apprenticeship was considered a particular concern.

The above issues regarding the quality of training outcomes were further reinforced when Licensing Bodies highlighted the fact that it is not uncommon for a qualified apprentice to not be issued a license after their skills and competencies are re-assessed by the licensing body. In addition to a greater focus on the quality of training delivery and assessment, it was felt that there should be stronger screening of the suitability and quality of prospective students for a licensed trade.

Feedback from the representatives of Tribunals and Dispute Bodies generally focussed on specific examples where employers / employees were not satisfied with the level and quality of training provided by their respective RTO. Issues raised appeared to be situation-specific rather than systemic, with the majority being resolved before reaching an official hearing.

3.2 Employers and Industry Bodies

Employers interviewed represented both small to medium sized enterprises as well as large-scale national companies, some of which were enterprise RTOs in their own right.

A general issue noted was that New Apprenticeships are becoming increasingly complex to establish and administer, involving numerous meetings and significant paperwork. This often led to the need to hire additional resources to manage the administrative arrangements or to use external parties such as brokers and other intermediaries. A number of employers also commented on the aggressive marketing practices of service providers, often using incentives and funding subsidies as arguments to attract employers to engage their staff into New Apprenticeships arrangements. In many cases, however, the incentives and subsidies provided did not offset the perceived additional costs of New Apprenticeships and led to employers questioning the ultimate value of New Apprenticeships.

In addition, many service providers were thought to not have sufficient understanding of the employer’s particular business sector to be able to provide relevant or effective services.

This was seen as a critical issue going forward, as employers are anticipating they will be subject to increasing productivity improvement pressures over the coming years.

While acknowledging that RPL / RCC does have an important role to play in fast tracking existing workers through the training system, employers considered the actual process of undertaking RPL / RCC as difficult and expensive.

Industry Associations believed that the term 'New Apprenticeships' is confusing and not well aligned with industry requirements. Employers often refer to New Apprenticeships as either "Traineeships" or "Apprenticeships", the latter particularly in the case of traditional trade apprentices who do not see themselves as 'new' apprentices.

Industry representatives also questioned a single focus on completions, believing that employers and employees may still obtain positive outcomes even when a New Apprenticeship is not completed. As an example, the introduction of competency based training and assessment has increased the likelihood of apprentices and trainees being promoted or hired before completing the full training, based on the skills that they have acquired during parts of their structured training.

The Trade Unions and Industry Skills Councils highlighted the decline of traditional trades and apprentices / trainee shortages in specific industries. Further concern was raised around the assessment process and the quality of training outcomes, particularly the "tick and flick" approach of some RTOs.

3.3 Service Providers

A general issue raised by RTOs was that they are limited in their ability to influence the quality of training sign-ups. RTOs are responsible for the preparation of Training Plans, however are not a signatory to the Training Contract. Without a link between the planning and sign-ups, RTOs are unable to ensure the appropriateness of the Training Plan for the apprentice / trainee.

RTO focus groups and consultations also reinforced that the range and number of STA and provider-led marketing and promotional campaigns resulted in significant confusion in the marketplace, particularly for prospective employees and employers. In particular, GTOs consulted reaffirmed that the term 'New Apprenticeships' is not accepted by traditional trades and hence is often not referred to on a day-to-day basis. They also identified a need for a more consistent interpretation of New Apprenticeships across jurisdictions, which includes the consistent application of national framework initiatives (AQTF / NTF) across all States and Territories, particularly in areas such as the treatment of RPL / RCC and existing workers.

NACs also noted that New Apprenticeships is complex for participants to understand and manage, with a particular emphasis on promotional information. While there is a substantial amount of information available (for example, from STAs and from service providers), it is not easy to find, navigate or coordinate. Particular concerns were raised as the regularity and frequency of updates is such that participants cannot be confident that they have the most current information.

There were varying perspectives on the roles of brokers and other intermediaries. Some were used well, particularly by SMEs, to provide a range of extended HR and training administration services. However, other brokers and intermediaries focussed on marketing incentives and subsidies to employers, and were seen as not making a positive contribution to New Apprenticeships. It was also noted that some brokers and intermediaries are not regulated by government.

NACs, like employers, raised the concern that non-completion is currently seen as a negative outcome whereas in reality it may be a positive outcome for the individual concerned. They also feel limited in their ability to influence completions as many non-completions are caused by personal reasons or changes in the employment arrangements.

Some NACs were also concerned about the shortage of some industry specific RTOs which has led to other RTOs, not appropriately qualified to meet the needs of the specific industry, entering the market and trying to convince the employer of their experience and how they can meet the industry's specific needs.

Service providers in general did not consider the current requirements for RCC / RPL as a commercially viable option and, as a consequence, often advise employers that participation in full training is the more appropriate or preferred option.

In terms of incentives and subsidies, RTOs share the view that some employers are using traineeships as a source of subsidising labour. NACs noted that the processing of incentive payments is often too slow, resulting in employer frustration and in some instances a complete withdrawal from the system.

3.4 Employees

Of the apprentices and trainees interviewed, the trainees felt they were well informed of their rights and obligations and were receiving the appropriate training necessary to lead to the desired qualification. Apprentices, on the other hand, appeared to be less informed of their rights and obligations and key information, such as the name of their training provider, the type of assessments that were intended, as well as who to contact or where to find information in relation to the training provided. In addition, several interviewees were not sure whether they had to go to trade school or what their actual formal qualification would be at the end of the training period.

The apprentices and trainees confirmed concerns raised by other stakeholders regarding the level of assessment being provided by RTOs. In some instances, assessment had not occurred for a period of over twelve months, and they had not been contacted regarding any proposed assessment process.

Many of the apprentices and trainees interviewed noted that they did not have a choice in which RTO provided their training, as training was organised by the NAC and their employer. They also noted that because training was competency based it was often possible to complete their apprenticeship or traineeship before the time period specified, in some cases four year apprenticeships were being completed in as little as two years.

3.5 Improvement suggestions

In addition to the above findings, the stakeholders also proposed a number of suggestions for improvement to New Apprenticeships. These were not necessarily related to any specific risk area and have been consolidated and summarised into the following list of general improvement suggestions:

- 1 *The objectives of New Apprenticeships need to be more clearly understood in order to better guide marketing and compliance practices;*
- 2 *The roles and accountabilities of the various participants in New Apprenticeships (including NACs, RTOs, GTOs, Brokers and other Intermediaries, Employers and Government) need to be more clearly defined;*
- 3 *There needs to be greater national consistency in the promotion and application of New Apprenticeships, particularly to drive efficiencies for national RTOs and employers;*
- 4 *Incentives and key performance indicators need to be aligned with and promote New Apprenticeships objectives;*
- 5 *The administrative arrangements for New Apprenticeships need to be simplified in order to create value for, rather than add overhead cost to, business arrangements;*
- 6 *Compliance arrangements need to focus on quality outcomes as well as quality processes; and*
- 7 *There needs to be improved information management and monitoring to enable informed decision-making regarding the operation and performance of New Apprenticeships.*

Some of these suggestions have been addressed explicitly within the key risks identified in the next section. It is recommended that they all be considered when specifying or developing controlling strategies to address risks related to New Apprenticeships.

4 Key risk areas

The terms of reference for the risk assessment identified the following five categories for consideration:

1 Marketing and Promotion

- User awareness to ensure consumers understand their rights and obligations in order to make informed and secure training choices;
- The marketing practices of RTOs, NACs & GTOs used to promote New Apprenticeships to employers and apprentices and trainees; and
- How brokering arrangements impact on market behaviour.

2 Regulation, Contractual [and Administrative⁵] Arrangements

- The rights and obligations of all parties, including third parties, associated with the Apprenticeship / Traineeship Training Contract;
- The link between the Training Plans and the Training Contract;
- Compliance at the expense of quality outcomes as a result of the scale and complexity of regulation in the system;
- Information and data gathering arrangements;
- Monitoring and regulation of training (eg dispute resolution process); and
- The roles and responsibilities of key stakeholders, particularly where organisations have a multitude of roles and responsibilities, and where separate regulatory arrangements operate for RTOs.

3 Funding Arrangements

- Incentives and subsidies provided by both the Australian and State / Territory governments, and the behaviour it generates in the marketplace;
- The cost of tuition fees; and
- Funded (versus unfunded) training drives behaviour, as does the mix and level of funding.

4 Training Delivery & Assessment

- The varying modes of delivery (i.e. flexible, on-the-job training);
- Where skills outcomes do not meet industry needs and / or are of poor quality;
- Degree of access to quality training and training materials;
- The level of completion rates;
- The availability of RPL and assessment arrangements; and
- Alignment of training with Training Packages.

⁵ Added as result of stakeholder feedback

5 Employment and Training Pathways

- Type of employment (i.e. full-time vs. part-time, casual) and its impact on training;
- The differing arrangements for school based New Apprentices and for school students undertaking training outside these arrangements;
- The nature of hosting arrangements (eg. GTOs, labour hire);
- The availability of training pathways for existing workers; and
- Industry sectors (eg. Risks that employers from specific industries, and/or for occupations, do not understand the importance of high quality training and by default, promote poor quality training, for example, in high ‘churn’ firms and in the training employment cultures of specific industries).

Based on these categories and their description, a number of potential ‘inherent’ risks were formulated which were used as a discussion base for all stakeholder consultations (see Appendix D.1).

After reviewing the findings from each stakeholder group and consolidating consistent risk themes and issues raised across stakeholder groups, 14 key risks emerged, supported by a number of causes and consequences of those individual risks.

Of the 14 risks formulated, each risk has been given a priority ranking according to its likelihood of occurrence and the significance of its impact and extent to which it was raised as a concern, within and across stakeholder groups. The priorities are based on the inherent or gross risk, which indicates the situation prior to the application of the recommended controlling strategies. The risk priority categories are:

- High - Significant risk to New Apprenticeships policy, controlling strategies should be undertaken;
- Medium - Moderate risk to New Apprenticeships policy, referred for consideration as part of the National Risk Management approach to VET; and
- Low - Low risk to New Apprenticeships policy, controlling actions and regular monitoring are desirable.

Table 1 provides an overview of the 14 key risks, their ‘focus’, and the priority ranking.

Table 1: Identified Risks of New Apprenticeships

| Focus | Risk | Priority |
|---|---|----------|
| Category 1: Marketing and Promotion | | |
| Objectives | 1. The risk that the objectives of New Apprenticeships policy are not clearly articulated, thereby leading to confusion about the application of New Apprenticeships as a training and employment pathway | Medium |
| Marketing | 2. The risk that marketing practices adversely impact the quality of New Apprenticeships outcomes | High |
| Awareness | 3. The risk that promotional activities result in consumers ⁶ not having a clear understanding of New Apprenticeships, particularly their rights and obligations | High |
| Category 2: Regulation, Contractual and Administrative Arrangements | | |
| Administration | 4. The risk that administration and regulation of New Apprenticeships is overly complex and ineffective | Medium |
| Compliance | 5. The risk that compliance procedures are not effective in assuring quality in sign-ups, registrations, training and assessments | High |
| Accountabilities | 6. The risk that employers, employees and service providers ⁷ are not sufficiently accountable for their obligations under New Apprenticeships | Medium |
| Roles | 7. The risk that conflict of interest exists where service providers perform multiple roles | Low |
| Monitoring | 8. The risk that data analysis is inadequate in supporting effective monitoring and planning for New Apprenticeships | Low |
| Category 3: Funding Arrangements | | |
| Incentives & subsidies | 9. The risk that Australian and State and Territory Government incentives and subsidies stimulate growth, which is difficult to address within available funding levels | High |
| Category 4: Training Delivery and Assessment | | |
| Training arrangements | 10. The risk that training arrangements do not result in quality training outcomes | Medium |
| Training resources | 11. The risk that trainers and / or assessors are not adequately qualified, skilled or resourced | Medium |
| Current competencies | 12. The risk that current competencies or prior learning are not adequately recognised | Medium |
| Category 5: Employment and Training Pathways | | |
| Existing workers | 13. The risk that the New Apprenticeships pathway is inappropriately used to up-skill some existing workers | Low |
| Industrial arrangements | 14. The risk that industrial relations arrangements are a disincentive to the provision of training | Low |

⁶ Consumers are defined to include apprentices / trainees, employees, employers, parents and guardians

⁷ Service providers are defined to include NACs, RTOs, GTOs and Brokers

The following pages provide details on each of these risks in a tabular format, which has been chosen to provide a full picture of an individual risk on one page.

