



Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Bill 2005

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Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Bill 2005

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House: Representatives

Portfolio: Education, Science and Training

Commencement: Royal Assent

Purpose

The bill gives effect to a 2004 Coalition election policy commitment.¹ It provides for the establishment of 24 Australian Technical Colleges (ATCs) for up to 7,200 Year 11 and 12 students in nominated regions across Australia.² The bill sets the broad framework for the operation of the ATCs and provides funding of \$343.6 million from 2005 to 2009 to support infrastructure development and additional costs associated with the delivery of the specialised programs the ATCs will deliver. The bill is complementary to the [*Schools Assistance \(Learning Together—Achievement Through Choice and Opportunity\) Act 2004*](#).

Background

Operation of the Australian Technical Colleges

The ATCs will operate as specialist schools, with each student enrolled in a School-based New Apprenticeship (SBNA) and academic, information technology and business courses leading to a Year 12 certificate. They may either be based in existing institutions or be totally new institutions. It is envisaged that consortia of local businesses, industry representatives, schools (government or non-government), TAFEs and other registered training organisations, and universities will tender for ATCS.³

ATCs will have to meet state school registration requirements to operate as schools, and to be eligible both for state school grants and Commonwealth financial assistance provided through this bill and the Schools Assistance Act. ATC authorities and state governments will therefore have to sign two agreements for Commonwealth funding, agreeing to the conditions of both pieces of legislation.⁴

While the agreements will set some standard governance and administrative requirements for ATCs, an exact mode of operation is not prescribed. Rather, 'each College will be able to operate in a manner that best meets the needs of industry and students in the region in which it is established'.⁵

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However ATCs must:

- specialise in a particular trade, and offer a trade or trades from at least four industries including: metal and engineering, automotive, building and construction, electrotechnology and commercial cookery
- have links to one or more Registered Training Organisations (RTOs) or itself be an RTO
- have a governing body chaired by a local business person and consisting of local industry and community representatives and
- offer 'flexible employment arrangements' – i.e. offer Australian Workplace Agreements.

Further information about the operation of ATCs is available on the [Australian Technical Colleges website](#).

Skills shortages, 'traditional apprenticeships' and New Apprenticeships

Over the last few years there has been an increasing amount of evidence that skills shortages are being experienced in some occupations and industries, and there has been a particular focus on the traditional trades.⁶ ATCs are one policy response to addressing the shortage of trades workers. Although education and training activity is not the only factor influencing skills shortages in the traditional trades (as in other occupations), there has been much focus on New Apprenticeship policy.⁷

Despite an enormous growth in the numbers of New Apprentices (the 'umbrella' term which includes apprenticeships and traineeships) over the last decade, most of this has been in the area of 'traineeships' which were introduced in the 1980s to provide training opportunities in non-trade occupations, the new and growing areas of the labour market.⁸ Therefore although there has been some growth in the number of 'traditional apprenticeships' (defined as contracts within the *trades and related workers* occupation group which are at Australian Qualifications Framework (AQF) III qualification or above), this accounted for only about 9 per cent of the total growth in all New Apprenticeships between 1996 and 2003.⁹ Adding to concerns that this has been inadequate has been the rate of non-completion for 'traditional apprenticeships' which has ranged from 23 to 30 per cent during the 1990s.¹⁰

The best indicator of the adequacy of this growth is perhaps the training rate, the ratio of apprentices in-training to employed persons in an occupation. This serves as a measure of the extent to which occupations are being reproduced through training. Although the National Centre for Vocational Education Research (NCVER) has assessed the training rate for 'traditional apprentices' between 1996 and 2002 as being relatively stable at between 9 per cent and 10 per cent (with the exception of the *mechanical and fabrication engineering* category), a recent study of the training rates in the traditional trades found a 'statistically significant and sustained decline' between 1993 and 2001 in comparison to

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the 1974 to 1992 period. In aggregate the annual apprentice training rate between 1974 and 1992 averaged 12.4 per cent compared to only 10.6 per cent from 1993 to 2001. For the same two periods the study found significant variations across occupations with metal, electrical and construction apprentices experiencing large declines, others having smaller declines and one group in particular, the food group, experiencing considerable growth.¹¹ The ACTU has estimated a shortage of about 130,000 skilled workers over the next five years.¹²

However, past experience may not be a determinant of future demand. Economists are warning of an economic slow down, particularly in areas of the economy which may have been drivers of demand for skilled labour such as the housing and construction industry. As the emergence of skilled labour shortages in the recent past has demonstrated, there is an ongoing challenge in designing training policy to meet future labour demand.

