



Rebalance and Relaunch

Supporting Victoria's economy by enhancing apprenticeship and traineeship pathways as a mechanism for skilling the future workforce

Prepared by the Office of the Victorian Skills Commissioner
for the Minister for Training and Skills, the Hon Gayle Tierney MP

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VSC Victorian Skills
Commissioner





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Foreword: 'A perfect storm'



Neil Coulson
Victorian Skills Commissioner

Historically, apprenticeships and traineeships have been the most important entry-level pathway for young people into the world of work. A reliable supply of skilled workers is central to the achievement of Victoria's economic and social objectives. Government investment in major infrastructure projects, and private enterprise decisions to establish or expand operations in Victoria, rely on access to a skilled workforce. We know that the landscape for workforce skilling and

development is unsettled and unpredictable. Structural shifts and technological transformations have affected the nature of work in every industry, and yet the need for skilled tradespeople and paraprofessionals remains as strong as it ever was.

Despite growing recent reports of automation of job roles and the impact of this on the existing and future workforce, many employers report that they simply cannot find the skilled people to meet their needs: they speak of existing and looming skill shortages, an ageing workforce, and some variability in the quality of Vocational Education and Training graduates.

Interestingly, much of the hype around automation of job roles is frequently generated by tech companies, consulting firms, think tanks and some academics.

Concurrently, industry is focused on both the skills required for today and tomorrow.

This suggests that the approach to changing skills requirements by employers is an evolutionary perspective not a revolutionary one.

This disconnect causes employers to question how they will fill the many skilled jobs available.

In addition, there are thoughts in some quarters that there is only one pathway to gaining skills – a qualification prior to taking employment. This denies the existence of legitimate pathways for many when lifelong upskilling opportunities remain available through the Skills First system.

We are in the midst of 'a perfect storm'.

Firstly, despite current levels of youth unemployment and the good prospects that a trade offers, it's a challenge to attract capable apprentices into many industries. The reasons for this are many. They include an unrelenting negative narrative around the uncertain future of some jobs, and assertions like "no job that exists today will exist in ten years' time" don't help. Parents, students and workers are understandably confused about the best training pathways for the future. At the same time, changing societal expectations of education and employment are propelling young people toward

aspirational academic and professional pathways. A lack of contemporary advice on the benefits of the earn-and-learn model of apprenticeships and traineeships, and greater ease of access to university, is impacting Vocational Education and Training enrolments. Combined, these elements produce an environment where the traditional perceived value of apprenticeship and traineeship models is being lost.

Secondly, too few employers are prepared to take on apprentices and trainees. Many are impacted by the changing nature of work and job design and have limited understanding of how the training model might fit their business, or the benefits it could bring. Employers also voice concerns about the complexity of administrative arrangements. Despite the availability of various support services, employers can feel that there is nowhere to turn for independent advice.

Finally, in contrast with successful northern European apprenticeship systems, stakeholders in the Australian system have taken on multiple, and at times conflicting, roles which can interfere with collective action and industry leadership. In some instances, industry stakeholders may identify a potential conflict between the role of their commercial training operations and their ability to play an influential role in promoting directly employed apprenticeship and traineeship opportunities. The role of industry bodies is critical in establishing and maintaining a culture of employer investment in training – and if employers don't train, who will?

I would like to acknowledge and thank the members of the Victorian Apprenticeship and Traineeship Taskforce and those stakeholders who provided input throughout this process.

Minister, the insights that I've gained through consultations and the meetings of the Victorian Apprenticeship and Traineeship Taskforce have convinced me that the system is not 'broken'. However, the time is right to rebalance the system and relaunch the system. Rebalance it in a way that recognises the business and wider economic and social benefits of apprenticeships and traineeships. Rebalance it by establishing a shared responsibility for shaping the future workforce. Rebalance it through investing in, and rebuilding, the demand side of the market. Relaunch it to reinforce the economic and social value of the system to employers and to the community.

And it's urgent: employer and public confidence in apprenticeships and traineeships needs to be addressed, and the potential for future decline in commencements in vital trades needs to be arrested.

This paper outlines the most urgent priorities and my proposals to address them.

A handwritten signature in black ink, appearing to read 'Neil Coulson', written over a light blue horizontal line.

Neil Coulson
Victorian Skills Commissioner

Taskforce purpose and process

The Victorian Skills Commissioner is an independent role that reports to the Victorian Minister for Training and Skills and, amongst other things, provides advice to Government regarding the Victorian training system and related educational and economic issues. A key objective of the role is to advise Government in ensuring the Victorian Vocational Education and Training (VET) system aligns training needs with industry requirements.

As a result of the reference from the Minister for Training and Skills, the Hon Gayle Tierney MP, the Victorian Skills Commissioner established a limited duration taskforce to examine potential opportunities and current barriers relating to the uptake of apprenticeships and traineeships across industries in Victoria. The aim of this work is to provide advice to Minister Tierney on recommendations for the apprenticeship and traineeship system in Victoria.

Membership of the Taskforce comprised employers who have significant commitment to apprentices and trainees, representatives from relevant government and regulatory agencies, peak industry bodies, unions and training provider bodies. In addition to employers from the manufacturing, transport, health, automotive and paper industries, the Taskforce membership encompassed representation from: Victorian Chamber of Commerce and Industry, Australian Industry Group, Victorian Trades Hall Council, Apprenticeship Employment Network, Australian Council for Private Education and Training, Victorian TAFE Association, Victorian Registration and Qualifications Authority and the Department of Education and Training.

Attachment A1 lists the Taskforce Membership.

An extensive consultation process conducted between April and October 2017 also saw the Victorian Skills Commissioner engage with a broad range of stakeholders from multiple industry sectors. Through this process, the Victorian Skills Commissioner spoke with 124 individuals, including apprentices, trainees, trade teachers, business owners and members of peak bodies and associations.

Attachment A2 lists participants in the consultation process.

The Taskforce provided an opportunity for members to raise issues regarding the current apprenticeship and traineeship model and to identify opportunities to strengthen and enhance the system. Issues raised were considered by the Victorian Skills Commissioner in light of trends identified through data analysis, findings from national and international research, and outcomes from stakeholder consultation.

Taking into account the information gathered throughout the Taskforce process, the Victorian Skills Commissioner then made a range of recommendations aimed at addressing potential opportunities and current barriers relating to the uptake of apprenticeships and traineeships across industries in Victoria.

The advice and recommendations contained in this report do not consider apprenticeships and traineeships in isolation. In line with the Victorian Skills Commissioner's role, a more expansive perspective has been taken, giving thought to Victoria's economic imperatives, and implications for wider educational policies and workforce planning.

Key messages emerging from the Taskforce process

Through Taskforce members and broader consultation, the Victorian Skills Commissioner heard directly from stakeholders of the apprenticeship and traineeship system. Changes to industry structures, business models and job design in some sectors, often coupled with an increase in short-term, project-based work and the use of a casualised workforce and independent contractors, can impact on apprenticeship and traineeship opportunities.

While many disparate views were expressed, there was broad acknowledgement that in this maelstrom of change, all players need to shift perspectives, re-prioritise what is needed, and seize the chance to do things differently.

From this process, the following clear messages emerged.

Policy stability

First and foremost, stakeholders yearn for policy stability. Frequent change – in funding models, government incentives, support structures and VET system regulation – has challenged users of the apprenticeship and traineeship system. Policy that is sometimes driven by political expedience and short-term targets has overshadowed disciplined approaches to workforce planning and development. While stakeholders agree that the system needs some enhancement, they stress the importance of consistency and transparency from government. They also advised that new models should not be introduced without first ensuring that they are a product of genuine industry demand, and their effectiveness should be tested through pilots to build industry, student and community confidence.