Each key risk has been detailed in terms of the cause or situations that may lead to the risk arising and consequences resulting from the risk. Controlling actions and treatments already in existence as well as additional controlling actions and treatments have been suggested based on risk management principles and a specific VET focus.

Additional information has been provided for each risk as to the relationship with other risks described in this report.

Category 1: Marketing and Promotion

| Risk | Causes | Consequences | Additional Controlling Strategies |
|--|---|--|--|
| <p>1. Objectives</p> <p>The risk that the objectives of New Apprenticeships policy are not clearly articulated, thereby leading to confusion about the application of New Apprenticeships as a training and employment pathway</p> <p><u>Priority:</u> Medium</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Service Providers - Employers and Industry Bodies <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 3 Awareness 4 Administration 6 Accountabilities 7 Conflicts 9 Incentives and subsidies 13 Existing workers | <ul style="list-style-type: none"> - Objectives of New Apprenticeships have evolved over time and are not formally or clearly defined - Multiple communication and promotional channels - Other participants applying their own interpretations (training service providers and consumers) | <ul style="list-style-type: none"> - Difficult to monitor success of New Apprenticeships policy or to prioritise system issues and risks - Inappropriate use of VET/New Apprenticeships resources - Inconsistent or confusing promotion of New Apprenticeships - Inconsistent application of New Apprenticeships policy - Potential for inappropriate training pathways and sign-ups <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - The NTQC Working Group - Recent and current reviews of New Apprenticeships (eg: DEST Strategic Evaluation, Senate Enquiry – Bridging the Skills Divide) | <ul style="list-style-type: none"> - <i>The Department of Education, Science and Training and State and Territory Training Authorities, in consultation with ANTA and Industry, clearly articulate the objectives of New Apprenticeships policy</i> |

Category 1: Marketing and Promotion (contd)

| Risk | Causes | Consequences | Additional Controlling Strategies |
|--|--|--|--|
| <p>2. Marketing</p> <p>The risk that marketing practices adversely impact the quality of New Apprenticeships outcomes</p> <p>Priority: High</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Service Providers - Employers and Industry Bodies - Employees <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 3 Awareness 6 Accountabilities | <ul style="list-style-type: none"> - Unable to effectively regulate / control the marketing practices of service providers - Performance measures for NACs encourage focus on the number of sign-ups, progressions and completions - Brokers not being subject to any formal regulation within the New Apprenticeships system - New Apprenticeships are marketed by certain service providers to attract the greatest incentive rather than selection of the most appropriate Training Package and Certificate level - Self-interest of service providers and brokers (e.g. goal of growing their business) | <ul style="list-style-type: none"> - Inappropriate sign-ups - Consumers receive inaccurate or incomplete advice - Consumers are unable to make informed choices (e.g. do not understand their rights and obligations) - The appropriateness and quality of training and employment outcomes is a secondary consideration - Trainees are steered to courses where incentives lie - Growth of service provider market that is focused on financial rather than training outcomes <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - AQTF Standard 12 (Ethical marketing and advertising) - Support role of NACs - DEST's contractual arrangements with NACs - New Apprenticeships Client Support Line - to receive complaints, queries, feedback | <ul style="list-style-type: none"> - <i>Undertake a targeted review of marketing practices of service providers (incl. RTOs, NACs, GTOs, brokers and other intermediaries) including all points of intervention such as:</i> <ul style="list-style-type: none"> - <i>AQTF Standards;</i> - <i>Monitoring arrangements;</i> - <i>Performance measures / KPIs; and</i> - <i>Their roles and accountabilities.</i> - <i>Investigate other regulatory models that could address adverse practices employed by brokers and other intermediaries (particularly where they are currently acting outside any regulatory frameworks)</i> |

Category 1: Marketing and Promotion (contd)

| Risk | Causes | Consequences | Additional Controlling Strategies |
|--|---|--|---|
| <p>3. Awareness</p> <p>The risk that promotional activities result in consumers⁸ not having a clear understanding of New Apprenticeships, particularly their rights and obligations</p> <p><u>Priority: High</u></p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Service Providers - Employers and Industry Bodies <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 6 Accountabilities 7 Roles 9 Incentives and subsidies 12 Current competencies 13 Existing workers | <ul style="list-style-type: none"> - Information overload resulting from multiple communication providers and information channels - Inherent complexity of training options, delivery methods and service providers - Varying approaches to promotion and marketing of “New Apprenticeships” by the Australian Government, STAs, and service providers - Brokers and intermediaries that are focussed on selling rather than training objectives | <ul style="list-style-type: none"> - Disengagement from further investigation or entry into New Apprenticeships - Apprentices and trainees are contracted into inappropriate training options - “Traditional trade” apprentices do not identify with or are not attracted into New Apprenticeships <p><u>Existing control / treatment:</u></p> <p><i>Consumer information and awareness</i></p> <ul style="list-style-type: none"> - VET portal / proposed Call Centre - Support role of NACs at sign-up - <i>National Code of Good Practice for New Apprenticeships</i> (employer and employee rights & obligations) - New Apprenticeships Client Support Line - Information guides / booklets (e.g. student cards with discount entitlements) - STA information strategies - AQTF Standards for RTOs (Standard 12 - Ethical marketing & advertising) | <ul style="list-style-type: none"> - <i>Improve the capability of teachers, career advisors and NACs to promote awareness and understanding of New Apprenticeships</i> - <i>Identify and establish appropriate standards for promotional material and ensure that clear and consistent information is available earlier (this could be done as part of the ANTA Client Information Research project or other appropriate initiatives)</i> |

⁸ Consumers are defined to include apprentices/trainees, employees, employers, parents and guardians

Category 2: Regulation, Contractual and Administrative Arrangements

| Risk | Causes | Consequences | Additional Controlling Strategies |
|---|--|--|---|
| <p>4. Administration</p> <p>The risk that administration and regulation of New Apprenticeships is overly complex and ineffective</p> <p><u>Priority:</u> Medium</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Service Providers - Employers and Industry Bodies <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 5 Compliance 6 Accountabilities 7 Roles 8 Monitoring 11 Training resources | <ul style="list-style-type: none"> - Jurisdictions adopt varying approaches to regulation and audits, including the application of the AQTF - Regulatory framework has evolved over time, often in response to identified system issues and risks - Inconsistency in assessment of standard nominal hours required to achieve a qualification differs between jurisdictions | <ul style="list-style-type: none"> - Disengagement by employers and employees due to complex administration procedures, multiple meetings with multiple parties and substantial paperwork - Some employers are finding it more time and cost effective not to use New Apprenticeships - Introduction of workarounds, such as RTOs using brokers to avoid regulatory requirements - Cost of compliance is perceived to be increasing and in some cases prohibitive (e.g. small RTOs that operate across jurisdictions) - National employers find it difficult to work across borders - Additional costs for national employers and industries <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - Review of AQTF - Implementation of model clauses (used to create consistency between jurisdictions) - National Apprenticeship / Traineeship Training Contract | <ul style="list-style-type: none"> - <i>Investigate opportunities to simplify or standardise regulations through a strategic evaluation of existing regulations</i> - <i>Implement collaborative regulation strategies by exploring opportunities to integrate regulation across the VET system (Risk Management in VET – July 2003 Action #4.4.2)</i> - <i>Extend the e-Business relationships between STA and TYIMS databases</i> - <i>Streamline arrangements for national employers to reduce administrative differences dealing across state / territory borders</i> |

Category 2: Regulation, Contractual and Administrative Arrangements (contd)

| Risk | Causes | Consequences | Additional Controlling Strategies |
|---|--|---|---|
| <p><u>5. Compliance</u></p> <p>The risk that compliance procedures are not effective in assuring quality in sign-ups, registrations, training and assessments</p> <p>Priority: High</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Service Providers <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 6 Accountabilities 11 Training resources 12 Current competencies | <ul style="list-style-type: none"> - STAs do not have sufficient resources to enforce compliance, especially where there is significant growth in sign-ups - Application of AQTF and other audits focus on process compliance (administrative process) rather than achievement of outcomes (training delivery and assessment matters) - Strategic industry audits are expensive and resource intensive, so are used in a limited way - Inconsistent interpretation of AQTF Standards | <ul style="list-style-type: none"> - Registration of inappropriate service providers - Inappropriate sign-ups and pathways are undetected or detected too late to prevent serious issues arising - “Tick and flick” assessments that do not assure quality of training delivered - There has been a shift from resource intensive (preventative) controls at sign-up to detective controls later in training delivery / assessment - Training is not provided <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - Standards for State and Territory Registering / Course Accrediting Bodies - Audits of RTOs against AQTF standards - STA Approved Provider Lists - Strategic industry audits - Implementation of model clauses - Ensure that Training Plan provides details of structured training (Risk Management in VET – July 2003 Action #1.1.2) - Planned national evaluation of on-the-job traineeship pathways (Risk Management in VET – July 2003 Action #12.2.1) | <ul style="list-style-type: none"> - <i>Develop a process to target compliance activities on high-risk Training Contracts</i> - <i>Develop risk indicators and warning flags for approval and monitoring of contracts and sign-ups</i> - <i>Assure that appropriate training pathways have been nominated by strengthening the link between Training Plans and Training Contracts</i> - <i>Review opportunities to integrate regulation across the VET system (refer also Risk Management in VET – July 2003 Action #4.4.2)</i> - <i>Enhance the skills of auditors and support the moderation of audit judgements (refer also Risk Management in VET – July 2003 Action #7.1)</i> - <i>Reinforce the responsibility of NACs to ensure that:</i> <ul style="list-style-type: none"> - <i>Appropriate sign-ups are established</i> - <i>Training arrangements are monitored and exceptions are reported to the relevant STA</i> - <i>Investigate the establishment of a memorandum of understanding between the STAs and NACs in partnership with DEST to better address the different compliance arrangements in place and to open a mutually beneficial avenue for NACs to represent STAs and communicate issues back to STAs</i> - <i>Strengthen compliance activities, for example, through requiring a declaration of potential conflict of interest where the provider has multiple roles</i> |

Category 2: Regulation, Contractual and Administrative Arrangements (contd)

| Risk | Causes | Consequences | Additional Controlling Strategies |
|---|--|--|---|
| <p><u>6. Accountabilities</u></p> <p>The risk that employers, employees and service providers⁹ are not sufficiently accountable for their obligations under New Apprenticeships</p> <p><u>Priority:</u> Medium</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Employers and Industry Bodies <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 7 Roles 11 Training resources 12 Current competencies 14 Industrial arrangements | <ul style="list-style-type: none"> - Complexity of New Apprenticeships arrangements and the lack of clear definition of objectives, make it difficult to enforce accountabilities - Obligations under State and Territory legislation may conflict with national training objectives - Employers are unaware of their responsibilities in providing an appropriate training environment - There is a high level of complexity and volume of information about the system - Some information provided is inaccurate, incorrect and contradictory - Lack of established training culture, especially in non-traditional trade environments | <ul style="list-style-type: none"> - Misuse of New Apprenticeships funding and resources - Inappropriate sign-ups and Training Contracts / Training Plans - Quality training may not be provided / received - Employees are not made aware of their rights and responsibilities <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - Support role of NACs - New Apprenticeships Client Support Line - to receive complaints, queries, feedback - Training Contract – (Part C Obligations and Declaration) - Follow-up by NACs within 6 months of signing the Training Contract - <i>National Code of Good Practice for New Apprenticeships</i> - Milestone payments for NACs to encourage completion of training - DEST employer incentive payments split between commencement and completion to encourage completion of training | <ul style="list-style-type: none"> - <i>Monitor the impact of existing controls</i> - <i>Represent the requirements of the STA at the sign-up through the NAC</i> - <i>Link the Training Plan with the Training Contract</i> - <i>Investigate other regulatory models that could address adverse practices employed by brokers and other intermediaries (particularly where they are currently acting outside any regulatory frameworks)</i> - <i>Examine feasibility for follow-up by NACs within 3 months of signing the Training Contract</i> |

