



Submission to the Senate Employment, Workplace
Relations and Education References Committee

Inquiry into Current and Future Skill Needs

April 2003

Introduction

NGT is the trading name for Northern Group Training Limited and it is a not-for-profit national employment and training company working predominantly in the new apprenticeship area. It is the only such company to be a registered group employment organisation in every state and one of the few to hold User Choice contracts with every state government. NGT is currently the training provider for over 8000 registered new apprenticeship arrangements, making it one of the largest private training providers in Australia. It specialise in supporting national organisations, particularly franchise arrangements, to find a way through the complex variations in state requirements relating to vocational training. One of the major problems with Australia's state based vocational education and training situation is that organisations that operate in different states have difficulty coming to grips with the differing complex requirements in each state. NGT has provided a framework to assist these organisations and is the chosen training provider for a significant number of national organisations.

It is the view of NGT that the issues of skill shortages and skill development in Australia are critical in making Australia more internationally competitive, reducing levels of unemployment and providing meaningful and satisfying work for all Australians. The combination of the National VET Strategy and the National Training Framework is a comprehensive and powerful vehicle to meet the current and future skill needs of Australian Business. The strategy was critical in dealing with the fact that the various states of Australia have responsibility for training policy and practice under Australia's federation system. However Australia is now perceived internationally as the benchmark in terms of policy and practice in developing appropriate workplace skills and many countries are seeking to either adopt a similar system or utilise the Australian qualification framework.

NGT believes that the National VET Strategy, introduced in January 1998, is the critical, central component that has lead to Australia's success. It is the components of this strategy that have caused employers to embrace formal vocational training for their staff and that has lead to a rapid rise in the numbers undergoing nationally recognised training. There are many examples of industries making great advances by

utilising vocational training, including the automotive industry with significantly increased export earnings and the aged care industry with better service delivery in aged care facilities. While state and federal funding arrangements are important, employers are clear that there are other key factors that cause them to embrace training under a national scheme.

Critical Factors for Employers

NGT has significant experience working with employers who have recently chosen to use new apprenticeships to increase the skill levels of both existing workers and new recruits. This experience has shown that there are three critical factors driving the utilisation of more structured training. These are;

Flexible training delivery

Employers are concerned that training should occur at a time and place that suits their requirements, and they are also concerned that the training be delivered in a way that suits the learning needs of the trainee. In particular it has become obvious that institutional based learning as the sole method of delivery is not a model that finds any support. The most common model is one where combinations of learning methodologies are used. Critical skills are often developed through special, away from work, training activities such as training sessions or workshops, while other more involved practical skills are developed through on-the-job learning activities that are often project based. There are a number of industries where problems with literacy and numeracy skills among the workforce make it impossible for classroom based training to be effective.

Enterprise specific training

It is becoming increasingly important for employers to be able to train their staff on equipment, procedures and systems that are relevant to their industry or organisation. Franchises for example are particularly keen to train staff in ways that achieves consistent, national standards of customer service and operational performance. Many

organisations now use sophisticated technical equipment and systems and generic training is no longer suitable or relevant. Many of NGT's clients complain that historically they have had to "un-train" staff who have undergone training through institutional training programs because the training is not only not relevant, but in some cases produces unsafe practices in the different context of the workplace.

User Choice

The above two elements cause employers and trainees to seek out Registered Training Organisations that can meet their specific needs. The element of User Choice is central to the National VET strategy and is designed to ensure that the individual needs of employers and trainees can be met. It is the experience of NGT that many national organisations are not prepared to work with state based RTO's as they end up with different training in each state causing significant problems in the workplace.

Emerging issues with the National VET Strategy

The ability to continue to bring the objectives of the National VET Strategy to fruition will depend largely on whether the enabling mechanisms in the strategy are continually implemented in the way in which they have been conceived and intended. The key enabling mechanisms include:

- * Training Packages
- * The AQTF
- * New Apprenticeships
- * User Choice
- * The Australian Qualifications Framework.

The National VET Strategy whilst conceptually very sound, is now starting to fail to live up to its potential because the above enabling mechanisms are being diluted and distorted when implemented at a state level. Despite broad agreement to the VET strategy by MINCO, when it comes to implementation each state is continuing to interpret and apply the strategy very differently. The result is rather than having one

nationally consistent and coherent system for VET, Australia has ended up with 8 very different VET systems.