Participation by Teenagers in New Apprenticeships and in 'Traditional Apprenticeships'

The establishment of ATCs would appear to be one of several measures to counteract perceptions that there are fewer suitably qualified applicants for apprenticeships among the young and that they have been 'crowded out' by older workers. This has been blamed on several factors including the removal of age restrictions for New Apprenticeships, the poor image of the trades, public emphasis on higher education and the demise of state technical high schools.¹³ ATCs and other measures such as pre-vocational training, target teenagers to promote vocational training and ease their pathways into New Apprenticeships, particularly 'traditional apprenticeships', through financial incentives and structural support.

However, regardless of these concerns the young are still the main demographic group feeding 'traditional apprenticeships' and perceptions of declining numbers of applicants for New Apprenticeships and 'traditional apprenticeships' are not borne out by the data. This of course does not mean that it may not be desirable to further increase these numbers.

The perception that the number of young people participating in apprenticeships and traineeships has declined has been influenced by the removal of age restrictions in 1992 which resulted in a broader demographic pool of applicants, and also by the spread of traineeships. The numbers participating in each age group have increased, but the strongest growth has been in the over 45s, albeit not in the 'traditional apprenticeship' area, and there has also been strong growth in the 25–44 age group. This has meant that despite increasing teenage apprentice and trainee participation and training rates during the last decade (see table), as a proportion of all apprentices/trainees they have declined. In 1995 15–19 year olds accounted for 48 per cent of all apprentices/trainees compared to 28 per cent in 2003.

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Apprentice and trainee participation and training rates for 15–19 year olds (%)

	1996	2003
Participation Rate ⁽¹⁾	5.9	8.3
Training Rate ⁽²⁾	11.2	16.3

(1) Derived by calculating apprentice and trainee numbers in the age group as a percentage of the estimated residential population in the corresponding age group.

(2) Derived by calculating apprentice and trainee numbers in the age group as a percentage of the estimated number of employed persons in the labour force in the corresponding age group

Source: NCVET, various.

Therefore the tradition of apprenticeships/traineeships providing entry level training continues, and the significance of apprenticeships and traineeships for teenage employment is clear. Not only does the training rate show that in 2003 some 16 per cent of employed 15–19 year olds were employed as apprentices or trainees, but more than 36 per cent of teenagers in full-time employment were employed as full-time apprentices or trainees in 2002, a figure which has been relatively constant since 1997. Furthermore there is evidence that ‘traditional apprenticeships’ remain very much a major pathway for young men in particular, in their transition from school to work. At the end of 2003, 46 per cent of all ‘traditional apprentices’ were aged 15–19 years and almost 88 per cent were aged under 25.¹⁴

Perhaps also of interest to policy makers should be the data that suggests that other demographic groups could be emerging as a source of applicants for ‘traditional apprenticeships’. There has been some change in the age structure of ‘traditional apprenticeships’, with the percentage of those in the 25–44 age group growing from 6.9 per cent in 1996 to 11.3 per cent in 2002.¹⁵

The experience with School-Based New Apprenticeships

The ATCs will add to already existing vocational education and training (VET) in schools programs, including SBNAs, undertaken by school students as part of their senior secondary school studies. SBNAs which were introduced in 1998, like other VET in schools programs, offer students the opportunity to gain both a VET qualification and the senior secondary certificate, but they differ in that they involve an employment and training contract with an employer and involve structured workplace-based learning as well as classroom work.

ATCs, however, are specifically being established to provide the opportunity for students to take up an SBNA in ‘trades and trades related’ vocational courses at the AQF III level. To date very few SBNAs have been in the trades category or even at the apprenticeship level. In 2003 there were 12,300 school-based apprentice and trainee commencements accounting for over 4 per cent of New Apprenticeship commencements. Of these about 80 per cent were at the AQF II level or below with the remaining 20 per cent at the AQF III level (which is the typical qualification level for an apprentice). Over 40 per cent of these have been in retail, 13 per cent in hospitality, 7 per cent in business services, 6 per cent in

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automotive industry retail, service and repair, 3 per cent in metal and engineering, and 2 per cent in both construction and information technology.¹⁶

