APPRENTICESHIPS & TRAINEESHIPS CONFERENCE

Maximising Industry engagement to build collaborative partnerships

TDA Address – Growing apprenticeships in tough times

Thursday, 29 May 2014

Introduction

Before I begin, I would like to acknowledge and pay my respect to the traditional owners of the land on which we meet.

Acknowledgements:

- Bob Taylor, Bob Paton and ISC CEO and senior executive colleagues
- Jim Barron, CEO Group Training Australia
- My TAFE and VET college and senior industry colleagues
- Conference delegates.

It is an honour to be here today at this special 2-day event focussed on apprenticeships and traineeships. Thank you to the organisers for the invitation to TAFE Directors Australia, to deliver this Opening Keynote Address.

In today’s Address by TDA, there are four issues we raise.

These are aimed to not only raise several issues impacting apprenticeships, but nominate some solutions.

Ideally we need to grow apprenticeships, and thru this TDA recommends there is additional scope for supporting regional TVET colleges and vocational education systems, which will support Australia’s record of quality graduates for the trades and wider apprenticeship occupations. These four areas:

1) A snapshot of apprenticeships in Australia -- how TAFE as the major delivery provider of apprenticeships have experienced this market in recent times.

2) A snapshot of the policy settings on apprenticeships – including Budget 2014 Industry portfolio statements, and projections

3) Last week’s reference by the Coalition government of the former Labor government’s VET in School ‘Trade Training Centre project - This was an initiative of Assistant Minister for Education, Hon Sussan Ley.

I’ll focus on ideas that may contribute to the incoming Coalition government’s review of the VET in Schools Framework, and supports its determination to
see VET in Schools as its real chance to re-vamp apprenticeships and traineeships in Australia.

4) Leveraging international education to grow further Australia’s exports in services – an issue close to Trade Minister Andrew Robb, who has identified this as a trade area he wishes to see more than doubled, with VET and TAFE as leaders within that strategy.

**APPRENTICESHIP SNAPSHOT**

Apprenticeships are core business for TAFE.

This is the case across our entire 58 Australian TAFE Institute network.

Apprenticeships remain fundamental to skills in Australia.

We know from TAFE research commissioned by TDA last year, across industry and consumers in Victoria and Queensland, that the view of ordinary Australians show that apprenticeships – and often what TAFEs are known to deliver, cover the one dozen or so traditional apprenticeship areas.

These apprenticeships are often those the sector may normally associate with licensed trades like electrical and plumbing, and wider such as bricklaying, carpentry and building, glazing, cabinet making, plastering, tiling, even welding and metal fabrication.

Yet the *Australian Apprenticeship Centres*’ website promote a much broader profile, recording that apprenticeships cover some 500 occupational areas, with little explanation as to the differences – an issue I will return to.

That this Address focussed on growing apprenticeships in tough times is, a classic oxymoron as apprenticeships have align so closely to economic conditions in Australia.

Currently, we know that current NCVER– both traditional trades and beyond – shows that apprenticeships remain under real pressure in Australia.

In every year between 2002 and 2012, more than 70,000 people commenced an apprenticeship or traineeship in NSW, indicating that demand for the model remains strong.
However, the trouble we face is that while commencements have increased, the percentage of apprentices and trainees completing their ‘contract of training’ has remained relatively unchanged for the best part of a decade.

According to NCVER, since 2006 roughly only half of all apprentices and trainees have gone the distance.

As the numbers stand, the completion rate for trainees is marginally better than what it is for apprentices.

Since 2006, a little over 50 per cent of trainees have completed their ‘contract of training’ whereas the completion rate for apprentices has been stuck at around 45 per cent.

We checked this against many of our TAFE members, as TDA asked a selection of CEOs for their input for this Address – across major TAFEs in city, suburban, regional and remote.

**POLICY SETTINGS**

The policy settings of apprenticeships could alone be a topic for a full conference.

In reality, despite all the recent Federal inquires of which there have been many, the last major reform stretches back to 1985 – this was the introduction of traineeships to extend the model to a much wider range of occupations.

Yet still in outer suburban centres in Australia, the challenge of securing strong apprenticeship students remains challenging -- and we note that many TAFE Group Training partner organisations also report real difficulty in this process.

But what’s the underlining problem here?

And why are so many failing to complete their ‘contract of training’?

A 2011 reported commissioned by the NSW Board of Vocational Education and Training called: “A fair deal: apprentices and their employers in NSW” found that:

The report went on to say that:

…“initiatives have focused more on the initial ‘sale’ of the apprenticeship product – getting young people started in an apprenticeship – rather than the likelihood of completion, the aptitude or suitability of individual apprentice applicants.”
The report added:

“About a quarter of all apprentice recruits are not well suited to the trade or to the apprenticeship experience to which they signed up, very unlikely to complete and should probably follow another path, a further 20 per cent are ambivalent about their current experience and don’t rate their chances of completion highly.”

Compounding the challenge of attracting the right apprentice and trainee was the expansion of the university sector in Australia, with uncapped funding. This is not a blame game issue, but irrespective, it is worthy of noting given the conditions of the Australian market for tertiary funding.

For instance, a longitudinal study of Australian youth by the NCVER published recently revealed that “young people who left school late last decade were more likely to go to university than those who finished their secondary schooling education 10 years earlier.”

In more worrying news, the study also found that “apprenticeships are increasingly going to people who scored among the lowest 40 per cent in high school reading and maths exams.”

The policy settings which accompanied this generous university funding under Labor, was also accompanied by steep declines in apprenticeship and traineeship grants, particularly to employers.

