

Apprenticeships Reform Advisory Group

Recommendation Report

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On 1 September 2015, the then Assistant Minister for Education and Training, Senator the Hon Simon Birmingham, announced the formation of the Apprenticeships Reform Advisory Group (Advisory Group) to provide guidance and represent the views of industry on three priority reform areas:

1. restructuring of apprenticeship incentives
2. a new pre-apprenticeship programme
3. piloting alternative models of apprenticeship delivery.

The Advisory Group met four times between 3 September 2015 and 28 October 2015. In addition to the formal deliberations of the Advisory Group, targeted consultations were held with key stakeholders to inform the development of advice and recommendations presented in this report. The Advisory Group agreed the contents and recommendations of this report at its final meeting.

For the purposes of this report, the Advisory Group has used the term apprenticeships to refer to both apprenticeships and traineeships. Broader issues with inconsistent nomenclature are referenced later in this report.

Statement from the Advisory Group

The Apprenticeships Reform Advisory Group was convened to provide expert guidance and represent the views of industry on three vital areas of reform within the apprenticeships system: restructuring of apprenticeship incentives; a new pre-apprenticeship programme; and piloting alternative models of apprenticeship delivery.

Our advice and recommendations have been carefully developed through robust discussion and targeted consultations during September and October 2015 and, taken together, can influence the success of apprenticeships and drive economic benefits.

While we have focussed on the three priority areas of reform, we recognised early in our discussions that these cannot be looked at in isolation from the apprenticeship system as a whole. That is why we have made a number of recommendations which deal with systemic issues at a national level.

These recommendations span broader marketing and promotion of apprenticeships, as well as close consideration of reforms in relation to taxation, workplace relations, federation and the responsibilities of different governments.

Seven recommendations go to the heart of encouraging apprenticeship opportunities using financial levers. The Advisory Group believes the Australian Apprenticeships Incentives Programme remains a vital mechanism for encouraging participation. In addition, the Australian Government should consider linkages between its skills programmes to better target investment in ways that support the creation of new apprenticeship places and enable workforce development.

Our considerations for a new pre-apprenticeship programme have resulted in four recommendations that cut to the need for national consistency, defined stages of work readiness and improved connections between schools, young people and employers.

For our final priority area, we provide five recommendations to support the validation of, and engagement with, existing alternative models of apprenticeship delivery.

We are pleased to present the advice and recommendations within this report, and trust its contents will provide the impetus and framework for the next stage of reform of the national apprenticeships system, in partnership with state and territory governments, industry and the vocational education and training sector.

Thank you for this opportunity. We look forward to supporting reforms as they are further shaped and implemented.

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A national vision

The apprenticeships system is essential to developing highly skilled and qualified workers who drive productivity and deliver the goods and services that underpin a sizeable part of the productive economy. It is critical to ensure government policy settings at national and state level continue to support and strengthen this role into the future.

Three pillars of success

Apprenticeships have long enjoyed the strong support of employers and industry sectors across the Australian economy. This is because, through an effective combination of work integrated learning (incorporating work experience and structured training) and purpose built industrial arrangements, apprenticeships deliver:

- Targeted skills development – for the trade, technical and professional skills that business and individuals need to remain competitive in the marketplace. For some occupations, an apprenticeship remains the only pathway to a trade outcome.
- Quality outcomes – including excellent conversion to ongoing employment for individuals, industry-recognised and endorsed training and strong collaboration between employers, apprentices and training organisations.
- Pathways to employment – for individuals of all ages and backgrounds, but particularly first-time job seekers entering the world of work.

These three pillars should provide the framework for testing the validity and efficacy of government policy decisions. Interventions must ensure the apprenticeships system is strengthened to deliver targeted skills development, quality outcomes for apprentices and employers and genuine pathways to long-term, high-skill employment, particularly for young people beginning a career.

In order to ensure the system continues to act as a central pipeline for delivering skilled workers into businesses and the economy, government policy should seek to build on the three pillars and improve engagement, retention and completion outcomes for apprentices and employers.

The Australian Government supports programmes that aim to increase participation (Australian Apprenticeships Incentives Programme) and drive successful outcomes (Australian Apprenticeship Support Network and Trade Support Loans). These are important interventions and should continue, but there is opportunity to examine options to use existing investment, particularly in incentives and broader skills programmes (e.g. Industry Skills Fund), in new and better targeted ways.