An evaluation of SBNAs noted their uneven spread across the country and across industry sectors. Supportive partnerships between schools and enterprises were seen as critical to success. Factors inhibiting growth included establishing scale of operation to provide choice and flexibility and having the resources to build an infrastructure base.¹⁷

The introduction from January 2003 of an additional School-Based New Apprenticeship Incentive to encourage employers to take on and to retain apprentices and trainees after they have completed Year 12 – an additional \$825 is provided at commencement for AQF II-IV and another \$825 if they are retained after completing Year 12 - has led to an increase in the numbers of commencements, from 9,700 in 2002 to 12,300 in 2003.¹⁸

It should be noted that ATC students will only complete their trade training as a full-time New Apprentice after they have completed their Year 12 Certificate. To date there is little data on SBNA completions. The data does show that 13 per cent of those participating in SBNAs had cancelled or withdrawn by 31 December 2003¹⁹.

Position of significant interest groups

The establishment of ATCs has been welcomed by business and there have been reports of business and industry consortiums organising to tender for the ATCs.²⁰ The Australian Chamber of Commerce and Industry (ACCI) is a strong advocate of the ATCs and the Commonwealth's model for ATCs largely reflects the ACCI's model published earlier this year. The ACCI considers ATCS will boost SBNA commencements, raise business awareness of SBNA options, encourage students into training while leaving their option for university open, encourage young people to stay in education, and establish credible high standard training pathways.²¹ In relation to a university option it should be noted that a Year 12 certificate which ATC students will obtain will not necessarily guarantee eligibility for university entry because of state variations in the available mix of academic and vocational subjects which can be undertaken and contribute to eligibility.

Australian education unions have voiced a number of concerns about ATCs. These include the deregulation of the national training system; the increasing level of Commonwealth micromanagement of education and training; the danger that the relevance of young people's qualifications will be too locally based; the possible duplication of existing course provision; competition between education and training sectors for already scarce resources; the undermining of existing working conditions; and the logistics of providing a curriculum that will still enable students to qualify for a university entry score.²² The arguments have also been expressed in the context of continuing union concern over perceived 'attacks' on the public education system. The current system of Commonwealth general recurrent funding for schools, for instance, will see non-government ATCs funded at a higher rate than government run ATCs. However, the Australian Education Union

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claim that ATCs will cost Australian taxpayers almost 'ten times as much money per student as it costs in TAFE' has been refuted by the Commonwealth.²³

ALP policy position

The early reaction of the ALP to ATCs was that they were wasteful, duplicating Australian TAFEs and limiting new training to a few. Instead the ALP called for more funding for TAFE and a national plan that would boost skill levels for greater numbers of young people.²⁴ Kim Beazley in his Budget reply speech criticised ATCs as a plan that will not produce its first qualified apprentice until 2010. The ALP has suggested that the government redress the problem of apprentice completion rates by offering a trade completion bonus of \$2,000 for traditional apprentices. The ALP also plans to increase the number of SBNA's more broadly by offering a 'skill shortage loading' for school based trade apprenticeships: 'This additional funding of \$1,750 per student apprentice would help schools build their capacity to offer the school based apprenticeships ...'.²⁵

Main Provisions

Clause 4 sets the principal objectives of ATCs. **Paragraph 4(g)** sets the objective of 'flexible working arrangements' – i.e. Australian Workplace Agreements.

Part 2, Division 1 provides for the agreements that the Commonwealth and the states, or ATC authorities in the case of a non-government school, must sign in order for Commonwealth financial assistance to be provided.

In the case of an ATC that will operate as a non-government school, **paragraph 7(2)(a)** stipulates that the Minister cannot authorise payment unless the ATC is eligible for funding as a non-government school under the terms of Part 6 of the [*Schools Assistance \(Learning Together—Achievement Through Choice and Opportunity\) Act 2004*](#) or, if not, will be so by a date specified in the agreement.

Subclauses 6(2) and 7(3) allow for the agreements to specify conditions for financial assistance other than those specified in the Act. **Subclause 7(4)** also allows the Minister to determine other eligibility criteria for the payment of financial assistance to ATC authorities. There is not a similar provision for ATCs operated through the states.

Part 2, Division 2 provides for the financial and performance reports that must be provided to the Minister by a state or an ATC authority.

Clause 18 provides for the conditions under which the Minister may make a determination authorising payment of financial assistance under the Act, and the amount of money in total authorised to be paid each year.

