



**GAN AUSTRALIA**

Skills for Business. Jobs for Youth.

# Time to get on with the job.

**Utilising the apprenticeship system  
to support youth and strengthen  
Australia's skills needs**

November 2019









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# 1. EXECUTIVE SUMMARY

A flourishing and agile vocational sector is a key component of a productive and resilient nation. The trades and vocations deliver indispensable services, foster a skilled workforce, and provide the know-how that underpins Australia's knowledge economy. Recognising this, federal and state governments have committed to tackling the issues underlying falling apprenticeship rates and rising skills shortages.

A number of reviews and inquiries have identified the issues affecting the vocation education and training (VET) sector, which are now well understood. The recent Expert review of Australia's vocational education and training system by the Honourable Steven Joyce made a number of suggestions for how the VET sector can be improved and strengthened. In the 2019 Federal Budget, the government committed significant funds to the sector, and emphasised the sector as a high priority. At the August 2019 meeting of COAG, the states reaffirmed their commitment to making the sector work.

**The contribution of the sector to Australian employment and productivity is beyond doubt, the evidence on what works and what doesn't is to hand, and ten years of reviews and reports must now be translated into action.**

The next step will be to deliver the funded recommendations of the Joyce Review, using the expertise of the sector to underpin the implementation.

The Apprenticeship Employment Network (AEN) represents Group Training Organisations (GTOs) which have on-the-ground experience in delivering programs that result in skilled employment outcomes. The AEN partners with 17 other countries that form the Global Apprenticeship Network as GAN Australia, to bring global best practice together with local experience. The insights of our members can be of assistance in ensuring the recommendations are successfully implemented to create a strong, agile, high-quality system.

## **Recommendation 1: Target government resources to in-school programs for greatest impact**

State and federal governments offer a large number of employment incentives to assist employers with taking on apprentices. The sheer quantity is having the perverse effect of adding to the confusion around VET pathway funding. In addition to simplifying the system, taxpayer resources would be more efficiently and effectively used if directed toward helping young people make better choices at the start of their careers.

The Multi-Industry Pre-apprenticeship (MIP), used in some schools between 2016-2019, has helped participants trial careers and find the path they are best suited to.

Participation in a MIP program ensures that when young people start an apprenticeship, they have a clear idea of the what to expect and what the employer expects of them. Given the opportunity to trial a range of apprenticeship career pathways, 55% of MIP participants changed their career choice and 82% said they had a greater understanding of employer expectations in the workplace after completing the program. Employers rated the work-readiness of 75% of participants as high to very high.

Helping young people identify early on that they may not be suited to a particular career path would stop them from becoming disengaged and reduce the risk that they break off an apprenticeship, using up their training entitlements and leaving them without a support structure at a critical juncture. It would also save employers the cost of recruiting and training unsuitable candidates, and save governments money in the long term.

## **Recommendation 2: Governments should provide fully funded training only when linked directly to new employment outcomes**

A 2017 review by the Mitchell Institute<sup>1</sup> found that poorly targeted government subsidies have artificially inflated traineeship numbers, but do not support apprenticeships, which require a long-term commitment on the part of the employer, or lead to better employment outcomes.

<sup>1</sup> Noonan, P. and Pilcher, S. (2017). *Finding the truth in the apprenticeships debate*, Mitchell Institute report No. 03/2017. Mitchell Institute, Melbourne. Available from: [www.mitchellinstitute.org.au](http://www.mitchellinstitute.org.au)



These programs have in the past led to a statistical inflation of traineeships, as employers and RTOs used the classification to access government subsidies for existing workers. However apprenticeships, which represent a longer-term financial commitment on the part of the employer, continue to closely track the labour market. These apprenticeships were only impacted when the Fair Work Office ruled to increase apprentice wages, raising the cost of employing an apprentice to business, with no compensating offset.

The review concludes that “government incentives should only be provided where there is a demonstrable public benefit, not to create a fully funded market in government subsidies.”

Government must work closely with businesses and group training organisations in order to ensure that qualifications undertaken at any stage of life are linked to employment outcomes.

### **Recommendation 3: Take advantage of the successful Multi-Industry Pre-apprenticeship program to deliver better careers advice and clearer secondary school pathways**

Vocational pathways are underrepresented in school-based careers advice. Over the last three years, the Multi-Industry Pre-apprenticeship program has made supported apprenticeship trials available to school students linked to real life work experience with local employers looking for skilled workers. Over half of MIP participants discover that they want to pursue a career other than the one which they had first aspired to, ensuring a better match when they take up an apprenticeship and increasing the chances of completion. Students participating in the program gained a clearer sense of employer expectations, work health and safety, and the practical requirements. Employers report that 75% of participants come to them with high to very high work-readiness, enthusiasm, a good knowledge of work health and safety, and some proficiency in foundational and hands on skills. We believe this program has a direct correlation to only 50% of youth currently completing an apprenticeship – if we can improve the initial choice and match with employer we can improve the completion rates.



#### **Recommendation 4: Use experienced GTOs to invest early to create the best outcomes for disadvantaged Australians**

The first ten weeks of an apprenticeship are a critical period for engaging disadvantaged jobseekers. Group Training Organisations have developed specialty skills to support these groups, and are experienced in changing the attitude and establishing a rapport with the employer and apprentice, which can pave the way for a life-changing experience. When adequately funded, the intensive one-on-one support that GTOs provide to disadvantaged apprentices is an investment which delivers both social and economic returns to society.

##### **Strengthening quality assurance and speeding up qualification development.**

Trust in the vocational education sector was materially undermined by the unscrupulous behaviour of some private training providers, who took advantage of the VET FEE-HELP scheme. While this scheme has now closed, the quality of VET can still vary considerably from provider to provider.

The national non-profit GTO network hires apprentices and trainees and places them with employers. The GTO manages payroll and HR on behalf of the employer, provides support to the apprentice, and manages the quality and continuity of apprentice training, both on and off the job. The GTO network is a time-tested network which operates under national standards, and provides quality overlay with strong governance.

The GTOs rely on agile policy responses that can recognise new pathways when they're linked to jobs, and can be of assistance in identifying these pathways together with employers.

##### **The Swiss apprenticeship model.**

Switzerland is widely regarded as having the world's most effective and integrated vocational education and training system. The Swiss model encourages life-long skills development, across school, apprenticeship, technical college and university, starting with apprenticeships in secondary school. In Switzerland, a career beginning in an apprenticeship can lead anywhere, and indeed many Swiss CEOs began their careers that way.

Switzerland's youth unemployment is not even a full percentage point higher than its adult unemployment rate of 2.6%, averaged across 2018. The Swiss model can be used as a reference point by policy makers for the social, economic and equity benefits that Australia can aspire to in improving its VET sector.

