

CHAPTER 9

NEW APPRENTICESHIPS

9.1 The terms of reference require the Committee, in evaluating the quality of vocational education and training in Australia, to give particular consideration to New Apprenticeship outcomes and to a range of matters that have a direct bearing on those outcomes. These matters include the relative priority accorded to New Apprenticeships within the VET system, the extent to which the key objectives of the original New Apprenticeships system are being met, the quality of New Apprenticeships training delivery and assessment, and the impact of Commonwealth and state employer incentives schemes.

Quality of apprenticeship and traineeship training delivery and outcomes

9.2 Claims about the questionable quality of a number of aspects of New Apprenticeships arrangements are at the heart of the Committee's inquiry. The Committee agrees with ANTA that any dissatisfaction of employers, students and other clients with training provision, whether that is in relation to the content or processes of training and assessment, has the capacity to erode public confidence in vocational education and training.¹

9.3 The Committee notes that the National Training Framework and New Apprenticeships arrangements have been designed with the intent of responding to demands from users of the vocational education and training system for increased flexibility, choice, responsiveness and reduced regulation. The Committee also notes that the regulatory arrangements for New Apprenticeships are grounded in three particular quality assurance mechanisms: the registration of the training provider (under the Australian Recognition Framework arrangements), the registration of the training agreement (a state and territory responsibility) and the endorsement of the Training Package (under the endorsement processes of the National Training Framework Committee).

9.4 Schofield, in her Victorian report, found that in the majority of instances, training and assessment in the apprenticeship and traineeship system is effective:

Training and assessment services are meeting the expectations of the majority of Victorian employers, apprentices and trainees to a high degree. This implies that the majority of Registered Training Organisations have been staffed with capable and committed teachers and trainers with the required industry and teaching/training experience and most assessments have been carried out in accordance with agreed standards, where they exist. It also suggests that most employers and workplace supervisors are fulfilling

1 Submission 107, Australian National Training Authority, vol.5, p.1466

their training obligations and working with the Registered Training Organisation of their choice in appropriate ways.²

9.5 These findings were similar to Schofield's findings in Tasmania but rather more positive than those emerging from her Queensland study.

9.6 Schofield further observed that there are also some excellent examples of innovative and high quality training within the system although these are rarely highlighted and even more rarely celebrated.

9.7 During the Committee's inquiry, most stakeholders indicated strong support in principle for the New Apprenticeships scheme. Support is especially strong from industry sectors with little history of formal training. They welcome what they see as the greater flexibility and responsiveness of the new system and the choice now offered to employers and their apprentices and trainees. They particularly approved the extension of training opportunities into new areas, a key objective of the New Apprenticeships system and its predecessors. The Australian Chamber of Commerce and Industry and its members, for example, have expressed their strong support for the National Training Framework and all underpinning frameworks and strategies. The Australian Retailers Association describe the National Training Framework as 'a key component in the creation of a less complex and more responsive arrangement that better meets the needs of employers and employees by providing a nationally consistent, flexible, industry driven learning system'. The Housing Industry Association believes the policies and processes of the New Apprenticeship system are desirable.³

9.8 However, few submissions provide unconditional support, with most referring to a number of perceived weaknesses in policy, in the design of quality assurance measures or with implementation. Paradoxically, the source of these concerns are the features of the system which are perceived as its greatest strengths: the flexibility, choice, the quality assurance and less regulation provided by User Choice, National Training Packages, the Australian Recognition Framework and New Apprenticeship Centres.

9.9 The Committee identified five main areas that are the source of claims about poor quality training services and lack of confidence in the value and integrity of qualifications and skills being achieved through New Apprenticeships. These are the performance of some Registered Training Providers, the customisation or tailoring of training to meet enterprise specific needs, workplace training and assessment, the

2 Schofield, K, *Delivering Quality, report of the Independent Review of the Quality of Training in Victoria's Apprenticeship and Traineeship System*, Office of Post-compulsory Education, Training and Employment, Melbourne, 2000, p.v

3 Submission 137, Australian Chamber of Commerce and Industry, vol.8, p.2268. Submission 124, Australian Retailers Association, vol.7, p.1990. Submission 93, Housing Industry Association, vol.5, p.1265

implementation of Training Plans, and the performance of New Apprenticeship Centres.

9.10 The Committee also identified the Commonwealth's New Apprenticeships employer incentives program as having a major impact on VET and the implementation of New Apprenticeships, particularly in relation to the availability of growth funding and access to training.

9.11 A further area of concern in relation to apprenticeships and traineeships is the apparent increase in non-completion rates.

Outcomes

Participation in New Apprenticeships

Growth

9.12 There has been significant growth in total numbers of New Apprentices. The concern put to the Committee was that this growth has been mainly at the shorter term, lower skill level. This is contrary to NCVET national statistics which show that there has been significant growth in total numbers of New Apprentices participating at higher skill levels, that is AQF III and above.

9.13 However, a disaggregation of national data by AQF level and expected duration does support the contention that the growth has been in traineeships and that participation in traditional apprenticeships is relatively declining. Table 9.1 shows that the number undertaking an AQF level III on a three year contract, the level and duration of training most closely approximating traditional apprenticeships, has declined from 53.1 per cent (estimated) of the total number in training as at 31 March 1998 to 42.8 per cent (estimated) at 31 March 2000, despite the total number in this category increasing from 103,033 to 113,038 in the same period. This trend is reflected in the expanding skill shortages being experienced in many trades areas.

Table 9.1: Apprentices and trainees in training, Australia
Based on March 2000 estimates

	31/3/98 estimate	31/3/99 estimate	31/3/00 estimate	% change 1998 to 1999	% change 1999 to 2000
total in training	193,880	235,315	264,210	+12.3	+21.4
at AQF 3 in training	143,719	174,891	202,804	+16.0	+21.7
at AQF 3 as % of total in training	74.1	74.3	76.8		
in training, contracts 1 year or less	54,321	73,917	60,993	-17.5	+36.1
contracts 1 year or less, as % of total	28.0	31.4	23.1		
at AQF 3, contracts 1 year or less	16,861	32,887	26,894	-18.2	+95.0
at AQF 3, 1 year or less, as % of total, 1 year or less	31.0	44.5	44.1		
at AQF 3, 1 year or less, as % of total in training	8.7	14.0	10.2		
in training with contracts 1-3 yrs*	34,387	53,815	86,585	+60.9	+56.5
contracts 1-3 yrs, as % of total	17.7	22.9	32.8		
at AQF 3, contracts 1-3 yrs	23,825	37,254	62,872	+68.8	+56.4
AQF 3, 1-3 yrs, as % of total, 1-3 yrs*	69.3	69.2	72.6		
at AQF 3, 1-3 yrs, as % of total in training	12.3	15.8	23.8		
in training with contracts 3 yrs +	105,172	107,583	116,632	+8.4	+2.3
contracts 3 yrs +, as % of total	54.2	45.7	44.1		
at AQF 3, contracts 3 yrs +	103,033	104,749	113,038	+7.9	+1.7
AQF 3, 3 yrs +, as % of total, 3 yrs +	98.0	97.4	96.9		
AQF 3, 3 yrs +, as % of total in training	53.1	44.5	42.8		
Source: National Centre for Vocational Education Research, further information 7 August 2000, p.264					
* Includes part time training of 1 year equivalent full time, which contributes to the apparent higher growth. The NCVER discourages use of this breakdown.					

9.14 ANTA's National Project report on alternative pathways to AQF III in traditional trade occupations also observes that participation in traditional apprenticeships have declined. The report comments that

Notwithstanding considerable variations in apprenticeship trends between states and territories (in line with their differing labour market performance over time) and concerns about the reliability of apprenticeship and traineeship data, the total numbers in training compiled by National Centre

for Vocational Education Research (NCVER) for the period 1985-1997 suggests decline.⁴

9.15 The report compared the latest published figures with the relatively high point of 1990, and found a more than 25 per cent reduction in the majority of trade categories. While many of these declines are consistent with reductions in employment between 1987 and 1997 in mining, manufacturing and the utilities sectors of electricity, gas and water, and lower than average growth in agriculture, in the case of the building and construction industry higher than average employment growth coincided with a 25 per cent reduction in training positions.

9.16 The report argues a national decline in apprenticeships and traineeships for the period 1990-1997 is evidenced in:

- Metal Fitting and Machining of 4,500 or 27.8%
- Other Metal of 3,700 or 27.6%
- Electrical of 6,500 or 27.9%
- Building of 8,400 or 25.7%
- Printing of 1,300 or 28.9%
- Vehicle of 6,500 or 23.5%
- Horticulture of 300 or 8.6%
- Hairdressing 3,500 or 26.5%

9.17 The food industry alone, according to the report, shows a significant increase of 2,800 or 14 per cent, but the report commented that rather than underlying growth in demand, this perhaps reflects the industry's relatively recent focus on introducing more structured training arrangements through traineeships, as involvement in apprenticeships tends to follow a cyclical pattern that reflects economic cycles.

9.18 More recent data released by the NCVER in 1999 covering Australian Apprentice and Trainee Statistics for the period 1995 to 1998 also reflect the changing nature of apprenticeships and traineeships in response to the changes in Australia's economy. This NCVER research indicates that there was a sustained uptake in training arrangements across all sectors of industry in the late 1990s. In 1998 there were over 200,000 apprentices and trainees for the first time and by June 1999 this number had grown to 244,800.⁵

9.19 According to ANTA's National Project report, a closer examination of the figures showing substantial increases in New Apprenticeships indicates that this

4 Australian National Training Authority, *Alternative Pathways to AQF Certificate III Qualifications in Trade Occupations*, ANTA, 1999, p.6

5 National Centre for Vocational Education and Training, *Australian Apprentice and Trainee Statistics 1995-1998*, NCVER, Adelaide, 2000

growth is generally not occurring in the traditional trade areas to the same extent as it is happening in other areas.⁶

9.20 The NCVER figures relating specifically to tradespersons and related workers contained in its report *Australian Apprentice and Trainee Statistics* for the period 1995 to 1998 shows an actual increase of those in training from 124,020 to 126,530. However, it also points out that there is a decline in the overall proportion of numbers in training in trade and related areas. The NCVER concludes that this is a reflection of a decreasing number of commencements in traditional trade and related areas.

9.21 The Committee considers these findings are a cause for great concern and a significant factor in the emergence of skill shortages in a number of trades occupations.

9.22 A disaggregation by age also shows a change in participation by younger and older age groups over the past several years. This change partly reflects the take-up of New Apprenticeships by existing employees, most of whom could be presumed to be older workers, in response to changes in the Commonwealth New Apprenticeships employer incentives eligibility criteria. The change in age participation and the impact of changes to employer incentives are discussed later in this chapter.

Client Satisfaction

9.23 There has been no national satisfaction survey of apprentices and trainees, or of their employers. Some states and territories, however, have conducted surveys within their own jurisdictions. Schofield also reports on surveys conducted in Queensland, Tasmania and Victoria.

9.24 In Queensland, Schofield reports that about 80 per cent or more of employers and trainees were satisfied with the training arrangements and the assessment delivered by the Registered Training Organisation. Schofield expresses surprise at this outcome given the problems and the incidence of service failure that her review of the traineeship system in Queensland had uncovered.⁷

9.25 In Tasmania, Schofield reports that ‘to the extent that it can be determined from available customer satisfaction data, training quality in Tasmania does not appear to have been traded off for traineeship quantity. The majority of customers – both employers and trainees – are reasonably satisfied with most aspects of traineeship training. ... However, for some aspects of training, employer and traineeship dissatisfaction levels are a cause for concern. Areas of particular concern include the level of employer dissatisfaction with the method of training delivery (17.4 per cent); that trainees are slightly less satisfied than apprentices with the ability of their trainers;

6 Australian National Training Authority, *Alternative Pathways to AQF Certificate III Qualifications in Trade Occupations*, ANTA, 1999, p.7

7 K Schofield, *Independent Investigation into the Quality of Training in Queensland's Traineeship System*, VETEC, Brisbane, 1999, p.34

that, although the numbers are small, 6 per cent of trainees in non-TAFE RTOs expressed dissatisfaction with the relevance of the training program to their career choice as compared with 3.6 per cent of trainees in TAFE; and that only 60.2 per cent of employers indicate satisfaction with the relevance of the training to their organisation.’⁸

9.26 In Victoria, the survey of apprentices and trainees reported by Schofield generally found a high degree of satisfaction with most of the training delivery aspects which were explored. Employers, apprentices and trainees surveyed have strongly positive feelings towards and experiences of the Victorian apprenticeship and traineeship system. Their satisfaction was ‘high on most important measures including satisfaction with the services provided by TAFE Institutes, private providers, GTCs, NACs and AFOs and also with training delivery and assessment. ...The vast majority of apprentices, trainees and employers value their experience and strongly endorse the system. 96 per cent of apprentices, 93 per cent of trainees and 96 per cent of employers (regardless of location or size or type of employee) would recommend apprenticeships/traineeships to others. 97 per cent of employers would also employ apprentices/trainees again.’⁹

Performance of Registered Training Organisations

9.27 The quality of the outcomes from any apprenticeship or traineeship training depends largely on the capability and commitment of the registered training organisation to provide high quality training.

9.28 This section explores claims that the failure of some RTOs to meet their obligations in regard to delivering and assessing training is threatening the integrity and value of qualifications and skills being achieved through New Apprenticeships. The problems identified have much to do with weaknesses and deficiencies in the Australian Recognition Framework as a key quality assurance instrument and the performance of the states and territories in implementing the quality assurance measures contained within the Framework, both of which are discussed in Chapter 7.

9.29 The Committee received considerable evidence that supported Schofield’s positive findings, referred to above, in relation to the delivery and assessment of apprenticeship and traineeship training.

