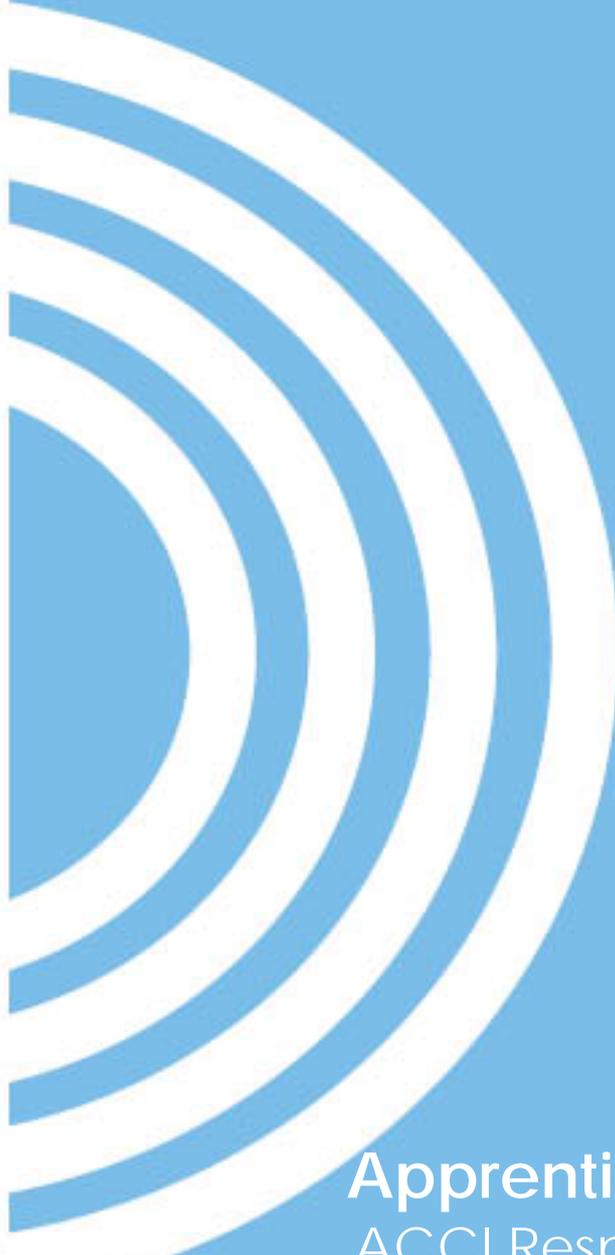




AUSTRALIAN CHAMBER OF
COMMERCE AND INDUSTRY



Apprenticeships for the 21st Century

ACCI Response to the Expert Panel Report

April 2011



ABN 85 008 391 795

Canberra Office
COMMERCE HOUSE
24 Brisbane Avenue
Barton ACT 2600

PO BOX 6005 Kingston,
ACT 2604 AUSTRALIA

T: 02 6273 2311
F: 02 6273 3286
E: info@acci.asn.au

Melbourne Office
Level 3, 486 Albert Street
East Melbourne VIC 3002

PO BOX 18008
Collins Street East
Melbourne VIC 8003
AUSTRALIA

T: 03 9668 9950
F: 03 9668 9958
E: melb@acci.asn.au

W: www.acci.asn.au

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1. ABOUT ACCI

1.1 Who We Are

The Australian Chamber of Commerce and Industry (ACCI) speaks on behalf of Australian business at a national and international level.

Australia's largest and most representative business advocate, ACCI develops and advocates policies that are in the best interests of Australian business, the economy and community.

We achieve this through the collaborative action of our national member network which comprises:

- All state and territory chambers of commerce
- 27 national industry associations
- Bilateral and multilateral business organisations

In this way, ACCI provides leadership for more than 350,000 businesses which:

- Operate in all industry sectors
- Includes small, medium and large businesses
- Are located throughout metropolitan and regional Australia

1.2 What We Do

ACCI takes a leading role in advocating the views of Australian business to public policy decision makers and influencers including:

- Federal Government Ministers & Shadow Ministers
- Federal Parliamentarians
- Policy Advisors
- Commonwealth Public Servants
- Regulatory Authorities
- Federal Government Agencies

Our objective is to ensure that the voice of Australian businesses is heard, whether they are one of the top 100 Australian companies or a small sole trader.

Our specific activities include:

- Representation and advocacy to Governments, parliaments, tribunals and policy makers both domestically and internationally;
- Business representation on a range of statutory and business boards and committees;

- Representing business in national forums including Fair Work Australia, Safe Work Australia and many other bodies associated with economics, taxation, sustainability, small business, superannuation, employment, education and training, migration, trade, workplace relations and occupational health and safety;
- Representing business in international and global forums including the International Labour Organisation, International Organisation of Employers, International Chamber of Commerce, Business and Industry Advisory Committee to the Organisation for Economic Co-operation and Development, Confederation of Asia-Pacific Chambers of Commerce and Industry and Confederation of Asia-Pacific Employers;
- Research and policy development on issues concerning Australian business;
- The publication of leading business surveys and other information products; and
- Providing forums for collective discussion amongst businesses on matters of law and policy.

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1. EXECUTIVE SUMMARY

The Australian apprenticeship system is highly regarded throughout the world and the Australian business community has shown its strong support for the current model through its continuing engagement with and employment of apprentices. Despite this high level of support, there are many barriers to employers engaging more apprentices. These barriers were identified in the ACCI National Workplace Skills Survey 2010¹ with the highest level of response being that job seekers are not adequately prepared (i.e. literacy, numeracy or other gaps) for taking on an apprenticeship. Another significant barrier to employers' engagement in apprenticeships was that the training system is too complex.

Action in both areas is required. ACCI believes that appropriate planning and preparation are required for all parties in an apprenticeship including the identification and resolution of language, literacy and numeracy issues. How the appropriate level of support might be delivered is expanded under the ACCI One Stop Shop Model. Reform is also required to reduce the administrative and regulatory burden on business employing an apprentice or trainee. Duplication of administration across jurisdictions results in increased costs and inefficiencies that can act as a significant barrier to employing an apprentice.

ACCI recognises that significant improvement to performance within the system is needed, especially in the areas of retention and completions of apprentices in order to meet the skills demands of a growing economy.

ACCI believes that needs of employers, as the primary provider and link between apprentices and the world of work, must be the central focus point of apprenticeship reform. Effective employer engagement with the apprenticeship system is essential and the role of the employer as the primary provider of work-based training and the first point of call for pastoral support for the apprentice must be recognised and provided for in any reform process. In each case proposals for national consistency must be accompanied by industry and sub-sector consultation on the detail and timing of the change.

The imposition of an Employer Contribution Scheme is unwarranted and opposed. It ignores existing business investment in skills development. If such a scheme were to be introduced, funding would be directed towards supply driven training approaches and supporting poorly targeted training bureaucracies rather than focussing on providing skills directly related to the needs of employers. Unless the system trains employees in relevant skills needed and valued by employers, then the apprenticeship system will flounder not flourish. An Employer Contribution Scheme would also introduce a negative price signal that discourages taking on an apprentice, especially in a business that can only afford one or two new staff and not attract a rebate.

¹ JMA Analytics, 2011, *Employers' Commitment to Training*, Australian Chamber of Commerce and Industry, p12

The recent ACCI National Skills Survey of Australian employers found that more than 90% of businesses contribute financially to training staff. The survey also found that employers make a significant investment by providing paid time off for study, course fee subsidisation and through apprentices' and trainees' supervision costs. Imposing an additional financial burden on employers at a time when all effort must be made to maximise skills development would be counterproductive and deviates the reform agenda away from making positive changes that build greater capacity and industry responsiveness in the system. It is imperative that the training effort be driven by business demand and targeted in areas that will increase business productivity and workplace efficiency. Ultimately it must lead to increased employment viability and the retention of skilled staff.

Any redirection of incentives away from entry level traineeships may incur unintended consequences which could pose a threat to the on-going viability of traineeships and the employment prospects of many of those individuals outside the workforce. We argue against taking policy in this direction. Even though the Expert Panel gives consideration to on-going incentives being paid for employing apprentices from disadvantaged groups, there is still a threat to these groups being denied access to employment across a broader range of industries and in lower level certificates that act as stepping stones in building skills capability.

On this point, the Expert Panel Report did not do justice to non-traditional trades and lower skilled occupations, especially in the growing services industry. The recently released ACCI Service Industries Blueprint highlights the widespread contribution service industries make to the economy and labour market².

ACCI welcomes recommendations to introduce an Excellence in Employment Scheme to recognise and reward those employers who have consistently demonstrated their commitment to excellence in training apprentices and trainees. ACCI believes that promoting employers who are committed to training will raise the profile of apprenticeships and traineeships and encourage more employers to consider the benefits of employing apprentices and trainees.

As the Australian economy returns to rapid growth, it is imperative that we have the required pool of skills and knowledge to drive productivity. A simplified and streamlined Australian apprenticeship system will put Australia back on the front foot in meeting the skills demands of the Australian economy.

Detailed responses to each recommendation can be found at **ATTACHMENT A**.

