**Interim Report of the Reference Group on Welfare Reform**

**A Response from Group Training Australia Ltd**

**July 2014**

Group Training Australia welcomes the opportunity to comment on the questions posed by the Reference Group in its Interim Report on Welfare Reform. We have chosen to limit our comments to those questions which have some bearing on the expertise we have derived from many years working with employers, schools, jobseekers and career aspirants.

Given their interrelatedness we have decided to respond to the questions below as a group. Other questions are dealt with separately.

***What can be done to improve access to literacy, numeracy and job relevant training for young people at risk of unemployment?
How can early intervention and prevention programmes more effectively improve skills for young people?
How can a focus on ‘earn or learn’ for young Australians be enhanced?
How can transition pathways for disadvantaged job seekers, including young people, be enhanced?
How can vocational education and training into real jobs be better targeted?***

## *Improving Careers Advice in Australian Schools*

GTA takes the view that the starting point for any solution to many of the problems alluded to in the questions is the school system. Students need access to better careers education combined with exposure to workplaces which are increasingly accepted as authentic places of learning. Research demonstrates the practical value of building connections between employers and young people.

The relationships group training organisations (GTOs) have developed with their host employers in a diverse range of industries and trades are centred around workforce development and productivity issues, thus positioning the GTO as a valued partner with local employers. GTOs are therefore able to introduce and guide employer involvement in work exposure programs with schools that will increase employee engagement, apprentice development, student exploration and teacher professional development. GTO involvement can include:

**a.** **Work Inspiration & Career Conversations**– making the world of work more accessible to young people.

**b.** **Try, Test and Future a Trade**initiatives that enable students in years 7–12 to explore, experience and envisage a trade pathway and connect them to a comprehensive range of sources of career information, insights, and opportunities.

The capacity for school students to access and use relevant career information is an important aim in any career development strategy. The evaluation of early Work Inspiration pilot programs identifies a strong preference by students for a combination of hands-on activities and dialogue when engaging in career related conversations. Enabling students to experience a range of workplace contexts through conversations with both employers and apprentices that are grounded in practical workplace skills and environments and authentic workplace projects is a key element in helping them generate relevant and useful career insights and make informed decisions on pathway options.

The group training network has a strong history of community and school partnerships, developing innovative approaches to meet local needs. A number of GTOs involve their apprentices and trainees as ambassadors, recognising the influential role they can play in connecting with other young people. GTOs also actively recognise and celebrate the achievements of their apprentices and trainees through GTO awards. Across the network there is a significant group of talented, committed and enthusiastic apprentices and young tradespeople willing and able to share their knowledge and expertise which GTA believes can be more systematically harnessed.

GTA also believes that the interests of young people in accessing better careers advice and education was ill-served by the decision in the recent federal budget to axe the highly regarded **MyFuture** careers web site.

## *Vocational Education and Training in Schools*

Working with schools has generally been a strategic objective for group training organisations but it is resource intensive and inadequately funded. Most GTOs provide schools with some kind of service to assist students with some aspect of their transition through school and beyond. This can be anything from basic careers information to the management of work placements for the wide variety of VET in schools (VETiS) programs that are run in schools across the country. There are now examples of GTOs working with schools, even at primary level, on projects whose principal purpose is to provide students with a context in which to develop their language and numeracy skills.

VETiS programs, including school-based apprenticeships and traineeships, have proliferated in school systems in the last decade or more in response to the need to provide more options in years 11–12 for students for whom the academic curriculum has little appeal. GTOs have been part of this development either because they have been the employers of many school-based apprentices and trainees, indeed they were instrumental in developing the model, or because they have been able to assist schools whose programs require work placements by using their extensive networks of host employers.

Their involvement in these programs has often enabled GTOs to identify and encourage suitable candidates to fill their apprenticeship and traineeship vacancies, or in the case of school-based apprentices, to continue their trade training post-school with their GTO on a full time basis. It has also enabled GTOs to observe the shortcomings in the many VETiS programs on offer, particularly those based around the traditional trades. GTOs would share the view of many other employers that the training is often of poor quality and the achievement of any meaningful level of competency questionable, especially given that many programs do not even require work placements. Students themselves too often lack the requisite foundation skills to undertake the training and receive little meaningful orientation to the world of work.