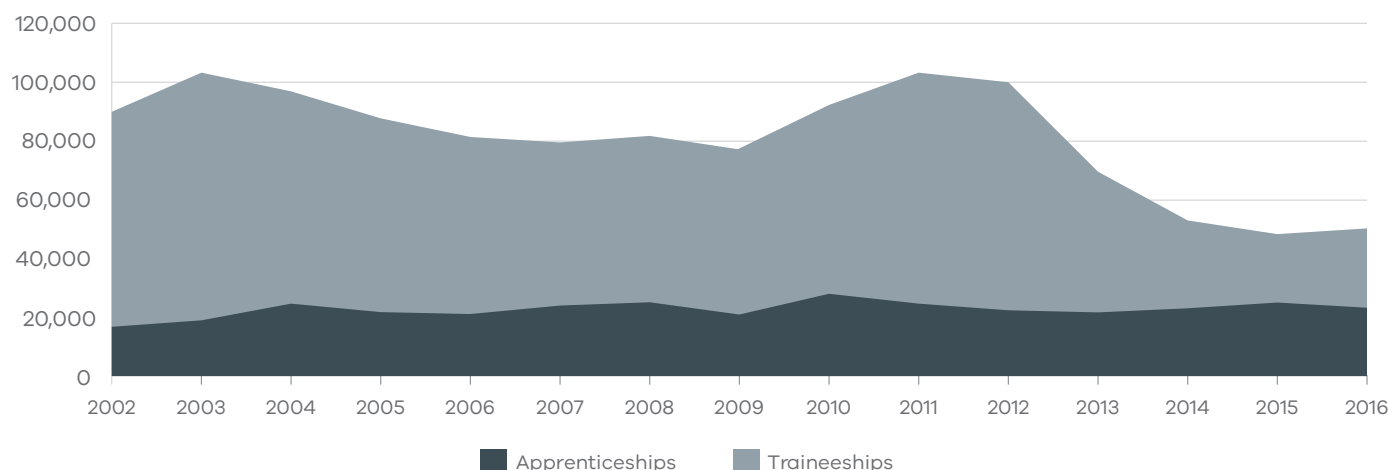
Stakeholders see that the volume-driven policy approaches of successive federal governments have disconnected the apprenticeship and traineeship model from the realities of labour market demand. However, many continue to value apprenticeship and traineeship pathways and recognise the difference between the two. Apprenticeship and traineeship pathways serve different industries, occupations, learner cohorts and workforce development purposes. Reporting mechanisms that more clearly distinguish between the two pathways would better serve policy makers and users of the system. Stakeholders also highlighted differences in workforce requirements across industry sectors and geographic regions, and advocated for policy and funding approaches based on a clearer understanding of variations in labour market demand.

A recent report by the Mitchell Institute¹ notes that federal government incentives can skew the link between workforce training and demand, and can lead to the misuse of traineeships. Although apprenticeships have not been exploited in the same way, reporting data and commentary generally fails to distinguish between the two pathways – a situation that misleads policy makers and confuses the public, thus tarnishing the reputation of both pathways. The Mitchell Institute also noted that, while apprenticeship uptake has remained relatively steady in Victoria over recent years, there has been a dramatic drop in the uptake of traineeships since the removal of key incentives.

¹ Noonan, P. and Pilcher, S. (2017) Finding the truth in the apprenticeship debate, Mitchell Institute report No. 03/2017. Mitchell Institute, Melbourne. Available from: www.mitchellinstitute.org.au

Figure 1: Commencements in Victoria by year

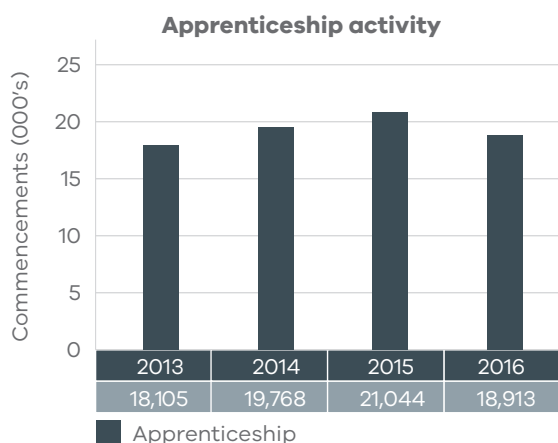
Source: Victorian Skills Commissioner, *Apprenticeships and Traineeships: Analysis of key trends and developments*



As Figure 1 shows, apprenticeship commencements have been generally steady while traineeship uptake has responded to changes in government subsidies, particularly those related to traineeships in 2012/13. However, the danger is that given the loss of public and employer confidence in both pathways, there is a risk that apprenticeship numbers will also fall unless decisive action is taken.

Figure 2: Recent trends in apprenticeship activity

Source: *Apprenticeship and Traineeship Analysis, Training pathways and outcomes, 2013–2016 Preliminary findings, 19 September 2017*



However, it is also worth noting that trends in numbers of apprenticeship commencements in recent years have varied considerably between industry sectors.

Quality of training delivery

Stakeholders frequently raised concerns about the quality of delivery and assessment for apprenticeships and traineeships. These encompassed concerns about the currency of training materials, industry knowledge of trainers and assessors, the flexibility of training approaches and the rigour of assessment processes.

Negative perception of apprenticeships and traineeships

There was a widespread view among stakeholders that significant cultural change is needed to overcome negative community perceptions of apprenticeship and traineeship pathways. As the perceived value of apprenticeships and traineeships has been eroded, the pool of talent available for these pathways has diminished and employers have been increasingly disillusioned with the quality and productivity returns of the system. A wider and more competitive talent pool would serve employers' needs.

Better preparation

Stakeholders identified the need for better pre-apprenticeship preparation and suggested that secondary school students would benefit from improved access to information about industry and opportunities for authentic exposure to the workplace.

Better promotion

As more and more advertisements spruiking university courses appear, there is an urgent need for information on the advantages of earn-and-learn pathways that will help young people make better career decisions. Strategic interventions through Skills First should be used to rebalance the apprenticeship and traineeship system to accentuate the enduring value of these pathways and actively promote them as central to the development of Victoria's future workforce.

Overview of recommendations

As the title of this report indicates, the overarching recommendations from the Victorian Skills Commissioner's work are to 'rebalance' the value of the earn-and-learn pathway through key enhancements to apprenticeships and traineeships, and publicly 'relaunch' them to change community and employer perceptions of their economic and social value.

A relaunch of apprenticeships and traineeships is needed to bring the government policy focus of real training for real jobs to life in the minds of employers and the broader community. A successful relaunch is not just a slick advertising campaign, but a complete re-positioning of apprenticeships and traineeships in the cultural and economic life of Victorians. Demand-driven planning and industry leadership would be key features of the relaunch.

Three central themes underpin this approach:

1. **Build a culture of co-investment** by supporting employers who invest in apprenticeships and traineeships
2. **Renew the focus on quality** by investing in quality training and assessment based on industry demand
3. **Elevate the status of apprenticeships and traineeships** by promoting the benefits to employers, young people and the broader community

These themes are interdependent. Consistent, quality outcomes are needed to encourage employer investment and shift public perceptions of apprenticeships and traineeships. Industry leadership and employer commitment are needed to guide quality improvements. A widespread understanding of the value of apprenticeships and traineeships is needed to build collaboration and a sense of shared responsibility for co-investment.

The actions recommended in this report draw on these intertwined themes to rebalance and relaunch apprenticeships and traineeships, and position Victoria to benefit from investment in workforce development that serves the State's economic and social imperatives.

The recommended actions comprise:

1. **Better demand data** to inform decision-making
2. **Targeted pilots** to test approaches for strategic, cultural change
3. **Proactive programs** to embed quality into the apprenticeships and traineeships model
4. **Convincing campaigns** to publicly relaunch apprenticeships and traineeships



Theme 1: Build a culture of co-investment

Although the changing landscape of modern industry and modern educational practices has altered the way that young people are prepared for a productive adulthood, some societies have maintained a culture in which both employers and students value the apprenticeship model.

International perspectives

In many of the economies of northern Europe, apprenticeship models epitomise a community approach to intergenerational workforce development that values the shared, and distinct, roles and responsibilities of employers, industry bodies, governments and education providers. Investment and ownership by government and industry is a central feature of apprenticeship systems in countries that have enjoyed long-term success.

The system in Switzerland is a prime example.

Perhaps the most enviable quality of the Swiss system is not just the engagement of a wide range of employers in the system, but the value these employers attach to their role in helping young people grow up and become part of the talent pipeline employers need in order to keep their enterprises productive and competitive.²

In Switzerland, government, employers and the wider community recognise that apprenticeships are a 'major contributor to the continuing vitality and strength of the Swiss economy'³.

Because Swiss employers view the VET system as one that is designed to meet their long term workforce needs, they neither expect nor receive any direct governmental subsidy for taking on an apprentice... costs in apprentice wages and associated training expenses over three or four years are more than offset by the bottom-line increases in productivity.⁴

A nationally-representative survey in Germany revealed that 63% of employers rated 'because apprenticeship training is a shared task of business and industry and hence a service for society' as a reason for providing in-company training.⁵ However, investment in the apprenticeship system is not purely altruistic. German business leaders also recognise the economic and business benefits of their investment.