² ACCI, 2011, *Services: The New Economic Paradigm*, ACCI, Canberra. Pg. 64

2. KEY ISSUES

2.1 Employer Contribution Scheme

The proposal to establish an Employer Contribution Scheme is designed to provide resources to apprentices at risk of not completing their apprenticeship, but particularly during a time of economic downturn. While ACCI agrees that actions should be taken to support apprentices at risk of not completing, the introduction of an Employer Contribution Scheme and other like programs should not be compulsory. Similar schemes that operate overseas demonstrate that employers regard the schemes as simply another tax and that they do not affect their decision to train employees. Measures which support a voluntary and positive involvement of employers to address these problems are preferred.

Australian governments should be working with business and industry associations to address these problems and not force-fitting a potentially wasteful solution onto all industries regardless of circumstances. Attempts should be made in the first instance to consult with employers and employees about innovative approaches to the problem. Industry should be the driver of such reforms rather than the creation of another bureaucracy and potential level of complication. A debate on this issue would be a divisive and unproductive distraction.

2.1.1 Employers are committed to training

The recently released ACCI National Workplace Skills Survey³ found that Australian employers generally demonstrate a high level of commitment to training. The survey found that 91.5% of employers are currently investing in training for employees, with spending driven mostly by business considerations such as productivity and competitiveness. Two thirds of employers said they spent between \$500 and \$999 a year per employee on staff training, with over a fifth spending \$1000 or more. ACCI believes that the introduction of an Employer Contribution Scheme could have the perverse effect of causing employers to scale back their investment in training to the required minimum and not fully consider training to meet future skills needs and business requirements.

Any training related cost to businesses in the current climate must translate into immediate productivity gains for the business. It is imperative that the training effort be driven by business demand and targeted in areas that will increase business productivity and workplace efficiency and ultimately lead to increased business viability and the retention of skilled staff.

³ ACCI, 2011, *Employers Commitment to Training*, ACCI, Canberra. Pg. 2

2.2 Redirection of Training Incentives

ACCI believes that there is a need to ensure that all skills needs are covered regardless of whether or not they are deemed to be “higher level skills” by the government of the day. There needs to be recognition that critical shortages in many lower level or perceived lower value occupations impose serious constraints on development and productivity across Australia. It is possible that unless all occupations are included, we may reach the situation where large scale resources projects have the higher level skilled workers, such as engineers and traditional tradespeople, but lack workers with lower level technical skills such as concreters, crane drivers and riggers and ancillary staff in the hospitality and accommodation sectors. Many lower level skills areas include occupations where the skills take significant time to acquire; have a great likelihood of the skills being deployed as intended and would cause significant cost to the economy and community if the skills are left in short supply.

ACCI believes employer incentive payments are an important aspect of skills formation for a variety of industries and occupational groups. The Expert Panel proposes redirecting incentive payments into support for ‘eligible apprenticeships’, probably in the form of directly provided support services. There are substantial risks in both choosing which occupations to support based on perceived value to the economy and funding support services through bureaucratic mechanisms.

The services industries in Australia over the period November 1984 to November 2009, saw an average employment growth rate of 2.6 per cent, much stronger than the pace in Australia’s total employment growth (2.0 per cent). Additionally, in 2007-08, the services sector accounted for more than 75 per cent of Australia’s gross industry value-added and services exports accounted for around 23 per cent of Australia’s total exports⁴.

ACCI believes that there is potential for significant harm to be done to the Australian economy if training incentives in these sectors were removed. The removal of training incentives would restrict productivity development and employment growth in the services sector, thus constraining one of Australia’s strongest performing industry sector in terms of employment growth and economic contribution.

2.2.1 Low Value vs. High Value Trades

In relation to funding, the report recommends ways to refocus support to “higher value” occupations. The redirection of support away from entry level traineeship programs could see substantial disengagement from the National Training System, particularly by industry sectors such as hospitality and retail services, business services sectors and the health and community care sector. This potential disengagement is exacerbated by the proposal to “pick winners” by identifying that certain occupational groups are of higher value than

⁴ ACCI, 2011, *Services: The New Economic Paradigm*, ACCI, Canberra, pg. 5

others. Such a move would result in the driving down of industry standards. While it has been well established that incentives play a secondary part in the decision to employ an apprentice, the explanations for this somewhat differ. The ACCI National Skills Survey identifies that incentives are not the main reason for an employer to take on an apprentice but this is because the current levels are too low to have a significant impact on behavior.

Conversely, we also know that another business survey of employers found that 89.5 per cent of respondents were “less likely to employ an apprentice/trainee” when asked if the loss of financial incentives would influence their decision to employ trainees or apprentices over the next 12 months⁵. So the unintended consequences of withdrawing incentives could be decreased commencements of trainees/apprentices, compounding the skills problems for industry and reducing the base on which to build additional and higher level skills.

Apprenticeships and traineeships are one of the few predominantly demand driven training mechanisms in Australia. Programs such as the Productivity Places Program, Youth transitions and Green Corps are supply driven through training providers or third party agencies and in most cases are not linked directly to longer term sustainable employment outcomes.

2.2.2 Effects on Disadvantaged Groups

While the impact of such a move would be felt across all sectors of the Australian community, it is likely the effects would be suffered disproportionately by members of the community who are already disadvantaged or marginally attached to the labour force such as “Aboriginal people employed in rural locations by a national bank, long-term unemployed people working for a charity’s cleaning enterprise in Melbourne, women in a range of jobs returning to the workforce, early school-leavers around Australia.”⁶

The redirection of incentives could potentially see the main training related funding source withdrawn from key projects and initiatives aimed at providing sustainable employment opportunities for those outside the workforce. As an example, the Community Pharmacy Agreement between the Commonwealth and the Pharmacy Guild of Australia enables the provision of primary healthcare in Aboriginal communities with Indigenous trainees undertaking training in Community Pharmacy qualifications, which are part of the Retail Services Training Package.

⁵ VECCI Blog 9 March 2011

⁶ Smith, E, 3 April 2010, *Apprenticeships for the 19th Century*, Campus Review.

2.2.3 Youth Pathways

Pathways for the total cohort of youth are also likely to be affected. Apprenticeships and traineeships remain an important vehicle for targeting youth engagement and boosting the skill levels of young people. Apprenticeships and traineeships are essential in providing young people with a pathway into meaningful, highly valued work and are often the first step on the ladder to higher qualification levels. The direct costs to business of such a decision is one factor the government should be considering in response to the recommendations about incentives but also, more broadly, the government should be analysing the indirect costs to the community and the opportunity costs of alternative pathways for the groups previously mentioned. The effects are much more likely to be insidious and more difficult to redress once dismantled.

The opportunity cost of these potentially lost pathways for youth could be very high indeed. While traineeships, a Labor government initiative, were originally introduced to deal with high youth unemployment, the outcome has been that a large number of Australian youth have benefited from undertaking a training pathway via a traineeship. Without such pathways being available, the fate of youth who leave school early or enter the workforce with Year 12 completed will be able to learn by experience and informal strategies rather than through accredited courses to industry standards. As consumers of these industries, it presents a vision of future levels of quality that should trouble the Australian community. The idea that Australian industry is just going to pick up the tab anyway is misguided and the possible havoc will be a price paid by all.

2.2.4 Employer Costs are not offset by incentives

At present, the employer incentive for a Certificate II level trainee, which represents the majority of entry level traineeships in these areas, is \$1250. Since many traineeships are conducted over 2 years part-time due to the nature of employment in these industries, this incentive effectively amounts to \$625.00 per year. This is a very small percentage of the trainee's annual wage. For a four year, fulltime Certificate III apprenticeship, the standard incentive of \$4000 is also a small fraction of the costs incurred. With a set number of hours per week of the employee's time allocated to formal training and assessment, the employer incentive fails to cover the cost of the lost productivity of the employee undergoing training, let alone the associated costs related to training such as additional course fees, travels costs, time off for study, tools and equipment and supervisory costs.

In addition, there is no completion incentive available at Certificate II level unless undertaken in a declared drought affected area. As a result the employer must then cover the costs of training and lost production from tight bottom lines.

If employer incentives are made unavailable to entry level traineeships, and diverted to untested support service models of 'eligible apprenticeships' there is a real danger that

employers will be far less inclined to take on apprentices and trainees, further increasing the skills deficit of the labour force and reducing the available pool of people suitable for training in higher level vocational qualifications.

ACCI research finds that many employers place greater value on commencement incentives rather than incentive payments weighted more towards the completion of the apprenticeship. The lack of productivity of apprentices is significantly front-end loaded (that is a first year apprentice is far less productive than a fourth year apprentice). This was, in part, the logic for a higher commencement payment⁷. It is important that the commencement payment is sufficiently high to offset the loss of productivity borne by engaging an apprentice at the beginning of their training. Failure to do so will reduce commencements.

There is no doubt that incentives do affect commencements. This is demonstrated very clearly through programs such as 'KickStart' where additional incentives drove additional commencements. If commencements slow, because of the removal or reduction of commencement payments, the number of completions will also be reduced.

It would be possible and easy to lift completion rates artificially by removing those pathways with the lowest rates. However, obviously, that does not solve the skills or participation challenges. As incentives have a greater influence on commencements their structure should reflect that. Once in an apprenticeship, however, mentoring and other support has a greater ability to influence the completion rate. Therefore, any successful apprenticeship model must balance those approaches to lift engagement while also increasing completions.