Based on trends in employer demand for apprentices since 2012, Karmel (2017) argues that the traditional apprenticeship model is not universally highly valued by employers, and that employer support seems to be on the decline in many occupations. If so, the role of GTOs is likely to become more important if Australia is to produce sufficient qualified workers in vocational fields<sup>2</sup>

<sup>2</sup> O'Dwyer, L & Korbel, P 2019, *SCompletion rates for group training organisations and direct employers: how do they compare?*, NCVET, Adelaide





## Recommendation 5. Utilising the national group training network

### Australia's employment practices are changing

Analysis of NCVER's National Apprentice and Trainee Collection shows clear differences in the profile of group training organisations (GTO) apprentices compared with direct employer apprentices. Employer size and apprentice demographics are key attributes of the likelihood of apprentices completing. GTO apprentices and trainees are younger, more likely to be in the trades, more likely to be new rather than existing workers, and more likely to be indigenous. Accounting for the different demographic profiles of GTO apprentices and trainees, and for employer size, reveals that GTO completion rates are substantially higher than for small and medium direct employers

Maximising apprenticeship and traineeship completion rates are a longstanding concern for governments, in that they represent the return on significant government investment in training. One way of maximising completion rates is to use group training organisations (GTOs) to employ apprentices and trainees and place them with host businesses.

Part of a GTO's role is to provide the additional care and ongoing support necessary for apprentices and trainees to successfully complete their training contract, thus maximising completion rates. This type of support is not always easily provided by a direct employer, particularly small to medium enterprise (SME) employers

Source <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/completion-rates-for-group-training-organisations-and-direct-employers-how-do-they-compare> October 2019

### Conclusion

The group training network provides the "last mile" of delivery that can translate the Joyce Review recommendations and the funding budgeted by federal and state governments into sustainable, skilled employment outcomes.

Group training organisations act as the link between job seekers and employers, providing support and creating a robust and well-integrated vocational education and training sector, capable of supporting Australia's economic, social and equity aspirations. We welcome the commitment to action of all parties in the sector.

After years of evidence gathering and reviews, it is time to get on with the job.



## 2. INTRODUCTION

Over the past several years, State and Federal governments have put considerable thought and effort into responding to the challenges faced by the vocational education sector, reflecting a widespread acknowledgment of the economic and social benefits of improving education and employment pathways.

In November 2018, the federal government commissioned The Honourable Steven Joyce to examine ways to deliver skilled workers for a stronger economy. The Expert review of Australia's vocational education and training system (Joyce Review) of vocational education and training (VET), which formed the basis for the federal government's announcement in the 2019-2020 Budget of the \$525.3 million Skills Package — Delivering Skills for Today and Tomorrow.

The Joyce Review ably summarises the feedback of the VET sector, including the input of the Apprenticeship Employment Network. In total, the Joyce Review makes 71 separate recommendations around the six points of the plan:

1. Strengthening quality assurance
2. Speeding up qualification development,
3. Simpler funding and skills matching,
4. Better careers information,
5. Clearer secondary school pathways, and
6. Greater access for disadvantaged Australians.

In August 2019, The National Centre for Vocational Education and Research (NCVER) released *Life at 24: Then & Now*, the results of the Longitudinal Surveys of Australian Youth (LSAY) which followed young Australians over 10 years, from their mid-teens to mid-twenties, as they move from school to study and work. The study found that more young people than ever are unsure that the jobs they find their way into after school are the ones they would like to pursue as a career.

The sector is now armed with data which quantifies the challenges in the Australian system and a detailed proposal of action to tackle them.

The Apprenticeship Employment Network (AEN) of Victoria as part of the Global Apprenticeship Network (GAN-Australia), representing group training employers and large corporations looking to build a sustainable skilled workforce, welcomes the Joyce Review and the government's commitment to action. This document outlines AEN's experience and insight, which may contribute to the successful deployment of the Skills Package, in line with the intentions of the Joyce Review.

In particular, we focus on sharing what we have learnt about implementing the last three points of the proposed six point plan: better careers information, clearer secondary school pathways, and greater access for disadvantaged Australians.

This document is designed to assist governments in putting the recommendations of the Joyce Review into practice, using existing quality networks with a proven track record of delivering positive employment for youth and improved skills for businesses.



## What would a well-designed vocational education system look like?

- ✓ Match students, school leavers and job-seekers to local employment opportunities and skills needs, and provide training for them to enter these businesses
- ✓ Lower the youth unemployment rate, by providing clear employment pathways and offering industry sampling to ensure a good fit between the young person, the profession and employer
- ✓ Answer skills shortages, by working with local businesses and local students, school leavers and job-seekers to match them to local industry needs
- ✓ Improve training completions rates from around 50% to 80%+
- ✓ Provide ongoing training and tertiary qualification opportunities to support life long learning
- ✓ Create a skilled workforce to support Australia's economic aspirations



### 3. SIMPLER FUNDING AND SKILLS MATCHING

#### GAN suggests:

- Redirect government funding from short-term employment programs to helping young people make better choices at the start of their careers.
- Tailor individual funding to pathways that provide work experience and job opportunities, not just qualifications.

The Joyce Review recommends a nationally consistent funding policy for all government-subsidised qualifications, administered by a National Skills Commission tasked with identifying and delivering on national, state and regional skills needs. GAN Australia supports the long-term focus of these proposals on developing skills matched to employer needs. The following are recommendations for ensuring taxpayer resources are targeted to programs which are best placed to deliver long term outcomes.

#### **Redirect government funding from short-term employment incentives to helping young people make better choices at the start of their careers.**

A 2017 Mitchell Institute analysis<sup>3</sup> of the effect of government programs over the last two decades found that poorly targeted government programs have led to a statistical inflation of traineeships, as employers and Registered Training Organisations (RTOs) used the classification to access government subsidy. However apprenticeships, which represent a longer-term financial commitment on the part of the employer, continue to closely track the labour market. These apprenticeships were only impacted when the Fair Work Office ruled to increase apprentice wages, raising the cost of employing an apprentice to business, with no compensating offset. The review concludes that “government incentives should only be provided where there is a demonstrable public benefit, not to create a fully funded market in government subsidies.”

Government can make better use of funds allocated to VET by shifting the emphasis from employment incentives, which create a short-term rise in employment of apprentices but often do not result in sustained support by employers, to programs such as the Multi-Industry Pre-apprenticeships, which help students make better choices at the beginning of their careers and provide employers with the chance to trial young people for the best match.