This has nothing to do with corporate social responsibility. I do this because I need talent.⁶ - German HR manager at Deutsche Bank

An international comparative analysis of apprenticeship systems across eight countries found that countries that have not naturally developed institutions that coordinate employer activity and participation may have difficulty expanding apprenticeship provision. The report concluded that 'the existence of collective mechanisms may potentially incentivise employers to view apprentice training as an investment for collective good', but that these types of institution are 'historically determined within each country context, and are extremely difficult to construct from scratch'.⁷

Value of apprenticeships and traineeships

In building a culture of co-investment, Victoria has an opportunity to build on a long history of effective apprenticeship provision by better aligning apprenticeships to labour market demand, and expanding traineeship pathways in high value occupations in non-traditional trade industry sectors. This can be achieved by strengthening the collective mechanisms that are necessary to underpin an apprenticeship and traineeship system that delivers benefits to individuals, employers and the broader economy.

Despite ongoing political and industrial attention over recent decades, Australia has seen a diminution of the perceived value of apprenticeships by all stakeholders. Rather than associate apprenticeships with economic objectives, enterprise productivity, nurturing of a talent pipeline, or the preservation of valued knowledge and skill, Australian policy approaches and attitudes focus on employer and individual subsidies and supply-driven enrolment targets. The notion of 'investment' in apprenticeships and traineeships is confined to a narrow view of monetary transactions – financial incentives, subsidies and fees. The significance of employers investing time, care and commitment in the development of their future workers, and governments investing effort in the design of strategic support services is overlooked, but it is these joint investments in a shared vision that set European models apart. Notwithstanding the above, to ensure that both government and industry are appropriately invested, consideration could be given to the provision of fee-free apprenticeships in certain circumstances.

² Nancy Hoffman and Robert Schwartz (2015) "Gold Standard: The Swiss Vocational Education and Training System", Washington, DC: National Center on Education and the Economy

³ ibid

⁴ ibid

⁵ Maia Chankseliani, Ewart Keep and Stephanie Wilde (2017) People and Policy: A comparative study of apprenticeship across eight national contexts, World Innovation Summit for Education, University of Oxford

⁶ The Atlantic (2014) "Why Germany is so much better at training its workers", accessed 30/09/2017 at <https://www.theatlantic.com/business/archive/2014/10/why-germany-is-so-much-better-at-training-its-workers/381550/>

⁷ Maia Chankseliani, Ewart Keep and Stephanie Wilde (2017) People and Policy: A comparative study of apprenticeship across eight national contexts, World Innovation Summit for Education, University of Oxford

Roles of stakeholders

The contrast between the established and trusted European system and Australia's sometimes confused transactional approach is underlined by differences in the clarity of stakeholder roles. A key feature of successful European apprenticeship systems is a clear delineation of roles and responsibilities. Industry, on behalf of and informed by employers, is responsible for setting standards, and training providers are responsible for the delivery of training.

In contrast, stakeholders in the Australian system have taken on multiple roles: employers are funded to deliver training as enterprise RTOs; training providers are also employers of apprentices and trainees; and industry bodies provide training whilst also representing the views of employers. There is significant potential for confusion and conflict of roles.

To enable small employers to collectively take on apprentices, group training was introduced in Australia in the 1980s. The model has the potential to provide a wider range of work experiences to apprentices and trainees, and minimise risks to employers. It is a government subsidised model which acts as the substitute employer of apprentices and trainees for a small percentage of employers who have insufficient work to hire directly.

The promotion and marketing of apprenticeships and traineeships is done primarily by organisations with an interest in signing up numbers of apprentices and trainees, i.e. federal government agencies, training providers and group training organisations (GTOs). As a result, these approaches tend to be the most 'front facing' promotions to potential employers. In the absence of strong leadership from industry which promotes directly employed apprentices and trainees, other models of employment may be more widely recognised by employers. In Victoria, most apprentices are employed directly by small businesses, while larger employers are generally low users of the apprenticeship system. In contrast, larger businesses tend to be the more significant employers of trainees whilst the small business share of trainees is lower in relative terms. A nuanced approach to encouraging increased uptake of apprentices and trainees is needed in recognition of the differences between types of employer and their agreed pathways.

Through the consultations, some employers identified the advantages of the direct employment of apprentices and trainees:

Appselec is an electrical construction company based in Moorabbin. As a significant employer of electrical apprentices, sustaining an average of 80-100 apprentices every year for the last decade, Appselec believe that direct employment produces stronger skill outcomes for the apprentice and the company.

NPG Melbourne operates seven car dealerships in metro Melbourne, representing the Holden, Mercedes Benz, Renault, Nissan and Volkswagen brands. The company directly employs 55 apprentices and contracts another 15 through a GTO. Their recruitment process emphasises long-term commitment on the part of the employer, the apprentice and the apprentice's family.

The Australian Glass and Glazing Association (AGGA) is a strong promoter of apprenticeships. The Association recommends the direct employment of apprentices to maintain quality. Currently, there are 850 apprentices directly employed by businesses in the sector.

The Victorian Automobile Chamber of Commerce operates as a GTO employing apprentices and placing them with host employers. They also support employers with direct hire arrangements. VACC provides School-Based Apprenticeships and Traineeships (SBATs) with around 500 students currently enrolled. To ensure the quality of SBAT delivery, VACC has worked with schools to design training facilities, develop curriculum, source equipment, and place students with host employers. The program has seen 90% of SBAT students transition to full apprenticeships.

The role of incentives

Research and stakeholder consultation indicates that whilst employer incentives have a legitimate role they can produce mixed results in driving employer behaviour in relation to taking on apprentices. Some research⁸ suggests that financial incentives are most important to employers who have the most negative view of apprenticeships and the poorest completion rates. Case studies and consultations have reinforced the view that for employers with good completion rates and a positive view of apprenticeships, financial incentives have little effect on their decisions to employ apprentices.

AiGroup research suggests that incentives work best to encourage employers who are not currently engaged in apprenticeships to start training.⁹ But employer sensitivities to economic conditions and cycles are seen as contributing more significantly to variations in the number of apprenticeships.

Further barriers

The Victorian Skills Commissioner's consultation with stakeholders identified further barriers that employers claim are limiting the uptake of apprenticeships and traineeships. These include concerns about poaching of newly trained workers by companies who don't invest in training, labour costs associated with employing mature aged apprentices and trainees, and supervisory requirements which are excessive, or are based on out of date ratios, where other adequate alternatives may be available.

While these concerns are widely held, they are not universal. The success of many employers in overcoming these barriers and remaining competitive in their industry sector suggests that significant returns on investment are possible through the employment of apprentices and trainees.

Barriers to skilling the workforce are a significant frustration for employers in an environment where skill shortages are widely reported. Skills mismatch is a structural issue in most OECD countries whereby large numbers of employers cannot find workers with the skills they need, and yet graduates face difficulties in finding job opportunities that match their qualifications¹⁰. The Victorian Chamber of Commerce and Industry found that 35% of Victorian businesses are experiencing skills shortages and are having difficulty hiring Australian workers, with 54% of businesses in the building and construction sector reporting this problem¹¹.

There are also perceived barriers such as the impact of automation of job roles on the number and nature of jobs available, both now and into the future. There are conflicting reports on the impact of this, with a PWC report noting that, based on an occupational approach, "up to 30% of UK jobs could potentially be at high risk of automation by the early 2030s, lower than the US (38%) or Germany (35%), but higher than Japan (21%)"¹². However, an OECD report which looked at "the automatibility of jobs for 21 OECD countries based on a task-based approach" found that "on average across the 21 OECD countries, 9% of jobs are automatable. The threat from technological advances thus seems much less pronounced compared to the occupation-based approach"¹³. This variability of views raises serious questions about the extent to which future job roles will be replaced by automation.

Shared responsibility

Ensuring that the future workforce has the skills that industry requires is a shared responsibility of governments, industry and employers. To build a culture of co-investment that unites these players, the Victorian government could support the formation of industry consortia that bring together employer and employee representative organisations and direct employers of apprentices and trainees in a given industry sector. By investing in, and partnering with, industry consortia, government could pilot a series of strategic interventions aimed at rebalancing the demand side of the market.

Through the pilots, industry consortia would promote apprenticeship and traineeship pathways to their respective sectors and provide comprehensive support services for employers who invest in the direct employment of apprenticeships and traineeships. Industry consortia engagement with large numbers of employers in that sector could be used to highlight the productivity and business growth benefits of investing in training, and build understanding of what influences employers in their decisions to take on an apprentice or trainee to identify how barriers to uptake can be addressed.

Further detail on the proposed pilot approach is included in 'Recommended Actions.'