⁹ Service providers are defined to include NACs, RTOs, GTOs and Brokers

Category 2: Regulation, Contractual and Administrative Arrangements (contd)

| Risk | Causes | Consequences | Additional Controlling Strategies |
|--|---|---|---|
| <p>7. Roles</p> <p>The risk that conflict of interest exists where service providers¹⁰ perform multiple roles</p> <p><u>Priority:</u> Low</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 6 Accountabilities 11 Training resources 12 Current competencies 14 Industrial arrangements | <ul style="list-style-type: none"> - Economic viability necessitates some service providers to offer additional “services” - Some roles must balance performance indicators around system growth and training quality outcomes (eg. NACs also acting as RTOs) - In certain markets (e.g. thin training markets) there may be a need for a “one stop shop” where multiple roles are performed | <ul style="list-style-type: none"> - Regulation may be less effective, as a related business unit is unlikely to report deficiencies in work / service delivery provided by another related business unit - Potential for inappropriate Training Contracts and / or Training Plans - Potential for inappropriate hosting arrangements - Potential for poor training quality outcomes - Employer confusion regarding roles and obligations of providers with multiple roles <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - New Apprenticeship Support Services (NASS) Contract Code of Conduct for NACs - New Apprenticeships Client Support Line - to receive complaints, queries, feedback - National Standards for Group Training Organisations (particularly Standard 8 – Ethical practice and 8.3 – conflict of interest) - AQTF Audits of RTOs (however, no specific AQTF standard on ethical practices / conflict of interest) | <ul style="list-style-type: none"> - Review the AQTF to incorporate standards relating to ethical practices with an emphasis on managing conflicts of interest - Require a declaration of potential conflict of interest in the Training Contract (Risk Management in VET – July 2003 Action #17.1.2) - Flag and monitor high risk contracts involving service providers with multiple roles |

¹⁰ Service providers are defined to include NACs, RTOs, GTOs and Brokers

Category 2: Regulation, Contractual and Administrative Arrangements (contd)

| Risk | Causes | Consequences | Additional Controlling Strategies |
|--|--|--|---|
| <p>8. Monitoring</p> <p>The risk that data analysis is inadequate in supporting effective monitoring and planning for New Apprenticeships</p> <p><u>Priority:</u> Low</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Service Providers <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 11 Training resources 13 Existing workers | <ul style="list-style-type: none"> - Lack of resources to analyse and interpret the data - Data collection is primarily focused on government funded training - Uncertainty as to what type of data will be needed to inform future decision-making - Insufficient alignment between planning and performance indicators - Qualitative data is difficult to define, capture and report (e.g. quality of training) | <ul style="list-style-type: none"> - Information reported not accurate and/or not representative - Industries needs not identified - Forecasted training demand does not meet actual training demands <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - TYIMS / STA databases - Data collected by NCVER - VOCED database - National Training Information Service (NTIS) - Training Contract used to capture demographic and other data - Stage 2 of VET Portal (training.com.au) | <ul style="list-style-type: none"> - <i>Develop risk indicators / warning flags for approval and monitoring purposes across all STAs</i> - <i>Identify a nationally consistent approach to the collection and reporting of the complete range of statistical information on the labour market and current and future skill needs [Senate Report, Bridging the Skills Divide, Recommendation #1]</i> - <i>Broaden data collection to also include non-government funded apprenticeships / traineeships</i> - <i>Strengthen AQTF Standards to require RTOs to report all VET outcomes to the registering body (Risk Management in VET – July 2003 Action #19.1.1)</i> - <i>Identify data sets that States and Territories require to effectively manage the system to meet their needs (Risk Management in VET – July 2003 Action #20.1.1)</i> - <i>Establish risk rating for contracts and monitor and manage high-risk arrangements</i> |

Category 3: Funding Arrangements

| Risk | Causes | Consequences | Additional Controlling Strategies |
|---|---|--|--|
| <p><u>9. Incentives and subsidies</u></p> <p>The risk that Australian and State and Territory Government incentives and subsidies stimulate growth, which is difficult to address within available funding levels</p> <p><u>Priority:</u> High</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Service Providers <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 2 Marketing 5 Compliance 11 Training resources 12 Current competencies | <ul style="list-style-type: none"> - Environmental pressures / local market needs differ between Australian and State / Territory governments - Difficulty in predicting how incentives and marketing practices will impact on demand for training - Performance indicators for some participants focus on system growth (ie. number of sign-ups - NACs) - New Apprenticeships are marketed by certain service providers to attract the greatest incentive rather than selection of the most appropriate training package and certificate level | <ul style="list-style-type: none"> - Allocated State/Territory funding is unable to meet demand - Expectations of industry and consumers are not met - Trainees are steered to courses where the incentives lie - Proliferation of training in areas not aligned to industry needs or government objectives <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - Data analysis and planning processes (NCVER, STAs, etc) - Regular reviews of incentives and subsidies | <ul style="list-style-type: none"> - <i>Identify and investigate particular incentives and subsidies that are driving unintended market behaviour</i> - <i>Review opportunities for better alignment of incentives and subsidies with the objectives of New Apprenticeships</i> - <i>Investigate whether User Choice Resourcing Principles can be applied to provide for improved resourcing / funding arrangements for New Apprenticeships</i> |

Category 4: Training Delivery and Assessment

| Risk | Causes | Consequences | Additional Controlling Strategies |
|---|--|--|--|
| <p><u>10. Training arrangements</u></p> <p>The risk that training arrangements do not result in quality training outcomes</p> <p><u>Priority:</u> Medium</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 1 Objectives 4 Administration 12 Current competencies | <ul style="list-style-type: none"> - The training effort and quality of training courses are not sufficiently consistent between States and Territories - Inconsistency in assessment of standard nominal hours required to achieve a qualification differ between jurisdictions - Application of AQTF and other audits focus on process compliance (administrative process) rather than achievement of outcomes (training delivery and assessment matters) | <ul style="list-style-type: none"> - Reduced opportunities for transportability of skills / qualifications - Non completions - Inadequate assessments (i.e. untimely and unclear) - Re-assessment required by some Licensing Bodies <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - National Training Framework - National Apprenticeship / Traineeship Training Contract - National Training Packages - AQTF - Role of NACs | <ul style="list-style-type: none"> - <i>Ensure national consistency in the recognition of qualifications</i> - <i>Link the Training Plan with the Training Contract</i> - <i>Investigate the impact of non-completions in terms of the quality of training outcomes</i> - <i>Prescribe specific assessment procedures in Training Packages, including assessment tools and materials for Assessors</i> |

Category 4: Training Delivery and Assessment (contd)

| Risk | Causes | Consequences | Additional Controlling Strategies |
|---|--|--|---|
| <p><u>11. Training resources</u></p> <p>The risk that trainers and/or assessors are not adequately qualified, skilled or resourced</p> <p><u>Priority:</u> Medium</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Service Providers - Employers and Industry Bodies - Employees <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 5 Compliance 6 Accountabilities 12 Current competencies | <ul style="list-style-type: none"> - Variable compliance of RTO staff with AQTF Standard 7 (The competence of RTO staff) - Not cost effective for RTOs to employ experts - Lack of specific resources in Training Packages to aid training and assessment - Training providers not ensuring that Certificate 4 in <i>Assessment and Workplace Training</i> equips the trainer / assessor with all the necessary skills | <ul style="list-style-type: none"> - Poor quality training outcomes - Training does not meet quality standards - Assessment does not meet quality standards - Apprentice / trainee is not appropriately skilled to perform their job - Thin training markets <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - AQTF Standard 7 (The competence of RTO staff) - AQTF Standard 8 (RTO assessments) - “Return to industry” training for TAFE teachers - Review of Training Package for Certificate 4 in <i>Assessment and Workplace Training</i> (to be replaced by proposed <i>Training and Assessment</i> (TAA) Training Package) - User Choice funding supplements to access training (QLD) | <ul style="list-style-type: none"> - <i>Enhance skills development and support for trainers and assessors (Risk Management in VET – July 2003 Action #18.4.1) and establish networks, materials / resources and access to para-professional experts where required to meet specific training demands</i> - <i>Prescribe specific assessment procedures in Training Packages, including assessment tools and materials for Assessors</i> - <i>Review the price and / or incentive structures for thin training markets to encourage improved resourcing</i> |

Category 4: Training Delivery and Assessment (contd)

| Risk | Causes | Consequences | Additional Controlling Strategies |
|--|--|---|---|
| <p>12. Current competencies</p> <p>The risk that current competencies or prior learning are not adequately recognised</p> <p><u>Priority:</u> Medium</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Service Providers - Employers and Industry Bodies <p><u>Consequent risks, directly related to this risk:</u></p> <p>13 Existing workers</p> <p>14 Industrial arrangements</p> | <ul style="list-style-type: none"> - RPL is seen as too costly for RTOs (labour intensive, one-on-one assessment) - No additional / extra funding to compensate for higher cost of RPL - Conflict of interest for RTOs to offer RPL (i.e. assess someone as not competent so they have to enrol in a full course of training) | <ul style="list-style-type: none"> - New Apprenticeships are not able to be fast tracked to meet industry / employer skill needs - Waste of training effort, as a result of unnecessary re-training (unnecessary training effort) <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - AQTF Standard 8.2 (RTO assessments) | <ul style="list-style-type: none"> - <i>Provide standard resources and materials in National Training Packages to assist with undertaking RPL / RCC</i> - <i>Adopt national common principles and operational guidelines for RPL, and address identified barriers to RTOs and TAFE undertaking RPL. [Senate Report, Bridging the Skills Divide, Recommendation #17]</i> - <i>Reflect the requirements and processes for RPL in proposed Training and Assessment (TAA) Training Package (which will replace existing Assessment and Workplace Training Package) [Senate Report, Bridging the Skills Divide paragraph 3.123]</i> - <i>Monitor the impact of the new strategies resulting from Queensland and ANTA trials</i> - <i>Prescribe specific assessment procedures in Training Packages including assessment tools and materials for assessors</i> |

Category 5: Employment and Training Pathways

| Risk | Causes | Consequences | Additional Controlling Strategies |
|---|---|--|--|
| <p><u>13. Existing workers</u></p> <p>The risk that the New Apprenticeships pathway is inappropriately used to up-skill some existing workers</p> <p><u>Priority:</u> Low</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Service Providers <p><u>Consequent risks, directly related to this risk:</u></p> <ul style="list-style-type: none"> 9 Incentives and subsidies 12 Current competencies 14 Industrial arrangements | <ul style="list-style-type: none"> - Differing arrangements in New Apprenticeships for existing workers - There are no other readily identifiable training pathways for existing workers, so the New Apprenticeships pathway is used - New Apprenticeships is not necessarily the best pathway to train all existing workers - Minimal use or RCC / RPL | <ul style="list-style-type: none"> - Funding of existing workers through New Apprenticeships funding exceeds STA resourcing limitations - Inefficient use of New Apprenticeships training when RPL not applied appropriately <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - 2 year rule for – DEST incentives (AQF Level 3 or 4 and Training Contract 2+ years) | <ul style="list-style-type: none"> - <i>Identify and assess options for training of existing workers</i> - <i>Incorporate arrangements for existing workers into policy and objectives of New Apprenticeships (refer Risk 1)</i> - <i>Check / review sign-up of existing workers to confirm whether or not New Apprenticeships is the appropriate pathway</i> |

