



Group Training Australia and the Dusseldorp Skills Forum

Report of the Traineeship Roundtable

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PhillipsKPA Pty Ltd ABN 71 347 991 372

Suite 10, 150 Chestnut Street, Richmond Victoria Australia 3121

Phone: (03) 9428 8600 Fax: (03) 9428 8699 Email: info@phillipskpa.com.au

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1 Introduction

As part of an on-going commitment to promoting dialogue and debate about issues critical to the future of Australian education and training, and Australia's economic and social development more broadly, Group Training Australia (GTA) and the Dusseldorp Skills Forum (DSF) brought together a small group of key selected stakeholders to consider the current and future role of traineeships in national skills formation.

The idea for this particular roundtable emerged from the findings of the 2005 research project commissioned by GTA and the DSF which examined the reasons for the significant increase in commencements in the traditional trades in the last two years, following years of little or no growth. The findings from the research report *Getting it Right: What employers and apprentices have to say about apprenticeships* suggested to the commissioning organisations that it is timely to look at the broader question of the part that traineeships play in meeting the skill needs of industry and the extent to which public policy supports that process.

In addition to representatives from the host organisations, the roundtable comprised individuals from industry peak bodies and associations, enterprises, group training organisations, training providers, research and consultancy organisations and universities.

The proceedings were organised around a discussion paper prepared by Mark Cully, entitled *Kirby comes of age: the birth, difficult adolescence, and future prospects of traineeships* (copy attached), and then a wide-ranging conversation stimulated by the following questions drawn from the paper:

- To what extent should traineeships be directed towards developing skills for associate professional s and technical occupations?
- Is the current level of public funding on traineeships the best use of available funds required to develop skills for the future?
- In what circumstances is it appropriate to subsidise the costs of hiring and training trainees? Should this include fully-on-the-job traineeships delivered to existing workers by enterprise registered training organisations?
- Should traineeships be targeted to particular groups and, if so, who should they be targeted at and what form might that targeting take?
- What role should traineeships play in providing a transition from school to work? Do traineeships complement or substitute other vocational pathways for youth?

The discussion paper was considered by Peter Kirby, chair of the Committee of Inquiry into Labour Market Programs, which first recommended a system of traineeships for Australia in 1985. Peter concluded that the paper 'provides an

excellent analysis of what happened to traineeships in the changing labour market of the 20 years that followed the report'. Peter also suggested the roundtable might consider the labour market issues that traineeships have not dealt with, being the hard core of disadvantaged young people and the priority skill needs for Australia to be internationally competitive.

This report sets out the key points emerging from the roundtable discussion.

2 Traineeships: their future purpose and design

2.1 *General reflections*

The general reflections of roundtable participants were primarily directed to the enormous growth in traineeship numbers between 1994 (with 9,000 commencements) and 2003 (with 238,000 commencements) and to the following points of departure between the original traineeship concept and the current model:

- The original target group for traineeships, being young, pre-Year 12 school leavers who were most at risk of unemployment, now account for only one in eight of all newly commencing trainees;
- The original focus on general, transferable skills that might serve a family of occupations and act as a stepping stone to higher skilled jobs has changed to a closer marriage with given occupations where completion is an end-point; and
- The shift towards higher level qualifications, where the qualifications initially offered through traineeships (Certificate I and II) now comprises only one in four traineeships that are completed.

The following observations were made:

- The development of the traineeship system from 1985 was driven by a series of deliberate policy interventions generated through extensive government and stakeholder working party activity and reflected in resolutions by successive Ministerial Councils (e.g. in relation to the establishment of training wage rates and competency based wage arrangements; the integration of apprentices and trainees within the Australian Qualifications Framework; the introduction of User Choice principles; the formation of the Australian Recognition Framework; the introduction of school-based apprenticeships and traineeships);
- The rapid growth in traineeship numbers can be attributed to a number of factors:
 - A sustained campaign of marketing and promotion, from the initial Kelty/Fox road-shows through to the contemporary operations of New Apprenticeship Centres and Registered Training Organisations in the training market place;
 - The wholesale broadening of the criteria, including in relation to qualification levels and connections to existing employment;

- Changes in incentive levels, the effect of which has been to narrow the distinction and gap between apprentice and trainee incentives; and
- The national training wage award, enabling the payment of a training wage below the adult minimum wage; and
- The evolution of traineeships suggests there is no single traineeship model, but rather a range of models connected to the multifaceted public purposes of traineeships in relation to equity; meeting labour market demand; and providing individual training outcomes for entry level and mature workers.

2.2 *Key issues*

Roundtable participants identified a number of key issues in relation to the future purpose and design of traineeships. The discussion of these issues included some specific suggestions for further work and reform.