⁸ Dickie, M., McDonald, R. and Pedic, F. (2011) 'A Fair Deal: apprentices and their employers in NSW. Integrated Research Report.' Sydney: NSW Board of Vocational Education and Training.

⁹ The Australian Industry Group (2016) Making Apprenticeships Work. Accessed 12/09/2017 at http://cdn.aigroup.com.au/Reports/2016/15160_apprenticeships_policy_full.pdf

¹⁰ OECD (2016) Getting Skills Right: Assessing and Anticipating Changing Skill Needs. OECD Publishing, Paris. Accessed 12/09/2017 at http://www.skillsforemployment.org/KSP/en/Details/?dn=WCMSTEST4_171460

¹¹ Victorian Chamber of Commerce and Industry (2017) Survey of Business Trends and Prospects. Accessed 30/09/2017 at http://www.victorianchamber.com.au/system/files/private/survey_of_business_trends_q2-q3_2017_summary.pdf

¹² Berriman, R (2017), Will robots steal our jobs? The potential impact of automation on the UK and other major economies, UK Economic Outlook, March 2017, pg. 30

¹³ Arntz, M., T. Gregory and U. Zierahn (2016), "The Risk of Automation for Jobs in OECD Countries: A Comparative Analysis", OECD Social, Employment and Migration Working Papers, No. 189, OECD Publishing, Paris.

Theme 2: Renew the focus on quality

The recent history of apprenticeships and traineeships in Australia is not a positive one. Although policy failings have related predominantly to traineeships, and not apprenticeships, the missteps of the wider VET sector have impacted on the real and perceived quality of outcomes from apprenticeships and traineeships.

Recent focus has been on quantity

Attempts to boost apprenticeship and traineeship uptake through supply-driven mechanisms have focused exclusively on the quantity of enrolments and completions. However, it is now widely acknowledged that not all volume is good volume. The graph below was used in a recent paper¹⁴ to:

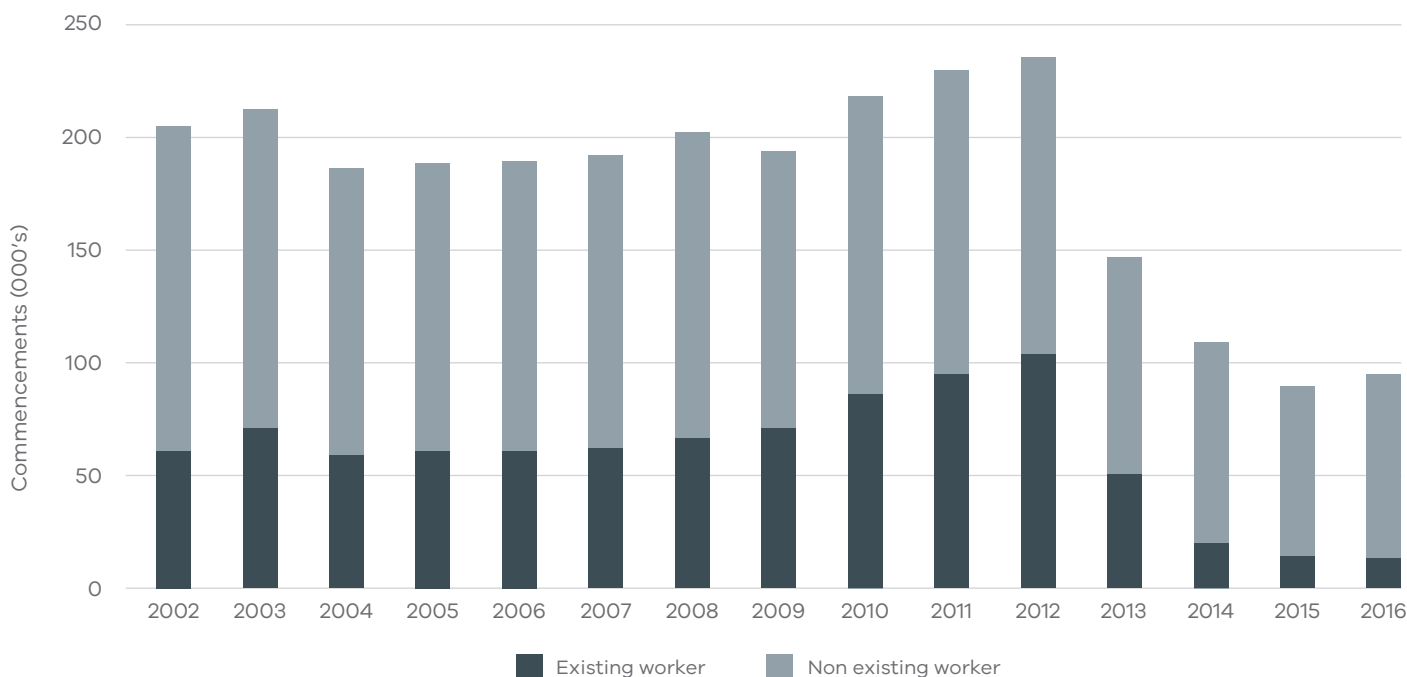
'show the effect of the withdrawal of Commonwealth government employer incentives for existing worker traineeships in non-priority areas in 2012. It highlights the level of dependence on government subsidies.'

The graph is used in the paper to suggest that, rather than offsetting the costs of training, incentives were the sole reason for uptake of traineeships.

The legacy of this is a skewing of the training market whereby business investment in training is guided by the availability of subsidies, rather than being linked to genuine labour market demand. When direct financial returns provide the impetus for employers to engage in training, the quality of training outcomes will be of secondary importance, to the detriment of individual trainees and the broader industry workforce.

Figure 3: Non-trade commencements: existing and non-existing workers

Source: *Finding the truth in the apprenticeship debate*, Mitchell Institute, 2017



¹⁴ Noonan, P. and Pilcher, S. (2017) *Finding the truth in the apprenticeship debate*, Mitchell Institute report No. 03/2017. Mitchell Institute, Melbourne. Available from: www.mitchellinstitute.org.au

Policy Responses

While Australia has traditionally looked to the UK system in developing VET policy, recent experience in the UK has not provided useful insights. Changes to English apprenticeships policy have produced results similar to Australia's experience with traineeships incentives. As a result of the availability of apprenticeships for existing workers in England, the proportion of apprentices aged over 25 has risen rapidly to 44%.¹⁵

Much of the expansion in England has been led by private providers who 'sell' to employers government funding for a variety of training schemes, including apprenticeship.¹⁶

Wasted investment in training is experienced when non-completions occur. The National Centre for Vocational Education Research (NCVER) has reported that for apprentices and trainees commencing in 2012, contract completion rates were 55.2% for all occupations. Although NCVER does not differentiate between apprenticeships and traineeships, separate rates are available for trades occupations (contract completion rate of 47.9%) and non-trades occupations (contract completion rate of 58.7%).¹⁷ NCVER data also shows that one third of apprentices and trainees leave in the first year of their contract of training. Key causes have been identified by industry, including workplace issues, occupational characteristics, lack of support for the parties, inadequate apprentice understanding of the nature of work, ineffective career counselling and aspects of delivery.¹⁸ Non-completions have also been attributed to a mismatching of employer and apprentice/trainee expectations of the work and training arrangements.

Apprentice and trainee outcomes

Analysis of Victorian apprenticeship and traineeship data has identified marked variability in completion rates depending on learner demographics, occupation, employer size, and provider type. Notable variations for apprenticeships include:

- Apprenticeship withdrawal rates tend to be lower for TAFE than private providers
- Apprenticeship completion rates are highest for large employers (67.3%) compared with medium employers (60.0%) and small employers (49.9%)
- Apprenticeship completion rates are lower for females (45.4%) than males (53.9%)
- Apprenticeship completion rates are higher for students who have completed year 12 (57.7%) and lowest for students who have completed year 8 or below (37.1%)

Stakeholders that consulted with the Victorian Skills Commissioner revealed mixed views about training outcomes in some industry sectors. Whilst some spoke highly of existing training provision quality, others in some industry sectors expressed frustration with consistency and reliability of assessment outcomes.

Examples of some employers implementing their own workplace-based approaches for the verification of competency reveal a lack of faith in the current assessment system for some occupations. Stakeholders cited electrical and plumbing licensing requirements as effective mechanisms for ensuring quality of outcomes through the independent assessment of competency. Despite VET quality assurance arrangements designed to ensure compliance with nationally recognised assessment requirements, some stakeholders suggest that existing assessment approaches are not sufficient if some employers are requiring re-examination on plant.