Category 5: Employment and Training Pathways (contd)

| Risk | Causes | Consequences | Additional Controlling Strategies |
|---|---|---|---|
| <p><u>14. Industrial Arrangements</u></p> <p>The risk that industrial relations arrangements are a disincentive to the provision of training</p> <p><u>Priority:</u> Low</p> <p><u>Stakeholder groups concerned:</u></p> <ul style="list-style-type: none"> - Government - Employers and Industry Bodies <p><u>Consequent risks, directly related to this risk:</u></p> <p>6 Accountabilities</p> <p>12 Current competencies</p> | <ul style="list-style-type: none"> - Certain awards / EBAs do not complement Training Contracts (specifically around dismissal or termination of trainees / apprentices) - Inconsistencies between jurisdictions in the definition of full-time, part-time and casual - “Casualisation” of the workforce - Confusion and conflicts between Federal and State Industrial Relations / awards - Industrial relation wage awards (time based) do not take into account competency based learning | <ul style="list-style-type: none"> - Employee disengagement due to low wages and length of training - Training wage acting as a mechanism for employers to engage “cheaper” labour, but without a commitment to providing quality training <p><u>Existing control / treatment:</u></p> <ul style="list-style-type: none"> - Workplace Relations Act / State and Federal Industrial Relations legislation | <ul style="list-style-type: none"> - <i>Expand Industrial Relations coverage by industrial parties at a national level, including School-based New Apprenticeships</i> - <i>Identify strategies to improve targeted employer investment in training for casual and contract workers [Senate Report, Bridging the Skills Divide, Recommendation #52]</i> - <i>Review Industrial Relations awards and link to competency based learning rather than time based wages</i> |

5 Recommendations

Of the 14 risks identified, four were assessed as high priority. These risks are:

- Risk 2 - The risk that marketing practices adversely impact the quality of New Apprenticeships outcomes;
- Risk 3 - The risk that promotional activities result in consumers not having a clear understanding of New Apprenticeships, particularly their rights and obligations;
- Risk 5 - The risk that compliance procedures are not effective in assuring quality in sign-ups, registrations, training and assessments; and
- Risk 9 - The risk that Australian and State and Territory Government incentives and subsidies stimulate growth, which is difficult to address within available funding levels.

A number of mitigation strategies have been identified for each of those risks (refer to the risk tables in Section 4 for further details).

In addition to the independent risk assessment for the NTQC Working Group on the *Impact of User Choice policy on the VET system* (KPMG October 2003), the risks identified in this report complement and build on the existing *Risk Management in VET – July 2003* report as developed by the NTQC (see Appendix C). While the latter focussed on the overall VET system, this review has concentrated on the specific aspects of VET that relate to New Apprenticeships. There is, however, a significant overlap between the risks identified here and the twenty national key risks identified in the NTQC exercise, particularly in the area of quality training outcomes. As such, it is important that the risks relating to the application of New Apprenticeships are incorporated into the NTQC framework to ensure an ongoing coordinated approach to risk management in the VET system.

Proposed actions

Of the controlling strategies identified, five have been selected for specific action and are detailed below. These strategies are considered to be those that will provide the most significant impact on improving New Apprenticeships.

Action 1 - Undertake a targeted review of the marketing practices of service providers (including RTOs, NACs, GTOs, brokers and other intermediaries) and investigate other regulatory models

The marketing practices of some service providers do not always lead the candidate to the most appropriate training outcome. In particular, some brokers and intermediaries are difficult to control where they are outside the current regulatory framework. In addition, certain information provided through marketing activities is not always complete, up-to-date, and / or consistent with New Apprenticeships policy. This can result in consumers not having a clear understanding of their rights and obligations, or inappropriate training sign-ups.

It is recommended that:

- Targeted reviews be conducted to examine brokering arrangements and marketing practices of service providers, together with,
- An investigation into other regulatory models that could address adverse practices employed by brokers and other intermediaries.

The objective of this control is to reduce the occurrence of adverse marketing practices.

Action 2 - Improve the clarity and consistency of New Apprenticeships information and increase the capability of teachers, career advisors and NACs to promote awareness and understanding of New Apprenticeships

Information available to entrants into New Apprenticeships is inherently complex, with a large number of training options, delivery methods and service providers. This can result in apprentices and trainees being contracted into inappropriate training pathways or arrangements, or not entering Vocational Education and Training at all. Teachers, career advisors and NACs, in particular, are considered as having significant influence on awareness and understanding of New Apprenticeships.

It is recommended that:

- Activities and materials be developed to support teachers, career advisors and NACs in their promotion of New Apprenticeships, e.g. through focus groups and targeted information sessions.
- Appropriate standards for promotional material be identified and established, and existing communication channels be streamlined to ensure that clear and consistent information is available earlier. This could be done in conjunction with the ANTA Client Information Research project or other appropriate initiatives.

The objective of this control is to provide a clear understanding of New Apprenticeships, supported by readily accessible and consistent information and advice.

Action 3 – Develop more collaborative and targeted compliance processes and activities

STAs have limited resources to enforce compliance with the regulations governing New Apprenticeships, especially in areas where there is significant growth in training sign-ups. The lack of sufficient or suitable compliance monitoring can result in inappropriate sign-ups and training pathways being undertaken. NACs have a contractual responsibility at sign-up but have limited authority to represent STAs.

It is recommended that:

- The Australian and State and Territory governments investigate the establishment of a memorandum of understanding (MOU) between STAs and NACs in partnership with DEST to better address compliance issues through collaborative approaches. This MOU

should result in a mutually beneficial arrangement where NACs represent the interest of STAs (for example, assisting in the identification of high risk Training Contracts for targeted monitoring by the STA).

- Based on a consistent approach to data collection, risk indicators and warning flags for approval and monitoring of contracts and sign-ups be developed to support compliance requirements for New Apprenticeships. This will be further assisted by the current integration of e-business arrangements between the STAs and the TYIMS databases.

The objective of this control is to ensure that compliance procedures assure quality in sign-ups, registrations, training and assessments.

Action 4 - Develop a process to identify and manage specific incentives and subsidies which have an unintended impact on the VET system

The impact of incentives and subsidies in stimulating the training market, together with different employer and industry needs in individual jurisdictions, have resulted in a diverse and high growth environment in which it is difficult to predict, resource and /or manage training demand. As a result, the expectations of both industry and consumers cannot always be met, and the growth of training services is not always best aligned with industry and government objectives.

It is recommended that:

- A review be undertaken to identify specific incentives and subsidies that are driving unintended market behaviour and / or creating growth in ‘non-priority’ areas. This review will assist in identifying opportunities to better align incentives and subsidies with the objectives of New Apprenticeships policy.

The objective of this control is early identification of unmanageable demand or poor quality training outcomes, and to improve resource planning for training demand.

Action 5 - The Department of Education, Science and Training and State and Territory Training Authorities, in consultation with ANTA and Industry, clearly articulate the objectives of New Apprenticeships policy

Also recommended for attention is the “risk that the objectives of New Apprenticeships policy are not clearly articulated, leading to confusion about the application of New Apprenticeships as a training and employment pathway”. While ranked as a medium priority, it is considered to have a fundamental and significant impact on many of the other key risks identified.

The objectives of New Apprenticeships policy have evolved since its inception, with successive policy decisions made at both Australian, and State and Territory government levels. They are also subject to differing State and Territory legislative or regulatory frameworks and policy views. Encouraging convergence and cohesion will assist in improving the operation of New Apprenticeships.

Through consultations with stakeholder groups, it became apparent that the objectives of New Apprenticeships are not well understood, or are being interpreted differently, across jurisdictions and roles within VET. Examples include varying interpretations of the New Apprenticeships policy regarding existing workers and school-based pathways. In particular, there are differing views whether the prime focus should be on entry level or extended to all-of-workforce, and whether New Apprenticeships is primarily a pathway to employment, or both training and employment.

Conclusion

This risk assessment of New Apprenticeships policy has identified fourteen risks to be addressed, of which four are considered high priority – relating to *marketing (risk 2)*, *awareness (risk 3)*, *compliance (risk 5)*, and *incentives and subsidies (risk 9)*. Controlling strategies for these four risks have been identified and recommended for immediate action. As an important pre-requisite, it is also recommended that the *objectives (risk 1)* of New Apprenticeships be clearly articulated.

The specific actions proposed address three of the five categories of issues requested for investigation, namely *marketing and promotion, regulation, contractual (and administrative) arrangements*, and *incentives and subsidies*. While there was an expectation at the outset that conflicts of interest when performing multiple *roles (risk 7)* may have ranked higher, it was found to be a less significant issue than in the previous User Choice Risk Assessment. This is most likely due to it being a consequence of, and hence addressed by, a number of the other risks identified in the New Apprenticeships risk assessment. Nevertheless there may be value in investigating this issue further in the future.

Of the other two categories, *training and employment pathways* risks were all ranked as low priority and *training delivery and assessment* risks were all ranked as medium priority. These risks are still considered to have a potentially significant impact on the VET system and should be addressed as part of the National Risk Management approach to VET. In particular, the training delivery and assessment risks relating to *training arrangements (risk 10)*, *training resources (risk 11)* and *current competencies (risk 12)* have been identified by the NTQC Working Group as the subject of a number of existing risk management initiatives (e.g. Training and Assessment (TAA) Training Package, Strategic Industry Audits and High Level Review of Training Packages). The risks should therefore be revisited after these initiatives have been completed.

The findings of this review build on and should be considered in conjunction with the previous risk assessment of the User Choice Policy. While the User Choice Risk Assessment identified a number of broad and systemic risks and controlling strategies, many of which have been planned or initiated, this risk assessment has concentrated on prioritising specific additional risks and controlling strategies.

In both assessments it has been evident that there are mutual dependencies and interrelationships between the risks identified, their causes and their consequences. The controlling strategies should be managed and monitored as an integrated program of initiatives to ensure that actions taken to mitigate a risk in a specific area do not have unforeseen or unintended consequences in other areas.

Appendix A: List of stakeholders consulted

The following tables and figures outline the range and breadth of consultations conducted. Table A summarises the consultations by stakeholder group; Figure A.1 outlines the geographical spread of these consultations; and Figure A.2 indicates the size and region type of the RTO and employer stakeholders consulted.

Table A - Consultation with stakeholders by stakeholder group

| Stakeholder group | Stakeholders | Consultations Conducted |
|-----------------------------|--|-------------------------|
| Government | Australian (DEST) | 1 |
| | State / Territory (STAs) | 8 |
| | Apprenticeship Field Officers | 4 |
| | Tribunals / Dispute Bodies | 2 |
| | Other Regulators (e.g. Licensing Bodies) | 2 |
| Employers / Industry Bodies | Industry Associations / Unions | 6 |
| | State ITABs & Industry Skills Councils | 3 |
| | Employers | 11 |
| | Workplace supervisors / assessors / trainers | 3 ¹¹ |
| Service Providers | Registered Training Organisations (RTOs) | 12 |
| | Group Training Organisations (GTOs) | 12 |
| | New Apprenticeship Centres | 5 |
| | Brokers & intermediaries | 3 |
| Employees | Apprentices / Trainees | 14 |
| TOTAL | | 86 |

¹¹ KPMG contacted 11 Workplace supervisors / assessors / trainers and 8 of these did not wish to participate in the risk assessment, resulting in a 73% non-participation rate.