9.30 Concerns about quality were central to almost all of the submissions presented to the senate inquiry. Mr Ian Blandthorn, National Assistant Secretary of the SDA, told the Committee that while there was a commitment to quality within the system, there was also a growing concern among employers that , quite often, the system was

8 K Schofield, *A Risky Business: review of the quality of Tasmania’s traineeship system*, December 1999, p.iv-v

9 K Schofield, *Delivering Quality, report of the Independent Review of the Quality of Training in Victoria’s Apprenticeship and Traineeship System*, Office of Post-compulsory Education, Training and Employment, Melbourne, 2000, p.10

failing to produce quality outcomes.¹⁰ These concerns went to the registration of training organisations, the delivery of training and its assessment, and the continuing monitoring of registered Training Organisations. Similar concerns have been expressed in state reviews in Queensland, Victoria, Tasmania and Western Australia.

9.31 Reports of less than adequate performance by Registered Training Organisations were sufficiently numerous to persuade the Committee that there is a small but significant minority of RTOs not meeting their obligations. This is also consistent with Schofield's conclusion that

At the same time there are many weaknesses which undermine quality and confidence in the system. There are too many instances where, in an effort to cut corners for financial reasons, the quality of training received by apprentices and trainees has been compromised.¹¹

9.32 Criticism is directed at the performance of both public and private RTOs. Inadequate performance is attributed variously to unethical or improper motives, a lack of commitment to training, a lack of awareness or misunderstanding of training obligations, a lack of capability or resources to deliver to acceptable standards, inflexibility, and lack of responsiveness to industry needs.

9.33 There were several claims of fraudulent behaviour on the part of RTOs put to the Committee, and many more which have been raised in Parliament and in the context of Senate Estimates hearings. The advice from DETYA is that few of these can be sustained as constituting fraud against the Commonwealth. Nevertheless, it seems likely that many of the cases so identified reflect unscrupulous or unethical practice by the RTOs concerned.

9.34 The cases drawn to the Committee's attention ranged across industry, from information technology to abattoirs. For instance, a statutory declaration cites an information technology company, Iridium International, which took on a trainee in desktop publishing and design and failed either to provide any training or to pay the trainee according to the terms of the contract. Exploitation of trainees in the printing industry has been described in a submission from the Victorian Trades Hall Council. Several cases of failure to provide training were cited in statutory declarations involving trainees who were employed in abattoirs, namely; Essex Oaks' Garfield Abattoirs, Oakdale Meats, Ralph Meats and Wagstaff Cranbourne Pty Ltd.¹²

9.35 A disturbing element in some of the meatwork cases was the lax attitude of public TAFE colleges involved in monitoring and accrediting the training. TAFE

10 Mr Ian Blandthorn, (Shop, Distributive and Allied Employees' Association of Australia), *Hansard*, Melbourne, 28 March 2000, p.249

11 K Schofield, *Delivering Quality, report of the Independent Review of the Quality of Training in Victoria's Apprenticeship and Traineeship System*, Office of Post-compulsory Education, Training and Employment, Melbourne, 2000, p.v

12 Tabled Documents, Senate EWRSBE Legislation Committee, consideration of Budget Estimates 1999

certificates listed competencies which had not been achieved. Barton TAFE and William Angliss TAFE appear to have been less than diligent in the care they took with certificates, a situation where lax standards begin to border on unethical management.

9.36 Another instance of unethical behaviour, raised both in the Estimates and in the South Australian parliament was the failure of Villiers Vinyard Management Services to carry out the terms and conditions of a training contract entered into by a group training company. The issue in this instance was the primitive living conditions endured by trainees, which demoralised many of them to the point where they were dismissed as being unsuitable for the job.¹³

9.37 In its submission to the Committee, the Northern Territory Rural Industries Training Advisory Board refers to Aboriginal communities being exploited by unscrupulous operators. The Rural ITAB claimed to know of no group training company which passed on the benefits of Commonwealth financial incentives to host employers.¹⁴ The Victorian TAFE Students and Apprentices Network referred the Committee to a number of cases where employers have engaged in such practices as workplace harassment, failure to provide training and using the training scheme as a means of subsidising labour.¹⁵

9.38 The Committee also noted information coming to light during the 1999 Senate EWRSBE Legislation Committee consideration of Budget Estimates, received from the Queensland Department of Employment, Training and Industrial Relations. A project report gave 44 case examples from 1999 of User Choice contractual compliance audits. Included were cases of inappropriate training; attempts to make casual employees trainees; inadequate supervision of trainees; registration of managers and experienced staff as 'trainees'; pre-vocational students designated as 'trainees'; a church pastor registering himself and his family as 'trainees'; and a number of other irregularities which could only have been identified by site visits and interviews. Most of the cases cited in the Queensland report resulted in RTOs losing their contracts.¹⁶

9.39 As already noted, the attitude of DETYA, when presented with specific cases of malpractice, was to deny any Commonwealth interest in these issues. These were said to be matters for state and territory governments to address. The convenience of this stance contrasts with the Commonwealth's assertion of powers in other areas, such as the forcing of New Apprenticeship funding obligation on the states without adequate funds to support it. The Committee would have been far more reassured of the Commonwealth's commitment to the national VET system had both the Minister

13 op.cit.

14 Submission 18, Rural Industries Training Advisory Board (NT), vol.1, p.126

15 Submission 80, Victorian TAFE Students and Apprentices Network, vol.4, pp.1014ff

16 Tabled Document, 9 June 2000, User Choice Contractual Compliance Audits: Case Examples, Queensland DETIR

and DETYA acknowledged Australian Recognition Framework compliance problems frankly and provided assurances that these would be addressed, in co-operation with the states. The Minister's record on this issue is remarkably similar to that which the Committee notes in relation to educational institutions that come within the ambit of the Educational Services for Overseas Students legislation.

9.40 There also are to be found institutions engaging in unethical behaviour in the provision of educational services to overseas students: a problem whose existence the Minister appeared to ignore for some time. A number of institutions set up to attract foreign students were also Registered Training Organisations, thus subjecting many of their students to double jeopardy as they often had no redress to protection under any legislation. More than a score of institutions have been named in the Senate as a result of information received about unethical practices, including NSW International College, suspended by CRICOS but permitted to operate as an RTO; Skywell College, Burwood and Hurstville Business College, Excelsior College and the Australian IT Careers Institute.

9.41 The New South Wales WRAPS Industry Training Council claims that there is no doubt that the provision of funding has meant that the system has been exploited by unscrupulous providers and employers:

.... particularly where unscrupulous RTOs persuade businesses that nothing more needs to take place other than the occasional visit by that RTO for the purposes of assessment. Clearly this is inappropriate and relates to the quality and ethics of the RTO concerned. ... The NRF has allowed RTOs great power which goes with accompanying accountability and this is not always evident nor is it subjected to external scrutiny by state training authorities.¹⁷

9.42 The Australian Education Union (Tasmanian Branch), believes the notion of a 'bona fide' RTO is an important qualification because there is a view that not all RTO's are primarily motivated by skills formation, with business objectives being the prime motivation.¹⁸

9.43 Other submissions similarly argue that the profit motive of private providers has caused declining quality of training delivery:

...The emphasis of New Apprenticeships Centres and Registered Training Organisations is clearly on the sign up of new clients because they get paid by the numbers in training. Often employers are not fully briefed on their

17 Submission 35, NSW Retail, Wholesale and Associated Services Industry Training Council Ltd, vol.2, p.316

18 Submission 103, Australian Education Union (Tasmanian Branch), vol.5, p.1404

responsibilities and, in some cases, actively resist any attempt to do so resulting in many cases of unsatisfactory experiences by the trainee...¹⁹

It is hard to conceive how a profit-making organisation can deliver the highest quality outcome for the Public dollar.... Aboriginal Communities in particular have fallen victim to some very unscrupulous operators who effectively deliver no training at all.²⁰

9.44 It is suggested that TAFE, on the other hand, failed to meet its training obligations due to its inflexibility and lack of responsiveness to industry needs:

TAFE is inflexible and bureaucratically driven. 'While there has been some change, TAFE as a whole has continued to work from its own internal needs and ignore the interests of industry. ... TAFE has been inflexible in its response to Training Packages.'²¹

9.45 The Queensland Government points to a problem where an RTO in effect subcontracts training delivery to an employer (which is common), and contends that in this situation 'the obligations of the training provider under the ARF are unlikely to be met.'²²

9.46 The Victorian TAFE Students and Apprentices Network also believes RTOs are not meeting their obligations:

The shift away from course accreditation and towards registration of providers has meant that course standards have dropped. It is not simply a question of making RTOs provide the training they promised, or ensuring employers train their workers, it is also a question of what they are taught. It is a question of quality teaching staff and supervision, which the current RTO accreditation process takes no account of.²³

9.47 Other submissions describe various unsatisfactory situations:

Many students who undertake a Beauty course are unemployable because their training is inferior....an English recruiting company for beauty therapists, Steiners Limited, are extremely disappointed at the low standards of 'qualified' applicants...²⁴

19 Submission 41, Wholesale, Retail and Personal Services Industry Training Advisory Board Inc. (Qld Branch), vol.2, p.354-5

20 Submission 18, Rural Industries Training Advisory Board (NT), vol.1, p.126

21 Submission 35, New South Wales Retail, Wholesale and Associated Services Industry Training Council, vol.2, p.314. Mrs L Boschen (Wine Industry National Education and Training Advisory Council Inc.), *Hansard*, Adelaide, 16 May 2000, p.547.

22 Submission 131, Queensland Department of Employment, Training and Industrial Relations, vol.7, p.2125

23 Submission 80, Victorian TAFE Students and Apprentices Network Inc., vol.4, p.1018

24 Submission 15, The Strand College of Beauty Therapy, vol.1, p.104

Many of the private providers openly lack the resources, facilities and capacity to deliver quality training programs.²⁵

There is no evidence that overall training outcomes are of a diminishing quality in the retail sector. The ARA recognises that in some cases, particularly where training is delivered “on job” selected RTOs may not have provided the appropriate support and guidance to ensure effective outcomes. However, this is primarily the result of limitations in the accreditation and monitoring process of registered training organisations by state training authorities.²⁶

In a number of cases RTOs lack staff with adequate qualifications, have inadequate resources to deliver training and assessment, minimise their obligations in respect of training, supervision and assessment and/or do not comply with requirements of the relevant training package. Most states have no effective process in place to address these concerns²⁷.

9.48 TAFE Directors Australia stated that TAFE often has to pick up the pieces after students have been inadequately trained by private providers.²⁸

9.49 A lack of employer confidence in RTOs is demonstrated by some industry groups who have their own endorsement schemes, whether official or unofficial, because they do not trust the quality of unknown RTOs:

In an attempt to put some quality into the process, some industry bodies are ‘endorsing’ selected providers but unfortunately this only occurs where industry associations are strongly involved in training and education issues and where membership is ‘tight’.²⁹

Anecdotal evidence suggests that some employers have so little faith in the ARF to deliver quality outcomes - an employee who is competent as stated by their completed qualification - that they will not recognise qualifications

25 Submission 132, Network of TAFE Councils (SA), vol.8, p.21255

26 Submission 124, Australian Retailers Association, vol.7, p.1994. Similarly Submission 137, Australian Chamber of Commerce and Industry, vol.8, p.2275: ‘...it is often where states and territories have not put in place adequate mechanisms to address these implementation issues where problems have occurred...’ Submission 40, ASCET Flexible Training, vol.2, p.347: ‘We believe that the standards established in the ARF if applied correctly are more than adequate to address the quality provision issues.’

27 Submission 50, Shop Distributive & Allied Employees Association, vol.2, p.528

28 Submission 136, TAFE Directors Australia, vol.8, p.2253. Similarly Submission 132, Network of TAFE Councils (SA), vol.8, p.2155

29 Submission 72, New South Wales Primary Industry Training Advisory Body Ltd, vol.3, p.854. See also Ms A Kilminster (Western Australian Hospitality and Tourism Industry Training Council), *Hansard*, Perth, 17 May 2000, p.655. Submission 88, Torrens Valley Institute Council, vol.5, p.1198. Submission 44, Wholesale, Retail and Personal Services Industry Training Council Inc, vol.2, p.397. Submission 104, Nursery Industry Association of Australia, vol.5, p.1418.

issued by an RTO that is not known to, and approved by, their organisation.³⁰

9.50 The performance by RTOs in regard to assessment is an issue that drew many adverse comments. Among the claims are that there are financial pressures to tick off trainees whether or not they are competent so that training organisations can collect their fees.³¹; ‘the reliability and validity of assessments performed by RTOs in the workplace’ are questionable; ‘on the job assessment can still mean a “tick in the box”’ and that qualifications have been issued that do not meet the requirements of the Training Package. The Committee’s views on assessment are provided earlier in this report in Chapter 8 in the discussion on National Training Packages.

9.51 Countering these expressions of concern were numerous submissions that strongly defended the performance of both public and private RTOs. ASCET Flexible Training, for example, argues:

Private providers usually specialise in particular industries or sectors and are very ethical and efficient. In fact a recent ANTA survey revealed that 80 % of all industry prefers to use private RTOs over Government TAFE.³²

9.52 The Australian Industry Group also defends the quality of training outcomes:

‘...industry surveys actually demonstrate employer satisfaction with the quality of training delivered, such as the Employer Satisfaction survey. While there is some level of dissatisfaction registered with the choice of training content provided by Registered Training Organisations (p.64, *Training to Compete*) this was not levelled at the quality outcomes of training. *Training to Compete* identifies the Australian education and training system as a competitive advantage according to industry (p.55 & 84, *Training to Compete*).³³

9.53 The Australian Industry Group was concerned, however, that ‘New Apprenticeship Centres are selling traineeships which are easiest to sell rather than those that may be of most benefit to industry. ... RTOs are also being driven by the imperative to deliver low cost training.’