Investing early increases completion rates, improving the outcomes for the individual, society and the economy long term. It reduces the likelihood that school leavers will become disengaged after leaving school, which increases the likelihood that those young people will be unemployed or not in the labour force by the age of 25 years old.<sup>4</sup>



<sup>3</sup> Noonan, P. and Pilcher, S. (2017). *Finding the truth in the apprenticeships debate*, Mitchell Institute report No. 03/2017. Mitchell Institute, Melbourne. Available from: [www.mitchellinstitute.org.au](http://www.mitchellinstitute.org.au)

<sup>4</sup> Ranasinghe, R, Chew, E, Knight, G & Siekmann, G 2019, *School-to-work pathways*, NCVER, Adelaide



## Tailor individual funding to pathways that provide work experience and job opportunities, not just qualifications.

In funding VET, it is critical that the connection between the training and the employer and employment outcome is not lost. Many young people and jobseekers are encouraged into courses offered by universities, TAFEs and private training companies, and emerge with certificates of qualification, but no real work experience or job opportunities. This leaves many in debt, limits their access to free government training programs in the future, and does not provide the skills that employers are looking for.

AEN members report encountering building project managers and engineering graduates who cannot find employment in the construction field when they have completed a university or diploma level VET qualification. Employers in these industries do not trust theory-based training, preferring skilled workers with hands-on skills and work experience. Young people aspiring to rise to the top of this field would do better to follow the Swiss model (described in more detail below) in which school-leavers first start an apprenticeship and then continue on to university at a later stage. This approach establishes an early connection with the labour force, without limiting the career potential of talented individuals.

## 4. BETTER CAREERS INFORMATION

### GAN suggests:

- Allow GTOs to provide in-school careers advice.
- Widen the Multi-Industry Pre-apprenticeship (MIP) program to more schools to give students hands-on experience of career options.
- Assist students to understand the pathways they are interested in and suited to with real life work experiences and hands on training experiences.

It has been widely noted that vocational pathways are under-represented in school-based career advice, and often perceived poorly relative to universities. The Joyce Review proposes a mix of marketing, better organised and streamlined information, and Skills Organisation involvement in promoting the industries they represent.

GAN Australia supports these measures, and notes in particular the role of Skills Organisations in promoting vocational pathways in schools. The Review points out that, with marketing pitches like 'come to X university' or 'get an apprenticeship', the post-school education sector is often guilty of selling the seats on the plane rather than the destination. And yet the VET sector in particular is well set up for destination marketing, given that its qualifications lead to identified jobs and careers.

### Allow GTOs to provide in-school careers advice.

GTOs are very effective at marketing local employment destinations in schools and can lean on existing networks for these purposes. GTOs provide a range of support to schools including hosting and participating in local career information sessions, career expos, and industry information sessions. They support and supervise work experience programs, and run "try-a-trade" days at some schools, in conjunction with training providers such as TAFE.

They have the advantage of representing businesses in the vicinity of the schools, which can better link local school leavers to local skills needs.

## **Widen the Multi-Industry Pre-apprenticeship (MIP) program to more schools to give students hands-on experience of career options.**

As technology evolves and jobs change, the information young people get from their parents and other sources about what different career paths entail is frequently out of date. The Multi-Industry Pre-apprenticeship program, described in more detail below, allows students to “test drive” a range of industries, allowing them to find the path that they are most interested in and to which they are best suited.

## **Assist students to understand the pathways they are interested in and suited to with real life work experiences and hands on training experiences.**

Some reports have called for broad initiatives that include literacy and numeracy testing, aptitude testing, personality testing and career guidance<sup>5</sup>. GAN Australia has found that helping prospective apprentices understand the needs of small businesses and employers can result in better completion rates. A report produced for the then NSW Board of Vocational Education and Training in 2016<sup>6</sup> noted that activities to promote apprenticeships to young people often increase intake numbers, but the effect is that many are “... less committed, less well suited or less likely to complete the apprenticeship ...”. They found that a quarter of apprentice recruits are not well suited to the trade and a further 20 percent are ambivalent about their apprenticeship experience. Participation in a MIP program ensures that when young people start an apprenticeship, they have a clear idea of the what to expect and what the employer expects of them. Given the opportunity to trial a range of apprenticeships, 55% of MIP participants changed their career choice and 82% said they had a greater understanding of employer expectations in the workplace after completing the program. Employers rated the work-readiness of 75% of participants as high to very high.

Helping young people identify early on that they may not be suited to a particular career path would save them time and effort in finding work, would save potential employers the wasted cost of recruitment and training, and would ensure governments saved money in the long term.

## **Case study: Try a trade – school career advice.**

Many GTOs provide hands on career open days, these programs provide secondary school students the chance to try a trade and experience firsthand what it takes to develop a skill. Students are provided with a range of demonstration sites where they can participate and ask other apprentices and industry representatives a wide range of questions about the trade occupation, training requirements and career pathways. In many cases these programs are seen as an investment by the GTO to attract and recruit potential apprentices in the future, and to assist in breaking down any myths about a trade/occupation.

<sup>5</sup> Governments need to make 2017 the year of Vocational Education and Training, ACCI, Ai Group and the BCA, 2017  
<sup>6</sup> A fair deal: Apprentices and their employers in NSW, NSW Board for Vocational Education and Training, 2011



## 5. CLEARER SECONDARY SCHOOL PATHWAYS

### GAN suggests:

- Widen Multi-Industry Pre-apprenticeship (MIP) program to all schools.

### GAN cautions:

- Adjust qualification outcomes so that in-school experience does not make the school-leaver less attractive in the job market.
- Ensure school-based programs are designed to help students explore a career pathway, not just as a way to keep them engaged at school.

The NCVET found that a young person taking VET subjects in school was 20% less likely to go to university after school, but 13% more likely to progress into full time employment. It is unlikely that most of these young people would have progressed on to university had they not taken VET subjects, making this 13% a net gain. Young people who had followed this pathway also had the highest employment at 25 years old, with 97.4% in work.

The Multi-Industry Pre-apprenticeship program allows young people to experience different industries without leaving school, helping them to discover which career path they are most suited to. In mid 2016, the program received \$6.8 million from the Commonwealth Department of Education. Between 2016 and 2019, the program has supported over 2500 school based and unemployed youth across New South Wales, ACT, Victoria and Tasmania.

The program offers hands on experience of multiple industries and occupations, as well as helping young people understand expectations of them and supporting the development of "work readiness" soft skills required in the workplace.