Figure A.1 - Consultation with stakeholder groups by geographical location

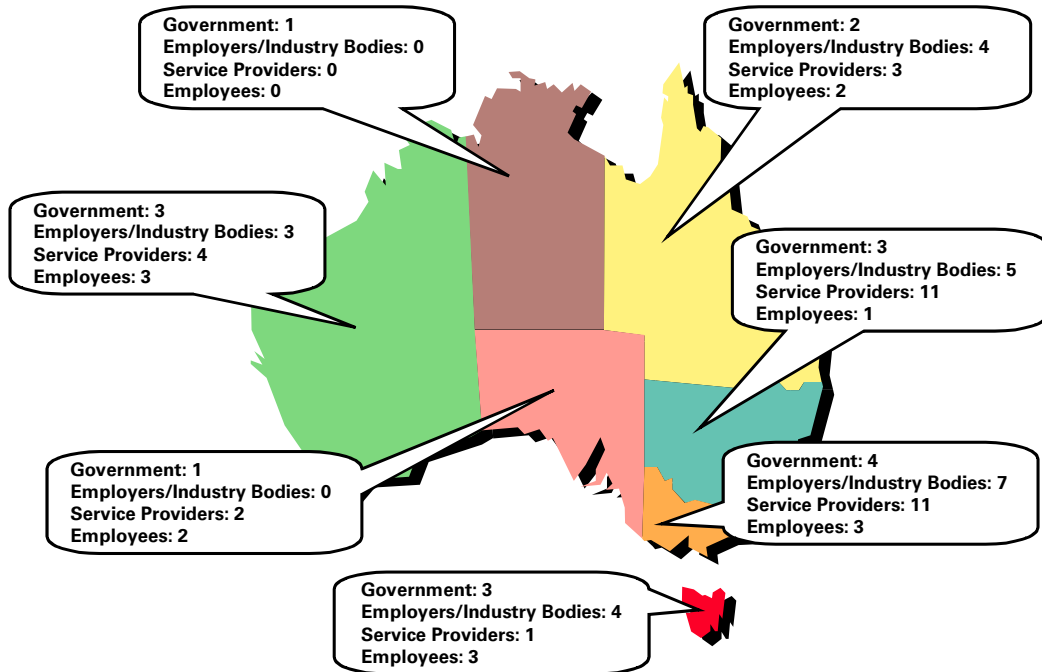


Figure A.2 - Consultations with stakeholders by size¹² and region type

| RTO | | Employer | |
|-----------------------------|---|----------|---|
| Private | | Metro | |
| ■ Metro | 5 | ■ Small | 5 |
| ■ Rural | 2 | ■ Large | 4 |
| Public | | Rural | |
| ■ Metro | 5 | ■ Small | 0 |
| ■ Rural | 0 | ■ Large | 2 |
| Apprentice / Trainee | | | |
| Metro | | | |
| ■ Small | 0 | | |
| ■ Large | 7 | | |
| Rural | | | |
| ■ Small | 7 | | |
| ■ Large | 0 | | |

¹² For the purpose of this review, a *large employer* is one who employs more than 80 staff.

Appendix B: Project materials

The following literature was reviewed throughout the consultation process and during formation of risks and mitigating strategies.

- 1 Australian National Training Authority September 1996, *The Report of the Industry Reference Group on the implementation of the Modern Australian Apprenticeship and Traineeship System*
- 2 Australian National Training Authority May 1997, *The Report of the ANTA Board on the Implementation of New Apprenticeships (including User Choice)*
- 3 Australian National Training Authority 2003, *High Level Review of Training Packages*, Available at www.anta.gov.au
- 4 Australian National Training Authority July 2003, *New Apprenticeships Incentives*
- 5 Australian National Training Authority July 2003, *Risk Management in VET: Report to the National Training Quality Council from the Risk Management Group*
- 6 Australian National Training Authority March 2004, *Aggregate Report to the NTQC on the operation of the AQTF in 2003*
- 7 Department of Education, Science and Training March 2003, *Submission to the Senate Employment, Workplace Relations and Education References Committee Inquiry into Current and Future Skills Needs*
- 8 KPMG November 2003, *Independent Risk Assessment of the Impact of the User Choice policy on VET*
- 9 NCVER January 2004, *Report to ANTA: Key factors in achieving quality outcomes for people in shorter duration apprenticeships and traineeships*
- 10 NSW Department of Education and Training Paper to MINCO November 2002, *Quality in the Vocational Education and Training System*
- 11 Senate Employment, Workplace Relations and Education References November 2003, *The Senate Skills Inquiry Report – Bridging the skills divide*

Appendix C: Building on the existing work of the NTQC Risk Management Group

Twenty national Key Risk Areas¹³ were identified as a potential threat to the quality of VET outcomes. Following identification of the risks, causes and existing treatments, the Risk Management Group collaboratively evaluated the issues and assigned a level of risk. Through this process, the risks were categorised into three priority groups, as follows:

Group 1: High Priority

| Risk # | Description |
|--------|--|
| 1 | The risk that fully on-the-job pathways (not involving structured training) deliver poor quality outcomes |
| 2 | The risk that employers and RTOs do not meet all their training obligations because incentives are not adequately linked to training effort and quality |
| 3 | The risk that trainers and assessors are not adequately skilled and qualified |
| 4 | The risk that resources for regulation and quality assurance do not keep pace with growth in the training system |
| 5 | The risk that brokering and partnering arrangements reduce the quality of training outcomes |
| 6 | The risk that the qualification is poorly valued where there is a substantial inconsistency in training effort for the same qualification and for different qualifications at the same AQF level |
| 7 | The risk that State and Territory registering bodies fail to maintain quality and consistency in registration and audit of RTOs |

¹³ Extract from *Risk Management in VET – July 2003*, a report to the National Training Quality Council from the NTQC Risk Management Group

Group 2 – Medium Priority

| Risk # | Description |
|--------|---|
| 8 | The risk that consumers do not understand their rights and obligations in making training choices |
| 9 | The risk that the scale and complexity of regulation in the system drives a focus on compliance at the expense of quality outcomes |
| 10 | The risk that Training Packages and accredited courses do not meet industry skill needs |
| 11 | The risk that the VET system is not adequately catering for the full range of groups within the community, particularly equity groups |
| 12 | The risk that fully institution-based pathways (not involving work-based experience) deliver poor quality outcomes |
| 13 | The risk that learning and assessment strategies (including RPL), resources and outcomes do not meet client needs |
| 14 | The risk that training service providers fail to maintain quality and consistency particularly when services are delivered across multiple sites, jurisdictions, or off shore |
| 15 | The risk that training outcomes are not meeting industry skill needs and priorities |
| 16 | The risk that industry and individuals do not engage in the VET system |
| 17 | The risk that training service providers don't manage their conflict of interest in performing multiple roles [e.g. GTOs, NACs, RTOs, ITABs] |

Group 3 – Low Priority

| Risk # | Description |
|--------|---|
| 18 | The risk that poor training outcomes will occur in “high risk” environments and industries |
| 19 | The risk that client interests are not protected when training service providers fail or close |
| 20 | The risk that there is poor alignment of current data collection to VET planning and monitoring |

The fourteen key risk areas identified here in respect to the impact of New Apprenticeships policy on the VET system overlap with and reinforce the twenty national key risks, as follows:

| Impact of New Apprenticeships on the VET system | | Risk Management in VET – July 2003 (similar risk area) |
|--|--|--|
| Risk # | Description | Related VET risk |
| <i>Category 1: Marketing and Promotion</i> | | |
| 1 | The risk that the objectives of New Apprenticeships are not clearly defined | |
| 2 | The risk that marketing practices adversely impact the quality of New Apprenticeships outcomes | Risk # 5 |
| 3 | The risk that promotional activities result in consumers not having a clear understanding of New Apprenticeships, particularly their rights and obligations | Risk # 8, 16 |
| <i>Category 2: Regulation, Contractual and Administrative Arrangements</i> | | |
| 4 | The risk that administration and regulation of New Apprenticeships is overly complex and ineffective | Risk # 4, 9 |
| 5 | The risk that existing compliance procedures do not assure quality in sign-ups, registrations, training and assessments | Risk # 7, 9, 18 |
| 6 | The risk that employers, employees and service providers are not sufficiently accountable for their obligations under New Apprenticeships | Risk # 2, 5, 8, 14 |
| 7 | The risk that conflict of interest exists where service providers perform multiple roles | Risk # 17 |
| 8 | The risk that data analysis is inadequate in supporting effective monitoring and planning for New Apprenticeships | Risk # 20 |
| <i>Category 3: Funding Arrangements</i> | | |
| 9 | The risk that Australian Government and STA incentives and subsidies stimulate growth in non-priority areas, which is difficult to address with available funding levels | Risk # 4, 2 |
| <i>Category 4: Training Delivery and Assessment</i> | | |
| 10 | The risk that training arrangements do not result in quality training outcomes | Risk # 1, 2, 6, 10, 12, 14, 15, 18 |
| 11 | The risk that trainers and/or assessors are not adequately qualified, skilled or resourced | Risk # 2, 3 |
| 12 | The risk that current competencies or prior learning are not adequately recognised | Risk # 13 |

| Impact of New Apprenticeships on the VET system | | Risk Management in VET – July 2003 (similar risk area) |
|---|---|--|
| Risk # | Description | Related VET risk |
| <i>Category 5: Employment and Training Pathways</i> | | |
| 13 | The risk that New Apprenticeships does not effectively facilitate the up-skilling of existing workers | Risk # 13 |
| 14 | The risk that industrial relations arrangements are a disincentive to the provision of training | Risk # 16 |

Appendix D: Project methodology endorsed by NTQC

Presented below is an extract of the project methodology contained in the “*Independent Risk Assessment of the Impact of New Apprenticeships policy on the VET system – Briefing pack*” as approved by the NTQC Working Group.

Introduction

KPMG has been engaged to identify and prioritise *key risks associated with the impact of New Apprenticeships policy on the VET system*, through facilitated interviews and workshops with selected stakeholders, including representatives from

- Government;
- Employers / Industry Bodies;
- Service Providers; and
- Employees.

The NTQC Working Group on User Choice / New Apprenticeships will oversee and provide direction on this project.

(Refer to *Attachment A* for a detailed breakdown of stakeholder groups and consultations)

Project objective

The objective is to undertake an independent risk assessment of the impact of New Apprenticeships policy on the Vocational Education and Training system.

The strategic objectives of the VET system

As identified in “*the National Strategy for Vocational Education and Training 2004-2010, Shaping our Future*” the four objectives of the Vocational Education and Training system are:

- Industry will have a highly skilled workforce to support strong performance in the global economy;
- Employers and individuals will be at the centre of vocational education and training;
- Communities and regions will be strengthened economically and socially through learning and employment; and
- Indigenous Australians will have skills for viable jobs and their learning culture will be shared.

Each of the stakeholders involved in the VET system may have varying perspectives on these objectives. This has been taken into consideration in the development of consultations (workshops, focus groups and interviews).

New Apprenticeships

'New Apprenticeships' is the term used for the national apprenticeship and traineeship arrangements, which came into effect on 1 January 1998. A New Apprentice is an individual who is:

- A signatory to a Training Contract registered with, and validated by, a State or Territory Training Authority and employed under an award, registered contract or other contract of employment;
- Involved in paid work and structured training which may be on and/or off the job; and
- Undertaking a negotiated training programme responsive to client choice that involves obtaining a nationally recognised qualification (meeting a specified package of endorsed standards).

Policy objectives

As identified in "*the National Strategy for Vocational Education and Training 2004-2010, Shaping our Future*" the four objectives of the Vocational Education and Training system are:

- Industry will have a highly skilled workforce to support strong performance in the global economy;
- Employers and individuals will be at the centre of vocational education and training;
- Communities and regions will be strengthened economically and socially through learning and employment; and
- Indigenous Australians will have skills for viable jobs and their learning culture will be shared.