Employer dissatisfaction with apprenticeship and traineeship outcomes highlights a fundamental question about the purpose of the system. There is policy ambiguity around whether apprenticeships and traineeships are designed to support social inclusion through second-chance education and workforce entry opportunities, or whether they are designed to provide the quality and quantity of skilled workers that are needed by employers.

As the regulator in Victoria, the Victorian Registration and Qualifications Authority should continue a strong focus on traineeships in order to ensure they deliver for both employers and students.

There is potential for the tension between wanting apprenticeships to be seen... as a rigorous, high status route; and also wanting to deploy it as a mechanism for operationalising second chances, that also offers social inclusion goals for young people who have not flourished on the academic route and within mainstream schooling.¹⁹

¹⁵ Maia Chankseliani, Ewart Keep and Stephanie Wilde (2017) People and Policy: A comparative study of apprenticeship across eight national contexts, World Innovation Summit for Education, University of Oxford

¹⁶ ibid

¹⁷ NCVER (2017) Australian vocational education and training statistics: completion and attrition rates for apprentices and trainees 2016, NCVER, Adelaide.

¹⁸ The Australian Industry Group (2016) Making Apprenticeships Work. Accessed 12/09/2017 at http://cdn.aigroup.com.au/Reports/2016/15160_apprenticeships_policy_full.pdf

¹⁹ Maia Chankseliani, Ewart Keep and Stephanie Wilde (2017) People and Policy: A comparative study of apprenticeship across eight national contexts, World Innovation Summit for Education, University of Oxford

Important role of apprenticeship and traineeship pathways

Stakeholders overwhelmingly focused on the role that apprenticeships and traineeships play in building a highly skilled workforce that is responsive to the needs of industry. The Victorian Skills Commissioner, in meeting with groups of apprentices and trainees, confirmed that many transition into apprenticeships regardless of their academic achievement. This demonstrates the vital role played by many employers in supporting a range of young people into employment.

A number of examples also became evident during the consultation process, of industry and providers forging new and productive partnerships to ensure that providers are keeping up with changing industry needs:

The Victorian Automobile Chamber of Commerce developed learning and assessment resources and made them available to schools to ensure quality and consistency in pre-apprenticeship training.

The Air conditioning and Mechanical Contractors Association (AMCA) has formed partnerships with two TAFEs to develop centres for excellence. The partnerships include industry assistance to update TAFE facilities and access to AMCA staff to support industry currency for TAFE trainers.

The Australian Glass and Glazing Association (AGGA) has partnerships with TAFE and private providers on behalf of the industry and has helped TAFE to develop training resources and a master glazing program.

Preparation and understanding of job roles

Industry-endorsed pre-apprenticeship programs were recognised by many stakeholders as important for supporting successful outcomes.

NPG Melbourne (operator of seven car dealerships in metro Melbourne) expects all apprentice applicants to have completed a pre-apprenticeship as a demonstration of their commitment to the industry. The practical skills acquired through a pre-apprenticeship are valued for the role they play in making recruits useful and respected by their co-workers from day one.

A plumbing pre-apprenticeship program established through AMCA's partnership with Holmesglen TAFE has contributed to a 90% pass rate for the journeyman test for those who continued on to complete their Certificate III in Plumbing, compared with a 50% industry average pass rate.²⁰

AiGroup has identified inadequate apprentice understanding of the nature of work as a key contributing factor in non-completions, and argued strongly for the availability of pre-apprenticeships in the secondary school system to provide entry-level training options for students and job-seekers²¹. The Multi Industry Pre-Apprenticeship Project run by the Apprenticeship Employment Network aims to address low apprentice and trainee completion rates by providing participants with the opportunity to trial three or four different industries. The project targets students in years 10 and 11, and existing unemployed people under 25, and allows both participants and host employers to make informed choices.²²

Adequate preparation before undertaking an apprenticeship or traineeship is regarded as critical by all stakeholders. Taskforce members reported that work exposure, through work experience or formal work readiness programs, were valuable for preparing young people for the apprenticeship or traineeship experience and ensuring they have made informed career decisions. This is of particular relevance when considering individuals undertaking a school based apprenticeship. Stakeholders reported that the skills acquired by many students were not always to the standard required by employers to then continue their apprenticeship upon leaving school.

With secondary schools committing to an important role in vocational preparation by delivery of VET in Schools, including apprenticeship and traineeship pathways, they should be operating to the same standards established under Skills First reforms.

Additionally, science and maths skills were identified as underpinning the development of skills and knowledge in many trade areas. This appears to be supported by a 2017 survey finding in the construction industry where industry stakeholders identified foundation skills as the most important skills for industry entry.²³

²⁰ Victorian Skills Commissioner consultation with the Air conditioning and Mechanical Contractors Association

²¹ The Australian Industry Group (2016) Making Apprenticeships Work. Accessed 12/09/2017 at http://cdn.aigroup.com.au/Reports/2016/15160_apprenticeships_policy_full.pdf

²² Apprenticeship Employment Network website. Accessed 30/09/2017 at <http://aen.org.au/multi-industry-school-based-pre-apprenticeship-support-project/>

²³ Artibus Innovation (2017) Developing Industry Skills: IRC skills forecast and proposed schedule of work. Accessed 12/09/2017 at <http://www.artibus.com.au/wp-content/uploads/2017/06/CPC-Skills-Forecast.pdf>

Theme 3: Elevate the status of apprenticeships and traineeships

Strengthened foundations

Stakeholders have stressed the importance of soft skills in apprenticeships and traineeships. Employers value broader initiative, problem solving, customer service and business skills, beyond the technical requirements of the job, and industry stakeholders highlight the importance of these skills for employers in a customer-centric world, and for those apprentices who are likely to become self-employed. Some consultation participants felt that these broad industry and business skills need greater emphasis in the delivery of apprenticeship training.

Analysis of Victorian apprenticeships data²⁴ found that apprentices who undertook foundation skills training concurrently with their apprenticeship had markedly higher completion rates (70% vs 55%). This finding also supports suggestions from earlier research that literacy and numeracy difficulties were a factor in apprenticeship non-completions.²⁵

Importance of appropriate investment

To renew a focus on quality in apprenticeships and traineeships, and rebuild employer and community confidence in the system, the Victorian government needs to invest in training where there is clear labour market demand and industry support for quality assurance. Existing examples of industry leadership in this area, such as AMCA and AGGA, can be used as exemplar models to strengthen future relationships between industry and providers.

Government investment in high quality, up-to-date learning materials and appropriate learning and support programs is needed to rebuild employer confidence in apprenticeship and traineeship outcomes. Establishing mechanisms for industry to provide advice on the quality and content of training and assessment, including for pre-apprenticeship programs, would encourage buy-in from employers and increase the industry relevance of training. Independent assessment for apprenticeships in key occupations could be trialled to ensure that apprentices do not graduate without the essential foundation, technical and employability skills that employers require.

Basing government investment in apprenticeships and traineeships on skills demand profiles would maximise the value of outcomes for individuals, employers and the Victorian economy. Careful monitoring of that investment should also include an increased focus on non-completing apprentices. The introduction of a second-chance program that tracks and supports third and fourth year apprentices who have dropped out of their apprenticeship would help young people and employers to achieve positive outcomes and reduce wasted investment.

Further detail on the proposed quality improvements is included in 'Recommended Actions.'

Currently in Australia, there is low public regard for VET and for apprenticeship and traineeship pathways. Stakeholders describe VET as the poor cousin – and second-choice option in post-compulsory education. Public perceptions of VET depict it as leading to dirty, manual and low-paid jobs. Higher education is regarded as providing access to more economically rewarding and sustainable careers. However, recent research has shown that these views do not reflect reality.

Employment opportunities for apprentices and trainees

VET has been found to provide better employment outcomes and a higher median graduate income than universities.²⁶ VET is also more accessible, flexible, adaptable and cost efficient than university education. And apprentices and trainees have the advantage of earning throughout their training. Comparisons of the income disparity between undertaking a four-year carpentry apprenticeship and a Bachelor of Arts reported total income of \$130,000 for the apprenticeship vs a debt of \$20,000 for the degree.²⁷

Through the consultations, stakeholders highlighted the varied and rewarding careers that are possible through apprenticeship and traineeship pathways. The earn-and-learn model of apprenticeships and traineeships reflects the lifelong learning approaches that will be necessary for all workers in a rapidly changing work environment, and is an ideal pathway for entry into a wide range of established and emerging occupations.

Stakeholders cited unmet demand for apprenticeships in a range of industries including civil construction, landscaping, baking, furnishing, automotive service and repair; and potential for growth in traineeships in expanding industry sectors such as aged care and disability services, health, rail infrastructure, and tourism and hospitality.

