

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

**A BEST KEPT SECRET**

**REPORT  
ON THE ROLE AND EFFECTIVENESS OF  
GROUP TRAINING**

House of Representatives Standing Committee on  
Employment, Education and Training

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# MEMBERSHIP OF THE COMMITTEE

## 37th Parliament

<b>Chair</b>	Mr Eric Fitzgibbon MP
<b>Deputy Chair</b>	Mr Bob Charles MP
<b>Members</b>	Hon Dick Adams, MP Mr John Bradford, MP Mr Bob Chynoweth, MP Mr Alan Griffin, MP Mr Paul Neville, MP Mr Harry Quick, MP Mr Michael Ronaldson, MP Mr Rod Sawford, MP Mrs Silvia Smith, MP Mr Barry Wakelin, MP

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## TERMS OF REFERENCE

The House of Representatives Standing Committee on Employment, Education and Training inquire into and report on the role and effectiveness of Group Training in Australia with particular reference to:

- . improving small and medium sized enterprises' participation in, and access to, the training market, including the Australian Vocational Certificate Training System and training services that could be offered;
- . mechanisms for facilitating owners/managers of small and medium sized enterprises to respond to the requirements of a skilled workforce;
- . the marketing of the Group Training concept;
- . stimulating skilled and sustainable job creation;
- . responding to the training needs of regions;
- . responding to skills training requirements for new and developing industries;
- . meeting the demands of the new work place culture;
- . Group Training Companies as a provider of labour market programs; and
- . financial mechanisms for funding of Group Training Companies.

## OVERVIEW AND RECOMMENDATIONS

Group training companies recruit and employ apprentices and place these employees on a rotation basis with host employers for the duration of their indenture. Group training is a uniquely Australian system of providing people with the skills necessary to make them productive members of the work force. It has been described as one of Australia's best kept secrets. Group training companies occupy a particular niche in entry level employment and training in small and medium sized businesses in Australia. Taken together, group training companies are the single largest employers of apprentices and trainees in Australia. This makes them potentially one of the most powerful forces for the implementation of change.

The great strength of group training companies is their diversity and independence giving them an ability to quickly respond to the special needs of their business clients, their industries and the regions they serve. Governments have increasingly recognised the contribution that group training companies can make in ensuring that workers develop the skills necessary to guarantee Australia's long term prosperity into the next century. Group training companies have responded to the challenge of a radically changed approach to vocational education and training.

The nature and objectives of the training reforms now under way are not well understood, but group training companies seem to be one network which has a better understanding of the reform process than others. This understanding and commitment must be fully utilised if the reform process is to meet the targets set by Governments.

The clear statements of objectives in the reform agenda mask the bewildering array of acronyms and the maze of agencies, boards and committees. These statements also mask the complexity of implementation and the confusion and lack of commitment by some sectors and enterprises to some components of the reform proposals. The Committee believes that the overall objectives of the training reforms will not be achieved unless there are fundamental changes in approach and commitment.

Group training companies are ideally placed to be major players in the training reform and employment initiatives, as they have community based structures operating in every region in Australia and work closely with thousands of small and medium sized businesses across a wide range of industries. Group training companies are well placed to persuade individual enterprises to undertake structured training, identify training needs and feed this information into the development of competencies and course modules which are relevant to the individual enterprise.

The development of links between schools and work places is a key component to the success of the Australian Vocational Training System. In general, however, the school system has not been reaching out to create genuine learning partnerships with employers. The Committee believes that group training companies are ideally placed

to provide the link between schools and the workplace. Funding will be available for the implementation phase of the Australian Vocational Training System. Unless proper planning occurs and experienced and dedicated field staff are available, the targets agreed to by Ministers will be no more than a dream. An implementation campaign involving only pamphlets, meetings and seminars will not work. The process is not well understood and the links between education and training institutions and the workplace are weak. Group training companies must be supported to enable them to play a key role in the implementation process.

The Committee agrees with performance guidelines for group training companies which see a key core activity of group training companies as assisting in providing access to vocational training for those disadvantaged in the labour market. Performance will be assessed on the numbers under contracts of training, including numbers in specified target groups.

Many of the group training companies which spoke to the Committee were critical of the quality of some labour market programs developed to assist the long term unemployed. Many programs' effectiveness was limited by the lack of accreditation and articulation. There are grounds to question the value of short non-accredited and non-articulated vocational training courses which were developed without extensive input from prospective employers.

The Committee believes that group training companies must be more closely involved in both the development of labour market programs and initiatives, and the practical formulation and content of labour market training courses. The Committee also believes that group training companies should be able to access labour market program funds to enable them to employ the long term unemployed in mainstream apprenticeships and traineeships.

The Committee supports the decision that from July 1995 funding to group training schemes will be performance based. The uncertainty relating to the level and continuity of funding is of concern to the Committee. The Committee considers that triennial funding is imperative if companies are to develop meaningful business plans and position themselves to deliver services that are both timely and appropriate. The performance agreements between group training companies and State and Territory vocational training authorities will be entered into for a period of three years to enable a more strategic approach to planning, and will be reviewed annually. There is no guarantee however, that levels of funding will be provided for the three years of the agreements.

The Committee welcomes the 1994 decision of Ministers to continue to fund the core activities of group training companies. This funding must be maintained. The 1991 decision to phase out recurrent funding was short sighted and failed to take account of the special role that group training companies play in enhancing the skills of Australia's workforce.



As a result of that decision, most of the group training companies have developed business activities with entrepreneurial flare and enthusiasm. While the Committee supports this expanded role, these activities must not be at the expense of their core activities - apprenticeships and traineeships. Internal financial management systems of group training companies vary from excellent to mediocre. The Committee believes that companies should be encouraged to adopt systems which are based on best practice. The Committee also believes that Commonwealth, State and Territory governments have the right to expect a high standard of financial planning and reporting.

Governments have an interest not only in ensuring limited government funds are properly and efficiently utilised, but also that the interests of apprentices and trainees are protected. The Committee supports the requirement that group training companies provide an annual report with audited financial statements to government agencies. The annual report should be of the standard that is required by the Australian Securities Commission of any public company.

The pattern of small business employment growth across industries can provide an avenue to growth for group training companies. Group training companies' contact with 30 000 small businesses throughout Australia is impressive, but there remain another 300 000 employing small enterprises who are yet to benefit from the unique services that group training companies can offer. The challenge for group training companies therefore is to assess the needs of this sector and provide client based training to a sector which traditionally has provided little structured training.

**The Committee recommends that:**

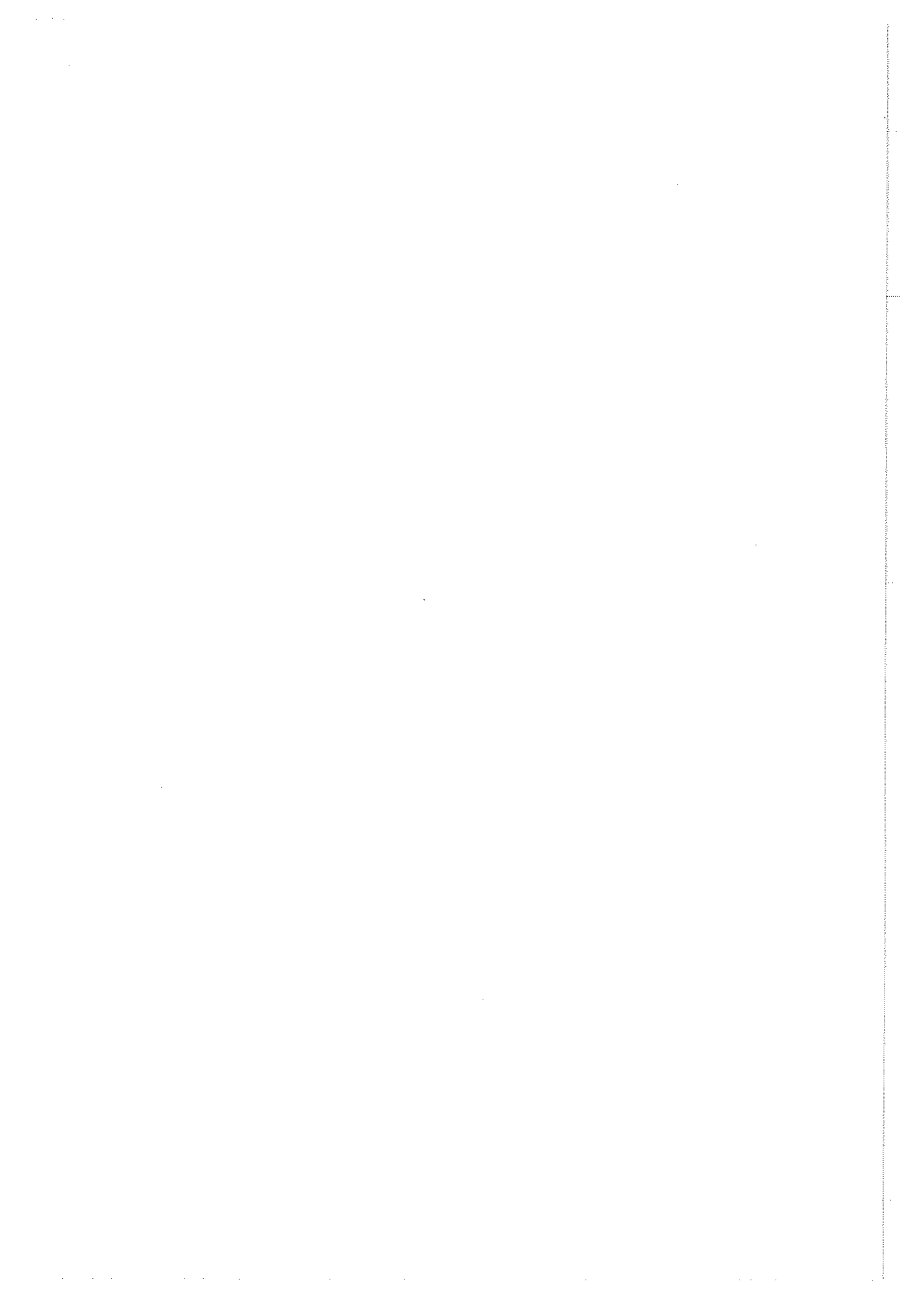
1. Commonwealth, State and Territory governments agree to maintain funding for the core activities of group training companies (Paragraph 2.33).
2. Group Training Australia seek the assistance of State and Territory group training associations to encourage individual group training companies to develop best practice financial management systems (Paragraph 2.47).
3. the guidelines for group training companies be drafted in a manner which recognises their role in large firms and that their role is to enhance employment opportunities rather than increase them (Paragraph 2.66).
4. the Minister for Employment, Education and Training ensures that funding continue to be provided to enable group training companies to establish skills centres (Paragraph 2.75).

5.
  - a. the Minister for Employment, Education and Training ensures that funding is provided, on a non-tender basis, to enable group training companies to continue to employ project officers to facilitate the implementation of the Australian Vocational Training System;
  - b. funding and administrative arrangements for the support of Australian Vocational Training System project officers be developed to ensure timely and guaranteed funding; and
  - c. funding be committed for a three year period to enable effective planning (Paragraph 3.33).
6. the Department of Employment, Education and Training, in consultation with Group Training Australia, develop a network of work placement coordinators (Paragraph 3.45).
7.
  - a. Group Training Australia and State and Territory group training associations liaise with small business associations and relevant Industry Training Advisory Bodies to promote the need for structured training in small businesses; and
  - b. Group Training Australia seek the assistance of small business associations to promote the services which group training companies can provide to small businesses (Paragraph 3.51).
8. the Australian National Training Authority in consultation with Group Training Australia and State and Territory group training associations facilitate closer cooperation and communication between Industry Training Advisory Bodies and group training companies (Paragraph 3.59).
9.
  - a. the Australian National Training Authority recognise group training companies as part of an existing infrastructure capable of undertaking assessment; and
  - b. the Australian National Training Authority provide funding to enable group training companies to develop their assessment capabilities (Paragraph 3.64).
10.
  - a. the charter establishing the National Employment and Training Taskforce be amended to require it to work through the existing network of group training companies; and
  - b. no new group training companies be established under the National Employment and Training Taskforce without consultation with Group Training Australia and State and Territory group training associations (Paragraph 3.72).
11.
  - a. CRAFT Off-the-Job Training subsidy for apprentices be reintroduced;
  - b. similar funding be made available for trainees and;
  - c. guidelines for the program include provision for short broad based generic skill induction programs (Paragraph 3.78).

12. Group Training Australia, in association with State and Territory group training associations, actively promote the implementation of strategies and measures to increase the recruitment of women to non-traditional entry level training in group training companies (Paragraph 4.21).
13. the evaluation report of the Aboriginal and Torres Strait Islander training project conducted by Group Training Western Australia be disseminated throughout the group training network with the assistance and support of Group Training Australia (Paragraph 4.27).
14. the Department of Human Services and Health, together with Group Training Australia, facilitate the cooperation of Competitive Employment, Training and Placement, and Supported Employment Services and group training companies, to increase the number of people with a disability employed as apprentices and trainees in group training companies (Paragraph 4.34).
15. a. the evaluation of the Employment Skills Development Pilot Initiative include detailed analysis of the contribution and outcomes achieved by group training companies participating in the pilot projects; and  
b. the evaluation findings be promoted by Group Training Australia to all group training companies to assist them in the employment of people with a disability (Paragraph 4.38).
16. the Minister for Employment, Education and Training and the Minister for Social Security develop and implement a wage supplement to assist adult long-term unemployed people to undertake apprenticeships (Paragraph 4.44).
17. the Department for Employment, Education and Training in consultation with Group Training Australia develop accredited labour market programs for delivery by group training companies (Paragraph 4.51).
18. the Minister for Employment, Education and Training examine existing labour market programs with a view to allowing group training companies to use labour market program funds to employ the long term unemployed in apprenticeships and accredited traineeships (Paragraph 4.54).
19. the Department of Employment, Education and Training, in consultation with Group Training Australia, develop guidelines for programs which will be made available to group training companies on a non-tender basis (Paragraph 4.59).
20. the Minister for Employment, Education and Training ensure that representatives of group training companies are appointed to Area Consultative Committees (Paragraph 4.64).

21. Commonwealth, State and Territory governments, in consultation with Group Training Australia and State and Territory group training associations:
  - determine and commit an annual appropriation for group training companies, and
  - subject to an annual performance review, establish minimum and maximum funding levels based on the number of apprentices and trainees employed (Paragraph 5.20).
22. subject to an annual review of outcomes, budget provision be made for group training companies on a triennial basis (Paragraph 5.22).
23. a. Group Training Australia, with the assistance of the Australian National Training Authority, determine the additional costs of operation of rural and remote group training companies; and
  - b. State and Territory vocational education and training authorities take account of these additional costs when determining levels of recurrent grants (Paragraph 5.24).
24. State and Territory group training associations, at the request of individual group training companies, participate in negotiations between companies and the State and Territory vocational education and training authorities (Paragraph 5.26).
25. the level of government support for group training companies be determined on the basis of performance outcomes, irrespective of the levels of reserves accumulated, provided that group training companies can demonstrate that the reserves are to meet contingencies, or for use for vocational education and training (Paragraph 5.37).
26. a. the draft guidelines relating to reporting requirements by group training companies be amended to require the production of an annual report with an audited financial statement to the standard required by the Australian Securities Commission for public companies; and
  - b. the audited statement certify that funds are available to meet the companies' financial obligations to apprentices and trainees (Paragraph 5.51).
27. a. the Commonwealth Government continue to finance the promotion of the concept of group training;
  - b. promotion be undertaken by both Group Training Australia and individual group training companies; and
  - c. the promotion recognise the importance of targeting secondary schools (Paragraph 6.7).
28. Group Training Australia, with the assistance of State and Territory group training associations, identify locations which are not well served by group training companies (Paragraph 6.10).

29. Australian National Training Authority provide financial assistance to group training companies to expand activities, either by establishing new companies or through a branch structure, in those locations identified as not being well serviced by group training companies (Paragraph 6.12).
30. no new group training company be established without consultation with Group Training Australia and State and Territory group training associations (Paragraph 6.14).
31. a. the Minister for Employment, Education and Training seek the agreement of his State and Territory counterparts to recognise Group Training Australia as the representative of the group training movement; and  
b. Commonwealth, State and Territory Ministers consider the appointment of representatives of Group Training Australia to Commonwealth, State and Territory advisory bodies (Paragraph 6.22).
32. Group Training Australia, together with State and Territory group training associations and individual companies, as a matter of priority, develop national quality assurance standards and review the Code of Ethics for Group Training Companies (Paragraph 6.26).
33. the Minister for Employment, Education and Training seek the agreement of his State and Territory counterparts, for performance agreements to require compliance with nationally agreed quality assurance standards and code of ethics (Paragraph 6.27).
34. Group Training Australia seek the agreement of Commonwealth, State and Territory governments to collect a single set of statistical information (Paragraph 6.30).
35. Group Training Australia discuss with the Department of Employment, Education and Training and the Australian National Training Authority the delivery of national programs on behalf of government authorities (Paragraph 6.31).
36. the Minister for Employment, Education and Training, in consultation with Group Training Australia, encourage State and Territory Ministers to employ a proportion of government apprentices under group training arrangements (Paragraph 6.35).
37. Group Training Australia seek the agreement of group training companies to consult with the Australian International Education Foundation through Group Training (International) prior to commencing activities in overseas markets (Paragraph 6.41).



# CHAPTER 1

## THE UNIQUE AUSTRALIAN

### An Overview

1.1 Group training is a uniquely Australian system of providing people with the skills necessary to make them productive members of the work force.<sup>1</sup> It has been described as one of Australia's best kept secrets.

1.2 Group training companies occupy a particular niche in entry level employment and training in small and medium sized businesses in Australia. Group training companies employ apprentices and/or trainees and place these employees on a rotation basis with 'host' employers for the duration of their indenture or traineeship.