The objective of New Apprenticeships is to *develop a more skilled Australian workforce that delivers long-term benefits for our nation and our international competitiveness.*¹⁴

What is meant by "risk"

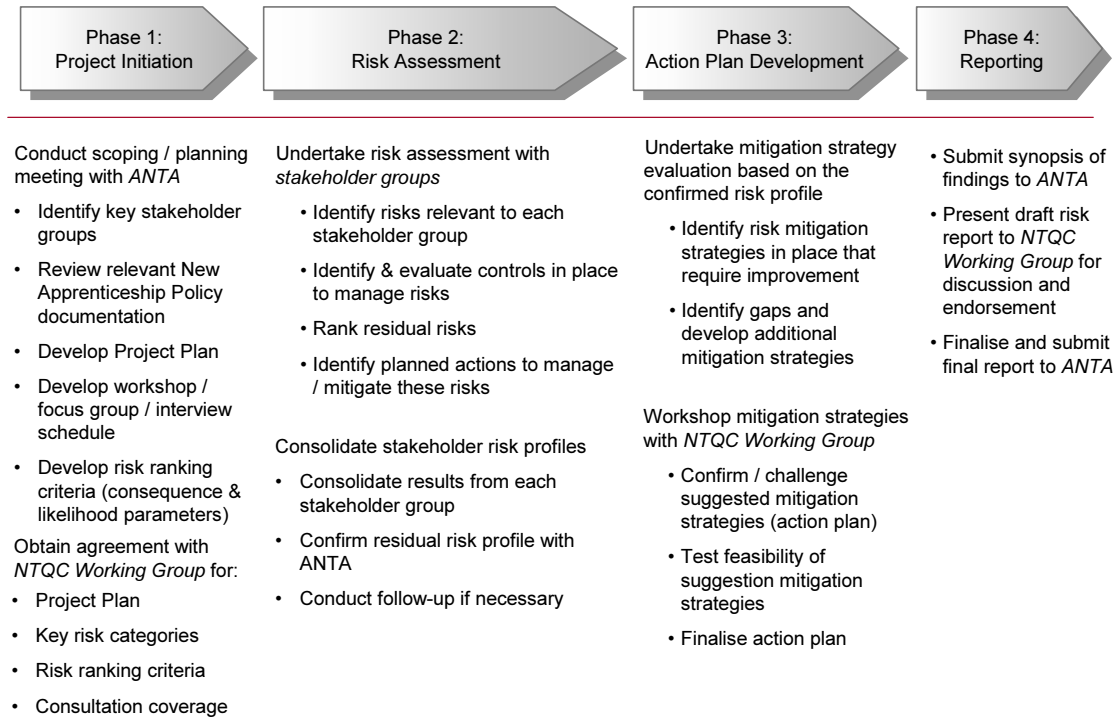
For the purpose of this independent risk assessment exercise, the term "risk" refers to the threat that an event or action (whether it actually happens or not) will adversely affect New Apprenticeships.

Key risk areas have been defined by the NTQC Working Group and an initial risk profile has been developed that will assist to focus participants in the consultation processes.

¹⁴ Source: Australian National Training Authority Consultancy Brief January 2004, New Apprenticeships Policy Risk Assessment

Methodology and approach

Our approach involved four phases, as outlined in the following diagram:



D.1 Risk worksheet

The following section displays the worksheets that were used to facilitate the stakeholder consultations. Each stakeholder was guided through the risks across the five key risk areas, identifying the cause of the risk, what the impact may be on the VET and having them rank the likelihood and consequence of each risk.

Risk Worksheet ___ of ___ Interviewer: _____ Consultation with: _____ Group: _____ Date: _

| # | Risk Description | What could potentially <u>cause</u> this to happen? | Describe the <u>impact</u> on the VET system of exposure to this risk. | Rank the <u>likelihood & consequence</u> of this risk. | If known, describe the key business processes <u>in place</u> to manage this risk. | Describe the key business processes <u>planned</u> to mitigate this risk. |
|--|--|---|--|--|--|---|
| <p>Key risk area: Marketing & Promotion</p> <p><u>Key issues to consider include:</u></p> <ul style="list-style-type: none"> ■ User Awareness to ensure consumers understand their rights and obligations in order to make informed and secure training choices. ■ The Marketing Practices of RTOs, NACs, GTOs and intermediaries used to promote New Apprenticeships to employers and apprentices and trainees. ■ How Brokering arrangements, intermediaries and third parties impact market behaviour. | | | | | | |
| | Participants ¹⁵ in New Apprenticeships do not understand their rights and obligations. | | | | | |
| | Marketing & promotion practices by various participants drive market behaviour in unintended ways. | | | | | |
| | Participants are unable to make informed decisions and choices. | | | | | |

¹⁵ Includes: Employers, employees, parents / carers, NAC, RTO

Risk Worksheet ___ of ___ Interviewer: _____ Consultation with: _____ Group: _____ Date: _____

| # | Risk Description | What could potentially <u>cause</u> this to happen? | Describe the <u>impact</u> on the VET system of exposure to this risk. | Rank the <u>likelihood</u> & <u>consequence</u> of this risk. | If known, describe the key business processes <u>in place</u> to manage this risk. | Describe the key business processes <u>planned</u> to mitigate this risk. |
|---|--|---|--|---|--|---|
| <p>Key risk area: Regulation & Contractual Arrangements</p> <p>Key issues to consider include:</p> <ul style="list-style-type: none"> ■ The rights and obligations of all parties, including third parties, associated with the Apprenticeship/Traineeship Training Contract. ■ The link between the Training Plans and the Training Contract. ■ Compliance at the expense of quality outcomes as a result of the scale and complexity of regulation in the system. ■ Information and data gathering arrangements. ■ Monitoring and regulation of training (eg. dispute resolution process). ■ The roles and responsibilities of key stakeholders, particularly where organisations have a multitude of roles and responsibilities, and where separate regulatory arrangements operate for RTOs. ■ The impact of declaring areas as ‘thin markets’. | | | | | | |
| | Exploitation Abuse of the VET system (eg. due to under-regulation or unclear regulation). | | | | | |
| | Disengagement from the VET system (eg. due to over-regulation or complex regulation). | | | | | |
| | Information and data gathering arrangements do not assist effective decision-making. ‘Thin training markets’ ¹⁶ limit the ability of stakeholders to engage in New Apprenticeships. | | | | | |

¹⁶ A ‘thin training market’ exists where there are a limited number of training providers.

Risk Worksheet __ of __ Interviewer: _____ Consultation with: _____ Group: _____ Date: _____

| # | Risk Description | What could potentially <u>cause</u> this to happen? | Describe the <u>impact</u> on the VET system of exposure to this risk. | Rank the <u>likelihood & consequence</u> of this risk. | If known, describe the key business processes <u>in place</u> to manage this risk. | Describe the key business processes <u>planned</u> to mitigate this risk. |
|---|--|---|--|--|--|---|
| <p>Key risk area: Funding Arrangements</p> <p>Key issues to consider include:</p> <ul style="list-style-type: none"> ■ Incentives and subsidies provided by both the Australian and State/Territory governments, and the behaviour it generates in the marketplace. ■ The cost of Tuition Fees. ■ Funded (versus unfunded) training drives behaviour, as does the mix and level of funding. | | | | | | |
| | Funding is not able to be directed effectively to drive intended market behaviour. | | | | | |
| | Funding is not able to be directed effectively to meet industry needs. | | | | | |
| | Financial incentives drive market behaviour in unintended ways. | | | | | |

Risk Worksheet ___ of ___ Interviewer: _____ Consultation with: _____ Group: _____ Date: _____

| # | Risk Description | What could potentially <u>cause</u> this to happen? | Describe the <u>impact</u> on the VET system of exposure to this risk. | Rank the <u>likelihood & consequence</u> of this risk. | If known, describe the key business processes <u>in place</u> to manage this risk. | Describe the key business processes <u>planned</u> to mitigate this risk. |
|--|---|---|--|--|--|---|
| <p>Key risk area: Training Delivery & Assessment</p> <p>Key issues to consider include:</p> <ul style="list-style-type: none"> ■ The varying modes of delivery (i.e. flexible, on-the-job training). ■ Where skills outcomes do not meet industry needs and/or are of poor quality. Where skills outcomes do not meet industry needs and/or are of poor quality. ■ Degree of access to quality training and training materials. ■ Degree of access to quality training and training materials. ■ The level of completion rates. ■ The availability of RPL and assessment arrangements. ■ Alignment of training with Training Packages. | | | | | | |
| | Training and/or assessment does not meet quality standards. | | | | | |
| | Training does not lead to completion and/or a qualification. | | | | | |
| | Training does not meet industry needs. | | | | | |
| | 'Thin training markets' ¹⁷ limit the ability of stakeholders to engage in New Apprenticeships. | | | | | |
| | Inadequate assessment or recognition of existing skills | | | | | |

¹⁷ A 'thin training market' exists where there are a limited number of training providers.

Risk Worksheet ___ of ___ Interviewer: _____ Consultation with: _____ Group: _____ Date: _____

| # | Risk Description | What could potentially <u>cause</u> this to happen? | Describe the <u>impact</u> on the VET system of exposure to this risk. | Rank the <u>likelihood</u> & <u>consequence</u> of this risk. | If known, describe the key business processes <u>in place</u> to manage this risk. | Describe the key business processes <u>planned</u> to mitigate this risk. |
|---|--|---|--|---|--|---|
| <p>Key risk area: Employment & Training Pathways</p> <p>Key issues to consider include:</p> <ul style="list-style-type: none"> ■ Type of employment (i.e. full-time vs. part-time, casual) and its impact on training. ■ The differing arrangements for school based New Apprentices and for school students undertaking training outside these arrangements. ■ The nature of hosting arrangements (eg GTOs, labour hire). ■ The nature of hosting arrangements (eg. GTOs, labour hire). ■ The availability of training pathways for existing workers. ■ Industry sectors (eg. Risks that employers from specific industries, and/or for occupations, do not understand the importance of high quality training and by default, promote poor quality training, for example, in high 'churn' firms and in the training employment cultures of specific industries). | | | | | | |
| | Training pathways, industrial relations and employment arrangements are not appropriately aligned do not complement each other to create effective training pathways. | | | | | |
| | Inappropriate contracts/signups are established. | | | | | |
| | Inappropriate hosting relationships are established. Training arrangements and employment arrangements not complementing each other to enable employees to participate efficiently in New Apprenticeships. | | | | | |
| | Employers misuse New Apprenticeships training arrangements (eg. for existing workers & industrial relations/awards purposes). | | | | | |

D.2 Risk rating criteria - impact tables (by stakeholder group)

Separate impact tables were developed for each stakeholder group. The impact categories described below provide an example of the types of impact that may affect the stakeholder. This list is not exhaustive, but was used as a means to highlight key impacts on the stakeholder. An indicative rating scale was given to each type of impact so that a consistent approach was used when ranking the risks.