[This] is disadvantaging sectors of industry where more resource intensive training is required.... growth through efficiencies is achieved through delivery of lower cost training, the result being that more resource intensive training is declining. Many of the more resource intensive programs are delivering higher level skills... Ai Group argues that this becomes a strategic investment decision. Australia must decide if it wants to have a high skill

30 Submission 44, Wholesale, Retail and Personal Services Industry Training Council Inc, vol.2, p.395

31 Submission 46, Agriculture and Horticulture Training Council of SA Inc., vol.2, p.426, Similarly for example Submission 43, Wodonga Institute of TAFE, vol.2, p.379

32 Submission 40, ASCET Flexible Training, vol.2, p.347

33 Submission 64, Australian Industry Group, vol.3, p.719

workforce. If it does, then intervention will be required to achieve this outcome.³⁴

9.54 RTOs, for their part, claim that a range of policies and implementation practices are restricting and hindering their capacity to provide high quality training services. Unreasonable or unfair requirements within the Australian Recognition Framework is one area of complaint. The Australian Council for Private Education and Training, for example, is particularly forceful in its claims that the Framework disadvantaged private RTOs relative to TAFE.³⁵

9.55 Some blame inadequate funding, or they blame the state training authorities for focussing exclusively on lowest cost tenders:

There is evidence that the level and quality of VET provision in both TAFE and private providers is compromised through the continuous pressure by state training authorities to drive down delivery costs and to award contracts for training delivery with the sole criterion being price.³⁶

...there are inherent difficulties in assuring this priority [New Apprenticeships] including... low government funding for training delivery (coupled with a high attrition rate of new apprentices) resulting in a diminishing quality of vocational education and training.³⁷

9.56 TAFE interests, in particular, defend their performance. They do not necessarily accept that TAFE is 'inflexible'; or they say it is improving.³⁸ They do not accept that TAFE teaching is inferior. They stress the detrimental effects of government budget cuts that are leading to greater casualisation of TAFE teachers under pressure of budget cuts. They regret the trend to employ as TAFE teachers people without teacher qualifications. They stress the need for professional development for TAFE teachers.

9.57 Despite the generally high levels of client satisfaction indicated by the various surveys that have been undertaken, the Committee is persuaded by the weight of contrary evidence referred to earlier in the Chapter, and in the discussion of assessment issues in Chapter 8, that a small but significant minority of RTOs are not adequately meeting their obligations in regard to training and assessment. A smaller

34 Submission 64, Australian Industry Group, vol.3, p.720,723. Similarly Submission 42, Australian Centre for Industrial Relations Research and Training, vol.2, p.368: 'The training market initiatives are encouraging employers, training providers and trainees to favour the use of the most convenient, most easily administered and most easily accessible courses of training. Unfortunately these courses of training often fail to provide high quality training, training that is well suited to industry or training that results in transferable skills that enable trainees to access key labour markets.'

35 Submission 59, Australian Council for Private Education and Training, vol.2, p.622

36 Submission 117, Forest and Forest Products Employment Skills Company Ltd, vol.6, p.1870. Similarly Submission 50, Shop, Distributive and Allied Employees Association. vol.2, p.528

37 Submission 59, Australian Council for Private Education and Training, vol.3, p.612

38 Submission 136, TAFE Directors Australia, vol.8, p.2246

but also significant proportion of these RTOs are engaged in unethical or improper, if not fraudulent behaviour.

9.58 The Committee believes that unsatisfactory performance on the part of any RTO can have serious effects on the public credibility of the VET system, and can create a perception in the community and among clients and stakeholders that poor performance by RTOs is fairly widespread.

Our experience is that some providers deliver high quality training to the satisfaction of industry and others very poor quality training which damages the credibility not only of that provider but also of the training system in general.³⁹

While all RTOs, even those against whom complaints have been made, continue to operate in an environment of acceptance of the mediocre, or even the dishonest, the level of acceptance of training and the NTF specifically will rapidly diminish.⁴⁰

9.59 More importantly, the Committee believes the incidence of failure to adequately and competently provide training and carry out assessments, particularly in the workplace, is seriously undermining the value and integrity of the skills and qualifications being attained.

9.60 The Committee makes a number of recommendations in Chapter 7 and 8 aimed at providing a better system of regulation and quality control. These measures include a requirement for state and territory authorities to provide annual Quality Assurance Plans for consideration by ANTA MINCO, and the establishment of a National Qualifications and Quality Assurance Authority (NQQAA). The NQQAA will have legislative powers to monitor, investigate and report on state and territory performance in registering, monitoring and auditing VET providers, and also the performance of registered VET providers in delivering services, including delivery and assessment, whether on the job, in the workplace or in an institutional setting.

9.61 The Committee also recommends in Chapter 8 that the Australian Recognition Framework be replaced with a National Code for Quality in VET that includes legally enforceable standards and procedures for authorities registering providers and legally enforceable standards and procedures for providers in delivering VET services. Responsibility for establishing, administering and enforcing the National Code would rest with the NQQAA.

Customisation or tailoring of training to meet enterprise-specific needs

9.62 A key objective and feature of New Apprenticeships is the flexibility and choice it provides for training to be customised or tailored to meet industry needs.

39 Submission 117, Forest and Forest Products Employment Skills Co. Ltd, vol.6, p.1870

40 Submission 35, NSW Retail, Wholesale and Associated Services Industry Training Council Ltd, vol.2, p.314

This flexibility and choice is provided through User Choice arrangements and National Training Packages. The issue that arises is whether training is now becoming so enterprise-specific that it limits individual's work choices, impedes labour mobility and shortens the currency of skills and qualifications.

9.63 As discussed in Chapter 7 and Chapter 8, where this issue is also addressed, the Committee considers that there must be a balance between industry-wide and enterprise-specific training and the portability of skills must be paramount. The Committee reiterates its view that apprenticeship and traineeship Training Plans should become the key means for monitoring the nature of training to be provided under the Training Agreement, and for assessing progress for User Choice and Commonwealth employer incentive payments.

9.64 The Committee also recommends in Chapter 7 that guidelines and advice on customisation or tailoring of training to meet enterprise-specific needs should be underpinned by a clear policy statement that enterprise-specific training is the responsibility of the enterprise and that training that is largely enterprise-specific is not eligible for User Choice or other public funding. Training may be tailored to meet enterprise-specific needs, but there must be a balance between industry-wide and enterprise-specific training and the portability of skills must be paramount.

On the job and workplace training and assessment

9.65 On the job and workplace training is one of the more contentious issues addressed by the Committee.

9.66 The Committee notes that the term 'on the job training' is often confused by employers and apprentices/trainees with 'workplace training'. The Admin Training Company comments on this confusion:

There has been much confusion over the term on the job training. For some it has a negative connotation of never being removed from routine work practice to be trained. It means learning by default by being left alone in a work situation. This is not what on the job training means and it is the reason that so many practitioners have begun to use the term 'structured workplace learning.' Training in the workplace can take place in a variety of ways: instruction by a supervisor away from the work station, followed by practice at the work station; instruction sessions run by an RTO on site; self-paced learning using flexible learning materials, illustrating assignments etc. with real work situations.⁴¹

9.67 Schofield makes a distinction between facilitated workplace learning and on the job training. The former relates to learning that is essentially off the job but delivered in the workplace, what was previously called 'in-house' training. The latter 'refers to structured training arrangements whereby competence is acquired ... through the performance of normal work duties.' This may include:

41 Submission 123, Admin Training Company, vol.7, p.1962

- the structuring of experience-led learning opportunities in the workplace through such means as job rotation, sequencing of the learner's activities, increasing the variety and complexity of work tasks; and
- training on the job through coaching, mentoring, work shadowing, supervision and job instruction.

9.68 'Fully on the job' training, according to Schofield, is something different again. This refers to structured training arrangements whereby competence is acquired solely through the performance of normal work duties and for which the apprentice or trainee is given no release from their work duties to participate in either self-managed or facilitated training with the support of a teacher or trainer.⁴²

9.69 The Committee has adopted the terms 'workplace training' and 'on the job training' to distinguish between training that is delivered primarily off the job at the workplace and that which is experienced by an apprentice or trainee through the performance of normal work duties.

9.70 Under the National Training Framework renewed emphasis has been placed on structured or facilitated workplace training and, at the same time, there has been a notable increase in fully on the job traineeships. Fully on the job traineeships were first introduced under the *Working Nation* initiatives. Their introduction was intended to make training arrangements more attractive to employers and was driven by employer demands for more flexible and relevant training. The rationale also included the empowerment of employers and the breaking of provider domination of training by extending the training market to include employers as providers.

9.71 In their initial conception, fully on the job traineeships required no involvement by a Registered Training Organisation. The support provided to employers for fully on the job training consisted of a *How to Train* manual and a trainee log book. It was then left to employers to decide how best to provide the training. Later the Commonwealth, through the Traineeship Employer Assistance Program, provided some funding support for training if an employer elected to involve an external provider.⁴³

9.72 Under new arrangements, employers wishing to utilise a fully on the job training option must become a Registered Training Organisation or engage a Registered Training Organisation to monitor training, to assess trainees and to award qualifications, or enter into an 'auspicing' arrangement whereby an RTO must sign off on training and assessment undertaken by non RTO workplace trainers.⁴⁴

42 K Schofield, *Independent Investigation into the Quality of Training in Queensland's Traineeship System*, July 1999, p.17. K Schofield, *Delivering Quality - report of the independent review of the quality of training in Victoria's apprenticeship and traineeship system*, May 2000, p.61.

43 K Schofield, *Independent Investigation into the Quality of Training in Queensland's Traineeship System*, July 1999, p.15

44 Submission 107, Australian National Training Authority, vol.5, p.1473

9.73 In many of the submissions received by the Committee it is not always clear whether the views expressed related to workplace training, to on the job training or to fully on the job training. It appears, however, that support for the concept of structured workplace training is strong. There are some misgivings on the part of providers, mainly TAFE, about the additional, non funded costs that accompany this option, and some complaints about providers', mainly TAFE, inability to adjust to the change in training environment. Although some of the issues raised appear to apply equally to workplace training, on the job training and fully on the job training, it is the last that has drawn specific criticism.

9.74 Employers in an Australian Industry Group study expressed a strong preference for training to be delivered in the enterprise and they expect this to increase in the future.⁴⁵ The employer research undertaken as part of the National Marketing Strategy Project indicates that a significant number of employers prefer to train people on the job rather than recruit people already trained, believing that on the job skills are more useful than what people learn in formal education.

9.75 Among the reasons given for support of both structured workplace training and on the job training is that it facilitates training because of the 'real' work environment, there is better access to relevant equipment, assessment can be made of competencies as they are demonstrated in the workplace and employers can observe the learning process. Furthermore, it is less disruptive, time is not lost with trainees having to travel to an off the job site, it costs less, and the training can be more easily tailored to the needs of the enterprise both in terms of the competencies to be achieved and the timing of training.

Employer obligations

9.76 One of the challenges to the efficacy of both on the job and workplace training is the capability of employers to provide genuine structured training. The Australian Education Union (Tasmanian Branch) argues that the current system of on the job and (the Committee assumes) workplace training is a response to key industry sectors dominated by large employers with a genuine training capacity. According to the AEU (Tasmania), these drivers of the new apprenticeship scheme are not typical or representative of the Australian profile of small to medium size enterprises who do not have, nor do they aspire to have training as a core activity.⁴⁶

9.77 This view of the training capacity of small to medium enterprises is not new. Fooks, in discussing the employment and training potential of small businesses, argued that:

Unlike large enterprises, small businesses do not maintain human resource departments or have human resource managers, and usually do not have a

45 The Allen Consulting Group, *Training to Compete. The Training Needs of Industry*, The Australian Industry Group, Sydney, 1999, p.v

46 Submission 103, Australian Education Union (Tasmanian Branch), vol.5, p.1405

training plan. They do not have dedicated trainers and may not even have a well formulated idea of what training each of their workers requires. They are even less able to identify the need for, and to deliver the more subtle skill requirements of the modern workplace: communications skills, working as a member of a team, problem solving. In short, they need a lot of help.⁴⁷

9.78 The Agricultural & Horticultural Training Council of South Australia agrees that the quality of employers and their capacity to meet their obligations to deliver training on the job varies widely. However, according to the Council, this situation is improving as employers become more familiar with the new system and understand their responsibilities and opportunities to influence the training system to their advantage.⁴⁸

9.79 Manufacturing Learning Australia also strongly supports the trend toward greater on the job delivery, arguing that it is often the appropriate delivery mode for many of its enterprises (particularly smaller companies) and learners. It qualifies this support, stating that proper support for on the job learners, which involves initial counselling on the rights and responsibilities of both parties, evaluation of the suitability of workplaces for on the job training, effective monitoring of the training, and rigorous evaluation of the outcomes, is critical.⁴⁹

9.80 The Torrens Valley Institute Council suggests that for many on the job training programs, employers do not have an adequate level of learning resources appropriate for the student to complete the requirements of the training package or curriculum, particularly in regard to underpinning knowledge and skills.⁵⁰

9.81 The TAFE NSW Managers Association suggests it is likely that small companies may not have the ability to meet their obligations to deliver the on the job component and meet the competency outcomes because there is still great confusion in industry about National Training Packages and the responsibilities of employers. Furthermore, it contended that training and assessment is not normally part of the culture of small employers.⁵¹

9.82 The Queensland Government comments that it is difficult to see how the obligations of training providers can be met without trainees having the opportunity for some withdrawal time from everyday work, especially at Australian Qualification Framework level 3 and above.⁵²