At a broader level, apprenticeships can form a vital component of government response to issues including school to work transition, foundation skills development, work readiness, youth disengagement and unemployment. In particular, it is worth investigating the role the apprenticeships system can play in formalising participation requirements under income support programmes.

Trade and non-trade pathways

Government should also note the key differences between trade and non-trade pathways when developing apprenticeship focussed policy. Industry preferences for particular pathways should be recognised in the design of reform measures.

Lifting the status of apprenticeships

While a strong vision for apprenticeships is vital, so too is lifting the status of apprenticeships. We acknowledge the programmes of work to date and recognise there is a need to build on these across the apprenticeships system. For too long, apprenticeships have been seen as a second-choice option by many school-leavers and their parents. As part of the reform effort, the Australian Government should work closely with industry and other key stakeholders, including state and territory governments, service and training providers, schools and careers advisors, to raise the profile and status of apprenticeships.

Effective marketing of apprenticeship pathways is critical and will rely heavily on branding that resonates with, and is clearly understood by, all relevant stakeholders. The umbrella term Australian Apprenticeships, which replaced the term New Apprenticeships in 2006, is a Commonwealth brand that has not been widely accepted by industry. The term reflects neither the terminology used at a state and territory level, nor the important distinctions between apprenticeships and traineeships. Inconsistent terminology and a lack of shared understanding around this terminology has negative implications for both marketing and policy development in this area. The Advisory Group therefore supports a review of the existing nomenclature around apprenticeships.

Systemic challenges and overarching issues

While the Advisory Group was tasked with providing advice, guidance and recommendations on the three key priority reform areas, we are of the firm view these cannot be considered in isolation from the apprenticeships system as a whole.

Design and development of reform measures must give due consideration to the broader factors influencing delivery of apprenticeships, specifically:

- state and territory regulatory and funding systems
- workplace relations arrangements
- industry and occupation-specific skill development needs and pathways
- training delivery and qualifications frameworks
- changing economic conditions
- the emergence of new sectors, jobs, technologies and business models and processes
- evolving vocational education and training (VET) programmes for school students.

Where practical, our advice and recommendations seek to address these broader contextual factors.

National review and policy

The Advisory Group agrees progress can be made on addressing key issues in the system through well-targeted reforms. However, continued ad-hoc changes will not deliver the world's best system Australia should aspire to.

There is a need for a major review of the apprenticeships system, in line with draft recommendation 9.2 from the Productivity Commission's draft report on the Workplace Relations Framework. This review would include exploration of the impact on apprenticeships of the workplace relations

system and recent changes to award arrangements. This recognises that the apprenticeships system will deliver the volume of skilled workers that businesses and the economy need only when the needs of employers and individuals are balanced.

There remains a need for a comprehensive Australian Government policy on apprenticeships that brings stakeholders together, working towards the same goals in a collaborative and streamlined way. Such a policy could include a vision for the apprenticeships system, performance and career aspirations, and the role of key stakeholders in meeting objectives. This policy should consider how to better connect areas of Australian Government responsibility that may impact on apprenticeships. These should be examined as part of the Reform of the Federation and Tax White Paper processes.

The Advisory Group recognises the importance of having a seamless policy approach across Commonwealth, state and territory governments, and therefore considers that the above review and policy approach would be most effective if designed in collaboration with state and territory governments through COAG. Such an integrated policy approach, potentially based on the three pillars above, would provide the foundation for pursuing the wide-ranging reforms necessary to address the broader issues confronting the Australian system.

Greater focus on training quality

The Advisory Group notes the importance of increasing attention on in-training quality. One initiative that is worthy of close monitoring is the re-introduction of a training ombudsman in Queensland. Queensland is the only jurisdiction currently providing a free, confidential, and independent service to review and resolve enquiries and complaints from apprentices, trainees, students, employers and other parties specifically about the VET system.

The work of the ombudsman should be closely monitored to determine if there are lessons to be learned to inform the design and development of policy and programmes, particularly given the closer support provided to apprentices and trainees through the new Australian Apprenticeship Support Network.

The Advisory Group notes that as technology rapidly evolves, the use of digital and online learning will continue to grow. Government must remain aware of the need to continuously monitor online delivery standards to ensure client safety and quality of training delivery.

A central point of information

Currently, access to information and leading practice models for pre-apprenticeships, alternative models of apprenticeship delivery and incentives is fragmented, without a central collection point. Limited accessibility prevents industry, employers and individuals learning from, and capitalising on, flexibility in the national system.

