

A submission from the Enterprise RTO Association (ERTOA) to the stakeholder consultation process for the Expert Panel Report titled:

'A Shared Responsibility - Apprenticeships for the 21st Century'

The Enterprise RTO Association welcomes this opportunity to respond on behalf of its members to '*A Shared Responsibility: Apprenticeships for the 21st Century*' released in January 2011. Whilst in general we welcome the findings of the report and thank the Expert Panel for involving ERTOA in its deliberations, we note a number of substantial concerns expressed by our members.

Recommendation 4, 5 and 6 are of particular concern. You will find more details about our member's concerns in the attached response.

We would be happy to elaborate on any aspect of this submission and would welcome active involvement in any further discussions about the report and any actions that the Government may contemplate. In particular we would welcome discussions on any proposed actions that would adversely affect the current engagement of ERTOA members with the National VET system.

ERTOA is happy for this submission to be published in full.

Yours sincerely

Chris Butler
ERTOA President
8th April 2011

1. The Enterprise RTO Association

- i. Enterprise RTOs (ERTOs) have emerged as a significant component of the Australian VET sector in recent years. To be classified as an ERTO a registered training organisation must meet the following criteria:
 - The enterprise is a legal business entity within Australia
 - The enterprise is registered as an RTO
 - The principal business of the enterprise is not training and development
 - The primary target learner population for the RTO are the employees of the enterprise.
- ii. There are currently around 250 ERTOs across Australia. They include both government and private enterprises. Examples include The Australian Public Service Commission, Department of Defence, Qantas, Woolworths, Westpac and Calvary Health Care Services.
- iii. ERTOs collectively issue around 100,000 VET qualifications per annum according to recent DEEWR funded research. Most of the VET activity in ERTOs is not currently included in the national VET statistics as it is not publically funded. Recent research suggests that ERTOs are responsible for up to 20% of the annual total VET activity in Australia.
- iv. The Enterprise RTO Association (ERTO A) is the peak body representing ERTOs and meets regularly with the other VET peak bodies – TAFE Directors Australia, the Australian Council for Private Education and Training and Group Training Australia. A full listing of the current ERTOA membership is attached to this submission for information.

2. Broad overview and key issues

- i. The structure of the report *A Shared Responsibility: Apprenticeships for the 21st Century* presents a set of fourteen recommendations ranging from changing apprenticeship oversight and encouraging greater harmonization across the states, to enhancing quality outcomes and employer input through changes in government support and funding. Other recommendations cover review of wage structures and defining better the nature of apprenticeships and their relationship to pathway qualifications.
- ii. These recommendations are supported by a range of data and discussion. Key in the report are the findings and research undertaken by the National Centre of Vocational Education Research (NCVER).
- iii. *Prima facie* these recommendations are a positive step forward:
 - Addressing the ongoing issues of national inconsistency in implementation – this is a major issue and improving national consistency in this area will go a long way to addressing a number of issues reported by industry and ERTOA members for over a decade.
 - Central coordination point – again, as above, this will go some way to addressing jurisdictional inconsistency issues.
 - Reviewing and improving systemic complexity – as above, and responds to the issue of the complexity of the system perhaps deterring the engagement of many employers and workers.

- Better definition of pathways to apprenticeships – this is an important opportunity to get clarity across the jurisdictions. This is especially the case with the recommendations to better define VET in Schools.
 - Encouraging and supporting good employers – this would be a welcome opportunity to recognise employers who provide quality training to their staff.
 - Recommending better options for providing effective pastoral care and mentoring support
- iv. However, ERTOA members have expressed very strong concerns about Recommendations 4, 5 and 6. The exclusion of hospitality, clerical and administrative workers, sales workers, machinery operators and drivers, and labourers occupations from a list of 'eligible apprenticeships and traineeships' based upon a 'priority occupations' test and a 'transferability' test cannot be supported and does not reflect the realities and importance of these significant components of the Australian workforce.

Additionally these recommendations could have the effect of excluding many entry level Certificate II pathways from support. In a DEEWR funded review of the operation of all Australian ERTOs conducted in 2009, ERTOA reported:

*"The number of full qualifications awarded by enterprise RTOs in 2008 is estimated at 90,000. Of these 42% were at Certificate II level and 29% at Certificate III level."*¹

- v. The proposed 'employer contribution scheme' has been tried before and clearly failed to produce the outcomes it was expected to deliver.

3. Specific ERTOA member comments

- i. ERTOA thanks DEEWR for providing the opportunity to meet with, and present its members' concerns to the Expert Panel in Melbourne on 15th March 2011.
- ii. The principal concern of members was the apparent lack of recognition in the report of the significant positive contribution that enterprise RTOs make to the Australian Apprenticeship and Traineeship system and to the wider skilling of the Australian workforce.
- iii. The following points summarise the key issues raised at that meeting.
- ERTOA welcomes quality research into VET issues
 - We agree with the sentiments in the beginning of the Executive Summary and welcome discussion with us and our members on ways to improve Apprenticeships and Traineeships
 - We agree there are opportunities to better target support, especially to achieve consistencies across States.
 - It was noted that ERTOA was consulted early on in the research consultations
 - ERTOA members are not convinced the Report reflects the situation in ERTOs. We are not convinced the Report has taken into account the contribution to skilling Australians made by enterprises.

