

Mr Jim McDowell
Chair
The Apprenticeships for the 21st Century Experts Panel

8 April 2011

Dear Mr. Mc Dowell,

RE: Response to Expert Panel Report

TAFE Directors Australia (TDA) welcomes this opportunity to respond to the Expert Panel report *A shared responsibility – Apprenticeships for the 21st Century* (the Report).

Our submission recommends two additional avenues to grow and revitalise the Australian apprenticeship system:

1. A range of alternate pathways to apprenticeships should become an adjunct to the current traditional employer-sponsored apprenticeships. This area of policy is noteworthy for its absence in the Expert Panel Report. This is particularly surprising given support for alternative pathways pilots proposed as part of the 2010 *National Resources Sector Workforce Strategy*.
2. The National Trade Cadetship pledge of the last Federal election by Prime Minister Gillard has wide potential to become an important new 'pre-apprenticeship' system. Further, if Trade Cadetships were to be aligned with broader VET in Schools policy, also a Gillard Government policy, and with better application and co-location with TAFE Institutes of the \$2.5B Trade Training Centres in Schools, the effectiveness of this measure could grow significantly.

Background

TDA is the national peak body representing Australia's 59 government TAFE institutions in more than 1,300 locations across all states and territories. TAFE providers are the major deliverers of accredited Australian vocational education and training qualifications and also offer senior secondary certificates, associate degrees, bachelor degrees and graduate qualifications. These qualifications are delivered within TAFE institutions, in workplaces and online. TDA is governed by a Board which includes representatives of member institutions from all jurisdictions supported by a national secretariat.

This submission outlines TDA's overall perspective on the Report and attaches our initial response to the specific Recommendations contained therein. The submission reflects the position of the TDA Board with input from a significant range of individual TDA member institutions across Australia.

Why TAFE has a voice on Australian apprenticeships

The design and delivery of quality apprenticeship training is a core mission for all TAFE institutions. TDA endorses the *Skills Australia* position that, while apprenticeships are a key enabler of workforce skill and knowledge, the current Australian Apprenticeship System is in need of systematic and comprehensive renewal and revitalisation.

Since 2006 TDA has been strongly advocating the need to re-engineer apprenticeships if they are to serve the dual function of skilling young people and enhancing workforce productivity. TDA has taken an actively constructive role in advocating strategies for the continuous improvement of the apprenticeship system.

This has included forging close links with a range of peak bodies such as Group Training Australia, Industry Skills Councils and ERTOA as well as providing evidence-based submissions and recommendations to a number of relevant federal government authorities, parliamentary hearings and commissioned inquiries.

Many of our member institutions have taken a leadership role, working closely with local employers to design and deliver innovative apprenticeship programs including fully competency-based and workplace delivery as well as supporting and auspicing school-based VET programs and apprenticeships.

TDA is therefore well-placed to offer an informed and constructive response to the Report. We strongly support the purpose of the Report which, as stated in the Expert Panel's Terms of Reference (the TOR), is to examine

*'the Economic Benefits of the Australian Apprenticeships system ...[and] feed into the Government's broader policy directions regarding the fundamental policy settings needed to underpin the tertiary sector, to ensure productivity of the Australian economy into the future...[to]..... inform Government medium and long term actions to support the policy objectives of addressing entrenched and anticipated skill shortages in the economy; completion of training; and improved agility of the apprenticeship model to meet the challenges of a global economy ... in light of the tight fiscal environment and the need to provide cost neutral options to Government.'*¹

TDA welcomes the Report as a public statement of confidence and commitment by leading industry and academic experts and an acknowledgement that a comprehensive overhaul is required in order to fit the system for its new directions and purposes in the global economy of the 21st century.

TDA position on Expert Panel recommendations

We are, however, perplexed and concerned at the restricted scope of the Report and its failure to consider the need for more fundamental systemic reform. The limitations of the Report are encapsulated by the preferred model at Appendix L of the Report. This model represents little more than bolt on improvements to the status quo, at least in terms of the system's current design and intent, if not always in the way it is implemented.

¹ Terms of Reference <http://www.australianapprenticeships.gov.au/documents/TermsReference.pdf> viewed 3rd April 2011

Our specific concerns with the limited scope of the Report are threefold.

