

Submission

NSW Productivity Commission Green Paper

Continuing the productivity conversation



**Apprentice
Employment Network**
NSW & ACT

Group Training Association of
NSW & ACT Inc





**Apprentice
Employment Network**
NSW & ACT

About Us

The Apprentice Employment Network NSW & ACT (AEN NSW ACT) is the peak industry body representing 28 not for profit Group Training Organisations (GTOs) across New South Wales and the Australian Capital Territory. AEN's role is to support members and our government stakeholders to build a strong workforce for the future.

AEN is part of a national network of group training organisations located throughout regional and metropolitan areas of Australia.

To ensure a professional and capable network, we continue to provide support services to our network to enable them to deliver quality outcomes for industry.

Across NSW and the ACT, our members have employed over 150 000 apprentices and trainees across a wide range of industries during the past 38 years.



Apprentice Employment Network NSW & ACT



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Executive Summary

The following submission has been prepared in response to the NSW Productivity Commission report – *Continuing the Productivity Conservation Green Paper*. As we make our way through the current COVID-19 crisis, we support the current discussion on how we make NSW a better place to live and work.

The Apprentice Employment Network NSW & ACT will be responding to **Section 3 – A modern VET system to deliver the skills we need**.

This submission also seeks to remind the NSW Government the important role Group Training Organisations (GTOs) play in the employment of apprentices and trainees, a role that has become more evident over recent times with the devastating effects industry has experienced during COVID-19. The AEN NSW ACT and its members offers existing state-wide, highly developed capabilities and capacity to deliver services and are quality endorsed and recognised, yet often underutilised when considering VET reforms.

As governments, industry, and individual business look to navigate their way forward to establish a level of economic stability, the flexibility of the group training model should be strongly supported as a main driver of skills and labour recovery.

The Apprentice Employment Network NSW & ACT looks forward to building on its relationship with the NSW Government on ways to improve the VET sector and achieve the skills reform we need for the future.

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Draft recommendation 3.1

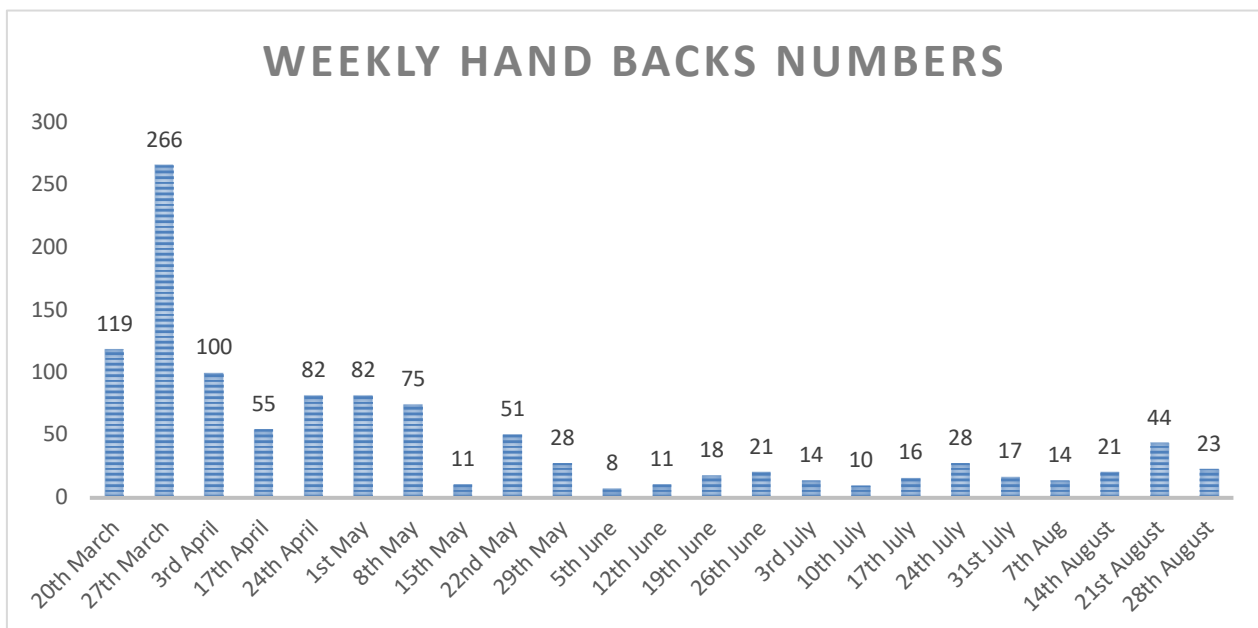
By the 2020-21 Budget, develop a medium-term 'earn or learn' skills strategy that guides and supports skills transitions for workers displaced by COVID-19.