1.3 As at June 1994 there were 104 group training companies operating across Australia, employing approximately 13 000 apprentices and 1 200 trainees. These companies operate either on an industry or a regional basis. During the early 1990s apprenticeship numbers across Australia fell by twenty two percent. During the same period, group training apprenticeships increased by twenty eight percent.<sup>2</sup>

1.4 Table 1 shows the number of apprentices and trainees employed by group training companies.

**Table 1: Group Training Employment June 1994**

#### Apprentices and Trainees

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	NATIONAL
No of GTCs	19	24	21	18	11	5	2	4	104
M	3 142	3 016	3 164	1 354	1 120	408	232	179	12 615
F	329	434	498	219	196	83	9	50	1 818
<b>TOTAL</b>	<b>3 471</b>	<b>3 450</b>	<b>3 662</b>	<b>1 573</b>	<b>1 316</b>	<b>491</b>	<b>241</b>	<b>229</b>	<b>14 433</b>
Percent of all apprentices*	7.6	10.6	15.5	12.7	14.7	13.3	12.7	15.5	11.1

\* Excludes trainees.

Source: Group Training Australia

1.5 Industry group training companies include the following sectors:  
 automotive, retail, housing construction, electrical, engineering,  
 plumbing, finance, manufacturing, hospitality, and local  
 government.

1.6 Regional group training companies operate in a range of industries in metropolitan and rural areas, and encompass occupations reflecting the needs of their region and provide training to people who would otherwise have to relocate to a larger urban area.

1.7 Group training companies interview, assess and select employees and match them with host employers. As the employer, the group training company is responsible for payment of wages, payroll tax, and on-costs which are then charged to host employers through charge-out rates.

1.8 Group training companies arrange off-the-job training, and in some cases provide components of that training in their own skills centres. They evaluate the host employer's training capacity and working environment and monitor the progress of the apprentice or trainee and provide on-going counselling.

1.9 An important element of group training is the rotation of apprentices and trainees between a range of host employers, which enables the employee to acquire a broad range of on-the-job experience which is often not possible to acquire in a single workplace. This experience of working with a number of employers, also increases the apprentice's and trainee's range of contacts for potential job offers following the completion of their indenture or traineeship. The rotation system provides a further benefit in those instances where a particular placement may be unsuccessful, by providing the means for an apprentice or trainee to be relocated to a more appropriate workplace.

1.10 Group training companies are particularly effective in assisting with school to work transition for young people. By monitoring the performance of the apprentice/trainee, providing pastoral care, intervening in disputes or rotating them when necessary, they are able to assist young people at risk and maximise completion of training contracts. In addition, group training can create positions for people who, for a variety of reasons, find difficulty in securing apprenticeships and traineeships themselves with individual employers.

1.11 The natural market for group training is small and medium sized enterprises. Group training offers considerable benefits to these enterprises, by reducing the time and costs involved in staff selection by providing a consistent standard of employees, payment of wages and associated on-costs, and organisation of training.

1.12 Enterprises which, through fluctuating work levels, may be unable to directly employ an apprentice or trainee themselves, can provide a placement knowing that if the work available decreases, the group training company will arrange another placement. The apprentice or trainee is not disadvantaged by the lack of work available with one host employer.



## **Development of Group Training in Australia**

1.13 The group training concept developed in Australia in the late 1970s to increase the numbers of apprentices and improve the transfer of trade skills.<sup>3</sup>

1.14 The Master Builders Associations, the Building Workers Industrial Union and the Motor Traders Associations in various states established group training operations, largely in response to the growth of specialisation and subcontracting in industries becoming increasingly dominated by small employers and the threat of future skills shortages.

1.15 The coverage of group schemes was narrow until 1981 when, in the face of predicted skill shortages, the Commonwealth and State governments jointly agreed to fund the administrative costs of group schemes, and to support and encourage their establishment. Failure of a predicted resources boom to eventuate and high levels of unemployed apprentices resulted in the further development of group schemes. They were seen as a way of creating additional employment and training opportunities both for out-of-trade apprentices and in smaller firms, in which fewer structured training opportunities were thought to exist. Whilst earlier group schemes grew out of a desire to protect the quality of skill development, the impetus to expand them during the 1980s was largely the result of a desire to increase employment opportunities.

1.16 The Group Apprenticeship Scheme was introduced in 1981, under which apprentices were indentured to a single employing body, the group training company, and placed with 'host' employers on a rotation basis. The scheme was renamed the Group Apprenticeship Support Program in 1982. In 1987 the Group Apprenticeship Support Program became the Group Training Scheme and was expanded to include trainees in non-trade areas.

1.17 The employing groups under the Group Training Scheme are incorporated bodies, usually incorporated as group training companies, and receive joint Commonwealth, State and Territory financial assistance towards administrative costs. The companies are also eligible to apply for other relevant training subsidies payable to employers of apprentices and trainees.

1.18 In an attempt to become less dependent on government subsidies, since 1991, group training companies have increasingly tendered for and received funding to provide labour market programs. They have also become involved in fee-for-service activities, such as employment brokerage and the provision of training through their own skills centres and consultancy services to employers. This diversification of core functions attracted considerable comment during this inquiry and is addressed later in the report.

### **Small Business - Driving Force for Job Growth**

1.19 The group training concept envisages a partnership between group training companies and small and medium sized enterprises, with the twin objectives of increasing employment of apprentices and trainees, and increasing skills training in those enterprises.

1.20 Small businesses (employing fewer than twenty employees) are a major generator of employment. There are over 780 000 non-agricultural private sector enterprises in Australia, ninety six percent of which are small businesses.<sup>4</sup>

1.21 Employment growth in small businesses has contrasted markedly with that of large enterprises. During the recession, while employment fell across all businesses except for the self employed, fewer jobs were lost in small businesses relative to medium and large enterprises. With the economic recovery, the employment performance of small businesses strongly increased while both medium and large firms continued to reduce employment.<sup>5</sup>

1.22 This pattern of small business employment growth across industries is evidence of the untapped capacity for skills training in small businesses and can provide an avenue to growth areas for group training companies. The challenge for group training companies however, is to assess the needs of this sector and provide client based training to a sector in which in 1991, only about twenty percent reported undertaking any training expenditure.<sup>6</sup>

1.23 While there has been significant growth in employment and unemployment has dropped, there are 886 000 unemployed of which 294 000 are long term unemployed. Youth unemployment is 183 000. The Department of Employment, Education and Training notes that despite the improvements seen in the labour market, unemployment is likely to remain a serious problem for some time. Historical experience shows that the long term unemployed are unlikely to find work without assistance.

### **Training Reform**

1.24 The challenges of increasingly competitive international and domestic markets have transformed Australia's attitude to vocational education and training. Australia has embarked on a process of change which recognises that employees must be multi-skilled and adaptable and that learning is a life-long process. It also recognises the need to strengthen the links between schools, training providers and the workplace.

1.25 The Australian National Training Authority's national strategy for vocational education and training, acknowledges that while there has been general support for the reforms, industry was concerned about the growing complexity of implementation.<sup>7</sup> It is clear from the Committee's discussions with group training companies and employers throughout Australia, that many employers are confused and do not understand the

reform process. Targets set for implementation will not be met unless administration of the reform process is simplified and the reforms more closely reflect the needs of industry and individual enterprises.

1.26 Group training companies, with their close links with small business and the wider community can play an important role in the national training strategy.

### **New Challenges for Group Training**

1.27 The purpose of this inquiry was to examine the role and effectiveness of group training in assisting small and medium sized enterprises with skills training, against a background of extensive change in the vocational education and training environment.

1.28 The Committee is convinced, that given appropriate resources, group training companies have the potential to greatly expand the training opportunities and commitment to training by small and medium sized business and facilitate the implementation of the training reform agenda.

1.29 Group training's role will be particularly important for those enterprises which have not been able to provide either the opportunity or the training facilities necessary to employ a vocational trainee on a full time basis. Australia must expand vocational training opportunities significantly over the next decade, and group training companies are ideally placed to ensure that this increase occurs.

1.30 Group training companies have shown their potential to adapt to changing circumstances, notably through the diversification of activities in response to changed funding arrangements. It is essential that governments and employers recognise the ability of group training companies to deliver quality employment and training outcomes and utilise their vitality and unbounded enthusiasm for the benefit of all Australians.

**Chapter 1 - Endnotes**

1. Sweet, R., and Hopkins, R., *They Take Care of Them; a Review of Group Employment and Training Schemes*, Dusseldorp Skills Forum, 1989. The historical discussion in this chapter is based on this paper.
2. Group Training Australia, *Correspondence*.
3. Sweet, R., and Hopkins, R., *op.cit.*
4. Employment and Skills Formation Council, *The Shape of Things to Come: Small Business Employment and Skills*, AGPS, 1994.
5. *ibid.*
6. Committee on Employment Opportunities, *Restoring Full Employment*, AGPS, 1993.
7. Australian National Training Authority, *Towards a Skilled Australia: A National Strategy for Vocational Education and Training*, ANTA, 1994.

## CHAPTER 2

### HOW THEY WORK

#### **Extent of Group Training**

2.1 Industry group training companies operate in metropolitan areas. Regional schemes operate in both metropolitan and non-metropolitan areas offering apprenticeships and traineeships across a range of occupations. Group training companies are often the largest employer of apprentices and trainees in a particular town or region. While the network of group training companies covers all areas of Australia, there are specific locations which are not well served. This is in part due to factors such as isolation and lack of employment opportunities. It is of concern, however, that even in metropolitan areas there are areas which are not served by either an industry or regional group company.

2.2 Group Training Australia advised that it was difficult to obtain data on the group training companies' share of apprentices and trainees in each region. This is a matter which the Association is attempting to address.

2.3 A survey of eighteen group training companies in New South Wales revealed wide variations in group training's share of industry and region totals. For example, in the building industry, only three regions had less than ten percent of their market and in the electrical and metals industries only four regions had more than ten percent share. Market share of regional group training companies varied from twenty five percent to three percent.

2.4 Across Australia, many group training companies, especially regional companies, have much more than ten percent share of their total market, in some cases forty percent.

2.5 The development of new traineeships has seen an expansion of sectors which now offer training. Group training companies are increasingly involved in the retail, finance and other service industries. ACTU-Lend Lease Foundation advised that the organisation is currently assisting a number of industries to evaluate the group approach to training. Group Training Australia, together with the Foundation have developed a strategy to employ an additional 10 000 trainees in the next five years.

2.6 Group training company apprentices and trainees have traditionally focussed on a narrow range of trades and occupations. These are building and construction, motor trades and hospitality. This concentration can, in part, be explained by the fact that not many industries provided structured entry level training. The percentage distribution of apprentices across trades is shown in the following table.

**Table 2: Distribution of Apprentices by Trade Group**

<b>Trade Group</b>	<b>Group Training Companies <sup>(a)</sup></b>	<b>All Apprentices <sup>(b)</sup></b>
	percent	percent
Metal/mach	6.4	9.3
Other metal	5.7	7.6
Electrical	9.6	13.4
Building	38.5	20.8
Printing	0.0	1.7
Vehicle	14.0	15.2
Food	16.0	12.2
H/culture	3.4	3.0
H/dressing	0.3	9.1
Other	5.8	7.7
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

(a) Estimate 1993

(b) Actual June 1994

Source: Group Training Australia and Quarterly Apprenticeship Statistics

### **Administrative Arrangements**

2.7 Group training companies can be established or sponsored by groups such as local councils, industry or employer organisations and regional associations. There are 104 group training companies, of which just over forty are established on an industry basis.

2.8 Most receive joint Commonwealth, State and Territory funding, although a few through choice are outside the joint Government funding arrangements. At June 1994, ninety seven companies received support under the joint Government funding arrangements and seven did not. Those group training companies which receive government funding are separately incorporated from their parent or sponsoring body. They have a management committee which may be their board of directors acting as this committee. The membership of the committee is tripartite, including membership from employers, unions and government representatives.<sup>1</sup>

2.9 To receive government funding, schemes must employ sufficient competent staff to develop and implement the scheme and supervise training. This must include a scheme manager, who is employed only on group scheme activities. Schemes must also gain a commitment from, and maintain a sufficient number of, host employers to

participate in the scheme, having regard to small employers in particular.

2.10 Schemes are required to use their best endeavours to ensure employment of apprentices/trainees for the period of their apprenticeship/traineeship and make satisfactory arrangements for the payment of the approved wage (in the case of trainees) and the award wage (in the case of apprentices). Where appropriate work is not able to be arranged, the scheme must guarantee the payment of normal wages. These requirements apply unless the relevant training or apprenticeship authority consents to the suspension or termination of the contract of employment.

### **Sources of Income**

2.11 Group schemes derive income from a variety of sources. The prime sources of income include charge out rates to host employers, government employment subsidies, labour market programs, government recurrent grants and income from various business activities. The Committee examined balance sheets from a range of group training companies. Detailed comparisons between companies is not possible because of different accounting methods used and the variance in the quality of reporting.

2.12 The prime source of income is derived from the hire out rate charged to host employers. The percentage of income derived from this source varies depending on the degree to which group companies engage in non-core activities. From the accounts examined by the Committee, the income received from apprentice and trainee hire varied from between fifty and ninety percent of total income. The various employer subsidy schemes represented between five and fourteen percent of income and direct recurrent government grants between two to five percent.

2.13 The greatest variation occurred in income derived from fee-for-service activities such as labour market programs. Income derived from these sources varied from zero to about forty five percent.

2.14 An analysis of a sample of twenty group training companies undertaken in 1989, found that the companies' financial survival was linked to two sources of income - governments and host employers. Putting aside funds that were paid to apprentices as wages, it was estimated that government grants represented between a minimum of fifty per cent and a maximum of ninety per cent of the operating income of schemes, and that income from host employers rarely exceeded thirty per cent of schemes' real operating income.<sup>2</sup>

2.15 On the data available to the Committee, it was not possible to make a similar comparison as that outlined in the previous paragraph. However, most schemes operate their core activities at just break even point. It is clear therefore, that with recurrent funding representing about three percent of core income, and total government funding representing perhaps ten percent of core income, if government grants and subsidies were withdrawn, group schemes would either only survive by increasing charge out rates, or by cross subsidising core activities from other ventures.

2.16 A number of group training companies advised the Committee that they were unable to financially break even on core activities and relied on other sources of income to cross-subsidise those activities. This inability to break even on core activities does not necessarily imply administrative deficiencies. For example, group training companies operating in depressed labour markets, as can occur in rural and remote areas, need to provide incentives to host employers to take on apprentices and trainees. A common practice is to artificially discount the charge-out rate by passing on to host employers the subsidies paid to group training companies as the employer of the apprentice and trainee.

2.17 From the Committee's discussions, as a rule of thumb, charge out rates were based on full cost recovery of wages plus an additional thirty to forty percent for on costs.

### **Recurrent Funding**

2.18 The Commonwealth and State and Territory governments provide financial assistance on a dollar-for-dollar basis to group training companies to help meet their administrative costs. The joint policy agreement under which payments are made has been operating since 1981 and has been reviewed every two years.

2.19 The objectives of the funding policy are to assist group training companies to:

- increase the number of job opportunities for apprentices and trainees, by providing a mechanism for participation in training by small employers who normally do not have the capacity to train in their own right;
- improve the quality of training through systematic and planned rotation of apprentices and trainees, particularly in specialised and fragmented industries; and
- provide additional opportunities for those having difficulty in completing or gaining access to apprenticeships and traineeships, including out-of-trade apprentices, graduates of trade-based pre-employment courses, females and the disadvantaged.

2.20 Grants are based on numbers in training at the end of each quarter. Funding levels are linked to tier levels of twenty five placements and there is a decreasing scale of payments up to a maximum of 400 employees (including both apprentices and trainees).

2.21 Responsibility for administrative funding was transferred from the Department of Employment, Education and Training (DEET) to the Australian National Training Authority (ANTA) in January 1994 and from July 1994, State and Territory training authorities have administered the Commonwealth component of funding on behalf of ANTA.

2.22 In 1993-94 group schemes received \$10 million from the Commonwealth and State and Territory governments under the joint policy.<sup>3</sup>



2.23 While in 1988-89 government recurrent funding represented ten percent of total income,<sup>4</sup> from an examination of financial statements submitted to the Committee, government recurrent grants now appear to represent only from two to five percent of turnover. The overall figure may represent three percent nationally. For small group companies and those located in areas with few opportunities for fee-for-service activities, government funding represents a higher proportion of income.

2.24 In addition to financial assistance under the joint agreement, during 1993-94 the Commonwealth government also provided over \$16 million in direct assistance for innovative projects, Australian Vocational Training System (AVTS) brokerage, new apprentice incentives and off-the-job training. These funds were additional to those available to all employers of apprentices and trainees (including group training companies) under ongoing CRAFT and Australian Traineeship System arrangements.<sup>5</sup>

### Employer Subsidies

2.25 A major source of income for group training companies is the employer subsidy paid by the Commonwealth Government to all employers of apprentices and trainees. The rates payable to employers are shown in the following table.

**Table 3: Employer Subsidies**

Length of Training	Standard at start	Subsidy at end	Disadvantaged	Group Training Bonus	Total
	\$	\$	\$	\$	\$
1 year	1000	1000	1000	1000	4000
2 years	1000	2000	1000	1000	5000
Apprenticeships	1500	2500	1000	-	5000

Source: Working Nation

2.26 The Committee estimates that the amount paid to group training companies under the employer subsidies is in the order of \$17 million.

### Self Sufficiency

2.27 In 1991, governments agreed to phase out funding to encourage group training companies to expand their activities, so that the income generated from the full range of their activities would allow them to operate without continued government support. The effect of this policy was for group training companies to increasingly fund their

own core activities as the government contribution was phased out over a period of three years.

2.28 Group schemes were encouraged to expand their roles as providers of assistance to firms as training providers and as advisers and brokers. Group training companies were encouraged to access a range of other Commonwealth grants including funding for off-the-job training, skills centres, innovative training projects, National Skills Shortages, Disabled Apprentice Wage Subsidy, Special Assistance Program, Office of Labour Market Adjustment and other labour market programs (including grants for assisting the disadvantaged; eg long term unemployed).