1. First and foremost, it is regrettable that the Report does not extend to a substantive consideration of alternative pathways and program structures for apprenticeships. The TOR allow ample scope for this and, in particular, for a more thorough comparison with the approaches adopted in other leading economies.²

The NCVER technical papers supporting the Expert Panel's work provide a comprehensive discussion of these different models, including the train and place model adopted in the faster growing economies of China and Singapore, the link with higher education pathways in the relatively robust Swiss economy, and the essentially institution based approach of the US and Canada.

Yet the Report simply assumes that the inherited British 'integrated on and off the job model' remains not only the preferred, but the *only* appropriate model for Australian apprenticeships. The absence of a consideration of other models is a glaring omission, given the acknowledged inadequacies of the 'dual system' in meeting modern skill needs, not only in the UK but also in the more highly regulated German system. In the USA, the American Community Colleges collaborate with vocational trade accreditation schools, to add an extra year to an apprenticeship with institutional education to allow the award of an Associate Degree.

TDA believes that there is ample evidence that the current system cannot meet the needs of all of those interested in the traditional trade occupations and that low completion rates, skill shortages and skill gaps will persist until different models are adopted.

As the NCVER papers point out, and endorsed by Group Training Australia commissioned research by the University of New England, many potential apprentices (both adults and young people) are deterred from the trades by the protracted three or four year contract of training, low wages and the absence of clearly linked occupational destinations and educational qualifications beyond the trade certificate.

The concern with the negative aspects of the system can be expected to grow exponentially as secondary school completion rates reach the Government's goal of 90% and university qualifications become an increasingly realistic and accessible alternative.

Furthermore, the current system is not, in all cases, the most cost-efficient way of achieving the same skill and employment outcomes. Thus an important concluding observation of the NCVER papers is that:

*'It would reduce the risk of having an inadequate labour supply by supplementing the apprenticeship model with an institution-based one, perhaps with some sort of provisional qualification that is completed with work experience.'*³

² National Resources Sector Employment Taskforce, Final Report, July 2010, Recommendation 2.4, <http://www.deewr.gov.au/Skills/Programs/National/nrset/Pages/default.aspx>, viewed 5th April, 2011

³ Tom Karmel and John Rice, *Report 4: The economics of apprenticeships and traineeships*. n.p. NCVER, January 2011, p.56 <http://www.australianapprenticeships.gov.au/documents/NCVERReport4.pdf> viewed 4th April 2011

TDA been a strong advocate of the need for an institution based pathway *not* as a replacement to the current system but rather as *an additional and alternative* pathway to trade qualifications. We have proposed to COAG and to *Skills Australia* the introduction of a more intensive TAFE Trade Diploma.⁴

Our submissions provided a detailed case for a TAFE Trade-based Diploma setting out how industry bodies and individual employers would be closely engaged in the design and delivery of such a program and emphasising the component of work placements that would form a mandatory part of the core program.

In summary the Diploma would accelerate CBT learning, ensure transferable skills (a need acknowledged in the Report), expedite trade completions, articulate school-based apprentices and pre-apprentices with tertiary level trade training and would better ensure appropriate levels of underpinning knowledge to allow for further articulation to higher level qualifications.

An added component is the increasing expectation that tradespeople, as SME businesses, require rather sophisticated knowledge of software and ICT skill sets – all a unique opportunity for an approach which provides an additional qualification or an alternative pathway.

This potential for smoother articulation between school, trade and higher tertiary qualifications will enable a greater supply of trade qualified workers to enter the labour market more quickly and also, as required by the Expert Panel's TOR, clearly contribute to the policy settings necessary for realising the Government's goal of a connected tertiary sector.

2. Our second and related concern is with the Report's limited perspective on the potential contribution of school-based VET and the absence of any mention of the National Trade Cadetships (NTCs) that were announced by the Prime Minister. TDA considers that NTCs have the potential to actively engage school students in a trade pathway. In 2008 TDA and Group Training Australia produced a joint issues paper setting out the preferred approach to the design and delivery of NTCs.

This proposal was endorsed by the Taskforce reviewing the issues paper and emphasises the need to clearly link school based pre apprenticeships to further post-school trade training both through employer commitments for the longer term and through articulation with TAFE training.