The Advisory Group sees potential in establishing an apprenticeships hub that would act as an information clearing house and coordinate a range of information sources, including both online and offline elements. We envisage this hub would support users to more easily understand and access leading practice apprenticeship arrangements and provide information in relation to pre-apprenticeships, alternative models of training and deployment of funding. This hub would be accessible to multiple audiences, targeting both service providers and system users.

Recommendations

The Advisory Group recommends:

1. The Australian Government undertakes a comprehensive review into apprenticeship arrangements, through an organisation such as the Productivity Commission. This is in line with the draft recommendation from the Productivity Commission's draft report into the Workplace Relations Framework. This review should examine the business case for employers of apprentices, incorporating exploration of the workplace relations system, state and territory funding regimes, taxation structures and incentive arrangements.
2. The Australian Government develops a comprehensive and flexible apprenticeships policy. This policy should articulate the Government's vision for, and affirm its commitment to, a world leading apprenticeships system and position investment against this framework. This policy should link where appropriate to other areas for which the Australian Government has responsibility, including in relation to taxation and federation reform, and would be most effective if designed in collaboration with state and territory governments through COAG.
3. The Australian Government funds the development of an apprenticeships hub/information clearing house to provide a central collection point for leading practice apprenticeship arrangements, including pre-apprenticeships, alternative models of training and deployment of funding. This apprenticeships hub should provide guidance on apprenticeships funding and services, and showcase and validate industry endorsed pathways into and for apprenticeships training. This hub would be accessible to multiple audiences, targeting both service providers and system users.
4. The Australian Government works with industry and other key stakeholders, including state and territory governments, service and training providers, schools and career advisors, to raise the profile and status of the apprenticeships system and better promote industry and sector endorsed pathways.
5. The Australian Government, in partnership with states and territories, develops a nationally consistent approach to the delivery of apprenticeship related career advice to school leavers. This career advice must more effectively promote apprenticeships and clearly outline pathways to an apprenticeship. This could be supported by the proposed apprenticeships hub.
6. The Australian Government monitors closely the reintroduction of a training ombudsman in Queensland in relation to impacts on retention and completion of apprentices to determine if there are lessons to be learned in the provision of an independent service that reviews and resolves training enquiries and complaints.

PRIORITY REFORM AREAS

Part 1 - Restructuring apprenticeship incentives

Incentives to create jobs and keep apprentices in the system

The Advisory Group recognises Australian Government financial incentives play an important role in the apprenticeships system. Incentives are important for boosting apprenticeship commencements and retention and creating jobs; complementing support services that aim to achieve improved apprenticeship completions. The Advisory Group acknowledges the Australian Apprenticeship Support Network as an existing mechanism that has the potential to positively influence completion rates by better matching apprentices to employers and providing better mentoring support to both employers and apprentices at risk of not completing.

The Advisory Group agrees the Australian Government must demonstrate its commitment to continuing incentives through any reform measures. In recognition of the lower levels of productivity and higher costs in the early stages of an apprenticeship, the Australian Government should also consider a new payment architecture for existing incentives that supports engagement with the system and focusses on commencement and retention.

Energising the system – one size does not fit all

However, the Advisory Group agrees that options to drive large-scale behaviour through the Australian Apprenticeships Incentives Programme would come at an increased cost. With additional resourcing, there are a range of priorities for incentives that could be incorporated, including better support for small to medium sized enterprises (SMEs) and for regional Australia. The challenge for the Australian Government is to reflect that one size does not fit all when it comes to training and workforce needs. The Australian Government can better reflect this by recognising industry leadership in prioritising incentives funding for different industries, occupations and regions.

Seamless support across government

The Advisory Group also agrees that incentives must be considered as part of the broader business case for employers of apprentices. The Advisory Group agrees that broader structural change in areas including industrial relations, taxation arrangements and state and territory funding regimes is needed if the business case is to be improved and strengthened.

In the interim, the Advisory Group agrees that existing funding programmes across government should be more integrated to make it easier for employers and apprentices to access support. In addition, there is more to be done to promote understanding among employers about which government funding vehicles can support skill development among new and existing workers. The Australian Government must also better coordinate skills forecasting activity across government.