| Determination of Impact Rating Government | | | | | |
|--|--|---|---|--|--|
| Impact Category | Insignificant 1 | Minor 2 | Moderate 3 | Major 4 | Catastrophic 5 |
| Reputation of VET Sector | Letters to local press. | Series of articles in local press. | Extended negative local media coverage. | Short-term State-wide negative media coverage. | Extensive negative State-wide / National media coverage. |
| Management effort | An event, the impact of which can be absorbed through normal activity. | An event, the consequences of which can be absorbed but management effort is required to minimise the impact. | A significant event which can be managed under normal circumstances. | A critical event, which, with proper management, can be endured. May involve some changes in management. | An event so severe in nature it leads to a change in the management structure of the organisation. |
| Political | No ministerial inquiries; no recognition on political landscape. | Limited amount of ministerial interest; minimal interest at a political level. | Moderate political interest and inquiry. | In depth ministerial inquiry, reporting and follow up; recognition at the political level. | Debate and discussion at a parliamentary level; parliamentary reporting.; potential impact on ministerial portfolio. |
| Demand on funding | Funds adequate to cover basic New Apprenticeships demands. | Minor re-allocation of funding required to meet demand. Eg. < 5% | Moderate re-allocation of funding required to meet demand. Eg. 5-15% | Major re-allocation of funding required to meet demand. Eg. 15+% | No options / alternative sources of funding available to meet demand. |
| Quality | Acceptable level of quality with room for improvement. | Isolated issue of quality identified requiring attention. | Isolated issue requiring immediate attention. | Systemic issue impacting either process or outcome. | Systemic issue impacting both process and outcome. |
| Skills Outcomes | Identified skills outcomes have been met for most categories. | Most identified skills outcomes have been met for most categories. | A number of identified skills outcomes have not been met for some categories. | Identified skills outcomes have not been met for a number of categories. | Identified skills outcomes have not been met for all categories. |

| Determination of Impact Rating Providers and Brokers | | | | | |
|---|--|--|---|--|--|
| Impact Category | Impact Insignificant 1 | Minor 2 | Moderate 3 | Major 4 | Catastrophic 5 |
| Funding | Adequate level of available funding and/or not dependent on public funding for operation. | Minor inadequate level of available funding and/or minimal dependency on public funding for operation. | Some inadequate level of available funding and/or some dependency on public funding for operation. | Significantly inadequate level of available funding and/or significant dependency on public funding for operation. | Totally inadequate level of available funding and/or total dependency on public funding for operation. |
| Reputation | Minimal complaints about service delivery. | Some complaints but can be managed under normal operations. | Complaints leading to some damage to credibility but can be recovered with some management effort. | Damage to credibility that can be recovered with management effort but some changes in management structure. | Irreparable damage to credibility. Changes in management structure. |
| Regulation (RTO) | Break down in processes identified and rectified within correction period. No interruption to operations. | Minor breaches. Minimal interruption to operations. Situation rectified within correction period. | Breach identified requiring notification to Regulatory body providing action plan to correct in correction period. | Regulatory body notifies of breach. Notice served for correction. | Deregistered as a training provider. |
| Regulation (NAC) | Break down in processes identified and rectified within correction period. No interruption to operations. | Minor breaches. Situation rectified within correction period. | Breach identified requiring action plan to correct in correction period. | Government notifies of breach. Notice served for correction. | Contract withdrawn. |
| Quality | Insignificant number of training delivery complaints issued (<1%). No rejections of trained / qualified trainees based on skill gap. | Minor number of training delivery complaints issued (between 1% and 3%). No rejections of trained / qualified trainees based on skill gap. | Moderate number of training delivery complaints issued (between 3% and 5%). Some rejections of trained / qualified trainees based on skill gap. | High number of training delivery complaints issued (between 5% - 10%). Too many rejections of trained / qualified trainees based on skill gap. | Unacceptable number of training delivery complaints issued (>10%). High number of rejections of trained / qualified trainees based on skill gap. |
| Skills Outcomes | Identified skills outcomes have been met for most categories. | Most identified skills outcomes have been met for most categories. | A number of identified skills outcomes have not been met for some categories. | Identified skills outcomes have not been met for a number of categories. | Identified skills outcomes have not been met for all categories. |

| Determination of Impact Rating Industry (Industry Associations / Unions / Employers) | | | | | |
|---|---|---|--|---|---|
| Impact Category | Insignificant 1 | Minor 2 | Moderate 3 | Major 4 | Catastrophic 5 |
| Source of funds | Adequate level of available funding and/or not total dependency on public funding for operation. | Minor inadequate level of available funding and/or minimal dependency on public funding for operation. | Some inadequate level of available funding and/or some dependency on public funding for operation. | Significantly inadequate level of available funding and/or significant dependency on public funding for operation. | Totally inadequate level of available funding and/or total dependency on public funding for operation. |
| Reputation | Minimal complaints about service delivery. | Some complaints but can be managed under normal operations. | Complaints leading to some damage to credibility but can be recovered with some management effort. | Damage to credibility that can be recovered with management effort but some changes in management structure. | Irreparable damage to credibility. Changes in management structure. |
| Management effort | Adequate information on New Apprenticeships available with some effort involved to negotiate Training Contracts under New Apprenticeships arrangements. | Essential information on New Apprenticeships available with some effort involved to negotiate Training Contracts under New Apprenticeships arrangements. | Most information on New Apprenticeships available with moderate management effort involved to negotiate Training Contracts under New Apprenticeships arrangements. | Limited information on New Apprenticeships available with major management effort involved. Apprentices / trainees rejected and / or accepted based on limited knowledge of New Apprenticeships arrangements. | No information on New Apprenticeships available. Major effort by management to receive information. Industry / employers do not encourage new apprentices. |
| Quality - Integrity of qualifications (Input) | Insignificant differences between same qualifications from different training offices / States. No impact on adequate skill level expected by industry / employers. | Minor differences between same qualifications from different training offices / States. No impact on adequate skill level expected by industry / employers. | Some differences between same qualifications from different training offices / States. Some impact on adequate skill level expected by industry / employers. | Major differences between same qualifications from different training offices / States. Rejection on qualification by industry / employers. | Differences between same qualifications from different training offices / States major so that re-training / qualification is necessary to accept qualification by industry / employer. |
| Quality - Skill outcome (Output) | Insignificant occurrences of skill outcome not achieved (<1%). | Minor occurrences of skill outcome not achieved (between 1% and 2%). | Moderate occurrences of skill outcome not achieved (between 2% and 4%). | An alerting number of occurrences of skill outcome not achieved (between 4% and 10%). | An unacceptable number of occurrences of skill outcome not achieved (>10%) |
| Flexibility of choice | Multiple choices in providers' qualifications and modes are available. | Reasonable choices in providers' qualifications and modes are available. | Some choices in providers' qualifications and modes are available. | Limited choices in providers' qualifications and modes are available. | No choice in providers' qualifications and modes are available. |

| Determination of Impact Rating Employees (Apprentices / Trainees) | | | | | |
|---|---|---|---|--|---|
| Impact Category | Insignificant 1 | Minor 2 | Moderate 3 | Major 4 | Catastrophic 5 |
| Skill outcome | My qualifications are high demand. | My skills are adequate requiring minimal supervision. | My skills are adequate but requiring additional support to meet acceptable standard. | I require re-training. | My qualifications are not achieved or acceptable. |
| Employment Outcome | My training has assisted me to gain employment. | My training has assisted me to possibly gain employment. | My training has not assisted me to gain employment. | My training has not at all assisted me to gain employment. | My training has not at all assisted me to gain employment and is unlikely to in the future. |
| Understanding of choice | I understand and have adequate information on what choices and what options are available to make an informed decision. | I understand what choices and options are available but lack the finer details. | I understand part of what choices and what options are available but still need more information. | I have some idea of what choices and what options are available. | I have no idea of what choices and what options are available. |
| Flexibility of Choice / Capacity of system | I have multiple choices in providers, qualifications, and modes. | I have reasonable choices in providers, qualifications, and modes. | I have some choices in providers, qualifications, and modes. | I have very limited choices in providers, qualifications, and modes. | I have no choices in providers, qualifications, and modes. |
| Reputation | The qualification/training has a decent reputation. | The qualification/training has sometimes been criticised. | The qualification/training has some criticisms. | The qualification/training has no credibility in the workforce. | The qualification/training has a bad reputation. |

D.3 Risk rating criteria - likelihood rating

How likely is it that the VET system will be exposed to this specific risk considering factors such as:

- Anticipated frequency;
- The external environment;
- The procedures, tools, skills currently in place;
- Staff commitment, morale, attitude; and
- History of previous events.

| Likelihood rating | | |
|--|---|------------------------------|
| The number of times within a specified period which a risk may occur either as a consequence of business operations or through failure of operating systems, policies or procedures. | | |
| Rating | Description | Occurrence |
| Almost certain | Expected to occur in most circumstances | Multiple times per month |
| Likely | Will probably occur in most circumstances | Once per month |
| Moderate | Might occur within a specific time period | Once every 3 - 6 months |
| Unlikely | Could occur during a specified time period | Once every 6 –12 months |
| Rare | May only occur in exceptional circumstances | Once every 12 or more months |

D.4 Risk rating table

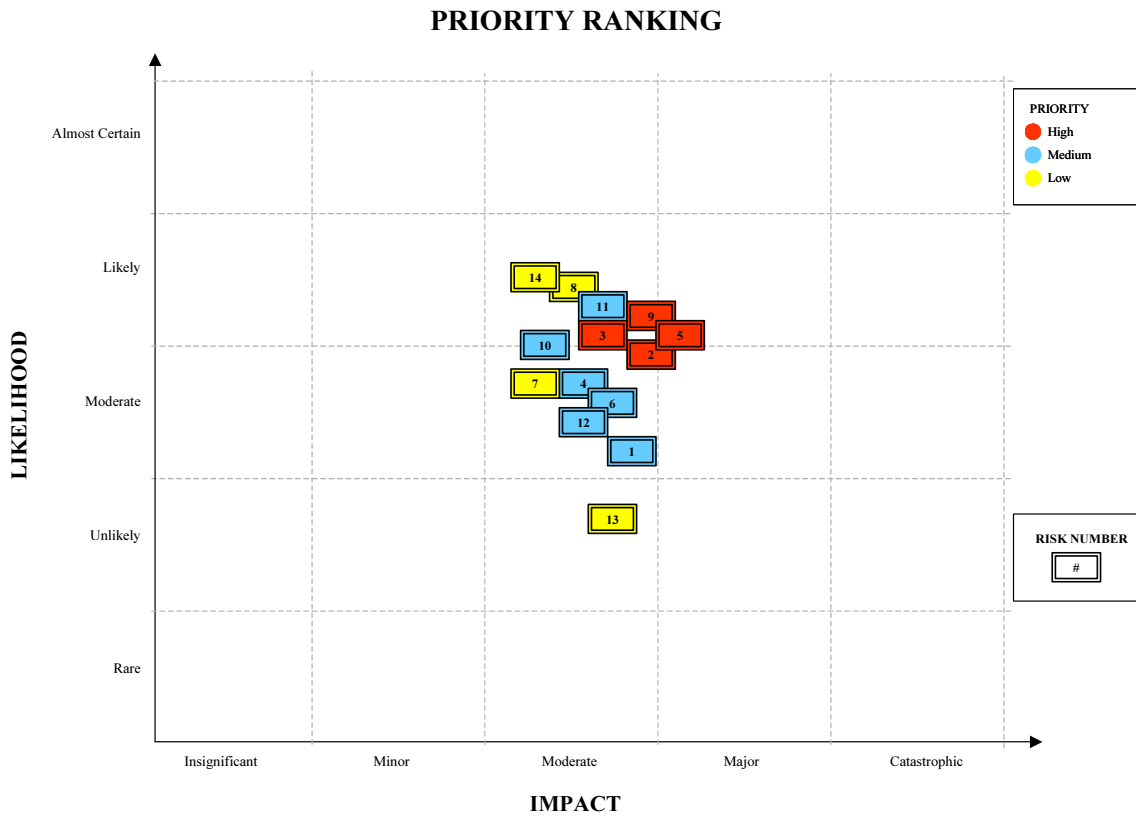
Having considered the impact and likelihood of each risk we allocate an overall risk rating in accordance with international risk management standards. In terms of risk scoring, those risks which have a higher frequency (likelihood of occurrence) and will have significant impact on the VET system will have a higher priority rating than those with a lower frequency and minor impact.