Subclause 18(2) states that the Minister must not authorise payment of financial assistance to an ATC authority if eligibility criteria set by the Minister for the particular

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ATC authority have not been met. However **subclause 18(3)** allows the Minister to override the conditions of the previous subsection.

Subclause 18(4) provides for payment of a total of \$343,593,000 in financial assistance over the years 2005 to 2009.

Concluding Comments

Until guidelines or regulations for the ATCs are released, or all ATCs are operational, any concerns about their potential impact and effectiveness remain a matter of conjecture. The bill in a small way reflects this uncertainty and the need to maintain some flexibility through the provision that empowers the Minister to override the failure of ATC authorities to meet eligibility criteria.

The passing of the Schools Assistance Act and the new conditions of funding it contained, as well as the direct funding of school communities through a new program of capital assistance, *Investing in our Schools*, marked a new level of direct Commonwealth involvement in schooling. The establishment of ATCs is a continuation of this trend. The bill also furthers the government's industrial relations agenda through the requirement in clause 4 to offer Australian Workplace Agreements that are also being mandated for the higher education and TAFE sectors.

Endnotes

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- 1 Liberal Party of Australia and Nationals, *The Howard Government Election 2004 Policy: Australian Technical Colleges*, http://www.liberal.org.au/2004_policy/Sept26_Australian_Technical_Colleges.pdf, accessed on 17 May 2005.
 - 2 A list of the 24 regions is available on the Australian Technical Colleges website at <http://www.australiantechnicalcolleges.gov.au/faq.htm#2a>, accessed on 18 May 2005.
 - 3 Tenders closed 20 May 2005.
 - 4 For further information about the Schools Assistance Act see M. Harrington, 'Schools Assistance (Learning Together—Achievement Through Choice and Opportunity) Bill 2004', *Bills Digest*, no. 50, Parliamentary Library, Canberra, 2004–05, <http://www.aph.gov.au/library/pubs/bd/2004-05/05bd050.pdf>, accessed on 18 May 2005.
 - 5 Gary Hardgrave, Minister for Vocational and Technical Education, 'Second reading speech: Australian Technical Colleges (Flexibility in Achieving Australia's Skills Needs) Bill 2005', House of Representatives, *Debates*, 11 May 2005, http://parlinfoweb.aph.gov.au/piweb/translatewipilink.ASPX?Folder=hansardr&Criteria=DOC_DATE:2005-05-11;SEQ_NUM:6; accessed on 18 May 2005.
 - 6 For information on skills shortages see Department of Employment, Workplace Relations and Small Business, *National Skills Shortage List 2004*,

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<http://www.workplace.gov.au/workplace/Category/Publications/LabourMarketAnalysis/NationalSkillsShortageList2004.htm>, accessed on 18 May 2005.

- 7 The reasons for skill shortages are complex and varied. While the level of education and training is likely to be important and itself is likely to be influenced by a range of factors, occupational attrition, cyclical and seasonal factors, and/or changing skills needs may also be the cause. See the Senate Workplace Relations, Employment and Education References Committee report, *Bridging the Skills Divide*, http://www.aph.gov.au/Senate/committee/eet_ctte/completed_inquiries/2002-04/skills/report/index.htm, accessed on 18 May 2005.
- 8 At 31 December 1995 there were 141.4 thousand New Apprentices 'in-training', at 31 December 2003, 393.0 thousand, and the latest figures show that at 30 September 2004 there were 393.8 thousand. For the latest statistics see National Centre for Vocational Education Research, *Australian Vocational Education and Training Statistics: Apprentices and Trainees, September Quarter 2004*, <http://www.ncver.edu.au/statistics/aats/quarter/sept2004/04sepsum.pdf>, accessed on 18 May 2005.
- 9 'Traditional apprenticeships' are defined by NCVET as contracts within the *trades and related workers* occupation group which are at AQF III qualification or above. For comparative purposes the numbers have increased from 101.3 thousand in December 1996 to 121.1 thousand in December 2003, and the latest figures show a further increase to 132.0 thousand in September 2004 which is the highest level since 1992. See L. Brooks, *Trends in Traditional Apprenticeships*, NCVET, 2004, <http://www.ncver.edu.au/statistics/aats/trends/tradapp.pdf>, accessed on 15 April 2004 and *ibid.*
- 10 *Outcomes and Completions of New Apprenticeships: Research at a Glance*, NCVET, 2002, <http://www.ncver.edu.au/statistics/aag/outnapp/dr203a.pdf>, accessed on 16 May 2005.
- 11 P. Toner, *Declining Apprentice Training Rates: Causes, Consequences and Solutions*, Australian Expert Group in Industry Studies, University of Western Sydney, Sydney 2003, <http://www.dsf.org.au/papers/110.htm>, accessed on 18 May 2005.
- 12 Australian Council of Trade Unions, *Australia's Looming Skills Shortage*, 2004, http://www.actu.asn.au/public/news/files/skill_shortage_paper.pdf, accessed on 16 May 2005.
- 13 Senate Workplace Relations, Employment and Education References Committee, *op. cit.*, p. 18.
- 14 Brooks, *op. cit.*, p. 18.
- 15 *ibid.*
- 16 N. Nguyen, *VET in schools, 2003*, NCVET, 2004, <http://www.ncver.edu.au/statistics/aag/schools2003/sp413.pdf>, accessed on 12 May 2005.
- 17 Australian National Training Authority, *National Evaluation of School – Based New Apprenticeships*, 2002,