2.29 The first reduction of twenty percent occurred in 1992-93. Because of the economic down turn, Ministers agreed in April 1993 not to proceed with the planned further reductions in 1993-94.

2.30 The withdrawal of government funding resulted in some positive outcomes in making group training companies adopt a more entrepreneurial role and improve their management. During its discussions, the Committee was advised of many examples where group schemes had increasingly and successfully expanded their activities outside their core activities. Notwithstanding these range of activities, most companies derived the majority of their non-core income from labour market programs.

2.31 Most of the group training companies with which the Committee met, have developed their non-core activities with entrepreneurial flare and enthusiasm. It is clear that many will continue these activities irrespective of the level of government funding. While the Committee supports this expanded role, it shares the concern of ANTA, that these activities must not be at the expense of their core activities - apprenticeships and traineeships. There was concern that in the pursuit of a wide range of activities:

- the need to cross-subsidise operations might impinge on the quality, and even the viability, of the basic or core activities;
- the quality of the care and management of trainees might decline; and
- the companies might be less likely to employ trainees from less advantaged groups who require higher levels of support.<sup>6</sup>

2.32 The Committee agrees with the view of one witness who stated that:

... the justification for what a group scheme does should not be getting income. The justification should be improving the quality of the training system and making the training system more effective.<sup>7</sup>

2.33 The Committee considers that the decision to phase out recurrent funding was short sighted and failed to take account of the special role that group training companies play in enhancing the skills of Australia's workforce. The Committee welcomes the decision of Ministers to continue to fund the core activities of group training companies.

The Committee recommends that:

**Commonwealth, State and Territory governments agree to maintain funding for the core activities of group training companies.**

### **Business Activities**

2.34 Many of the schemes have been remarkably successful in developing their non core activities. While the majority of non core income is generated through the management of government labour market programs, some companies have generated income from a range of activities. These activities include:

- the development of training systems to assist private and public sector organisations to address their training requirements;
- management and training consultancies;
- operation of skill centres; and
- employment services.

2.35 Those companies actively pursuing non-core activities were conscious of the need to explore and expand services to the private sector to minimise dependence on government programs. While the Committee is aware of at least one company which derives almost fifty percent of its gross income from non core activities, the income derived from these sources, for most companies remains small. A few companies undertake no activities outside their core functions.

2.36 One business activity which impressed the Committee and which has enormous potential, is operated by Northern Group Training, Launceston. The group training company operates a temporary staff labour contracting service in Northern Tasmania employing up to forty people during the year.

2.37 Employment is on a casual basis and participants can be unemployed, women wishing to re-enter the workforce, students studying part time, or people seeking a change in career direction. Customers who utilise the service vary from government instrumentalities to large private organisations and small operations. The success of this concept has been due to its flexibility and the ability to react rapidly to the fluctuating labour requirements of industry in the local economy.

2.38 The pool operates with virtually no DEET subsidies and employers are free to offer full time employment to the participants at any time. As a result of participating in this pool, approximately fifteen people per year will achieve full time work. A longer term aim of Northern Group Training is to create full time jobs by coordinating placements between a number of these short term positions.

## **Financial Management and Planning**

2.39 A review of group training companies in 1989, found that in a great number of instances planning, budgeting and financial management skills of companies were relatively rudimentary.<sup>8</sup> Planning was generally seen as important by schemes, but it appeared to be an activity that was talked about more than actually done. Most commonly, it took the form of projections of numbers of apprentices or trainees and of projections of the categories of apprenticeships and traineeships that the scheme will target. Financial planning was fairly infrequent. The review concluded that there was considerable potential for the planning, management, financial and marketing skills of schemes to be improved.

2.40 Accounting standards of group training companies vary considerably. A review of a sample of New South Wales companies in 1990 found that profit and loss statements were expressed in different formats by all group companies, the statements in the current format did not provide a useful tool for management decision making and that it was difficult to compare schemes' performance using their current reporting.

2.41 A more recent review, commissioned by ANTA, by the accounting firm, Coopers and Lybrand, found that the level and quality of the participating group schemes' financial statements varied considerably.<sup>9</sup> The form and content of such financial statement were controlled by various legislation and accounting standards, some of which are not being fully complied with by certain group schemes. The firm made a number of recommendations concerning financial statements, designed to assist with better accountability and to meet the needs of group schemes and government.

2.42 Government draft policy and guidelines for group training companies require accounting and reporting standards recommend in the Coopers and Lybrand report.

2.43 Those group training companies which responded to the Coopers and Lybrand report, thought that many of the recommendations in the report were sensible, and it would be foolish for group training companies to ignore the individual recommendations. They recognised that many group training companies had inadequate or ineffective reporting mechanisms, and had inadequate or inappropriate business planning processes.

2.44 They supported the development of quality in financial reporting mechanisms for group training companies. Moreover, the companies were strong supporters of the development of operational reporting, which gave a much earlier indication of likely financial outcomes than simply observing financial reports themselves.

2.45 Nonetheless, some companies considered that it was for the companies themselves to determine their financial and planning systems. As one company stated:

Hopefully the recommendations in the [Coopers and Lybrand] report will not be adopted by government in any significant form, but equally it is hoped that group training companies will act upon much of the content of this report while maintaining a strictly commercial relationship with government as is appropriate to the nature of the agreements being developed presently.<sup>16</sup>

2.46 From its own examination of group training companies accounts (at least in their published form), the Committee must agree with the previous reviews' findings concerning accounting practices of some companies. The Committee agrees that it is largely up to individual companies to determine the system which best suits the company. However, the Committee believes that companies should be encouraged to adopt a system based on accrual accounting methods and to produce profit and loss statements.

2.47 Accordingly the Committee recommends that:

**Group Training Australia seek the assistance of State and Territory group training associations to encourage individual group training companies to develop best practice financial management systems.**

### **Separate Incorporation**

2.48 Current funding guidelines require group training companies to be separately incorporated. The draft guidelines, which will operate from July 1995, also require all organisations which receive government funding to be separately incorporated from their sponsoring body, prior to receiving the government funds. Where an organisation is not separately incorporated, it will not be funded under the arrangements under the guidelines. However, it may be considered for limited funding in respect of a range of specific performance outcomes.

2.49 Group Training Victoria believed that the requirement that group training companies be separately incorporated was a blunt instrument that guaranteed nothing except the fact of separate incorporation. Separate incorporation did not prevent misappropriation of funds. Proper accounting practices and comprehensive audit were the tools required to achieve that goal. Nor did it inhibit undue influence by sponsoring agencies since it could not control personal loyalties or control the composition of the Board of Directors.

2.50 The Committee notes the views of Group Training Victoria, but believes that separate incorporation is appropriate for any body receiving government funding. The Committee received anecdotal evidence (unconfirmed) that in the past, non-incorporated group training companies' funds had been diverted to the parent body. The Committee believes that group training companies must be separately accountable.

## **Recruitment**

2.51 One of the most consistent features of group schemes is the care and thoroughness with which apprentices and trainees are selected to guarantee quality and consistency. Many companies give formal tests to assess factors such as mathematical skills, literacy and technical aptitude. Applicants are interviewed at length (often together with their parents) and managers have a clear set of criteria which they use in the selection process. School results are examined, and generally applicants who do not meet certain standards in terms of years of schooling completed or grades obtained in particular subjects are rejected. Detailed background information is generally sought on applicants, references and school reports are checked, and factors such as attitude, grooming and physical qualities are judged.

## **Rotation**

2.52 Earlier joint policies under which schemes were funded by governments, stressed the achievement of quality training outcomes through "planned and systematic rotation".<sup>11</sup> Neither the current policy, nor the performance based agreements which commence in July 1995, require rotation as a condition of government funding.

2.53 The Committee raised the question of rotation with group training companies. All companies supported rotation as a means of insuring that apprentices and trainees gained the skills necessary to make them effective employees. A number of companies advised that, with the introduction of competency based training, rotation through a number of enterprises will be essential, even for those trainees who are not part of a group scheme.

2.54 The Committee is aware, however, that some group training employees undertake their training with a single business. One group scheme, for instance, in its information kit for employers states that:

You hire the apprentice from three to *forty eight months*.<sup>12</sup>

2.55 The frequency of rotation (if it occurs at all) depends on the circumstances of the employer. The Committee was told that in some regional centres, with limited employment opportunities, it was not possible to rotate unless the trainee left the region. In other instances trainees would not be rotated because the host employer could offer a full range of training opportunities. The Victorian government advised that:

Rotation of apprentices was initially considered to be essential to enable quality training objectives to be met. Most host employers had limited training opportunities available. However, it is Victoria's view that if a sufficiently broad range of training is available within one establishment and a suitable program of internal rotations can be arranged, there may be no need to rotate externally.<sup>13</sup>

2.56 The Northern Territory Government noted that increasingly, group training companies were finding that participating employers did not wish to take an apprentice or trainee only to have them taken away and placed elsewhere.<sup>14</sup> The Government suggested that if rotation did not occur, there would probably be some funding implications, as the basis of funding for group training companies was that apprentices and trainees were rotated. The Government suggested that if an employer wanted to keep the same apprentice or trainee for an entire contract of training, then they should be paying the group training company's administration charges, and the Government should only pay for the rotational aspects of a company's operations.

2.57 While the Committee supports the concept of rotation, it considers that if the group training company is satisfied that the full range of work opportunities is available in a single enterprise, it is up to the trainee and the employer to determine if rotation should occur. The only consideration should be the quality and breadth of training.

2.58 The Committee notes the views of the Northern Territory Government and agrees that government funding is provided in part to assist group training schemes to meet the cost of rotating apprentices and trainees. The funding is also provided, however, to assist group training companies in actually locating training positions and placing trainees. The Committee believes that it is for the group training company to determine what rate it will charge in the light of the market circumstances that prevail.

### **Small Business Focus**

2.59 Traditionally, the role of group training companies has been optimising the use of training capacity in small enterprises, which individually have neither the training facilities nor suitable work to provide adequate long term employment for apprentices and trainees. A further role was to expand the training places in small business.

2.60 Group training companies also place apprentices and trainees in larger firms. The Committee was advised that a number of placements have been made with larger employers, simply because these were the only ones which could deliver certain aspects of on-the-job training, or because they were able to employ apprentices in addition to their own during peak periods. In some cases, larger employers recognised the value of group training company apprentices as better performers than their own due to better recruitment and selection techniques and the level of pastoral care offered by group training companies.

2.61 The Western Australian Government commented that targeting the larger more traditional employer of apprentices substituted the training places normally funded by the private sector for publicly funded places.<sup>15</sup> In the short term this did not expand the number of training places and employment opportunities, and there may be some doubt as to whether expansion will occur in the longer term. The State Government observed that as the economy moves out of recession, employers who are keen to

provide training places may still be reluctant to do so, because of the experience of the recession and therefore will find group schemes an attractive option.

2.62 The 1989 review of group training companies commented, however, that the important debate about group schemes should not be about whether they have created jobs, but about whether they have created training places.<sup>16</sup> It may be the case that the bulk of jobs existing in group schemes would have been created by a buoyant labour market. The net impact would be positive if these jobs had been changed from short term jobs with no training, to jobs with long term structural training, leading to recognised qualifications. The review's conclusion was that this was the case.

2.63 The Committee agrees that job creation is not the issue - it is the quality of the training and the quality of the job. The Committee saw examples where casual positions with no training components had been transformed because of group training. These ranged from a casual sandwich maker position in a "fast food" establishment, to apprentices in building and construction.

2.64 The Committee also considers that engaging larger firms as host employers can only lead to enhanced opportunities for apprentices and trainees in smaller firms. Larger firms will increasingly seek to engage group training companies as competency based training becomes the norm and firms become more specialised and specific in the skills they can impart to their trainees.

2.65 The Committee notes that the draft government guidelines specify group training companies as having a special role to play in industry training, particularly in regard to the quality and quantity of training for small business. They also specify that group training companies' primary role is to create additional employment opportunities for apprentices and trainees. Group Training Victoria has suggested that the agreement be amended to show their role as being *predominantly* small business. The Association also wished their role to be to enhance employment opportunities rather than *additional* opportunities.<sup>17</sup>

2.66 The Committee agrees and recommends that:

**the guidelines for group training companies be drafted in a manner which recognises their role in large firms and that their role is to enhance employment opportunities rather than increase them.**

2.67 While the Committee supports group training companies' involvement with larger enterprises, it is important that they do not lose sight of their responsibilities to small enterprises. Group training companies' contact with 30 000 small businesses throughout Australia is impressive, but there remain another 300 000 employing small enterprises, yet to benefit from the unique services that group training companies can offer.



## **Skills Centres**

2.68 Many group training companies now operate skills centres, generally to compliment the operations of TAFE, but sometimes in direct competition.

2.69 An important development in group training has been the establishment of retail skills centres as operating subsidiaries of a number of group training companies. A concept of the ACTU-Lend Lease Foundation, this is the start of a nation-wide network of retail skills centres and it is now being implemented with the active support of the Foundation. The centres open up careers in the industry to mature-age and long term unemployed people, as well as to younger trainees under the Career Start Traineeship System. They operate mostly in the heart of large regional shopping complexes, where employers, large and small, have direct access to structured training, geared to employer requirements.

2.70 Group training companies are also uniquely placed to take a leading role in establishing regional skills centres.

2.71 Many group training skills centres are already operating in urban and regional locations, providing training in the building, automotive, metals and manufacturing, plumbing electrical and electronic, office clerical, financial services and the hospitality/tourism industries. The linkages that group training companies have with business and their community enable them to achieve job placements for their graduates under the flexibility of group training arrangements.

2.72 ANTA advised that past practice had been to view the capital works programs as almost exclusively a 'TAFE' program used to build new facilities and purchase equipment.<sup>18</sup> The changes which have been taking place in vocational education and training over the last few years have substantially altered the basis on which funding allocations are established. There was no longer a sharp distinction between 'TAFE' training and 'industry' training. Instead there are an increasing number of partnerships and co-operative arrangements where training is recognised wherever it takes place.

2.73 ANTA has now amalgamated the private and public capital funding programs which it administers.

2.74 The Committee supports government funding for skills centres, particularly for group training companies to establish centres in regional locations.

2.75 The Committee recommends that:

**the Minister for Employment, Education and Training ensures that funding continue to be provided to enable group training companies to establish skills centres.**

**Chapter 2 - Endnotes**

1. *Group Training Schemes, Policy and Guidelines*, 1991.
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3. Australian National Training Authority, *Group Schemes Review*, ANTA, 1994.
4. ACTU-Lend Lease Foundation, *Developing Group Training, An Information Kit*, ACTU-Lend Lease, 1990.
5. Australian National Training Authority, *op.cit.*
6. *ibid.*
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9. Coopers and Lybrand, *Review of Group Training Schemes Cash and Reporting Requirements*, ANTA, 1994.
10. Inner Northern Group Training Inc, *Correspondence*.
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15. Western Australian Government, *Submission*.
16. Sweet, R., and Hoskins, R., *op.cit.*
17. Group Training Australia, Victoria Inc., *Victorian Draft Policy and Guidelines for Group Training Companies, An Interim Response*, 1995.
18. Australian National Training Authority, *Directions and Resource Allocations for 1995*, ANTA, 1994.

## CHAPTER 3

### THE FACILITATORS - IMPLEMENTING CHANGE

#### Training Reform

3.1 While Australia's apprenticeship and traineeship system may have served Australia well in the past, its many inadequacies are being addressed as part of the training reform agenda.

3.2 One of the major limitations of the apprenticeship system is the restricted number of occupations and industries to which it applies. The introduction of traineeships to non-trade occupations did not succeed in attracting significant numbers to training. In addition, apart from hairdressing, those occupations that traditionally provide entry level training, continue to predominantly employ males. This raises serious concerns about gender equity. Of the 120 000 apprentices in training in 1993-94, only thirteen per cent were women.

3.3 Arrangements for both apprenticeships and traineeships are embedded in industrial awards and agreements, and in some cases, in legislation. Progression has traditionally been based on prescribed time-service rather than competency, the mix of work and training (especially off the job training) was prescribed, and there was little opportunity to vary the length of either traineeships or apprenticeships to better fit the needs of specific industries or individuals.

3.4 Award restructuring, greater emphasis on continuing skills training for workers throughout their working lives and the shift to competency based training is fundamentally changing the nature of both apprenticeships and traineeships.

3.5 Governments have agreed that Australia's vocational education and training system should endeavour to:

- provide an educated, skilled and flexible workforce to enable Australian industry to be competitive in domestic and international markets, and
- improve the knowledge, skills and quality of life for Australians, having regard to the particular needs of disadvantaged groups.

3.6 Specifically the reforms aim to provide:

- training which integrates industry, enterprise and individual needs and supports lifelong learning;
- competency based training, achieving national industry and enterprise standards;
- more flexible pathways and delivery;
- increased access and improved outcomes for groups of people who have missed out on training opportunities in the past;
- complementary roles for on and off-the-job training;

- nationally recognised qualifications which are portable across industries and States and Territories; and
- a broader range of providers who cooperate and compete to meet national and international training demands.

3.7 State and national structures are in place to implement the reforms.

3.8 The key to the reform process is the concept of a competency based approach to training. Competency based vocational education and training emphasises what a person can do as a result of education and training. It is concerned with educating and training people to explicit standards called Competency Standards. These standards are intended to describe in a structured way what is done in the workplace and the standard of performance required to do the job.

3.9 A core objective of the training reform agenda is to achieve national recognition and portability of skills. More specifically the aim is to achieve consistency in the recognition of accredited courses, training programs, training providers and of competencies held by individuals irrespective of how they were acquired.

3.10 The Australian Vocational Training System (AVTS) is the centrepiece of the Government's commitment to comprehensive reform of Australia's system of entry level vocational education and training. The AVTS will provide a broad range of articulated pathways, combining education, training and experience in workplaces. It is to be based on nationally endorsed industry and enterprise competency standards. Achievement of competency through the AVTS will lead to qualifications at Certificate levels 1-4 within the National Qualifications Framework (level 3 is the tradesperson level).