2.2.1 **Qualification levels**

The roundtable noted the upward shift in the training profile, whereby traineeships in fields such as retail, warehousing and storage, hospitality, road transport and cleaning are more often than not at Certificate III level. Participants concluded first, that the traineeship model is conceptually sound in its application to higher level qualifications, including levels 5 and 6 of the Australian Qualifications Framework; and secondly, that the actual opportunities for traineeships should be made available at all AQF levels. Some participants emphasised that the traineeship pathway is not appropriate for all circumstances and that alternatives such as discrete skills sets may best meet industry needs, including licensing requirements or specific cross-industry or cross-sector common functions. In relation to higher level qualifications, other participants noted both the ‘thin’ employer demand in some industries and the absence of pathways to those qualifications in some circumstances.

2.2.2 **Equivalence in qualification outcomes**

The roundtable noted the fact that most traineeships undertaken in lower skill jobs are of a duration shorter than two years, which contrasts with indentured apprenticeships. Participants queried whether the AQF can continue to credibly sustain equivalence in employment-based training qualifications for the trades and outside the trades. An urgent review of the equivalence of qualifications, particularly at Certificate III, is called for based on the training effort involved and the career paths associated with any given qualification.

2.2.3 **Quality of training outcomes**

Quality issues with traineeships are of an enduring concern to the roundtable. In addition to the misalignment of qualifications (see 2.2.2), the absence of meaningful

training plans for trainees; the lack of industry involvement in provider registration and auditing and review; and poor monitoring of workplace training continues to surround the sector. Roundtable participants called for renewed attention to the regulation of the quality of traineeships. In the context of training quality, participants also commented upon the need for an influential consumer voice.

2.2.4 Existing workers

Following the change in the conditions for payment of Commonwealth traineeship incentives in 1998 to allow incentives to be paid to existing workers, existing employee traineeships now represent one-third of all traineeship commencements. Roundtable participants offered a range of views on this phenomenon, with some questioning whether it is an effective use of public funds and suggesting its reallocation for other purposes (such as schemes that recognise existing skills); while others see such incentives as an important contribution to the future skilling of the existing Australian workforce. The relationship of the formal system of Recognition of Prior Learning (RPL) to traineeships attracted substantial comment. Some participants characterised, and criticised, the traineeship experience as largely a form of defacto RPL.

2.2.5 Incentives

The roundtable noted that around \$525M is likely to have been spent on employer incentive payments in 2004/05 and considered whether this level of public investment applied in this way was the best use of resources. There was a broad consensus that an arrangement whose primary effect has been to meet the skill needs of employers is appropriate, and that incentives play a critical role in securing employer engagement, but also some suggestion that the incentives funding (or part thereof) could be more directly targeted to achieve more specific economic or social outcomes or more imaginatively applied to leverage industry investment in training. In considering the flow and effect of incentives, some participants queried the extent to which the incentives have simply become part of providers' marketing armoury to largely passive employers, and therefore reflect supply-side priorities.

2.2.6 Targeted cohorts

The roundtable considered the position of the 15% of 15-19 year olds who are neither in full-time study nor in full-time work - a figure that has remained unchanged since 1999 - and in particular how the strengths of the traineeship approach, being large scale employer and worker participation and substantial public funding, could better deliver outcomes for this group. The views of participants varied, with some querying the very appropriateness of the model for this cohort (reflected in the tension between a focus on disadvantaged young people and assisting employers in meeting their need for the best candidates possible), while others believe the issue lies with how the model has been implemented rather than the model itself.

Other future priority directions for traineeships were thought to include those cohorts on income support affected by the Welfare to Work reforms: people with disabilities; mature age job seekers; the very long-term unemployed and parents.

2.2.7 Completions and non-completions

The roundtable considered the proportion of trainees who do not complete their traineeship (estimated at no more than 47% cumulatively since 1985, and more than the rate of non-completion of traditional apprentices at 40%). Notwithstanding the fact that a number of these 'non-completers' will have found other genuine outcomes such as employment or other forms of training, most participants view the non-completion rate as a matter of substantial policy concern because of the level of public investment in traineeships. The roundtable encouraged further study into the reasons for, and models of, successful completions.

2.3 Conclusion

Roundtable participants affirmed the on-going relevance of the concept of traineeships in meeting the future needs of industry, responding to the changing world of work and delivering on the educational and developmental needs of young and mature-age people. The traineeships model is flexible and has shown a historical aptitude to absorb changes in public policy emphasis and direction.

The roundtable also believes traineeships need to further evolve and identified areas for further consideration as part of that evolution. Specific suggested actions include:

- The conduct of a longitudinal study, or some other more appropriate measure, to assess the extent to which traineeships are benefiting the Australian economy;
- A review of the equivalence and alignment of qualifications within the AQF;
- A study into the reasons for, and models of, successful traineeship completions; and
- an investigation of whether the original concept of a broad training pathway remains relevant to the needs of the cohort for whom traineeships were originally conceived.

Finally, roundtable participants encouraged a broadening of the dialogue to include policy-makers from government and the clients of the traineeship system themselves.