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- http://www.anta.gov.au/images/publications/Nat_Eval_SBNAs_Part_1.pdf, accessed on 20 May 2005.
- 18 Department of Education, Science and Training, *Skills at Work: Evaluation of New Apprenticeships*, 2004, <http://www.newapprenticeships.gov.au/documents/reports/Final%20Report%20of%20the%20Evaluation%20of%20New%20Apprenticeships%20revi...pdf>, accessed on 18 May 2005.
- 19 *ibid.*
- 20 See, for example, M. Thompson, 'More vocational courses for high school students', *Sydney Morning Herald*, 14 February 2005, http://parlinfoweb.aph.gov.au/piweb/translatewipilink.ASPX?Folder=pressclp&Criteria=CITATION_ID:V4XE6; and S. Rao, 'Consortium gets behind college', *Daily Telegraph*, 18 February 2005, http://parlinfoweb.aph.gov.au/piweb/translatewipilink.ASPX?Folder=pressclp&Criteria=CITATION_ID:4R8F6; accessed on 18 May 2005.
- 21 'Australian Technical Colleges – raising the status of the traditional trades', *ACCI Review*, March 2005, pp. 9–12, http://parlinfoweb.aph.gov.au/piweb/translatewipilink.ASPX?Folder=jrnart&Criteria=CITATION_ID:3GOF6; accessed on 18 May 2005.
- 22 See, for example, P. Forward, 'Australian Technical Colleges', *Australian TAFE Teacher*, Autumn 2005, p. 18, <http://www.aeufederal.org.au/Publications/TATT/Atmn05p18.pdf>, and W. Currie, 'Australian Technical Colleges – the danger within', *Education*, vol. 86, no. 3, March 2005, p. 5, http://parlinfoweb.aph.gov.au/piweb/translatewipilink.ASPX?Folder=jrnart&Criteria=CITATION_ID:MUQF6; accessed on 18 May 2005.
- 23 See Australian Education Union, *Wasteful Technical Colleges to cost Australian taxpayers almost ten times as much as TAFE*, media release, 30 September 2004, <http://www.aeufederal.org.au/Media/MediaReleases/2004/3009.pdf> and answer to DEST Question No. E425_05, Senate Employment, Workplace Relations and Legislation Committee, 2004–2005 Supplementary Estimates Hearing, http://www.aph.gov.au/Senate/committee/eet_ctte/estimates/sup_0405/dest/e425_05.pdf, accessed on 18 May 2005.
- 24 J. Macklin, (Shadow Minister for Education, Training, Science & Research), *Tech Colleges will not address urgent skills crisis*, media release, 12 November 2004, http://parlinfoweb.aph.gov.au/piweb/translatewipilink.ASPX?Folder=pressrel&Criteria=CITATION_ID:8VEE6; accessed on 15 May 2005.
- 25 Kim Beazley, Leader of the Opposition, 'Second reading speech: Appropriation Bill (No. 1) 2005–2006', House of Representatives, *Debates*, 12 May 2005, p. 81, http://parlinfoweb.aph.gov.au/piweb/translatewipilink.ASPX?Folder=hansardr&Criteria=DOC_DATE:2005-05-12;SEQ_NUM:76; accessed on 18 May 2005.

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