A number of stakeholders also expressed challenges, despite current efforts to diversify their workforce, particularly in relation to the attraction of females in traditional trades.

²⁴ Hope, S (2017) Apprenticeship and Traineeship Analysis, Training pathways and outcomes, 2013-2016 Preliminary findings, 19 September 2017 (unpublished analysis of DELTA database for HESG)

²⁵ Bednarz, A 2014, Understanding the non-completion of apprentices, NCVER, Adelaide.

²⁶ Wyman, N., McCrindle, M., Whatmore, S., Gedge, J. & Edwards, T. (2017) Perceptions are Not Reality: Myths, realities & the critical role of vocational education & training in Australia. Accessed 16/09/2017 at <http://saf.org.au/perceptionsarenoreality/>

²⁷ Year13 (2017) After the ATAR: Understanding how Gen Z transition into further education and employment, available from <http://youthsense.com.au/>

Emphasis on higher education and the impact of this

Anxiety about employment outcomes and economic and social aspirations may have initially driven the over-valuing of higher education by schools, parents and young people. However, aggressive marketing by universities has fuelled an unprecedented boom in higher education enrolments. Victoria's On Track survey²⁸ of school leavers indicates that in 2016, 54% of completing year 12 students enrolled in a Bachelor degree, while only 8% entered into apprenticeships or traineeships. The proportion of year 12 students transitioning into a Bachelor degree program has increased from 41% in 2003.

An overemphasis on gaining high level qualifications prior to employment, irrespective of student capability, ignores the many entry level jobs available in the Victorian labour market. Associated job elitism also ignores the capacity of students to find a job, progressively upskill, and gain promotion through the system, which can contribute to skills and labour shortages and encourage employers to source solutions from imported labour.

Since the introduction of free university education in the 1970s, Australian policy rhetoric has praised increasing levels of higher education in the population. But this is not an attitude shared by all OECD countries: only 25% of students in the Swiss system progress to university education, as Swiss leaders believe that 'enrolling more than 25 percent of students in that system might lead to a diminution of quality.'²⁹ In Germany, close to 60% of young people train as apprentices in fields as diverse as advanced manufacturing, IT, banking and hospitality.³⁰

Taskforce members drew attention to the sophisticated marketing of higher education pathways by universities. Career and course information from higher education providers is more readily available to secondary students, teachers and parents than information on VET pathways. Higher education providers are also more frequent attenders of the multitude of career expos and open days that target school leavers.

Uncapped higher education places and lowered entrance requirements were identified by many stakeholders as having a significant impact on the availability of suitable young people to undertake apprenticeships and traineeships.

Demand-driven higher education funding has drawn students who would normally choose TAFE institutes into universities.³¹

The channelling of competent students into higher education pathways feeds a self-perpetuating cycle, diminishing the status and visibility of VET pathways as they become less attractive options for aspiring and high achieving students.

However, concerns about the unsustainability of higher education enrolment growth and diminishing employment returns are beginning to gain wider attention. Commentators and young people have begun to question the excessive focus on ATAR achievement in secondary schools.³² With escalating HECS debt, declining graduate salaries and university graduates taking an average 4.7 years to find full-time employment³³ the current level of attractiveness of higher education pathways may soon begin to wane.

Re-focussing on Vocational Education and Training

The time is right to reassert the worth of VET, and the applicability of earn-and-learn models for workforce entry, youth transition and workforce development that meets industry needs. As the status of apprenticeships and traineeships is tied to perceptions of VET more broadly, collaborative cross-sectoral action will be required.

Confusion in the current Vocational Education and Training market

Industry stakeholders have pointed out that the proliferation of qualifications available for apprenticeships and traineeships is unnecessary and makes the system confusing for potential recruits, employers and careers advisors. Of the 436 traineeship pathways on the 2018 Victorian Funded Course List, 202 have had no uptake in the last three years.³⁴

The importance and value of traineeships as a legitimate pathway cannot be recognised when such an abundance of equivalent pathways is available. As an example, at least a quarter of the 40 business services options on the approved course list could be replaced with a single pathway. A reduction in the number of pathways would elevate their significance and status.

²⁸ Accessed 27/09/2017 at <http://www.education.vic.gov.au/about/research/Pages/ontrack.aspx> Note: On Track findings are based on a survey response rate of approximately 50%. The self-selection of respondents introduces a significant chance of bias.

²⁹ Nancy Hoffman and Robert Schwartz (2015) "Gold Standard: The Swiss Vocational Education and Training System", Washington, DC: National Center on Education and the Economy

³⁰ The Atlantic (2014) "Why Germany is so much better at training its workers", accessed 30/09/2017 at <https://www.theatlantic.com/business/archive/2014/10/why-germany-is-so-much-better-at-training-its-workers/381550/>

³¹ Mary Faraone, Chair, TAFE Directors Australia, TDA Conference September 2017

³² Year13 (2017) After the ATAR: Understanding how Gen Z transition into further education and employment, available from <http://youthsense.com.au/after-the-atar/>

³³ Healy, J. (2015) Graduating into a weak job market: why so many grads can't find work. The Conversation, accessed 30/09/2017 at <https://theconversation.com/graduating-into-a-weak-job-market-why-so-many-grads-cant-find-work-45222>

³⁴ Victorian Registration and Qualifications Authority (2017) Apprenticeship and Traineeship Funded Course uptake data 2014-16 (unpublished)

Careers advice and the understanding of industry

Lack of high quality careers advice has been identified by employers as a key barrier to higher participation in apprenticeships and traineeships. Further, AiGroup has suggested that ineffective career counselling may contribute to inadequate apprentice understanding of the nature of work required, which is identified as a key contributing factor towards non-completion of apprenticeships and traineeships.³⁵

Stakeholders from a range of industries expressed concern that there was limited understanding of their industry in schools, and inherent biases against some industries where teachers and careers advisors had little firsthand knowledge of the industry or contact with employers.

The widespread lack of understanding of apprenticeship and traineeship pathways, and the low status accorded to them, make it less likely that emerging or non-traditional industries will adopt these pathways as a workforce development mechanism. AiGroup reports that the Australian economy is growing in areas that do not traditionally use apprenticeship pathways³⁶. A better-regarded and visibly functioning apprenticeship and traineeship system would potentially attract new users enabling expansion of the model into a wider range of industries.

Careers education in secondary schools is currently reported by industry as inadequate in providing accurate and up to date advice to students on the full range of industries and occupations/jobs available in the Victorian economy. Without the introduction of a new careers advice model involving an equitable partnership with industry, and being properly resourced, participation opportunities and meeting the range of industry labour needs will constrain optimising the economic participation of students in the Victorian economy.

Industry must drive the system

However, new approaches must be driven by industry need. A supply-driven culture has the potential to influence new apprenticeship and traineeship products, such as the Commonwealth-funded higher apprenticeship pilots, whereby the qualifications may reflect provider preferences and marketable terminology unless they are demonstrably a product of employer demand and reflect clear job outcomes. The term 'apprenticeship' has cultural, legislative and industrial relations implications and cannot be randomly applied to new training products. Reasonable caution should be applied to avoid an unproductive proliferation of qualifications such as that experienced in England where the official UK register of qualifications contains almost 40,000 qualifications and prospective plumbers, for example, have to choose from 53 qualifications offered at three different levels by five different awarding organisations³⁷.

However, there is scope for more flexible and creative use of traineeships in a range of emerging industries and areas of skill demand. By working with industry to validate demand, there is considerable potential to align traineeships to higher value roles in organisations that can be skilled through earn-and-learn pathways, such as valued roles in the health sector, retail, horticulture, rail operations and others.

Promoting and simplifying apprenticeship and traineeship pathways

The Victorian government has already taken a proactive role in elevating the status of apprenticeships and traineeships and encouraging increased use of the model through its policy commitment to the Major Projects Skills guarantee. Further promotional activity should demonstrate the value of apprenticeship and traineeship pathways for workforce entry and sustainable careers, and link messages to areas of Victorian jobs growth. Government should also establish and partner with industry consortia to tailor promotional messages, at the industry sector level, to educate employers and to promote opportunities available across industries, emphasising the direct employment of apprentices and trainees and highlight how they can contribute to the business bottom line.

Efforts need to be made to reduce complexity for stakeholders by reviewing the available pathways, eliminating duplication and identifying high value traineeships and effective delivery pathways. The re-introduction of trade papers would also give employers a better understanding of what graduates can do, and help parents and students recognise the occupational outcomes from qualifications.