3.11 The proposed system will provide an integrated national system of entry level vocational education and training. The system is intended to improve the skills, knowledge and employment prospects of young Australians making the transition from school to work. The new arrangements are to produce the skilled and adaptable workers which industry needs and provide individuals with access to satisfying and challenging jobs.

3.12 In the longer term the system will incorporate all existing entry level training arrangements, such as apprenticeships and traineeships, and increase the range of occupations and industries covered by such training. It has a strong industry focus and aims to increase participation in vocational education and training by significantly improving the quality of the provision of training and its relevance to both industry and the individual. Individuals and firms will be able to meet training requirements by selecting from accredited modules and mixing them to meet their needs.

3.13 Commonwealth, State and Territory Ministers agreed to formally commence the AVTS progressively from January this year.

### **Implementation of Reforms**

3.14 It is generally accepted by industry that the overall thrust of the training reform agenda is valid and must be supported. There are however, concerns by industry about the growing complexity in implementing the reforms.

3.15 Critics of the reform agenda commented that the bodies involved in the design of the training reform agenda have consisted primarily of officials from the State and Commonwealth agencies involved with training, supplemented by a small number of "industry" representatives. An unintended but foreseeable consequence was that the training reform agenda consisted of a formidable set of rules to be complied with, rather products and services which could add value to the operations of enterprises or encourage individuals to invest in their own skills development.

3.16 The Business Council of Australia believed that the training reform agenda was intended to affect the training practices of most enterprises in Australia and to increase the investment in training of many individuals.<sup>1</sup> The agenda had a number of products and processes, such as endorsed national competency standards, the Australian Vocational Certificate Training System and widened access to accrediting training. However access to these products was difficult and most were not self-evidently of value to most enterprises or to individuals. Attempts to market them had been sporadic.

3.17 The Council also believed that the experience of some employers led them to see the training reform agenda as an extension of the industrial relations agenda of the trade union movement. Industry associations were concerned about the apparent linkages between Australian Standards framework and industry classification and pay level.<sup>2</sup> Assurances to the contrary were considered unconvincing. Since the industrial relations arena has traditionally been highly adversarial and was seen by employers as capable of imposing costly and inappropriate decisions on their businesses, fairly or unfairly, there was a perception of risk in being involved in creating the framework through which adverse impacts on businesses can occur.

3.18 Despite considerable progress in developing fee-for-service approaches and other market based initiatives over the last few year, assured funding from the public budget, together with excess demand for places, tended to protect TAFE from a full range of competitive pressures in its mainstream activities. This in turn made it possible for some TAFE Colleges to maintain the status-quo, rather than continuously improve quality or offer more flexible delivery of its training products. One result was that the upward pressure on quality and customer service, which was apparent in competitive markets, was less apparent in some parts of TAFE.

3.19 *Working Nation* noted that to date the expected national recognition and portability of training for either industry and trainees had not been achieved and the process suffered from complex and over regulated administrative arrangements.<sup>3</sup>

3.20 An extensive review of the reform agenda was undertaken by ANTA in 1994. The consultants appointed to conduct the review found that there was a lack of strong commitment to the reforms by enterprises of all sizes and many business organisations. This was because the reforms lacked any strong focus on what was actually needed to deliver to Australian enterprises, especially small and middle sized businesses, the skill development they needed in order to compete in the new open environment.<sup>4</sup>

3.21 Key elements in the chain of reform were not working well together. The development and national endorsement of competency standards was supported, but the Australian Standards Framework added limited value to enterprises. Accreditation of courses, recognition of training programs and registration of providers were not well understood, were difficult to access and were costly for participants. Assessment issues were unresolved and insufficient attention had been paid to implementation of the National Qualifications Framework.

3.22 The review concluded that the current approach to reform would not, unless it was changed, bring about the fundamental outcomes desired.

3.23 In 1994, ANTA released its the national strategy for vocational training and education was released.<sup>5</sup> The Strategy is based on the range of views expressed about the details of the training agenda. The intention of the Strategy is to provide a clear statement about the intended direction of vocational education and training in Australia. The strategy has been agreed to by the Commonwealth, State and Territory governments.

3.24 The Strategy aims to ensure that future vocational education and training is:

- more flexible, to accommodate the needs of industry as the principal client;
- more devolved, so that decisions are taken by those most closely attuned to the needs of clients;
- more competitive, to encourage the quest for superior performance; and
- more informed, so that all parties are aware of the directions and detail of change.

### **Liaison Officer Program**

3.25 The Committee found that the group training companies had a sound knowledge of the AVTS. The Committee was told however, that in general small business had little or no understanding of the system, nor how it was relevant to their operations. This lack of understanding, coupled with a lack of commitment to training, suggests that the targets set for implementation are ambitious to say the least.

3.26 Governments have acknowledged that group training companies play an important role in local labour markets. They build on existing structures and establish new linkages with local industry-education committees and other organisations relevant to improving young people's access to structured employment and training opportunities and to enhance

awareness of the AVTS. To this end, the AVTS liaison officer program was introduced to enable group training companies to increase the awareness of the AVTS to all sectors of the community, including industry, students, teachers, trainees and parents, and to assist in its proposed implementation.

3.27 The roles of liaison officers include promotion and dissemination of information concerning the AVTS and traineeships under the National Training Wage Award, in particular, facilitating employment opportunities for trainees with host employers. Liaison officers consolidate appropriate links with Federal, State, Territory and Local government agencies, Industry Training Advisory Bodies (ITABs), community groups and other industry partnerships to progress implementation. They also provide an educative role within their own companies among Directors, staff and trainees as well as an educative role within their own network of host employers.

3.28 Group Training Australia advised that the Government's strategy to assist the implementation process through group training AVTS liaison officers had been thwarted by bureaucratic mis-management by DEET. The history of the program has been one of delays and lack of guidelines.<sup>6</sup>

3.29 The administration of the program from DEET Central Office had been most unsatisfactory to group training companies. Continuity of employment of liaison officers from one stage to the next had been lost or severely disrupted. The periods for implementation of their programs had been shortened to impractical levels by reductions in the time available to spend the funds granted. One group training company told the Committee that it was impossible to plan an effective program under DEET's funding arrangements. A program designed to spend six months' funds was entirely different to one based on guaranteed three year arrangements.

3.30 The Committee notes that funding will be available for the implementation phase of the AVTS. It is essential that the mis-management of the previous program does not recur. Funding must be timely and committed for more than a single financial year. Unless proper planning occurs and experienced and dedicated field staff are available, the targets agreed to by Ministers will be no more than a dream.

3.31 The Committee talked to a number of group training companies which have been involved in pilot programs. It is clear that these pilots succeeded because of the staff that had been appointed to drive the process. An implementation campaign involving only pamphlets, meetings and seminars will not work. Group training companies are in no doubt that unless the project manager type function continues, the implementation process will flounder. The process is not well understood. The links between education and training institutions and the workplace are weak.

3.32 A further concern is that the position of liaison officer may be subject to tender. While the Committee does not wish group training companies to have a monopoly on the implementation of the AVTS, it believes that group training companies, because of their expertise, should be exempted from any tender process.

3.33 Accordingly the Committee recommends that:

**the Minister for Employment, Education and Training ensures that funding is provided, on a non-tender basis, to enable group training companies to continue to employ project officers to facilitate the implementation of the Australian Vocational Training System;**

**funding and administrative arrangements for the support of Australian Vocational Training System project officers be developed to ensure timely and guaranteed funding; and**

**funding be committed for a three year period to enable effective planning.**

### **School Workplace Links**

3.34 In recent years Australian schools have tentatively and hesitantly begun to shed the attitudes of the past that have for so long prevented them from taking seriously the need for vocational pathways for the majority of their students. Through the TRAC program, some of the Australian Vocational Training System pilot programs and a number of State-developed programs, there now exist courses that are designed to meet industry requirements and which in many cases incorporate either a presumption or a requirement for students to spend some of their course time in the workplace.<sup>7</sup>

3.35 In general, however, the school system has not been reaching out to create genuine learning partnerships with employers. The workplace has not been taken seriously as a key element of the courses, and resources to back up and support employer involvement in them have not been provided as an essential element of the course design. Little thought or effort appears to have been put into quality control. The workplace remains marginal to the courses rather than a central and integral element in their delivery.

3.36 During 1995, 1 100 school students in forty five TRAC programs across 150 Australian schools are spending one day a week in industry learning employment-related skills over the school year. TRAC is a unique, partnership between employers and schools. It is a non-commercial, voluntary partnership which provides school students with opportunities for high quality vocational learning. Students from Years 11 and 12 do a structured program of on-the-job learning. Courses are being offered in four industry strands: customer service (retail), office administration, hospitality/travel/leisure and automotive.

3.37 The work component is formally accredited as part of the Year 12 Certificate. Students can obtain their Year 12 Certificate and leave school with credit towards a TAFE qualification, industry recognition for their skills, and an understanding of the world of work. TRAC has also been shown to have a significant impact on self-esteem and motivation among participating students.



3.38 TRAC carries a clear reform agenda for both industry and education partners, assisting schools to introduce high quality vocational options for senior students as well as highlighting the enormous contribution which employers can make in providing opportunities for learning in the workplace.

3.39 A full-time co-ordinator monitors the provision of training by the supervisor and helps them to achieve effective outcomes. Each student moves through four different organisations to achieve an effective and broad balance of skills. Students are selected by a panel of employers before coming into the program. They also go through an induction process at the beginning of the course. Each project is managed by a local steering committee with representatives from schools, business and the community.

3.40 The object of the Australian Student Traineeship Foundation, announced in the *Working Nation* is to promote the broadening of senior school education to include the opportunity for young Australians to acquire workplace knowledge and experience before they graduate from school. To achieve this goal, the Foundation will encourage schools and employers to develop 'best practice' workplace learning partnerships which give students the opportunity to develop recognised academic skills and vocational competencies.

3.41 The Foundation will place emphasis upon supporting programs that link, by way of advanced standing and credit transfer, to post-school training qualifications. It will encourage formal agreements linking the programs that it supports to these qualifications. Similar to TRAC, the Foundation will foster commitment to and ownership of program delivery at the local and regional level. It will operate through a network of local and regional training brokers.

3.42 Over sixty group training companies have entered into a partnership arrangement with the Australian Student Traineeship Foundation, and group training companies will be leading participants in the network of local and regional training brokers who will be supported by the Foundation. The network will facilitate the off-the-job training required by the joint school-industry courses. Group training companies are well positioned to strengthen links with post-school pathways which will complement traditional apprenticeships and traineeships.

3.43 Many schools are attempting to develop their own vocational streams with links to the workplace. Group training companies have expressed concern about schools "going it alone". The Committee was told that many schools just do not know how to involve business. Schools are unsure of the nature of the structured training of the work placement. One regional group training company was particularly concerned that uncoordinated approaches by schools had already alienated some businesses, which are now unwilling to participate in school programs. This is disturbing, as DEET estimates that only 120 000 structured work placements will be available at the turn of the century, while there will be 400 000 students in senior years. One group training company has suggested that work placement coordinators be appointed.

3.44 The Committee believes that group training companies are ideally placed to provide the link between schools and the workplace. They are particularly well placed to assist in

the development of the workplace training, ensure quality and assess outcomes. As stated previously, the new system will only work if hands on assistance is provided. Promotion will not be enough to ensure its success. This role could possibly be performed by the AVTS liaison officer or by the appointment of an officer dedicated to this purpose. The Committee believes however, that many schools, because of their close links with the community, including the business community, are capable of developing a vocational program without the assistance of an outside agency.

3.45 The Committee recommends that:

**the Department of Employment, Education and Training, in consultation with Group Training Australia, develop a network of work placement coordinators.**

### **Training in Small Business**

3.46 Small business is a key to the reform agenda, and in particular, to the introduction of AVTS.

3.47 As noted previously, only about twenty percent of small businesses reported any training expenditure. The Council of Small Business Organisations of Australia, however, told the Committee that there is more training occurring within the small business community than is understood by governments. Government chooses to analyse, support and reward formal structured training. The Association stated that:

. . . much of the data . . . is based on surveys by DEET asking questions about a form of training, defined as 'formal structured training' which takes place after you leave high school. That is not the sort of training that very small firms usually provide for their employees, nor is it the sort of training that they need to provide.<sup>8</sup>

3.48 The Association also advised that most of the skilling and training was for the employees. This was despite the fact that success or failure in small firms - and indeed the capacity to employ an extra person - was driven entirely by the capacity of the employer.

3.49 The Committee accepts that the training already provided by these small firms is seen by them as meeting the needs of the firm. This process, however, fails to recognise the objectives of the reform agenda. The aim of that training is to enable employees to gain skills relevant to the firm. It also aims to give employees recognised, transportable skills to meet the needs of the changing skill requirements in the workforce. The Committee does not accept that structured training is not needed by many small firms. The Committee believes however that the nature of that training must be relevant to the particular employer. Small businesses have a vital role to play in the development of the AVTS.

3.50 Group training companies with access to small business can play a significant role in both changing attitudes and assisting in the development and delivery of training programs which are directly relevant to individual enterprises. It is disturbing that small business may

not be aware of the benefits which group training can bring to their enterprises. It is apparent that many enterprises do not know that group training companies even exist. It is clear from the evidence of the Council of Small Business Associations that knowledge of the benefits of group training are not well known by the small business community.

3.51 Accordingly, the Committee recommends that:

**Group Training Australia and State and Territory group training associations liaise with small business associations and relevant Industry Training Advisory Bodies to promote the need for structured training in small businesses; and**

**Group Training Australia seek the assistance of small business associations to promote the services which group training companies can provide to small businesses.**

### **Industry Training Advisory Bodies**

3.52 There are currently twenty national Industry Training Advisory Bodies (ITABs)/Competency Standards Boards (CSBs) and one hundred and thirty six State/Territory ITABs. Each industry is required to develop its own competency standards and when ratified by the National Training Board, these standards will become the benchmarks in each industry sector for curriculum development, for the delivery and accreditation of training.

3.53 The operation of ITABs has been fundamental to implementation of the reform agenda, and has been one of its weakest and strongest links.

3.54 The Business Council of Australia's views are representative. The Council advised that companies which have been involved in the development of national competency standards for their industry, had found that the costs had been high and progress had been slow. Furthermore, the outcomes of the process were not always of great value to individual enterprises, which have distinctive forms of work organisation and their own competency requirements and training processes.<sup>9</sup>

3.55 Even though many ITABs have been successful, e.g. Hospitality, ANTA found that for many reasons, including those outside the control of accreditation authorities, there could be delays in accreditation processes. These delays were not only a source of frustration to those involved in course and training program development, but they also discouraged industry and enterprise involvement and delayed the implementation of competency standards by providers and enterprises.

3.56 ANTA has proposed a restructuring of ITABs to ensure high level industry representation, with greater involvement of enterprises and at the workplace level.

3.57 The experience of group training companies with ITABs varies from close to hostile. It appears that there is scope for closer cooperation and coordination. The National

Automotive Industry Training Board, for instance, advised that while it believed the group training concept to be one which should be fostered and helped to grow, there was lack of coordination between ITABs and group training companies. The lack of communication between the two groups led to a duplication of functions and in many cases, duplication of funding.<sup>10</sup>

3.58 The Committee considers that for the training agenda to be effective, there should be closer cooperation between ITABs and group training companies. Ideally, representatives of group training companies should be appointed to the boards of ITABs. The links between the two could be strengthened if representatives of ITABs were invited to group training companies' management committee meetings.

3.59 Accordingly the Committee recommends that:

**the Australian National Training Authority in consultation with Group Training Australia and State and Territory group training associations facilitate closer cooperation and communication between Industry Training Advisory Bodies and group training companies.**

### **Assessment**

3.60 ANTA is concerned that assessment processes are not understood clearly. ANTA's review of the training reforms identified a number of problems, including:

- lack of infrastructure for the on-the-job assessment in the workplace;
- uncertainty about the costs of on-the-job and integrated on and off-the-job assessments;
- the possible unwillingness of registered providers to accept the results of assessments outside their control (for the purposes of issuing a qualification); and
- lack of agreement about who was qualified to undertake assessments, particularly on-the-job.

3.61 ANTA commented that the assessment processes must be readily available, fair, reliable and relevant to the appropriate competency standard. They must have the confidence of industry and those issuing qualifications, otherwise a core element of competency based training was missing and the integrity of the system for recognising training would be undermined.

3.62 The extent to which enterprises become involved in assessment will vary between industries and enterprises. Workplace assessment may be costly for many enterprises which do not have ready access to information about assessment services. ANTA is concerned that a costly and complex assessment industry may develop. ANTA proposes to use existing infrastructure for assessment. The use of the existing group training network for assessment will ensure that a costly and expensive assessment industry does not develop.

3.63 The Committee believes that group training companies have the skills and infrastructure to play a key role in the assessment process. Many group training companies already have staff who are qualified to assess competencies. Group training companies are also in a unique position because of their access across a range of firms. This will help address the concerns of many of varying quality of on-the-job assessment between enterprises. Group schemes will also be in a position to 'assess the assessor' and provide advice to state and territory vocational training authorities. Group training companies can also arrange on-the-job assessment by others for competencies which the group training company is not accredited to assess.

3.64 The Committee recommends that:

**the Australian National Training Authority recognise group training companies as part of an existing infrastructure capable of undertaking assessment; and**

**the Australian National Training Authority provide funding to enable group training companies to develop their assessment capabilities.**

## **NETTFORCE**

3.65 Under the *Working Nation* initiatives the Government has established the National Employment and Training Taskforce (NETTFORCE) to encourage an increased commitment to training by business and industry. Industry Training Companies are established under NETTFORCE to provide 'One Stop Shop' information to employers who wish to employ trainees under the National Training Wage.

3.66 NETTFORCE can overcome delays in accreditation of training packages by giving interim approval. In addition the Industry Training Companies can apply to become group training companies where appropriate arrangements do not already exist.

