REPORT TO
DEPARTMENT OF INDUSTRY

JUNE 2014

REVIEW OF
JGTP & GROUP
TRAINING

THE JOINT GROUP
TRAINING PROGRAM AND
ROLE OF GROUP TRAINING
SUGGESTED CITATION FOR THIS REPORT

ACIL ALLEN CONSULTING 2014, REVIEW OF THE JOINT GROUP TRAINING PROGRAM AND THE ROLE OF GROUP TRAINING, FOR THE DEPARTMENT OF INDUSTRY, MELBOURNE.
## Contents

1 Introduction 1  
   1.1 Project objectives 1  
   1.2 Review method 2  
   1.3 Data approach 3  
   1.4 Review context 3  
   1.5 Report structure 4  

2 Group training and the JGTP 5  
   2.1 Group training 5  
      2.1.1 Overview 5  
      2.1.2 History of group training and government support 5  
      2.1.3 The group training approach 6  
      2.1.4 National Standards for Group Training Organisations 7  
   2.2 Joint Group Training Program overview 7  
   2.3 Previous JGTP reviews 9  
   2.4 The current implementation of the JGTP 10  
      2.4.1 Current funding arrangements 10  
      2.4.2 Funding across jurisdictions and over time 13  

3 The contemporary role of group training 15  
   3.1 Group training organisations today 15  
      3.1.1 Location and market share 15  
      3.1.2 GTO commencements over time 16  
      3.1.3 Industry and occupational focus 17  
   3.2 Trends in market share 21  
      3.2.1 Overall trends in GTO market share 21  
      3.2.2 Reason for the decline in group training’s market share 22  
   3.3 Market share across industries and states 26  

4 Effectiveness and efficiency of the JGTP 29  
   4.1 Assessing the effectiveness of the JGTP 29  
   4.2.2 The impact of JGTP funding on promoting completions 31  
   4.2.3 What Tasmanian and NSW can tell us about the impact of JGTP on commencements 32  
   4.3 Effectiveness of the JGTP in promoting apprenticeships and traineeships among equity groups 35
4.3.1 Market share of GTOs amongst equity groups 35
4.3.2 The impact of JGTP funding on promoting participation of equity groups 36
4.4 Effectiveness of JGTP in increasing apprenticeships and traineeships in regional and remote areas 37
  4.4.1 Market share of GTOs in regional and remote areas 37
  4.4.2 The impact of JGTP funding on promoting apprenticeships and traineeships in regional and remote areas 38
4.5 Effectiveness of JGTP in providing opportunities to apprentices and trainees during economic downturns and for out-of-trade apprentices 39
  4.5.2 Proportion of out-of-trade apprentices and trainees in group training 41
  4.5.3 The impact of JGTP funding on providing opportunities to apprentices and trainees during economic downturns and for out-of-trade apprentices 42
4.6 Effectiveness of the JGTP in promoting small business participation 43
  4.6.1 Market share of GTOs by business size 43
  4.6.2 The impact of JGTP funding on promoting participation of small businesses 44
4.7 Summary of the effectiveness of JGTP 45
4.8 Efficiency of the JGTP 47
  4.8.4 Overlap with other Commonwealth and state/territory initiatives 51

5 Appropriateness of JGTP and future options for government support 55
  5.1 The evolution of group training and the apprenticeship and traineeship market 55
    5.1.1 The ongoing role of group training in the national VET system 55
    5.1.2 The evolved role of group training 56
    5.1.3 The evolved nature of GTOs 56
    5.1.4 The nature and limited effectiveness of the JGPT 58
    5.1.5 The future of the joint funding approach 60
  5.2 A contemporary public policy rationale for supporting group training 61
    5.2.1 Scenario 1: VET funding is fully transferred back to the states 61
    5.2.2 Scenario 2: VET funding continues under a shared funding model 62
5.2.3 Scenario 3: Each level of government assumes specific responsibility for aspects of VET 63
5.2.4 The certainty of forward funding under a joint funding model 63
5.2.5 Transitional and structural adjustment support 64
5.2.6 Better information on employers’ use of GTOs 64

References 66

Appendix A Terms of Reference for the Review of the Joint Group Training Program and the role of Group Training A-1
Appendix B Consultation participants B-1
Appendix C Discussion guide C-1
Appendix D Recommendations of previous reviews D-1
Appendix E Completion rates methodology E-1
Appendix F Jurisdictional GTO funding approaches for 2011-12 F-1

List of boxes
Box 1 JGTP National Funding Principles 8
Box 2 Is the GTO fall in market share due to the fall in the proportion of traditional trades in the economy? 25
Box 3 Other organisations providing services in the apprenticeship and traineeship system 58

List of figures
Figure 1 Report structure 4
Figure 2 History of group training 6
Figure 3 Commonwealth JGTP Funding 13
Figure 4 JGTP funding by state and by apprentice and trainee, 2012-13 14
Figure 5 Number and share of GTOs by jurisdiction 16
Figure 6 GTO and all commencements, 1996-2013 17
Figure 7 Industry focus of GTOs, 2013 18
Figure 8 GTO apprentice and trainee occupations, commencements, 1995 and 2013 18
Figure 9 GTO apprentice and trainee occupations shares, commencements, 1995-2013 19
Figure 10 GTO apprentice and trainee ANZSCO occupations shares, commencements, 1995 and 2013 20
Figure 11 GTO occupations commencements numbers, 1995-2013 20
Figure 12 GTO shares of apprentice and trainee commencements, completions, and in-training, 1996-2013 21
Figure 13 GTO shares of total apprentice and trainee commencements by occupation groups, 1996-2013 22
Figure 14 GTO and all commencements, index 1996-2013 23
Figure 15  GTO share, and construction and manufacturing share of economy  
Figure 16  GTO share, and trades and labourers share of employment  
Figure 17  GTO share of apprentice and trainee occupations, 2009 and 2013  
Figure 18  GTO and non-GTO apprenticeship and traineeship completion rates 2006-2009  
Figure 19  GTO apprentice and trainee completion rates percentage point difference from non-GTO  
Figure 20  Comparison of GTO commencements in NSW/Tasmania and the rest of Australia  
Figure 21  Comparison of GTO and non-GTO commencements in NSW and Tasmania  
Figure 22  Tasmania GTO share of target groups  
Figure 23  Percentage difference in target group shares of GTOs relative to non-GTOs, 2009 and 2013  
Figure 24  Proportion of apprentices and trainees in regional or remote areas  
Figure 25  Group training in times of employment weakness  
Figure 26  Out-of-trade apprentices and trainees as a proportion of all GTO apprentices, selected states, 2012-13  
Figure 27  Out-of-trade apprentices and trainees as a proportion of all apprentices, GTO and non-GTO, Queensland and WA, 2009-13  
Figure 28  Business size share of employment  
Figure 29  Funding per annum and number of GTO recipients by jurisdiction  
Figure 30  GTO commencements and completions per $10,000 in Commonwealth funding  

List of tables  
Table 1  Research questions, by key area of investigation  
Table 2  Recommendations of previous national reviews  
Table 3  Overview of jurisdictional Funding Plans  
Table 4  Priority areas by state and territory  
Table 5  Maximum client group incentive payments (2011-12)  
Table 6  Number of GTOs operating across jurisdictions  
Table 7  GTO shares (%) apprentices and trainees, commencements by occupation  
Table 8  Percentage difference in target group shares of GTOs relative to non-GTOs, 2013  
Table 9  Percentage point difference in regional and remote shares of GTOs relative to non-GTOs, 2013  
Table 10  Summary of the effectiveness of JGTP  
Table 11  Australian Apprenticeships Incentives Program  
Table 12  Commonwealth Apprenticeships Incentives Program  
Table B1  Consultations conducted  
Table E1  Rules for the successful recording of a completion, by state
Acronyms

AACs Australian Apprenticeship Centres
ABS Australian Bureau of Statistics
ANTA Australian National Training Authority
ANZSCO Australian and New Zealand Standard Classification of Occupations
CAGR Compound Annual Growth Rate
GTA Group Training Australia
GTO Group Training Organisation
IGA Intergovernmental Agreement
IGAFFR Intergovernmental Agreement on Federal Financial Relations
JGTP Joint Group Training Program
NCVER National Centre for Vocational Education Research
NSNL National Skills Needs List
NWDF National Workforce Development Fund
RTO Registered Training Organisation
TIP Group Training Australian Apprenticeships Targeted Initiatives Program
VET Vocational Education and Training
Acknowledgements

The project team would like to thank all those who participated in consultations. All participants were welcoming and generous with their time, and provided useful and interesting insights into group training and the program.

The project team would also like to thank state and territory governments for their assistance with data provision and Reference Group members for their work on the project.
1.1 Project objectives

ACIL Allen Consulting has been engaged by the Commonwealth Department of Industry ('the Department') to review the Joint Group Training Program (JGTP) and the role of group training more broadly.

The objective of this Review is to provide advice and recommendations to assist Commonwealth and state and territory governments to determine the best approach to supporting group training arrangements in achieving apprenticeship and traineeship outcomes.

The Review’s terms of reference are as follows (see Appendix A for more details):

1. Review the current JGTP in respect of its appropriateness, efficiency and effectiveness and assess its role in building a strong, sustainable and self-reliant group training sector.

2. Explore, in broad terms, the role of group training organisations (GTOs) in supporting the apprenticeship and traineeship system and determining their value-add for achieving apprenticeship and traineeship outcomes. In this respect, consider their role during times of economic downturn when employment rates for apprentices and trainees are poor.

3. Consider other roles for group training outside of apprenticeship and traineeship arrangements, such as supporting other forms of training such as that offered to employers under the National Workforce Development Fund (NWDF).

The Review’s 14 research questions are set in Table 1, grouped under four key areas of investigation—appropriateness, consistency, efficiency and effectiveness.
Table 1  
**Research questions, by key area of investigation**

<table>
<thead>
<tr>
<th>Appropriateness</th>
<th>Consistency</th>
<th>Effectiveness</th>
<th>Efficiency</th>
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<tbody>
<tr>
<td>What is the nature of the continuing need that is addressed by the JGTP? What would be the consequences of failing to meet this need?</td>
<td>To what extent is this need [the need being addressed by JGTP] being addressed by other initiatives of the Australian and State/Territory Governments, what is the overlap involved and what potential is there to improve alignment?</td>
<td>Using current data, assess the effectiveness of the program in retention and completions.</td>
<td>Are the Australian and State/Territory Governments administering the program as efficiently as possible, relative to the outcomes the program seeks to achieve?</td>
</tr>
<tr>
<td>Are the current priority target areas still valid and/or do they need to be updated?</td>
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<td>Using current data, assess the effectiveness of targeting equity groups through the program.</td>
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<tr>
<td>Assess whether the JGTP should be modified to include a research or project-based component to encourage GTOs to pursue alternative ways to deliver group training.</td>
<td></td>
<td>Using current data, assess the effectiveness of targeting regionally based GTOs and their impact on the local community.</td>
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<tr>
<td>The training system is moving to open access of providers and a competitive market. Given this context, are there alternative approaches to facilitating apprentice and employer engagement (e.g. Victoria is now allowing TAFEs to be GTOs), including the use of on-line virtual services?</td>
<td></td>
<td>Consider critical factors of success for the program based on insights into the different approaches adopted across jurisdictions.</td>
<td></td>
</tr>
<tr>
<td>Are there other roles for group training in supporting training outside of apprenticeship arrangements?</td>
<td></td>
<td>Assess the outcomes and effectiveness of funding to date, under the JGTP, the quantum of funding required, and alternative financing arrangements.</td>
<td></td>
</tr>
<tr>
<td>What is the role of group training in the apprenticeship system in times of economic weakness?</td>
<td></td>
<td>Have GTOs been more successful than other employers in providing employment for out-of-trade apprentices?</td>
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<td></td>
<td></td>
<td>How effective are GTOs in mitigating the effects of economic weakness on apprentices and industry?</td>
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Source: RFQ documentation and ACIL Allen Consulting

### 1.2 Review method

The Review drew on three sources of evidence—a document review, data analysis and stakeholder consultations.