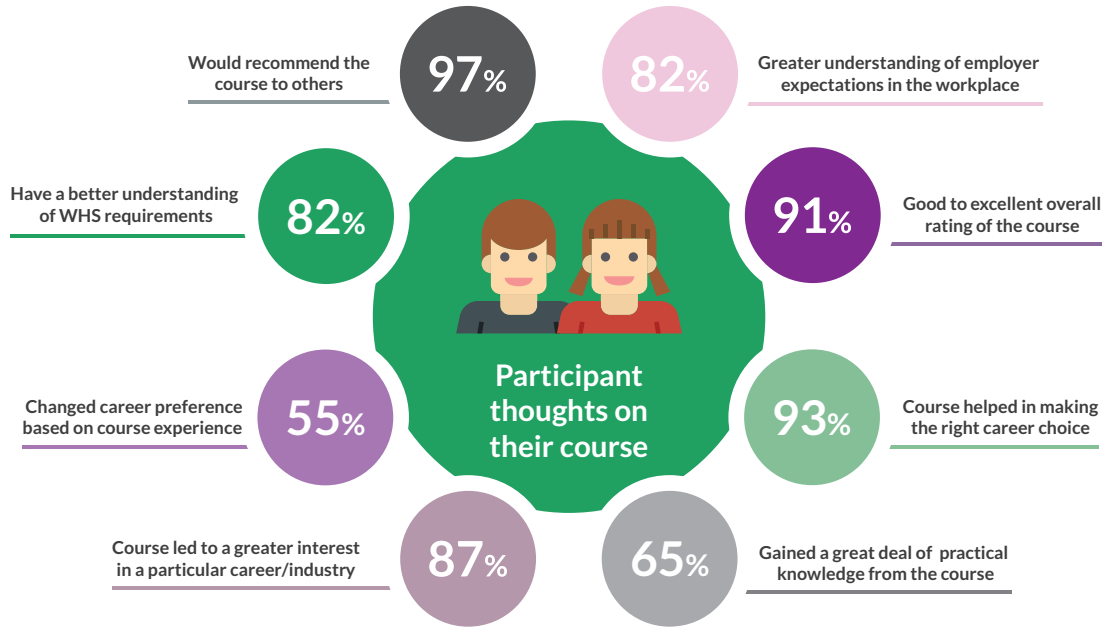
Themed project work linked to local employment needs and student research activities on individual industries include:

- Numeracy, language and literacy skills.
- Workplace readiness - understanding employer expectations.
- Sustainability and environmental requirements of particular industries.
- Legal requirements of working in particular industries.
- Business processes, project management and communication skills.
- New and emerging technology for particular industries.
- Career and further study pathways available in different industries.

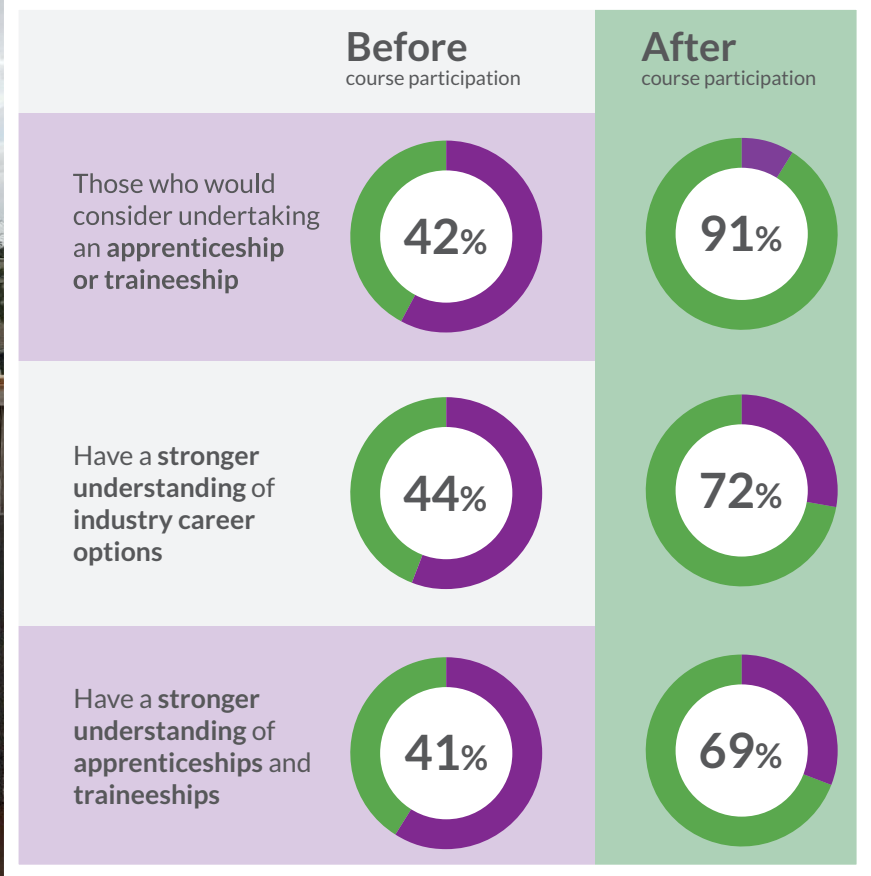


It is a measure of success that 55% of participants found they were interested in pursuing a career in an industry other than the career to which they had initially aspired, an indicator that the program helps young people find the career path to which they are best suited.

82% of participants also said they had gained a better understanding of what employers would expect of them in the workplace, which was reflected in the 75% of host employers who rated participants' work-readiness as high or very high.







## Case study: Multi-Industry Pre-apprenticeships (MIPs) at work in Geelong.

Victorian Group Training Company (VGTC) has partnered with Western Heights College in Geelong to offer a new vocational training program to students at risk of not completing Year 12. Funded under the Multi-Industry Pre-apprenticeship (MIP) project, the program offers training across a range of industry sectors while the students are still at school.

Students designed and built a kitchen and sensory garden complete with a pizza oven, gates and fencing. VGTC linked skills acquired in various VET programs to complement this. Students gained certification and credits in employability and applied learning skills.

The students will all complete the program with a Certificate II in Horticulture. Some may not go on to work in that sector, but all of them will complete Year 12 and they are picking up important employability skills and knowledge of various trades in the process. The college says the program has dramatically improved school attendance, and they have noted an improvement in their school work and attitude outside of the MIP program.

The program funding has allowed VGTC to provide students with the correct PPE and the right tools. The RTO training costs were met, and transport to and from work was covered each week. Without this financial support, the program would not have been possible.

Since the completion of this program all participants have been able to source apprenticeship / traineeship employment in the local area, with many now working for employers who participated in the work experience component.

## **Adjust qualification outcomes so that in-school experience does not make the school-leaver less attractive in the job market.**

Apprentice wages are determined by the age, time in training and competency achieved by the apprentice. If a young person completes too much training (outside of a certificate II pre-apprenticeship) the qualifications obtained before they start the apprenticeship can be credited towards their apprenticeship. Many RTOs sign-off on units of competency without understanding the impact this can have when the student enters a formal apprenticeship. In many industry awards, an apprentice who has completed 25% of the training automatically rolls over to a second year wage, completion of 50% of training triggers a third year wage, and completion of 75% of training triggers a fourth year wage. This renders the apprentice more expensive to the employer, while they are still less productive than a similar apprentice who has completed the competency requirements within a business environment. Consequently, awarding these qualifications can create barriers to employment.

The Multi-Industry Pre-apprenticeship Pilot program is designed to match students with real jobs without giving them formal qualifications that might limit their attractiveness in the job market.