3.67 DEET advised that NETTFORCE, in its role of implementing traineeships under the National Training Wage Award, will draw upon existing structures to supplement the activities of its new Industry Training Companies for the introduction of new traineeships, and for expanding traineeships into industry sectors not previously covered. Group training companies were well placed to assist NETTFORCE through their regional and industry specific structures and it could be expected that many of these new training places would be under group training arrangements.

3.68 Group Training Australia advised that NETTFORCE has acknowledged that group training companies will be involved in its activities. Many of the group training companies, however, were confused about the purpose of NETTFORCE.

3.69 One state association stated that:

Furthermore having demonstrated, over time, our ability to be creative in our approach to new tasks and entrepreneurial in our approach to the community, we are hard pressed to understand why Governments would go to the trouble of setting up new structures . . . when there was a perfectly good network in place which, given a fraction of the resources applied to these new creations, could have handled the task with considerable success.<sup>11</sup>

3.70 Others questioned the need for its establishment because ANTA was addressing delays and lack of access to existing structures. The Western Australian Government told the Committee that the timing of the introduction of NETTFORCE was poor and the arrangements detracted from other elements of the training reform system.

3.71 The one matter which concerns the Committee is the establishment of new group training companies under NETTFORCE. The Committee will discuss new companies later in the report. However, it does not support the establishment of new group companies without full consultation with Group Training Australia and the state and territory group training associations.

3.72 The Committee recommends that:

**the charter establishing the National Employment and Training Taskforce be amended to require it to work through the existing network of group training companies; and**

**no new group training companies be established under the National Employment and Training Taskforce without consultation with Group Training Australia and State and Territory group training associations.**

### **Off the Job Training**

3.73 A prime objective of governments' approach to employment and education reform is to enable young people to access quality full-time jobs. Group training companies advised the Committee that employers were reluctant to employ first year apprentices as they were not suitable for immediate employment and had no basic workplace skills. This attitude has serious implications for Australia's future skill needs and must be addressed. The training reform agenda will see a greater emphasis placed on vocational education in schools. In addition, the strengthening of school-work links will make students better equipped for the world of work and therefore more attractive to employers.

3.74 A number of group training companies expressed concern about the abolition of the Craft Off-the-Job Training Subsidy. The purpose of this subsidy was to allow group training companies to provide up to one hundred days off-the-job training for apprentices during the first three years of their apprenticeship. The aim of the training was to provide essential

additional training not provided by TAFE in the normal trade course. The type of training provided included induction or pre-employment training and additional training to reinforce training received at TAFE.

3.75 The Australian Chamber of Manufacturers (ACM) suggested the introduction of an initial six weeks broad based generic and specific skill induction program. Such a program would make initial trainees more marketable to employers and also reduce the drop-out rate.<sup>12</sup> ACM also advised that employers were conscious of their occupational health and safety responsibilities, a key feature of the induction training. It is worth noting that occupational health and safety is the lowest field of training, with only 21 minutes per employee for the September quarter 1993.<sup>13</sup>

3.76 DEET advised that the Commonwealth's Pre-Vocational Places Program has been expanded to provide for 55 000 pre-vocational places over the next four years at a cost of \$212 million. This figure compares with the \$3 million spent on the Craft program. The guidelines for this initiative, which will be administered by State and Territory training authorities, acknowledge that accredited courses conducted by group training companies for pre-apprenticeship induction training, including while indentured, are eligible for funding under this program.

3.77 The Committee was told by group training companies that the new program did not serve the same purpose as the CRAFT program. The participants were not employees and therefore not as well motivated. Many participants left the program to accept a job offer, irrespective of the quality of that job. The pre-vocational course did not allow for top-up training. Because of the loss of income, one group training company proposes to seek full accreditation for its skills centre. Now, instead of complementing the services of TAFE, it will be in competition.

3.78 The Committee accepts that induction and top-up training is of great benefit to apprentices and will assist them in gaining employment. A similar program should be introduced for trainees. The Committee recommends that:

**the CRAFT Off-the-Job Training subsidy for apprentices be reintroduced;**

**similar funding be made available for trainees; and**

**guidelines for the program include provision for short broad based generic skill induction programs.**

## **Conclusions**

3.79 The Committee's inquiry did not examine whether or not all aspects of the reforms were appropriate, or whether all the objectives of *Working Nation* will be achieved. Rather, the Committee examined the role that group training companies can play in the successful implementation of these reforms, particularly the Australian Vocational Training System and the development of client focussed training, to ensure that Australia's needs for a highly

skilled flexible workforce are met.

3.80 The clear statements of objectives in the reform agenda mask the bewildering array of acronyms, the maze of agencies, boards and committees, and the complexity of implementation, confusion and lack of commitment by some sectors and enterprises to some components of the reform proposals. The Committee believes that the overall objectives of the training reforms will not be achieved unless there are fundamental changes in approach and commitment.

3.81 The Government's objectives and targets outlined in the *Working Nation* are to be commended. Small business must play a significant role in achieving these objectives, particularly in reducing long term unemployment. However, it is of concern that this sector generally has not been able, or willing, to provide structured training, and has shown a reluctance to employ the long term unemployed.

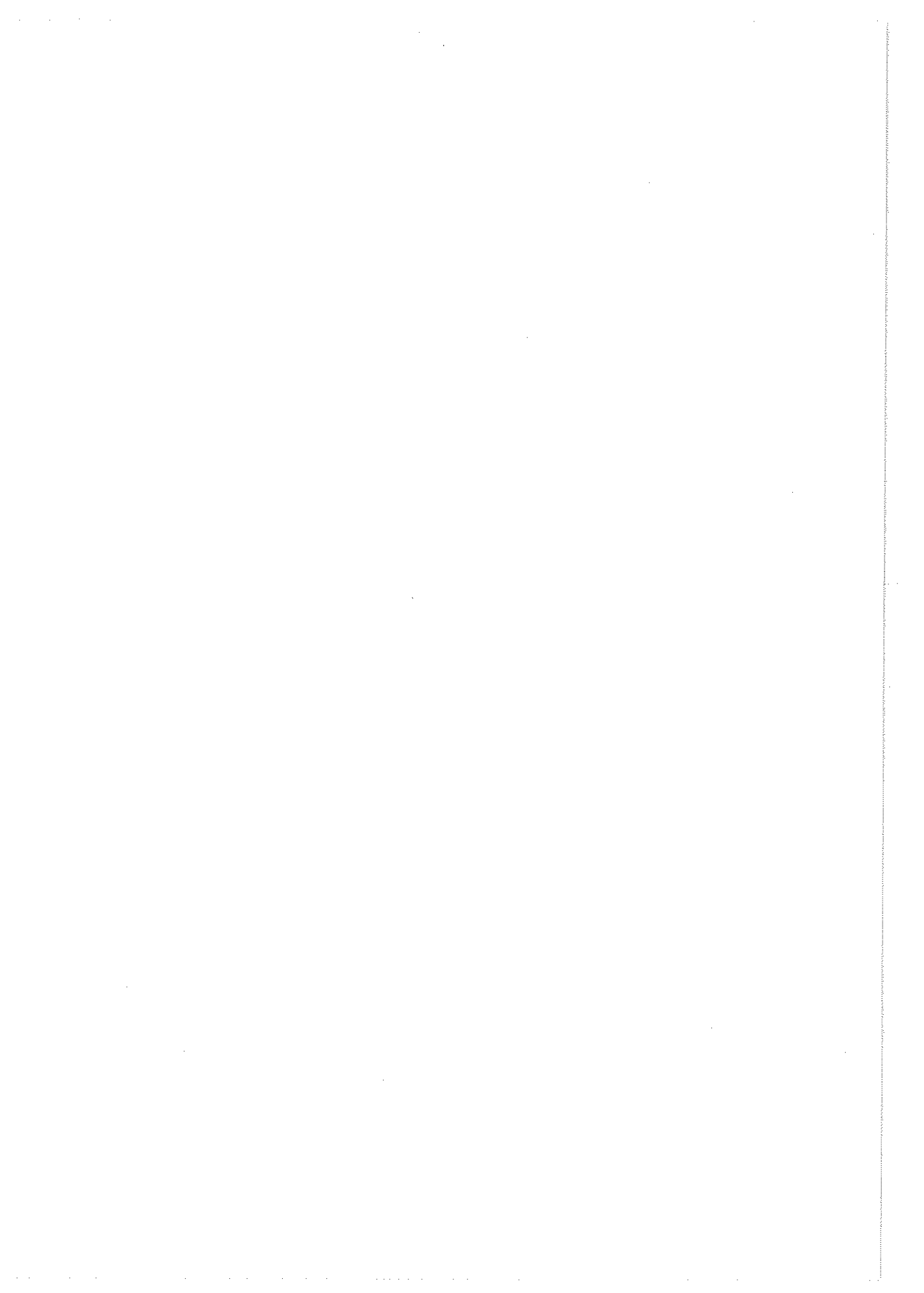
3.82 Group training companies are ideally placed to be major players in the training reform and employment initiatives, as they have community based structures operating in every region in Australia and work closely with thousands of small and medium sized businesses across a wide range of industries. Group training companies are well placed to persuade individual enterprises to undertake structured training, identify training needs and feed this information into the development of competencies and course modules which are relevant to the individual enterprise.

3.83 They are well placed to bring the job seeker and the employer together for the benefit of both.



**Chapter 3 - Endnotes**

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## CHAPTER 4

### AN OPEN LABOUR MARKET

#### Introduction

4.1 The draft performance guidelines for group training companies see a key core activity of group training companies as assisting in providing access to vocational training for those disadvantaged in the labour market, such as out-of-trade or unemployed apprentices, females in non-traditional occupations, people with disabilities, people from a non-English speaking background, and Aborigines and Torres Strait Islanders. Performance will be assessed on the numbers under contracts of training, including numbers in specified target groups.

4.2 The guidelines for the establishment of new companies indicate that preference would be given to proposals which enhance access to training by traditionally disadvantaged groups - young women in particular.

#### Women in Group Training

4.3 Submissions to the inquiry pointed out that group training schemes have poor participation rates for women and disadvantaged groups in non-traditional trades, notwithstanding the objectives set out in the Commonwealth/State Group Training Schemes Policy and Guidelines. Thirteen percent of all apprentices in training in Australia are women whereas ninecent of apprentices employed by group training companies are women. Group training schemes employ eleven percent of all apprentices in Australia.

4.4 The proportion of group training company women apprentices and trainees is shown in the following table.

**Table 4: Women as a Proportion of GTC Apprentices and Trainees, 1992-94**

	Apprentices	Trainees	Total
1992	8.6	62.0	12.5
1993	8.5	63.2	13.1
1994	8.7	54.7	12.6

Source: Based on figures provided by Group Training Australia.

4.5 There is insufficient aggregate data to enable a detailed analysis of group training employment trends and patterns, although it is noted that Group Training Australia is currently implementing a statistical reporting system which will provide a comprehensive data-base. Some available statistics do, however, provide an overview of women's access to apprenticeship training through group training companies.

4.6 Between June 1992 and June 1994 the total number of apprentices employed by group training companies increased by thirty two percent. Employment of male apprentices increased by thirty two percent and accounted for ninety one percent of the growth in employment of apprentices by group training companies. Female apprentices employed by group training companies increased by thirty two percent and gained nine percent of the growth in apprenticeships over the same period.

4.7 While female apprentices have made few gains in increasing their employment as apprentices in group training companies, there has been a substantial increase in the employment of male trainees by these companies. Male trainees increased by eighty seven percent between 1992 and 1994, and accounted for over half of the increase in trainees employed by group training schemes over that period.

4.8 Nationally, group training companies employ a higher proportion of women in non-traditional trades than the national average of all employers - nine percent compared with five percent. This outcome varies considerably across States and Territories, however, with two percent of female group training apprentices in the ACT employed in non-traditional trades compared with thirteen percent in South Australia.<sup>1</sup>

4.9 This favourable comparison between group training companies in general and the national average reflects their success in employing women in food trades. At the same time, more women are being employed in food trades generally, and the classification of these trades as non-traditional (defined as trades with less than twenty five percent female employees) is likely to change. Once food trades cease to be defined as non-traditional, the performance of group training companies relative to the national average will be less favourable.

4.10 A report commissioned by the NSW Group Training Association into the recruitment of women to non-traditional entry level training, identified factors that affect the ability of group training companies to increase their employment of women and developed strategies to overcome these barriers.<sup>2</sup> A number of the recommendations, particularly those regarding liaison with schools career advisers, would also have the general benefit of improving the image of trades careers, as well as raising the profile of group training companies in providing trade training.

4.11 Major barriers to the employment of women were found to include perceptions of the ability of women to work in non-traditional trades, the image of trades careers held by young women and their parents, and selection and recruitment practices of group training companies. The report also found sometimes vehement opposition by host employers to the placement of women in non-traditional training positions. A number of group training companies felt pressured to tolerate and accede to discriminatory practices of host

employers, which exposes these group training companies to the possibility of action under anti-discrimination legislation.

4.12 The push towards financial self sufficiency foreshadowed in the 1991 Policy Guidelines has been perceived as acting as a disincentive for group training companies to implement equity measures which may be opposed by host employers.

4.13 The report also found that a number of group training companies had taken specific steps to increase their employment of women, but these had mostly been sporadically adopted with limited success. Group training companies which had implemented specific measures within an on-going overall plan had achieved the most success. There was evidence also of a lack of understanding of, and sometimes opposition to, specific EEO measures by some group training companies.<sup>3</sup>

4.14 The report proposed strategies addressing promotion techniques, linkages with State schools bodies and careers education officers, and advertising, interviewing and selection techniques. The report also recommended that Group Training Australia promote specific strategies and measures, and disseminate throughout the group training network information and material to assist the group training companies in developing such measures.

4.15 The Committee supports this approach, noting that both affirmative action guidelines and strategies have been developed for group training schemes. The development and promotion of strategies and measures to employ women in non-traditional trades is consistent with a competitive environment demanding an increased supply of better trained and more highly skilled employees. Employers who do not adopt such strategies are not taking full advantage of the potential pool of talent, to the detriment of the industry.

4.16 A submission from Affirmative Action in Training proposed the establishment of a womens' group training company within the group training network. The proposed scheme would operate within the same guidelines and conditions as other group training companies with the additional objective of specifically recruiting and employing women in non-traditional trades.

4.17 The organisation has been involved with enterprises, including group training companies, in increasing the participation of women in non-traditional trades. As an example, the organisation provided details of a project it undertook with the Electrical and Electronics Group Training Company.<sup>4</sup>

4.18 The electrical trades are amongst the most male dominated trades which exist in the training system. Woman's current participation across the system is around one percent. The Electrical and Electronics Group Training Company set a target of twenty five percent female participation in their new AVTS pilot program. While the twenty five percent was not achieved, the Company employed thirteen women out of 100 new employees in the pilot program - a very significant twelve percent increase on the industry average. The Committee was advised that nine women remain in apprenticeships.

4.19 In close consultation and co-operation with Affirmative Action in Training the following strategies were employed to achieve targets:

- specific advertising for women to apply to undertake the course;
- utilisation of AAIT's register of women seeking non-traditional trades;
- school visits to speak specifically to girls and encourage applications;
- radio interviews at 'drive time' specifically highlighting the company's interest in attracting females;
- utilising AAIT trainers to conduct training sessions on EEO and Sexual Harassment as part of the up front training program; and
- placement of women with supportive host trainers.

4.20 The organisation concluded that the group training company's efforts to attract women to their program represented a significant and unusual effort to increase women's participation. The program demonstrated that with consultation with relevant agencies, the implementation of simple strategies can result in women's increased participation.

4.21 The Committee recommends that:

**Group Training Australia, in association with State and Territory group training associations, actively promote the implementation of strategies and measures to increase the recruitment of women to non-traditional entry level training in group training companies.**

### **Aboriginal and Torres Strait Islander People**

4.22 As noted above, there is limited aggregate data available on employment patterns and trends within group training companies, including on the employment of Aborigines and Torres Strait Islanders. The need for specific measures to increase the employment of these groups was, however, raised in informal discussions with the Committee.

4.23 Group Training Australia advised that a survey in late 1993 (the latest figures available) showed that more than sixty percent of group training companies were involved with Aboriginal and Torres Strait Islander people and employed a total of 357 persons, with another 122 in training programs. These numbers included seventeen percent females. An ACTU-Lend lease survey in 1992 found that three percent of group training company apprentices were Aboriginal and represented over four percent of trainees.<sup>5</sup>

4.24 Since these surveys were undertaken, further programs have been developed, especially in Western Australia, the initiative of the State association of Group Training Australia in collaboration with the Department of Employment, Education and Training. It is likely that the number involved in group training is now in excess of 500.<sup>6</sup>

4.25 The Committee was advised that innovative programs, which have been previously developed in places as far apart as Bundaberg and Footscray, as Katherine and Maribyrnong, are being built on by enterprising group training companies across Australia.

These companies have recognised the value and importance of shared goals and of directly involving the local opinion leaders and tribal elders in the planning of programs, the recruitment and selection of apprentices and trainees and the pastoral care which is an integral part of programs.

4.26 The three year Western Australian project will establish recruitment strategies, training and career development programs and support measures. Most group training companies in Western Australia will be involved with this project. The Committee considers that the outcomes of this project would be of interest and assistance to other group training companies and host employers in developing strategies to increase the employment of Aboriginal and Torres Strait Islanders.

4.27 The Committee recommends that:

**the evaluation report of the Aboriginal and Torres Strait Islander training project conducted by Group Training Western Australia be disseminated throughout the group training network with the assistance and support of Group Training Australia.**

### **People With a Disability**

4.28 Employment outcomes achieved by people with disabilities with the assistance of the Commonwealth Rehabilitation Service and the Disability Services Program employment services are clear evidence that for many people with a disability employment is a realisable goal.