The document review examined the extent of alignment between JGTP and state and territory government policy, whether group training is an appropriate response to the identified policy issues, and the different approaches to group training adopted across jurisdictions. It included the review of program documentation, previous JGTP reviews and other relevant literature.

The data analysis component explored group training organisations’ market share, apprentice and trainee retention and completion rates, and post-training outcomes. It also examined the extent to which GTOs service equity groups and regional areas. The data analysis used administrative data from the Commonwealth and state and territory governments, the National Centre for Vocational Education Research (NCVER) Apprentice and Trainee Collection, and the NCVER Student Outcomes Survey.

Consultations were carried out with Commonwealth and state and territory government officials, GTOs, registered training organisations (RTOs), industry stakeholders, Group Training Australia (GTA) and the peak body for Australian Apprenticeship Centres (AACs). The consultations took place in Brisbane, Canberra, Melbourne and Perth. A list of consultation participants is in Appendix A and the discussion guide used in the consultations is in Appendix B.
The Review was overseen by a Reference Group consisting of Commonwealth, state and territory officials, a representative from Group Training Australia, a representative from Australian Apprenticeship Centres, and industry stakeholders. Meetings with the reference group occurred at project commencement, mid-point and at completion of the review.

1.3 Data approach

Measures of activity in apprenticeships and traineeships are most commonly in ‘commencements’, ‘completions’ or ‘in training’. As apprenticeships usually take longer to complete than traineeships, measures of ‘in training’ can overemphasise traineeships relative to apprenticeships. As a significant proportion of apprentices and trainees do not complete their training, ‘completions’ can give the impression that less activity is occurring in the training system than is actually the case. As a result, apprentice and trainee ‘commencements’ will be used most commonly in this report. When measures of ‘in-training’ and ‘completions’ are used at specific points, this is made clear.

In most cases, apprentice and trainee data will be analysed excluding existing worker apprentices and trainees.1 This is particularly important in examining GTO shares of the apprenticeship and traineeship market. GTOs are normally not able to employ existing workers – 2 per cent of GTO apprentices and trainees are existing workers.

GTO apprentice and trainee host businesses will be analysed using apprentices’ occupation classifications. As GTOs are the employer of apprentices, the Australian Bureau of Statistics (ABS) and NCVER do not record the industry of the host business. Similarly, there is a lack of data on the size of host businesses, as data is collected on the size of the GTO as the apprentice and trainee employer.

1.4 Review context

In the course of the Review, the Commonwealth Commission of Audit reported to the Government.

The Commission recommended that the Government alter its involvement in the vocational education and training sector by:

— transferring policy and funding responsibility for vocational education and training to the States, with Commonwealth funding to be provided either as:
  — a single annual lump sum with minimum requirements for national reporting and quality assurance, or
  — as part of a broader reform of federal financial relations
— abolishing all Commonwealth vocational education and training programs including the National Workforce Development Fund and Commonwealth support for apprentices
— requiring the States to continue reforms to achieve demand-driven vocational education and training outcomes and improve occupational licensing arrangements.

The Commission recommendations are currently under consideration by the Government.

The Commonwealth budget was also brought down during the Review. No specific provision was made for funding for the JGTP. While this is consistent with practice in previous years with specific allocations being finalised later in the financial year, the overall objective to

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1 ‘An existing worker is an employee who has a three month or more full-time equivalent employment relationship with their employer. The working relationship can be built up through full-time, part-time or casual employment or engagement as a seasonal or contract worker and includes periods of approved leave’ (Department of Industry 2014).
return the Commonwealth budget to surplus and the ongoing tight scrutiny over all programs in both Commonwealth and state and territory governments have placed a sharp focus on the underlying rationale for the JGTP; in particular around the purpose of the program in relation to the major revenue sources GTOs generate from their normal operations.

As future arrangements for VET funding and policy have yet to be determined following the Commission of Audit, the findings and recommendations in Chapter 5 have been developed in a way that allows for a range of options and approaches to be considered in terms of the respective future roles of the Commonwealth and the states and territories.

### 1.5 Report structure

The material covered in the remainder of this report is set out in Figure 1.

— Chapter 2 draws on the desktop review to present an overview of group training and the JGTP
— Chapter 3 examines the data and literature to provide a summary of the contemporary role of group training in Australia
— Chapter 4 analyses the effectiveness and efficiency of the JGTP based on the available data and qualitative information gathered through consultations with stakeholders
— Chapter 5 concludes the report with a discussion of the appropriateness of JGTP and the future role of government support.

As Figure 1 illustrates, the report draws on a variety of quantitative and qualitative data sources. Consultations with the Commonwealth and state and territory government officials, GTOs, RTOs, industry stakeholders, GTA and the peak body for AACS were particularly valuable in assessing the effectiveness, efficiency and appropriateness of the JGTP, and the potential future role of government support.

![Figure 1: Report structure](image-url)
This chapter provides an overview and history of group training and the JGTP. It also examines previous reviews of the JGTP. It also sets out how the JGTP has been implemented, including the funding arrangements between the Commonwealth and states and territories, the structure of incentive payments in each jurisdiction and the program’s target groups.

2.1 Group training

2.1.1 Overview

Group training is an alternative employment arrangement for apprentices and trainees whereby a GTO acts as an intermediary between apprentices and trainees and host business. GTOs recruit and employ apprentices, placing the apprentices and trainees with one or more host business over the life of the apprenticeship.

The key goals of group training are to:

— create additional apprenticeship and traineeship employment opportunities
— provide for the continuity of that employment
— reduce the administration costs and possible risks of employing an apprentice and trainee for business
— improve the quality and breadth of training available to apprentices and trainees and trainees.

2.1.2 History of group training and government support

Figure 2 sets out an overview of the history of group training.

Group training emerged in the late 1970s in the automotive and construction industries as employers struggled to provide sufficient employment and training for the four year indenture common at the time.

In 1981 the Group Apprenticeship Scheme was established, under which the Commonwealth and state governments jointly funded the administrative costs of not for profit GTOs. The availability of funding encouraged growth, particularly in industry based and regionally-based GTOs. With the introduction of traineeships in 1986, GTO employment became available in a broader range of occupational areas (ANTA 2002).

By 1990 there were about 90 GTOs offering employment and training to around 11,000 apprentices and trainees. In 1991, Group Training Australia was established as a national association for GTOs. Towards the end of the 1990s, government funding for GTOs began a move away from administrative grants to outcomes-based funding and was renamed the Joint Policy Program. (ANTA 2002)

From the late 1990s, GTOs also began expanding their functions to encompass the provision of training and assessment services, management of Australian Apprenticeship Centres, and other employment and training services under contract from Commonwealth or state and territory governments.
In 2003 the National Standards for GTOs were introduced and the Joint Group Training Program replaced the previous GTO funding program. The market for GTO was also further opened up. The 2000s also saw the introduction of the Group Training Australian Apprenticeships Targeted Initiatives Program (TIP) and the Group training in the Trades Prevocational Program. The former funded GTOs to increase apprenticeships and traineeships in target areas, while the latter funded GTOs to achieve pre-vocational training in the trades with articulation into apprenticeships. These programs ceased in 2011 and 2012 respectively, with the TIP target areas being incorporated into the JGTP.

Figure 2  History of group training

2.1.3  The group training approach

The GTO acts as the apprentice’s employer and undertakes the associated responsibilities:
— selection and recruitment of apprentices
— administration of wages, allowances, superannuation, worker’s compensation, leave entitlements and other employment benefits
— management of quality and continuity of training received on and off the job
— providing additional supervision and support to ensure the successful completion of the apprenticeship.

GTOs are generally not-for-profit organisations, charging businesses an hourly rate that includes all the costs associated with an employee such as wages, superannuation and leave entitlements. Since GTOs are the employers of the apprentices and trainees they

2 While most GTOs pay the wages of their apprentices and trainees, under the arrangements of some GTOs, apprentices and trainees are paid directly by host business. The GTO charges administration fees for the management of apprentices and trainees while maintaining a role as the legal employer.
manage, they also receive the same government incentive payments to employing apprentices. Additional government funding is paid to GTOs through the JGTP, as discussed in further detail below.

Group training can be particularly important to small and medium sized enterprises that may otherwise see committing to an apprenticeship or traineeship as too risky, lack the resources to manage effectively an apprenticeship and traineeship or are unable to provide the breadth of on the job training and skills development required for an apprenticeship. Apprentices and trainees can benefit through exposure to a wider variety of employers and on the job training, the ability to move to another host business should work become unavailable and through access to additional support services such as formal mentoring programs.3

In addition to this core function, GTOs can also support apprentices and trainees in their transition to the workforce, provide access to apprenticeships and traineeships for those disadvantaged in the labour market and undertake activities that promote VET and encourage employment growth.

2.1.4 National Standards for Group Training Organisations

The ‘National Standards for Group Training Organisations’ were developed as part of the 2002 ‘National Review of Group Training’ (ANTA 2002). The 2002 Review identified demand within GTOs for ‘formal framework’ to promote ‘national consistency and quality for group training’. The National Standards were adopted in 2003 and are set out in Box 1 below.

The National Standards ‘assist GTOs to monitor and continuously improve their organisations operations and strategic and financial planning’ (ANTA 2002). GTOs must be registered under the National Standards to qualify for GTO-related Commonwealth, and state and territory government funding.

The National Standards are enforced by state and territory governments. The National Standards require independent audits to be carried out every three years for GTOs which receive JGTP funding. GTOs with unsuccessful audit reports are able to continue operating but after agreed opportunities to comply are exhausted become ineligible for JGTP funding.

GTOs that comply with the National Standards can use the ‘Complies with the National Standards for Group Training Organisations’ logo in its documentation and advertising, and is listed on the National Register of GTOs.

In 2005, a review of the National Standards was undertaken and some minor changes were made, with the new National Standards effective from 1 January 2006. Further work on the National Standards took place in 2009 and 2013 with a set of revised standards developed and currently under consideration by governments, with a view to making them effective in 2014. The proposed revisions include a greater focus on GTO’s marketing, recruitment and induction, and monitoring and support for apprentices/trainees and host businesses.

2.2 Joint Group Training Program overview

The JGTP is a matched funding arrangement between the Commonwealth and participating jurisdictions. The Program is funded through annual National Project Agreements between

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3 As noted by McDowell et al (2011), ‘group training arrangements are particularly suited to small and medium sized businesses as they give the host business the advantage of flexible staffing without the concern of long term contracts and the apprentice or trainee is supported with continuous and broad based work and training resulting in a national qualification.’
the Commonwealth and relevant state governments according to the JGTP National Funding Principles (Box 1).

The Commonwealth Government is providing around $12.5 million in funding for the JGTP in 2013-14, with all states apart from NSW and Tasmania matching the Commonwealth contribution for their jurisdiction, resulting in a total expenditure of around $23 million. NSW and Tasmania have withdrawn from the JGTP; the Commonwealth funding is administered by the GTA state associations in those two states.

**Box 1  **JGTP National Funding Principles

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Funding is open to any GTO which is registered against the National Standards. State governments have a degree of flexibility in how funding is allocated within three national priority areas:

— National and/or state skill shortage areas.
— Particular client groups, including Indigenous Australians, people with disabilities, people from culturally and linguistically diverse backgrounds, out of trade apprentices, people in non-traditional trades, school-based apprenticeships/traineeships and adults over 21 years.
— Rural and remote geographical locations.

The funding is administered by state governments and is largely directed to GTOs to support their employment and mentoring of apprentices and trainees. Funding is normally provided on the commencement and completion of an eligible apprentices/trainees employed by the GTO. Some states also provide a payment based on progression of the apprentice.