Recommendations

The Advisory Group recommends:

7. The Australian Government considers adopting a new payment architecture that places greater focus on commencement and retention of apprentices. For example, payment points could be readjusted to include an upfront commencement payment, a retention payment at 12 months and a smaller completion payment. This would be subject to detailed modelling and cost projections.
8. The Australian Government considers that allocation of additional funding for incentives should be built on evidence and take account of how best to support:
 - a. small and medium enterprises
 - b. adult apprentices (recognising the high cost of training adult apprentices due to recent changes to the workplace relations system and award arrangements)
 - c. the needs of rural and regional Australia
 - d. equity groups, for example Indigenous Australians, apprentices with a disability, and apprentices from cultural and linguistically diverse backgrounds
 - e. current and emerging skills needs and gaps.
9. The Australian Government funds an industry-led incentives pilot programme. This would allow industry groups or employers to come forward with a business case for securing funding to support apprenticeships in a particular industry, occupation or region. This could be featured in the proposed apprenticeships hub.
10. The Australian Government considers a more integrated and simplified approach to supporting apprenticeships across existing funding programmes. This could include examining options to intersect existing incentives for employers of apprentices with employment programmes (for example, programmes for mature age workers and relocation incentives).
11. The Australian Government promotes better understanding among employers of which funding vehicles best support different workforce development needs. For example, consider how the Industry Skills Fund (ISF) could be better promoted and used to support increased activity for existing workers and how the complementary nature of the Australian Apprenticeships Incentives Programme (AAIP) and ISF can be better understood and accessed by SMEs.
12. The Australian Government considers ways to better use the taxation system to encourage employers to create apprenticeship opportunities, including within the context of the Tax White Paper process.
13. The Australian Government examines options for better aligning skills lists and forecasting across government with due consideration of regional needs.

Part 2 - A new pre-apprenticeships programme

The Advisory Group recognises pre-apprenticeships have significant potential to improve commencement and completion rates for trade apprenticeships that underpin the supply of highly-skilled workers into the economy. In industries where they are valued and recognised, evidence shows pre-apprenticeships can help prepare individuals (including at-risk and disengaged youth) for an apprenticeship, provide work-ready employees to enterprises and reduce costs for employers.

National consistency

The challenge for the Australian Government lies not in proving the value of pre-apprenticeships, but in ensuring national consensus around a pre-apprenticeship definition, and a national benchmark for consistency in outcomes. This includes targeted, industry-relevant skills development, high-quality training, genuine workplace experience and transition to employment.

The lack of a national definition means pre-apprenticeships often do not deliver quality outcomes for participants. Too often pre-apprenticeship programmes do not deliver these outcomes for participants because they are developed and delivered without industry engagement or adequate government funding support. This creates challenges with credit arrangements and industrial arrangements that lead to pay implications.

Industry leadership and a quality framework

The Advisory Group agrees industry must take ownership of pre-apprenticeships if their benefits are to be fully realised by individuals and employers. Industry should be supported through government funding arrangements that are sufficient to support quality delivery and consistency across jurisdictions, guided by an agreed national framework for quality pre-apprenticeships. Queensland's Industry Pre-Apprenticeship Program provides an example of this approach in action at the jurisdictional level.

Industry Pre-apprenticeship Program - Queensland

The Industry Pre-apprenticeship Program provides Queensland industry with an opportunity to partner with government to prepare potential tradespeople for work in priority trade occupations.

Funding is available for delivery of industry-led pre-apprenticeship programmes that support completion of national qualifications and facilitate participants' transition to a priority apprenticeship or other industry supported trade training pathway. Representative industry organisations, companies and not-for-profit organisations may apply for programme funding.

Applications are assessed against set criteria, to ensure proposed models meet well-established and understood quality standards. Applicants must also ensure that 70 per cent of students complete the training and achieve the nominated qualification, skill sets or units of competency and 70 per cent transition to a priority trade apprenticeship or trade employment.

Work readiness and the apprenticeships system

Recent research into work readiness has revealed large gaps in the provision of programmes within education and training systems. Work readiness is critical to preparing individuals for apprenticeships and broader employment. However, issues such as poor maths and English skills, low levels of resilience, self-understanding, industry knowledge and, for some trades, inadequate physical work fitness, remain barriers to participation for too many young people.

The Advisory Group agrees pre-apprenticeships should form part of a systemic approach to delivering work readiness development opportunities to individuals,

particularly those at risk of disengaging from learning or employment. The different stages of work readiness (including generic pre-employment, occupation specific pre-vocational and pre-apprenticeships) and the baseline requirements, training pathways and student focused outcomes for each should be well defined and clearly integrated across school, VET and higher education. These pathways should be easily accessible for young people, particular those with language, literacy and numeracy issues or low work readiness skills. There is also the potential to explore how pre-employment, pre-vocational and pre-apprenticeship arrangements can be integrated with work-based welfare programmes.