47 D Fooks, *Canberra Times*, 28 February 1996

48 Submission 46, Agricultural & Horticultural Training Council of South Australia, vol.2, p.429

49 Submission 26, Manufacturing Learning Australia, vol.1, p.210

50 Submission 88, Torrens Valley Institute Council, vol.5, p.1204

51 Submission 90, TAFE NSW Managers Association, vol.5, p.1219

52 Submission 131, Department of Employment, Training and Industrial Relations [Qld], vol.7, p.2125

9.83 Views were also expressed to the Committee that poor quality on the job training has less to do with lack of expertise and capability to provide training and more to do with employers trying to avoid their obligations. The Shop, Distributive and Allied Employees' Association maintains that there are fundamental problems across the board with training programs that are delivered solely on the job. The Association contends that abuse of on the job training by employers is widespread and too often neither providers nor governments make sufficient efforts to try and ensure quality outcomes.⁵³

9.84 The New South Wales WRAPS Industry Training Council recognises that there are incidents of poor quality on the job training and blames such deficiencies on unscrupulous RTOs who persuade businesses that nothing more needs to take place other than the occasional visit by that RTO for the purposes of assessment.⁵⁴

9.85 In a survey by the Australian Council for Private Education and Training, 45 per cent of respondents disagreed that employers meet their obligations for on the job training and 55 per cent disagreed that on the job training is practical and effective.⁵⁵

9.86 The South Australian Government, however, reported a review which found that most trainees were positive about their experiences in fully on the job traineeships, and employers found that on the job traineeships 'were value for money and enabled customised training for their enterprise.'⁵⁶

Content of training and the learning experience of fully on the job training

9.87 Disquiet was expressed to the Committee that skills provided to trainees through fully on the job training are narrow and enterprise specific, and that there is no provision for the acquisition of broader underpinning knowledge and skills, particularly the Mayer key competencies. The Federation of Wall and Ceiling Industries reports that:

Concerns have been expressed by employers that apprentices who only access on the job training lack the background knowledge and the range of work competencies of those who have been part of structured training.⁵⁷

9.88 Concern was also expressed about the learning experience that fully on the job training provides. The Australian Education Union (Tasmanian Branch) sees fully on the job training as limiting the learning experience for trainees:

53 Submission 50, Shop, Distributive & Allied Employees' Association, vol.2, p.527

54 Submission 35, NSW Retail, Wholesale and Associated Services Industry Training Council Ltd, vol.2, p.316

55 Submission 59, Australian Council for Private Education and Training, vol.3, p.624-5

56 Submission 129, Government of South Australia, vol.7, p.2098

57 Submissions 52, Federation of Wall & Ceiling Industries Australia and New Zealand, vol.2, p.549

Learning as a shared experience is an education tenet - interaction with other people is important to learning. With the trend to workplace based training (imagine a single trainee in a small, narrowly focussed enterprise), an individual could complete a program and have no exposure to alternative thinking through other trainees/apprentices and a narrow, particular exposure to workplace procedures and practices. Off the job training provided a mechanism which genuinely complements the notion of transferability of competency, which will be an ever increasing requirement given the mobility of Australia's workforce.⁵⁸

Support for integrated on and off the job training

9.89 While there was strong support for on the job training, there was equally strong agreement that on the job training should be complemented by off the job training. The Queensland Wholesale, Retail and Personal Services Industry Training Advisory Board argues that fully on the job training has resulted in widely varying training experiences by trainees and that industry is of the view that the best training experience is where both on and off the job training are used in tandem.⁵⁹

9.90 Schofield reported that submissions to her Victorian review from the overwhelming majority of employers and industry bodies were strongly opposed to 'fully on the job' training for apprentices, even when they were dissatisfied with the quality of training being provided off the job. While they wished to negotiate with RTOs on a range of matters including the quality, location, duration, relevance and mix of on the job and off the job training, they felt a need for some specialist off the job training either in the workplace or externally to complement on the job training and learning. Similarly, the majority of employers and industry bodies working with trainees believes that some off the job training was necessary.

9.91 Ms Erica Smith, addressing the necessity of an off the job training component for apprentices and trainees, argues that:

At least where on the job training is absent or employers' Human Resource policies are less than perfect, with an off the job component the trainee will receive a qualification and some training.⁶⁰

9.92 The Australian Chamber of Commerce and Industry (ACCI) was one of the few that maintains it is critical for fully on the job options to remain, particularly for lower levels within the Australian Qualifications Framework. In taking this position ACCI stresses that there needs to be appropriate support arrangements for employers so that quality training can be conducted in a small business working environment.⁶¹

58 Submission 103, Australian Education Union (Tasmanian Branch), vol.5, p.1405

59 Submission 41, Wholesale, Retail and Personal Services Industry Training Advisory Board Inc (Queensland Branch), vol.2, p.356

60 Submission 23, Ms E Smith, vol.1, p.180

61 Submission 137, Australian Chamber of Commerce and Industry, vol.8, p.2273

Schofield's findings

9.93 In addition to submissions and oral evidence the Committee reviewed Schofield's findings about on the job training in her three recent reports. Schofield is critical of fully on the job training in Queensland. She concludes:

Doubts must be raised about whether skills are being properly assessed and qualifications are being validly issued at Australian Qualifications Framework (AQF) for some elements of level 2, and levels 3 and above when the training is provided 'fully on the job.'⁶²

9.94 In Tasmania, Schofield found that training in fully on the job traineeships seems to depend on the commitment of the employer and the trainees' awareness of and willingness to claim their rights, with some RTOs reporting difficulties in trying to get some employers to meet their training obligations to their trainee.⁶³

9.95 In Victoria, Schofield found that workplace training arrangements were not adequately monitored, weak arrangements for auditing and reviewing workplace training were in place, and there was insufficient emphasis on the suitability of the workplace environment for work-based training. Schofield also noted that over 90 per cent of the complaints investigated through the Victorian Office of Post-compulsory Education, Training and Employment's (PETE) audit program lie in this area. Furthermore, risk analysis by PETE and research by DETYA suggest that fully on the job training is a high risk factor.⁶⁴

9.96 Schofield reported that the majority of submissions from industry bodies, employers and public providers did not believe that 'fully on the job' training supported quality delivery. Support for and opposition to 'fully on the job' training was evenly balanced amongst those private providers who submitted to the Schofield review.

9.97 Schofield also observed in her Queensland study that the challenge for RTOs to provide successful workplace delivery is more demanding than is the case for more traditional, classroom-based delivery. Schofield observed that it is difficult to see how the obligations of training providers can be met without trainees having the opportunity for some withdrawal time from everyday work, especially at Australian Qualification Framework level III and above.⁶⁵

62 K Schofield, *Independent Investigation into the Quality of Training in Queensland's Traineeship System*, July 1999, p.iii

63 K Schofield, *A Risky Business: review of the quality of Tasmania's traineeship system*, December 1999, p.8

64 K Schofield, *Report of the Independent Review of the Quality of Training in Victoria's Apprenticeship and Traineeship System*, May 2000, pp.19,44. K Grey & others, *Traineeship Non-completion*, Department of Education, Training and Youth Affairs, February 1999, p.2

65 K Schofield, *Independent Investigation into the Quality of Training in Queensland's Traineeship System*, July 1999, p.51

9.98 Schofield's findings in regard to the quality of workplace training were such that she recommended that no Victorian government funding be allocated to apprenticeships or traineeships that are delivered in fully on the job mode.⁶⁶

Employment and Skills Formation Council's findings

9.99 The Committee found it interesting to compare the concerns and criticisms of on the job training presented to it during its inquiry with the findings of the 1995-96 inquiry by the Employment and Skills Formation Council's (ESFC) into the quality of training provided under Working Nation initiatives.⁶⁷

9.100 The ESFC described fully on the job traineeships as 'one of the more conspicuous examples of rhetoric and good intentions running well ahead of the capacity of employers and the system to deliver'. The Council expressed serious concerns at that time about the consistency of the quality of training being provided through some fully on the job traineeships and had doubts about whether, in a large number of cases, any training at all was being provided.

9.101 The Council found that many small businesses were not meeting their obligations to provide on the job training as required by the traineeship agreement they had with their trainees. Where on the job training was provided, it was often delivered, not by a registered training provider, as required by the (then) National Framework for the Recognition of Training, but by employers or supervisors who had no trainer training. The Council also found that on the job training tended to focus on technical or manual skills without any theoretical underpinning, it did not include the key competencies, it was spasmodic, and it did not follow or comprehensively cover course requirements.⁶⁸

9.102 The Committee noted that problems with on the job training identified by the ESFC in 1995-96 mirrored those being raised with the Committee in its current inquiry.

9.103 The Committee believes that when genuine training is competently provided in a real work context, that is, either on the job or in the workplace, the value of that training is indisputable, and the Committee strongly supports it as a cornerstone of apprentice and trainee training.

66 Schofield, K, *Delivering Quality, report of the Independent Review of the Quality of Training in Victoria's Apprenticeship and Traineeship System*, Office of Post-compulsory Education, Training and Employment, Melbourne, 2000, p.xii

67 Employment and Skills Formation Council, *The Good, the Bad and Everything in Between*, National Board of Employment, Education and Training, AGPS, Canberra, 1996

68 The Council's views were based on evidence gathered in consultations with over 360 employers, labour market program and training providers, CES officers, case managers, local government representatives, community groups and labour market participants in Ipswich and Cairns in Queensland, Wagga Wagga and Fairfield in New South Wales, Cheltenham in Victoria, Elizabeth in South Australia and Fremantle in Western Australia; 98 written submissions, and telephone surveys conducted by AGB McNair of 290 employers and 148 trainees.

9.104 However, the evidence considered by the Committee has convinced it that there are serious deficiencies in much of the on the job training being provided in Australia. The deficiencies include inadequate content, poor training delivery and, on occasion, the absence of any training at all. Fully on the job training in particular is open to abuse, both intentional and unintentional. It was of great concern to the Committee that the problems identified by the ESFC in 1995-96 are still prevalent.

9.105 The Committee believes that much of the poor quality training is attributable to employers' lack of capability to fulfil their training obligations, a tendency to regard training as secondary to business considerations, or a lack of understanding of their training obligations. Authorities cannot accurately quantify the extent of deliberately unethical or fraudulent behaviour but it is clear that it is sufficiently widespread to seriously affect public trust in the VET system.

9.106 As discussed in Chapter 8, the Committee has found that state training authorities, which have responsibility for quality assurance of apprenticeship and traineeship training through their control of training agreements and the registration, monitoring and auditing of RTOs, are not adequately meeting that responsibility. This is particularly so in relation to on the job and fully on the job training and workplace assessment. The Committee recommends in Chapter 6 and Chapter 8 a number of measures designed to improve the performance of states and territories in carrying out their quality assurance responsibilities.

9.107 There was convincing evidence that fully on the job training is particularly at risk of poor outcomes. Almost all submissions from all sides agreed that a mixture of on and off the job training is desirable. The Committee believes it is essential.

The Committee recommends that:

no Commonwealth funds be made available for fully on the job apprenticeships or traineeships, and that, as provided for in the following recommendation, Training Plans must stipulate the proportion of training to be delivered off the job.

Implementation of Training Agreements and Training Plans

9.108 Along with the registration of training providers and the use of endorsed National Training Packages, the registration of Training Agreements is said by ANTA to be a particular regulatory mechanism ensuring quality in apprenticeships and traineeships.⁶⁹

9.109 DETYA advises that New Apprentices are required under state and territory legislation to have a Training Agreement signed by themselves and their employer

69 Submission 107, Australian National Training Authority, vol.5, p.1466

which lays out their roles and responsibilities under the Agreement. Under the new arrangements, the Training Agreement includes a training plan, the outcomes of which are to be assessed by a Registered Training Organisation.⁷⁰

9.110 ANTA MINCO agreed to the national application of a 'model' Training Agreement in May 1997. The administration of the Training Agreement, that is, the processes for validation, registration, appeals, termination, time periods and delegations, is the responsibility of the states and territories. The Registered Training Organisation responsible for issuing the qualification or Statement of attainment is responsible for ensuring that training and assessment is conducted to the required standards.

9.111 The evidence presented above in relation to the performance of RTOs and on the job training and assessment suggests that there is widespread lack of diligence, lack of commitment to and failure to monitor and ensure compliance with Training Agreements. Even where monitoring takes place some employers try to circumvent and indeed succeed in subverting their training obligations. The WA Hospitality & Tourism Industry Training Council, for example, comments that there are reports received of trainees and apprentices not receiving adequate on the job training or not being released to attend training.⁷¹

9.112 The Committee notes that Ministers, at their MINCO meeting on 30 June 2000, agreed to review the form of the model Training Agreement. The Committee believes this provides an excellent opportunity to also review the role and use of Training Plans. The Training Plan, which is supposed to be an integral part of the Training Agreement, appears, until recently, to have been similarly neglected or disregarded by employers, RTOs and state administrators.