## **Ensure school-based programs are designed to help students explore career pathways, not just used as a way to keep them engaged at school.**

To successfully deliver employment outcomes, school-based VET programs should be designed to match students with employers. Programs which measure their success on keeping students engaged at school, rather than on post-school apprenticeship commencements and completions, ultimately fail the student.

GTOs can provide work experience opportunities which will give young people a chance to try careers available in their region in a safe and supported environment. The GTO model provides support to the student, as well as helping the employer to navigate payroll, HR, mentoring and supervision, workplace health and safety and other legal obligations throughout the apprenticeship. Without this support, many small businesses struggle with the administrative requirements of hiring apprentices. Programs which do not provide support to the employer can result in poor outcomes for both employer and apprentice, whereas those that do become valuable recruitment pipelines for small businesses.

## **6. GREATER ACCESS FOR DISADVANTAGED AUSTRALIANS**

Clear pathways beginning in secondary school can help prepare young people for the workforce and ensure they make a smooth transition to work. However the pathway from school to work is not always straightforward, particularly for disadvantaged groups<sup>7</sup>. GTOs have developed specialty skills to support these groups, especially in the critical first ten weeks of an apprenticeship, in which changing attitudes and establishing a rapport with the apprentice can pave the way for a life-changing experience.

GTOs perform considerably better than non-GTOs in the employment of Aboriginal and Torres Strait Islander apprentices and trainees and those with a disability, but it is important to note that employing disadvantaged job seekers requires additional resources and support for the employer. Programs that work well can cost around \$10,000 on top of the funding available for other apprentice groups, reflecting the very intensive one-on-one support disadvantaged apprentices require. However the difference that this intervention makes to the life of the individual, and the long term benefits to society of securing their participation in the labour force, make the return on investment worthwhile.

<sup>7</sup> Ranasinghe, R, Chew, E, Knight, G & Siekmann, G 2019, *School-to-work pathways*, NCVET, Adelaide

## Case study: “Given the Chance” program.

This program is a unique initiative designed by the Brotherhood of St Laurence to assist disadvantaged job seekers into work; support employers to grow and diversify their workforce; and foster social benefit and connectedness in workplace communities.

The model has been designed to help disadvantaged participants find fulfilling jobs, become familiar with Australian organisational culture and fully integrate in to life in Australia

GTC is a 4 model component that is customisable to your business and needs.

The Brotherhood of St Laurence has a unique approach to employment, spending time with potential employees, and also employers to learn about their business and to understand the requirements of their particular workplaces.



### Benefits to employers

- Providing a ready recruitment pool of potential employees with a wealth of skills and experiences.
- Loyal and hard-working candidates.
- Enhanced reputation through showing a commitment to corporate social responsibility.
- Improved employee satisfaction leading to better staff retention, as existing staff experience the personal benefit of knowing they are making a lasting difference in someone's life.
- The Brotherhood of St Laurence acts as the employer for the term of the placement and takes care of superannuation, payroll, insurance, police and other checks, and onboarding. Employer pays an hourly rate that covers the candidates wages and on costs involved in managing associated administration.

### Olivia's Story

Five years ago, the only things Olivia knew about Australia were kangaroos and sheep. She worked in banking in Uganda, East Africa, but found herself in a situation she had to flee, seeking refuge here. She says it felt like she went from being somebody to nobody in an instant.

Now, Olivia is thrilled her life and career are back on track. She's working at ANZ Australia after completing a paid placement brokered through our Given the Chance program. Olivia is one of more than 200 people from refugee backgrounds who have benefited since our partnership with ANZ began in 2007.





## 7. THE SWISS APPRENTICESHIP MODEL - LEARNING FROM SUCCESS

The Swiss Vocational and Professional Education and Training system is seen as the gold standard for training across the world. Australia can learn from the way the Swiss system is integrated into educational and career pathways, as well as from the cultural status it holds.

### The key characteristics which underpin the success of the Swiss system are:

1. The importance placed on vocational training by Swiss employers, schools, and governments, making it a job-demand driven system (as opposed to student-demand driven), and by far the most attractive option for the majority of students.
2. The streaming of students into vocational or academic streams early in schooling (around the eighth grade) which gives those going into the vocational training system an early start.
3. Cultural attitudes towards vocational education, which ensure it is seen as a vital part of the Swiss economy, rather than a less preferred option to the academic route.

The focus on ensuring a strong VET system has been credited as one of the reasons for the success and strength of the Swiss economy, with the country enjoying some of the highest standards of living, highest median incomes, highest Global Talent Competitiveness Index scores, and the lowest unemployment rates among OECD nations.

### The importance of the VET system in Switzerland.

The Swiss VET system prepares people for a range of roles, and operates across white and blue-collar professions including technology, human services, health, and more traditional trades and crafts. Swiss employers are extremely supportive of the system as they see it as a core strength of the Swiss economy. Swiss CEOs believe that there is no need to have massive numbers of university-trained theorists, when a small number of such people can produce high quality work with excellent technicians and designers as partners.

	Swiss System	Australian System
<b>Age at entry into VET system</b>	Year 9 (aptitude measured over schooling), further 2-4 years of schooling is still compulsory	Year 11 (following compulsory education) or, following completion of year 12, or later
<b>Percentage that enter VET system</b>	70% of students	46.1% of students in 2017
<b>Unemployment rate</b>	Average of 2.6% in 2018	Consistently at or above 5%
<b>Global Talent Competitiveness Index (INSEAD)</b>	Remained at No 1 from 2014-2016 and 2017-2019	Increased from No 12 to No 10 from 2014-2016 and 2017-2019
<b>National median income (Per year OECD average is USD 30,563)</b>	High – average household net-adjusted disposable income per capita is USD 36,378	High – average household net-adjusted disposable income per capita is USD 33,471
<b>Inequality</b>	Top 20% earn 4 times as much as bottom 20%	Top 20% earn more than 5 times as much as bottom 20%

## In Switzerland, there are three partners in the vocational education system:

- The federal government, which regulates and steers the system.
- The employer organisations and associations, who drive the system.
- The cantons (states) to exercise local control through the secondary school system.

The businesses decide the content of the programs, to meet their industry standards and ensure that students coming out of the system have best practice knowledge and training.

They also take the lead in determining when new occupational programs need to be developed or existing programs removed, to take account of changes in technology and the economy. This ensures that the country does not experience a glut of students in an industry that has no employment available, and that graduates of the VET program are ready to take up roles in emerging markets. Both the government and the education community are clear that the system works only because it has been designed to meet the needs of industry, rather than being a system designed to train as many students as possible regardless of industry need.

The government does not provide any wage subsidies to businesses taking on apprentices. Swiss businesses see the VET system as one that is designed to meet their long term workforce needs, and view their involvement in the program as part of a partnership to ensure ongoing business success, rather than a drain of resources requiring subsidy from the government.