This seems to be matched now by the incoming Coalition government, with announcements in Budget 2014, slicing $1.2 billion in VET programmes. These Budget cuts included pre-apprenticeship ACCESS programs mainly under Group Training, much of the apprenticeship completion and tool for the trade payments, WELL scheme for migrants which were designed to access workforce programmes – to be left with a student loan scheme – itself of interest, but hardly a viable policy to arrest the slide in apprenticeships.

A further policy setting is the status of Apprenticeship Centres.

Some $219,000 is spent annually on Apprenticeship Centres – dropping in the Portfolio Budget Papers to $210,000 next year under proposed “efficiencies”.

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TDA calculates that the Commonwealth has allocated almost $2 billion over the life of Australian Apprenticeship Centres, and ahead of the current review by the VET Taskforce, TDA thinks its time for a for more systemic re-think on their currency.

This is especially timely given evidence assembled last year by the Australian Workforce Productivity Agency, and more recently this year by Jennifer Westacott, CEO of Business Council of Australia, delivering the Chancellor’s Lecture at Swinburne University of Technology, that Federal and state and territory spending on skills is in serious decline – at the expense of schools (under Gonski), and universities (under uncapped funding, and the legacy of indexation).

The Minister for Industry, Hon Ian Macfarlane, has spurred all of our motivation, by pledging to overcome the clutter and complexities of the VET Sector, and recuce red tape.

The findings of the Commission of Audit released by Treasurer Joe Hockey, questioned why the Commonwealth stays involved with VET and a program-project approach to skills – so it is timely to look again at this mainstream agency the Australian Apprenticeship Centres.

One benchmark review might include a look to the United States, where even though the lack of a national qualification framework remains a real challenge, instead within each state their priorities on spending does stack up reasonable well.

For instance, US states frequently seek to encourage the co-location of such skills and apprenticeship services, to better align career counselling and create better asset utilisation of community colleges -- a quid pro quo in policy is colleges offering completing students free or low cost office campus locations for starting up or pursuing their own entrepreneurial small business ideas.

This aggregation of services cuts costs, and supports often more coherent services for apprenticeships, and a network for those students about opportunities beyond completion.

**VET in SCHOOLS (VETiS)**

NCVER data, and approaches for data from various Boards of Studies reveal a real increase in most jurisdictions – with up to one third of final year high school students sitting enrolled in at least one VET course.

Many of these courses are delivered by TAFE Institutes.
VET in School courses bridge the gap between school and an adult learning environment, preparing students for a future beyond the school gates.

TDA joined with the Australian College of Educators some years back, with support from the Commonwealth, to look in more detail at the contributing success factors in VET in Schools, and especially alternate vocational VETiS colleges.

Victoria University’s research centre completed the research, across eight colleges and alternate schools, including Holmesglen Vocational College.

The evidence showing strong correlation between success with VET in Schools, and achieving a first step towards an apprenticeship or traineeship, is now clear – and a key issue as we seeks to support growth in this sector and supporting many interested senior high school students.

Our challenge is to convince them to take the next step.

The former Labor government spent a good deal of its skills funding in Trade Training Centres in Schools. It also referred to the Australian Curriculum Authority, an idea for a Trade cadetship.

The incoming Assistant Minister for Education, Hon Sussan Ley, responsible for VET in Schools, last week referred the Trade Training School concept to the Productivity Commission, to gain its perspective on this as a future priority.

Sussan Ley has also gained support of states and territories, to update the VET in Schools Framework, as a priority.

If the recent Address by Jennifer Westacott, from the Business Council of Australia, is to be meaningful, which advocated more policy leadership and coordination on skills by the Abbott government, and reviewing narrow Training Packages, then TDA certainly supports Susan Ley for both these initiatives on Vet in Schools.

Let’s see how there can be better coordination of Federal funding into an area of VET which evidence does show is increasing.

We know from the stories of Trade Training Centre funding, that school resources are often not concentrated in this as a quality area of their expertise, so training support like that from TAFE can be harnessed, and we trust will be accelerated under such spending reviews –as with more clarity on how and what might be included as VET in School course options.
On this latter topic, it may be equally timely that the Commonwealth consider more closely the 1985 agreement on extension of apprenticeships and traineeship – at least to ensure there is more evidence base approach within the sector as to exactly what occupational courses are deemed to be apprenticeships, given market research shows this is confusing to students, and industry clients.

Second, that in line with Minister Macfarlane’s Budget vision, to build skills and capability, especially across globally competitive industries, is the portfolio of qualifications offered for VET in Schools more aligned historically with Training Packages, rather than in market segments that industry might be canvassed to show real interest to see school students more widely operating under in-service and internship courses and with new technologies.

**TRADE TRAINING AND ROLE INTERNATIONAL EDUCATION**

TAFE has built special relationships in technical and vocational education -- with many regional partnerships, mentoring agreements, and offshore transnational education enrolments.

TDA was recently commissioned by Austrade to survey offshore delivery of international education by TAFE, and a preliminary report was released during the Austrade Week in China, led by Minister Andrew Robb.

The TDA offshore education report showed that across key markets such as China, India, Indonesia, Latin America and the AEI Gulf States, there had been tremendous progress with partnerships delivering support to overseas countries which largely were demanding consulting and curriculum support to grow their VET colleges and systems.

Not always is there demand for Australian qualifications.

One hindrance noted in the report. was that many courses are offered in non trade areas of study, however if ISCs were able to work collaboratively with TAFE to explore wider industry skill areas that may be tailored for international markets, basic technical skill course curriculum would be most relevant in some areas.

TDA is not suggesting trade training will itself be the silver bullet, to double Australia’s international education for achieving targets under Minister Robb. But there are major gaps which we ourselves impose, on what subject areas under our qualification structure can be delivered abroad.