Training Packages are underpinned by a competency-based approach to learning. It is evident that a key distortion that occurs in many states through the process of implementation is that the competency based model gives way to the anachronistic hours, or time served based approach to delivery. The nominal hours model is clearly the foundation of the institutional learning environment. This is no more apparent than in NSW where after a training package has been endorsed at a state level the package is transformed into a curriculum. The state government continues to fund and support a curriculum services branch that turn all training packages into the very product that they were designed to replace. Clearly employers are extremely frustrated, that despite all the promises and rhetoric about the new system being industry focused, there has been no real change in how VET learning services are delivered in practice. Employers are seeking enterprise specific training that is delivered flexibly to their standards. In practice this is very difficult to access particularly given User Choice is virtually non-existent in many states.

NGT is extremely concerned that the critical elements leading employers to utilise vocational programs are current being eroded by stealth by most state governments, and this will lead to a very significant reduction in the utilisation of vocational training in this country. This will lead to a significant drop in the number of new apprenticeships and the consequential erosion of the benefits to Australia and its citizens.

There are a number of decisions taken by state governments over the past two years that support this assertion.

Most states provide different levels of funding for different training delivery methods

User choice funding favours institutional learning in Queensland, NSW, SA and WA. Rates to providers who deliver flexibly are less than 50% of the classroom delivery funding in nearly all cases for the above listed states and Queensland do not fund flexible delivery under User Choice at all. For Certificate 3 in Community Services

(Aged Care) NSW government provides \$2,520 for off-the-job institute based training, \$2,310 for off-the job distance education, and \$1,500 flexible work based training. This clearly discriminates against some training methods and restricts flexibility.

Choice of training providers no longer exists in most states

Virtually all state governments have moved to a preferred supplier model through a tendering process. In practice employers are unable to have genuine choice in their training provider as state governments effectively control this decision. Choice for employers in many jurisdictions is now restricted to which TAFE college they use. Training providers are either being restricted through contract funding arrangements or restricted through other contract arrangements. NGT for example has had its contract value cut in Victoria, and its status as an RTO changed in Queensland. Because employers can no longer select a funded training provider of choice, they effectively have no choice.

There is massive variation in the nominal duration of pathways between states

For example the Certificate III in Vehicle Sales is deemed to be a four-year program in Queensland but only 12 months in Western Australia. National employers in particular are disadvantaged by this irregularity making it impossible to achieve coherence and continuity between states if they opt to use VET programs as the basis of their staff development programs.

Early completions for New Apprenticeships rules differ in every state

It is almost impossible to obtain early completions in NSW, QLD and SA. Inability to early complete is another factor that reinforces the time served learning model.

It is clear to NGT that the utilisation of New Apprenticeships is being driven from employers. If employers can access training that suits their needs, we have seen that they will utilise it to the full extent possible. This of course achieves the stated

outcomes of our National VET Strategy. However if employers cannot access training with the flexibilities they have become used to, they will abandon it it doves.

It would seem that most states have an agenda to support the institutional based learning model. Restriction in User Choice contracts and a bias toward funding off-the-job training support this. NGT is concerned that these policies will take Australia back to the mid 1990's. It is our view that all principles of the National VET Strategy should be reinforced and a commitment made by all state governments to comply with them.

Conclusion and Recommendation

Whilst the enormous state variations continue with VET, employers will continue to experience dissatisfaction with the services and products of the VET sector. The VET system as an archetype is well placed to meet the current and future skill needs of the Australian economy. Current practice with implementation by the states however is diluting the system and rendering it impotent in its capacity to build the knowledge and skill base of the Australian workforce. Unless urgent action is adopted to ensure consistency in the implementation of Vocational Education and Training in Australia then the future capacity of the Australian workforce will be put at risk. The current trend where the tail seems to be wagging the dog is the single biggest risk to Australia's VET strategy failing to deliver a skilled Australian workforce that is internationally competitive.

- 1. That Federal funding to state governments for vocational training be conditional upon those state governments complying with the principles and practices agreed to by the Ministerial Council.**