The early stages of an apprenticeship see significant costs borne by the employer and a comparative lack of productivity on the part of the employee. These are not simply wage-related costs, but costs associated with decreased productivity, supervision costs, costs associated with the purchase of tools and protective equipment along with costs directly associated with training for the apprentice. The recently released ACCI National Skills Survey found that employers of apprentices, on average, provide direct supervision of the apprentice for 25.5 hours per week and at average hourly cost of \$52.30. These costs are greater in the early stages of the apprenticeship when greater levels of supervision are required.

Weighting apprentice incentive payments to focus on completions may also lead to increased poaching of apprentices as they reach the later stage of their apprenticeship. There is a danger that some employers will seek to capitalise on the expense and effort put into an apprentice in the early stages of the apprenticeship and lure the apprentice to their business with the offer of higher wages. This will see the employer who devoted the

⁷ The original concept of the employer incentive scheme back in 1998 was \$1,250 on commencement, 1250 on progression, and \$1,500 on completion. However, incentives were originally weighted towards the start of the apprenticeship and not the completion by combining the value of the commencement and the progression payments.

least effort and expense to the training of the apprentice receiving the greater part of the incentive payment.

2.3 National Custodian

Apprentices and trainees currently represent 25 per cent of the 1.7 million students enrolled in the Vocational Education and Training (VET) system and 3.8 per cent of the entire workforce.

Apprenticeships provide the most important training pathway for trade skills in industry. Improvements and streamlining to the system are needed to ensure the future supply of skilled labour.

There is at present a lack of clarity of governance arrangements and apprenticeship/traineeship structures across the jurisdictions, which leads to regular criticism of the Australian Apprenticeships system, especially for national employers.

At present the Australian government, state and territory governments, Industry Skills Councils, Fair Work Australia and the Fair Work Ombudsman each perform some oversight functions with the National VET Regulator also taking on a role in 2011.

The Expert Panel recommends that the National Custodian be comprised of representatives of the eight jurisdictions, the Commonwealth and one representative each from the unions and an industry association. Given that the apprenticeship system is supposed to be industry led, this composition would be generally unacceptable.

ACCI would be generally supportive of a nationally harmonised apprenticeship system, including a role for Commonwealth leadership in creating a harmonised regulatory environment. This would serve to eradicate much of the inconsistency and duplication across the eight jurisdictions and also streamline funding mechanisms and incentives which can differ greatly between jurisdictions. An industry advisory committee of MCTEE would need to be established to support and advise the Commonwealth in undertaking this function.

We need strong and unambiguous national regulatory reform in real terms, not a de-facto approach.

2.3.1 VET in Schools

For the same reasons outlined above, ACCI would not support the introduction of legislation to regulate VET in Schools as technically the delivery of VET in Schools is already covered by legislation (AQTF Standard 3.3). ACCI considers the main problems that arise from VET in Schools are because schools often deliver on a fully institutional basis and students do not learn or are not assessed in the workplace. It is the lack of connectivity

with industry, not the lack of regulation that needs to be addressed to achieve better outcomes for VET in Schools.

2.4 Recognising Employer Excellence

The paper recommends the introduction of a scheme whereby employers become 'employers of choice' by recognising employers that have a certain percentage of staff engaged in formal training as an example. This recognition would provide the employer with a marketing tool in the form of a logo (or a similar tool) for use on stationery and websites.

ACCI has previously advocated this structure with a 6% workforce benchmark; however, the Expert Panel has recommended a 10% benchmark.

A measure based solely on the proportion of apprentices and trainees within a workplace is not sufficient to ascertain quality and to gain the status of an 'employer of choice'. It will be necessary to include other criteria including completion rates (this information should be available on the Federal government's Youth Training Management Information System (TYIMS)). Industry stakeholders need to provide leadership in such a scheme and to develop industry agreed criteria. A pilot scheme should be developed and tested for its suitability and impact on employer behaviour.

As a principle, positive reinforcement through voluntary participation is more likely to achieve a better outcome in recognising excellence.

2.5 Competency Based Progression

A competency based progression approach to Australian Apprenticeships must recognise the primacy of the employer as the final determinant of competency of the Australian Apprentice. RTOs must work closely with employers to ensure that the assessment of Australian Apprentices under a competency based progression model reflects the employer's view as to whether the Australian Apprentice is deemed to be competent in the workplace.

ACCI agrees that competency based progression approaches can be valuable in building nation's skill stock where there is alignment with the needs of industry.

However, a competency based progression approach will not be suitable for all businesses or all industries, especially where there is a distinct separation between competencies learned and validation of on-the-job and those learned in an institutional environment without workplace validation.

A competency based progression approach to the completion of units of competency requires the agreement of employers, employees and the registered training organisation (RTO) (the Parties). Where a group training organisation (GTO) is the employer, the

employer and the host employer with whom the employee is undertaking their training must both be included in the agreement.

Before a competency based progression agreement is made, the employer and the employee should understand how the agreement will work and ensure there is a good match between the needs of the business and the needs of the employee. The relationship with intermediaries such as the Australian Apprenticeship Centre (AAC), GTO, business or industry association, and union is clearly articulated and understood.

Some employers are concerned that a model which pushes accelerated progression of competencies that act as an offset to the cost of the apprenticeship against a time frame of completion (generally around 48 months), will lead to a drop in the quality of the occupational outcome for the Australian Apprentice. This is a serious perspective that needs to be given full force.

Pay progression points should reflect minimum industry agreed components. There should be flexibility about which models are used according to the needs and endorsement of industry.

ACCI believes that all competency based progression approaches must be industry endorsed and align with the needs of industry. This includes the choice of competencies which are chosen for learning according to the needs of individual businesses and their consistency with training pathways identified in Training Packages.

Employer incentives and rewards should not be linked to progression. The system previously had this feature and it added no value to the system and actually detracted employers from engaging due to complexity.

2.6 Apprentice Completion Rates

Much of the Expert Panel's discussions and the report were based on the premise that completion rates in apprenticeships were unacceptably low and that a huge portion of the national training effort was going to waste. ACCI and a number of other stakeholders have, for some time, been pointing out that there are a number of significant issues with the national data collection that artificially inflate non-completion numbers. For example, an apprentice changing employers will be classed as a non-completion with their first employer and a new commencement with their new employer.

The government should set as a priority the inclusion of recommencements in the national completion data. It is possible for States and Territories to identify completion rates that are inclusive of recommencements and ways to do this at a national level must be considered. For example, Victoria has produced apprenticeship data based on the Delta system which is able to include the effects of recommencements. If this is the case, then it would be possible for all States and Territories to produce similar data.

While the introduction of a unique student identifier will overcome this problem in some part, all aspects of the NCVET survey structure must be evaluated to identify additional

improvements to give the government and the community a better picture of the evidence. This should be undertaken in an objective manner with industry consultation on the effectiveness of the current survey.

The non-completion rate is often presented as 'wasted training'. However, with unit of competency completion rates of up to 80 per cent or more, the proportion of the qualification that has been completed contributes to the development of the individual's technical and employability skills, and their productive capacity. This effect is supported by studies that have found competency based learning, when combined with workplace based learning, develops the individual's general employability skills and improves their chances of transitioning into employment and further training⁸.

However, more importantly, the skills that have been acquired and assessed allow the individual to re-engage in accredited training at a later point and have that learning recognised. If we were to have fewer individuals undertaking traineeships and more informal learning in the workplace (a potential outcome of the recommendations), these individuals would be penalised each time they transitioned between employers or industries, or sought to undertake further training. While it is important to improve the overall qualification completion rate, it is equally important to recognise that the benefits of transferable skills, as noted in the Report, are realised immediately when the student undertakes training, and not at the point of completion.

2.7 Employer Pre-Accreditation Scheme

The recommendation to establish an employer pre-registration scheme is heavy handed and disproportionate. It is designed to provide a mechanism to deal with a minor number of employers who take improper advantage of the apprenticeship system, yet a much wider group of employers would be directly penalised if this recommendation is accepted by the government. This is currently dealt with by States and Territories in a more targeted way. ACCI questions whether the costs and bureaucracy of a pre-employment registration would solve the problem. ACCI also questions the magnitude of the problem and whether a compulsory pre-registration is a proportionate response. By all means take the 'rotten' apple out of the barrel but don't penalise all employers for the actions of a few. In some cases, the problems relate to jurisdictional compliance measures, not employers. ACCI agrees there is clearly a need for some requirement to identify and recognise employer compliance and good practice, however it should be a voluntary code.

Risk management practices used by Chamber based Australian Apprenticeship Centres (ACCs) and industry based Group Training Organisations (GTOs) are an existing mechanism to overcome this problem. Feedback received from South Australia where a system like this has been implemented indicates employers are frustrated by an additional layer of

⁸ Karmel, T., Mark, K., The likelihood of completing a VET qualification: A model-based approach, NCVET, 2010

bureaucracy and administration being introduced. Good and bad employers are both affected by such a scheme and the good employers must bear the burden of the actions of less reputable employers.

ACCI research on improving the completion rates of apprenticeships points to employers adopting a systematic approach to attraction and recruitment of apprentices. Mentoring of apprentices also plays a significant role. Under the one-stop shop model brokerage services would be accessible to employers seeking tools and services in these areas. A copy of the ACCI One Stop Shop Model can be found at **ATTACHMENT B**.

However, ACCI does not agree with withdrawing money from other sectors of the apprenticeship system to pay for increased mentoring. ACCI prefers a holistic and systematic approach to be taken that includes recruitment as well as mentoring.