9.113 Schofield found that in Victoria, the absence of Training Plans for more than 40 per cent of all apprentices and trainees suggests that training is not always effectively planned and documented and that apprentices and trainees are not always regarded as active participants in the training process. Many trainees are not regularly receiving feedback and advice to aid their progress.⁷²

9.114 A Queensland study by Professor Victor Callan indicated that 27 per cent of employers and 36.7 per cent of trainees indicate that they had no involvement in developing the Training Plan and 39 per cent of both groups indicate that the Training Plan has never been referred to in order to check progress.⁷³

70 Submission 68, Department of Education, Training and Youth Affairs, vol.3, p.776

71 Submission 86, WA Hospitality & Tourism Industry Training Council, vol.5, p.1161

72 K Schofield, *Report of the Independent Review of the Quality of Training in Victoria's Apprenticeship and Traineeship System*, May 2000, p.68

73 Callan, V., *Report on Apprenticeship and Traineeship Non-Completions*. University of Queensland, Brisbane, 2000

9.115 Schofield in her Victorian study also noted that the 1999 Performance Agreement between the Office of Post-compulsory Education, Training and Employment (PETE) and RTOs introduced a requirement for an RTO to negotiate and prepare a Training Plan prior to the commencement of training when the RTO is supplying workplace-based training. The Agreement specifies what this Plan should contain. This requirement continues in the 2000 Performance Agreement. The Training Plan is an auditable document under the Performance Agreement and was audited in both 1999 and 2000. Schofield notes also that an RTO which is not supplying workplace training does not have the same contractual obligation to prepare a Training Plan although PETE's information booklet strongly encourages the development and use of training plans in all contexts, not just workplace-based training⁷⁴

9.116 In at least two other states, renewed attention has been given to the role of Training Plans. In NSW, a Training Plan which has been agreed to by the apprentice or trainee and the employer needs to be lodged for each apprentice or trainee along with the initial claim for payment. The training plan must describe the structured training which is to be delivered, include a description of assessment milestones and a schedule of monitoring visits.

9.117 Guidelines for Developing a Training Plan for Supporting Flexible Workbased Training have been developed. The guidelines contain minimum standards for flexible workbased training. The training plan is to be based on these minimum standards and include other information that readily identifies the trainees or apprentice, who will be providing the training, exactly what training is going to occur and when the training will take place.

9.118 A copy of the flexible-workbased training plan, as well as being submitted with the RTO's initial claim for payment, is to be provided to the employer to be kept at the workplace and made available to the Department of Education and Training's Field Officers on request. A copy is also to be given to the trainee or apprentice and another copy be retained by the RTO. If the training is for more than one year a training plan needs to be developed for each year of the training and regularly reviewed.

9.119 In Queensland, an improved training plan is part of a range of measures introduced from 1 July 2000 to enhance apprenticeship and traineeship training. A declaration of parties, signed by the employer, the apprentice or trainee and the RTO, must accompany the Training Agreement when it is lodged for approval and registration. The declaration must declare that a Training Plan that meets the needs of the employer and the apprentice or trainee has been developed.

74 K Schofield, *Report of the Independent Review of the Quality of Training in Victoria's Apprenticeship and Traineeship System*, May 2000, p.53

9.120 The Committee considers that Training Plans could play a more strategic and effective role in planning and delivering training for individual apprentices and trainees, and in providing a means of more closely monitoring progress towards the outcomes defined by the Training Agreement. Such a role is of increased importance where training is delivered entirely or largely on the job. The Committee believes that an auditable Training Plan, linked to the registration of Training Agreements and the payment of government incentives and payments to RTOs, could provide a mechanism for refocusing the attention of employers, RTOs and apprentices/trainees on quality training delivery and assessment.

9.121 Some of the features of the revitalised Training Plan should include the following.

- In the Training Plan, the Units of Competence to be delivered should be listed at the finest level of detail (typically at the three-digit code level), specifying which of the 'variables' identified in the package will apply. Codes should be set out in full together with the associated point values. Training Plans prepared at this level of detail would provide a comprehensive Statement of the training to be delivered and a genuine Plan for delivery, monitoring and assessment. It will ensure also that trainees are collecting the total points required for a qualification.
- Training Plans should record whether or not Recognition of Prior Learning has been considered and details of credits granted.
- Training Plans should specify the amount of training to be provided on the job and off the job, whether at the workplace or off site, in a form that can be verified.
- The Training Plan should be maintained by the RTO and updated continuously, not periodically, with provision on the Plan itself or by way of attachments to record:
 - when a worker has been assessed and found competent;
 - dates of RTO visits or other contacts with the trainee and the purpose of the visits or contacts (eg training; assessment; monitoring etc); and training hours completed since the previous visit or contact, including all workplace based training; and
 - dates of attendance at a training session or the dates of assessment in the case of training delivered entirely on the job.
- The trainee should be provided with a signed copy of the original Training Plan. The updated Training Plan should be used as the basis of periodic discussion between the trainer and the trainee to review progress and prepare for the training to come.

The Committee recommends that:

(a) the Commonwealth and ANTA work together to revitalise and strengthen the role of Training Plans so that they play a more strategic and effective role in planning and delivering training for individual apprentices and trainees, and in providing a means of more closely monitoring progress towards the outcomes defined by the Training Agreement. Training Plans should become auditable documents linked to the registration of Training Agreements and the payment of government incentives and payments. As a minimum, Training Plans should contain the following:

- details of the RTO, employer and apprentice or trainee;**
- the Training Package being used and the qualification(s) to be awarded;**
- the competencies to be achieved (in the most detailed form available) and the courses, modules, units or other training to be successfully completed in order to acquire the qualification;**
- whether recognition of current competencies and/or credit transfer has been requested or provided and a list of competencies for which recognition of current competencies or credit transfer has been granted;**
- a statement of the proportion of structured training to be provided off the job;**
- a statement of the proportion of training which is enterprise-specific;**
- the need for any additional literacy, numeracy or other support and how this will be provided;**
- indicative monitoring dates;**
- details of arrangements for assessments including indicative assessment milestones; and**
- negotiated arrangements for reporting back to the employer and their trainee or apprentice.**

(b) fully completed Training Plans, signed by the employer, the apprentice or trainee and the Registered Training Provider providing or supervising the training be included with Training Agreements when they are submitted for approval and registration. Training Agreements should not be approved or registered by state or territory authorities unless accompanied by an acceptable Training Plan.

(c) Commonwealth financial incentives not be paid to employers unless an approved Training Plan is in place and evidence of progress or compliance with the Training Plan is provided.

Protection of apprentices and trainees

9.122 Provisions, regulations and processes relating to the termination of apprenticeship and traineeship contracts of training vary between states, and the unsatisfactory nature of this has been brought to the Committee's attention. The issue has been addressed in Schofield's report on VET in Victoria and in the recent inquiry into the Victorian industrial relations system. In the original proposals to establish New Apprenticeships, the need for terminations to be approved by the State Training Authorities, and access to independent appeals was included in the blueprint endorsed by the industry reference groups.

9.123 The ease with which contracts can be terminated, particularly as apprentices and trainees do not have access to unfair dismissal arrangements, and the anecdotal evidence of employers taking advantage of apprentices and trainees, is of great concern to the Committee. Much more attention needs to be given to measures to protect apprentices and trainees against abuse by employers. The Committee considers that requirements for terminating contracts should be tightened and more effectively enforced.

The Committee recommends that:

- (a) as apprentices and trainees do not have access to unfair dismissal arrangements, the Commonwealth, through ANTA MINCO, prevail upon the states and territories to provide greater protection through regulations and other arrangements that prevent employers terminating apprenticeship and traineeship contracts without the approval of the state training authority; and**
- (b) that access by apprentices and trainees to an independent state appeals tribunal or process be established on a tripartite basis.**

Performance of New Apprenticeship Centres

9.124 New Apprenticeship Centres (NACs) are contracted directly by the Commonwealth to promote and service New Apprenticeships. They are paid a fee for each placement, by instalments. There are 35 New Apprenticeship Centres operating at over 300 sites around Australia.⁷⁵

9.125 Critics claimed, in sum, that New Apprenticeship Centres, being profit-driven, are too inclined to place trainees without regard to the suitability of the placements and the quality of the training. In particular it was claimed that :

75 Submission 68, Department of Employment, Training and Youth Affairs, vol.6, p.777

- NACs tend to promote apprenticeships and traineeships at the expense of other options which in some cases might be more suitable.⁷⁶
- Some NACs market primarily on the basis of promoting the employer incentives to employers, ‘with little emphasis on the obligations placed on the employer to provide opportunities for structured learning, and minimal assurance that the New Apprenticeship contract is appropriate.’⁷⁷ ‘...the NACs are largely motivated to make placements regardless of the quality of the fit between the trainee, the employer and the program of training. The NACs also appear to be poorly equipped to provide the advice and assistance needed by workers and job-seekers...’⁷⁸
- NACs receive the same funding per apprentice regardless of the occupation or the industry and that ‘this creates incentives for NACs to concentrate on ‘easy’ commencements, with funding implications for states and territories, who find themselves funding a large number of apprenticeships and traineeships which do not necessarily match state and national economic priorities.’⁷⁹ Similarly, ‘New Apprenticeship Centres and Group Training Companies are more likely to pursue New Apprenticeships with support materials that are easy to implement than to negotiate with RTOs to develop their own.’⁸⁰ ‘The anecdotal evidence available to the Australian Industry Group suggests that the NACs are selling traineeships which are easiest to sell, rather than those that may be of most benefit to industry.’⁸¹
- NACs sometime give inaccurate or out of date information.⁸²
- NACs are unmotivated to service rural or remote areas. For example, ‘This [fulfilment of a NAC contract] could be gained from one or two mines alone and there is no reason for a profit motivated body to ‘waste’ resources servicing other rural and remote clients.’⁸³
- there is insufficient incentive to promote completion. ‘Indeed, if the trainee poses any difficulties it is often in the interests of RTO and employer for the

76 Submission 43, Wodonga Institute of TAFE, vol.2, p.380

77 Submission 44, Wholesale, Retail and Personal Services Industry Training Advisory Board, vol.2, p.392-3

78 Submission 42, Australian Centre for Industrial Relations Research and Training, vol.2, p.369

79 Submission 119, Government of Victoria, vol.7, p.1901

80 Submission 54, Community Services and Health Training Australia, vol.2, p.564

81 Submission 64, Australian Industry Group, vol.3, p.719

82 Ms A Kilminster (WA Hospitality and Tourism Industry Training Council), *Hansard*, Perth, 17 May 2000, p.661

83 Submission 18, Rural Industries Training Advisory Board (NT), vol.1, p.127. Similarly Submission 65, Recreation Industry Training Company Ltd, vol.3, p.730; Submission 46, Agriculture and Horticulture Training Council of SA Inc., vol.2, p.431

trainee to be encouraged to not complete the traineeship and for a replacement to be found.’⁸⁴

- ‘Private brokers are also of concern as they often prioritise economic considerations over educational ones and thus fail to undertake proper selection and recruitment procedures.’⁸⁵

9.126 According to Schofield in her 1999 report on traineeships in Queensland, NACs appear to have had minimal accountability for ensuring quality in the system, which has resulted in many people being inappropriately signed up as trainees.⁸⁶

9.127 A particular concern was that in a system where everyone has a commercial interest, there is no ‘honest broker’ who can give disinterested advice:

...there is, within the apprenticeship and traineeship system overall, a lack of honest brokers, a lack of any people in the system who can provide individual employers or individual apprentices or trainees, or a potential of either, with disinterested advice.⁸⁷

9.128 The Tasmanian government suggested that lack of mediators is one reason for non-completion.⁸⁸

9.129 DETYA argued that a survey of employers in 1999, during the first New Apprenticeship Centre contract, showed a high level of satisfaction with New Apprenticeship Centre services. The survey also identified areas where there was scope for improvement: follow up with employers; responsiveness; the attitude of some staff. The Committee notes that the government has never released the survey publicly and in response to the Committee’s request DETYA refused to provide it.⁸⁹

84 Submission 72, NSW Primary Industry Training Advisory Body Ltd, vol.3, p.855

85 Submission 128, Victorian TAFE Association Inc., vol.7, p.2060

86 K Schofield, *Independent Investigation into the Quality of Training in Queensland’s Traineeship System*, July 1999, p.iv

87 Ms M Sussex (Office of Post compulsory Education, Training and Employment [Vic]), *Hansard*, Canberra, 4 July 2000, p.743. Similarly for example Submission 48, Adelaide Hills Employment Education and Training Network, vol.2, p.485; Submission 72, NSW Primary Industry Training Advisory Board Ltd, vol.3, p.855

88 Submission 83, Government of Tasmania, vol.4, p.1090. Similarly Submission 135, Far North Queensland Employment, vol.8, p.2178

89 Submission 68, Department of Education, Training and Youth Affairs, vol.3, p.776-7. Wallis Consulting Group, *New Apprenticeship Centres Employer Satisfaction Survey*, August 1999. Department of Education, Training and Youth Affairs, further information 28 July 2000, p.233: ‘The Employer Satisfaction Survey... has not been made available as a public document. The Minister, Dr Kemp, has made a number of media releases relating to the overall findings of satisfaction levels and it is not intended to provide further details.’ A search of the Minister’s website reveals two relevant press releases, of which the main one is: Kemp the Hon. D, *New Apprenticeship Centres a Nationwide Hit*, 10 November 1999.

9.130 The level of satisfaction indicated by employers in the DETYA survey is at odds with the criticism of New Apprenticeship Centres in submissions.

9.131 DETYA maintains that ‘with this information and feedback from the state training authorities’ the second NAC contract is more explicit about the services to be provided. A key aspect of it is to ensure effective services in rural and remote areas. The contract includes detailed Key Performance Indicators. ‘A rigorous contract management strategy has been put in place.’⁹⁰

9.132 The Australian Chamber of Commerce and Industry comments that tender documentation developed by the Commonwealth for the second round New Apprenticeship Centres substantially meets the concerns of employers in the operation of this important service.⁹¹

9.133 The evidence before it is sufficient to convince the Committee that at least in the first contract period the performance of a number of NACs was less than acceptable.