The Apprentice Employment Network NSW & ACT strongly supports this suggested strategy.

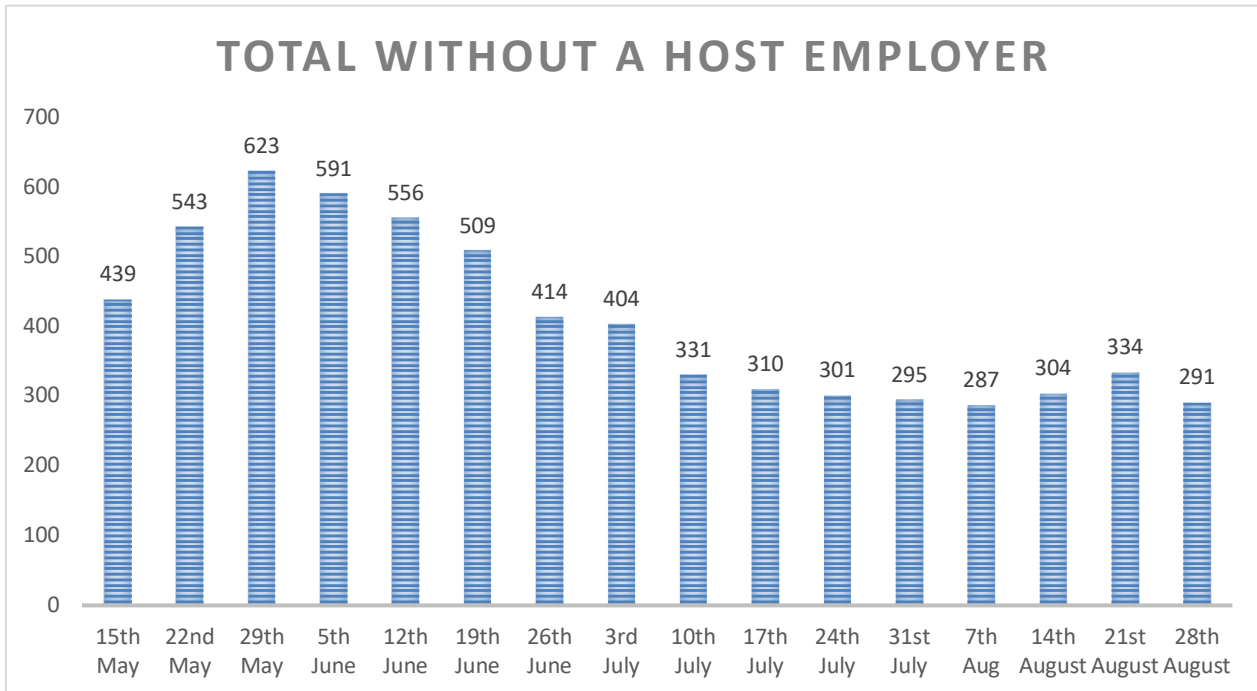
The integral part of the Group Training system is the flexibility for host employers to have the ability to hand back an apprentice or trainee (thus become displaced) if factors like performance or economic conditions change. COVID-19 has seen a significant increase in hand backs to the network with at its peak in June we had 10% of the network apprentices and trainees without a host employer on the result of being handed back. The strength of the AEN NSW ACT members is their ability to work their networks and recommence the apprentice or trainee with a new host.

Below provides a summary of three critical indicators on the impact of COVID-19 and how AEN NSW ACT members have been able to respond to the crisis.

