

**Department of Education, Science and Training**



**SUPPLEMENTARY SUBMISSION TO**

**THE SENATE EMPLOYMENT, WORKPLACE  
RELATIONS AND EDUCATION REFERENCES  
COMMITTEE**

**INQUIRY INTO CURRENT AND FUTURE  
SKILLS NEEDS**

**June 2003**

**Department of Education, Science and Training**  
**Submission to the Senate Employment, Workplace Relations and**  
**Education References Committee**  
**Inquiry into Current and Future Skills Needs**

---

The Department of Education, Science and Training (DEST) welcomed the opportunity to make a submission to the Senate Employment, Workplace Relations and Education References Committee into Current and Future Skills Needs in March 2003.

In our submission we provided general information on the Commonwealth New Apprenticeships Incentives Programme which provides incentives for employers to commence and retain New Apprentices.

Recent media coverage of the Senate Inquiry has, in part, focussed on this programme and the way payments are made to employers. In particular, criticism has been levelled at the programme quality controls and how incentives apply to training of existing workers.

DEST provides this supplementary submission to the Committee to clarify issues which may have been raised in relation to the New Apprenticeships Incentives programme.

#### **1.1 ELIGIBILITY FOR NEW APPRENTICESHIPS INCENTIVES**

The payment of Commonwealth incentives under the New Apprenticeships Incentives Programme is governed by robust quality controls. These include not only establishing that the New Apprenticeship is bona-fide and that the employer has established a sustainable employment and training relationship with the New Apprentice but that incentives are targeted in such a way as to best meet value for money principles.

To receive any incentives under the programme all the following criteria must be met in relation to the New Apprenticeship:

- Employment in a New Apprenticeship must be covered by an Apprenticeship/Traineeship Contract which has been signed by both the employer and the New Apprentice and formally approved by the relevant State or Territory Training Authority; and
- Three calendar months of the New Apprenticeship must have been completed; and
- Any State or Territory probationary period must have been completed (this may be more than three months in some cases); and
- Evidence that training has commenced must be provided. The Commonwealth considers that training has commenced when a New Apprentice and a Registered Training Organisation negotiate and sign an agreed individual training programme for the New Apprenticeship. All State and Territory Training Authorities now have arrangements whereby the contract must be accompanied by the training plan otherwise, and depending on specific time limits being met, the training contract is cancelled.

In addition, incentives are not paid or reduced in some cases if a New Apprentice already holds a qualification or has previously commenced or completed a New Apprenticeship. In this way,

the Commonwealth is assured that funding is being provided only in those cases where there is a genuine training need.

## **1.2 INCENTIVES FOR EXISTING WORKERS**

The incentives under the New Apprenticeships Incentives Programme are aimed at encouraging employers to make a commitment to training – especially to newly acquired workers. Incentives for existing workers are confined to encouraging long-term and high-level training in areas of special need.

The definition of ‘existing worker’ for Commonwealth incentives purposes is an employee who has been in an employment arrangement with an employer for more than three months full-time or twelve months part-time or casual. Workers employed for less than three months are treated as though they are new entrants for the purposes of Commonwealth incentives.

An existing worker may only attract incentives under the programme if they convert to a higher level Certificate III or IV New Apprenticeship where:

- the full-time nominal training period declared on the Apprenticeship/Traineeship Training Contract is 2 years or more; or
- the New Apprenticeship is eligible to attract the Rural and Regional Skills Shortage incentive.

These requirements mean that existing workers only attract Commonwealth incentives if they are converting to traditional apprenticeships, high level traineeships or New Apprenticeships where the occupation is in an identified skill shortage area and located in rural or regional Australia.

As with new workers, any prior qualification held by an existing worker affects incentives entitlement. In particular, if a worker holds a Certificate III or above qualification they are not eligible to attract any incentives for their employer.

## **1.3 DATA ON SEPARATION FROM NEW APPRENTICESHIPS**

Recent research conducted by the National Centre Vocational Education Research (NCVER) for the Department indicates that the greatest proportion of New Apprenticeship commencements are still registered more than 1 year from commencement.

For example, for New Apprentices who commenced in 2001, on average 52 per cent were still in training after 1 year and 29 per cent remained in training for between 6 and 12 months. It is during this time that many of the New Apprentices, particularly those at Certificate II level would successfully complete their training. On average for 2001 commencements, only 9 per cent remained in training for between 3 and 6 months, and 10 per cent were in training for less than 3 months.