The Advisory Group also considers that pre-apprenticeships, although predominately associated with trade apprenticeships, could be expanded to appropriate non-trade pathways.

Aggregators / Brokers

To support individuals to prepare for work and access different work readiness pathways available through the school and post-school VET system, the Advisory Group sees value in the role of a broker or aggregator¹ that can build a strong connection between the young person, the school and the employer (for example, Queensland's School to Jobs Alliance CQ).

Recommendations

The Advisory Group recommends:

14. The Australian Government identifies options for building a systemic approach to developing work readiness among young people across the school and VET sectors, including clearly defining different stages of work readiness and linking training pathways and programmes that deliver language, literacy and numeracy, pre-employment, pre-vocational and pre-apprenticeship skills and outcomes.
15. The Australian Government develops, funds and delivers a national industry-led pre-apprenticeship programme, which includes the following components:
 - a. Evaluation of leading practice pre-apprenticeship programmes that deliver engagement and retention benefits.
 - b. A formal process to help industry clearly identify, articulate and promote sector-specific pre-apprenticeship pathways.
 - c. Development of a national industry-led pre-apprenticeship policy and programme framework, including an agreed definition, key principles, standards/benchmarks and funding guidelines.
 - d. Formal engagement with state and territory governments and industry to facilitate national adoption of the framework and agree funding and delivery arrangements.
 - e. Consideration of appropriate non-trade pathways as well as trade pathways.
16. The Australian Government considers the value of aggregators or brokers as an important support to facilitate pre-apprenticeship commencements. These organisations should support connections between schools, young people and employers and connections to subsequent apprenticeship enrolment (for example the School to Jobs Alliance CQ).
17. The Australian Government considers how pre-employment programmes, pre-vocational programmes and pre-apprenticeships can be incorporated into work-based welfare programmes as an alternative to Work for the Dole, particularly to increase youth participation.

¹ An aggregator provides a range of services, information and advice to support and coordinate client engagement in relevant programmes. Services may include client liaison, facilitation of meetings, industry engagement, support with funding application, assistance with transport and logistics etc.

Part 3 - Piloting alternative models of apprenticeship delivery

The Advisory Group recognises the clear distinction between alternative models of apprenticeship training delivery, undertaken through a Contract of Training and with an employment arrangement, and alternative pathways to achieving an apprenticeship equivalent training outcome, potentially without this Contract of Training or employment arrangement. The Advisory Group's focus has primarily been on alternative ways of delivering an apprenticeship within the current flexibility of the system.

The VET system is inherently flexible and able to support a broad range of alternative, flexible models of apprenticeship delivery. Through its deliberations and consultations, the Advisory Group examined many successful models that are

meeting the needs of employers and individuals, particularly at the local level. Given this, it is the Advisory Group's view no structural change to the VET system is required to facilitate delivery of alternative models.

Unlocking the flexibility in the system

The challenge lies not in supporting the development of new models – this is happening organically – but in unlocking the flexibility in the system on a broader scale, addressing workplace relations issues, promoting flexible options and supporting employers (particularly SMEs), individuals and RTOs to access them, and ensuring industry acceptance of alternative pathways, their quality and outcomes. It is vital to ensure the “stickability” and sustainability of alternative training models if change is to be achieved.

The Advisory Group agrees a general “tightening” of the VET system is required to better support uptake of alternative models. This should include:

- Raising awareness of successful models, their outcomes, key components and the partnerships which underpin them.
- Seeking industry input to develop processes, tools and guidelines to secure industry validation of alternative models, and piloting agreed validation models.
- Ensuring VET qualifications architecture and student management systems (e.g. Unique Student Identifier) can support “bundling” of competencies and skill sets to support an individual's progress through flexible pathways, which may include multiple training entry and exit points.
- Strengthening the quality and reliability of alternative pathways through independent industry-based assessment mechanisms.

XLT Industrial Training – Skills Recognition Classification

XLT Industrial Training has developed a Skills Recognition Classification (SRC) system and associated SRC Card for the welding and boiler-making industries, based on competency based progression and recognition of prior learning.

The SRC Card indicates skills competencies attained by the individual and has six levels, with each level mapped against Nationally Accredited Training. Students must complete a minimum number of training package modules and units before being issued each level card. A further requirement of the SRC Card is completion of equivalent periods of on and off the job training.