Businesses are confident that by ensuring a strong VET system, the chances of them hiring a worker who is productive from day one is much greater. Further, for most employers, the cost of training an apprentice over three to four years is more than offset by the bottom-line increases in productivity provided by the apprentice.

Approximately 70 percent of Swiss students participate in the VET system (aged between 15-19), rather than the academic stream. This exercise of choice by the student cohort is directly attributable to the strong system developed by the partnership of the federal government, industry, and the cantons.

## Early streaming and start of vocational education.

Swiss students are streamed into either the vocational system or the academic system following the eighth grade. Students learn from the eighth grade about the labour market, the availability of openings in the apprenticeship market, and understand which careers are growing and which may be stagnating. They can either enter a Federal VET Certificate two-year course, or opt for the longer Federal VET Diploma 3- or 4-year course. These courses include attendance at a technical training college and on-the-job training. Students are paid a small salary, well below the minimum wage, but attractive to students living at home.

Following completion of their VET training, students can then move straight to the workplace, attend a tertiary level professional college or undertake advanced diploma exams, or sit for the Federal Vocational Baccalaureate which gives them an entry pathway to a University of Applied Science where they can study for further degrees in their chosen field. Taking advantage of these options is encouraged by employers.

By contrast, students who choose to take the academic route are streamed into selective schools which train students for the Federal Academic Baccalaureate exams. Once these exams are passed, students enter a University which is more specialised, and focuses on preparing people for a narrow band of professions such as law or medicine.

Following the first year, there is a rigorous exam which has a pass rate of approximately 50%. Students failing this exam can then apply to a University of Applied Sciences, but only after having spent a year in the workforce, effectively putting them two years behind their peers.

There is nothing preventing students who have gone through the vocational system from later applying to an academic university should they wish to do so, and the vocational system supports students into the workplace following their schooling, contributing to the almost non-existent unemployment rate.

## Cultural attitudes to vocational education.

There is some argument that the Swiss national service system is a democratising force which encourages respect and value of the professionalism of those with VET qualifications as much as entrepreneurs. As all males serve in the national service, and officers and the ranks are trained together, a lawyer or a doctor can easily find themselves reporting to a plumber. This may indeed have something to do with the community's attitudes to the VET system, but is not the whole story.

The VET system that developed in the early twentieth century was similar to that across the rest of Europe, and was on par with systems in Scandinavian countries and Germany. In the 1960s and 70s however, the Swiss did not embrace the trend in other countries to increase places available at academic universities, and instead continued to support the VET system and limit the academic university attendance numbers.

Following the recession in the 1990s which saw unemployment climb to about 5% (extremely high for Switzerland), the government enhanced the general education component of the VET system and launched the Federal Vocational Baccalaureate and the Universities of Applied Sciences.

This ensured that the economy could be fuelled by a highly skilled, proud, and professionally trained labour force, within which individuals could go on to develop their applied skills even further in the Universities of Applied Sciences. These pathways have proven enormously successful. Indeed, in a 2018 speech to the International Congress on Vocational & Professional Training, US Secretary of Education Betsy DeVos confessed to having been surprised to find out that both the CEO of UBS, Sergio Ermotti, and Lukas Gahwiler, the chairman of UBS Switzerland, started their careers as apprentices.





## 8. UTILISING THE APPRENTICESHIP SYSTEM

The Australian Government in May 2019 announced its committed to supporting the vocational education and training (VET) sector through its \$525.3 million Skills Package Delivering Skills for Today and Tomorrow, to ensure Australians can access the training they need for the jobs of today and prepare for the jobs of the future.

This investment will support individuals to develop the skills they need to succeed in Australia's modern workplace, whilst providing employers with the workers they need to grow the economy.

Utilising and expanding the existing apprenticeship system will ensure Australians can gain the skills needed to support current and future prosperity by providing clear and reliable careers guidance to inform study choices, better foundation skills training so no one is left behind, and more apprentices for jobs in demand.

By providing industry with a pipeline of qualified workers needed to keep our economy strong, while targeting training in areas of skills demand, the Government is working to ensure business' and individuals have the skills they need to actively participate in the workplaces of the future. This investment will ensure Australians have the critical skills to meet emerging industry needs, and keep the economy growing.

### Industry Demand

Employment is projected to rise in 17 of the 19 industries over the five years to 2023. Around two thirds of new jobs during this period are expected to come from four industries<sup>8</sup>.

1. Health Care and Social Assistance (up by 250,300, or 14.9%).
2. Construction (118,800, or 10.0%).
3. Education and Training (113,000, or 11.2%).
4. Professional, Scientific and Technical Services (106,600, or 10.2%).

Many of these new skilled employment needs can be filled by utilising the apprenticeship system

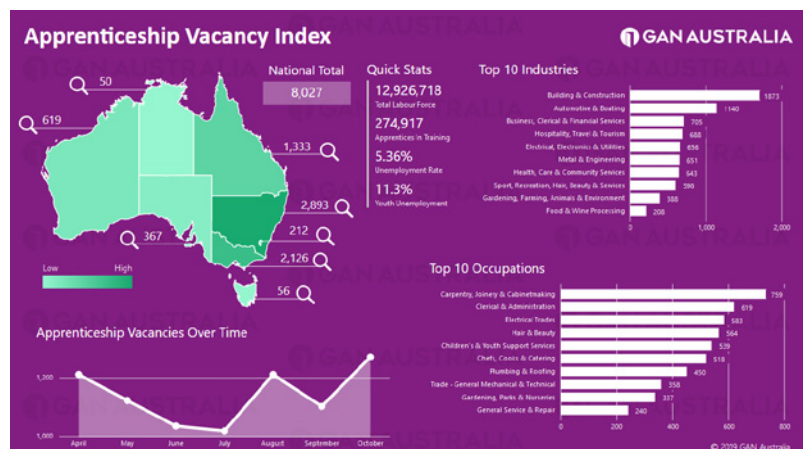
### Apprentice Demand

GAN Australia has been tracking online apprentice job vacancies on its Apprenticeship Vacancy Index (<https://gan-australia.org/apprenticeship-vacancy-index/>) which shows that certain industries are struggling to meet their workforce needs.

These industries include:

- Building and Construction
- Automotive
- Business, Clerical and Financial Services
- Electrical, Electronic and Utilities
- Hospitality, Travel and Tourism
- Health Care and Community Services

Currently 0.021% of Australia's total workforce are employed through an apprenticeship.



<sup>8</sup> Australian Government, "Industry Outlook", n.d, <https://australianjobs.employment.gov.au/jobs-future/industry-outlook> (accessed 17 September 2019).

## Case study: “Rethinking the way Australian businesses take on the global industrial revolution” - MEGT and Microsoft Australia

With an average of 20,000 information and communication technology (ICT) jobs being created across Australia each year and Australian universities only producing approximately 5,500 STEM graduates annually, Managing Director of Microsoft Australia, Steven Worrall knew it was time to rethink the way Australian workforces of all sizes develop and build a new robust pipeline of skilled ICT workers to stay afloat in this time of digital transformation. That’s why Microsoft Australia recently joined forces with long-established Group Training Organisation MEGT (Australia) Ltd (MEGT) and leading global training provider Prodigy Learning to launch the Microsoft Traineeship Program.