This data indicates that employers are not withdrawing from the system at the time Commonwealth incentives become payable. Incentives are not paid until a minimum three months of the Apprenticeship/Traineeship Training Contract has expired and only 9 per cent of 2001 commencements who reached the 3 month eligibility gateway did not continue their training past 6 months.

The data for 1998, 1999 and 2000 mirrors this trend and the average percentage of those remaining in training for more than 1 year has increased steadily from 34 per cent for 1998 commencements to 52 per cent for 2001 commencements.

Research conducted by the Department in February 1999 *Traineeship non-completion*, Grey, Beswick and O'Brien compared separation rates for traineeships with general labour force mobility data. The research indicated that the rate of non-completion of traineeships was of the same order as the rate among the general population for separation from employment within a year of commencing a job. A DEST 2001 study, *Undergraduate completion rates: an update*, indicated that New Apprenticeship non-completion rates appeared similar to non-completion rates for university undergraduates.

#### **1.4 SERVICING ARRANGEMENTS FOR NEW APPRENTICESHIPS CENTRES**

DEST places high priority on achieving industry coverage and growth in New Apprenticeships take-up across industries especially in areas where there are skills shortages or emerging skills shortages. Under the New Apprenticeships Support Services Contract DEST requires New Apprenticeships Centres to conduct their business according to the industry profile of the region.

DEST, in consultation with State and Territory Training Authorities has produced industry profiles for each of the 21 contract regions and New Apprenticeships Centres' performance is monitored against these profiles on a quarterly basis. DEST recognises that the labour market and industry activity may change over the life of the New Apprenticeships Support Services Contract and in order to ensure that New Apprenticeships Support Services are responsive to industry needs, DEST will review and, if necessary, adjust the industry profiles for each New Apprenticeships Centre annually after consulting with all State and Territory Training Authorities.

The Commonwealth further assures quality in New Apprenticeships through its contractual arrangements with New Apprenticeships Centres. In providing New Apprenticeships Support Services in the third contract period commencing 1 July 2003, New Apprenticeships Centres will be required to:

- market and promote New Apprenticeships to employers, New Apprentices and other interested persons in the Tender region;
- provide accurate, current, and comprehensive information to employers and New Apprentices, particularly at the commencement of the New Apprenticeship. This includes information on the rights and responsibilities of employers and New Apprentices as outlined in the National Code of Good Practice for New Apprenticeships (see *Appendix 9 - National Code of Good Practice for New Apprenticeships*) and information on the range of New Apprenticeship options available that best meet the needs of individual businesses;
- work with State and Territory Training Authorities to provide a streamlined support service for employers and New Apprentices;
- provide support to employers and New Apprentices throughout the New Apprenticeship to encourage the successful completion of New Apprenticeships;
- administer the New Apprenticeships Incentives Programme (including processing applications and claims); and
- establish effective relationships with State and Territory Training Authorities, Job Network Members, Group Training Organisations, Registered Training Organisations, schools and other organisations to encourage the commencement and successful completion of New Apprenticeships.

The next contract period strengthens the emphasis the Department is placing on the importance of New Apprenticeships Centres providing accurate, current and comprehensive information to employers and New Apprentices at the commencement of the New Apprenticeship in order to encourage the successful completion of New Apprenticeships. This emphasis requires, as far as possible, that New Apprenticeships Centres be present at the sign-up and where this is not possible the Department is requiring New Apprenticeships Centres to visit all employers and New Apprentices as soon as possible in the first six months and make follow-up contact at the six month point.

This represents a tightening of the requirement to do an initial visit, but gives New Apprenticeships Centres greater flexibility in terms of determining when they undertake the visit to achieve greater retention and completion outcomes. The Fee for Service payment structure for the next contract period has been adjusted to reflect the emphasis on outcomes and further simplification and streamlining of the payment structure.

## **1.5 SATISFACTION LEVELS**

The Department conducts an annual satisfaction survey of New Apprentices and employers as part of its commitment to monitoring KPIs in the current contract. The most recent survey was conducted in October to November 2002.

The aim of the survey was to obtain measures of New Apprentice and employer satisfaction with the New Apprenticeships Centres in relation to the relevant KPIs identified in the New Apprenticeships Support Services (NASS) contract. A KPI benchmark of 80% overall satisfaction regarding the provision of a streamlined service is required for both New Apprentices and employers. At the National level, overall satisfaction amongst New Apprentices (89.8%) and employers (89.4%) was higher than the 80% KPI benchmark.

In addition, the National Centre for Vocational Education Research (NVCER) 2002 Student Outcomes Survey indicates that 90% of New Apprentices who had completed their training rated their course highly. 91% said they wholly or partly achieved their main aim in doing the training.