Further detail on the proposed promotional approach is included in 'Recommended Actions.'

³⁵ The Australian Industry Group (2016) Making Apprenticeships Work. Accessed 12/09/2017 at http://cdn.aigroup.com.au/Reports/2016/15160_apprenticeships_policy_full.pdf

³⁶ *ibid*

³⁷ Ofqual, accessed 26 October 2017, <https://register.ofqual.gov.uk/>

Recommended Actions

Taking into account the information gathered throughout the Taskforce process, the Victorian Skills Commissioner has made a range of recommendations aimed at addressing potential opportunities and current barriers relating to the uptake of apprenticeships and traineeships across industries in Victoria.

Four areas for action have been identified to address identified barriers and seize opportunities to improve the use of apprenticeships and traineeships. The actions are designed to rebalance the apprenticeship and traineeships system in Victoria and relaunch it as a key mechanism to skill the future workforce.

1. Better demand data: to inform decision making

For Government investment in training to be well-targeted, the extent of labour market demand for skills must be better understood. This process is not about decimal point accuracy, but an understanding of the order of magnitude of demand, and involves subjecting available labour market data to industry intelligence and validation. An improved understanding of demand will help training providers to better understand and target industry need and assist learners to consider job or career options.

The Office of the Victorian Skills Commissioner has established an industry engagement framework to ensure that the training system is informed by industry and employer perspectives. The engagement process is being used to shed light on the level of labour market demand for skilled workers.

Demand from learners, via student choice, is central to Skills First policy. Information on labour market demand can enhance student choice and lead to better outcomes for the student. The rationalisation of available pathways would also support student choice by clarifying optimum, industry endorsed pathways that lead to job outcomes.

Specific actions that would provide Government with better demand data to inform decision making are:

a. *Better data to make better decisions.*

Training and labour market data should be prepared by Government and validated by industry to produce skills demand profiles. This allows further testing of the relationship between qualifications and job outcomes to be undertaken. These processes will then assist government priority setting, student decisions, industry priorities and government investment in training.

b. *Resource the Victorian Registration and Qualifications Authority to review funded pathways.*

Existing apprenticeship and traineeship pathways should be reviewed by the Victorian Registration and Qualifications Authority, working with the Office of the Victorian Skills Commissioner and its Industry Engagement Framework. Pathways not used or valued by industry should be removed from the Funded Course List and highly valued pathways clearly identified to inform funding decisions and student choice. Highly valued pathways can be identified as those that represent valued occupational roles, priority and growth industries, and areas where there is unmet demand or a reliance on imported labour.

Duplicate equivalent pathways should be eliminated and effective delivery pathways identified through this process, which could be achieved by reviewing the proliferation of funded courses and pathways.

c. *New mechanism to drive equitable partnerships between schools and industry on careers information and advice*

Build a mechanism that brings schools and industry together in an equitable partnership to provide high quality careers advice to students in the school environment based on skills demand profiles, including resource materials that profile individual sectors of industry, occupations and jobs available in the Victorian economy.

2. Targeted pilots: to test approaches for strategic, cultural change

The future competitiveness of Victorian industry relies on employers' commitment to training. Re-establishing employer confidence in the apprenticeship and traineeship system will require strategic, cultural change that is best tackled on an industry sector or regional basis. To achieve strategic, cultural change, Government should support the establishment of industry consortia that bring together employer and employee representative organisations and direct employers of apprentices and trainees within a specific sector. The role of the industry consortia could be to develop enhancements to existing apprenticeship and traineeship models, subject to trialling and validation by the broader sector. Industry consortia should be commissioned to develop and pilot initiatives to align apprenticeship and traineeship uptake with identified labour market demand. The pilots would aim to rebalance the apprenticeship and traineeship system by countering the current overreliance on training decisions based on supply-side information.

Pilots should be conducted in a range of industry sectors and regions. In relation to apprenticeships, these should focus on industry sectors where there are clear labour and skills gaps. Regional pilots can address the specific needs of geographic areas by focusing on locally significant industry sectors. Pilots relating to traineeships should be conducted in expanding industry sectors where traineeships need to be cultivated and developed. Pilots will also need to take account of the way in which major projects in Victoria can stimulate growth in apprenticeships and traineeships.

Through the pilots, industry consortia would promote and support the direct employment of apprentices and trainees. Ideally, the pilots would also act as a platform for industry consortia to clearly define their role in the apprenticeship and traineeship system; establish their worth as supporters of employers of apprentices and trainees; and reposition themselves as employer advocates and enablers of the apprenticeship and traineeship system.

The pilots can be used to test solutions in targeted sectors or regions. Successful industry consortia-led models for supporting apprenticeships and traineeships may then be used as inspiration for the development of solutions in other industry sectors or regions. Transparency around the objectives, outcomes and evaluation of the pilots is essential for garnering support and interest from potential future collaborators.

Pilots should run for a minimum of 3 years based on the following:

- a. *Government invest in industry consortia to develop and provide comprehensive support services to help employers attract, recruit and retain apprentices and trainees.*

Support services should be tailored to the needs of small-medium-micro employers and include:

- promotion of effective apprenticeship and traineeship pathways in the sector
- recruitment of sector specific employers to provide work placement opportunities for pre-apprenticeship pathways.
- seamless coordination processes to support employers in finding and signing up apprentices/trainees
- induction programs for direct employers of apprentices and trainees
- mentoring by experienced master tradespeople with a primary focus on trades proficiency and pastoral care support
- dedicated pre-apprenticeships with common approaches
- advice and guidance on the contracting process and issues relating to managing apprentices and trainees
- assistance in communicating and partnering with training providers.

The new industry-led support services would complement and connect with existing apprenticeship and traineeship support services.

- b. *Government invest in industry consortia to promote apprenticeship and traineeship pathways, and identify and link opportunities with employers directly.*

Industry consortia communications with employers would promote the advantages of employing apprentices and trainees, including advice on return on investment and awareness-raising around the future industry benefits of employer commitment to workforce development, particularly given the ageing of the workforce.

3. Proactive programs: to embed quality into the apprenticeships and traineeships model

Improving the quality of training outcomes is essential for raising the status of apprenticeships and traineeships. Input and collaboration from industry and employers is needed to guide improvements that respond to industry needs and address the current concerns of employers. The Office of the Victorian Skills Commissioner could assist with this process by facilitating interaction between employers and providers.

Improving the quality of training and assessment would safeguard government investment in apprenticeships and traineeships by aligning outcomes with individual, employer and community expectations. More closely following and supporting non-completing apprentices and trainees would provide a means to ensure that optimal outcomes are achieved for all parties and wasted investment is reduced.

- a. *Produce high-quality learning materials*

Fund training providers to work with industry to contextualise and update learning materials to capture more of the generic skills, and the customer-centric aspects of contemporary trade roles, and pick up technology changes including the digitising of platforms. Initiatives may be led by the Victorian TAFE Association with significant input from, and subject to validation by, industry. Final products should be shared with all Skills First providers authorised to facilitate apprenticeship and traineeship pathways in order to ensure consistency of delivery standards. Trades targeted for initial investment may include building and construction, and hospitality.

- b. *Trial independent assessment*

Resource the Victorian Curriculum and Assessment Authority to work with interested industry consortia to develop, trial and administer a mechanism for the independent assessment of proficiency, such as capstone assessment (focusing on required knowledge and practical skills proficiency), in a specific industry/occupational area, e.g. for Certificate III in Carpentry as an initial trial. This action could be aligned with the re-introduction of trade papers.

c. *Implement a 'second chance' program*

Fund a number of GTOs to develop and trial a program to follow up on third and fourth year apprentices who drop out of their training arrangement. The program could also be used to gather valuable data on reasons behind non-completions. The second-chance program should provide non-completing apprentices with:

- pathways guidance for completing their training with another employer or transitioning into a related training program
- assistance to redress knowledge deficiencies that are acting as a barrier to completion
- assistance with finding a new employer and/or training provider
- advice on transferring their knowledge, and applying their skills and experience to new pathways.

d. *Build dialogue between employers and training provider on quality delivery of apprenticeship and traineeship training*

Resource the Office of the Victorian Skills Commissioner to facilitate forums through the industry engagement framework that bring training providers and employers together. The aim of the forums would be to establish dialogue on issues that impact the quality of delivery and assessment, such as changes to technology and work practices in industry. Forums would allow employers to provide feedback on the relevance of training content and approaches, and the currency of delivery staff and learning materials.

e. *Design and implement industry-driven pre-apprenticeship programs*

Resource industry consortia to work with training providers to design or confirm preferred pre-apprenticeship programs that address industry or regional work readiness needs. The programs would need to be endorsed by industry for school-based delivery and include genuine work placement opportunities.

f. *Strengthen monitoring of traineeship pathways*

The Victorian Registration and Qualifications Authority, within its existing role as the Victorian regulator, increase their focus on ensuring the integrity of the traineeship is maintained, with particular attention to any newly established high value traineeships and significant users of the system.