9.134 The Committee has had cause during its inquiry to question the role of NACs and the rationale for their existence. It seems that their primary purpose is to facilitate the payment of Commonwealth incentives to employers. Their role is purely to advise and facilitate. They appear to have no formal monitoring, mediation or scrutiny role or responsibilities, no ‘policing’ role and no regulatory authority to protect the rights and enforce the obligations of either trainees or employers. Evidence of their failure to date in achieving their objectives can be seen in the Commonwealth Minister’s proposal to ANTA MINCO to develop a Code of Good Practice in New Apprenticeships. It is envisaged that the Code will ensure that employers and New Apprentices understand their respective responsibilities and obligations; a task that is purportedly one of the main reasons for the establishment of NACs.

9.135 It is too soon to say whether the tightened up contract will succeed in solving the problems. The Committee hopes that the key performance indicator ‘increase in retention rates’ will counterbalance the pressure to make inappropriate placements and that the key performance indicator ‘commencements within contract industry profile’ will counterbalance the pressure to concentrate on the easiest sales. The Committee expects that DETYA will keep the matter under review.

Conflicts of interest

9.136 There were particular concerns where one organisation, or closely related organisations, have several roles. For example, where a New Apprenticeship Centre

90 Submission 68, Department of Education, Training and Youth Affairs, vol.3, p.776-8. The Key Performance Indicators: Department of Education, Training and Youth Affairs, *New Apprenticeships Support Services Contract 1999-2002*, schedule 1

91 Submission 137, Australian Chamber of Commerce and Industry, vol.9, p.2274. Similarly K Schofield, *Independent Investigation into the Quality of Training in Queensland’s Traineeship System*, July 1999, p.76: ‘The second tender documents appear to have attempted to resolve a range of earlier problems.’

(NAC) is associated with a Registered Training Organisation (RTO), the NAC might be tempted to guide employers and apprentices to that RTO for training, regardless of suitability. Where an NAC is also a Group Training Company (GTC), the NAC might be tempted to guide trainees to that GTC as employer, regardless of suitability.⁹² DETYA advised that of the 35 contracted New Apprenticeships Centre organisations, 10 are Registered Training Organisations, 2 are Group Training Companies, and 18 are Registered Training Organisations and Group Training Companies.⁹³

9.137 For example:

A particular area of concern is where an NAC is also both a Group Training Company (GTC) and a Registered Training Organisation (RTO). Anecdotal evidence suggests that in some cases such organisations are unable to separate the respective roles and, drawn by financial incentives, ensure that the person being signed up is placed with the GTC and trained by the RTO arms.⁹⁴

A group training company that is an employer and a private provider will now be responsible for approving its own workplace arrangements, assessing its own quality and issuing its own qualifications whilst administering all of the financial benefits to itself.⁹⁵

9.138 A 1999 study for the Queensland Department of Employment, Training and Industrial Relations found ‘substantial evidence of conflicts of interest being played out in the market by some NACs who also have other roles in the system such as RTOs or Group Training Schemes.’⁹⁶

9.139 On the other hand, some submissions argued the benefits of an employer also becoming an RTO so as to give training well tailored to their particular needs, free of the ‘inflexibility’ of TAFE:

RTO status has unquestionably provided significant benefits and advantages for GTCs in that • they are much less exposed to the unresponsiveness and inflexibility of the TAFE system, and are able to dictate the type of training they require, and its timing • they can better co-ordinate their on the job and

92 Submission 5, Tasmanian Transport and Distribution Industry Training Board Inc., vol.1, p.39

93 Department of Education, Training and Youth Affairs, further information 28 July 2000, p.236

94 Submission 75, Rural Training Council of Australia Inc., vol.4, p.929. Similarly Submission 119, Government of Victoria, vol.7, p.1901

95 Submission 18, Rural Industries Training Advisory Board (NT), vol.1, p.126

96 Applied Consulting Pty Ltd, *Report - NAC Review*, April 1999, Queensland Department of Employment, Training and Industrial Relations, noted in K Schofield, *Independent Investigation into the Quality of Training in Queensland's Traineeship System*, July 1999, p.37

off the job training needs, and • provide front-end or top-up training as required.⁹⁷

9.140 Australian Business Ltd, an employer organisation, operates both a New Apprenticeship Centre (Australian Business Employment Network) and an RTO (Small Business Training Company). Australian Business Ltd explained how it manages the potential conflict of interest:

Firstly, the operations are physically separate. The SBTC has its own manager and its own operational administrative structure. Secondly, all records, both physical and electronic, are kept separately, with controlled access to both. Thirdly, all ABEN staff are well briefed on our support for and requirement that purchasers of training be given the right to choose the RTO they wish. Similarly, SBTC staff are required to ensure their clients are given the opportunity to choose whichever NAC they believe meets their needs.

Our indications are that this has worked well for us, and I just offer a couple of pieces of evidence in support of that. Firstly, there are a range of RTOs which provide services to ABEN NAC clients whose employees are undertaking traineeships which could otherwise be serviced by the SBTC ... Secondly, the SBTC is providing RTO services to a number of employers being serviced by NACs other than ABEN... I have absolutely no doubt that if people outside our organisation regarded that we were not successfully managing any question of conflict of interest we would not be getting the work that we are getting.⁹⁸

9.141 However, Australian Business Ltd could not vouch for its competitors being equally diligent, but did not have 'any hard evidence' it could give the Committee.⁹⁹

9.142 Some submissions from private providers pointed out the potential conflict of interest where a state training authority is both the purchaser and the regulator of training. The claim is that the state training authorities, as purchasers, favour TAFE as provider:

It is felt that officers making purchasing decisions are too close to their public sector [TAFE] colleagues and (a) are unable to evaluate tenders except in public provider terms, and (b) lack sufficient independence to be able to make unbiased decisions.¹⁰⁰

97 Submission 94, Group Training Australia Ltd, vol.5, p.1297. Similarly Submission 31, Silver Circle, vol.1, p.253

98 Mr G Pattison (Australian Business Ltd), *Hansard*, Canberra, 4 July 2000, p.695

99 Mr G Pattison (Australian Business Ltd), *Hansard*, Canberra, 4 July 2000, p.699

100 Submission 59, Australian Council for Private Education and Training, vol.3, p.614. Similarly Submission 57, Angus Knight Group, vol.2, p.591

9.143 The most serious and general potential conflict of interest lies where the RTO is also the assessor. There is obvious potential for an unscrupulous RTO to deliver inadequate training and then sign off the trainee in any case:

We are also concerned where the roles of employer, trainer and assessor of competence are combined or overlap... Add to this the financial pressures on organisations to have trainees/ apprentices 'successfully achieve competence' and the compromises are obvious and inevitable.¹⁰¹

9.144 The Committee considers that the potential conflicts of interest in these situations are obvious - particularly in the situation where 30 of the 35 New Apprenticeship Centres are also either Registered Training Organisations or Group Training Companies or both. There is reasonable evidence that there is a certain amount of unethical practice which, although it cannot be quantified, is still of concern.

9.145 The Committee believes that requirements for ensuring that conflicts of interest are ethically resolved are not adequate and the requirements that do exist are not adequately scrutinised to ensure they are being adhered to. A minimum requirement where potential conflicts of interest exist is that the same staff within an organisation do not carry out multiple roles. Staff performing NAC functions, for example, should not be the same as those acting on behalf of a Group Training Company or a training provider.

The Committee recommends that:

the Commonwealth strengthen and more rigorously monitor and enforce measures to avoid real or potential conflicts of interests between organisations operating as New Apprenticeship Centres and/or Group Training Companies and/or VET providers. As a minimum, where real or potential conflicts of interest exist, the same staff within an organisation should not be allowed to carry out multiple roles.

Impact of Commonwealth's New Apprenticeships employer incentives program

Effectiveness of incentives in influencing employers

9.146 Commonwealth subsidies and incentives are provided to encourage employers to offer training opportunities under New Apprenticeships. They are also a recognition of the costs that employers bear in the provision of training but it has never been intended that they should cover the total cost of training. Commonwealth subsidies and incentives to employers, in various forms, have been a feature of Commonwealth labour market and VET policies for more than 20 years.

101 Submission 43, Wodonga Institute of TAFE, vol.2, p.379

9.147 The Commonwealth program is demand driven - subject to the New Apprentice and employer meeting the eligibility criteria, the subsidy will be paid. In 1999-2000, the Commonwealth has allocated \$354 million for incentives which includes support for 134,000 New Apprenticeship commencements and personal benefits for New Apprentices such as Living Away From Home Allowance. This represents a 20 per cent increase over 1998-99 funding.¹⁰²

9.148 The Committee heard differing views on the general issue of whether financial incentives influenced employers decisions in relation to the employment of apprentices and trainees. Within industry groups there are contrasting views. Those who claim incentives are unimportant generally maintain that the level of subsidies is not substantial enough to be a real consideration in employer or business employment and training decisions. For example, Robe River Iron Associates argued that the incentives are insignificant in the context of its costs:

We would argue that financial considerations would tend to discourage employing trainees... [our] trainee programs reflect community commitments, reinforces the organisational values and most importantly Robe realises that young people need to be trained in order to provide a skilled workforce for the future.¹⁰³

9.149 On the other hand, for example, Group Training Australia Ltd (GTA), speaking on behalf of a number of Group Training Companies, felt that 'properly focussed' government incentives are essential to increase employers' participation in apprenticeships and traineeships. GTA quoted 1997 DETYA research:

...the most striking finding from the survey is the large proportion of firms who indicated that they would reduce the number of apprentices if the CRAFT subsidy was abolished.¹⁰⁴

9.150 In a survey by the Australian Council for Private Education and Training, 75 per cent of respondents agreed that financial incentives and targets drive the system.¹⁰⁵

9.151 Evidence of the ability of incentives to influence employers in particular circumstances is provided in the Tasmanian Government submission:

In late 1998, the Commonwealth Government changed the funding conditions to allow employers to claim subsidies for the registration of a

102 Submission 68, Department of Education, Training and Youth Affairs, vol.3, p.778

103 Submission 11, Robe River Iron Associates, vol.1, p.86. Similarly Submission 24, Technical Australia Pty Ltd, vol.1, p.190: 'This level of subsidy is hardly an incentive to employ an apprentice. The management and administrative problems are seen more often by employers as a reason not to employ apprentices.'

104 Submission 94, Group Training Australia Ltd, vol.5, p.1277 & 1298, quoting Department of Employment, Education, Training and Youth Affairs, *Evaluation of the Impact of Financial Incentives on the Recruitment of Entry Level Trainees*, October 1997, p.96

105 Submission 59, Australian Council for Private Education and Training, vol.3, p.619

current employee in a contract of training. Before this change in rules, there were minimal numbers of current employees being registered. When the rules were again changed in May 1999, the level of current employees commencing a contract of training declined. This rule change confined the subsidy for current employees to contracts of more than one year in duration.¹⁰⁶

9.152 It was claimed that the rate of incentive should vary across industries to acknowledge that apprentices are more costly in terms of lost productivity in some industries than others. There should be higher incentives for small business and for employers remote from RTOs.¹⁰⁷ There should be a special subsidy for all rural trainees, reflecting the fact that in regional Australia ‘there are more potential trainees than there are employers willing to take them on.’¹⁰⁸

9.153 While some incentives are equity based, such as those available for New Apprentices with a disability, there is no targeting of incentives, for example, to particular occupations or industries experiencing skill shortages. This tends to suggest an underlying *employment* rather than a *VET needs* focus. The Victorian Government has called for better targeting to more effectively meet national training needs.¹⁰⁹

9.154 The Victorian Government and Business Skills Victoria have pointed out what they believe is an anomaly in the Commonwealth’s eligibility criteria which is acting as a disincentive to employers in recruiting or retaining New Apprentices. The current Commonwealth policy does not allow a ‘commencement’ incentive payment to employers who take on a New Apprentice who has a prior qualification in the same industry. This means an employer taking on a ‘new employee’ New Apprentice who has gained a Level II qualification is not entitled to a commencement incentive. However, a ‘progression’ payment is allowed for an employer who progresses a New Apprentice from Level II to Level III. This places young people who obtain a Certificate II through VET in Schools or a pre-apprenticeship course at a disadvantage when they attempt to gain apprenticeship or traineeship employment positions.

9.155 The policy is also said to disadvantage people who find that their qualifications are effectively useless due to the passage of time or the closure of major employers in an industry or region.¹¹⁰

9.156 The Committee accepts the predominant evidence to this inquiry that employer incentives are a factor in employers’ recruitment and training decision

106 Submission 83, Tasmanian Government, vol.4, p.1079

107 Submission 70, Construction Industry Training Board, vol.3, p.833

108 Submission 72, NSW Primary Industry Training Advisory Board Ltd, vol.3, p.860

109 Submission 119, Victorian Government, vol.7, p.1896

110 Submission 28, Business Skills Victoria, vol.1, p.228. Submission 119, Victorian Government, vol.7, p.1896

making. The Committee notes the evidence that incentives seem to be more important to employers in some industry sectors than in others.

9.157 The Committee also noted the arguments in submissions about the lack of targeting of Commonwealth employer incentives to areas of skill shortages. This is a feature of some state incentive programs such as that operating in Queensland.

9.158 A number of issues relating specifically to Group Training Companies are raised in Group Training Australia's submission. These relate to the 'substantial and negative' impact of changes to Commonwealth incentive payments on Group Training Companies. It was claimed that the different treatment of Group Training Companies is unfair. '...completion payments are not paid to not for profit companies... I am at a loss to explain why the Government discriminates against companies working for the good of the Australian public.' This disadvantage flows through to the small businesses who rely on Group Training Company Apprentices.¹¹¹

9.159 Group Training Australia (GTA) has stressed in its submission that it believes the exclusion of 'not for profit' Group Training Companies from the completion payments is a significant disincentive to enter into longer term contracts of training. GTA points out that there is also a significant body of evidence to suggest that there is a direct relationship between the level of incentive and the number of apprentices employed. Consultations conducted by The Allen Consulting Group identified a high level of concern among Group Training Companies about the overall reduction in the incentive payments. The Allen report concluded that this concern was brought about because Group Training Companies 'operate in labour markets that are highly sensitive to price'.¹¹²

9.160 The Committee notes that DETYA is currently reviewing a number of incentive eligibility requirements in consultation with states and territories and industry and considers that pending the review, recommended in Chapter 7, of both industry investment in training and benefits derived by industry from the range of incentives and subsidies, DETYA should reexamine the withdrawal of completion payments from 'not for profit' Group Training Companies.