Individuals can obtain an SRC card in one of two ways. Students may complete a traineeship and achieve competency in the required modules to obtain each level, with the option to be practically assessed to determine what level they meet prior to training commencement. Alternatively, for qualified or experienced welders, a skills audit can determine the appropriate SRC level.

Alternatives to apprenticeship arrangements

The Advisory Group also agrees there may be scope to pilot particular models of training delivery which present alternatives to apprenticeship arrangements, particularly if they represent a fundamental shift in the way a trade outcome is achieved. This may include models which do not depend on a contract of training or an employment arrangement being in place.

Registered Trade Skills Pathway Construction Pilot- Queensland

The Registered Trade Skills Pathway programme construction pilot in Queensland is managed by Construction Skills Queensland in partnership with the Queensland Government. The pilot provides a new pathway into a trade qualification for non-qualified workers over 21 years of age who are not able, or find it difficult, to access the mainstream apprenticeship system.

The pilot operates without a training contract but does incorporate other important apprenticeship elements such as a training plan and training record. The programme is centred on work-based skill formation and uses skills assessment and gap training to build on the skills, knowledge and experience of existing workers. Training is provided by a suitable registered training organisation, with assessments validated by an employer.

At the end of the programme, participants who successfully complete all requirements receive the relevant nationally recognised qualification from the RTO, along with a certificate of achievement from the Queensland Government.

Recommendations

The Advisory Group recommends:

18. The Australian Government, working in partnership with industry bodies and state and territory governments, explores and pilots validation arrangements which could increase adoption of alternative apprenticeship delivery arrangements. This should include evaluation that provides evidence and practical insights into what makes models successful.
19. The Australian Government uses the proposed apprenticeships hub to showcase material relating to alternative apprenticeship delivery, including:
 - a. tools and guidelines for industry validation and recognition of alternative apprenticeship models and their outcomes
 - b. case studies and outcomes and evaluation data of successful, industry-validated models, and practical guidelines and frameworks for model development
 - c. information for apprentices on the existing pathways and their levels of industry endorsement and the industry bodies that have validated them.
20. The Australian Government examines options to support SMEs, by providing context and simplification, to access the inherent flexibility of the VET system for workforce development through the full cycle of training and development.
21. The Australian Government, through the national VET assessment and training product development agendas, makes the case for independent assessment of training outcomes.
22. The Australian Government ensures VET sector systems, including the Unique Student Identifier, support alternative models of apprenticeship delivery, and accommodate recognition and tracking of competency-based progression, 'bundling' of competencies and skill sets and multiple training entry and exit points.

Matrix of Recommendations

| REFORM AREA | KEY FINDINGS | RECOMMENDED ACTIONS |
|---|---|---|
| <p>Systemic challenges and overarching issues</p> | <ul style="list-style-type: none"> State and territory regulatory frameworks and funding systems have a significant influence on the delivery of apprenticeships. Industrial relations award conditions can adversely affect some pathways into apprenticeships. Optimal taxation structures have the potential to open up new apprenticeship opportunities. Low maths and English skills are a barrier to engaging with the apprenticeships system. Apprenticeships as a career pathway are not valued in an equivalent way to university pathways and careers. Information about leading practice pre-apprenticeship and alternative apprenticeship model programmes is not easily accessible and is preventing employers and individuals from learning from and capitalising on flexibility in the national system. Maintaining the quality of apprenticeship training requires a balance between mechanisms to remedy issues and a proactive approach that provides support to apprentices and employees to prevent issues escalating. | <p>1. The Australian Government undertake a comprehensive review into apprenticeship arrangements, through an organisation such as the Productivity Commission. This is in line with the draft recommendation from the Productivity Commission draft report into the Workplace Relations Framework. This review should examine the business case for employers of apprentices, incorporating exploration of the workplace relations system, state and territory funding regimes, taxation structures and incentive arrangements.</p> |
| | | <p>2. The Australian Government develop a comprehensive and flexible apprenticeships policy. This policy should articulate the Government's vision for, and affirm its commitment to, a world leading apprenticeships system and position investment against this framework. This policy should link where appropriate to other areas for which the Australian Government has responsibility, including in relation to taxation and federation reform, and would be most effective if designed in collaboration with state and territory governments through COAG.</p> |
| | | <p>3. The Australian Government fund the development of an apprenticeships hub/information clearing house to provide a central collection point for leading practice apprenticeship arrangements, including pre-apprenticeships, alternative models of training and deployment of funding. This apprenticeships hub should provide guidance on apprenticeships funding and services, and showcase and validate industry endorsed pathways into and for apprenticeships training. This hub would be accessible to multiple audiences, targeting both service providers and system users.</p> |
| | | <p>4. The Australian Government work with industry and other key stakeholders, including state and territory governments, service and training providers, schools and career advisors, to raise the profile and status of the apprenticeships system and better promote industry and sector endorsed pathways.</p> |
| | | <p>5. The Australian Government, in partnership with states and territories, develop a nationally consistent approach to the delivery of apprenticeship related career advice to school leavers. This career advice must more effectively promote apprenticeships and clearly outline pathways to an apprenticeship. This could be supported by the proposed apprenticeship hub.</p> |
| | | <p>6. The Australian Government monitor closely the reintroduction of a training ombudsman in Queensland in relation to impacts on retention and completion of apprentices to determine if there are lessons to be learned in the provision of an independent service that reviews and resolves training enquiries and complaints.</p> |