4.29 Competitive Employment, Training and Placement (CETP) services assist people with a disability to gain and retain a job in the open labour market, and Supported Employment (SE) services provide ongoing assistance for people with a disability to work in open employment. A 1993 census of disability services funded under the Disability Services Program found that 3,338 people were employed in the open labour market with the assistance of these services, with a further 4,323 people receiving training or other pre-employment assistance from these services.<sup>7</sup>

4.30 Characteristic of these employment services is the use of an individualised case-management approach which matches individuals with job vacancies, provides off and on-the-job training, and follow-up support if required. This approach is similar to that of a number of labour market programs and of group training.

4.31 The Committee is of the view that cooperation between group training companies, and services involved with those with disabilities, would increase the employment of people with a disability as apprentices and trainees. Through cooperation, their complementary skills in employee selection, pre-employment and on-the-job training, follow-up support, and industry contacts and knowledge, would enable more people with a disability to be placed with employers who could be confident that appropriate training and support would be provided to their employee(s).

4.32 Group training companies already provide elements of such a service in relation to their employees placed with host employers, and could be assisted by CETP and SE services providing similar support for group training employees with a disability. These services would benefit from the cooperative arrangement by obtaining greater access to a wider range of industry employers for job placements.

4.33 The Committee was advised that Group Training Australia has committed the group training movement to raising the participation level in 1995 of people with a disability. A working party has been established to examine the employment of disabled people.

4.34 The Committee recommends that:

**the Department of Human Services and Health, together with Group Training Australia, facilitate the cooperation of Competitive Employment, Training and Placement, and Supported Employment Services and group training companies, to increase the number of people with a disability employed as apprentices and trainees in group training companies.**

4.35 A significant barrier to the employment of people with disabilities has been a lack of skills training. Access to mainstream training programs, supplemented where required by appropriate special services, is necessary if these individuals are to be competitive in the labour market.

4.36 Group training companies have a potential role in providing structured accredited training to people with disabilities. Funding has been provided in 1994-95 under the Disability Services Program for the Employment Skills Development Pilot Initiative which will pilot pre-vocational and vocational competency based training for people with a disability. Pilot agencies will provide a combination of skills training or access to accredited courses, job placement and on-the-job support. Group training companies would in some instances be well placed to provide all, or some, of these services. The Committee understands that a number of the pilots will involve group training companies.

4.37 The Committee considers that the experience of group training companies involved in these pilots will be beneficial to all group training schemes in increasing the employment and placement of people with a disability with host employers.

4.38 The Committee recommends that:

**the evaluation of the Employment Skills Development Pilot Initiative include detailed analysis of the contribution and outcomes achieved by group training companies participating in the pilot projects; and**

**the evaluation findings be promoted by Group Training Australia to all group training companies to assist them in the employment of people with a disability.**



### **The Long-term Unemployed**

4.39 The Committee received no data on the numbers of long-term unemployed that group training companies have employed as part of their core activities. All companies expressed a commitment to assisting this group. This commitment, however, was not without qualification. The Committee was told that the aim of companies was to provide consistently high quality apprentices and trainees to employers. Only those applicants which passed pre-selection criteria would be selected.

4.40 Group training companies have been successfully involved with labour market programs which are targeted at the long-term unemployed. Governments and the group training companies themselves, believe that they can play a leading role in the Government's longer-term objective of restoring full employment. The task of phasing in the Job Compact can be handled effectively and efficiently by making use of the network which is now solidly established across Australia.

4.41 With their local knowledge of employment opportunities and training needs, together with the particular skills which group training companies have developed, these schemes are ideally placed to assume a wider role as providers of labour market programs and as training brokers. One of these particular skills is the 'pastoral care' role taken on by many group training schemes, giving close attention to the progress of apprentices and trainees placed with host employers. Group training companies could extend this expertise and provide individually tailored case management services for long-term unemployed people.

4.42 Group Training Australia advised that group training companies can assist adult unemployed people, who frequently approach group training companies as applicants for vocational training opportunities. Very few of these applications proceed because Social Security benefits outweigh apprentice wages. Where the family income was sufficient to enable them to undertake an apprenticeship, the outcome was always good - they were highly motivated, their learning was accelerated (often with recognition of prior learning), and they emerged from training as immediately employable, skilled, valuable tradespersons.

4.43 The Committee agrees that if appropriate wage supplements were available many more adults, including the long-term unemployed, could be employed under group training arrangements. There is an opportunity for older long-term unemployed people to become skilled for new jobs under the Job Compact. A wage support allowance for a long-term unemployed person, commencing an apprenticeship through group training, would result in increased numbers of job placements with skills formation.

4.44 The Committee recommends that:

**the Minister for Employment, Education and Training and the Minister for Social Security develop and implement a wage supplement to assist adult long-term unemployed people to undertake apprenticeships.**

4.45 The Committee supports a continuing role in the initiatives introduced to reduce long-term unemployment. It has a number of concerns, however, relating to some aspects

of labour market programs and group training companies' involvement, which are discussed below.

### **Quality of Labour Market Programs**

4.46 Many of the group training companies which spoke to the Committee were critical of the quality of some labour market programs. One company advised that it was a total waste of human and financial resources to provide training to people who cannot then find employment to utilise those skills.<sup>8</sup> It was just as wasteful if those skills did not meet the industry requirements in a particular region. Group training companies, through their field placement officers and through contact with their participating host employers, were well placed to ascertain local needs and to give advice to funding providers. The company believed that government departments must be in close consultation with employer organisations and employers and take advice from those who knew their needs, and structure training provision to meet those needs.

4.47 The Committee was told that there was a trend to shorten the trade skill content of courses and concentrate on the life skills content. Whilst this may well be appropriate in some instances, it could in many cases lead to reduced skill level outcomes, to the disadvantage of trainees as well as prospective future employers.

4.48 *The Employment and Skills Formation Council found that many programs' effectiveness was limited by the lack of accreditation and articulation. Too frequently, brokers and training providers had developed training courses without sufficient reference to existing accredited competency-based curricula. The Council also found that there were grounds to question the value of short non-accredited and non-articulated vocational training courses which were developed without extensive input from prospective employers. The Council stated that:*

This concern can only increase as the AVCTS is fully implemented and as middle level skills training reform is implemented. In such an environment, short non-accredited and non-articulating formal training courses will serve to reinforce the labour market marginality of program participants.<sup>9</sup>

4.49 DEET advised that, where appropriate, courses are accredited. The Council however, believed that the accreditation and articulation process has been slow and inadequate.

4.50 The Committee believes that group training companies need to be more closely involved in both the development of labour market programs and initiatives, and the practical formulation and content of labour market training courses. The Committee believes that the following approach has merit:

- group training companies from time to time survey their region or industry to determine needs;
- group training companies develop courses, either accredited off-the-shelf, or develop and seek accreditation for new courses;

- courses would normally contain both on and off-the-job components and be competency based;
- group training companies themselves select and screen the participants from people fitting the CES definition of the long-term unemployed;
- group training companies employ the participants on the same basis as their other trainees;
- funding is provided on a non-tender basis provided outcomes are above program averages;
- group training companies undertake to assist in job placement upon completion.

4.51 The Committee recommends that:

**the Department for Employment, Education and Training in consultation with Group Training Australia develop accredited labour market programs for delivery by group training companies.**

4.52 During its consultations on the long-term unemployed, the Employment and Skills Formation Council was impressed by the capacity of the more effective group training companies to expand accredited training opportunities for disadvantaged young jobseekers. The Council's report states that:

There is evidence that per capita allocations equivalent to those made to JOBSKILLS brokers could be utilised by Group Training Companies to secure apprenticeship and traineeship opportunities for equally disadvantaged jobseekers. Every effort should be made to increase numbers of apprentices, ATS trainees, and AVCTS trainees.<sup>10</sup>

4.53 The Committee notes that programs such as JOBSKILLS cost \$20 000 per successful outcome. The Committee is convinced that if group training companies had access to a proportion of that funding to employ apprentices and trainees, they could achieve quality outcomes far in excess of current program achievements.

4.54 The Committee recommends that:

**the Minister for Employment, Education and Training examine existing labour market programs with a view to allowing group training companies to use labour market program funds to employ the long-term unemployed in apprenticeships and accredited traineeships.**

### **Tendering for Programs**

4.55 Group training companies are generally concerned about the time and cost involved in tendering for DEET programs. The process has resulted in unproductive rivalry and waste through duplication of services and facilities within regions and towns. For some providers, the needs of their clients have become secondary to the never-ending process of

chasing funding.

4.56 DEET explained that the aim of tendering was to achieve the best "value for money" for the Department.<sup>11</sup> "Value for money" refers to a number of elements that need to be taken into account according to local circumstances. Elements may include cost, both overall and per participant, but while cost must always be included in making an assessment, it may not always be the prime factor in determining the best tender submission.

4.57 Because the Department is seeking value for money it is not possible at the same time to guarantee continuity for program providers. However, the Department acknowledged that the tendering process is resource intensive for providers and that providers need to be able to plan their businesses with some certainty. It is, therefore, looking at ways of introducing broader based contracts to cover a range of related courses (eg a range of office skills rather than just keyboard skills). It is also looking at the scope for introducing longer term contracts, with possible options up to three years. This concept has already commenced in some broker based labour market programs such as JobSkills.

4.58 The Committee did not examine the tender process in detail. It believes however that group training companies, with their proven track record could be exempted from many of the tender requirements.

4.59 The Committee recommends that:

**the Department of Employment, Education and Training, in consultation with Group Training Australia, develop guidelines for programs which will be made available to group training companies on a non-tender basis.**

### **Area Consultative Committees**

4.60 In *Working Nation*, the Government announced that 60 Area Consultative Committees (ACCs) would be formed. Membership of ACCs will be drawn principally from industry to enable ACCs to fulfil their roles of generating employment initiatives, increasing the responsiveness of the CES to regional labour markets and linking DEET programs with regional development. A typical ACC will comprise employers, unions, community and regional organisations, government representatives and major education and training providers and will be chaired by an industry representative.

4.61 DEET agreed that the major tasks of ACCs will be to advise on, and generate support for, the Job Compact, the Youth Training Initiatives, entry level training opportunities and New Work Opportunities.

4.62 They will also advise on:

- better matching of DEET programs and services to the employment needs of the area;
- improving the links between labour market programs and industry; including the delivery of relevant accredited training, and
- developing a coordinated approach to the delivery of government labour market programs and services.

4.63 Group Training Australia advised that the governing boards of most regional group training companies were representative of local business, community organisations, local and state governments, regional development bodies, training providers and unions, and so reflected the composition of the Government's Area Consultative Committees. Group training companies operated in all 60 of the regions and could make important contributions to all Area Consultative Committees.

4.64 The Committee believes that group training companies should be represented on Area Consultative Committees and recommends that:

**the Minister for Employment, Education and Training ensures that representatives of group training companies are appointed to Area Consultative Committees.**

**Chapter 4 - Endnotes**

1. Affirmative Action in Training Inc, *NSW Group Training - Gender Equity Project Report*, 1994.
2. *ibid.*
3. *ibid.*
4. Affirmative Action in Training Inc, *Submission*.
5. Group Training Australia, *Submission*.
6. Group Training Australia, paper presented to National Education and Training Conference, Brisbane 8 - 10 February 1995.
7. Department of Human Services and Health, *Service Consumer Profile Report*, 1993.
8. Hunter Valley Training Company Pty Ltd, *Submission*.
9. Employment and Skills Formation Council, *Making the Future Work*, AGPS, 1994.
10. *ibid.*
11. Department of Employment, Education and Training, *Submission*.

## CHAPTER 5

### ACCOUNTABILITY OR INTRUSION - PERFORMANCE BASED FUNDING

#### Background

5.1 Ministers have agreed that from July 1995 funding to group training schemes will be performance based. The decision to continue government support was a recognition by Ministers of the values in a contractual link between group training companies and governments, which requires companies to work within a framework of government policy. It also recognised that while the need for quality outcomes was acknowledged, the current funding formula was linked to the number of trainees under contracts of training only. The new funding arrangements provide for funding to be through the State or Territory training authorities and performance agreements to be negotiated with these authorities.

5.2 Performance agreements will be the means by which companies enter into a contract with relevant State and Territory authorities. These agreements will specify the activities to be undertaken, the outcome to be achieved and the level of funding.

5.3 A national set of guidelines has been developed to ensure a reasonable degree of consistency. The guidelines accept that the main indicators that can be measured will be numbers based. However qualitative measures including user surveys have been included in the assessment of outcomes.

5.4 The report of the review of group training companies noted the wide range of activities in which group training companies were engaged.<sup>1</sup> ANTA defined the core role of group training companies as:

- employment and arrangement of training for apprentices and trainees and others under contracts of training;
- facilitation and management of the vocational training of group training apprentices/trainees, having placed them with host employers;
- engagement in recruitment and personnel practices which assist group training apprentices/trainees in making an appropriate transition into the skilled workforce;
- assisting in providing access to vocational training for those disadvantaged in the labour market, such as out-of-trade or unemployed apprentices, females in non-traditional occupations, people with disabilities, people from a non-English speaking background, and Aborigines and Torres Strait Islanders;
- improvement in the quantity, quality and breadth of training available to apprentices and trainees, particularly in the small to medium business sector;
- monitoring the performance and training of group training apprentices and trainees;

- provision of services to the community which will contribute to the promotion of vocational education and training.

5.5 State, Territory and Commonwealth Ministers have agreed to fund companies for producing outcomes in those activities defined as "core". The continuation of non-core activities is supported where they enhance the quality of the service that group training companies can provide.

5.6 The Committee received no criticism of the definition of core activities. Group Training Australia, Victoria commented however that:

Whilst we would contend that only the directors of a company have the authority to determine its role, we are quite happy to interpret this section as a definition of those activities and services for which Government is willing to pay.<sup>2</sup>

5.7 All State and Territory governments which provided information to the Committee also supported the agreements. The Western Australian Government commented however, that it was possible that some of the larger group schemes would opt out of government funding to avoid some of the controls and community based requirements imposed by government.<sup>3</sup>

5.8 The Committee notes that the annual report of one Western Australian group training company advised that:

. . . Metropolitan Industries Group Training Association of Western Australia will no longer need to receive recurrent government funding to underwrite its operations. Among other things this will allow MIGTA to chart its own course . . .<sup>4</sup>

### **Performance Agreements**

5.9 A number of State training authorities have prepared draft guidelines. The Victorian guidelines include the following as "some of the desirable performance indicators which group training companies might be expected to achieve and report on in return for Government funding for core activities":

- numbers under contracts of training, including numbers in specified target groups;
- numbers of host employers and penetration into employment markets;
- monitoring and assessment of training progress and performance of training by employers;
- completion rates of apprentices and trainees;
- services to employees and host employers, including numbers of visits by field staff;



- provision of a contact/information reference point for employers and employees on relevant government programs and initiatives;
- involvement in strengthening school to work links;
- assistance in the implementation of reforms to the vocational education and training system;
- completion of documentation and maintenance of records in line with the requirements of the training system; and
- cost per apprentice or trainee.

5.10 This list is described as indicative only and does not limit the indicators which might be applied to individual companies to take account of the environment and industry in which they operate.

5.11 In general, group training companies accept that funding be performance based. Some companies however expressed concern that the agreements could be too restrictive and not take account of the diversity and flexibility of schemes, which was their strength. Group Training-Victoria, for instance, wholeheartedly endorsed any proposition that would lead to best practice in group training and the delivery of quality vocational education and training, but believed that some of the proposals were unnecessarily obtrusive.

5.12 While the concept of performance agreements was supported, some group schemes expressed concern about aspects of the new arrangements. The Australian Chamber of Manufactures (ACM), for instance, believed that the proposal posed such questions as:

- how would national consistency be achieved;
- how would a strategic approach be adopted; and
- what guarantees would there be that funding allocated would be given to group training companies.<sup>5</sup>

5.13 ACM proposed that funding be directed through a national body such as Group Training Australia or ACM, with responsibilities and accountability for the funding being specified in a performance agreement.

5.14 In part, the question of national consistency and quality has been addressed by ANTA. National best practice benchmarks for providers, ITABs and group training companies, are being developed. In addition there will be an annual review of performance agreements and Group Training Australia will be involved in the review process.

5.15 The Committee notes ACM's concern about the allocation of funds to group training companies. Information provided to the Committee suggests that the minimum agreed funding levels will be \$ 50 000. All group training companies which have achieved a level of performance which attracts the minimum funding level, will be eligible to nominate higher levels of outcomes and to negotiate a level of government support which reflects the quality and quantity of this level of outcomes.

5.16 The Committee has a number of concerns about the minimum level of funding. The draft guidelines state that to be eligible for funding, group training companies must employ a minimum of fifty apprentices and trainees. Under current funding arrangements, companies employing above fifty trainees receive at least \$60 000. The average level of grant is probably close to double the proposed minimum. While the Committee fully supports the concept of outcomes based funding, it seems illogical that companies, irrespective of size, commence negotiations at the same base level.

5.17 The Committee also notes that there is no maximum level of grant as there is with present arrangements. If a maximum level of funding is set, reflecting economies of scale, it is likely that smaller schemes or schemes operating in special environments will be able to access funds at higher levels.

5.18 Finally, while the guidelines state that joint Commonwealth and State/Territory group training funds are limited to the budget appropriation, there is no requirement for the State or Territory to spend the entire appropriation. It would be unfortunate if funds ear-marked for group training companies were used for other purposes.

5.19 The Committee agrees that there should be national consistency and proper funding allocation. It believes that Group Training Australia should be involved in the development of national outcome and funding policies and in their administration. The Committee believes however, that State and Territory associations should also be involved as they are better placed to service the needs of individual companies.

5.20 The Committee recommends that:

**Commonwealth, State and Territory governments, in consultation with Group Training Australia and state and territory group training associations:**

- **determine and commit an annual appropriation for group training companies, and**
- **subject to an annual performance review, establish minimum and maximum funding levels based on the number of apprentices and trainees employed.**

5.21 The uncertainty relating to the level and continuity of funding is of concern to group training companies. The Committee was told that triennial funding was imperative if companies were to develop meaningful business plans and position themselves to deliver services that were both timely and appropriate. The performance agreements will be negotiated for a period of three years to enable a more strategic approach to planning, and will be reviewed annually. There is no guarantee however, that levels of funding will be provided for the three years of the agreements.