In April 2014 all Minsters for Education agreed to update the current Vocational Education in Schools Framework which has guided the development of all VETiS programs since 2001. GTA is represented on the working group that will be assisting in the development of the new framework. Ideally the new framework will address some of the concerns expressed above and will instil greater confidence in employers in the value and quality of trade training undertaken at schools. Such acceptance would pave the way for the development of more seamless arrangements between school and work so that the trade training commenced at school could be continued post school with the appropriate time and wage credits granted. It is also hoped that the updating of the framework will lead to a reversal of the decision taken in the recent federal budget to abolish the federal program that funded brokers to find work placements for VETiS programs.

## *Pre-vocational and pre-apprenticeship training*

There have been calls from many quarters for apprentices and trainees to be better prepared before undertaking their training programs and embarking on their chosen careers. These have come from bodies as diverse as the former Australian Workforce and Productivity Agency (AWPA), the Apprenticeships for the 21st Century Expert Panel and Group Training Australia (GTA) following release of its own commissioned research. They are in recognition of the fact that training completion rates are unsatisfactory and that better preparation of candidates should help improve them.

The calls for intervention recognise a wide variety of needs from the most basic to the more technical. They include teaching job seekers how to approach learning; improving their levels of literacy and numeracy; providing careers education and an understanding of the world of work through to the provision of technical training and the acquisition of hard skills. The opportunity for all of these experiences is embodied in what are variously labelled pre-vocational or pre-apprenticeship programs.

While the terms are used interchangeably creating some confusion in the market they each serve a different purpose. Pre-vocational programs essentially provide preliminary training to people with significant deficits in foundational skills, of the type described above, while pre-apprenticeships target job seekers who generally do not lack these skills and are ready to undertake preliminary trade training. That said, the work commissioned by GTA, *A Study into Pre-Apprenticeship Delivery Models and their Labour Market Outcomes*, which provides strong support for the benefits of pre-apprenticeship programs, also indicated that excellent labour market outcomes could be achieved for disadvantaged learners through an appropriately structured and resourced pre-apprenticeship program.

Pre-apprenticeship programs principally offer candidates with the requisite foundation skills the opportunity both to test their interest in a particular trade or family of trades as well as acquire technical skills which will make them more attractive to prospective employers in those trades. Participation in pre-apprenticeship programs tends to ensure better completion rates and, as GTA’s study reports, are highly favoured by employers as part of their recruitment and selection process. The report highlights the need for a greater investment in these programs particularly as there has been a significant decline in government investment in them over recent years.

Pre-vocational programs on the other hand concentrate on delivering foundation skills which in themselves may not be sufficient, depending on the core strengths and weaknesses of the course participant, to deliver sustainable labour market outcomes. GTA’s many years’ experience as a broker for the Commonwealth’s Australian Apprenticeships Access Program (Access), which was a pre-vocational program targeting disadvantaged job seekers but which was abolished in the recent federal budget, suggests that indeed there is a need for many students to spend considerable time developing foundational skills, including learning to learn, before they embark on a pre-apprenticeship program.

***In what circumstances should young people be able to access income support in their own right?***

GTA believes that young people should be able to receive income support in their own right if they wish to undertake courses post-school that are designed to assist them to gain paid employment, including apprenticeships and traineeships. It is conceivable however that some school leavers might need many months of preparatory training, including participating in a pre-apprenticeship before they are ‘apprenticeship or job ready’.

***How can the job services system be improved to enhance job matching and effective assessment of income support recipients?***

We do not know if GTOs have given up using JSA and its various antecedents, going back as far as the CES, or whether they have always had alternative recruitment strategies and have rarely relied on government-funded providers. However, we do know that they often complain that JSA providers are rarely able to provide them with suitable candidates.

For some time now considerable concern has been expressed about the poor completion rates of apprentices and trainees. The attrition rates are considered to be unacceptable and to represent an inefficient use of scarce public money. Two years ago the Commonwealth responded to this phenomenon by extending the eligibility for the payment of Commonwealth employer incentives from three months service to six months service in the hope that this might encourage employers to devise more effective strategies to retain their apprentices.