State and territory governments may use up to 20 per cent of Commonwealth funding for innovative/strategic projects (but not ‘straight research projects’) which support the objectives of JGTP. Jurisdictions may also use 5 per cent of Commonwealth funding to support the administration of JGTP.
2.3 Previous JGTP reviews

The JGTP was previously reviewed at the national level in 2002 and 2007. The National Standards have also been reviewed three times, in 2005, 2009 and 2013. The JGTP has also been examined at the state level by the South Australian (2009), Victorian (2010), and Queensland (2010) Governments. The recommendations of the previous JGTP reviews are summarised in Table 2.

The 2002 review of group training, carried out by the Australian National Training Authority (ANTA)\(^4\) identified three major areas of opportunity that would support the further development of group training:

- Defining the role of group training and its position as a unique employment and training option
- The need for consistent national standards
- The establishment of future funding arrangements that focused on specific outcomes.

In 2005, a review of the National Standards was carried out by KPMG which also reported on implementation of the JGTP. The review found that there was evidence that the standards were effective as a framework for GTOs in creating additional apprenticeship and traineeship opportunities. The review recommended refining the standards, streamlining auditing and action to strengthen the group training brand (DIISRTE 2006). Escalier Consulting was employed in 2009 and 2013 to review and revise the National Standards.

The 2007 review of the JGTP, carried out by Quantum Consulting (2007), found that ‘JGTP funding has contributed to enhancing the general level of capacity of the group training sector [enabling] GTOs to extend their scope of services into markets/areas, which in the absence of the JGTP funding, they would be less likely to do so.’ The review made a number of recommendations including greater consistency in JGTP auditing and reporting processes, development of program performance indicators and the move to a three year funding cycle (Quantum Consulting 2007).

The South Australian Government commissioned a review of the JGTP in 2009 which recommended that funding be increased, that targeting of disengaged individuals be improved and that transitional arrangements be put in place for a transition to fully contestable funding (Australian Institute for Social Research 2009).

A GTO led review in Queensland in 2010 found that an increase in JGTP funding would ‘deliver more outcomes with scope for better targeting.’ The review recommended the Queensland Government establish a GTO ‘Strategic Intervention Fund’ as part of JGTP ‘to assist with developing GTO markets and capability’ (Rod Arthur & Associates 2010).

A review of group training undertaken for the Victorian Government argued for more targeted funding of group training (restricting funding to skills shortages and target groups), a reduction in funding for some GTO traineeships and a greater focus on regions with less overall training activity (Escalier Consulting 2011).

As at May 2014, the WA Government is currently carrying out a state review of the JGTP.

A summary of the recommendations of all the reviews conducted is in Appendix E. Overall they indicate a continual need to consider the relevance and performance of group training within the Australian vocational and education training environment.

\(^4\) ANTA was incorporated into the Commonwealth Department of Education, Science and Training in June 2005.
Table 2 sets out specifically the recommendations of the two previous national reviews. As the table makes clear there is little repetition between these reviews, indicating broadly that the recommendations of the ANTA (2002) review were incorporated in to JGTP policy.

<table>
<thead>
<tr>
<th>Recommendations of previous national reviews</th>
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<tbody>
<tr>
<td><strong>Target of program</strong></td>
</tr>
<tr>
<td>National principles for JGTP be adopted including focus on disadvantaged groups, skills needs and regional areas</td>
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<tr>
<td>Refine the scope of the eligibility criteria for the “skills needs” category so that JGTP is targeted towards areas not currently serviced by “mainstream” GTO activities.</td>
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<tr>
<td><strong>Operational guidelines for GTOs</strong></td>
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<tr>
<td>National Standards for Group Training Organisations be adopted and auditing be carried out by states</td>
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<tr>
<td><strong>Planning</strong></td>
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<tr>
<td>The Australian Government and the STAs enhance planning processes by liaising earlier in the development of the funding plans for group training.</td>
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<tr>
<td>Develop timeframe for the administration of JGTP</td>
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<td><strong>Performance management</strong></td>
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<tr>
<td>Evaluation of the Joint Group Training Program be undertaken in 2005</td>
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<td>The Australian Government and the STAs also agree on the collection of baseline data (and agree on uniform data definitions) to enable the comparison of program outcomes over time.</td>
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<tr>
<td>The Australian, state and territory governments develop program indicators to assess the performance of the JGTP.</td>
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<tr>
<td>The indicators to include a combination of program outcome and operational/administrative indicators.</td>
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<tr>
<td><strong>Reporting</strong></td>
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<tr>
<td>Matched funding between Commonwealth and states will be maintained within agreed budget capacity.</td>
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<tr>
<td>Funding will be allocated annually under the Joint Group Training Program on the basis of each State and Territory’s triennial plan, which is updated annually</td>
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<td>Governments extend the JGTP funding cycle to a period of say three years.</td>
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<td><strong>Contestable funding</strong></td>
</tr>
<tr>
<td>Scheduling of payments under the Joint Group Training Program is determined by the state/territory in a way that encourages completion of the Training Contract.</td>
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<tr>
<td>Focus the allocation of JGTP funding to those organisations who display the ability to deliver outcomes which are aligned to the objectives of the JGTP. This may entail allowing both not-for-profit (who do not currently receive JGTP funding) and for-profit GTOs, to be eligible for program funding.</td>
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<tr>
<td><strong>Pilot projects</strong></td>
</tr>
<tr>
<td>The Australian Government and the STAs jointly develop a research agenda and undertake/apply “pilot” projects of new ways/strategies to achieve the objectives of JGTP within individual jurisdictions. The effectiveness of the pilots should be assessed and the results disseminated among the STAs and the Australian Government.</td>
</tr>
</tbody>
</table>

Source: ANTA 2002, Quantum Consulting 2007

2.4 The current implementation of the JGTP

2.4.1 Current funding arrangements

The intergovernmental agreements

The Commonwealth Government has intergovernmental agreements (IGAs) with each state and territory except for Tasmania and NSW. Tasmania withdrew from JGTP in 2011 and NSW followed suit in 2012 – both states argued that the funding could be better spent in other parts of the training system.
The IGAs last for one year and set out funding levels, milestones and reporting requirements. Under the IGAs, each state and territory must provide a Funding Plan which sets out how it will allocate JGTP funds.

The Commonwealth government has maintained its contribution to Tasmania and NSW and these funds are now managed and distributed by Group Training Australia – Tasmania, and the Group Training Association of NSW and ACT respectively. The two GTA associations follow similar funding plans to the state and territory governments and receive 5 per cent of funds for management costs.

**Jurisdictional funding approaches**

Jurisdictional Funding Plans are summarised in Table 3 (more detail is provided in Appendix F). All jurisdictions provide incentive payments to GTOs based their number of apprenticeship and traineeship commencements. Five provide incentive payments for annual apprenticeship and traineeship progression and all but one for apprenticeship and traineeship completion.

Six jurisdictions also use JGTP funding for other purposes include to cover program administration costs, payments to GTA state associations (normally for specific projects), and innovation funds. The latter fund, through competitive grants, inventive projects developed and implemented by GTOs.

**Table 3  Overview of jurisdictional Funding Plans**

<table>
<thead>
<tr>
<th></th>
<th>ACT</th>
<th>NSW*</th>
<th>NT</th>
<th>Qld</th>
<th>SA</th>
<th>Tas</th>
<th>Vic.</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incentive payments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commencement</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Progression</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td></td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Completion</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>GTOs receiving funding</td>
<td>9</td>
<td>38</td>
<td>5</td>
<td>32</td>
<td>16</td>
<td>11</td>
<td>29</td>
<td>25</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program administration</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Innovation fund</td>
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<td></td>
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<td></td>
<td>✔</td>
<td></td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>GTA state assoc.</td>
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<td>✔</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td></td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

* NSW column based on NSW Government management of JGTP, July 2013 - December 2013.
Source: State/territory Joint Group Funding Program Funding Performance Reports 2012-13, Intergovernmental Agreements, consultations

In all jurisdictions, the level of incentive payments to GTOs differ based on apprentice and trainee characteristics, derived from the three national priority areas as discussed in Chapter 2. Table 4 sets out the different categorisations used by jurisdictions to target particular apprenticeship and traineeship characteristics.

All states and territories target skills shortage areas, based on their own analysis of what skills are in shortage. Half of jurisdictions also target higher level qualifications.

All jurisdictions target client groups. Indigenous apprentices and trainees is the only client group targeted by all states and territories. Most also offer additional incentives for apprentices and trainees with a disability and school-based apprentices.

Most jurisdictions target GTOs by geographical location, offering higher payments for apprentices and trainees employed in regional or remote locations.
Table 4  Priority areas by state and territory

<table>
<thead>
<tr>
<th>Priority area</th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>Qld</th>
<th>SA</th>
<th>Tas</th>
<th>Vic</th>
<th>WA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills Development</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Occupation skills shortage(^a)</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>8</td>
</tr>
<tr>
<td>Higher level skills</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
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<tr>
<td>Client Groups</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>8</td>
</tr>
<tr>
<td>Disability</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
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<tr>
<td>School Based</td>
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<td>Out of Trade</td>
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<td>4</td>
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<td>CALD(^b)</td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td>Adult (21+)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
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<tr>
<td>Mature Aged (45+)</td>
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<td></td>
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<td>3</td>
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<tr>
<td>Women in non-traditional trades</td>
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<td>Non-traditional trades</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Women in all trades</td>
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<td></td>
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<td></td>
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<td>1</td>
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<tr>
<td>Geographical location</td>
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<td>Regional(^c)</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Remote</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Number of target areas 8 8 4 10 4 10 7 12 -

\(^a\) skills shortages areas are defined by each state/territory
\(^b\) Culturally and linguistically diverse, may also be main language other than English spoken at home, or other non-English speaking measure
\(^c\) For Tasmania, defined as West Coast, King and Flinders Islands, and disaster affected areas

Source: State/territory Joint Group Funding Program Funding Performance Reports 2012-13

Although not captured in Table 4, WA limits its Skills Development priority area incentive payments to apprentices and trainees hosted by businesses with less than 100 employees in order to encourage GTOs to target smaller businesses.

Table 4 demonstrates that JGTP provides jurisdictions with the ability to adapt the program to local conditions and target payments as they see fit. It also reveals the large number of JGTP target areas in each jurisdiction.

**Incentive payments**

The level of incentive payments differs across jurisdictions and within jurisdictions across target areas. For example, a GTO may receive $500 for commencing an apprentice in a skills shortage occupation and $1000 for commencing an apprentice with a disability. In most cases GTOs will only receive one course of incentive payments per apprentice, even in cases where one apprentices and trainees falls into more than one client group. There is normally an exception to this in the case of regional and remote loadings which are added to client group incentives. Table 5 sets out the maximum client group incentive payments in each jurisdiction for each milestone, most payments are below this maximum.
## Table 5  Maximum client group incentive payments (2011-12)

<table>
<thead>
<tr>
<th></th>
<th>Commencement</th>
<th>Progression*</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>$2,275</td>
<td>$150</td>
<td>No payment</td>
</tr>
<tr>
<td>NT</td>
<td>$800</td>
<td>$300</td>
<td>No payment</td>
</tr>
<tr>
<td>Qld</td>
<td>$818</td>
<td>No payment</td>
<td>$1,100</td>
</tr>
<tr>
<td>SA</td>
<td>$3,050</td>
<td>No payment</td>
<td>$205</td>
</tr>
<tr>
<td>Vic</td>
<td>$1,127</td>
<td>$240</td>
<td>$1,525</td>
</tr>
<tr>
<td>WA</td>
<td>$3,000</td>
<td>No payment</td>
<td>$720</td>
</tr>
</tbody>
</table>

*Progression payments are annual.

Queensland excludes incentive payment for dual trade apprentices and trainees as only five dual trade apprentices and trainees commenced in 2012-13.

Note: Payments do not include a regional or remote loading.

Source: State/territory Joint Group Funding Program Funding Performance Reports 2012-13, Intergovernmental Agreements, consultations

### 2.4.2 Funding across jurisdictions and over time

In 2012-13, $23.8 million was spent under the JGTP, with just over half provided by the Commonwealth. While this figure was down around 15 per cent on 2011-12 expenditure, funding had been rising in nominal terms (and relatively steady in real terms) for a number of years (Figure 3). Real funding per GTO apprentice and trainee has also been rising since 2003-04, with a significant spike in 2008 due to government policy in response to the global financial crisis (GFC).