5.22 The Committee recommends that:

**subject to an annual review of outcomes, budget provision be made for group training companies on a triennial basis.**

5.23 The Committee supports the continued government financial support for the core activities of group schemes based on performance agreements. The Committee also supports funding arrangements which recognise the special needs for rural, remote or depressed areas and the additional costs of employing disadvantaged groups. Group training companies operating in rural and remote areas face difficulties which greatly increase their cost of operation. They service vast areas which require extensive travel. Their market is generally small and so diverse that it makes it difficult to achieve economies of scale. If young people in these areas are to have similar opportunities to those in urban areas, it is essential that these companies are supported. The funding arrangements for rural and remote group training companies must reflect their higher cost of operation.

5.24 The Committee recommends that:

**Group Training Australia, with the assistance of the Australian National Training Authority, determine the additional costs of operation of rural and remote group training companies; and**

**State and Territory vocational education and training authorities take account of these additional costs when determining levels of recurrent grants.**

### **Negotiation of Agreements**

5.25 Some group training companies were concerned about the unequal bargaining power of the parties to the agreement. Where government is the major "customer" a company that is dependent upon the income generated by services provided for government, may well find itself negotiating under duress. Group Training Victoria suggested that those group training companies that wish to do so, may request that their performance agreements be negotiated in conjunction with the State association.<sup>6</sup> Similarly, where there was a problem related to the non-achievement of agreed targets, a company have the right to request the involvement of the State association in the negotiations to resolve the problem.

5.26 The Committee agrees and recommends that:

**State and Territory group training associations, at the request of individual group training companies, participate in negotiations between companies and the State and Territory vocational education and training authorities.**

### **Reserves**

5.27 The report of the 1993 review of group training companies noted the concern of governments that some companies had no apparent need for further government support, because they were accumulating large cash reserves.<sup>7</sup> The Western

Australian Department of Training, for instance, advised the Committee that many group schemes have accumulated reserves far in excess of basic business requirements. These reserves did not seem to be utilised effectively to promote training, provide training or invest in training.<sup>8</sup>

5.28 ANTA concluded that the accumulation of reserves beyond those required to meet liabilities would be an indication that a group training company was approaching "self-sufficiency" and able to operate without continued government support. A reduction or re-direction in government funding could appropriately be negotiated under these circumstances. ANTA considered that governments may negotiate with group training companies to re-direct excess resources into a range of employment and training services of value to industry or the local community, or they may negotiate a direct reduction, for a period, in the government contribution to core funding. The draft guidelines contain these provisions.

5.29 The accounting firm, Coopers and Lybrand found that group training companies have significant levels of reserves and certain schemes have very significant levels of cash reserves. The firm commented, however, that "significant" should not be confused with "excessive" as some companies also may have significant liabilities. Inconsistent accounting practices however made it difficult to measure and analyse the level of reserves.<sup>9</sup>

5.30 None of the group training companies the Committee spoke to considered that their levels of reserves were excessive. Most commented that the term "reserve" was misleading as the money was retained to meet liabilities, such as down time. Group Training Victoria advised that not only had the question of reserves grown out of all proportion, there had been a great deal of careless use of terminology.

5.31 A company that sets aside funds to cover annual leave and/or long service leave is not creating a "reserve". It is making a "provision" for a liability. Furthermore, the directors of a company may, at any time, wish to set aside funds for research and development or to develop a new venture, or any other legitimate business activity. In many instances these reserves are generated from a diverse range of activities. To attempt to determine the percentage of reserves derived from core activities as opposed to contributions from other activities, was described by one group training company as "farcical".<sup>10</sup>

5.32 The Committee was advised that the handling, and reporting of provisions and reserves are clearly defined in Australian Accounting Standards and auditors are bound by law to report any breach of regulation. Group Training Victoria therefore contended that, apart from requiring evidence of adherence to existing company law, State and Commonwealth training authorities should have no further interest in the level of reserves.

5.33 From the Committee's examination of the balance sheets of a number of companies, it is apparent that many do not break even on core activities and are required to divert income derived from other endeavours to subsidise core activities.

Those that did make profits from core activities did so because of the level of their charge out rates and income from employer subsidies.

5.34 In an address to a forum of group training company chairpersons, a general manager of ANTA stated that all governments are sensitive about giving money to agencies which are "salting it away", particularly when the governments themselves are running deficit budgets.<sup>11</sup> The Committee was told by another ANTA general manager that:

. . . it is not charity type funding; it is a different arrangement. We are suggesting here that they should, in association with governments who are going to provide them with continuing funding, look at where the needs are and decide an appropriate way in which to invest the money. We had certainly seen it predominantly going into investing in things that would assist training.<sup>12</sup>

5.35 The Committee believes that it is appropriate for governments to discuss with group training companies priority areas of vocational education and training where these funds could be directed. The Committee believes however, that governments have no right to direct companies to allocate reserves to particular aspects of vocational education and training.

5.36 The Committee accepts the argument that the withdrawal of government funding, based on the level of reserves, effectively penalises those successful companies which manage their affairs in a manner which enables them to accumulate surpluses. The Committee sees no justification for reducing funding simply because companies have sound management practices, or have shown initiative and enterprise in the provision of a range of fee-for-service activities to private and public sector clients. Governments can expect, however, that group training companies, in receipt of government funding, maintain levels of reserves to meet contingencies. It is also reasonable to expect group training companies to demonstrate that reserves in excess of these levels will be used for vocational education and training.

5.37 The Committee recommends that:

**the level of government support for group training companies be determined on the basis of performance outcomes, irrespective of the levels of reserves accumulated, provided that group training companies can demonstrate that the reserves are to meet contingencies, or for use for vocational education and training.**

## **Reporting**

5.38 In September 1994, Coopers and Lybrand reported on the accounting practices of a sample of group training companies and made recommendations concerning cash and reporting requirements. The firm advised in their report that recommendations for

financial reporting should not be viewed as creating unnecessary burden or hardships because recommendations:

- did not require any changes to existing accounting systems;
- should focus attention on issues that are relevant to the group schemes operations;
- required compliance with accounting standards that the group schemes and their auditors are obligated to comply with anyway; and
- would require minimal or no change to the majority of group schemes.<sup>13</sup>

5.39 The draft guidelines for group training companies reflect the recommendations of Coopers and Lybrand and require companies to provide detailed financial and other data to State and Territory training authorities.

5.40 Financial statements are to comply with accounting standards and the audited statement should include an opinion on the level of compliance by the group training company with those standards. Financial statements are to be provided which include statements of accounting policies in respect of income tax, provision for annual leave, sick leave and downtime, a definition of cash, depreciation policy and recognition of income from government grants. Separate accounting records are to be kept for the core and other activities so that the core activities can be readily identified.

5.41 Long form profit and loss statements and a cashflow statements are to form part of the financial reports submitted annually to the companies' boards of management and to training authorities. The report should also measure financial ratios as detailed in the ANTA *Review of Group Training Schemes Cash and Reporting Requirements*, report.

5.42 Quarterly financial and statistical reports are to be provided, as are half yearly reports on the financial ratios. Group training companies are to calculate reserve ratios to assist in determining their financial position in respect of the level of reserves held by the company. The use of reserves beyond those required to meet liabilities should form part of the annual report of the group training company.

5.43 Group training companies are required to develop a corporate plan, and to review it on an annual basis. An annual report, including an independently audited financial statement, must be submitted to the training authority within three months of the end of the financial year.

5.44 Additional information may be required by either level of government and is to be provided as requested.

5.45 A number of group training companies in Victoria and their State association believed that the accounting and reporting requirements are unnecessary and obtrusive. Group Training Victoria wholeheartedly endorsed any proposition that would lead to best practice in group training and the delivery of quality vocational education and training. Never-the-less the Association stressed that group training

companies were not government agencies, nor were they in any way creatures of government.<sup>14</sup>

5.46 Group training companies had been delivering a service that enabled governments to achieve their goals and, for that service, companies were paid an appropriate fee. The Association contended that the relationship of group training company to government was one of a service provider, delivering a specified service for an agreed fee. Governments had no right to be any more intrusive in their dealings, nor any more demanding in the requirements they place on group training companies, than they had when dealing with a transport company or a stationery supplier.

5.47 As a supplier to government, the relationship between the board and the government was on the basis of the performance agreements. The Association believed that the intrusive relationship envisaged in the report was based more upon the historical relationship of group training to government. The relationship that was developing was much more a normal commercial relationship, in which less intrusive government practices were desirable. This should be balanced by government making a far greater examination of the quality of the products of group training which they were purchasing.

5.48 One group training company stated that:

There is much value in the content of the [Coopers and Lybrand] report, however, the thrust of the report which is about increasing regulation of group training companies is a backwards step. It is surprising that the Australian National Training Authority should recommend an increasing degree of regulation in the group training whilst also trying to create a freer training market. Surely this is an anomaly and an anachronism.<sup>15</sup>

5.49 The Committee believes that Commonwealth, State and Territory governments have the right to expect a high standard of financial planning and reporting. Governments have an interest not only in ensuring limited government funds are properly and efficiently utilised, but also that the interests of apprentices and trainees are protected. Group training companies must be accountable for government moneys, but many of the accounting and reporting requirements are intrusive and are not supported by the Committee. This is particularly so when government recurrent grants are as little as two percent of turnover.

5.50 The Committee supports the requirement that group training companies provide an annual report with audited financial statements to government agencies. The annual report should be of the standard that is required by the Australian Securities Commission.

5.51 The Committee recommends that:

**the draft guidelines relating to reporting requirements by group training companies be amended to require the production of an annual report with an audited financial statement to the standard required by the Australian Securities Commission for public companies; and**

**the audited statement certify that funds are available to meet the companies' financial obligations to apprentices and trainees.**



**Chapter - Endnotes**

1. Australian National Training Authority, *Group Schemes Review*, ANTA, 1994
2. Group Training Australia, Victoria Inc, *Victorian Draft Policy Guidelines for Group Training Companies*, 1995.
3. Western Australian Government, *Submission*.
4. Metropolitan Industries Group Training Association of WA (Inc), *Annual Report 1993/94*.
5. Australian Chamber of Manufactures, *Submission*.
6. Group Training Australia, Victoria Inc, op.cit.
7. Australian National Training Authority, op.cit.
8. Western Australian Government, op.cit.
9. Coopers and Lybrand, *Review of Group Training Schemes, Cash and Reporting Requirements*, ANTA, 1994.
10. Inner Northern Group Training Inc, *Correspondence*.
11. Noonan, P., Paper presented to the Group Training Strategic Planning Conference, Sydney 28 - 29 July 1994.
12. Brewster, D., *Transcript*.
13. Coopers and Lybrand, op.cit.
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15. Inner Northern Group Training Inc, op.cit.



## CHAPTER 6

### ENGAGING THE FUTURE

#### Introduction

6.1 The great strength of group training companies is their diversity and independence giving them an ability to quickly respond to the special needs of their business clients, their industries and the regions they serve. Governments have increasingly recognised the contribution that group training companies can make in ensuring that workers develop the skills necessary to secure Australia's long term prosperity into the next century.

6.2 Group training companies have responded to the challenge of a radically changed approach to vocational education and training. The nature and objectives of the reforms now under way are not well understood, but group training companies seem to be one network which has a better understanding than others. This understanding and commitment must be fully utilised if the reform process is to meet the targets set by governments. Taken together group training companies are the single largest employers of apprentices and trainees. This makes them potentially one of the most powerful forces for the implementation of change.

#### Revealing the Secret

6.3 "Australia's best kept secret" was often used during the inquiry to describe group training. While the group training concept may be well known to clients, the lack of awareness of group training among businesses and the public has been a serious impediment to its general acceptance as a practical alternative to traditional approaches to vocational education and training. This lack of awareness was illustrated by the amount of time group training companies spent explaining who they were and what services they had to offer. One company stated that:

. . . Here lies the major issue that any national Group Training marketing initiative must focus on and correct. Rather than the push strategy of Group Schemes getting out and banging on doors all the time, a national awareness campaign could facilitate enquiries. Potential host trainers may start looking for this new service they had not heard of before; thus we have a pull strategy that realises knowledgeable prospects seeking their services and understanding their business.<sup>1</sup>

6.4 The Commonwealth Government has provided funding to individual group training companies and State associations to assist with marketing of the group training concept with some success. Group Training Australia observed, however, that

the lack of awareness had not been overcome by conventional, localised advertising campaigns. The Commonwealth Government has provided funding for Group Training Australia to undertake a national campaign, jointly financed by group training companies and DEET, to a total amount of \$400 000.<sup>2</sup>

6.5 The Committee agrees that national promotion of the benefits of group training is essential if it is to achieve its full potential. This campaign, however, should be undertaken in conjunction with self marketing by individual companies. The Committee agrees with a number of group training companies which consider that individual companies must more aggressively market themselves and not rely solely on a national campaign.

6.6 The Committee accepts that a prime target for the advertising will be small business. The Committee believes that an additional focus must be secondary schools. A school focus would have two objectives. The first would be to inform students, teachers and parents of the services which group training companies can offer. A second important objective would be to raise awareness of the links between education and training and the alternative pathways which should be available to students.

6.7 Knowledge and acceptance of group training as an integral part of the reform agenda is the key to the success of group training into the next decade. The Committee recommends that:

**the Commonwealth Government continue to finance the promotion of the concept of group training;**

**promotion be undertaken by both Group Training Australia and individual group training companies; and**

**the promotion recognise the importance of targeting secondary schools.**

### **A Comprehensive Network**

6.8 Group training companies will not achieve their full potential until a wider range of occupations is covered. The Committee notes that Group Training Australia and ACTU-Lend Lease have developed a strategy to employ an additional 10 000 trainees over the next five years. Group Training Australia has recommended that for 1995, fifty six group training companies be provided with \$1.7 million to employ over 2 000 new trainees.<sup>3</sup> The Committee supports this development. The challenge for group training companies over the next five years is to gain acceptance for traineeships by industries and enterprises which traditionally do not provide entry level training.

6.9 The Committee is concerned, however, that some metropolitan areas and many rural and regional areas are not well served by the existing network of group training companies. In many occupations and regions, the market share of group training companies is well below national averages. It is disturbing that not only are the

services of group training unavailable to some, the absence of a group training presence results in the absence of any training at all. It is the Committee's view that all areas of Australia need access to this unique and effective concept.

6.10 The Committee recommends that:

**Group Training Australia, with the assistance of State and Territory group training associations, identify locations which are not well served by group training companies.**

6.11 The ANTA review of group training companies concluded that growth in coverage and capacity to provide new job opportunities should be encouraged through existing companies, rather than through the formation of new companies.<sup>4</sup> The Committee notes that a number of group training companies, particularly in NSW have successfully established branches in various towns in the regions they serve. ACTU-Lend Lease advised that it had identified a number of industries which could benefit from new schemes.<sup>5</sup> The Committee agrees with the views of Group Training Victoria which believed that an important test as to whether another company was needed was to ask:

- will the community or industry gain a significant benefit;
- will the proposed new company increase the number of people in training and employment;
- will the quality of training and employment in the region or industry be raised; and
- is there no existing group training company or consortium of group training companies that can provide the service?<sup>6</sup>

6.12 The Committee recommends that:

**Australian National Training Authority provide financial assistance to group training companies to expand activities, either by establishing new companies or through a branch structure, in those locations identified as not being well serviced by group training companies.**

6.13 The Committee believes, however, that new companies should not be established unless a clear need has been identified, and then only after discussions with Group Training Australia and State and Territory associations.

6.14 The Committee recommends that:

**no new group training company be established without consultation with Group Training Australia and State and Territory group training associations.**

6.15 In a submission to the Committee on Employment Opportunities, Group Training Australia argued that, with support, market share could be increased to

fifteen percent in two years.<sup>7</sup> Over the last five years group training companies have nearly doubled their market share. As only ten percent of employing small businesses have been utilised as host employers, the potential for growth in the market share of group training companies is enormous. The Committee believes that a target of twenty percent of the market by the turn of the century is not unreasonable.

## **A National Voice**

6.16 Group Training Australia was established to:

- foster the national development and growth of group training;
- present the views of group training companies on issues of national significance;
- encourage further improvement in the quality and standard of group training; and
- further develop communications, information sharing and networking of group training.<sup>8</sup>

6.17 The members of the Association are the seven State and Territory group training associations. There are six long-standing group training companies which are not Association members. Each member association appoints two member representatives who comprise the Board and which meets four times a year.

6.18 Since its incorporation in 1992, the Association has been supported with Commonwealth grants and members' fees. Policy is to seek to increase funding support from members' subscriptions and from industry, eventually becoming independent of Government funds. In 1994-95, \$10 000 was received from members and \$200 000 from ANTA. In 1995-96 fees from members are expected to be \$40 000.

6.19 The Committee is convinced that there is a fundamental need for group training companies to have a strong national voice. Grants and subsidies to individual companies from the Commonwealth Government, for instance, far exceed the level of funding received from the States and Territories. In addition many of group training companies' clients are national (DEET, NETTFORCE, ESRA) and the training reform agenda is based on national concepts.

6.20 The Committee is aware that the Association is a new organisation which is still developing its role and relationships with its members and other organisations, such as governments and industry associations. One State association commented, for instance, that Group Training Australia should not be seen as the 'Head Office'. The Committee believes that individual companies and their State associations must be encouraged to accept that their growth and their role as a fundamental component of training reform, can only be enhanced by the strengthening of the role of Group Training Australia.

6.21 Group Training Australia is poorly represented on policy and advisory bodies.

This is to deny governments the wealth of experience and local knowledge of the 1 000 business and community leaders from all areas of Australia, who constitute the Boards of group training companies. The Committee has noted elsewhere in the report the lack of commitment to the reforms because of the remoteness of the decision making process. Group Training Australia is ideally placed to bring a sense of local ownership to the processes of government.