| REFORM AREA | KEY FINDINGS | RECOMMENDED ACTIONS |
|--|--|--|
| Restructuring apprenticeship incentives | <ul style="list-style-type: none"> Australian Government financial incentives play an important role in the system and the Government must demonstrate its commitment to continuing incentives through any reform measures. Incentives should focus on boosting commencements and retention, complementing support services that aim to achieve improved apprenticeship completions. Options to drive large-scale behaviour change through the Australian Apprenticeships Incentives Programme would come at an increased cost. With additional resourcing, there are a range of priorities that could be incorporated. Options should recognise that one size does not fit all when it comes to training and workforce needs. Incentives must also be considered as part of the broader business case for employers of apprentices. Existing funding programmes across government are not well integrated to support apprentices and pathways to employment. Existing support should be more accessible for employers and apprentices. | <p>7. The Australian Government consider adopting a new payment architecture that places greater focus on commencement and retention of apprentices. For example, payment points could be readjusted to include an upfront commencement payment, a retention payment at 12 months and a smaller completion payment. This would be subject to detailed modelling and cost projections.</p> |
| | | <p>8. The Australian Government consider that allocation of additional funding for incentives should be built on evidence and take account of how best to support:</p> <ol style="list-style-type: none"> small and medium enterprises adult apprentices (recognising the high cost of training adult apprentices due to recent changes to the workplace relations system and award arrangements) the needs of rural and regional Australia equity groups, for example Indigenous Australians, apprentices with a disability, and apprentices from cultural and linguistically diverse backgrounds. current and emerging skills needs and gaps. |
| | | <p>9. The Australian Government fund an industry-led incentives pilot programme. This would allow industry groups or employers to come forward with a business case for securing funding to support apprenticeships in a particular industry, occupation or region. This could be featured in the proposed apprenticeships hub.</p> |
| | | <p>10. The Australian Government consider a more integrated and simplified approach to supporting apprenticeships across existing funding programmes. This could include examining options to intersect existing incentives for employers of apprentices with employment programmes (for example, programmes for mature age workers and relocation incentives).</p> |
| | | <p>11. The Australian Government promote better understanding among employers of which funding vehicles best support different workforce development needs. For example, consider how the Industry Skills Fund (ISF) could be better promoted and used to support increased activity for existing workers and how the complementary nature of Australian Apprenticeships Incentive Programme (AAIP) and ISF can be better understood and accessed by SMEs.</p> |
| | | <p>12. The Australian Government consider ways to better use the taxation system to encourage employers to create apprenticeship opportunities, including within the context of the Tax White Paper process.</p> |
| | | <p>13. The Australian Government examine options for better aligning skills lists and forecasting across government with due consideration of regional needs.</p> |