The Committee recommends that:

pending the independent review, recommended in Recommendation 23, of both industry investment in training and benefits derived by industry from the range of incentives and subsidies, DETYA re-examine the withdrawal of completion payments from 'not for profit' Group Training Companies.

111 Submission 94, Group Training Australia Ltd, vol.5, p.1276ff. Submission 72, NSW Primary Industry Training Advisory Board Ltd, vol.3, p.860

112 Submission 94, Group Training Australia Ltd, vol.5, p.1276-7

Employer incentives for existing employees

9.161 A particular point of debate was incentives for existing employees. In May 1997, the ANTA Ministerial Council agreed that a state or territory may provide funding for training delivery for a New Apprentice who was employed in an enterprise prior to becoming a New Apprentice where such funding is consistent with the priorities set by that state or territory. At the time of that decision, the Ministerial Council noted that 'existing workers' would not attract Commonwealth incentives and subsidies. Some states had policies which allowed for payment of incentives and payment for training to be made for existing employees but moved to tighten eligibility criteria to restrict access by existing employees.

9.162 In August 1998 the Commonwealth extended its incentives to existing employees. This resulted in a rapid increase in existing employee New Apprentices, raising concerns that some employers were abusing the system by signing up their employees as New Apprenticeships to get the incentive, without regard to real training needs. For example:

Between the months of July and December 1998... Queensland had alleged commencements - I do not believe that many of these people were actually legitimate trainees - of 27,865, Victoria had 23,792 and New South Wales had 11,445. Those figures would surely give you an indication that, in fact, there was a very large level of inappropriate activity going on, and it was happening for two reasons. One was the effect of both the previous state government and the Commonwealth government opening up their subsidy and payment arrangements to cover existing workers, which ANTA certainly cautioned against at the time...¹¹³

9.163 Torrens Valley Institute reported that:

In some cases, whole workplaces have been signed up as 'trainees' with little regard to creating new employment opportunities. In these situations, there are concerns as to the level, standard and quantity of training provided, and the maintenance of standards.¹¹⁴

9.164 As a result of these concerns, Commonwealth employer incentives for existing employees were tightened up again in May 1999. DETYA describes the reason as: '...the rapid increase in numbers of New Apprentices who were existing workers was putting pressure on a newly developing national training system originally designed to focus largely on new entrants to the workforce.'¹¹⁵

113 Mr Peter Noonan (Qld Department of Employment, Training and Industrial Relations), *Hansard*, Canberra, 5 July 2000, p.793

114 Submission 88, Torrens Valley Institute Council, vol.5, p.1194-5. Similarly for example Submission 91, Victorian Trades Hall Council, vol.5, p.1226

115 Submission 68, Department of Education, Training and Youth Affairs, vol.3, p.776-7

9.165 While national (NCVER) figures are available on the distribution of New Apprenticeships across age groups, no national data on the split between ‘new’ and ‘existing’ workers is collected at this time, although the NCVER is looking at this issue. Three states, Queensland, Victoria and Tasmania, have provided some data and graphs which show the substantial uptake of New Apprentices by existing workers in those states, particularly in traineeships. In Queensland in 1999, existing employees made up 10.2 per cent of apprenticeship commencements and 14.5 per cent of traineeship commencements.¹¹⁶ In Victoria in 1999, existing workers make up 5.3 per cent of apprenticeship commencements and 25.7 per cent of traineeship commencements.¹¹⁷ In Tasmania in 1999, existing employees varied from month to month between 44 and 70 per cent of commencements.¹¹⁸ The Committee does not necessarily accept that the level of uptake by existing workers is, of itself, evidence of either misuse of incentives or the extent of any misuse.

9.166 The Committee believes that the Commonwealth’s extension of subsidies to ‘existing workers’ (without consulting the states and territories), has artificially inflated New Apprenticeship growth, has diverted training provision away from younger and new entrants to the workforce and has seriously tested the states’ capacity to meet the additional training costs associated with the growth in New Apprenticeships. The effect of the latter is compounded by the Commonwealth initiated ‘growth through efficiencies’ policy which is discussed in Chapter 7.

9.167 As the likely consequences of the Commonwealth’s extension of subsidies to existing workers were so obvious, and as ANTA cautioned against the move at the time¹¹⁹, the Committee has to question the Commonwealth’s motivation, and why the states and territories were not consulted. There is no doubt that the Queensland, Victorian, NSW and Tasmanian Governments are unhappy about the Commonwealth’s action. In their submissions they have reacted not only in terms of the additional financial burden it created for them, but also in terms of its lack of adherence to the ‘partnership’ and ‘consultative’ model of national policy and planning for VET. The Committee agrees that this action by the Commonwealth is a repudiation of the spirit and the terms of the ANTA Agreement.

9.168 The Committee believes that in a national VET system based on partnership, it should not be possible for one party to unilaterally make decisions that directly

116 Queensland Department of Employment, Training and Industrial Relations, further information 9 August 2000, p.318-19

117 Schofield, K, *Delivering Quality, report of the Independent Review of the Quality of Training in Victoria’s Apprenticeship and Traineeship System*, Office of Post-compulsory Education, Training and Employment, Melbourne, 2000, p.A-42

118 Submission 83, Tasmanian Government, vol.4, p. 1079. Existing employees as percentage of contract of training commencements, 1999: Jan 66.2, Feb 67.3, March 70.2, April 67.3, May 56.2, June 52.7, July 38.3, August 44.6.

119 Mr Peter Noonan (Qld Department of Employment, Training and Industrial Relations), *Hansard*, Canberra, 5 July 2000, p.793

impinge on areas for which other parties have responsibility, in this case the responsibility for the quality of training outcomes.

The Committee recommends that:

the Commonwealth not implement changed eligibility criteria for its New Apprenticeships Financial Incentives Program without formally advising and receiving the views of ANTA MINCO on the intended changes.

Possible misuse of incentives

9.169 A number of claims were made to the Committee about the adverse impact of Commonwealth employer incentives on the quality of apprenticeship and traineeship training. One of the more serious claims is that growth in New Apprenticeships is being driven by the desire to gain financial advantage rather than commitment to training, the latter manifesting itself in a failure to meet training obligations under apprenticeship and traineeship Training Agreements.

9.170 Victoria University of Technology, for example, thinks that the current system skews outcomes away from quality and meeting industry needs, and towards cutting costs and making a profit.¹²⁰

9.171 The Victorian Government acknowledged that many of the problems with the quality of traineeships, in particular, come when employers' primary motivation for involvement is to access incentive payments:

This was most evident during the period when Commonwealth incentives were available for existing employees. Where access to financial incentives was the primary motivation, there was little incentive for employers to ensure that training was of a high quality, genuinely delivering new skills, or even taking place at all.¹²¹

9.172 Countering these claims a significant number of submissions argue that subsidies and incentives are used by employers or businesses to provide genuine employment and training opportunities, and are thus addressing industry and national training needs.

9.173 However, even submissions arguing that incentives are being accessed legitimately by employers also acknowledge at least some degree of misuse by employers or businesses whose motivation is to obtain cheap labour with no intention of providing proper training, or to shift the cost of enterprise-specific training onto government. Misuse of the system is most often claimed to occur in relation to the

120 Submission 56, Victoria University of Technology, vol.2, p.580

121 Submission 119, Victorian Government, vol.7, p.1898

converting of 'existing workers' to New Apprentices but is by no means limited to this area.

9.174 The Victorian government was concerned that there are opportunities for 'inappropriate practices...'

...especially in occupations such as Cleaning and Security Operations where Certificate II and III qualifications are nested and can be completed within twelve months. In this situation, large amounts of money can be accessed in short time period with very little training taking place, especially if employees are already largely competent. This is not illegal under current arrangements, but incentives to behave in this way need to be reviewed.¹²²

9.175 The South Australian Government claims it has not found evidence of widespread systemic fraud or 'rotting' as has been reported elsewhere but acknowledges the need to examine the current balance between new entrants and existing workers.¹²³ The NSW Government claims that 'existing worker' registrations are being carefully monitored to ensure agreement is given only to bone fide training agreements consistent with Commonwealth policy on existing workers.¹²⁴

9.176 There are claims that New Apprenticeship Centres (NACs), because their income is directly related to the number of New Apprentice commencements or recommencements, are engaging in questionable practices to keep the numbers up. Such practices are said to include promoting short term lower level traineeships, and down-playing to employers their training responsibilities. Submissions that claim misuse of incentives on the part on employers and businesses attribute much of the cause to the way subsidies and financial incentives are used to market New Apprenticeships, particularly by NACs, Registered Training Organisations (RTOs) and Group Training Companies.

9.177 There are also reports of RTOs engaging in similar unethical behaviour.

9.178 The Committee is persuaded by the evidence presented to it which is reviewed above and in the earlier discussion of on the job and workplace training, that many employers who are in receipt of Commonwealth financial incentives for New Apprentices are not meeting their obligation to provide adequate and relevant training, particularly on the job training. The failure to provide training may be deliberate and stem from unethical or improper motives, or it may be as a result of the lack of

122 Submission 119, Government of Victoria, vol.7, p.1898. Similarly Submission 77, Property Services Training, vol.4, p.974: 'I am particularly concerned about Office Administration and Small Business Traineeships. These types of non-specialist New Apprenticeships promote the "cannon fodder" or "churning" syndrome where employers take on people for subsidies rather than to obtain a quality employee.' See also K Schofield, *Independent Investigation into the Quality of Training in Queensland's Traineeship System*, July 1999, attachment 10, for the widely differing amounts of incentive that may be paid for similar traineeships depending on individual circumstances.

123 Submission 129, South Australian Government, vol.7, p.2093

124 Submission 139, New South Wales Department of Education and Training, vol.9, p.2456

expertise or capability of the employer. Regardless of the cause, it represents a serious misuse of Commonwealth incentive payments.

9.179 The Committee makes recommendations in earlier Chapters aimed at ensuring better monitoring and control of RTOs, on the job training and apprenticeship and traineeship training more generally. The Committee reiterates its views expressed in the earlier chapters.

The Committee recommends that:

Commonwealth financial incentives not be available to employers who have a persistent pattern or a high incidence of withdrawal, cancellation, transfer or other event which involves an apprentice or trainee leaving the employer prior to completion, unless the reasons for leaving can be demonstrated to be attributable to genuine voluntary choice on the part of the apprentice or trainee. Provision should be made for employers to requalify for Commonwealth financial incentives after demonstrating satisfactory training performance over a period of twelve months.

Should existing employees attract New Apprenticeship employer subsidies

9.180 There is support for subsidies to be made available for existing employees, from many quarters, on equity grounds, and on the basis that the national interest is being served by raising the skills of the workforce. NSW WRAPS for example, argues:

It is not appropriate that in moving to a new training based system that existing workers be left behind or be forced to expend their own funds to 'catch up' when they have never had a share of the training dollar. In such circumstances it is not appropriate to argue that the primary emphasis of the VET system should be on young people's needs to the exclusion of the needs of older workers.¹²⁵

9.181 In so far as government assistance for the retraining of existing workers is supported in submissions, most favoured the use of financial incentives, providing abuses can be prevented. For example, the ACTU:

The ACTU considers that existing employees should have an entitlement to access Commonwealth incentives for VET studies in the same way as these are offered to school leavers and new employees... a large number of low paid, low skilled workers who have had no prior opportunity to undertake

125 Submission 35, NSW Retail, Wholesale and Associated Services Industry Training Council Ltd, vol.2, p.318

VET studies should not be denied Commonwealth financial assistance due to the misuse of incentives by some irresponsible employers.¹²⁶

9.182 At least two submissions protest at the tightening of eligibility criteria as a way of overcoming misuse, rather than action being taken to put in place and ensure adequate implementation of quality assurance measures. Construction Training Australia believes lack of system management should not be used to judge the quality of outcomes.¹²⁷ New South Wales WRAPS Industry Training Council argues that:

Arbitrary restrictions on incentive payments penalise those seeking to operate within the system in the appropriate manner as well as those abusing the system. The real solution to this is not to impose more restrictions but to ensure accountability from those who receive the training subsidies and incentives.¹²⁸

9.183 Objections to subsidies for existing employees are based on the argument that financial resources (Commonwealth and state and territory) are limited and cannot stretch to cover the funding of New Apprenticeships ‘on demand’ and therefore must be applied to areas of most need; that is, the employment and training of younger Australians.

9.184 The Committee’s attention was also drawn to the argument that public funding should be directed to training that meets national needs and enhances labour mobility, and that employers should be responsible for the costs of enterprise-specific training. It was argued that employers are likely to require training for ‘existing employee’ New Apprentices to be largely enterprise-specific and that the cost of such enterprise specific training should be met by the employers. The Committee strongly supports this argument.

9.185 The Committee notes that the tightening of the eligibility criteria in relation to existing employees that is now in operation, ie, the exclusion of existing workers who have been employed full time for less than three months or part-time for less than twelve months for AQF Levels II, III and IV, appears to have steadied the growth in existing employee take up of New Apprenticeships and deterred most of the more blatant abuse of the system. The eligibility criteria still allows access to existing employees.

