

# Ai GROUP SUBMISSION

Addendum

Productivity Commission  
Review of the National Agreement for  
Skills and Workforce Development

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**Ai**  
GROUP

# Addendum to Ai Group Submission to the Productivity Commission Review of the National Agreement for Skills and Workforce Development.

Ai Group's submission to the Productivity Commission Review welcomed a recommendation of the Commonwealth's Expert Review of Australia's Vocational Education and Training System (the Joyce Review) to 'develop a simpler, nationally consistent funding policy'. Our submission also called for national tertiary policy and funding coordination across the jurisdictions in overcoming challenges in rolling out higher apprenticeships.

This Addendum contains a brief description of the Ai Group Industry 4.0 Higher Apprenticeship project and discusses the challenges in rolling out such programs on a national level.

## Background to the Project

The Industry 4.0 Higher Apprenticeship was developed as a response to the need for skilled technicians to implement digital technologies in the manufacturing sector. Manufacturing companies were expressing to Ai Group that they needed workers with technical skills to connect equipment to the cloud, to collect the data thus created, and to present the data in meaningful ways. These people sit between the traditional tradesperson with manual skills and the professional engineer with design and analytical skills.

This formed the basis for the Industry 4.0 Higher Apprenticeship: combining hands-on skills with higher level technical skills, but delivered in a workplace setting along the lines of a traditional apprenticeship.

A key design principle for the project was to combine VET and higher education components. However, developing a VET qualification, as either a national Training Package qualification or a state government-supported course, can take upwards of six months. Instead, because of time constraints, initially two higher education qualifications were developed and accredited – a Diploma and an Associate Degree in Applied Technologies.

After the project was underway and the higher apprentices were employed, the Diploma was redeveloped as a VET qualification, with the support of the Victorian Skills Commissioner and the Victorian Registration and Qualifications Authority.

The higher education qualifications were not recognised by the State Training Authority as an apprenticeship or traineeship. 'Declarations' of apprenticeships and traineeships by STAs are usually made pursuant to provisions in the applicable vocational education and training act. None of these state acts provide for a STA to make a declaration about a higher education qualification. This meant that there were no contracts of training signed between the apprentice and their employer as is normally the case. Instead, apprentices were employed for the duration of the program with no guarantees of further employment beyond its completion. In this aspect both parties demonstrated goodwill towards each other in accepting an informal arrangement.

The project proved very successful, with all graduates accepting offers of full-time employment or returning to study on a full-time basis. Ai Group has since been active in facilitating a national rollout in response to demand from members across Australia. This has entailed finding suitable training providers to offer the program, convincing state governments to subsidise delivery of the VET qualification, and seeking agreement from STAs to formally approve apprenticeship arrangements.

## Training Providers and Funding

Prospective training providers generally need to be convinced about the demand for training before they commit to investing in setting up to deliver the training. Ai Group has been active in encouraging employers to participate by seeking letters of support and general promotion. Some state governments have provided Ai Group with funds to cover the cost of a project officer to help organise sufficient numbers of higher apprentices to commence a group in their jurisdiction. This activity has initially focused on South Australia and New South Wales, with the Queensland Government recently approving a similar project.

Funding for the training is another challenge for training providers. For VET qualifications, this funding generally comes from a state government subsidy and an enrolment fee, which can be paid by the student or the employer. Each state government makes its own decisions about which courses it will or won't fund, and will consider applications coming from industry or training providers. Most governments are supportive once they are made aware of a demand for the training from industry.

The student/employer contribution (the enrolment fee) varies across the states. The Diploma is not cheap to deliver and if the government subsidy is small, the enrolment fee can be large, even more than \$15,000. In other states, the fee is not much above \$2,000. Many industrial awards require employers to pay the enrolment fees for traditional apprentices but are silent about traineeships and other contracts of training, so it is often left to the individual employer to decide. The Diploma is eligible for a VET student loan.

Funding for higher education qualifications is another matter. The Commonwealth contributes a fixed amount to the provider and fixes the student contribution, for which HECS-HELP is available.

## Approval of Apprenticeships and Traineeships

Besides determining whether to subsidise a qualification and by how much, STAs are also responsible for deciding whether a qualification can be approved as an apprenticeship or traineeship in their jurisdiction. These 'declarations' (the name and process varies between states) allow an employer and apprentice/trainee to use an authorised Training Contract, which is a legal document outlining the responsibilities and obligations for both the employer and the apprentice/trainee. A Training Contract means the employment and training relationship is registered with the state government and regulated by its employees. It also determines the nominal duration of the contract. Many employers and prospective apprentices/trainees prefer the security provided by a Training Contract before committing to an employment arrangement.

STAs make their decisions about declarations individually, although they may confer with each other. This has resulted in separate approaches being made to STAs to apply for a declaration in their jurisdiction. Some STAs require applications for declarations to include evidence of industry demand and the availability of a training provider. This has created a 'chicken and egg' scenario in some jurisdictions, with employers unwilling to commit without STA approval or an RTO in place, and RTOs unwilling to commit without employers ready to commence.

Ai Group has been actively encouraging employers, training providers and STAs to embrace the initiative but this has been a big undertaking, unnecessarily repeated state after state.

Those STAs that have already made declarations regarding the VET Diploma have declared it as a traineeship rather than an apprenticeship. These are the only two alternatives available. There is no legislative provision to declare a 'higher apprenticeship'. The main difference between the two is that traineeships can be cancelled unilaterally, whereas apprenticeships require mutual consent.

As mentioned above, STAs do not have the power to declare a higher education qualification as an apprenticeship or traineeship. This has resulted in Ai Group pursuing declarations only for the VET Diploma, even though the Associate Degree is a natural extension of that qualification. A national model which allows for only one declaration that covers Australia, and that extends to higher education qualifications would have vastly simplified the process.