2.8 Apprenticeships Support Services

ACCI has proposed the establishment of a one stop shop model that encourages and enables participation from key stakeholders, namely employers and apprentices, and is therefore going to achieve greater efficiencies, reduce wastage, and encourage broader participation.

The philosophy behind a one-stop shop approach is that the complexity of the current system can be reduced. The appropriate level of support can be made available by choices made by employers about how much help they need to successfully host an apprenticeship to completion. In a market with a learner focussed entitlement funding model, the better informed apprentices are, the better the choices they will make. Employers are better equipped to provide the right sort of apprenticeship opportunity to the apprentice if appropriately supported and without having to waste time, effort and money understanding the fragmented pieces of the system in order to manage the regulatory and non-regulatory aspects of the apprenticeship.

There is a need to streamline information services for employers and apprentices about apprenticeships. The fractured nature of current services adds to the complexity of engagement experienced by the apprenticeship parties. The ACCI One Stop Shop Model proposes a brokerage arrangement for accessing quality industry information as part of a one-stop shop approach.

2.9 Review of Industrial Arrangements

ACCI believes that the workplace relations system should not be leading the way in terms of decisions about structural changes to existing employment arrangements that apply to apprentices and trainees. Any changes to those arrangements should instead be driven by and reflect outcomes determined by industry parties in the context of the needs and requirements of their sector and the overall VET framework.

ACCI does not therefore support a broad review of existing apprentice and trainee arrangements by Fair Work Australia. On this issue, Fair Work Australia's role needs to be more targeted, more limited, and more consistent with its core expertise and charter.

However, it is acknowledged that changes to awards or other industrial arrangements may be required at some point in the future to reflect changes agreed by industry parties to existing vocational and training arrangements in their industry sector. A decision to move to some form of competency based progression in a particular industry sector would be an obvious example of where consequent award changes might be required to reflect this new structure.

It should also be noted that ACCI's recent National Workplace Skills Survey confirmed again that many employers already provide additional benefits in excess of their minimum obligations to apprentices and trainees based on the needs of that business and the parties involved. These include extra payments, enhanced conditions, additional paid study time and other forms of in-kind support.

The development of these enterprise based arrangements should be supported and encouraged.

The minimum wage objectives of the Fair Work Act 2009 provide, inter alia, for Fair Work Australia to establish and maintain a safety net of minimum wages for employees to whom training arrangements apply (s.284(1)). ACCI was and remains the industry party to the original creation of the National Training Wage Award in the 1990s. ACCI continues to support subsidiary wage rates for trainees and apprentices. There continues to be recognition by Parliament that their employment is particularly vulnerable. It is essential that these employees must remain competitive in the labour market. Specifically, this means that any increase to safety net wages and conditions does not act as a disincentive for employers to hire or retain trainees and apprentices. Reiterating our position that we do not support a broad based review by Fair Work Australia, with respect to the narrower question of an appropriate safety net of award based minimum wages and conditions, the reality is that any significant change (ie. uprating) to the safety net pay and conditions may ultimately discourage the employment of persons seeking training and employment opportunities.

Employers, unions and governments have recognised the importance of maintaining training and skills development through economic cycles. Employment to which training arrangements apply is particularly vulnerable and cost sensitive and any change in the price of training based employment threatens to tip more of these calculations in favour of not taking on or retaining employment and training places.

The Commonwealth has previously set out in a substantive written submission to the 2006 National Minimum Wage Review setting out the policy background and economic rationale for training wage rates⁹.

ACCI commends that work and recommends that the Government review that literature as part of its consideration of the Expert Panel Report.

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<http://www.fwa.gov.au/sites/afpc2006wagereview/submissions/AustralianGovernmentSubmission2006Chapter10MinimumWagesforApprenticesandTrainee.pdf>

ATTACHMENT A

SPECIFIC RECOMMENDATIONS AND ACCI RESPONSE

1. *Establish a National Custodian to oversee reform that will ensure Australia has a high quality Australian Apprenticeships system that:*

- *responds to the needs of the economy*
- *supports nationally consistent standards for employment and training of apprentices and trainees*
- *focuses on retention and completion of apprentices and trainees*
- *supports high quality skill development to ensure all apprentices and trainees have well rounded and highly respected skills required by the economy.*

As a first step an independent taskforce should be established to work with the eight jurisdictions to align their systems and develop a framework and process for the establishment of the National Custodian. The taskforce would be led by an independent chair and have a representative from each state and territory government, a union and an employer group.

ACCI would be generally supportive of a nationally harmonised apprenticeship system with a role for Commonwealth leadership in creating a harmonised regulatory environment.

This would serve to eradicate much of the inconsistency and duplication across the eight jurisdictions and also streamline funding mechanisms and incentives which can differ greatly between jurisdictions.

An industry advisory committee of MCTEE would need to be established to support the Commonwealth in undertaking this function.

2. **Enhance the quality and effectiveness of the Australian Apprenticeships system by clarifying the roles and consolidating the number of stakeholders in the system, ensuring that services are provided by the most appropriate provider, duplication of service delivery is reduced and administrative processes are streamlined. The National Custodian would ultimately be tasked with this role and will require Australian and state and territory governments – in consultation with industry, unions and other key stakeholders – to work together. In the interim the independent taskforce would progress this work.**

In the short term, this recommendation sits well with the ACCI One Stop Shop Model for apprenticeship services and support. While the One Stop Shop model should be adopted by government, ACCI does not see it as the role of a future National Custodian.

- 3. Establish a formal accreditation process for the pre-qualification and training of all employers of apprentices and trainees to ensure a nationally consistent minimum standard of high quality employment and training is provided. In addition establish an Excellence in Employment Scheme to recognise and reward those employers who have consistently demonstrated their commitment to excellence in training apprentices and trainees.**

While ACCI is strongly supportive of measures to skill employers to provide stronger on-the-job training and mentoring, a system requiring employers wishing to employ an apprentice or trainee to register and pre-qualify could discourage employers from taking on an apprentice or trainee due to the additional layer of bureaucracy.

ACCI has advocated for upskilling supervisors and employers to strengthen on-the-job training and mentoring for apprentices, however, the prequalification of employers to allow them to hire apprentices by sending a departmental inspector /training consultant to examine the workplace is excessive. If strong support services were available, as per the ACCI One Stop Shop model, the AAC, through the standard sign up process could conduct a site audit and remove the need for an additional layer of bureaucracy.

ACCI welcomes the recommendation to introduce an Excellence in Employment Scheme to recognise and reward those employers who have consistently demonstrated their commitment to excellence in training apprentices and trainees. ACCI believes that promoting employers who are committed to training will serve raise the profile of apprenticeships and traineeships and encourage more employers to consider the benefits of employing apprentices and trainees.

- 4. Establish structured support for employers to provide high quality employment and workforce development experiences for *eligible apprentices and trainees*. The focus of Australian Government support should be on assisting employers to provide high quality on-the-job and off-the-job training through support services such as mentoring and pastoral care.**

ACCI supports increased and streamlined information and advice services for employers along with upskilling programs aimed at developing training and mentoring skills for employers of apprentices.

Employers and supervisors who have been up-skilled to undertake this function are preferred to a model where a group of roving mentors go from workplace to workplace to provide this service.

Where the employer has indicated their preference for support in this area, State and Territory Chambers of Commerce and Industry based AACs and industry based GTOs can provide mentoring services to assist them.

- 5. Redirect current Australian Government employer incentives to provide structured support services to *eligible apprentices and trainees* and their employers in occupations that are priorities for the Australian economy. While a wide range of occupations should be trained through apprenticeship and traineeship pathways,**

Australian Government support should focus on occupations that have tangible and enduring value for the economy – both in the traditional trades and the newer forms of apprenticeships and traineeships, such as community services, health services and information technology.

ACCI would be strongly opposed to redirecting the bulk of incentives to "priority occupations" perceived as high value contributors to the economy. This would in effect remove incentives to training in niche areas and in traineeships in sectors like retail and hospitality which are entry level stepping stones for marginalised youth, indigenous Australians etc. It would also serve to stifle emerging skills areas by starving them of incentive to train and creating future skills shortages. ACCI believes that incentives should be in place for all apprenticeships not just those seen as "high value" to the economy.

The ACCI Services Blueprint¹⁰ examines the role of apprenticeships in the services industry as a pathway for further employment and training, especially for young people and finds that apprenticeships remain an important vehicle for targeting youth engagement and boosting the skills levels of young people. Apprenticeships, particularly lower level qualifications such as Certificates I and II, are essential in providing young people with a pathway into meaningful, highly valued work and are often the first step on the ladder to higher qualification levels.

Redirecting incentives could serve to create two tiers of apprenticeships, those that are attractive to employers and potential apprentices because they attract incentives and those that are seen as low value. This would starve the perceived lower value occupations of skilled staff and lead to increased skills shortages.

6. Reinforce the need for a shared responsibility for the Australian Apprenticeships system by establishing an Employer Contribution Scheme in which employer contributions will be matched by the Australian Government. Employers who meet defined benchmarks for training and support of *eligible apprentices and trainees* would have their contribution rebated, either in part or in full.

It is generally regarded that an employer contribution fund will not encourage business to further engage in training and can actually breed resentment and a cost culture of training in Industry. The Training Guarantee Levy created dysfunction within the VET sector by creating a fixation with supply side issues in public VET providers while not increasing uptake of training to any great degree.