Target audience for New Apprenticeships

9.186 The Committee considered two questions in relation to this issue: is there an appropriate balance between the needs of younger (15-19 and 20-24 year olds) and

126 Submission 140, Australian Council of Trade Unions, vol.9, p.2493

127 Submission 60, Construction Training Australia, vol.3, p.666

128 Submission 35, NSW Retail, Wholesale and Associated Services Industry Training Council Ltd, vol.2, p.318

older (25+) people in New Apprenticeships; and is access by older people limiting access by members of younger age groups to New Apprenticeships?

9.187 Younger rather than older people have been the main participants in traditional apprenticeships. Adults were at one time restricted in taking up apprenticeships by industrial legislation and industrial Award conditions. Even when legislation and Awards were changed to allow adult apprenticeships, the take-up was not great.

9.188 New Apprenticeships are both a vehicle for increasing the skills base of the workforce and a labour-market strategy to deal with youth unemployment. The Commonwealth and states and territories have agreed that priority in New Apprenticeships should be given to young people. Older people are not excluded and there is no difference in User Choice payments or Commonwealth incentive payments based on age.

9.189 The NCVET reports that although apprentice and trainee opportunities for young people may appear to be declining because the share or proportion of younger people in commencements and numbers in-training decreased over the period 1995 to 1998, this is not the case. The share held by young people declined proportionally only because the growth rates in the numbers of older apprentices and trainees outstripped the growth that occurred in the numbers of younger apprentices and trainees. The reality is that participation rates (that is, the number in apprenticeships or traineeships as a proportion of their population age cohort) for 15 to 19 and 20 to 24 year olds steadily increased over the period 1995 to 1999. However, participation rates for 25 to 29 and 30 to 64 year olds more than doubled over the same period.

9.190 Table 9.2 shows that from 1995 to 1999 the *participation rate* for 15-19 year olds increased from 5.7 per cent to 7.1 per cent. The participation rate for 20-24 year olds increased by from 3.8 per cent to 6.0 per cent. In the same period 15-19 year olds as a proportion of the total population fell slightly from 10.6 per cent to 10.4 per cent, and 20-24 year olds as a proportion of total population also fell from 11.1 per cent to 10.7 per cent.

9.191 The participation rates for 15-19 and 20-24 year olds are greater than the participation rates for both 25-29 year olds and 30-64 year olds, even though these have increased significantly: the participation rates for 25-29 year olds and for 30-64 year olds increased from 0.4 per cent to 1.6 per cent and 0.1 per cent to 0.7 per cent respectively.

Table 9.2: Participation rates by age group*

Age group	30/6/95	30/6/96	30/6/97	30/6/98	30/6/99	change 1995-99 percentage points
15 to 19	5.7	5.9	6	6.2	7.1	+1.4
20 to 24	3.8	4.7	5.2	5.4	6.0	+2.2
25 to 29	0.4	0.6	0.8	1.0	1.6	+1.2
30 to 64	0.1	0.1	0.2	0.3	0.7	+0.6
15 to 64	1.1	1.3	1.4	1.6	2.0	+0.9

* : No. in training as proportion of the age group.

Derived from National Centre for Vocational Education Research June apprentice and trainee statistics and ABS Australian Demographic Statistics, June quarter 1995, 1996, 1997, 1998 & 1999, cat. no. 3101.0

9.192 The increase in the proportion of older age groups in New Apprenticeships however remains significant. In 1997, 0.4 per cent of 25+ year olds in the labour force were apprentices or trainees. This represented approximately 15 per cent of apprentices/trainees in training. In 1999, 0.8 per cent of 25+ year olds in the labour force were apprentices or trainees which represented 31.3 per cent of apprentices/trainees in training. In 1997, 25+ year olds made up approximately 78.8 per cent of the total population, approximately 79.8 per cent of the total labour force. In 1999, the population share for 25+ year olds has increased only slightly and participation in the labour force has remained static.

9.193 In terms of participation in apprenticeships as a proportion of age cohort in the labour force, 15-19 year olds and 20-24 year olds fare well. In 1997, 10.9 per cent of 15-19 year olds in the labour force were apprentices or trainees. This proportion increased to 12.6 per cent in 1999. For 20-24 year olds, 6.3 per cent of the labour force were apprentices or trainees in 1997 rising to 7.4 per cent in 1999. For 25-64 year olds the proportion of the labour force who were apprentices or trainees increased from 0.4 per cent in 1997 to 1.1 per cent in 1999. Again, although the proportion of 25-64 year olds in the labour market who were apprentices or trainees increased by nearly four times, the figures also show that a greater proportion of 15-19 and 20-24 year olds in the labour market are taking up apprenticeships and traineeships.

Table 9.3: Labour force participation rates by age group*

Age group	30/6/97	30/6/98	30/6/99	change 1997-99 percentage points
15 to 19	10.9	11.5	12.6	+1.7
20 to 24	6.3	6.6	7.4	+1.1
25 to 64	0.4	0.5	1.1	+0.7

* No. in training as proportion of age group in labour force

Source: Compiled from NCVER and ABS statistics

9.194 The comparative participation of older people and younger people in New apprenticeships should not be confused with the 'new entrants' versus 'existing

employees' issue. NCVET statistics suggest that the proportion of older New Apprentices was increasing steadily before the extension of Commonwealth subsidies to existing employees and NCVET suggests that the stronger growth rates for the older age cohorts may have been a consequence of the lifting of the age barrier to traineeships in 1993/94 as one of the Working Nation initiatives.¹²⁹ However the sharp increase in the number and proportions of older New Apprentices between 1998 and 1999 was undoubtedly due to the availability of the Commonwealth subsidy for existing workers as the bulk of existing employees could be assumed to be older workers.

9.195 Most state and territories do not fund New Apprenticeship training for existing workers. So the growing participation of older people implies a growth in unfunded training. In Queensland (for example) this has been so. From 1 January 1999 existing employees of more than 3 months standing full time or 12 months part time were not funded for training. By 1 July 1999 nine industry areas had 10 per cent or more of their trainees unfunded by the state, and three industry areas (intermediate sales and related workers; cleaners; food tradespersons) had more than 25 per cent of their trainees unfunded. 'This provides strong evidence to support the [Queensland] government's contention that a significant proportion of available training funds prior to 1 January 1999 were going to support existing workers rather than those seeking skills for employment.'¹³⁰

9.196 On the broader issue of whether the VET system favours younger people or older people not enough or too much, submissions had opposing views. Some thought that the VET system is too biased towards new entrants, and that existing workers need more opportunities for skills recognition or upskilling. This view was strongest in industries with relatively unqualified, insecure or ageing workforces. For example:

There is - and has been for some years- a misallocation of VET resources in favour of new entrants to the workforce at the expense of longstanding existing workers. In our industries [manufacturing, utilities, transport] this latter group are doubly disadvantaged - not only but their past lack of access to public VET funding, but also by the threat to their job security posed by technological change and the spread of casual employment arrangements... there is a compelling case on the grounds of equity for extending, rather than curtailing, their stake in the national VET system.¹³¹

9.197 Many stressed the need for reskilling the existing workforce for the needs of the changing economy. Some felt that existing rules impede this:

129 Submission 74, National Centre for Vocational Education Research, vol.4, p.894

130 L R Smith, *Apprenticeships and Traineeships: Queensland Trends - 1998-99 update*, Department of Employment, Training and Industrial Relations [Qld], February 2000, pp.33-34,37

131 Submission 26, Manufacturing Learning Australia, vol.1, p.208. Similarly Submission 60, Construction Training Australia, vol.3, p.663; Submission 117, Forest and Forest Products Employment Skills Company Ltd, vol.6, p.1868

A major weakness of present arrangements... is that having been employed in a trade for three months or more disqualifies the individual from becoming an apprentice in that trade. This policy works directly against government's policy of reskilling the Australian workforce. This restriction, which was introduced to prevent abuses of the system, is working against genuine new apprenticeship requirements for industry.¹³²

9.198 A typical suggestion was:

State and Territory Training Authorities should be in a position to fund every apprentice and trainee under a contract of training, regardless of age.¹³³

9.199 Most submissions acknowledged the need for 'balance' between young and old:

Given that industry is reporting higher level skill requirements at all occupational levels, a balance should be found between the competing objectives of employment based initiatives applying to the entry level workforce (representing 4 per cent of the labour force in any one year) and the need to develop a training culture and skill acquisition across the remaining and future workforce.¹³⁴

9.200 The New South Wales WRAPS Industry Training Council argues that

If we in Australia are to have a "smart workforce" then consideration must be given to funding provision for people already working in industries where little public funding has been directed in the past. This does not need to be at the expense of new entrants but simply a more balanced approach to the availability of public funding. This, in one way, is reflected in the low level of completion of New Apprenticeships where people are employed for the wrong reasons, and leave. By the same token there is some evidence to suggest that people leave to move into full time employment which is a more than satisfactory outcome.¹³⁵

9.201 The contrary view is that the VET system should be clearly focussed on the needs of young people, particularly young unemployed or those otherwise at risk of becoming marginalised.

I think the traineeship area is an area in which you need to look at who is actually getting the traineeships. Most of the people are people who are already in employment. They are not young people. I do not see why we would spend our time focusing on people in employment, spending our

132 Submission 56, Victoria University of Technology, vol.2, p.579

133 Submission 60, Construction Training Australia, vol.3, p.663

134 Submission 64, Australian Industry Group, vol.3, p.716

135 Submission 35, NSW Retail, Wholesale and Associated Services Industry Training Council Ltd, vol.2, p.315

money that way, to be honest. I do not think it is going to help Australia and it is certainly not going to help young people.¹³⁶

9.202 The Committee considers that young people are still the major beneficiaries of apprenticeships and traineeships, and that the increased participation by older age groups is largely due to the Commonwealth's changes to eligibility criteria for the New Apprenticeships employer incentive program. The Committee would expect the figures in the next year or so to show a reversal of the 1998-99 situation.

9.203 The South Australian Government argued that while it is desirable for the existing workforce to be upskilled and for workers to have their skills recognised and receive formal qualifications, this should not be achieved at the expense of the public purse alone, nor should it be achieved through the opportunistic use of New Apprenticeships and User Choice funding arrangements.¹³⁷ The Committee does not oppose the use of New Apprenticeships or User Choice funding arrangements to provide genuine training opportunities for existing workers, but believes this must be carefully controlled so that the roting that was evident in late 1998 and early 1999 cannot occur again.

Recognition of Prior Learning

9.204 An issue that is particularly relevant to existing employees is the recognition of prior learning (RPL) - also known as as recognition of current competencies (RCC). Recognition of prior learning was to be a key means of enabling individuals to gain recognition for the skills and competencies they already hold, thus facilitating the achievement of nationally recognised qualifications. Recognition of prior learning was a cornerstone of the short-lived Australian Vocational Training System but appears to have receded from prominence in the current VET system. While there are warm words of encouragement for the concept there are no actual incentives to progress its application.

9.205 The New South Wales WRAPS Industry Training Council observes that recognition of prior learning has been promoted as a feature of the National Training Framework but in practice it has had limited application, primarily due to the funding systems operative in the states. According to the New South Wales WRAPS, under current funding arrangements most states and providers find that RPL is a costly exercise. Consequently it has been applied only on a limited basis but many existing workers, through extensive on the job work experience, could complete all or a substantial portion of an AQF qualification through recognition of current competencies.¹³⁸

136 Mr B Mackenzie (TAFE Directors Australia), *Hansard*, Canberra, 4 July 2000, p.735

137 Submission 129, Government of South Australia, vol.7, p.2097

138 Submission 35, NSW Retail, Wholesale and Associated Services Industry Training Council Ltd, vol.2, p.319

9.206 The Shop, Distributive and Allied Employees Association points out that this would be a cheaper exercise than applying the costs of a full course, and that it is not unreasonable that existing employees should have the costs of RPL for an AQFII qualification met by government.¹³⁹

9.207 The Agricultural and Horticultural Training Council of South Australia is similarly concerned about RPL:

A major shortcoming of the present system is the reluctance of training providers to recognise peoples' existing skills and experience. ... Students should not be required to participate in training processes where they already have the required skills and knowledge, but some, mainly public providers will not acknowledge this and provide a RCC assessment. This is a disservice to their clients as well as being contrary to the concept of competency based training.¹⁴⁰

9.208 The Agricultural and Horticultural Training Council points out that in South Australia, under User Choice arrangements, training providers are not recompensed for the cost of providing a RCC service. Hence there is no incentive to provide it and an incentive not to if, by including an additional student, more income will be generated.¹⁴¹

9.209 Construction Training Australia argues that if the governments, at Commonwealth and state and territory levels, want to increase skill levels within the existing workforce, they should seriously consider providing public funds for skills assessments to recognise the skills gained outside the formal training system.¹⁴²

9.210 The Committee concurs with the sentiments expressed in these and similar submissions and is disturbed that access to RPL or RCC is impeded by the associated costs.

The Committee recommends that

(a) the Commonwealth investigate how Commonwealth and state and territory funding for Registered Training Organisations could be used to encourage effective and accessible mutual recognition of prior learning or current competencies; and

(b) where employers demonstrate a preparedness to fund training for existing employees to gain nationally recognised qualifications, the

139 Submission 50, Shop, Distributive and Allied Employees Association, vol.2, p.526

140 Submission 46, Agriculture and Horticulture Training Council of SA Inc., vol.2, p.432

141 Submission 46, Agriculture and Horticulture Training Council of SA Inc., vol.2, p.432

142 Submission 60, Construction Training Australia, vol.3, p.664

Commonwealth contribute to the cost of recognition of prior learning or recognition of current competencies for those employees.