![Commonwealth JGTP Funding](chart.png)

**Figure 3** Commonwealth JGTP Funding

*Nominal Comm. funding (LHS)  Real Comm. funding per apprentice (RHS)*

Note: No data available for 1998-99, 1999-2000, 2001-02, 2002-03, 2005-06. As the JGTP is a matched funding program, Commonwealth expenditure data is sufficient to display changes in funding over time.

In 2012-13, JGTP expenditure was highest in Victoria, Queensland and Western Australia. Funding per apprentice and trainee was highest in Queensland and the Northern Territory, and lowest in NSW and Tasmania due to the absence of state government funding. National average JGTP expenditure per GTO apprentice and trainee is around $1,300.

Figure 4  **JGTP funding by state and by apprentice and trainee, 2012-13**

Source: State/territory Joint Group Funding Program Funding Performance Reports 2012-13
This chapter examines at group training’s evolution over the last two decades including its industry and occupational focus. GTOs’ share of the apprenticeship and traineeship market is analysed, including possible reasons for the share’s decline over recent years. The influence of broader changes in employment patterns, and the Australian training system, is also considered when assessing the contemporary role of group training.

3.1 Group training organisations today

3.1.1 Location and market share

As at May 2014, there are 133 GTOs listed on the Group Training National Register. This is down from approximately 200 in 2004 (Toner, McDonald and Croce 2004). The vast majority (77 per cent) operate in just one state or territory (Table 6).

Table 6 Number of GTOs operating across jurisdictions

<table>
<thead>
<tr>
<th>Number of states and territories each GTO operates in</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>103</td>
</tr>
<tr>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>133</td>
</tr>
</tbody>
</table>

Proportion

<table>
<thead>
<tr>
<th>Number of states and territories each GTO operates in</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>77%</td>
</tr>
<tr>
<td>2</td>
<td>11%</td>
</tr>
<tr>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>5</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Group Training National Register 2014

While NSW has the greatest number of GTOs, followed by Queensland and Victoria, GTOs have the lowest share of apprenticeship and traineeship commencements in NSW. GTO market shares are highest in South Australia, Western Australia and the Northern Territory (Figure 5).
3.1.2 GTO commencements over time

GTOs saw significant growth in the second half of the 1990s as the number of apprentices and trainees in Australia increased strongly (Figure 6). Commencements fell around the year 2000 and remained stable until 2008.
The global financial crisis saw a significant drop in apprenticeship and traineeship commencements through GTOs, and while GTOs saw a recovery over 2009 and 2010, commencements have begun trending down again. This fall in commencements is reflected in the 30 per cent decline in numbers of group training organisations since 2004.

### 3.1.3 Industry and occupational focus

While around half of GTOs do not have an industry focus, slightly less (48 per cent) do. At 13.4 per cent of all GTOs, building and construction is by far the most common industry specialisation for GTOs, consistent with the historical roots of the sector. Automotive is the second most common self-reported industry that GTOs focus on (Figure 7).

Figure 7 shows that some GTOs report specialising in a number of industries not associated with the traditional trades, including finance, insurance and business services, sports and recreation, community services and health, arts and entertainment, and tourism. This is one example of the increasing diversification in the GTO sector.
As set out in Figure 8, the majority of GTO apprentices and trainees are employed in trade occupations (61 per cent). Consistent with the increasing diversity discussed above, this proportion of apprentices and trainees in trade occupations has fallen over the last 18 years, as clerical and administrative (20 per cent), and community and personal service (12 per cent) occupations have become more important to GTOs.

Figure 9 shows this change over time, with a large fall in the share of GTO apprentices and trainees in the trade occupations in the 1990s. This is related to the introduction of...
Traineeships which saw GTOs focusing more on clerical and administrative and community and personal service occupations. The share of trades occupations reached its lowest point around 2000 and 2001, before climbing slowly to around 65 per cent before the global financial crisis. Since 2009 the trades occupation share has been steady at around 60 per cent.

Consistent with stakeholder feedback, other occupations such as clerical and administration and community and personal services, provide a more stable level of demand through the economic cycles.

**Figure 9** GTO apprentice and trainee occupations shares, commencements, 1995-2013

![Graph showing GTO apprentice and trainee occupations shares](image)

Note: **includes existing workers**, commencements over the previous 12 months. Trades and Labourers is ANZSCO 3 and 8, Clerical and administration is ANZSCO 4, Community and personal services is ANZSCO 4, Other is ANZSCO 1, 2, 6 and 7. Source: NCVER Apprentice and Trainee Collection

This information is disaggregated in Figure 10 which shows that within the trades, automotive and engineering (16 per cent), construction (15 per cent) and electrotechnology and telecommunications (12 per cent) account for large numbers of GTOs apprentices. Figure 10 also shows the growth in clerical and administrative occupations, which now account for 20 per cent of GTO apprentices.
While the trades have fallen as a proportion of GTO commencements since 1995, the number of GTO apprentices and trainees in the trades has increased (Figure 11). Despite this, trade commencements are down significantly since 2008.
3.2 Trends in market share

3.2.1 Overall trends in GTO market share

Since 2004, the apprentice and trainee market share of group training has been falling steadily. GTOs now account for approximately 10 per cent of newly commencing apprenticeship and traineeship commencements, down from 12.5 per cent in 2004 (Figure 12). The GTO share of apprentices and trainees in-training has also fallen over the last 10 years.

Figure 12 GTO shares of apprentice and trainee commencements, completions, and in-training, 1996-2013

This represents a clear reversion of the trend of substantial growth from when group training was established in the 1980s to the late 1990s (Buchanan and Evesson 2004). At its peak in 1998-2000, group training employed around 18 per cent of commencing apprentices.

Figure 13 shows GTO market shares across four broad occupation groupings. GTO market share is highest in clerical and administration occupations and it has also been rising in community and personal services occupations since 2010. The majority of these occupations are traineeship occupations. GTO market share of trades and labourers –
normally apprenticeship and traineeship occupations – has trended down since 2000, and is currently lower than clerical and administration occupations.

Figure 13  GTO shares of total apprentice and trainee commencements by occupation groups, 1996-2013

Note: excludes existing workers, over the preceding 12 months. Trades and Labourers is ANZSCO 3 and 8, Clerical and administration is ANZSCO 4, Community and personal services is ANZSCO 4, Other is ANZSCO 1, 2, 6 and 7.
Source: NCVER Apprentice and Trainee Collection

3.2.2 Reason for the decline in group training’s market share

The reasons for group training's falling share are complex. In analysis undertaken for GTA, NIEIR (2010) examines the period 2000-2009 and identifies three factors contributing to the GTO loss of market share:

— Around 15 per cent of the share decline is attributed to GTOs being unable or unwilling to expand their operations to take advantage of the growing apprenticeship and traineeship market over 2002-2009.

— A third of the decline is ascribed to changes to the way the apprenticeship and traineeship system operates and the growth in other organisations, such as AACs, which provide support to employers directly employing apprentices.

— Half of the decline in group training’s share was due to strong employment growth over the period reducing demand for the group training model – ‘in periods of strong employment growth the need for flexibility in the placement of apprentices and trainees declines and the need to develop direct loyalty ties with apprentices and trainees increases’.

Each of these factors will be considered in turn, based on data and events since 2009.
Growth in the apprenticeship and traineeship market

The apprenticeship and traineeship market is no longer growing as strongly as in the period 2000-2009, and has actually contracted more recently (Figure 14). GTOs therefore missed some of the opportunity to increase commencements when the market was growing. Furthermore, it has likely been difficult for group training to recover its market share as the apprenticeship and traineeship market has weakened since 2009.

Changes in the apprenticeship and traineeship system

Changes to the apprenticeship and traineeship system since 2009 have increased the availability of fully funded services which may compete with GTOs, potentially reducing the group training share of the apprenticeship and traineeship market.

In addition to the continued operation of AACs, the Australian Apprenticeships Mentoring Program was introduced in 2011. The Mentoring Program receives around $20 million a year from the Commonwealth and funds organisations to deliver mentoring to apprentices, particularly those in skills shortage areas and apprentices and trainees facing barriers to participation. The mentoring may also involve support to apprentice and trainee employers to encourage positive relationships within the workplace. In addition to the Commonwealth Mentoring Program, a number of states also fund apprenticeship and traineeship mentoring services.

The effectiveness and impact of the Mentoring Program is outside the scope of this review, and a formal evaluation has not been carried out. Despite this, it is reasonable to expect that the Mentoring Program has had some impact on demand for group training, considering apprentice and trainee mentoring and employer support are two of the key services offered by GTOs.

Note: excludes existing workers, index 100=September 1996, over the preceding 12 months.
Source: NCVER Apprentice and Trainee Collection

---

1 The Australian Apprenticeships Mentoring Program will cease after 2014-15.
Similarly AACs may also be reducing demand for group training by assisting apprentices and trainees with finding employment and employers with some of the administration involved in the apprenticeship and traineeship system.

**Employment growth**

While employment growth was strong in 2000-2009, it has been relatively weak since. As discussed above, the group training share of the apprenticeship and traineeship market has not increased during this period.

Employment growth averaged 2.2 per cent (2.2 per cent CAGR\(^6\)) in 2000-2009 but only averaged 1.4 per cent (1.3 per cent) between 2010 and 2013\(^7\). Similarly, the unemployment rate has increased recently, although it is still relatively low compared to the 1990s.

**Other factors**

There could be a number of other factors putting downward pressure on the group training share of the apprentice and trainee market.

The fall in GTO share may be due to the lack of growth in industries or occupations that GTOs have traditionally serviced. This possibility is explored in Box 2. While some changes in the economy have been unfavourable to group training’s traditional apprenticeship markets, overall economic structural change does not appear to be driving the fall in GTOs’ market share.

Conversely, the GFC appears to have had a significant impact on GTO commencements and market share. Both fell considerably in 2008 and 2009 and have not recovered since, with the 2013 share below that of 2009. The GFC saw a number of businesses hand back their apprentice or trainee to the GTO. Some GTOs continued to employ these apprentices/trainees, despite the lack of host businesses. This came at considerable cost to the GTOs, and in most cases caused a severe reduction in these organisations’ cash reserves. The impact of the GFC is explored further below in section 4.5 which discusses the performance of GTOs in economic downturns.

Another factor mentioned in consultations for this project as potentially contributing to the long fall in GTO market share is that the group training model may be losing its appeal to industry. Businesses may be looking for a greater level of loyalty from employees and a greater level of acceptance from other workers for apprentices and that the group training model may not be fit for these purposes.

Furthermore, the average age of apprentices and trainees is rising and businesses may be more comfortable directly employing apprentices and trainees. Changes to the national industrial relations system over the last decade may also have made direct employment easier for businesses.

---

\(^6\) Compound Annual Growth Rate (CAGR)

\(^7\) Employment data from ABS 6202.0
Box 2  Is the GTO fall in market share due to the fall in the proportion of traditional trades in the economy?

As set out in section 3.1, GTOs have traditionally concentrated on trades and technicians occupations; occupations which are often found in the construction and manufacturing industries. Over the last 10 years, manufacturing has fallen from 9 per cent of the Australian economy to 7 per cent, as sectors such as mining, finance and health care have grown strongly. Construction has grown as a proportion of the economy since 2004, up from 6 per cent to 8 per cent.

As set out in Figure 15, GTOs' falling market share over the last decade has mirrored the decline in manufacturing's importance to the economy. The overall impact of structural changes to the economy is unclear however, as construction, a significant industry for GTOs, has increased in importance to the Australian economy.