An imposed training levy is a blunt tool and affects all businesses regardless of size or industry type. With tightening margins and low demand remaining in some sectors, imposing an immediate cost with no immediate productivity or financial gain would serve to increase the financial stress on many businesses. This in turn could serve to increase unemployment or the casualisation of permanent staff through decreased staffing needs, shedding of staff and business closures.

¹⁰ ACCI, 2011, *Services: The New Economic Paradigm*, ACCI, Canberra. Pg. 73

Any training related cost to businesses in the current climate must equate to immediate productivity gains for the business. It is imperative that the training effort be driven by business demand and targeted in areas that will increase business productivity and workplace efficiency and ultimately lead to increased business viability and the retention of skilled staff. In light of the above, a debate on this issue would be a divisive and unproductive distraction given the wider task of undertaking apprenticeship reforms.

7. Facilitate a cooperative and flexible approach by governments and industry bodies to allow for the continuation of both training and employment of apprentices and trainees during periods of economic downturn. Early intervention should be a key element of this approach. Support for a range of measures to be in place until economic recovery occurs could include:

- reduction of work hours offset by additional training
- increased off-the-job training
- placement with other employers within the industry
- increased mentoring and support.

ACCI would be generally supportive of this recommendation provided that such a scheme did not have compulsory buy-in from employers and that off-the-job learning was validated and reinforced with strong on-the-job learning components.

Government should work closely with business and industry associations to tailor programs to specific industry and regional needs.

8. Formally regulate the quality of VET in Schools within the VET system to enhance the consistency and quality of training across all jurisdictions and to recognise the potential of VET in Schools as a pathway into an apprenticeship or traineeship.

Quality issues in VET in Schools (VETiS) programs have been raised by ACCI and members for some time. ACCI believes that increased regulation is not necessary as quality issues can be resolved by ensuring that VETiS programs are subjected to the same quality and regulatory processes as other VET providers.

ACCI supports a concentration on maximising quality training outcomes for VETiS students and better articulation arrangements from VETiS into formal apprenticeship training upon completing school where there is industry buy in.

Addressing the lack of industry involvement in learning and assessment in VET in Schools programs will address concerns and issues rather than introducing an additional layer of regulation.

9. Increase national consistency in preparatory training by directing the National Quality Council to develop definitions for pre-apprenticeship and pre-vocational training.

ACCI would welcome strengthened pre-apprenticeship and pre-vocational training arrangements provided that industry leads the development of programs with sectoral specific programs being developed to target entry level training and vocationally specific

language, literacy and numeracy development to facilitate entry into trades' apprenticeships.

There needs to be a distinction between introductory industry awareness programs and those that lead to industry pathways and employment outcomes.

10. Provide additional support for apprentices and trainees who face specific challenges, such as:

- o **Indigenous Australians**
- o **disability**
- o **located in regional or remote Australia**
- o **having poor language, literacy and numeracy skills.**

Australian Government support will be provided to these apprentices, trainees and their employers to assist in overcoming barriers to participation and completion of their apprenticeship or traineeship. Support will be through the provision of tailored structured support services and the continuation of some current Australian Government employer incentives.

ACCI would welcome additional incentives for those marginalised from the labour force. ACCI stresses the importance of involving employers in developing strategies that will ultimately lead to sustainable employment outcomes for those outside the workforce. Job Services Australia Providers and registered training organisations would need to work with employers to ensure that jobseekers have both the required skills and a work ready attitude to ensure smooth transitions into the workforce.

In addition, labour market reform is required to better utilize resources for disadvantaged groups, not just the utilization of training courses as a panacea for multiple problems and barriers to labour market participation.

The ACCI National Skills Survey found that low Language, Literacy and Numeracy levels amongst potential apprentices remains a significant barrier to the employment of an apprentice. ACCI would welcome efforts to boost the basic skills levels of potential apprentices through the use of targeted pre-vocational and pre-apprenticeship programs that have a strong LLN focus coupled with basic technical skills related to the apprentices areas of career interest. ACCI would, however, stress the need to engage with employers in the development and implementation of such programs to ensure that the skills imparted reflect the realities of the workplace and also to provide the opportunity for the learner to undertake work experience in a real work environment. This work experience component will serve to validate the skills

11. Implement a strategy to raise the status of apprenticeships and traineeships including promotion as a valued career choice for both males and females. This should be led by the Australian Government, in consultation with state and territory governments,

industry bodies and unions. The National Custodian, when established will lead the ongoing effort to raise the status of apprentices and trainees.

ACCI would support this recommendation as part of the role in Apprenticeship Support Centres (ACCI One Stop Shop Model) where brokerage services would be used to connect to direct industry careers information. ACCI does not support the National Custodian playing a role in this arena.

12. Promote a culture of competency based progression in apprenticeships and traineeships, in partnership with industry bodies and employers. Additionally, a greater acceptance and achievement of competency-based wage and training progression should be supported by all stakeholders.

ACCI supports competency based progression in apprenticeships and traineeships where the industrial parties have reached agreement about how this should happen. ACCI believes that competency based progression is different across industries and locations according to specific industry needs. Rather than apply a formulaic response to apply across the board, there needs to be an industry agreed set of principles to underpin competency based progression and completion.

Some concerns remain that a model which pushes accelerated progression of competencies that act as an offset to the cost of the apprenticeship against a time frame of completion (generally around 48 months), will lead to a drop in the quality of the occupational outcome for the Australian Apprentice.

ACCI does not support reference to the training based aspects of competency based arrangements in modern awards. The training system should not be the driver of industrial arrangements.

13. Improve the implementation of Recognition of Prior Learning and Recognition of Current Competence and support provisions for such recognition in modern awards to ensure that flexibility and mobility are supported.

ACCI is strongly supportive of improved RPL and RCC pathways for existing workers in line with the findings of our recent research on mature aged and existing worker apprentices.

However, ACCI does not support a reference to RPL and RCC in modern awards as training and IR are separate issues and putting it into awards will not solve the problems of lack of good RPL and RCC pathways.

14. Support a review of apprenticeship and traineeship provisions, wages and conditions by Fair Work Australia, considering:

- the removal of barriers to competency based wage progression in modern awards
- apprentice and trainee award pay compared to going rates of pay
- age, diversity and circumstances of commencing apprentices and trainees
- allowances (travel, tools, clothing, course fees)
- cost to apprentices and trainees of participation in an Australian Apprenticeship
- part-time and school-based arrangements



- **recognition of pre-apprenticeship and pre-vocational programs**
- **supervision ratios for apprentices and trainees.**

While there have been many calls for increased wages for apprentices, the ACCI National Workplace Skills Survey has found that many employers of apprentices (47%) pay above award rates and offer significant in-kind support such as paid time off for study and subsidising additional course fees for apprentices.

ACCI would recommend caution in reviewing pay and conditions as significant changes may discourage the employment of apprentices.



ATTACHMENT B

ACCI ONE STOP SHOP MODEL

Objective of a One-Stop Shop Approach

There is general agreement that:

Australia needs to build its skills base;

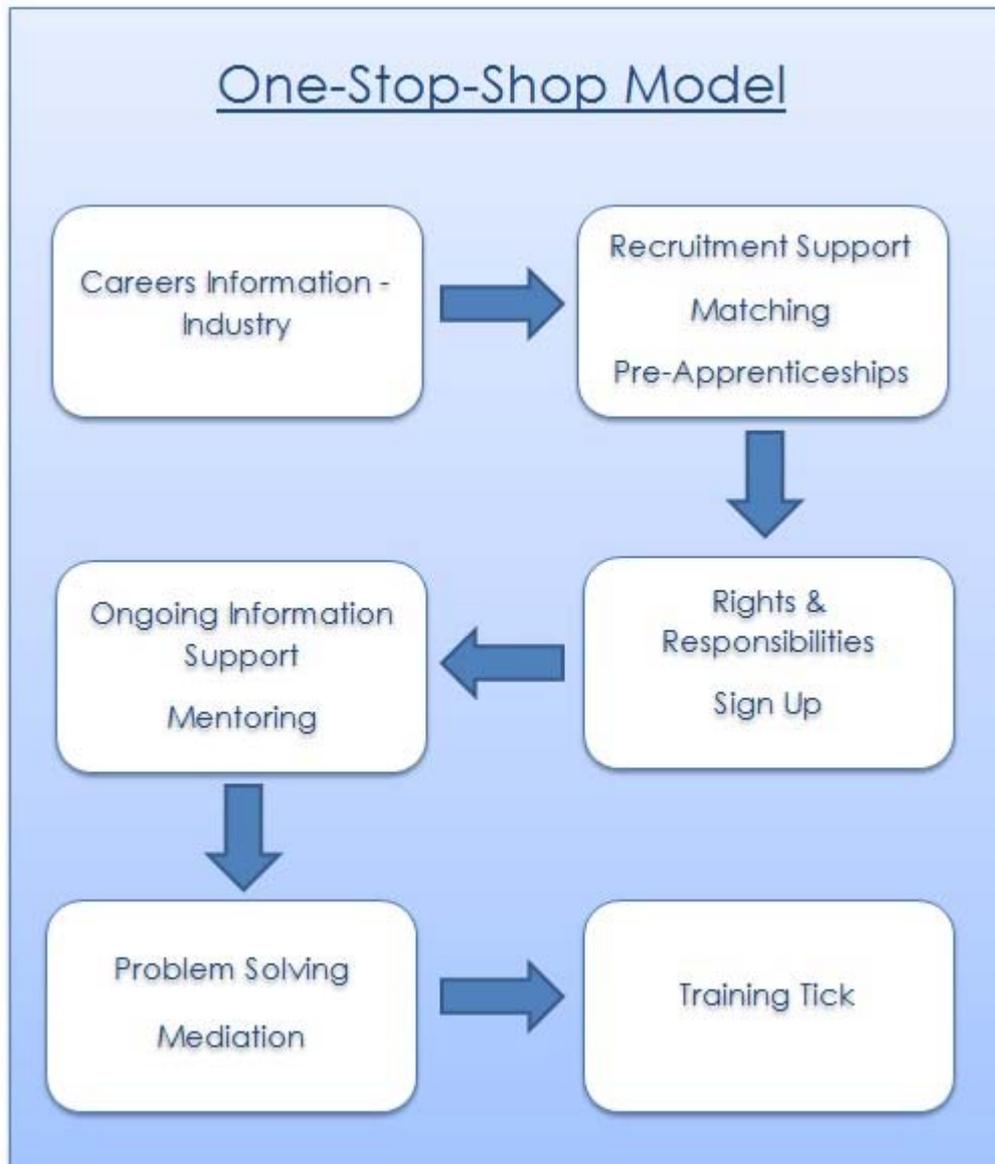
- the VET system is overly complex and could act as a barrier to participation in formal training; and
- a market operates most effectively when the choices being made are based on full information to the extent that it's possible.

