



31 January 2020

Review of the Australian Apprenticeships National Skills Needs List Methodology Discussion Paper, December 2019

As a member of the VET Stakeholder Committee and the peak body that represents Group Training Organisations nationally, the National Apprenticeship Employment Network (NAEN) appreciates the opportunity to make a submission to second phase of the Review of the Australian Apprenticeships National Skills Needs List (NSNL).

As the largest employer group of apprentices and trainees across Australia, NAEN brings direct knowledge of the impact of NSNL on the employment of younger and older Australians through the apprenticeship and traineeship system, and how it influences the economic contribution of communities in regions and urban cities to the nation.

NAEN strongly supports the NSNL as a key driver to address future skills shortages and remains committed to improving methodology to deliver exceptional capabilities of our future national workforce.

Background to NAEN Members and the NSNL

Group Training Organisations (GTOs) are the legal employer of apprentices and trainees, and support primarily small businesses to host apprentices and trainees in their workplace. GTOs recruit and monitor their apprentice or trainee to facilitate successful completion, arrange formal training and assessment, and provide payroll services, taking full employment responsibility during the training contract period. GTOs can also rotate apprentices during their training contract period, relieving the load of the full training contract obligation, commonly for a small business.

A recent 2019 [NCVER report](#) reveals that group training completion rates are substantially higher than direct employment arrangements. As a uniquely Australian system, GTOs are key service providers to Australian Apprenticeships (incorporating traineeships).

GTOs match host businesses with apprentices / trainees and use the NSNL as a guide to determine the full employment costs which are passed onto the host. The NSNL influences affordability to small businesses with tight margins. With on the ground experience, GTOs can provide direct feedback on the skills demand in communities, and whether the NSNL is meeting this demand through additional financial incentives.

GTOs employ both trade and non-trade apprentices / trainees, and the current majority are employed in the traditional trades. Some GTOs specialise in non-trade placements, or offer both trade and non-trade. With broad experience of both apprenticeship and

traineeship models, GTOs across the board are well placed to test innovative apprenticeship and traineeships / skillsets with work placements to suit future work demands.

NAEN Earlier Submission

Our earlier submission expressed concern regarding the current NSNL, explaining that the ANZSCO classifications do not accurately represent the wide variety of jobs that GTOs recruit trainees and apprentices. NAEN considers that the current NSNL does not reflect rapidly emerging occupations and is essentially out of date.

We also explained that the NSNL should be able to respond to localised needs on a case by case basis and should be responding to immediate needs as well as short term and longer forecast needs.

NAEN also advised that employer consultation on developing the NSNL is crucial, emphasising that GTOs can assist through NAEN's collective membership of thousands of small and emerging businesses across the country.

NAEN recommended that new methodology respond to large programs such as the NDIS, support our rapidly ageing workforce which de-skills industries and creates pressure on new and existing services, acknowledge infrastructure plans, and the gig economy, and encourage new start-ups in the wind as evolving new occupations create new skill set demands (even if evolving roles are unregulated, particularly in the early days). NAEN advised that new methodology should identify these and lead to incentives for work-based learning supported by skillsets / micro-credentials.

We advised new methodology should also respond to new national industry regulation requirements that come to the fore – such as new skills needed for high risk workers in the construction or manufacturing industries. The NSNL should also have the ability to address evolving skill sets– such as proposed compulsory CPD training for the National Construction Code.

A revised NSNL should also support GTOs to deliver targeted programs for both economic and social benefit, through their broad connections with Australian small businesses and their ability to engage cohorts.

It was also explained that upfront commencement incentives benefits cash flow, particularly for group training arrangements, as GTOs pay apprentices prior to reimbursement from host businesses.

Proposed New Methodology for the NSNL

NAEN understands that there are two key components of proposed methodology:

1. a forward-looking data driven analysis of the projected net skills position in an occupation four to five years hence; and
2. targeted industry consultation on the findings of that analysis, informed by a Traffic Light Report on the status of each occupation.

Despite NAEN's concern regarding the ANZSCO classifications, we acknowledge that at this time it is not practical to move away from this because ANZSCO underpins the structure of the current apprenticeship system and many of the recognised data sets available to support a forward-looking approach to identifying occupational skills shortages.

We are hopeful that proposed industry consultation will provide a means to address some of the shortcomings in the ANZSCO and the forecasting process, and provide a potentially more granular occupational view of skills supply and demand.

NAEN acknowledges the proposed consultation process be targeted through a Traffic Light approach identifying those occupations for which skills-shortage listing is open to consideration, similar to the approach for updating the skilled migration lists (noted below).

Proposed Traffic Light indicator which identifies three categories:

Green: Occupations with an estimated skills shortage above an upper threshold or that are otherwise assessed as meeting the criteria for inclusion.

Orange: Occupations with an estimated skills shortage between the Green and Red thresholds, occupations that are not subject to quantitative analysis and occupations that could cease to be on the skills shortage list in that year.

Red: Occupations with an estimated skills shortage below a lower threshold or that are otherwise assessed as not meeting the criteria for inclusion.

Discussion Questions

Q1. Do you support the proposed methodology for identifying skills shortages for the purpose of allocating apprenticeship incentives?

NAEN supports the proposed methodology.

Q2. Are there specific elements of the methodology that you strongly agree or strongly disagree with? Why?

The success of the methodology will rely in non-bias industry consultation, and the group training network must be consulted. Business planning for future targeted recruitment will support the intent of the NSNL.

Q3. If you do not support the proposed methodology or parts thereof, what alternative approach(es) do you propose?

No further comment.

Conclusion

NAEN supports the methodology proposed, particularly through anchoring the skills shortage assessment in a quantitative approach that is complemented with insights from industry consultation that includes the GTO network supported by NAEN.

Yours sincerely

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