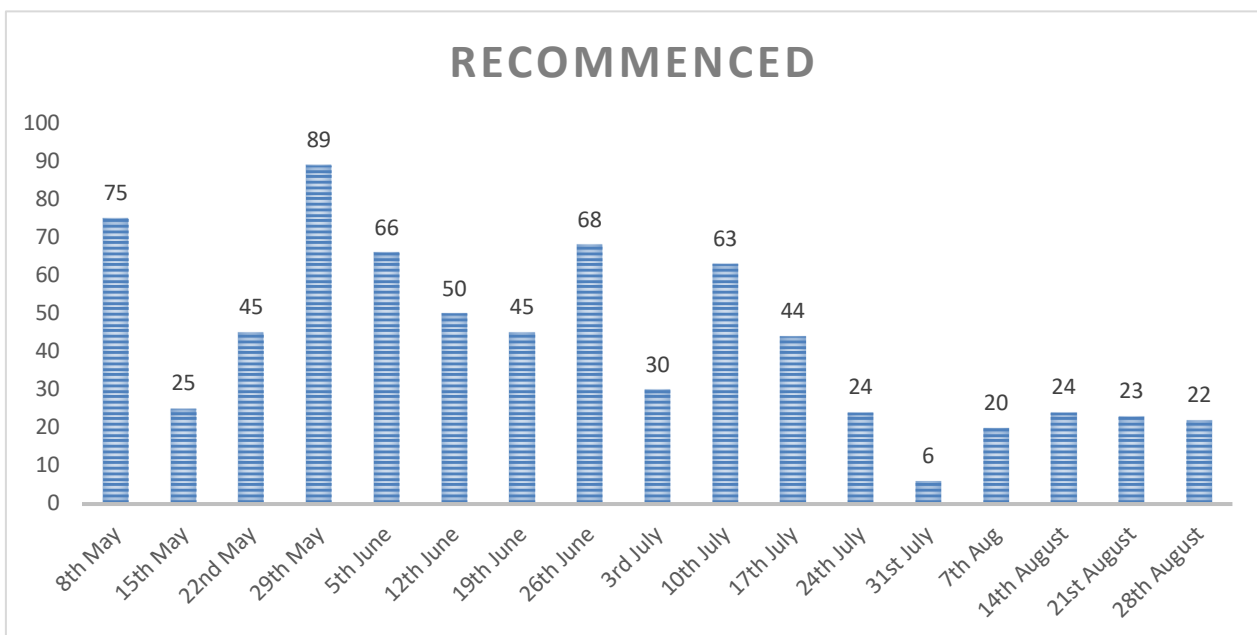
1. Weekly hand back numbers of apprentices and trainees to AEN NSW ACT members.



2. The current number of apprentices or trainees without a host employer



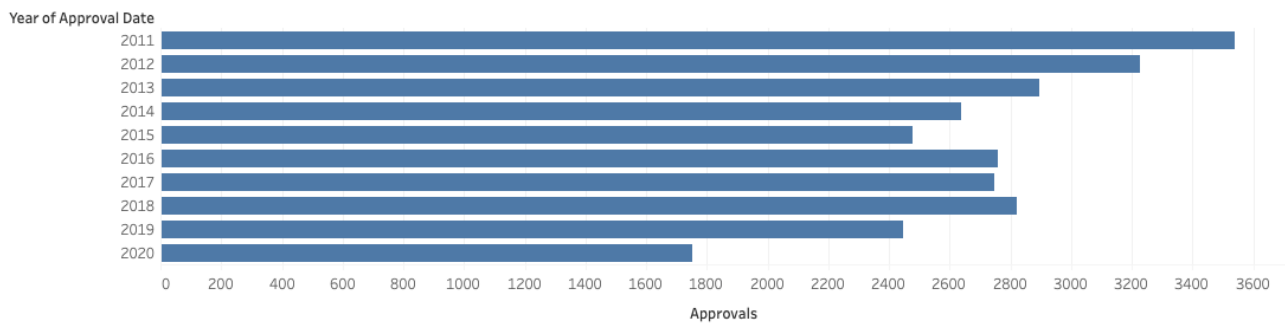
3. The weekly number of apprentices or trainees recommenced with new host employers.