A service model that encourages and enables participation from key stakeholders, namely employers and apprentices, is therefore going to achieve greater efficiencies, reduce wastage, and encourage broader participation.

The philosophy behind a one-stop shop approach is that the complexity of the current system can be better understood and reduced. In a market where demand driven options are being considered by government through an entitlement funding model, the better informed apprentices are, the better the choices they will make.

Better informed apprentices can become better matched with employers as the period of testing out options is potentially reduced.

Note the term apprentice and apprenticeship is used collectively in this attachment to refer to both trainees and apprentices unless it is otherwise identified.



Employers are better equipped to provide the right sort of apprenticeship opportunity to the apprentice if appropriately supported and without having to waste time effort and money understanding and coordinating the fragmented pieces of the system they need to navigate for both regulatory and non-regulatory aspects of the apprenticeship.

In combination, these benefits potentially make the apprenticeship system more attractive to both parties. If it is easier to manage, more stakeholders will become involved and the training effort will be increased.

Focusing on the positive efforts of good employers through the use of a training tick complements the proposed streamlined administration and simplification reforms proposed under this model.

It becomes technically possible to increase the formal training effort and there is better use of the public dollar.

The Apprenticeship Support Centre (ASC) Model

The objective of the model is to reduce the complexity of the system in order to make it simpler to navigate and encourage increased use.

The model is based on the concept of levels of service. Not all employers and apprentices require the same level of support, if any, to engage in an apprenticeship. The level of service required by both the employer and the employee will determine what interventions and support services will be provided.

The range of services to employers and apprentices will be provided and or facilitated, referred or brokered by an Apprenticeship Support Centre (ASC). The intent is not to duplicate existing services but leverage off them to support apprentices completing their apprenticeship.

ASCs will advise employer of all the options for engaging apprentices eg direct employment, GTO, labour hire.

Access to Information and Support

Access to information and support within the VET sector is currently complex, bureaucratic and at times bewildering for many stakeholders particularly employers, students and job seekers. COAG has recognised the centrepiece to developing the skills of the Australian people is the shared commitment of all Governments to a national training system which is responsive to local needs, and delivers high quality and nationally consistent training outcomes. The dissemination of information and the direct supply of services specific to the engagement and retention of apprentices is a core element of this objective.

ACCI proposes the establishment of Apprenticeship Support Centres (ASCs) to replace the current delivery model which is fractured across a range of services and agencies. ASCs would deliver an enhanced range of services to employers and apprentices which would include the provision of careers information that has been developed by business and industry.

Industry Led Careers information

As previously outlined, receiving accurate career information can have a significant impact on the decisions of apprentices in making career development choices. As such, it is critical that they access information directly from industry, which is best placed to provide correct information. The proposed Apprenticeship Support Centres would provide liaison services between school students, school-based careers advisors, intending apprentices and direct business and industry sources.

The ASC would also promote the benefits of skills development to apprentices and employers in addition to sourcing business and industry careers information including skill shortages. In navigating the complexities of the VET system, ASCs would also act as a filter to manage the enquiries of apprentices and employers and direct them to best source of

information to answer their queries. They would provide VET expertise in plain, simple English.

For apprentices, the ASC could provide information about pre-Apprenticeships in industries that have industry support. They might also be referred to Job Service Australia (JSA) providers if labour market programs are a more effective intervention before an apprenticeship is commenced.

Recruitment, Matching and Pre-Apprenticeships

ACCI research indicates that employers should focus their efforts on good recruitment if they want to increase the likelihood of an apprentice completing their apprenticeship

Businesses could start this process by undertaking a workforce diagnostic analysis to undertake a workplace skills audit and identify potential apprenticeship skills development options. ASCs would support the employer to source a credible service provider to undertake this function, or direct them to resources to assist them in this process.

ASCs would also provide access to recruitment, coordination, brokerage and matching services to support employers in undertaking a systematic approach.

Apprentices would also benefit from greater emphasis on the recruitment and matching processes that will be the focus of the ASC model. They will have received the best possible information before they enter an apprenticeship and be suitably matched with an employer. They will have a comprehensive understanding of what will be occurring over the duration of the apprenticeship and their expectations should be more realistic.

However it is not envisaged that the ASCs are the actual recruiters – they provide advice on sources of recruitment such as JSA providers and commercial providers. There would be a direct link to JSA providers giving complementary and specialised services.

Where it is desired by the potential apprentice and where it is relevant, they would be directed to a pre-apprenticeship that is recognised and endorsed by industry.

If relevant, the potential apprentice might also be directed to labour market programs to overcome specific problems such as Language, Literacy and Numeracy (LLN) difficulties.

The Role of Group Training Organisations

There are many outstanding group training arrangements in place. Specifically, where a group training model has been embraced by industry and used to build skills in that industry, there is a place for their continuation.

However, as Group Training Organisations (GTOs) only employ 6.7 % of apprentices Australia wide the scale up to assume all AAC services and market responsibilities should be transferred to GTOs is a whole of market transformational change and represents significant risk. There is a lack of GTOs operating effectively throughout all areas and regions to provide employers with a choice of service providers.

AACs administer over \$1.6 billion annually in Commonwealth government incentives to employers and apprentices and have clearly demonstrated their ability to administer on behalf of government. Outsourcing only to GTOs presents significant risk.

It is a question of scale, choice and separation of roles rather than GTOs in themselves. Many industry run GTOs are highly rated by employers where there is a direct industry linkage and the purpose of the GTO is to serve the industry, not to make a profit.

How it might work

ASCs either at pre-sign up or at sign up complete a risk assessment of the likelihood of successful completion. This process involves the development of a national standardised tool for all ASCs to use.

The risk assessment approach underpins the solution to the one size does not fit all approach. It is a mechanism for identifying the appropriate level of support required. The model is flexible and responsive to changed circumstances during an apprenticeship either with the employer or apprentice resulting in the level of support services being flexible and adaptable throughout the duration of the apprenticeship to completion.

Employer risk factors that would be assessed include but not limited to assessment of past completion rates (data available to ASCs in TYMIS), recruitment process undertaken (rigour/integrity), HR support capability within the business, GTO, this should include their tick rating too.

Apprentice risk factors that would be assessed include but not limited to apprentices who may face specific challenges such as a disability, Indigenous, living away from home, remote or regional location, perceived language, literacy or numeracy challenges, past apprenticeship not completed etc.

A matrix model would underpin the risk assessment process that determines the level of support to be provided to both the employer and apprentice. A three level rating support system is recommended. Any more than three levels becomes too complex for all parties.

For all employers the ASCs would undertake sign up and commencement work (independent advice, information, RTO options, completion of Training contract/agreement, induction and requirements as required under respective State and Territory Training Authorities. For all employers who employ directly, ASCs undertake all visits, contacts, mentoring and support activities as initially assessed and reviewed periodically throughout the duration of the apprenticeship through to completion.

Labour hire arrangements would see all support services being provided by the ASC.

GTO employers post sign up undertake all visits, contacts, mentoring and support activities in line with the risk assessment undertaken by the ASC. The GTO then claims a fee for service from the ASC for doing so as the GTO is performing these services instead of the ASC. Evidence is then provided by GTO to ASC with a claim which then updates the Federal Government's data base. . ASCs pay the GTO a support service fee and claim small administrative fee from the government.

ASCs would process completion requirements as required federally and as per respective State and Territory Training Authorities.

This approach reduces the complexity for businesses who choose to use the services of a GTO.

These services should be available for tender to all parties. Therefore where appropriate, some ASC providers may decide to tender for the ASC service inclusive of labour hire/ GTO arrangements. However, robust governance arrangements would need to be made so as to ensure the public dollar is being spent in a transparent and valid way.

The benefits of this approach would be that there would be streamlined services to employers and apprentices. Duplication of services would be avoided and minimise any confusion of host employers and apprentices between GTO and ASC role.