4. Convincing campaigns: for a public relaunch of apprenticeships and traineeships

Changing community perceptions of the value of apprenticeships and traineeships will take a concerted effort from Government and industry. The symbiotic relationship of apprenticeships and traineeships with the VET system means that it is also necessary to change perceptions of all VET pathways. This will require a pooling of government resources to support a unified message.

Government and industry each have a role in communicating key messages to employers and the community. Victorian government should take responsibility for state wide promotion and messaging, whilst industry consortia should target the sector level.

Broad messages about the value of VET pathways for young people entering the workforce is the responsibility of the Victorian government and is critical for rebalancing the VET versus higher education conundrum to ensure training provision is better aligned to industry demand and therefore increased economic participation. Focused messages about the needs of industries and the occupations and skills in demand could be provided by industry consortia, with government coordination and guidance.

Consistent, convincing messages about the value of apprenticeships and traineeships will rely on the availability of clear pathways and outcomes information. The reintroduction of trade papers and a streamlined list of funded pathways would reduce confusion and aid public understanding of valued skill development opportunities.

a. *Promote the positive outcomes of apprenticeship and traineeship pathways to students, parents, schools and the broader community through a public campaign.*

A public campaign should encompass:

- Messages about the long-term value of trade occupations, the relevance of apprenticeships and traineeships to emerging industries and technologies, the practicality of work combined with skills-based learning for successful work and life outcomes, the return on investment for individuals compared with the cost of higher education, and opportunities to build on a vocational base through further study in future
- Messages linked to labour market demand and the jobs growth that Victoria is experiencing and current economic drivers, e.g. major infrastructure projects, growth of emerging industries, work on domestic violence, and implementation of NDIS
- Use of a streamlined pathway list, including advice on pathways with strong employment outcomes.

b. Partner with industry consortia to raise employer awareness of the business benefits of engaging apprentices/trainees

Awareness raising efforts should build on and complement awareness raising activity conducted through the pilots, and include:

- Promotional material that identifies and addresses identified barriers to the uptake of apprenticeships and traineeships by small-medium-micro employers, and explains ROI benefits
- Awareness raising among large employers of the business benefits that can be realised through coordinated approaches to the management of apprentices and trainees
- A mechanism to identify and recognise employers who have demonstrated a long-term commitment to employing apprentices/trainees – recognition may include publicity through promotional campaigns recognising the employer as a valued champion or similar. A similar initiative has been implemented in Norway, whereby the government introduced the concept of ‘learning enterprises’. To be recognised as a learning enterprise, an organisation must meet specified stipulations. They are then promoted by government as a learning enterprise via PR campaigns in newspapers and online marketplaces.³⁸
- The availability of fee-free options for apprenticeships and high value traineeships.

c. Re-introduction and promotion of trade papers.

Trade papers should be re-introduced to enable completing apprentices to achieve appropriate trade recognition.

Promotion of trade papers should encompass:

- Collaboration between the Victorian Registration and Qualifications Authority, Office of the Victorian Skills Commissioner, employer and employee representative groups via relevant Industry Advisory Groups to agree on appropriate wording, and a process for determining when trade papers can be awarded
- Use of occupational descriptors in trade papers to give parents and students a clear understanding of occupational outcomes.

d. Use whole-of-government approaches to change culture around apprenticeships and traineeships.

Approaches may include:

- Collaboration with the school sector to support the use of realistic work exposure programs for secondary school students
- A new, properly resourced, careers advice model underpinned by an equitable partnership between industry and schools should be developed to guide better student decision making and maximise the economic participation of all students within the Victorian economy
- Liaison with the social impact team in the Department of Premier and Cabinet to develop new ways of influencing employers and apprentices to new attitudes and behaviours
- Communication with the Commonwealth Government on the impact that uncapped higher education places are having on the skills of the future workforce.
- Greater alignment between standards applied in schools, in VET in Schools (including pre-apprenticeships), and standards applied more broadly in VET under Skills First, to ensure seamless preparation and improved transition to apprenticeships and traineeships by students.

³⁸ Chankseliani, Maia & Keep, Ewart & Wilde, Stephanie. (2017). People and Policy: A comparative study of apprenticeship across eight national contexts.



Attachments

A1: Taskforce Membership

A2: Stakeholder Consultation Participants

Attachment A1: Taskforce Membership

Name	Organisation
Mark Stone	Victorian Chamber of Commerce and Industry
Luke Hilakari	Victorian Trades Hall Council
Gary Workman	Apprenticeship Employment Network
Bill Hamill	Australian Council for Private Education and Training
Andrew Williamson	Victorian TAFE Association
Tim Piper	Australian Industry Group
Lynn Glover	Victorian Registration and Qualifications Authority
David Latina	Department of Education and Training
Chris Hecker	NPG Melbourne Pty Ltd
Stephen Parkinson	Australian Paper
Michael Sharpe	Appselec
Nick Dickinson	Metro Trains
Annette de Jager	Western Health
Steven Wojtkiw (as proxy for Mark Stone)	Victorian Chamber of Commerce and Industry
David Cragg (as proxy for Luke Hilakari)	Victorian Trades Hall Council
Joe Burke (as proxy for David Latina)	Department of Education and Training
Nicole Sullivan (as proxy for Nick Dickinson)	Metro Trains

Attachment A2: Stakeholder Consultation Participants

Victorian Apprenticeship and Traineeship Taskforce Consultation Participants

Individual consultations

Organisation	
Air Conditioning and Mechanical Contractors Association	Appselec
Apprenticeship Employment Network	Australian Education Union
Australian Glass and Glazing Association	Australian Hotels Association
Australian Industry Group	Australian Nursing and Midwifery Federation
Australian Retailers Association	Australian Services Union
Automotive Supplier Excellence Australia	Aviation and Aerospace Australia
Baking Association Australia	Cabinet Makers and Designers Association
Caravan Industry Association Victoria	Civil Contractors Federation
Construction, Forestry, Mining and Energy Union	Electrical Trades Union
Energy Safe Victoria	Farm Safe Victoria
Hair and Beauty Industry Association	Holmesglen Institute
Landscaping Victoria	Master Builders Association
Metro Trains Melbourne	Municipal Association of Victoria
National Meat Industry Training Advisory Council Limited	Nursery and Garden Industry of Victoria
NPG Melbourne Pty Ltd	Pharmacy Guild of Australia
PwC's Skills for Australia	Racing Victoria
Rail, Tram and Bus Union Victoria	Restaurant and Catering Association
Retail Estate Institute Victoria	School of Vocational Engineering, Health & Sciences - RMIT
Seafood Industry Victoria	Sports Turf Association
Victorian Automobile Chamber of Commerce	

Group consultations

Victorian Chamber of Commerce and Industry Round Table

Organisation
Crown College International
Fulton Hogan
McDonalds Australia
Melbourne Convention & Exhibition Centre
WPC Group
The Melbourne Chamber of Commerce
The Linfox Group
Apprenticeship Support Australia
ExxonMobil Australia

Australian Retailers Association Members' Forum

Organisation
Myer
Specsavers
Bunnings Group
Bakers Delight
La Porchetta
Master Grocers Association
JeansWest
Forever New
The Pharmacy Guild of Australia
Australian Retailers Association Retail Institute

Apprenticeship Employment Network Industry Round Table

Organisation
Skillinvest
The Apprenticeship Factory
AiGroup
Gforce Employment Solutions
Victorian Group Training Co Ltd
Apprenticeships Group Australia
Westvic Staffing Solutions
AFL Sportsready
NECA Education and Careers
Apprenticeship and Traineeship Employment Partners

Holmesglen Institute Students

Industry
Electrotechnology
Horticulture
Commercial cookery
Bakery

Holmesglen Institute Teachers

Industry
Electrotechnology
Bakery
Commercial Cookery
Horticulture
Engineering
Early Childhood Education
Flooring Technology

Chisholm Institute Students

Industry
Joinery
Plumbing
Cookery
Carpentry
Hair & Beauty
Electrical
Cookery
Automotive

Chisholm Institute Teachers

Industry
Electrical
Cookery
Hairdressing
Hospitality
Plumbing
Building & Construction
Auto Heavy Vehicles



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