¹ Extract from report titled 'Profiling the Australian Enterprise RTO', ERTOA, 2009 at www.ertoa.org.au

- ◆ We note an absence of large employers who are significant employers of trainees and apprentices on the expert panel or in the list of consultations.
- ◆ ERTOA and its members would welcome more detailed discussion in order to provide their perspective in the current debate about skills development and the value of training in ERTOA member enterprises. Some points worth noting are:
 - ✓ Completion rates are high in ERTOs
 - ✓ Many ERTOA members provide opportunities for regional and rural skills development. Our members are often the biggest employer and training provider in a small area.
 - ✓ Many ERTOA members provide the first access to National Qualifications for many Australians, leading to further study and/or career progression
 - ✓ ERTOA members help many Australians build their careers either within their businesses or in other businesses
 - ✓ Many ERTOA members target long term unemployed and mature aged workers
 - ✓ Initial job readiness is a focus for some ERTOA members as they train their new employees – especially at the Certificate II and III level.
 - ✓ ERTOA members are committed to and operate within the AQTF although they would also be able to meet business training needs outside the AQTF.
- ◆ ERTOA would welcome the opportunity to assist in providing access to members as well as assisting to provide data that reflects the operation of ERTOs and their major contribution to skilling Australians
- ◆ We draw your attention to the incorrect figures of VET students on page 8 and note these figures only represent publically funded VET. For example they will not include any non- funded ERTO VET activity. Recent estimates suggest the quoted figure of 1.7 million enrolments represents around 50% of total VET activity. As an indication of the amount of non-funded activity, we draw your attention to the recent Productivity Commission report on the VET workforce. It stated:

'The Vocational Education and Training (VET) workforce comprises 73,900 Technical and Further Education (TAFE) employees and an estimated 72,800 to 541,000 people working in other non-TAFE providers, with a mix of trainers and assessors, other professionals and general staff across the public and private sectors'.²
- ◆ The ERTOA membership includes large employers in the service industries. They are concerned that the report does not acknowledge the importance of skill development leading to sustainable careers in these industries, nor the important contribution these industries make to the Australian economy. They take strong exception to the 'Expert Panel's questioning *'whether the significant government funds currently being spent on employer incentives for these qualifications are providing any tangible benefit to the broader economy'*.

Attachment . . .

² Extract from Productivity Commission, Draft research report (released 30/11/2010) 'Vocational Education and Training Workforce', Section 3

Attachment: List of current ERTOA membership

Enterprise Name	
1	AAPC Ltd (Accor Hotel Group)
2	Abigroup Contractors Pty Ltd
3	Australian Broadcasting Corporation
4	Australian Customs and Border Protection Service
5	Australian Drilling Industry Training Committee Ltd
6	Australian Federal Police
7	Australian Public Service Commission
8	Australian Taxation Office
9	BIS Industries Limited
10	Boral Construction Materials Ltd
11	Brisbane Convention and Exhibition Centre
12	Calvary Home Care Services Ltd
13	Carter Holt Harvey Wood Products Australia Pty Limited
14	Centrelink
15	Department of Agriculture Fisheries and Forestry
16	Department of Community Safety Qld
17	Department of Defence
18	Department of Environment and Conservation WA
19	Department of Justice Vic
20	DP World Australia Limited
21	Energex
22	Ergon Energy Corporation Limited
23	ETSA Utilities
24	Fire and Emergency Services Authority of Western Australia
25	Fire and Rescue NSW
26	Foxtel Management Pty Limited
27	Friendly Society Medical Association Ltd
28	HBF Health Funds Inc
29	Honda Australia Pty Ltd
30	Hospitals Contribution Fund of Australia Ltd
31	Hungry Jack's Pty Ltd
32	IBM Australia Ltd
33	Insurance Australia Group Services Pty Ltd

34	Life Without Barriers
35	Macmahon Contractors Pty Ltd
36	McDonalds Australia Ltd
37	Minister for Families and Communities
38	NSW Department of Corrective Services
39	NSW Police Force
40	NSW Rural Fire Services
41	NSW State Emergency Service
42	OneSteel Manufacturing Pty Ltd
43	Orica Pty Ltd
44	Public Transport Authority of Western Australia
45	Qantas Airways Ltd
46	Queensland Rail
47	Rail Commissioner (TransAdelaide)
48	Rail Corporation NSW
49	Rebel Group Limited
50	Skilled Group Services Pty Ltd
51	Staging Connections Pty Ltd
52	State Transit Authority of NSW
53	Surf Life Saving Australia Ltd
54	Surf Life Saving NSW
55	Surf Life Saving WA Inc
56	Sydney Water Corporation
57	Toyota Motor Corporation Australia Limited
58	Transfield Services (Australia) Pty Ltd
59	Victorian Arts Centre Trust (VACT)
60	Village Theme Park Management Pty Ltd
61	Western Australia Police
62	Western Metropolitan Health Service
63	Westpac Banking Corporation
64	Woolworths Ltd
65	Yachting Australia
66	Yum Restaurants Australia Pty Ltd

Updated 31st March 2011