

# A Review of Apprenticeships and Traineeships in NSW

ACPET submission

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## Introduction

Established in 1992, ACPET is the national industry association for private providers of tertiary education and training in Australia. ACPET has around 1,000 members who deliver a range of vocational education and training (VET), higher education, and English language programs across all states and territories, as well as internationally.

ACPET's mission is to enhance quality and choice in Australian tertiary education and training. Its members include commercial and not-for-profit entities, community and industry providers and enterprise-based training organisations. ACPET works with governments, industries and other stakeholders to ensure VET, higher education, English language and international education programs are well targeted, accessible and delivered to a high standard.

With the introduction of user choice arrangements some two decades ago, ACPET members have played a key role in supporting the training and qualifications that are fundamental to the apprenticeships and traineeships. This role in working with apprentices, trainees and their employers gives ACPET members a comprehensive understanding of the strengths and weaknesses of the State's apprenticeship and traineeship arrangements.

Despite a growing demand for skilled people in some sectors, enrolments in apprenticeships and traineeship courses are declining. This is consistent with the downward trend being experienced in government-funded vocational education programs generally. Conversely, higher education is attracting increased student commitment and enrolments.

There needs to be a fundamental 're-think' of the approach to skills development, including apprenticeships and traineeships, in New South Wales. While the review is focused very much on changes to administrative arrangements, there needs to be action to address some key strategic issues in order have a skills development approach that is geared to not only meeting current workforce needs but also those of the future.

It is important, therefore, that the state's future apprenticeship and traineeship arrangements recognise:

- The fundamental disruption that will occur over the next decade as a result of digital technology, with greater funding support for training that will lift digital skills across the workforce.
- The need to end the funding and other distortions that preference existing apprenticeship models and ignore the growth in the human services sector.
- The need for a stronger market-based approach that extends user choice across all skills development programs so that students and industry are better able to get the skills that meet their needs.
- Ending some of the artificial barriers to training like inflexible durations that don't recognise the skills that many apprentices and trainees bring to the workforce.

While these issues can be addressed at the state level, it is clear there also needs to be action at the national level to re-cast training packages so that there is the flexibility to respond to the fundamental changes that are impacting the workforce. New skill sets will be required to meet the emerging needs as digital technology impacts on workforce needs.

Funding through the national skills agreements needs to be re-cast to support real innovation that recognises new workplace learning pathways. The pathway from a qualification to the labour market is not linear, and the majority of VET graduates do not go on to initially work in the industry they study. This requires a sharper focus on softer skills such as problem solving rather than purely occupational specific skills.

In short, a more fundamental consideration of the delivery of skills through apprenticeships and traineeships is required.

## The need for a new approach

Recently published NCVET data indicates apprenticeship and traineeship numbers nationally were down 10.2% over the year to March 2016. Although in the data there are some ‘glimmers of hope’ for NSW, trade commencements nationally were down 10.8% over the year.

These trends are despite the prospect of excellent job outcomes as evidenced in the August 2016 CEDA report, *VET: Securing Skills for Growth*, where it is stated that 84% of trainees and apprentices were employed after completing their training. The CEDA report also observes that “How we work and the jobs we do are significantly changing; Australia’s economic stability is reliant on our ability to rapidly adapt to this disruption and provide the skills needed”.

The CEDA report also indicates that 40% of Australian jobs that exist today may be obsolete in the next 10-15 years due to technological advancements. Innovation is resulting in reduced demand for manual labour, with technology evermore doing the work of people. This has major implications for traditional trade occupations for which people have become qualified through an apprenticeship.

Australia’s Chief Scientist, Professor Ian Chubb, outlined in his report, *Science, Technology, Engineering and Mathematics: Australia’s Future*, that ours is a changing world and that Australia must align scientific effort to the national interest, with a focus on areas of particular importance or need, and on a scale that will make a difference both nationally and internationally.

An ageing population and an increased focus on those with a disability, including through the National Disability Insurance Scheme (NDIS), will result in ongoing strong growth of the human services sector.

The flexibility offered by freelance work is resulting in an increased casualisation of the workforce for certain demographics, particularly younger people. With younger people being a key target group for apprenticeships and traineeships, the confines of contractual obligations on individuals, employers and RTOs as they currently stand are inconsistent with the flexibility necessary for a contemporary economy.

There is a real opportunity and need for these new working arrangements to be accommodated through traineeships. Current legislation demands direct and constant supervision of trainees and the growing casual workforce is excluded. This has a direct impact, for example, on the ability to provide structured training for the forecast 30,000 new NDIS positions in NSW, and thousands currently in the industry seeking new opportunities and progression. The additional funds allocated under “Smart, Skilled and Hired” would potentially not be needed if access to traineeships was extended to this and other similar groups operating in home, remote or offsite locations.

Living in the information age, people are more aware of what’s possible. They can find out what they want to know anytime, anywhere. Where it might not have once been, choice is now a fact of life. People expect a market for all goods and services. Training is no different. As consumers, they believe they know what is best for them and who is best placed to serve them. This expectation is fulfilled by contestability.

However, while this expectation may have been met, it is still a considerable challenge for students to find and elicit the relevant comparative information on providers, course costs and durations and expected job outcomes and earnings. More attention is required by governments on this important issue.

### **Specific recommendations**

- User choice should be extended across all apprenticeship and traineeship qualifications where there are sustainable, contestable markets, with no ‘automatic’ reservation of training for the public provider. This should be accompanied by high standards of provider entry and appropriate monitoring.
- The funding levels for some traineeship models should be enhanced to promote greater skills development and employment for young people, in particular. There needs to be particular attention to the opportunities in the human services sector.
- Remove the exclusion from traineeships and apprenticeships of casual workers and contractors.

- A review of apprenticeship and traineeship delivery modes and timeframes be conducted to ensure they are appropriate to the contemporary economy and workplaces. Competency should determine the period of training, not arbitrary, historical time periods.
- The development of new apprenticeship and traineeship models providing specific skill sets necessary for new and emerging occupations.
- Consistent with the CEDA report assertions of impending job obsolescence, there needs to be an enhanced focus on digital skills training in apprenticeship and traineeship courses. Accordingly, the content of all apprenticeships and traineeships needs to be evaluated to ensure appropriate digital skills development.
- With the Commonwealth, States and Territories due to revisit the National Partnership on Skills Reform in 2016-17, there needs to be a priority on the development of national arrangements in funding and regulation that will reduce red tape and undue regulatory burden on national training providers and industry. The NSW government should advocate measures that will provide support for and reward expansion of employment based training arrangements. This should include incentives that support young people to get traineeships in the services sector that often provide their career 'first step'.
- An overhaul of Australian Training Packages is required to ensure there is greater flexibility and portability to respond to the dynamic needs of business and industry, with course content to be governed by industry needs.