Subsequently the cost to GTOs of providing field / mentoring services to support employers, apprentices through to completion is reduced

The cost to an employer in engaging an apprentice through a GTO is reduced as these costs are covered through the Australian Apprenticeships Support Services Model. That is the fee for service intended to be paid to the ASC is paid to the GTO with ASCs receiving a small processing fee.

Reduced costs mean GTOs can reduce their costs to employers making the GTO option much more attractive to employers to engage apprentices. This could encourage more SMEs to take on an apprentice.

Rights and Responsibilities and Sign Up

Once the match between employer and apprentice has been made a formal contract is entered into. Currently employers and apprentices are meant to be provided with information about their respective rights and responsibilities (induction) in entering into an apprenticeship.

Too often, lip service is paid to this important element of an apprenticeship with a tick and flick mentality being evident amongst some service providers. In seeking to maximise the number of sign ups and minimise the time spent on administration, short cuts may be taken.

While employers are agreeable to signing up an apprentice, they sometimes have an expectation that the service providers will fill in the paperwork on their behalf. So the problem can be compounded.

Greater focus on the rights and responsibilities of each party would become part of the business models of the ASCs. As well as information of rights and responsibilities, the parties should also be provided with information including any special needs of individual apprentices, and information about the support they will receive during the apprenticeship such as mentoring and how to access this additional information.

ASCs will also provide information on how government funding support can be obtained.

This information should be provided in an integrated and holistic manner so that the rights and responsibilities are explained in a context of total service delivery.

Recognition also needs to be factored in for employers who employ numerous apprentices and therefore the employer component of the induction needs to be able to be modified. The risk assessment process outlined above would underpin this flexible approach to the sign up of the employer.

Ongoing Support, Information and Mentoring

Apprentices would also benefit from greater emphasis on the recruitment and matching processes that will be the focus of the ASC model. They will have received the best possible information before they enter an apprenticeship and be suitably matched with an employer. They will have a comprehensive understanding of what will be occurring over the duration of the apprenticeship and their expectations should be more realistic.

Once the apprentice has been signed up, the ASC will liaise with relevant service providers to provide a general OHS Induction and an introduction to sustainable work practice (Green Skills). This will make the apprentice prepared and work ready at the beginning of the apprenticeship. Information about mentoring and support services that an apprentice can access during the apprenticeship would also be integrated during this introductory phase.

The introductory skills may be provided by third parties where existing arrangements are strongly supported by industry. The ASC would provide liaison and coordination services to facilitate the ease of access by employers and apprentices.

During this phase, the employer would also be provided with access to information on mentoring including the option to provide workplace supervisors with the opportunity to develop their mentoring skills. For example programs such as Experience + or undertaking supervisory skills sets from Cert IV in TAE or frontline management may be appropriate.

This would involve the introduction of two Commonwealth programs to be administered by the ASCs. The first would involve the introduction of an apprenticeships mentoring service and the second would involve the introduction of a program where governments and employers would share the costs of up skilling the supervisors of apprentices with formal mentoring skills.

ACCI supports the thrust of the current KickStart mentoring pilots and existing mentoring arrangements agreed and supported within their industry.

The services provided by the ASC would not duplicate these arrangements but make the relevant referrals and take on a liaison and coordination role.

Advice on relevant government financial incentives for Australian and State Territory Governments would also be provided to employers at this point.

Problem Solving and Mediation Services

It is inevitable where people work together that problems arise from time to time.

In the first instance, good communication between employer and apprentice should be encouraged.

Where problems escalate into a dispute, a referral will be made to relevant Disputes/mediation services in consultation with State/Territory jurisdictions.

Apprentice 'out of trade' registers, redundancy support and solutions would all be available as part of the services administered by ASCs.

Building Our Future Tick

In order to encourage employers to invest in training through apprenticeships, a scheme would be developed to recognise the efforts of employers through the administration of a "training tick". Employers who employ more than 6% of their workforce as an apprentice would be eligible to apply to use the tick in their business and marketing activities.

There would be several levels of the tick available with employers meeting additional criteria such as a high level of completions in the workplace, and offering employment at the conclusion of the apprenticeship, apprentice satisfaction, good RTO partnerships, etc.

This would encourage and recognise good employers to invest in training and at the same time the ASC would provide the employer with all of the tools necessary to achieve successful apprenticeship outcomes.

The Role of States and Territories

Each State and Territory currently operates its own State/ Territory Training Authority with specific areas of responsibility for the operation of the VET system (including Australian Apprenticeships) within each jurisdiction. While there is one national Training Contract they are all administered quite differently in each jurisdiction.

Many multi-state and national employers do get confused by trying to keep up with all the different requirements in each jurisdiction and subsequent changes and administering these across the country. Many of these employers struggle with administration and it costs them to manage and understand the different processes for registering, administering and cancelling / completing training agreements, varying nominal durations etc. As outlined above this represents increased costs for employers as well as puts apprentices at risk were an employer may not be fully aware of all the requirements in each jurisdiction. This is particularly so for employers with centralised functions.

The current system is also a barrier to completion of qualifications as apprentices discontinuing an apprenticeship in one jurisdiction to then commence in another is a mind field to navigate. In addition employers in cross- border towns eg. Qld/NSW Tweed heads and NSW/Victoria Albury/Wodonga are areas where apprentices and employers are often confused or disadvantaged because of the workplace location or employee address.

Employers have experienced and recognised the benefit of operating under one national system, which is the current AACs. It does not matter where an employer operates throughout Australia as they know the same conditions, guidelines and forms apply.

It is unrealistic to think that the full nationalisation of the VET system (ie under one National Training Authority) will occur in the near future, therefore it is recommended that a review of the impact that having different State and Territory Training Authorities has on the VET sector, employers, RTOs and Australian Apprenticeships be undertaken with a view to streamline and standardise arrangements nationally. For example the same forms nationally as well as a range of other reforms that could streamline the system for employers and apprentices. The review could also include consideration for one true national system that is responsive to local, regional, cross-border, State and Territory workforce needs, the cost benefit of such transformational change to the future development of Australia's workforce would need to be carefully assessed. One national system would also benefit RTOs who also have to navigate each State and Territory jurisdiction.

The Australian Government for the above reasons should also resist any push to transfer administration of apprenticeships to the State and Territory Governments. To do so would undermine the trend towards greater national consistency and harmonisation of the national training system.

In the near future State and Territory governments would continue to work closely with ASC service providers and where they currently operate Apprentice Field Officer programs, these programs would continue.

Stakeholder Benefits Employers

From an employer point of view the benefits of the ASCs would stem from one point of contact, which is one of their perennial catch cries. They would develop links to Schools and recruitment sources through work placements and Australian School-based Apprenticeship arrangements.

VET navigation would become simplified and services provided by JSA providers more targeted.

Employers would be able to develop workforce development plans and recruitment strategies when undertaking major projects. They would also be able to take advantage of links to projects developed as part of the Employer Broker and Innovation Panels.

Recruitment would become more strategic with access to a range of tools to assist in advertising, selection and matching processes. The employer could recruit directly either through existing JSA providers, or Group Training Organisations, or Schools or other potential 'user pays' arrangements.

Retention strategies and workforce development plans could also be developed. (ACCI is currently undertaking research on how employers can take a workforce development approach to apprenticeships).

The employer would employ apprentices who are better prepared for the workplace and the apprenticeship, the apprentice having undertaken courses in OHS and sustainability skills and having a better understanding of their obligations as an apprentice.

The promotion, assessment and payment of Australian and State/Territory Government Incentives will be more streamlined.

Instances of disputes/mediation will be reduced through early intervention, and greater successful outcomes from disputes/mediations through streamlined linkages to State/Territory jurisdictions will be achieved, enabling an increase in completions.

Integral to this approach will be positive reinforcement on investment in training decisions through access to a "training tick".

Apprentices/Trainees

The most important benefit to apprentices is that they will be provided with a job – directly or through a JSA provider.

Apprentices will have better access to information through the VET portal, with links from school. They will also receive information and advice on pre-apprenticeships if relevant to them.

Apprentices will receive better support in the sign up process with rights and responsibilities information becoming integrated with mentoring and support services information.

Apprentices will start off their apprenticeship better prepared for the workplace through the completion of an OHS induction, sustainable work practices etc.

They will also receive more streamlined promotion, assessment and payment of Australian and State/Territory Government Incentives

Importantly, apprentices will receive access to mentoring/pastoral care support as well as dispute/mediation processes through direct liaison with State/Territory jurisdictions.

If they become redundant, they will become directed to the relevant register for out of trade services.

School to Work Transitions

Better VET navigation and vocational career advice would assist students in school to work transitions. Jobs would be more easily accessible through a systematic approach. This model will provide better VET navigation and vocational career advice that would assist students in their school to work transitions. As indicated, jobs would be more easily accessible through this systematic approach as it would provide a much stronger link to industry. It would facilitate the development of industry based careers advice, provide up to date and relevant trends in industry, and provide stronger industry leverage.

This would in turn lead to higher outcomes levels as young people would be making better choices from a more informed perspective. The overall linkages around VET in schools, pre-apprenticeship connections and work experience would also facilitate stronger employability skill development that would also lead to stronger career pathway linkages. The clarity around career development advice, tested by having industry input would ensure that this model provides a truly robust one stop shop as a careers & apprentice information portal.