6.22 The Committee recommends that:

**the Minister for Employment, Education and Training seek the agreement of his State and Territory counterparts to recognise Group Training Australia as the representative of the group training movement; and**

**Commonwealth, State and Territory Ministers consider the appointment of representatives of Group Training Australia to Commonwealth, State and Territory advisory bodies.**

### **Quality Assurance**

6.23 Group Training Australia has commenced developing a strategic plan to assist group training companies to participate fully in the reformed training system. Group Training Australia advised of special problems in obtaining a unified focus from such a diverse association of independently incorporated companies and required a 'ground up' approach. The Committee fully supports this process.

6.24 The Committee believes that in addition to a strategic plan it is fundamental to the success of group training companies that the quality of service is maintained at a high level and is consistent across the network. Group Training Australia is undertaking a coordinating role in the development of national quality assurance standards. A related matter is the development of a code of conduct for group training companies. A code has been developed which in many cases is not specific enough.

6.25 The Committee believes that the quality assurance standards and code of ethics should be binding on any company that is in receipt of government grants or subsidies. The Committee is not convinced that Group Training Australia should have any disciplinary powers over its members, as has been suggested from some quarters. The Association has still some way to go before it is seen by its members as an AMA, BCA or an ACTU.

6.26 The Committee recommends that:

**Group Training Australia, together with State and Territory group training associations and individual companies, as a matter of priority, develop national quality assurance standards and review the Code of Ethics for Group Training Companies.**

6.27 The Committee further recommends that:

**the Minister for Employment, Education and Training seek the agreement of his State and Territory counterparts, for performance agreements to require compliance with nationally agreed quality assurance standards and code of ethics.**

### **Statistical Reporting**

6.28 One of the difficulties faced by this inquiry was the lack of statistical data to enable judgements to be made as to the effectiveness of group training companies. Group Training Australia in consultation with group training companies is developing a new system of reporting. The new system will provide measures of:

- *the employment and training activities that are the core business of group training companies;*
- *the involvement of group training companies in government labour market programs; and*
- *achievements in social justice issues.<sup>9</sup>*

6.29 The Committee welcomes the collection of standardised data. The Committee notes, however, that each State and Territory government will require, as part of their performance agreements which will operate from July 1995, the provision of outcomes data. The Committee believes that the data provided to governments and to Group Training Australia could be standardised, with Group Training Australia acting as the central data collection agency.

6.30 The Committee recommends that:

**Group Training Australia seek the agreement of Commonwealth, State and Territory governments to collect a single set of statistical information.**

### **Program Management**

6.31 Group Training Australia has shown that it can efficiently administer national programs, such as HIYESTEP, the Traineeship Development Program and the Retail Skills Centres Program. The Committee considers that there is scope for the Commonwealth Government to make greater use of the Association for the delivery of its national programs. The Committee recommends that:

**Group Training Australia discuss with the Department of Employment, Education and Training and the Australian National Training Authority the delivery of national programs on behalf of government authorities.**



## **Training for Government**

6.32 Group training companies are increasingly accessing government statutory authorities and businesses. This approach has been adopted in Queensland, South Australia, the Australian Capital Territory and Victoria.<sup>10</sup> The Victorian Government advised that the growth of group training was being encouraged by the Government, which recently agreed that in future all State Government apprentices and trainees would be recruited through group training companies, rather than directly by departments and instrumentalities.<sup>11</sup> Several instrumentalities have made arrangements with individual group training companies.

6.33 One such instrumentality is Melbourne Water. In February 1993, sixty of their apprentices were transferred to Outer Eastern Group Training.<sup>12</sup> While the Committee was advised that the motives of Melbourne Water were to use the group training company in a process of structural reform, the outcomes were positive in terms of continuing employment for the apprentices and growth for the group training company. Most of these apprentices have now successfully completed their apprenticeships.

6.34 The Committee notes that there is a trend for governments to reduce the number of apprentices and trainees which they employ. It is the Committee's view that governments have the same obligations as other employers to contribute to the expansion of Australia's skills base. Group training companies are ideally placed to assist government in achieving the twin objectives of smaller government and the obligation to train. The link with government enterprises will also increase the training opportunities for apprentices and trainees employed by group training companies.

6.35 The Committee recommends that:

**the Minister for Employment, Education and Training, in consultation with Group Training Australia, encourage State and Territory Ministers to employ a proportion of government apprentices under group training arrangements.**

## **And Now the World**

6.36 Group training companies are interested in expanding their activities to Asian and Pacific Rim countries, exciting activities which the Committee strongly supports. Companies have been involved in Indonesia, Malaysia, Vietnam, Laos, Singapore, Cambodia, Hong Kong, Papua New Guinea and Fiji. Some are already doing business with firms and governments in some of these countries. Others are merely putting out tentative first feelers. Group Training Australia believes that there will be an increasing level of activity as group training companies 'get a better feel for this exciting and exotic new environment'.

6.37 The Committee was advised that the Government was sensitive to developments in international trade and was concerned that if not conducted responsibly, not only were group training companies' reputations at risk, but also Australia's. DEET advised that to date, education and training providers have operated individually or at State or Territory level. Overseas clients were often confused and irritated by the multiplicity of Australian education agencies purporting to represent Australia.

6.38 The Australian International Education Foundation has been established by the Government to provide a national strategic focus for the internationalisation of Australia's education and training activities. DEET advised that the Foundation can provide a forum for minimising unproductive competition in favour of productive collaboration, for planning agreed outcomes and pooling resources towards joint actions.

6.39 Group Training Australia has established Group Training Australia (International) as a prelude to possible involvement with foreign government and other international agencies.

6.40 The Committee agrees with the Government's concerns and those of Group Training Australia about the risks involved to Australia's reputation by individual, and uncoordinated action by group training companies in overseas markets.

6.41 The Committee recommends that:

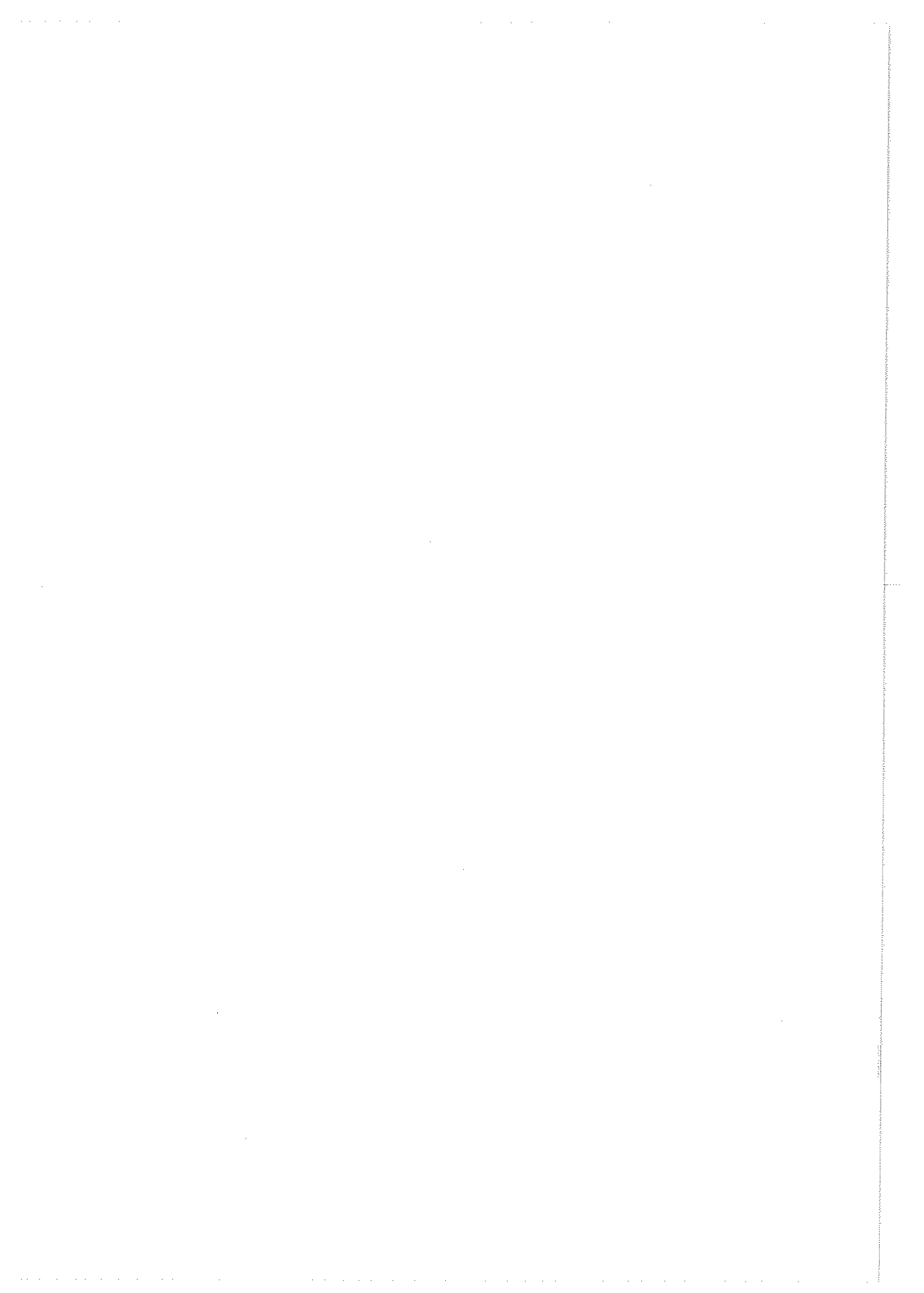
**Group Training Australia seek the agreement of group training companies to consult with the Australian International Education Foundation through Group Training (International) prior to commencing activities in overseas markets.**

Eric Fitzgibbon  
Chairman

March 1995

**Chapter 6 - Endnotes**

1. Hunter Valley Training Company, *Submission*.
2. Group Training Company, *Submission*.
3. *ibid*.
4. Australian National Training Authority, *Group Schemes Review*, ANTA, 1994.
5. ACTU-Lend Lease Foundation, *Submission*.
6. Group Training Australia, Victoria Inc, *Victorian Draft Policy and Guidelines for Group Training Companies, An Interim Response*, 1995.
7. Committee on Employment Opportunities, *Restoring Full Employment*, AGPS, 1993.
8. Group Training Australia, *op.cit*.
9. *ibid*.
10. ACTU-Lend Lease Foundation, *op.cit*.
11. Victorian Government, *Submission*.
12. Outer Eastern Group Training Ltd, *Correspondence*.



## **APPENDIX 1**

### **THE INQUIRY**

#### **Conduct of the Inquiry**

On 18 March 1994, the Federal Minister for Schools, Vocational Education and Training wrote to the Committee referring an inquiry on the role and effectiveness of group training in Australia.

The Committee agreed on 24 March to inquire into and report on:

- . improving small and medium sized enterprises' participation in, and access to, the training market, including the Australian Vocational Certificate Training System and training services that could be offered;
- . mechanisms for facilitating owners/managers of small and medium sized enterprises to respond to the requirements of a skilled workforce;
- . the marketing of the Group Training concept;
- . stimulating skilled and sustainable job creation;
- . responding to the training needs of regions;
- . responding to skills training requirements for new and developing industries;
- . meeting the demands of the new work place culture;
- . Group Training Companies as a provider of labour market programs; and
- . financial mechanisms for funding of Group Training Companies.

The Committee undertook a program of public hearings, informal discussions and inspections around Australia. Inspections and informal discussions were held in Canberra, the Gold Coast, Brisbane, Gladstone, Bundaberg, Launceston, Bothwell, Hobart, Adelaide, Whyalla, Port Pirie, Barossa Valley, Broken Hill, Perth, Kalgoorlie, Fremantle, Sydney, Campbelltown and Melbourne.

#### **Participants in the Inquiry**

The following organisations assisted the inquiry, through submissions, public hearings, informal discussions or site visits.

ACTU - Lend Lease Foundation, SYDNEY  
Affirmative Action in Training Inc, MELBOURNE  
Australian National Training Authority, BRISBANE  
Australian Chamber of Manufactures, MELBOURNE  
Automotive Training Centre of Western Australia, FREMANTLE  
Australian Council of Trade Unions, MELBOURNE  
Bankstown Group Training Company, BANKSTOWN  
Bundaberg Area Community Apprentices Scheme, BUNDABERG

Bundaberg College of TAFE, BUNDABERG  
Bundaberg Tourism and Development Board, BUNDABERG  
Burleigh and Dean Constructions, LAUNCESTON  
Cadbury's, CLEARMONT  
Cascade Hotel, HOBART  
Central Area Group Training, NORTHAM  
Chamber of Commerce and Industry of Western Australia, PERTH  
Combined Group Training (SA) Inc, ADELAIDE  
Construction Industry Training Council (Queensland) Inc, BRISBANE  
Council of Small Business Organisation of Australia, CANBERRA  
Crisp Bros Pty Ltd, LAUNCESTON  
Department of Industrial Relations, CANBERRA  
Department of Employment, Education and Training, CANBERRA  
Dusseldorp Skills Forum, SYDNEY  
Eastern Victorian Group Training Inc, BAIRNSDALE  
Electrical and Electronic Group Training, PERTH  
Electrical and Electronic Group Training Ltd, NORTH CARLTON  
Gladstone Area Group Apprentices Ltd, GLADSTONE  
Gold Coast Institute of TAFE, ASHMORE  
Gold Coast Tourism Bureau, SOUTHPORT  
Goldfields Group Apprenticeship, KALGOORLIE  
Goulburn Valley Group Training Inc, SHEPPARTON  
Great Southern Group Training, ALBANY  
Group Training South West Inc, BUNBURY  
Group Training Australia, Queensland and Northern Territory State  
Branch, BRISBANE  
Group Training Perth Inc, PERTH  
Group Training Australia (ACT), CANBERRA  
Group Training Australia, Brisbane Industry and Commerce Group Training  
Scheme Inc, BRISBANE  
Group Training Australia, Brisbane Building Sub-Contractors Inc, BRISBANE  
Group Training Australia, Gold Coast Inc, SOUTHPORT  
Group Training Australia Inc, SYDNEY  
Group Training Australia, NSW  
Group Training Australia - WA, NORTH FREMANTLE  
Group Training (SA) Inc, ADELAIDE  
Group Training Australia, Victoria Inc, BORONIA  
Hospital Group Training WA Inc, PERTH  
Hospitality Group Training Scheme, ADELAIDE  
Host Employers - BAROSSA VALLEY  
Host Employers - PERTH and FREMANTLE  
Host Employers - KALGOORLIE  
Host Employers - WHYALLA  
Hunter Valley Training Company Pty Ltd, MAITLAND  
Hunter Group Training Ltd, NEWCASTLE  
Inner Northern Group Training Inc, COBURG  
Mabarrack Furniture Factory, ADELAIDE

Macarthur Group Training, CAMPBELLTOWN  
Manufacturers Group Training Scheme, RICHMOND  
MBA Group Apprenticeship Scheme (ACT), CANBERRA  
Metropolitan Industries GTA of WA Inc, PERTH  
Mid-North Regional Group Training Scheme Inc, CLARE  
Midwest Training Group, GERALDTON  
MTA Group Training Scheme (Inc), WAYVILLE  
National Occupational Health & Safety Commission, CANBERRA  
National Printing Industry Training Council, SYDNEY  
National Automotive Industry Training Board, DONCASTER  
Northern Territory Government  
Northern Joblink Inc, LAUNCESTON  
Northern Group Training Ltd, LAUNCESTON  
NSW Housing Industry Association Group Apprentices, PARRAMATTA  
Outer Eastern Group Training Ltd, BORONIA  
Pasminco, PORT PIRIE  
PEER Training, ADELAIDE  
Picken's Bodyworks, HOBART  
Plumberg Industry Group Training Scheme, WEST MELBOURNE  
Plumbing and Painting Group Training, PERTH  
Queensland Government  
Regional Group Training (ACT) Inc, CANBERRA  
Riverland Group Apprentice Scheme (Inc), BERRI  
Riverside Enterprise Centre Shared Workspace, BUNDABERG  
SA Local Government Group Training Scheme, MILE END  
Sapphire Coast Group Training Ltd, BEGA  
Skillshare - BUNDABERG  
South East Regional Apprentice Scheme Inc, MT GAMBIER  
South Metropolitan College of TAFE, FREMANTLE  
Spencer Gulf Group Training Company, WHYALLA  
St John's Hospital, HOBART  
Statewide Garages, HOBART  
Steve's Take Away, HOBART  
Tasmanian Fire Services, HOBART  
Tasmanian Hospitality Apprenticeship Group Scheme, HOBART  
Tasmanian Building and Construction Industry Training Board, HOBART  
Tasmanian Group Training Ltd, HOBART  
Tasmanian Building Group Training Ltd, HOBART  
Tourism Training Australia, SYDNEY  
Transport Training ACT, CANBERRA  
Victorian Government  
West State Training, BROKEN HILL  
West Australian Group Training Scheme Inc, PERTH  
Western Australian Government

APPENDIX 2

GROUP TRAINING APPRENTICES BY TRADE GROUP  
ESTIMATED 1993, PERCENT

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Metal	8.1	6.3	4.0	12.5	3.2	7.7	0.8	3.0	6.4
Other metal	3.0	7.0	7.3	5.1	6.9	8.2	0.0	5.9	5.7
Electrical	9.5	9.6	9.8	10.0	10.9	10.1	4.4	5.9	9.6
Building	47.7	42.4	35.6	12.0	28.3	33.2	59.5	29.6	38.5
Printing	0.4	0.0	0.5	0.0	1.0	0.0	0.0	1.5	0.0
Vehicle	15.0	12.6	10.9	20.8	16.1	6.8	25.0	21.5	14.0
Food	10.7	7.4	26.9	21.6	18.8	20.8	7.9	17.8	16.0
Horticulture	0.7	8.6	0.8	6.2	2.3	4.1	1.6	2.2	3.4
Hairdressing	0.2	0.0	0.6	0.2	0.3	0.0	0.0	2.2	0.3
Other	4.4	6.0	3.5	11.9	12.0	9.0	0.0	10.4	5.8

Source: Group Training Australia