The first program of its kind in Australia, the Microsoft Traineeship Program combines formal education and on-the-job experience to set trainees up to embark upon a budding ICT career. Upon successful completion of the Program, trainees will receive a nationally accredited qualification, Certificate IV in Information Technology, and some of the latest cloud computing Microsoft certifications as part of the Azure Administrator Certification Track.

### How the Program works

As a leading national Group Training Organisation, MEGT provides end-to-end traineeship recruitment and programme management services to Microsoft Australia; sourcing, screening and employing trainee candidates. MEGT remains the trainees’ legal employer; paying wages and entitlements, monitoring training and work performance, and providing ongoing mentoring and support.

Trainees are then placed with a Host Employer - either Microsoft Australia directly or a Microsoft partner organisation - where they receive valuable, paid on-the-job experience as they work towards their nationally accredited qualification. Launching in New South Wales in 2018, the Program has since expanded into South Australia and Victoria and to date has almost 30 partner organisations on board hosting over 50 trainees.

### Delivering real skills for real careers

In a time of global industrial revolution and unprecedented technological innovation, the opportunities for Australia’s IT industry – and those who wish to be a part of it – are skyrocketing. The demand for talented, knowledgeable and experienced individuals has never been higher; and ensuring our tech workforce is armed with the skills needed to thrive in new growth areas is vital.

While Microsoft Australia recognises that technology has a vital part to play in Australia’s evolution, at the heart of the Program is Microsoft Australia’s philosophy of people first, technology second. Not only does the MEGT, Prodigy Learning and Microsoft Traineeship Program offer trainees a pathway into a strong future in IT, the Program is also opening doors to those currently underrepresented in the IT and STEM fields; including Indigenous Australians, females, people with disability, those wishing to upskill or pursue a career change, and parents returning to work after an extended period.

Further, while the majority of host organisations currently engaged in the Program are large corporations, over 20% are small to medium enterprises who have the opportunity to gain the added productivity a trainee and ICT skills can add to any workplace, while being fully supported by MEGT, Prodigy Learning and Microsoft Australia at every stage throughout the Program.





## Case study: NISSMAP - Nissan Mentored Apprenticeship Program

This industry leading program has been designed to deliver the precise skills required by NISSAN dealerships across Australia.

The program offers apprentices a 2.8 year accelerated apprenticeship, delivered in state of the art training facilities in QLD, NSW, WA and VIC, in conjunction with the Nissan Learning Academy and TAFE colleges.

The apprentices study in Nissan dedicated classes, working on Nissan components to ensure they keep up to date with the latest advancements in technology.

Since commencing in 2012 NISSMAP has provided career opportunities for over 170 apprentice technicians. 2014/15 saw the completion of the inaugural NISSMAP apprentice group, with many moving into full-time employment with their dealership.

Specialist, intensive mentoring along with a stringent selection process has enabled retention rates of 87%, compared to the industry average of 49%.

Dealers view NISSMAP as an efficient and cost-effective investment in securing long-term technicians.





## 9. RESPONSE TO THE NATIONAL SKILLS PACKAGE

As many government reviews over the past decade have highlighted there are several challenges within the Australian vocational education and training system including:

- unequal funding arrangements at both state and federal levels,
- slow training package development and inconsistent implementation and delivery quality by training providers, and
- complex administration, compliance and funding arrangements.

These challenges have seen many employers move away from the training system and utilise a casual workforce to meet their skills needs.

As part of the 2019-20 Federal Budget the *'Delivering Skills for Today and Tomorrow'* and based on the recommendations of the *Strengthening Skills: Expert Review of Australia's Vocational Education and Training System* there will be three new entities designed to maximise the Australian VET system:

- National Skills Commission
- Skills Organisations
- National Careers Institute

The AEN and GAN Australia have summarised how these new entities can improve the efficiency and information sharing required to strengthen the VET system and look forward to working with the Australian Government on these initiatives during 2020.

### What should be the roles and responsibilities of the National Skills Commission?

The AEN and GAN Australia supports the need for a National Skills Commission (NSC) that will:

- provide a robust, evidence-based and independent picture of the current and future skills need for Australia at a local, state and national level,
- provide advice to the Australian Government on options to strengthen the VET funding system to make it easier for students, training providers and employers to understand and access VET,
- increase transparency in the VET system and provide independent advice on local, state, national and industry specific future skills needs,
- measure new and existing worker participation and their skills level, and
- identify future job roles and new qualifications that may be required to be developed.

When monitoring and reporting on the performance of the VET system nationally the NSC should focus on the key question - are industry needs being met by filling skill shortages?

### Potential sources of existing information that can assist with creating a picture of skills needs

GAN Australia monitor online advertised apprenticeship vacancies through their Apprenticeship Vacancy Index (AVI) on a monthly basis and would welcome the opportunity to work with the NSC to see how the employer demand for apprenticeships are trending by region and industry sector. This tool along with other well-established datasets tracking training and employment trends can assist in painting a clearer picture on the current and future skills needs.

Hosting regional workshops to gauge employer workforce needs and discuss future work can also assist in identifying the local workforce needs in a particular region or industry. The AEN and GAN Australia would be happy to assist in promoting and facilitating regional workshops to ensure local employers and GTOs actively participate.

The AEN and GAN Australia support a role for the NSC that will include:

- Reporting on employment and training outcomes of VET to demonstrate a stronger linkage to employers and the wider economic needs,
- Identifying regional, state and national skills shortages and identifying current and future employment skills needs.
- Identifying future skill needs and the development and endorsement of new qualifications and training resources.

To achieve these goals the NSC will need to work closely with other state and national regulators to gain an understanding of specific issues, research and best practices being undertaken and to ensure all aspects of vocational training and employment are covered without duplication.

The key industry stakeholders include:

- Fair Work Australia, the ABS, Jobs Outlook
- Safework Australia and state authorities
- NCVET, MySkills, Australian Apprenticeship Training Information Service
- ASQA and state regulators
- State authorities and departments (VET, labour hire, employment programs, State skills commissioners)
- Industry associations
- Group Training Associations

## What should be the roles and responsibilities of the Skills Organisations?

The current Skills Organisations Pilot Programs for IT (cyber security), the health and mining sectors will be able to showcase how existing well-established industry sectors should be setup to support a range of interconnected service providers and sources of information including:

- industry leadership, responsibility and accountability for VET outcomes,
- skills gap identification and analysis,
- qualification and assessment development, and
- industry-RTO collaboration and performance measurement.