| | | IMPACT | | | | |
|------------|----------------|---------------|----------|----------|---------|--------------|
| | | Insignificant | Minor | Moderate | Major | Catastrophic |
| LIKELIHOOD | Almost certain | High | High | Extreme | Extreme | Extreme |
| | Likely | Moderate | High | High | Extreme | Extreme |
| | Moderate | Low | Moderate | High | Extreme | Extreme |
| | Unlikely | Low | Low | Moderate | High | Extreme |
| | Rare | Low | Low | Moderate | High | High |

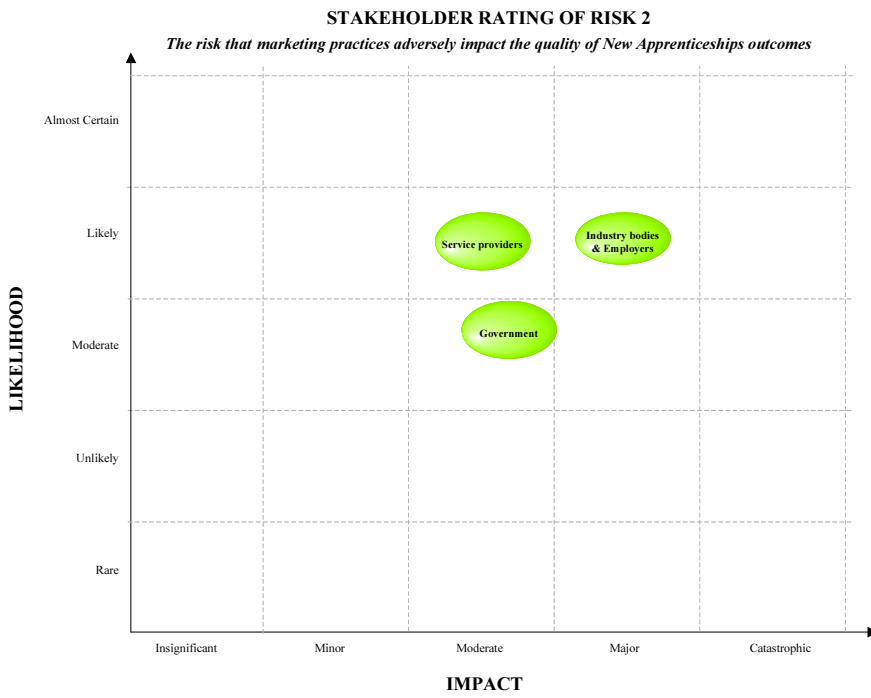
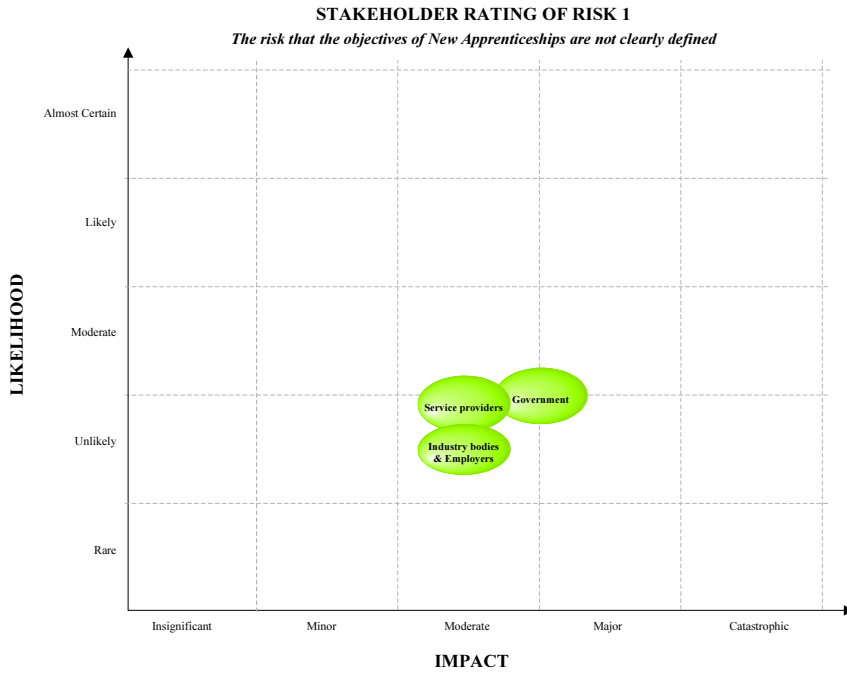
Appendix E: Risk record summaries

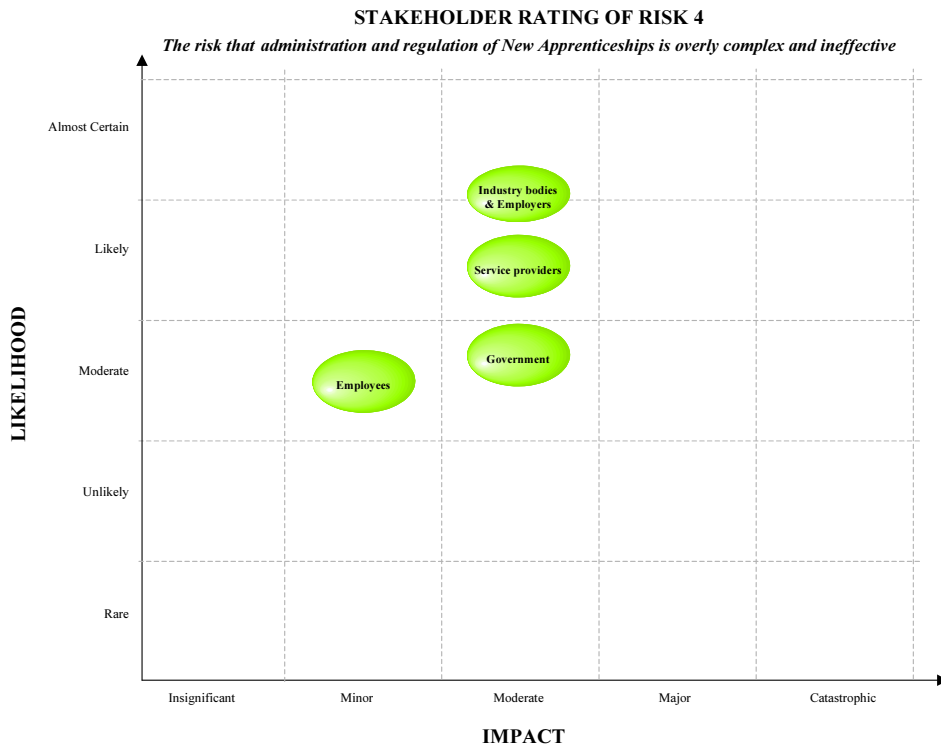
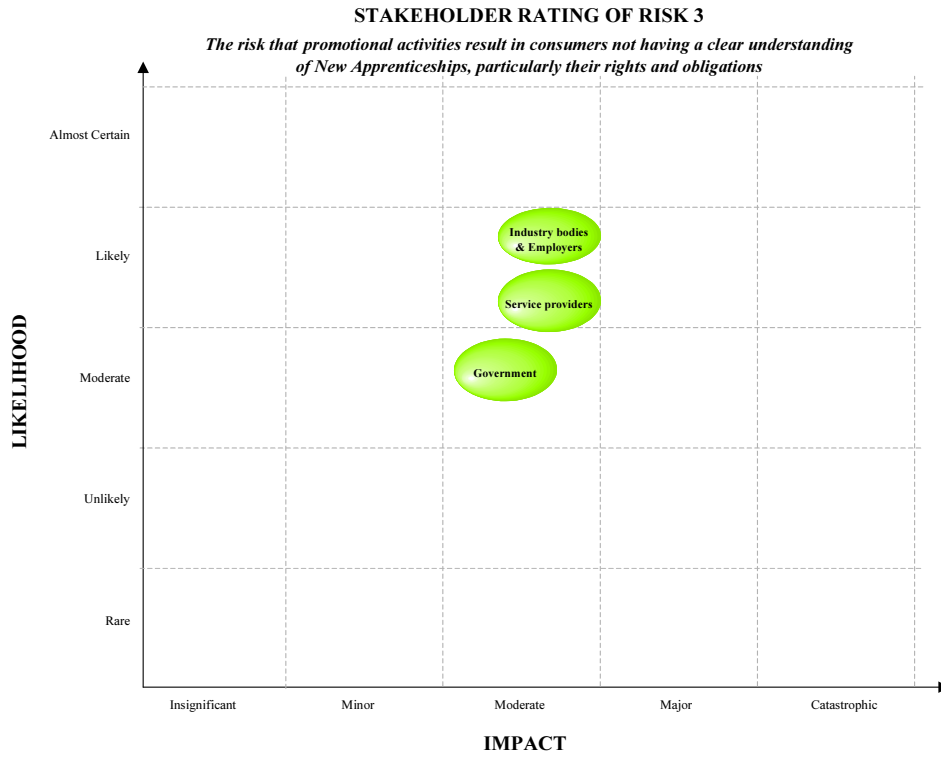
The following graphs have been designed to show the fourteen risks identified in this risk assessment ranked by likelihood and consequence.

A summary has been provided below that shows the priority ranking which has been applied after each risk was ranked by the stakeholders consulted in regards to its likelihood and impact.



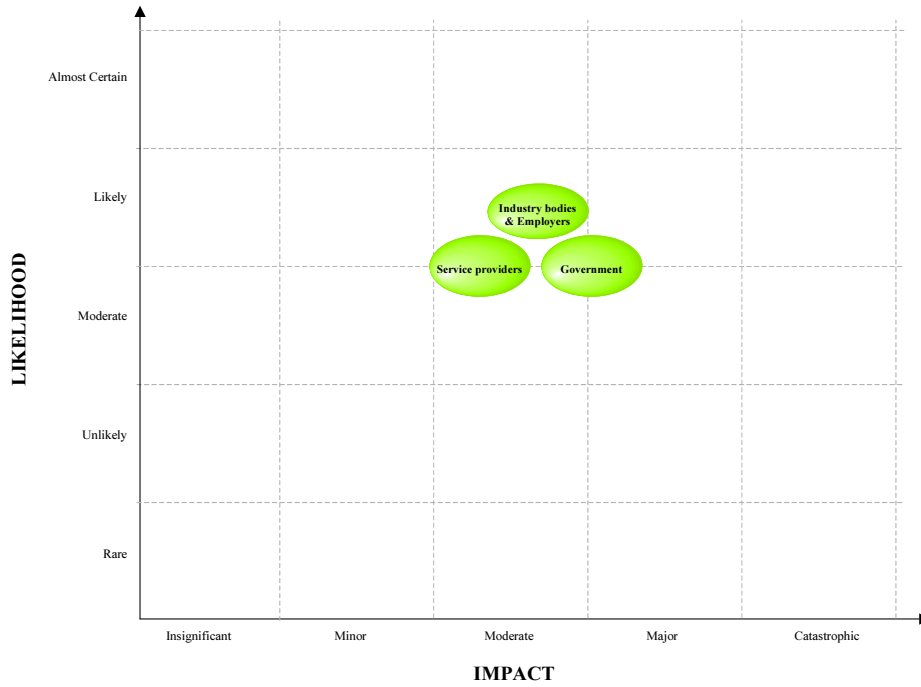
Over the following pages, each individual risk has been graphically represented. The individual graphs depict the ranking that was provided during the stakeholder interviews. Individual stakeholder rankings have been consolidated within a stakeholder group and are represented by the 'bubble' that is labelled with the name of the respective stakeholder group.





STAKEHOLDER RATING OF RISK 5

The risk that existing compliance procedures do not assure quality in sign-ups, registrations, training and assessments



STAKEHOLDER RATING OF RISK 6

The risk that employers, employees and service providers are not sufficiently accountable for their obligations under New Apprenticeships