Figure 15  GTO share, and construction and manufacturing share of economy

<table>
<thead>
<tr>
<th>Year</th>
<th>GTO Share</th>
<th>Construction</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>100</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>2010</td>
<td>70</td>
<td>5%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Note: excludes existing workers, index September 2004 = 100
Source: NCVER Apprentices and Trainees Collection, ABS 5206.0

Trades workers and technicians currently account for 15 per cent of occupations in Australia, with labours around 10 per cent. As Figure 16 shows the trade workers share is down slightly from 2004, while the labourers share has seen a bigger drop. But the fall in GTO share has been larger.

Figure 16  GTO share, and trades and labourers share of employment

<table>
<thead>
<tr>
<th>Year</th>
<th>GTO Share</th>
<th>Trades and Technicians</th>
<th>Labourers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>100</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>2010</td>
<td>70</td>
<td>13%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Note: excludes existing workers, index September 2004 = 100
Source: NCVER Apprentices and Trainees Collection, ABS 6291.0.55.003

Finally, Figure 16 compared the GTO share in different occupations between 2000 and 2013. As this shows the GTO share in all trades is down since 2000, indicating that it is not changes in the structure of the economy, but loss of share in GTOs' traditional markets which are preventing a return
Finding 6

Following a sustained period of strong growth in market share from when GTOs were first introduced in the early 1980s, the market share of GTOs has been on a gradual decline since peaking in 1998. The reasons for the decline are complex and are likely related to factors including:

- Strong employment growth prior to the GFC, although weak employment growth since has not increased GTO market share
- Increased competition from non-GTO organisations
- Increased competition from government funded AACs and the Mentoring Program
- An inability or unwillingness to take advantage of apprenticeship and traineeship market growth before the GFC
- The impact of the GFC on GTO host businesses and GTOs’ cash reserves
- Changing industry preferences.

3.3 Market share across industries and states

National trends notwithstanding, drivers around market share are likely to vary from region to region and occupation to occupation. To have a more complete understanding of market share, this section disaggregates GTO share data.

Table 7 highlights the market share of GTOs compared to other employers of apprentices and trainees and trainees across a variety of occupations and the eight states and territories. GTO is more important in some states and in some occupations.

GTOs have a higher share of the market in SA (13.8 per cent), WA (13.7 per cent), and NT (13.3 per cent). Importantly, there is a lower level of GTO presence in NSW (8.1 per cent).
GTOs are more important in the occupational categories of Technicians and trades workers (13.3 per cent), Clerical and Administrative workers (14.3 per cent), and Labourers (9.6 per cent). Within ‘Technicians and trades’, GTOs have significant shares in areas experiencing localised or national skills shortages such as electrotechnology and telecommunications trades workers (17.7 per cent), automotive and engineering trades workers (16.5 per cent) and construction trades workers (15.9 per cent).

Within Technicians and trades worker occupations, there is considerable variation between states. For example, GTOs have significant market share of apprentices and trainees in Engineering, ICT and science technicians in NSW (19 per cent), Victoria (28.6), South Australia (22.5), Tasmania (45.5) and ACT (22.5), while the shares in Queensland and WA are just 3.5 per cent and 4.2 per cent respectively.

Table 7  **GTO shares (%) apprentices and trainees, commencements by occupation**

<table>
<thead>
<tr>
<th>Occupation (ANZSCO) group</th>
<th>NSW</th>
<th>VIC</th>
<th>QLD</th>
<th>SA</th>
<th>WA</th>
<th>TAS</th>
<th>NT</th>
<th>ACT</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Managers</td>
<td>0.7</td>
<td>5.1</td>
<td>2</td>
<td>3.2</td>
<td>1.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.2</td>
</tr>
<tr>
<td>2  Professionals</td>
<td>3.9</td>
<td>4.7</td>
<td>3.2</td>
<td>1.6</td>
<td>13.3</td>
<td>-</td>
<td>33.3</td>
<td>23.1</td>
<td>5.5</td>
</tr>
<tr>
<td>3  Technicians and trades workers</td>
<td>12.4</td>
<td>10.1</td>
<td>12.7</td>
<td>28.1</td>
<td>16.7</td>
<td>14.6</td>
<td>17.3</td>
<td>10.1</td>
<td>13.3</td>
</tr>
<tr>
<td>31 Engineering, ICT and science technicians</td>
<td>19</td>
<td>28.6</td>
<td>3.5</td>
<td>22.5</td>
<td>4.2</td>
<td>45.5</td>
<td>17.4</td>
<td>22.5</td>
<td>13.7</td>
</tr>
<tr>
<td>32 Automotive and engineering trades workers</td>
<td>16.1</td>
<td>20.4</td>
<td>13.5</td>
<td>33.7</td>
<td>11.3</td>
<td>22.2</td>
<td>19.1</td>
<td>3.6</td>
<td>16.5</td>
</tr>
<tr>
<td>33 Construction trades workers</td>
<td>11.3</td>
<td>7</td>
<td>22.3</td>
<td>39.4</td>
<td>38.6</td>
<td>14.5</td>
<td>13.2</td>
<td>18.5</td>
<td>15.9</td>
</tr>
<tr>
<td>34 Electrotechnology and telecommunications trades workers</td>
<td>15.3</td>
<td>15.5</td>
<td>18.6</td>
<td>37.4</td>
<td>15.6</td>
<td>32</td>
<td>20.1</td>
<td>15.1</td>
<td>17.7</td>
</tr>
<tr>
<td>35 Food trades workers</td>
<td>11.9</td>
<td>4</td>
<td>8</td>
<td>12.8</td>
<td>13.8</td>
<td>0.7</td>
<td>7.3</td>
<td>3.6</td>
<td>8.2</td>
</tr>
<tr>
<td>36 Skilled animal and horticultural workers</td>
<td>9.5</td>
<td>12.1</td>
<td>5.6</td>
<td>30.7</td>
<td>7.5</td>
<td>6.5</td>
<td>9.1</td>
<td>5.6</td>
<td>10.7</td>
</tr>
<tr>
<td>39 Other technicians and trades workers</td>
<td>2.5</td>
<td>2.7</td>
<td>4.6</td>
<td>1.7</td>
<td>8.5</td>
<td>3.1</td>
<td>19.7</td>
<td>-</td>
<td>3.9</td>
</tr>
<tr>
<td>391 Hairdressers</td>
<td>0.7</td>
<td>1.2</td>
<td>0.5</td>
<td>0.7</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.1</td>
</tr>
<tr>
<td>392 Printing trades workers</td>
<td>4.2</td>
<td>2.2</td>
<td>-</td>
<td>-</td>
<td>14.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.9</td>
</tr>
<tr>
<td>393 Textile, clothing and footwear trades workers</td>
<td>5.3</td>
<td>13.6</td>
<td>6.5</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8.1</td>
</tr>
<tr>
<td>394 Wood trades workers</td>
<td>5.1</td>
<td>8</td>
<td>23.2</td>
<td>5.3</td>
<td>18.5</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>11.2</td>
</tr>
<tr>
<td>399 Miscellaneous technicians and trades workers</td>
<td>5.2</td>
<td>2.5</td>
<td>4.1</td>
<td>2.1</td>
<td>9.2</td>
<td>5.6</td>
<td>57.1</td>
<td>-</td>
<td>4.7</td>
</tr>
<tr>
<td>4  Community and personal service workers</td>
<td>2.5</td>
<td>10.8</td>
<td>5.5</td>
<td>9.2</td>
<td>8.3</td>
<td>8.8</td>
<td>3.4</td>
<td>3.8</td>
<td>6.4</td>
</tr>
<tr>
<td>5  Clerical and administrative workers</td>
<td>12.4</td>
<td>15.1</td>
<td>12.7</td>
<td>13.1</td>
<td>16.5</td>
<td>27.2</td>
<td>24.5</td>
<td>21.9</td>
<td>14.3</td>
</tr>
<tr>
<td>6  Sales workers</td>
<td>1.7</td>
<td>5.8</td>
<td>2</td>
<td>0.4</td>
<td>3.5</td>
<td>0.5</td>
<td>-</td>
<td>0.8</td>
<td>2.9</td>
</tr>
<tr>
<td>7  Machinery operators and drivers</td>
<td>3.6</td>
<td>14.1</td>
<td>4</td>
<td>0.6</td>
<td>6.7</td>
<td>8.3</td>
<td>4.8</td>
<td>1.1</td>
<td>6</td>
</tr>
<tr>
<td>8  Labourers</td>
<td>6.4</td>
<td>6.6</td>
<td>8.4</td>
<td>3.8</td>
<td>24.4</td>
<td>3.5</td>
<td>19.6</td>
<td>41.8</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8.1</td>
<td>10</td>
<td>9</td>
<td>13.8</td>
<td>13.7</td>
<td>12.4</td>
<td>13.3</td>
<td>9.2</td>
<td>9.9</td>
</tr>
</tbody>
</table>

*Note: excludes existing workers, ANZSCO group, year to 30 September 2013. Colours range from red, which represents a low share, to green, which represents a high share.*

Source: NCVER Apprentice and Trainee Collection
There does not appear to be a discernible pattern in the distribution of market share by state and by occupation. The significant variation in market share suggests that the performance of GTO is significantly dependent on the local effectiveness of GTOs working with local employers rather than being due to any systemic conditions.
This chapter examines effectiveness of the JGTP across a number of metrics. In doing so, the chapter distinguishes between the utility of group training generally, and the public support of GTOs through the JGTP. The efficiency of the program is also analysed.

4.1 Assessing the effectiveness of the JGTP

In order to assess the effectiveness of the JGTP it is important to be clear on the goals of the program in allocating the limited quantum of funding available under the program. The current design of the JGTP is to procure specific outcomes from GTOs, not just provide ongoing operational subsidies.

JGTP has a number of objectives, as set out in the intergovernmental agreements, the JGTP Administrative Guidelines (2013-14) and state government Funding Plans. Further, consultations indicated widely held goals for group training that were not necessarily captured in program documentation.

The highest level goal for JGTP, as set out in the IGAs and Guidelines, is to ‘encourage and improve commencements and completions in Australian Apprenticeships’. Other goals derive from the nationally agreed priority areas: Skills Development, Client Groups and Geographical Locations. As set out in section 2.4, jurisdictions are able to define funding targets within these three parameters – particularly within the Client Groups category there are a broad number of target groups.

The IGAs and Guidelines also note that out-of-trade apprentices and trainees are a particular focus of the JGTP. While ‘out-of-trade’ is not defined in the program documentation, it is widely used to refer to instances where apprentices and trainees lose the job associated with their apprenticeship. GTOs and other stakeholders interviewed as part of this project argued that, relatedly, group training also plays an important role in mitigating the impact of economic downturns on apprentices and trainees and associated businesses.

Stakeholders also saw facilitating small business involvement in the apprenticeship and traineeship system as an important goal of group training. While this aspect is not captured in JGTP program documentation, it does have a long linage with many arguing small business need was the impetus for the establishment of group training 35 years ago.

In summary, public support for group training is variously justified on the basis of:

- Encouraging apprenticeship and traineeship commencements and increasing apprenticeship and traineeship completion rates
- Relieving skills shortages
- Promoting and supporting apprenticeships and traineeships among equity groups
- Promoting and supporting apprenticeships and traineeships in regional and remote areas
- Promoting and supporting out-of-trade apprentices and trainees and apprenticeships and traineeships during economic downturns
Promoting small business participation in the apprenticeship and traineeship system.

Examination of the effectiveness of JGTP requires consideration of what has been the performance of GTOs on each of the above metrics, and to what extent has this performance been the direct or indirect result of the JGTP.

### 4.2 Effectiveness of JGTP in improving completion rates and encouraging commencements

#### 4.2.1 Group training completion rates

GTO apprentices and trainees have slight higher completion rates than directly employed apprentices. In 2009, the latest year for which complete data are available, 49.7 per cent of GTO apprentices and trainees completed their apprenticeship and traineeship compared to 48.3 per cent of non-GTO apprentices. The size of GTO outperformance has fallen since 2006 when it was 3 percentage points (Figure 18).