In contrast with the potential opening of opportunities inherent in the Prime Minister's announcement, the Report's recommendations on school-based trade related education and training considers only marginal improvements which, in TDA's opinion, are likely to make little, if any, difference to the learning opportunities for, or status of, trade-based education in schools.

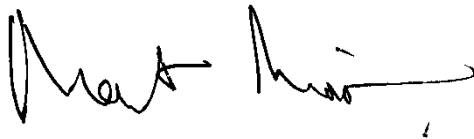
⁴ TDA submission to the COAG Apprentices Taskforce, September 2009; TDA Submission to the Skills Australia Discussion paper, November 2010. See http://www.tda.edu.au/cb_pages/Submissions.php .

3. Thirdly, we are disappointed by the Report's apparent lack of awareness of TAFE's role in technology transfer through its delivery of apprenticeship training especially for medium and small businesses and in rural and remote Australia.

TAFE institutions develop close relationships with their employer clients and for many apprentices and employers, TAFE institutions are often the primary agent on whom they rely to acquire the knowledge and skills to apply new technologies and systems. Without these innovations, many businesses would be hard pressed to maintain, let alone improve their competitiveness in national and international markets.

Together with representatives of the TDA Board, I would appreciate the opportunity to meet with you and other members of the Expert Panel in order to discuss these concerns. TAFE represents a vital community interest with a strong voice on apprenticeships, and we would welcome the chance to expand on our comments on the specific Recommendations of the Report.

Yours sincerely



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ATTACHMENT A: RESPONSE TO RECOMMENDATIONS

A shared responsibility – Apprenticeships for the 21st Century

Response to the Recommendations

Recommendation 1:

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

TDA acknowledges the importance of system leadership, however:

- It is doubtful whether the scope of the proposed National Custodian is sufficient to achieve the stated purpose. TDA has previously proposed the establishment of a National Apprenticeship Commission with a broader role and responsibilities and the Expert Panel may usefully give further consideration to that proposal. However the relationship between any such authority and the new National VET regulator would need to be clearly defined and agreed to by all jurisdictions.
- The history of Australian VET reform suggests that implementation of this proposal may, at least in the short-medium term, add further confusion to roles and relationships rather than clarifying and streamlining them.

Recommendation 2:

Enhance the quality and effectiveness of the Australian Apprenticeships system by clarifying the roles and consolidating the number of stakeholders in the system

TDA supports measures that clarify roles and responsibilities of the system, particularly for the apprentices and trainees themselves. But consideration should be given to devolving the organisation and allocation of these responsibilities to the local level since the capacity of industry advisory bodies, employers and RTOs vary from place to place.

Recommendation 3:

Establish a formal accreditation process for the pre-qualification and training of all employers of apprentices and trainees

A requirement for employers to participate in a pre-accreditation scheme merits further consideration, in particular to ensure that it is simple and accessible to all employers and that there are no unintended consequences. In particular it needs to be set in the context of a system that is largely based on small to medium sized employers, many of whom might be reluctant to take on apprentices if any unreasonable requirement was imposed, leading to an actual reduction in the numbers of participating employers and thus fewer apprentices.

However, as acknowledged in the Report, quality on-the-job training needs to be matched by systems that ensure apprentices are acquiring skills that are transferable between employers and industry and that employers provide meaningful opportunities for career development.

Recommendation 4:

Establish structured support for employers to provide high quality employment and workforce development experiences for eligible apprentices and trainees.

TDA agrees there is a need to provide better support for the apprentice and employer to achieve consistently high quality employment relationships, including high quality training both on-the-job and off-the-job. This does not mean that it is only the employers who should be given additional support. The role of TAFE institutions should also be recognised and supported in this process. TDA is of the opinion that the Report Panel does not appear to comprehend the part played by TAFE institutions in managing apprenticeship arrangements; a role which can often be the critical determinant of an apprentice's success and the continued support of employers.

Recommendation 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.