National Curriculum reform should also support this approach by incorporating explicit capability statements across the framework that builds on and links use of VET and vocational options to the development of employability skills.

Schools

Schools would benefit by being able to provide students with authentic industry and market intelligence. It would be a credible source for students to obtain quality industry advice.

Schools would be able to provide students with ASbA opportunities and better navigation of the VET system.

Students would have access to potential recruitment opportunities.

Business Groups

The business community would benefit through more efficient skills delivery through a systematic, one stop shop approach in the context of the broader reform agenda.

The benefits of apprenticeships and training could be better promoted to business through lower turnover and replacement costs resulting from better matching and support.

Because the approach to apprenticeships would be more systematic it would be easier for SMEs to engage. Improved engagement of SMEs in the training effort, would build the nation's overall skills capacity.

Business groups would be in a better position to provide market intelligence into the Training Package development process and "on the ground" feedback to government.

Corporate social responsibility would be fostered through links to schools and work placement arrangements.

Conclusion

The ASC model is a one stop shop approach that benefits employers and apprentices. It is based on a systematic approach to the provision of information and support services through brokerage and coordination. Access to tools enables a more systematic approach to be taken.

The model is based on positive reinforcement of investment and training but with targeted support to ensure success.

ACCI MEMBERS

<p>ACT and Region Chamber of Commerce & Industry 12A Thesiger Court DEAKIN ACT 2600 T: 02 6283 5200 F: 02 6282 2436 E: chamber@actchamber.com.au www.actchamber.com.au</p>	<p>Australian Federation of Employers & Industries Level 2 97-99 Bathurst Street SYDNEY NSW 2000 T: 02 9264 2000 F: 02 9261 1968 E: afei@afei.org.au www.afei.org.au</p>	<p>Business SA Enterprise House 136 Greenhill Road UNLEY SA 5061 T: 08 8300 0000 F: 08 8300 0001 E: enquiries@business-sa.com www.business-sa.com</p>
<p>Chamber of Commerce & Industry Queensland Industry House 375 Wickham Terrace BRISBANE QLD 4000 T: 07 3842 2244 F: 07 3832 3195 E: info@cciq.com.au www.cciq.com.au</p>	<p>Chamber of Commerce & Industry Western Australia PO Box 6209, Hay Street East EAST PERTH WA 6892 T: 08 9365 7555 F: 08 9365 7550 E: info@cciwa.com www.cciwa.com</p>	<p>Chamber of Commerce Northern Territory Confederation House Suite 1, 2 Shepherd Street DARWIN NT 0800 T: 08 8982 8100 F: 08 8981 1405 E: darwin@chambernt.com.au www.chambernt.com.au</p>
<p>New South Wales Business Chamber Level 15, 140 Arthur Street NORTH SYDNEY NSW 2060 T: 132696 F: 1300 655 277 Email: navigation@nswbc.com.au www.nswbc.com.au</p>	<p>Tasmanian Chamber of Commerce & Industry GPO Box 793 HOBART TAS 7001 T: 03 6236 3600 F: 03 6231 1278 E: admin@tcci.com.au www.tcci.com.au</p>	<p>Victorian Employers' Chamber of Commerce & Industry GPO Box 4352 MELBOURNE VIC 3001 T: 03 8662 5333 F: 03 8662 5462 E: vecci@vecci.org.au www.vecci.org.au</p>

ACCORD

Suite 4.02, Level 4, 22-36 Mountain Street
ULTIMO NSW 2007
T: 02 9281 2322
F: 02 9281 0366
E: emifsud@accord.asn.au
www.accord.asn.au

Agribusiness Employers' Federation

GPO Box 2883
ADELAIDE SA 5001
T: 08 8212 0585
F: 08 8212 0311
E: aef@aef.net.au
www.aef.net.au

**Air Conditioning & Mechanical
Contractors' Association**

30 Cromwell Street
BURWOOD VIC 3125
T: 03 8831 2800
F: 03 9888 8459
E: natamca@amca.com.au
www.amca.com.au

Australian Beverages Council Limited

Suite 4, Level 1
6-8 Crewe Place
ROSEBERY NSW 2018
T: 02 9662 2844
F: 02 9662 2899
E: info@australianbeverages.org
www.australianbeverages.org

Australian Dental Industry Association

Level 5, 757 Elizabeth Street
ZETLAND NSW 2017
T: 02 9319 5631
F: 02 9319 5381
E: national.office@adia.org.au
www.adia.org.au

Australian Food & Grocery Council

Level 2, Salvation Army Building
2 Brisbane Avenue
BARTON ACT 2600
T: 02 6273 1466
F: 02 6273 1477
E: info@afgc.org.au
www.afgc.org.au

Australian Hotels Association

PO Box 4286
MANUKA ACT 2600
T: 02 6273 4007
F: 02 6273 4011
E: aha@aha.org.au
www.aha.org.au

**Australian International Airlines
Operations Group**

c/- QANTAS Airways QANTAS Centre
QCD1, 203 Coward Street
MASCOT NSW 2020
T: 02 9691 3636
F: 02 9691 2065

**Australian Made, Australian Grown
Campaign**

Suite 105, 161 Park Street
SOUTH MELBOURNE VIC 3205
T: 03 9686 1500
F: 03 9686 1600
E: ausmade@australianmade.com.au
www.australianmade.com.au

Australian Mines & Metals Association

Level 10
607 Bourke Street
MELBOURNE VIC 3000
T: 03 9614 4777
F: 03 9614 3970
E: vicamma@amma.org.au
www.amma.org.au

**Australian Paint Manufacturers'
Federation**

Suite 1203, Level 12
275 Alfred Street
NORTH SYDNEY NSW 2060
T: 02 9922 3955
F: 02 9929 9743
E: office@apmf.asn.au
www.apmf.asn.au

Australian Retailers' Association

Level 10
136 Exhibition Street
MELBOURNE VIC 3000
T: 1300 368 041
F: 03 8660 3399
E: info@retail.org.au
www.retail.org.au

Bus Industry Confederation

Level 2, 14-16 Brisbane Ave
BARTON ACT 2600
T: 02 6247 5990
F: 02 6230 6898
E: enquiries@bic.asn.au
www.bic.asn.au

Consult Australia

Level 6, 50 Clarence Street
SYDNEY NSW 2000
T: 02 9922 4711
F: 02 9957 2484
E: info@consultaustalia.com.au
www.consultaustalia.com.au

Housing Industry Association

79 Constitution Avenue
CAMPBELL ACT 2612
Telephone: (02) 6245 1300
Facsimile: (02) 6257 5658
Email: enquiry@hia.com.au
www.hia.com.au

Live Performance Australia

Level 1
15-17 Queen Street
MELBOURNE VIC 3000
T: 03 9614 1111
F: 03 9614 1166
E: info@liveperformance.com.au
www.liveperformance.com.au

Master Builders Australia

Level 1, 16 Bentham Street
YARRALUMLA ACT 2600
T: 02 6202 8888
F: 02 6202 8877
E: enquiries@masterbuilders.com.au
www.masterbuilders.com.au

Master Plumbers' & Mechanical Services Association of Australia (The)

525 King Street
WEST MELBOURNE VIC 3003
T: 03 9329 9622
F: 03 9329 5060
E: info@plumber.com.au
www.plumber.com.au

National Baking Industry Association

Bread House, 49 Gregory Terrace
SPRING HILL QLD 4000
T: 07 3831 5961
F: 07 3832 6960
E: nbia@nbia.org.au
www.nbia.org.au

National Electrical & Communications Association

Level 4
30 Atchison Street
ST LEONARDS NSW 2065
T: 02 9439 8523
F: 02 9439 8525
E: necanat@neca.asn.au
www.neca.asn.au

National Fire Industry Association

PO Box 2466
WERRIBEE VIC 3030
T: 03 9865 8811
F: 03 9865 8815
E: info@nfia.com.au
www.nfia.com.au

National Retail Association Limited

PO Box 91
FORTITUDE VALLEY QLD 4006
T: 07 3251 3000
F: 07 3251 3030
E: info@nra.net.au
www.nra.net.au

Oil Industry Industrial Association

c/- Shell Australia
GPO Box 872K
MELBOURNE VIC 3001
T: 03 9666 5444
F: 03 9666 5008

Pharmacy Guild of Australia

PO Box 7036
CANBERRA BC ACT 2610
T: 02 6270 1888
F: 02 6270 1800
E: guild.nat@guild.org.au
www.guild.org.au

Plastics & Chemicals Industries Association

Level 10, 10 Queen Street
MELBOURNE VIC 3000
T: 03 9611 5412
F: 03 9611 5499
E: info@pacia.org.au
www.pacia.org.au

Printing Industries Association of Australia

25 South Parade
AUBURN NSW 2144
T: 02 8789 7300
F: 02 8789 7387
E: info@printnet.com.au
www.printnet.com.au

Restaurant & Catering Australia

Suite 17
401 Pacific Highway
ARTARMON NSW 2604
T: 1300 722 878
F: 1300 722 396
E: restncat@restaurantcater.asn.au
www.restaurantcater.asn.au

Victorian Automobile Chamber of Commerce

Level 7, 464 St Kilda Road
MELBOURNE VIC 3004
T: 03 9829 1111
F: 03 9820 3401
E: vacc@vacc.com.au
www.vacc.com.au