![Figure 18: GTO and non-GTO apprenticeship and traineeship completion rates 2006-2009](image)

*Note: excludes existing workers*, detail on the completion rate method can be found in Appendix E

Source: NCVER

Completion rates differ across apprenticeship and traineeship groups, for example trade occupations (43.9 per cent) have a lower completion rate than non-trade occupations (56.2 per cent). Within each of these apprenticeship and traineeship groups, there are also differences between GTO apprentice and trainee completion rates and non-GTO rates, as set out in Figure 19.

GTO apprentices and trainees have a higher completion rate in both trade and non-trade occupations. GTOs have higher rates when apprentices and trainees are 19 years and under, and when they are 25 years and over.

In 2006 GTOs had significantly higher completion rates for apprentices and trainees with a disability, but by 2009 this had reversed with GTOs falling significantly behind non-GTOs on this metric. Conversely, GTOs have improved their completion rates among Indigenous apprentices, and now slightly outperform non-GTOs.
4.2.2 The impact of JGTP funding on promoting completions

While the general performance of GTOs on completion rates is encouraging, it is difficult to know what the expected difference between GTOs and non-GTOs should be. After all, GTOs provide significant additional support to apprentices and trainees that they may not receive if directly employed. GTOs also receive public funding to support these services.

As recent NCVER research notes:

> It is perhaps surprising that the completion rates with group training organisations are only fractionally higher than those with private employers, given that group training organisations possess many of the characteristics associated with higher completion rates. These... include rigorous recruitment practices, structured programs, the provision of varied work and support and mentoring.

*Understanding the non-completion of apprentices, Bednarz (2014), p.24*

**Consultation insights**

In consultations, stakeholders argued that there are a number of reasons why completion rates, even disaggregated, may underplay the impact of GTOs on apprenticeship and traineeship outcomes.

— GTOs often employ a more disadvantaged cohort of apprentices, which may not be fully captured in the data. Some GTOs target people who are disengaged from the labour force and education system, and who struggle with housing, family and other personal issues. As a result of these barriers, some GTO apprentices/trainees have a lower chance of completing their apprenticeship. Conversely, some stakeholders argued that
some GTOs’ more sophisticated recruitment practices allow them to employ a higher calibre of apprentice.

— GTOs often work with businesses that are facing difficulties or lack a supportive workplace culture. These businesses may be unable to offer a high level of support to apprentices/trainees they host, and may have their operations severely disrupted by changes in economic conditions.

— At times, apprentices and trainees will leave their GTO and finish their apprenticeship and traineeship directly employed by their host business. This is recorded as an apprenticeship and traineeship cancellation for the GTO, even though the apprentice or trainee is continuing with their apprenticeship and traineeship or traineeship utilising a relationship established and supported by the GTO.

As a result, it is difficult to say whether the slightly higher completion rates of GTO apprentices and trainees indicate significant GTO impact, or if the difference is lower than should be expected for the additional costs borne by host businesses and governments. GTOs report that JGTP funding allows for a higher level of apprentice/trainee support, often through lower case worker / apprentice and trainee ratios and rotations between host businesses, and that this would in turn support higher retention and completion rates than would otherwise be the case.

**Summary**

The extent to which JGTP leads to a higher level of apprentice/trainee support could indicate the impact of JGTP funding on apprenticeship and traineeship outcomes.

The targeting of incentive payments to completion could also be contributing to JGTP impact on apprenticeship and traineeship outcomes. As set out in Table 3 in section 2.4, the vast majority of states provide incentive payments to GTOs on the completion of an apprenticeship.

### 4.2.3 What Tasmanian and NSW can tell us about the impact of JGTP on commencements

As detailed in section 2.4.1, Tasmania and NSW withdrew from JGTP in 2011 and 2012 respectively. While the Commonwealth Government has continued to provide funding for GTOs in both states, the withdrawn of state government funding has halved the level of support available to relevant GTOs.

Figure 20 shows the change in GTO commencements Tasmania, NSW and the rest of Australia since 2009. After funding for GTOs was halved in June 2011, Tasmanian GTO commencements have fallen, but at a similar rate to the fall in GTO commencements in the rest of Australia.

A similar pattern is evident in the case of NSW, where GTO commencements have fallen since the beginning of 2013, but the fall has been broadly consistent with the trend in other jurisdictions which did not see their funding levels halve. A relatively short amount of time
has passed since the withdrawal of the NSW Government from the JGTP making it too early to draw any conclusions on the impact of the funding reduction in NSW.

Figure 20  **Comparison of GTO commencements in NSW/Tasmania and the rest of Australia**

![Graph showing comparison of GTO commencements in NSW/Tasmania and the rest of Australia](image)

*Note: includes existing workers, index = March 2009*

Source: NCVER Apprentice and Trainee Collection

Figure 21 compares the change in commencement numbers of group training to the rest of the market in Tasmania and NSW. In Tasmania, GTO commencements fell more quickly than the rest of the market after funding was halved, but have since risen while non-GTO commencements have continued to fall. In NSW, GTO and non-GTO commencements have contracted at similar rates since the end of NSW Government JGTP funding.

Figure 21  **Comparison of GTO and non-GTO commencements in NSW and Tasmania**

![Graph showing comparison of GTO and non-GTO commencements in NSW and Tasmania](image)

*Note: excludes existing workers, index = March 2009*

Source: NCVER Apprentice and Trainee Collection

Figure 22 shows how Tasmanian GTO employment of target groups has changed since the reduction in JGTP funding in mid-2011. The Tasmanian GTO share of the apprenticeship
and traineeship market has increased in the school-based cohort and in outer regional and remote areas since 2011, while it has been steady among the Indigenous and NESB cohorts.

### Figure 22  Tasmania GTO share of target groups

![Graph showing the share of target groups in Tasmania over the years](image)

**Note:** excludes existing workers, no data for apprentices and trainees with a disability, ‘outer regional and remote’ is a combination of the ARIA+ (Accessibility/Remoteness Index of Australia) categories ‘Outer Regional’, ‘Remote’ and ‘Very Remote’ – ‘Inner Regional’ is not used as it includes Hobart.

Source: NCVER Apprentice and Trainee Collection

### Consultation insights

Consultations regarding the Tasmanian experience indicate that the fall in funding did not cause any Tasmanian GTOs to close, although some mainland GTOs may have ceased their Tasmanian operations in response. The community-based GTOs which work with more disadvantaged apprentices and trainees were most affected by the reduction in funding, and generally increased the number of apprentices/trainees to each case manager. GTOs have also increased charge out rates where possible in response to the reduction in revenue from government.

Consultation participants from NSW saw it as too early to establish the impact of the NSW Government withdrawal from JGTP.
4.3 Effectiveness of the JGTP in promoting apprenticeships and traineeships among equity groups

4.3.1 Market share of GTOs amongst equity groups

As shown in Table 4 in section 2.4, jurisdictions target a variety of equity groups under JGTP. While GTOs have apprentices and trainees in all of these groups, in some cases GTOs have a disproportionally high number of apprentices and trainees from equity groups.

Table 8 sets the percentage point difference between the proportion of equity group apprentices and trainees in GTOs and the proportion of equity group apprentices and trainees in non-GTOs. A positive number indicates that GTOs have an over-representation of an equity group, while a negative number indicates an under-representation.

For example, GTOs have a great proportion of apprentices and trainees in non-traditional trades (i.e. apprentices and trainees in trades where their gender is traditionally significantly under-represented, for example women in automotive manufacturing) – 15 per cent higher than non-GTOs.

GTOs also have a high proportion of school-based and Indigenous apprenticeships. Just under one in five GTO apprentices and trainees is school-based whereas school-based apprentices and trainees account for 10 per cent of non-GTO apprenticeships. Indigenous apprentices and trainees account for 11 per cent of GTO apprentices, and less than 5 per cent of non-GTO apprentices.

There is little difference in the representation of apprentices and trainees with a disability and women in non-traditional trades between GTOs and direct employment. GTOs have a lower proportion of apprentices and trainees from a non-English speaking background and adult, mature-age and woman apprentices.

In Table 8, the bolded numbers indicate the jurisdictions that provide incentive payments for GTOs working with a particular equity group.

As with the occupation shares in Table 7, there is significant variability across states and equity groups. GTOs have a significantly higher proportion of school-based apprenticeships and traineeships in ACT and WA (despite the fact the former does not provide incentive payments for this equity group) and of Indigenous apprentices and trainees in WA and Queensland.

<table>
<thead>
<tr>
<th></th>
<th>NSW</th>
<th>Vic</th>
<th>Qld</th>
<th>SA</th>
<th>WA</th>
<th>Tas</th>
<th>NT</th>
<th>ACT</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>45 years and over</td>
<td>-89.8</td>
<td>-60.5</td>
<td>-81.1</td>
<td>-90.3</td>
<td>-59.5</td>
<td>-82.2</td>
<td>-64.6</td>
<td>-79.2</td>
<td>-75.2</td>
</tr>
<tr>
<td>Non-English speaking background</td>
<td>-57.3</td>
<td>-45.4</td>
<td>-40.4</td>
<td>-64.0</td>
<td>-36.7</td>
<td>-48.6</td>
<td>-19.5</td>
<td>-77.3</td>
<td>-50.9</td>
</tr>
<tr>
<td>20 years and over</td>
<td>-53.0</td>
<td>-38.2</td>
<td>-48.2</td>
<td>-39.3</td>
<td>-49.4</td>
<td>-38.3</td>
<td>-19.2</td>
<td>-72.5</td>
<td>-46.0</td>
</tr>
<tr>
<td>Female</td>
<td>-28.6</td>
<td>0.8</td>
<td>-32.8</td>
<td>-60.8</td>
<td>-23.8</td>
<td>-4.4</td>
<td>-36.7</td>
<td>-32.7</td>
<td>-23.5</td>
</tr>
<tr>
<td>Women in non-traditional trades</td>
<td>71.5</td>
<td>-33.0</td>
<td>67.0</td>
<td>70.4</td>
<td>42.7</td>
<td>-81.0</td>
<td>-43.9</td>
<td>-51.6</td>
<td>26.5</td>
</tr>
<tr>
<td>Non-traditional trades</td>
<td>51.7</td>
<td>13.2</td>
<td>51.9</td>
<td>90.7</td>
<td>19.4</td>
<td>16.4</td>
<td>2.9</td>
<td>86.9</td>
<td>40.4</td>
</tr>
<tr>
<td>With a disability</td>
<td>0.6</td>
<td>147.0</td>
<td>-42.7</td>
<td>48.3</td>
<td>5.7</td>
<td>-30.9</td>
<td>96.7</td>
<td>62.4</td>
<td></td>
</tr>
<tr>
<td>School-based</td>
<td>178.9</td>
<td>222.4</td>
<td>9.9</td>
<td>-37.0</td>
<td>863.7</td>
<td>-10.9</td>
<td>128.7</td>
<td>467.0</td>
<td>92.9</td>
</tr>
<tr>
<td>Indigenous</td>
<td>100.7</td>
<td>219.4</td>
<td>120.2</td>
<td>111.5</td>
<td>211.1</td>
<td>116.7</td>
<td>41.9</td>
<td>16.3</td>
<td>134.2</td>
</tr>
</tbody>
</table>

Note: excludes existing workers, year ending September 2013, bolded numbers indicate that the jurisdiction considers the apprentice/trainee group a priority area. Colours range from red, which represents a large under-representation, to green, which represents a large over-representation.

Source: NCVER Apprentice and Trainee Collection
Figure 23 shows how the difference between GTOs and non-GTOs across these equity groups has changed since 2009. The GTO share relative to the non-GTO share has grown in the non-traditional trades, and adult, mature-age and woman apprentices.

As set out in Figure 19 above, GTOs have higher completion rates for mature age (25 years and older) apprentices and trainees and Indigenous apprentices, and lower completion rates for apprentices and trainees with a disability.

4.3.2 The impact of JGTP funding on promoting participation of equity groups

The precise impact of JGTP funding on the participation of equity groups is not clear. Table 8 shows no correlation between GTO employment of equity groups and jurisdictional
targeting of equity groups. This may indicate that JGTP incentive payments are not changing GTO behaviour.