On balance, TDA supports the notion of a more targeted incentive system. However:

- In addition to priority occupations, targeted incentives should be designed to contribute to achieving government goals for regional renewal and social inclusion.
- Targets need to be sufficiently stable with a sufficient lead time and shelf life long term to allow employers, apprentices and RTOs to commit to the considerable investment they each make in terms of equipment, time and, for apprentices, their foregone earnings.
- Given the relatively low reliability of skills forecasting techniques it is extremely important that public funding is maintained for VET apprentice-related qualifications which do not attract matched employer incentive payments but which nevertheless continue to demonstrate sustained individual demand and viability.

Recommendation 6:

Reinforce the need for a shared responsibility for the Australian Apprenticeships system by establishing an Employer Contribution Scheme

TDA endorses the principle of shared responsibility that is articulated in the Report. However, it appears from previous statements made by the Government in response to this suggestion that the idea of an 'employer levy' has been ruled out.

Opportunities to leverage support from employers and industry and encourage further skills development must be considered as reform options.

Recommendation 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.

TDA supports measures to allow for the continuation of employment and training of apprentices and trainees who are displaced not only during cyclical downturns but as a result of the permanent process of structural adjustments that Australia requires to remain competitive in a global economy. This is just one example of the need for alternative models of apprenticeships that allow for achievement of competency through simulated learning in appropriately equipped TAFE institutions.

Recommendation 8:

Formally regulate the quality of VET in Schools within the VET system

The VET in Schools is formally regulated via the AQTF regulatory framework. The quality of the *delivery* of VET in Schools is an issue. Many TAFE providers have strong quality assurance and delivery partnerships with schools which ensure quality delivery. However, this is variable depending on the charter given to each sector in different jurisdictions and the related direction of funding and reporting. A more nationally consistent approach to endorsing and funding TAFE-school partnerships would allow quality benchmarks to be set and achieved.

Given that secondary curriculum and accreditation authorities have a variable record in managing the delivery of quality VET in schools, TDA and Group Training Australia have jointly sought to participate with ACARA in the development of the Prime Minister's National Trade Cadetships.

Recommendation 9:

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

While better defining pre-apprenticeship and pre-vocational training may increase nationally consistent approaches to provision of these services, this is unlikely to be either sufficient to increase student satisfaction, completions or the quality of outcomes of the apprenticeship system.

Recommendation 10:

Provide additional support for apprentices and trainees who face specific challenges

TDA regards it as essential that a core objective of apprenticeship reform is the expansion of apprenticeship employment opportunities for equity groups and economically challenged localities.

Train and place and trade-based institution models will often provide the more supportive environment and the strengthening of generic skills that are required for vulnerable learners to become competitive in the labour market.

Recommendation 11:

Implement a strategy to raise the status of apprenticeships and traineeships including promotion as a valued career choice for both males and females.

TDA strongly endorses the Expert Panel's conclusion it is necessary to raise the status of apprenticeships. In terms of the Report's specific suggestions in this regard:

- Clearer careers advice may help some individuals make a choice but, historically, similar initiatives have had marginal impact at best.
- Improved employment conditions, and especially wage rates, are essential if apprenticeships are to attract school leavers, many of whom are already adults when they enter the workforce.
- The Report needs to more explicitly recognise and delineate strategies to improve occupational and educational pathways beyond the completion of a trade.

Recommendation 12:

Promote a culture of competency based progression in apprenticeships and traineeships, in partnership with industry bodies and employers

And Recommendation 13:

Improve the implementation of Recognition of Prior Learning and Recognition of Current Competence and support provisions for such recognition in modern awards

TDA endorses the encouragement of industry groups and employers to embrace competency based training in preference to a 'time based' approach. The Report is in error in implying that provider resistance is the main barrier to greater take-up of CBT.

The major barriers to more comprehensive implementation of CBT are

- time-based wage increments and no reduction in the time required for final certification by some state training authorities; in these circumstances there is little incentive for apprentices to accelerate their learning;
- unit costs covered by government off-the-job funding are often set at levels which require lock-step rather than variably paced delivery;
- in several jurisdictions, the AQTF compliance requirements for RPL are interpreted as requiring a level of documentary evidence and assessment that individual applicants find prohibitive and, in some cases, intimidating and which can be extremely expensive for RTOs.

Recommendation 14:

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

The TDA endorses this Recommendation and urges governments, employers and RTOs to actively advocate more realistic wage levels, especially for apprentices in the traditional trades.