A second consequence to COVID-19 is the drastic reduction in the commencement of apprentices and trainees not only through GTOs but the wider VET industry. AEN NSW ACT members are experiencing a 25% decline in new approvals in 2020. This decline is taking apprenticeship and traineeship numbers to its lowest level in over ten years.

Below represents the NSW Group Training industry apprenticeship and traineeship approvals for 2020 and the same corresponding period in the previous nine years.

Approvals Calendar Year to Date Updated: 01/08/2020



AEN NSW ACT and its members play a pivotal role in creating opportunities for apprentices and trainees with business in NSW, many of which would be unlikely to engage in the training system without an intermediary such as the Group Training Network. We urge the NSW Government to work with the AEN NSW ACT with any skills strategy development.

NSW needs to redevelop its skills strategy quickly to ensure we don't lose a generation of young people and the key organisations that employ them.

Draft recommendation 3.2

Introduce two new and more flexible pathways to trades qualifications: one for HSC-holders (two years or less) and one for mature-aged workers (18 months or less)

- Incentivise registered training organisations to develop more flexible modes of course delivery, including after-hours learning and short intensive periods of full-time study.
- Establish a Training and Skills Recognition Centre to implement the new training pathways, starting in the construction sector.
- Regulate to allow employment of unqualified juniors (those below 21 years of age) in a recognised trade vacation outside an apprenticeship, provided they have completed, or are enrolled in the relevant trade's qualification.
- Endorse a marketing campaign to raise the profile and awareness of new trades pathways.

Whilst we support new ideas to stimulate the apprenticeship and traineeship market, we need to be conscious we don't destroy 100 years of apprenticeships in NSW. The framework to earn and learn has been and will continue to be the key to success. In the current COVID-19 environment, the cost of doing business is a driving factor on the uptake of new apprentices. We must be aware of the industrial arrangements in place for many trade-related industries, including the need for an individual to be paid whilst in training.

We support the establishment of a Training and Skills Recognition Centre, starting with the construction sector. We would though need to understand further on how it would be proposed to operate. It must not cut corners in completing a full trade qualification.

With all trade qualifications, the on the job component is the most critical part of the journey. We support the different avenues for a person to enter into a trade as long as they meet the outcome of the qualification fully before they are signed off.

We support any marketing campaign to raise the profile of trades and the pathways one can take. A vital component of the drive needs to be ongoing and convince parents trades is a suitable alternative to university. We would also suggest that you get support from all VET industry stakeholders on any campaign. It will need all involved to cross-promote any campaign to infiltrate the target audience of school leavers and their parents.

Draft recommendation 3.3

Target Smart and Skilled funding more effectively by refining the NSW Skills List. Prioritise funding to courses that demonstrate value to industry or represent skill shortage areas.

We support this recommendation with regular consultation of VET stakeholders.

Draft recommendation 3.4

Extend Smart and Skilled subsidies to target short courses and micro-credentials that provide discrete skills employers recognise and value.

- Use economic and industry data to identify high value micro-credentials to fund.
- Prioritise courses that have better evidence of employer trust and recognition, high quality assessment, and alignment with the Australian Qualifications Framework (AQF).
- Use a risk-management approach to funding, with the capacity to quickly freeze or withdraw funding if problems are identified.

Support the development of voluntary systems of trust and recognition for micro credentials, for example alignment to AQF levels or the adoption of 'credit points' standards.

Micro-credentialling / Skill Sets / Units of competencies have been around for many years.

The Apprentice Employment Network NSW & ACT supports the principle of micro-credentials as it plays a critical part to upskill and reskill individuals in new areas of work. **Still, it should not be at the detriment of completing a trade qualification.**

The use of micro-credentials has a place to address short term needs; however, they should be linked to full qualifications and never be seen as the replacement. If micro-credentials becomes the new norm, Australia will be faced with a more significant skills shortage crisis compared to where we are now.

We do suggest the four key components to any micro-credentialing structure needs to be:

- Context – ensuring units are related to qualifications or vendor-specific training (Microsoft credentials)
- Development – ensuring units are developed quickly to meet industry needs.
- Assessment – all units must be assessed for competency.
- Recognition – all units must be nationally recognised and linked to a student USI.

Our Members

1300 apprentice





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