**Consultation insights**

Consultations indicated a small number of GTOs target equity groups such as Indigenous Australians, people with a disability and women in non-traditional trades. Such GTOs are often not-for-profit and have a social justice orientation, targeting disadvantaged school leavers who may have limited employment and education options, and require significant mentoring support.

The majority of GTOs did not specifically target equity groups, however, and stakeholders reported that the incentive payments for equity group apprentices and trainees were not significant enough to change GTO behaviour. These GTOs operated on a more commercial orientation to recruitment, taking applicants and vetting potential candidates based on their suitability for, and interest in, occupations in demand.

A number of stakeholders argued that JGTP payments are spread too thinly between equity groups (and other target areas) and should more focused in order to increase the incentive effect of the payments. There was also view that the current level of incentives did not cover the recruitment costs and additional services delivered by GTOs when employing apprentices and trainees from equity groups.

4.4 Effectiveness of JGTP in increasing apprenticeships and traineeships in regional and remote areas

4.4.1 Market share of GTOs in regional and remote areas

In 2013, 38 per cent of GTO apprentices and trainees were located in a regional or remote area, compared to 37.8 per cent of non-GTO apprentices. The GTO figure is down from 42.9 per cent ten years ago. Figure 24 disaggregates these data and shows the changes over time from 2004.

GTOs have a greater proportion (12.6 per cent) of apprentices and trainees in outer regional areas relative to non-GTOs (12 per cent), although the difference is relatively small. Non-GTOs now have a higher proportion of apprentices and trainees in remote areas (4 per cent) than GTOs (3.8 per cent), as the proportion of GTO apprentices and trainees in remote areas has shrunk since 2009.
Figure 24  Proportion of apprentices and trainees in regional or remote areas

Table 9  Percentage point difference in regional and remote shares of GTOs relative to non-GTOs, 2013

<table>
<thead>
<tr>
<th></th>
<th>ACT</th>
<th>NSW</th>
<th>NT</th>
<th>Qld</th>
<th>SA</th>
<th>Tas</th>
<th>Vic</th>
<th>WA</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional</td>
<td>-</td>
<td>0.7</td>
<td>-</td>
<td>-0.1</td>
<td>-5.7</td>
<td>5.7</td>
<td>7.1</td>
<td>-5.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Remote</td>
<td>-</td>
<td>-1.0</td>
<td>-12.9</td>
<td>1.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

Note: excludes existing workers, year ending September 2013, bolded numbers indicate that the jurisdiction considers the geographical area a priority area (each jurisdiction’s definition of ‘regional’ and/or ‘remote’ is not necessarily consistent with ARIA+ definitions).

Source: NCVER Apprentice and Trainee Collection

Finding 13

GTOs do not have a significantly larger proportion of apprentices and trainees in regional and remote areas than non-GTOs. Regional and remote apprentices and trainees appear to be becoming a less important market for GTOs. The proportion of GTO apprentices and trainees in regional and remote areas has fallen since 2004.

4.4.2 The impact of JGTP funding on promoting apprenticeships and traineeships in regional and remote areas

Consultation insights

Consultations indicated the importance of regional and remote GTOs to their local communities, as regional and remote communities:

— have a higher proportion of small businesses, and businesses without internet access
— have a higher proportion of disadvantaged apprentices and trainees
— often necessitate apprentices and trainees traveling further, sometimes to a different town, in order to complete their on- or off-the-job training.

— often lack readily available sources of information on apprenticeships and traineeships.

A number of GTOs from regional and remote areas play a community development role, promoting apprenticeships and traineeships and ‘school to work’ pathways strongly, and developing other services around their group training operations.

Stakeholders saw a justification for regional and remote loading on the grounds of higher costs, rather than as an incentive to encourage GTO activity outside of metropolitan areas. Some larger GTOs reported that their regional operations were not profitable without JGTP and a reduction in government support could threaten service viability.

**Summary**

While GTOs currently operating in regional and remote areas are valued by their local communities, it does not appear that JGTP funding is incentivising GTOs or potential GTOs to expand into regional or remote areas. There is no relationship between regional and remote incentives and GTO activity across jurisdictions, and at a national level the proportion of GTOs apprentices and trainees in regional and remote areas has been falling. This may, in part, be due to the low level of incentives.

GTOs in regional and remote communities appear to face higher costs than metropolitan GTOs as staff will often have to travel considerable distances to visit apprentices/trainees in their workplace.

**4.5 Effectiveness of JGTP in providing opportunities to apprentices and trainees during economic downturns and for out-of-trade apprentices**

**4.5.1 Performance of group training in economic downturns**

Recessions, the popular conception of economic downturns, are most commonly defined in Australia as two consecutive quarters of negative economic growth.8 This measure is not particularly useful in examining GTO activity in economic downturns as Australia has not had a recession on this definition since 1991.9

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9 Recessions are also defined by a 1.5 rise in unemployment over a year – which occurred around the time of the global financial crises, and during the 1991 recession Stevens (2009).
A more useful measure of economic weakness, and particularly employment weakness, is those periods where the unemployment rate rises for six consecutive months or more. On this measure, Australia has had four periods of ‘employment weakness’ since 1994.

As the grey bars in Figure 25 show, this measure corresponds well to the periods of economic contraction associated with the dot com crash in 2000 (0 per cent growth in September 2000 and -0.4 per cent growth in December 2000) and the GFC (-0.4 per cent in December 2008). But it also captured rising unemployment that occurred in 1996 and between mid-2012 and mid-2014.

This analysis shows that GTO in-training apprentices and trainees rose through the first period of employment weakness in 1996, perhaps in part due to the consideration expansion underway in apprenticeships and traineeships in the second decade of the 1990s. In the second period of employment weakness, GTO training contracted slightly. During the GFC, group training lost a considerable number of apprentices and trainees and around 2 percentage points of market share. In the most recent period of employment weakness GTOs have maintained their market share, but have seen a further fall in the number of apprentices and trainees they have in-training (Figure 25).

There are a number of reasons why GTOs may not perform better than non-GTOs in periods of employment weakness:

— Host businesses may feel less responsibility to keep a GTO apprentice or trainee on in times of economic weakness, than if they employed the apprentice or trainee directly.

— GTO host businesses may be more susceptible to poor economic conditions. Businesses with marginal operating models may be over-represented in the GTO host business cohort. This could make host businesses more likely to hand back an apprentice.

— Prior to the GFC, a number of GTOs had a commitment to never lay off apprentices and trainees or trainees and when an apprentice or trainee was handed back to pay apprentice/trainee wages until a replacement host business could be found. During the GFC, the strength and length of the period of employment weakness meant this policy caused GTOs’ cash reserves to run out, leading to GTOs cancelling this policy.
4.5.2 Proportion of out-of-trade apprentices and trainees in group training

In consultations, GTOs and others argued that a strength of group training is its ability to place out-of-trade apprentices and trainees with new businesses. This strength is derived from their host business networks.

Five jurisdictions consider out-of-trade apprentices and trainees a priority area: ACT, Queensland, Tasmania, Victoria and WA. Figure 26 shows the proportion of GTO apprentices and trainees commencing with GTOs that were out-of-trade for the four states that report on this metric.

Figure 26 Out-of-trade apprentices and trainees as a proportion of all GTO apprentices, selected states, 2012-13

* Only four states reported out of trade commencements, WA data for 2013 calendar year

Note: excludes existing workers, except for WA which includes existing workers

Source: State/territory Joint Group Funding Program Funding Performance Reports 2012-13

Only two states collect data that allows a comparison between the proportion of GTO apprentices and trainees that were out-of-trade, and the same ratio for non-GTOs. Figure 27 shows that in Queensland GTOs have a high proportion of out-of-trade than non-GTOs,
while in WA the opposite is true. The large difference between Queensland and the other states in Figure 26 may be due to definitional differences, although Queensland Government policy in supporting GTA-Queensland to maintain and promote the state’s out-of-trade register may also be a factor in this difference.

Figure 27 Out-of-trade apprentices and trainees as a proportion of all apprentices, GTO and non-GTO, Queensland and WA, 2009-13

<table>
<thead>
<tr>
<th>Year</th>
<th>QLD GTO</th>
<th>QLD non-GTO</th>
<th>WA GTO</th>
<th>WA non-GTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>16%</td>
<td>14%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>2010</td>
<td>14%</td>
<td>12%</td>
<td>10%</td>
<td>8%</td>
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<tr>
<td>2011</td>
<td>12%</td>
<td>10%</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>2012</td>
<td>10%</td>
<td>8%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>2013</td>
<td>8%</td>
<td>6%</td>
<td>4%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note: excludes existing workers, no data for WA for 2009.

Source: WA Department of Training and Workforce Development; Queensland Apprenticeship and traineeship and Traineeship Office

Finding 15

Group training has had mixed performance in times of economic weakness. While GTO employment rose in the 1996 period of economic weakness, it fell more than direct employment during the dot-com crash in 2000 and the GFC in 2007-8.

There is a lack of data to fully explore the performance of GTOs in placing out-of-trade apprentices.

4.5.3 The impact of JGTP funding on providing opportunities to apprentices and trainees during economic downturns and for out-of-trade apprentices

Consultation insights

Consultations indicated that stakeholders consider GTOs well placed to ameliorate the impact of economic downturns on the apprenticeship and traineeship market by:

— aggregating the reduced demand of businesses for apprentices and trainees
— preventing apprentices and trainees from becoming out-of-trade by:
  — rotating apprentices and trainees between the smaller number of host businesses available
  — making use of otherwise inactive ‘backup’ host businesses
  — increasing the amount of classroom training delivery.
A number of GTOs indicated that they had drawn significantly on financial reserves to retain staff through the financial crisis. Many took pride in the fact that they were less likely to stand down their employees relative to other employers, but a small number also reported that it was increasingly difficult to maintain employment through difficult economic conditions as those costs could no longer be afforded by the GTO.

Summary

While there is a lack of evidence that group training is well placed to deal with economic downturns, theoretically JGTP funding could increase the amount of time for which GTOs could employ apprentices and trainees without host businesses and support the often resource intensive rotation of apprentices between host businesses. The relatively low level of JGTP funding, however, means any impact would likely to be small.

There is insufficient data on out-of-trade apprentices and trainees to analysis the impact of JGTP funding on GTO performance in this area. Data comparing GTO employment of out-of-trade apprentices and trainees across states which do / do not treat out-of-trade as a priority area would be useful in establishing the impact of JGTP.

4.6 Effectiveness of the JGTP in promoting small business participation

4.6.1 Market share of GTOs by business size

Group training has historically played an important role servicing small business. There a number of reasons why small businesses use group training schemes:

— Small businesses may not have enough work to justify employing an apprentice or trainee directly and full time. For example, in the electrical industry most small businesses work on contracts and so are reluctant to commit to a 4 year apprenticeships.

— Due to the size of their operations, small businesses are more likely to lack the breadth of on-the-job training required by apprentices and trainees to complete their apprenticeship.

— Many small businesses lack human resources capability and/or a good understanding of the apprenticeship and traineeship system. As a result, they look to GTOs to provide services such as recruitment, pre-work coaching, industrial relations administration, payroll, occupational health and safety, and management of off-the-job training.

— In some cases, GTOs also a mentor to small businesses, providing advice on non-apprenticeship and traineeship aspects of host business operations.10

10 This is not to say that medium and large businesses do not use group training for similar reasons. Consultations indicate that some large businesses use GTOs to reduce HR costs, ensure a variety of on-the-job training, to test apprentices and trainees and because of GTOs’ expertise of the apprenticeship and traineeship system. Some large companies also use
Small businesses employ around 43 per cent of all employees in Australia, a larger share than medium (31 per cent) or large (26 per cent) businesses, although the small business share has been falling since 2007 (Figure 28).