Recent thinking suggests that more attention should be given to improving the matching of candidates for apprenticeships and traineeships with the types of employers who are looking to employ them. Indeed, GTA has for some time been working on a project to identify better ways to select, recruit and support candidates in order to maximise the chances of completion. A prototype online resource is currently under development which, when completed, will eventually be available to assist any organisation involved in recruiting, placing and supporting apprentices.

Enough is known about this issue for us to be able to say that there are certain characteristics that an employer, including a GTO, will look for in a candidate for an apprenticeship or traineeship. These relate broadly to attitude and aptitude and, in particular, include possessing sufficient levels of literacy and numeracy skills to be able to undertake the training.

GTA believes there might be considerable benefit for all parties if there were more incentives available to employment service providers to refer job seekers who are more suitable to fill GTO vacancies. We imagine that such candidates would be those who are classified by current JSA processes as Stream 1 and possibly Stream 2. There might even be benefit, based on what is already known and what GTA’s own project might yet reveal, in providing members of JSA with training on how to identify more suitable candidates.

***Working with candidates who are not apprenticeship-ready***

We have mentioned that many GTOs have indicated to us that referrals from JSA providers are too often unsuitable or inappropriate. JSA providers tell us that the calibre of candidate that GTOs are seeking are rarely available and that employers must understand they need to learn to work with people who experience a variety of barriers to employment.

As a broker of the now defunct Australian Apprenticeships Access Program (Access) GTA is familiar with the needs of job seekers who are not job-ready. In fact we have made many representations to government over the years, including outlining our thinking in our public policy documents, about what more might be done to ensure that Access and other programs work better together and lead to more sustainable and skills-intensive employment. Some of this thinking could be applied to improving the processes which currently govern the funding arrangements for JSA, which appear to us to limit the effectiveness of placing job seekers with multiple barriers, at least into apprenticeships and traineeships.

Briefly, GTA believes that if job seekers with multiple barriers are to obtain, and remain in an apprenticeship or traineeship, there needs to be much more flexibility, support and possibly trust given to providers to enable them to case manage candidates through increasingly higher levels of support, starting with learning how to learn, moving through to learning the prerequisites of learning such as literacy and numeracy to eventually learning the technical requirements of a vocation.

This kind of pathway is all too often difficult to construct given that resources, and responsibility for the deployment of resources, is fragmented across different buckets and silos, amongst separate and competing players reporting even to different departments or sections within departments. We believe that the interests of job seekers who need intensive support would be best served by restructuring the current arrangements to ensure that someone can case manage more effectively than individual employment service providers appear able to do presently. This might mean creating something akin to a lead agent responsible for coordinating funding and the multiple services needed by a job seeker for as long as it takes to achieve the desired outcome. These job seekers effectively need an advocate.

This concept of a lead agent, or case manager, also has application in dealing with the problem that arises when too many employment service providers in a region besiege employers with requests to take the job seekers they have on their books. This effectively becomes a ‘sales job’ which does not engender much confidence in the quality of the product being offered. A lead agent could act as the coordinator of services, deal with individual employment service providers, access any of their registered job seekers and ideally instil greater confidence that the job to be filled and the candidate to be placed are the focus of the service rather than giving the impression of a ‘sale’.

That said, we are again concerned by recent developments in the federal budget. The abolition of the Access program on the basis that the same support is effectively available from the Employment Pathways Fund is in our view spurious. This fund is not capable of resourcing the kinds of services that we have described above as being necessary to achieve sustainable employment outcomes for school leavers and other job seekers. In our opinion it is short-sighted and will only prove to be a false economy.

Finally, we would like to raise an issue that appears to be an anomaly in the payment structure that applies to placements of certain job seekers at the 13 and 26 week mark. We have been advised that placement into an apprenticeship or traineeship, which is employment-based training, is not regarded as a ‘job’ and as such attracts a lesser fee than other outcomes.

If this is so, it seems to us to be at odds with the objective of getting job seekers into the most sustainable employment possible. There can be nothing more sustainable than a job in which an employer shares responsibility for training with an institution and which potentially leads to full time employment with that employer who shares in the responsibility for determining that the requisite competency and skill has been achieved before a credential is issued. Under an employment-based training system a ‘job’ is the vehicle through which such skill is acquired. We believe this matter needs to be reviewed as a matter of urgency.

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