The new Skills Organisations should utilise the existing GTO network to provide:

- work-based training to support local employment opportunities and provide the wrap-around support for both new workers and employers,
- support for industry specific programs and skills development,
- support for small to medium employers to engage, retain and develop their future workforce needs,
- support for school to work programs, and
- support for regional stakeholders to build strong local communities.

There is a significant role for the existing well-established Australia-wide GTO network in this proposed new Skills Organisation environment.

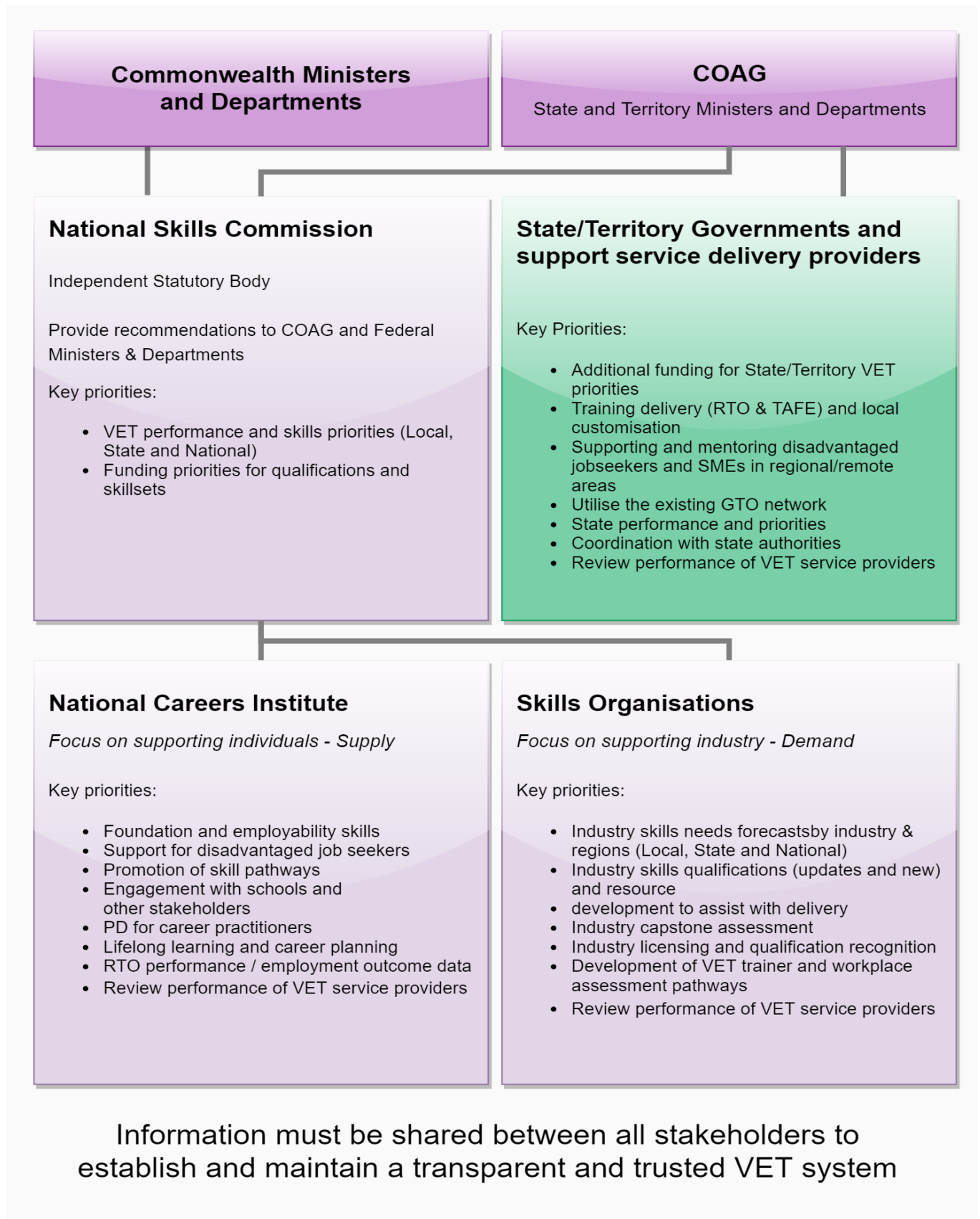
## What should be the roles and responsibilities of the National Careers Institute?

The role, goals and functions of the new National Careers Institute (NCI) should be established to facilitate and promote best practices domestically and internationally. There are many aspects and influencers when it comes to identifying best practices for career advice. A national institute that can bring all these stakeholders together and coordinate a national approach would be able to identify existing gaps and develop new resources to assist in a nationally coordinated approach.

There is a significant role for the well-established GTO network to provide direct “hands-on” multiple career work experiences for secondary schools and unemployed youth so participants can make a more informed career choice which will improve completion rates and employer satisfaction (refer to section 5).



## Proposed new structure and interrelationship





## 10. ABOUT AEN

The Apprenticeship Employment Network (AEN) is the peak industry body representing not for profit Group Training Organisations (GTOs) across Victoria. AEN's purpose is to support members and Government to achieve skilled and sustainable employment and training for the wider community.

AEN is part of a national network of group training organisations located throughout the metropolitan and regional areas of Australia. This network employs over 24,000 apprentices and trainees and is the largest employer of apprentices and trainees.

AEN provides support services to build the quality, professionalism and capability of our network to enable them to deliver quality services and outcomes; and it offers leadership to its members through advocacy, negotiation and plays a pivotal role in shaping policy development. These functions are achieved by working with governments, industry and other stakeholders.

The core activity of our member organisations is the employment, placement and vocational training of people in our community. GTOs work within the quality frameworks of the Australian Quality Training Framework (AQF) and the endorsed standards for GTOs. Alongside their core business many GTOs are also involved in targeted labour market programs, labour hire, the work of the Australian Apprenticeship Support Network (AASN), Employment Services, Disability Employment Services and various initiatives such as Indigenous Employment programs to improve access and equity within the Vocational Education Training (VET) and employment sectors.

AEN is unique in that it represents a network which not only spans the state of Victoria, geographically and across a variety of industries (traditional trade apprenticeships / skills shortage industries and traineeships), but represents an integrated network that has developed in a planned and structured way.

## ABOUT GAN

The Global Apprenticeship Network (GAN) is a global network of private sector organisations and industry associations who come together to:

- Advocate for work-readiness programs.
- Share best practices.
- Facilitate multi-stakeholder dialogue.
- Commit to action around youth employability and skills development.

The GAN Australia is a GAN National Network (GNN), whose purpose is to embed the GAN concept in a national context. Our essential role is to raise awareness on apprenticeship programs and encourage companies to offer more opportunities to youth as well as to root the GAN concepts within the national context – catering to the distinct economic, cultural and institutional needs present at the national and local level.



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Skills for Business  
Jobs for Youth

**GAN Global Apprenticeship Network Australia**

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