| REFORM AREA | KEY FINDINGS | RECOMMENDED ACTIONS |
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| <p>A new Pre-apprenticeships programme</p> | <ul style="list-style-type: none"> • Pre-apprenticeships need to be: <ul style="list-style-type: none"> » underpinned by genuine work-based learning opportunities » driven by high quality training which makes graduates work and apprenticeship ready » developed and delivered through direct engagement with employers and industry » responsive to local labour market needs and skill demands » linked to job opportunities and employment outcomes » adequately funded. • There is no common, national understanding of what makes a quality pre-apprenticeship, which in turn has an impact on quality, consistency and relevance of programmes being delivered. • Industry and sector specific requirements for new apprentices, which would influence development of pre-apprenticeships, are currently not effectively identified, articulated and promoted. • Many young people lack the language, literacy and numeracy skills, knowledge of the workplace and resilience needed to participate successfully in a pre-apprenticeship. • On the ground services that provide young people with work readiness skills and a bridge to industry can improve school to work transitions. • Pre-apprenticeship programmes do not link consistently to other skills, employment, Work for the Dole and school-based programmes. | <p>14. The Australian Government identify options for building a systemic approach to developing work readiness among young people across the school and VET sectors, including clearly defining different stages of work readiness and linking training pathways and programmes that deliver language, literacy and numeracy, pre-employment, pre-vocational and pre-apprenticeship skills and outcomes.</p> |
| | | <p>15. The Australian Government develop, fund and deliver a national industry-led pre-apprenticeship programme, which includes the following components:</p> <ol style="list-style-type: none"> a. Evaluation of leading practice pre-apprenticeship programmes that deliver engagement and retention benefits. b. A formal process to help industry clearly identify, articulate and promote sector-specific pre-apprenticeship pathways. c. Development of a national industry-led pre-apprenticeship policy and programme framework, including an agreed definition, key principles, standards/benchmarks and funding guidelines. d. Formal engagement with state and territory governments and industry to facilitate national adoption of the framework and agree funding and delivery arrangements. e. Consideration of appropriate non-trade pathways as well as trade pathways. |
| | | <p>16. The Australian Government consider the value of aggregators or brokers as an important support to facilitate pre-apprenticeship commencements. These organisations should support connections between schools, young people and employers and connections to subsequent apprenticeship enrolment (for example the School to Jobs Alliance CQ).</p> |
| | | <p>17. The Australian Government consider how pre-employment programmes, pre-vocational programmes and pre-apprenticeships can be incorporated into work-based welfare programmes as an alternative to Work for the Dole, particularly to increase youth participation.</p> |

| REFORM AREA | KEY FINDINGS | RECOMMENDED ACTIONS |
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| <p>Piloting alternative models of apprenticeship delivery</p> | <ul style="list-style-type: none"> • The VET system is inherently flexible and able to support a broad range of alternative, flexible models of apprenticeship delivery – no structural change is required. • The current approach to industry validation of existing alternative models is ad hoc - there is a need for a national approach to industry validation of existing alternative models. • Not all industries have internal consensus around accepted pathways; a process for validation should be considered. • There is not sufficient awareness amongst employers and apprentices of the existence of, and pathways to access, flexible delivery models. Employers would benefit from a reference point that demonstrates how things could be done differently. Apprentices would benefit from information to make an informed choice about their most appropriate training pathway. • Alternative models of apprenticeship delivery need to: <ul style="list-style-type: none"> » be industry specific » provide core skills that are transferrable » be industry and role specific to current and emerging skill needs » be validated by industry » be effectively promoted to employers and apprentices » have on the job training and a trade qualification outcome » have independent validation of training outcomes » use existing tools like competency-based learning and recognition of prior learning » deliver nationally-accredited qualifications » be replicable and sustainable. • Adding variability and flexibility in training raises questions about consistency of quality outcomes. Quality assurance mechanisms are required to increase stakeholder confidence. • The challenge is to drive cultural change among RTOs and employers while ensuring industry acceptance of new models. | <p>18. The Australian Government, working in partnership with industry bodies and state and territory governments, explore and pilot validation arrangements which could increase adoption of alternative apprenticeship delivery arrangements. This should include evaluation that provides evidence and practical insights into what makes models successful.</p> |
| | | <p>19. The Australian Government use the proposed apprenticeships innovation hub to showcase material relating to alternative apprenticeship delivery, including:</p> <ol style="list-style-type: none"> a. tools and guidelines for industry validation and recognition of alternative apprenticeship models and their outcomes b. case studies and outcomes and evaluation data of successful, industry-validated models, and practical guidelines and frameworks for model development c. information for apprentices on the existing pathways and their levels of industry endorsement and the industry bodies that have validated them. |
| | | <p>20. The Australian Government examine options to support SMEs, by providing context and simplification, to access the inherent flexibility of the VET system for workforce development through the full cycle of training and development.</p> |
| | | <p>21. The Australian Government, through the national VET assessment and training product development agendas, make the case for independent assessment of training outcomes.</p> |
| | | <p>22. The Australian Government ensures VET sector systems, including the Unique Student Identifier, support alternative models of apprenticeship delivery, and accommodate recognition and tracking of competency-based progression, 'bundling' of competencies and skill sets and multiple training entry and exit points.</p> |