Figure 28  Business size share of employment

The small business share of employment in Australia is around average when compared to other OECD countries. The small business share is lowest in countries such as the UK (25 per cent) and Germany (30 per cent), while countries such as Greece (66 per cent), Italy (58 per cent) and Portugal (52 per cent) have a larger small business sector (OECD 2013).

There is a lack of data on the businesses served by GTOs – GTOs are the employers of their apprentices/trainees and for all statistical purposes. Consultations indicate approximately 60-75 per cent of GTO host businesses are small; around 33 per cent of private sector businesses directly employing apprentices are small businesses. A survey of 67 GTOs undertaken by NIEIR (2010) indicated that half of GTO host businesses have between 1.6 and 2.6 apprentices.

4.6.2  The impact of JGTP funding on promoting participation of small businesses

Consultation insights

Some stakeholders saw JGTP funding as contributing to small business participation by supporting GTO services to small business – particularly through more extensive GTOs to get a national approach to their apprentices, while others will use GTOs when they start small operations in new markets before directly employing apprentices and trainees then the operation grow.
engagement with small businesses, regular visits to apprentices and trainees in the workplace, and by establishing long-term relationships with hosts. JGTP funding may also support GTOs in rotating apprentices and trainees between host businesses, and in supporting small businesses maintain standards in workplace health and safety.

A few stakeholders also noted that JGTP makes GTOs more attractive to small businesses by allowing them to keep charge out rates down and in some instances, to pass through a larger proportion of various other government incentives.

While the contribution of JGTP funding to improved services and reduced charge out rates overall was consistently highlighted, some GTOs also emphasised the importance of being able to present the benefits of group training in a way that would appeal to small businesses, and to ultimately convince business owners of the return on investment.

It is important to note that while many stakeholders saw small business participation as an important focus or strength of group training, it is no longer specified as an objective of the JGTP and WA is the only state that tries to target incentive payments at GTOs working with small businesses.

4.7 Summary of the effectiveness of JGTP

Table 10 summaries the effectiveness of the JGTP on the metrics discussed in this chapter. On most metrics, there is a lack of evidence JGTP is having an impact as intended.

Notwithstanding this, JGTP funding is reported as important to the viability of a limited number of GTOs, and a reduction in funding would likely cause a larger number of GTOs to reorientate their operations.

Consultations indicate that JGTP funding makes up between 1 per cent and 10 per cent of GTOs’ revenue, with a median around 4-5 per cent. This is corroborated by Spencer (2012) which finds that, across its 16 GTO sample, JGTP funding accounts for 4 per cent of GTO revenue and is consistent with figures cited in GTA (2014).11

While this figure may seem relatively small, when assessing GTO viability it is more meaningful to look at JGTP revenue relative to GTO operating margins. Spencer (2012) estimates that JGTP funding as percentage of gross margin (when the gross margin is sum of all revenue minus apprentice/trainee wages) is around 17 per cent for its GTO sample. It is presumed that this figure would often be higher in the case of community-based GTOs.

11 According to GTA, GTOs received approximately $36,000 per year in revenue per apprentice. Wages and on costs comprise approximately $27,000 per year. $9,000 goes towards the important wraparound services for which GTOs are well known – including mentoring and pastoral care, employer liaison, payroll services, and other community activities – of which $1,800 would be from the JGTP (GTA 2014).
This JGTP funding relative to operating margin data supports consultation feedback that the viability of some GTOs may be threatened if funding is reduced. Other GTOs report they could modify their operations in the following ways to adjust to less funding:

— Reduced services in less economic markets such as regional and remote regions
— Reduced outreach to and targeting of equity groups
— Increase case worker loads to around 1:120 (the average now appears to be 1:85)
— Try to increase apprentice and trainee numbers (consultations indicate most GTOs currently need 350-400 apprentices and trainees to be viable)

Conversely, other GTOs consulted would likely not see significant disruption to their operations if JGTP funding was reduced. Some GTOs are currently profitable before government support, and the loss of JGTP expenditure would only lead to a reduction in their operating surpluses.

Despite the relatively small role played by group training in the current apprenticeship system, it continues to be a highly valued model and makes a valuable contribution in the skills development of the Australian workforce, particularly in select industries and regions. It would appear that the viability of at least some GTOs is significantly reliant of government funding.

While the value of group training and the reliance of GTOs on public support needs to be acknowledged, other considerations such as the efficiency of the program in delivering...
intended outcomes and the appropriate role for different levels of government in a contemporary VET market need to also be considered (see Chapter 5).

4.8 Efficiency of the JGTP

Criteria for considering the efficiency of the JGTP include that:

1. administrative overheads are low – the costs of administration of the program are low relative to alter all funding levels
2. leveraging of non-government investment is high – the funds allocated lead to increased investment by other parties to fulfil the program objectives
3. additionality is high – the funds invested lead to a substantial change in GTO behaviours that directly contribute to the objectives of the program, which would not otherwise happen
4. duplication is low – there are no other concurrent government programs which aim to achieve similar objectives as the JGTP through alternate means

Drawing on the available data and feedback from stakeholders, the following sections provide an assessment of the efficiency of the JGTP in in each of these four areas.

4.8.1 Administrative overheads

One of the primary risks of a joint funding approach which relies on state-based implementation is the potential duplication of activities across jurisdictions. In the case of the JGTP, each participating State or Territory is responsible for administering the program in their jurisdiction within the parameters of the national funding guidelines.

The efficiency of the administration of the program was not identified as a key area for improvement by any of the stakeholders consulted in Victoria, Queensland or Western Australia. That being said, in order for the JGTP to be delivered each jurisdiction needs basic administrative arrangements to be in place, namely:

— decision-making processes around the funding levels, funding formulas, and priority areas
— systems and processes to support the development and maintenance of program guidelines, interaction and ongoing communication with GTOs, the handling of applications, the verification of data, the monitoring of performance, payments, and programmatic reporting
— appropriate governance arrangements to oversee program implementation, manage and mitigate risks, and review performance.

The complexity of the funding arrangements, and in the case of Queensland and Victoria the administration of an additional innovation grants component, will add to these overall costs.

These minimum requirements from program administration are not expected to be significantly different than for any other government program. However, these administrative requirements exist to support a program with:

— a relatively low level of total funding per jurisdiction – at most just over $6 million is allocated in states like Queensland and Victoria while in the ACT, the Northern Territory and Tasmania JGTP constitutes only about $0.5 million of funding per annum (Figure 29)
REVIEW OF THE JOINT GROUP TRAINING PROGRAM AND ROLE OF GROUP TRAINING

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— a small number of funding recipients – with the decline in GTO numbers over time, the number of JGTP funding recipients ranges from five in the Northern Territory to 38 in New South Wales, or an average of approximately 20 per state (Table 3).

In addition, the Commonwealth government must also maintain administrative systems and processes for the JGTP, but only to the extent of supporting the joint arrangements as on the ground implementation is undertaken by the participating States and Territories.

There are no data available on the administrative overhead for the program. Further data collection and analysis is required to be able to assess whether the ratio and therefore efficiency of the fixed administrative costs compared to the relatively low amount of funding and the small number of recipients in each participating jurisdiction.

**Figure 29** Funding per annum and number of GTO recipients by jurisdiction

![Graph showing funding per annum and number of GTO recipients by jurisdiction](source: State/territory Joint Group Funding Program Funding Performance Reports 2012-13)

In addition, the Commonwealth government must also maintain administrative systems and processes for the JGTP, but only to the extent of supporting the joint arrangements as on the ground implementation is undertaken by the participating States and Territories.

From the perspective of GTOs, those organisations operating and accessing JGTP funding in more than one state may face some challenges in dealing with different arrangements in different jurisdictions, but on the whole GTOs do not find JGTP requirements to be overly onerous or costly.

**Finding 19**

Further data collection and analysis may be warranted to assess the ratio and therefore efficiency of the fixed administrative costs compared to the relatively low amount of funding and the small number of recipients in each participating jurisdiction.

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4.8.2 Leverage in of non-government investment

The JGTP is characterised by a lack of funding clarity from year-to-year. Commonwealth Government funding in particular is not disclosed at the time of the Federal Budget but rather is announced well into the financial year – the long delays in payments mean that in
some States “all but a few weeks of a full financial year have passed before any payment is made” (GTA 2014).

As previous reviews have identified, this does not provide the group training sector with much notification of annual funding levels. Similarly, there is often limited clarity around whether funding from the States and Territories will continue. As highlighted by GTA (2014):

This is totally unacceptable. It is bad for the business of group training, it threatens the capacity of GTOs to engage apprentices and trainees and trainees, and provides little or no value to the taxpayer when GTOs are literally forced to wait major part of a financial year before they can operate at full capacity. Without vital JGTP funds GTL’s are literally operating with one hand tied behind their backs.

A consistent message from the consultations is that the current, annual cycle for funding renewal is too short (and inconsistent with the Intergovernmental Agreement on Federal Financial Relations (IGAFFR)), leading to uncertainty among all stakeholders and impacting the ability of GTOs to undertake medium-term planning.

The delays and uncertainty in government funding must mean that the effectiveness of that funding in the leveraging non-government investment is minimal in any given financial year. GTOs must either be forced to wait upon the government’s decisions before making appropriate investments to meet anticipated needs, or going ahead with investments which would otherwise be unaffected by the availability of JGTP funding or lack thereof.

Even after government funding is announced, there remains a significant degree of uncertainty around the level of funding that will be actually allocated to GTOs because funding rates are revised over the course of the year according to the actual number of apprentices and trainees engaged by GTOs in each jurisdiction.

A number of stakeholders indicated that this uncertainty and associated delays lead to administrative challenges, adverse impacts on relationships between government departments and GTOs, and reduce the effectiveness of JGTP to driver behaviour.

4.8.3 Additionality impact

Previous studies have suggested that GTOs complement the apprenticeship and traineeship system, that is, apprentices and trainees employed by GTOs are additional to those apprentices and trainees trained under direct contracts (Toner, Macdonald and Croce 2004).

The JGTP and its various antecedents have been in existence for over 25 years. These funds have in the venture capital group training and have made possible the development of the ensuing years of the human and physical capital that group training has built its reputation on. It is unlikely that the outcomes achieved by the group training network over the course of three decades would have been possible without it.

– GTA 2013

The additionality of government support for group training in the past is undoubted given that group training did not and would not exist if not for the venture capital funding provided in the 1980s. However, as GTA and others have pointed out, the present approach to funding is no longer geared towards the establishment of new GTOs, nor is it a form of operational or infrastructure subsidy. The additionality of JGTP therefore needs to be assessed on the basis of the current program design – the purchaser-provider model geared
towards encouraging apprenticeship and traineeship training, progression, and completion in general, and in identified equity and priority groups.

As noted in section 4.7, JGTP funding is reported as preserving the viability and sustainability of GTOs with slim operating margins. GTA and other stakeholders argued that many GTOs would be at risk of collapse if not for JGTP. There is insufficient information available on whether any reductions in government support could be offset by an increase in apprentice/trainee charge out rates. Setting aside whether or not it is in fact true that JGTP is preventing GTO collapse, this is not the aim of the program; if this were the case, then funding would be delivered on the basis of a fixed operating grant.

As noted above, the current arrangements are intended to encourage the commencement, progression, and completion of apprentices and trainees in general, but especially from identified equity in priority groups. On average, priority or equity groups attract a higher level of support of between 30 and 900 per cent.

An assessment of additionality in this regard can be made based on an assessment of the impact of the absolute funding levels per apprentice/trainee on GTO behaviour, which includes attraction and recruitment activities, and strategies to support retention and completion.

In absolute terms, maximum commencement payments range from $650 to $3,050 for priority or equity groups (see Table 5). Stakeholders have suggested that funding should be better targeted at a small number of eligible apprentices and trainees from at-risk groups, with an absolute level of support at $3,000 to $4,000 per apprentice/trainee to provide sufficient resources and incentives for GTOs.

Consultations indicate that many stakeholders, including GTOs, saw the level of incentive payments as too low to induce GTOs to target clients groups. Some state governments are conscious that the large number of client groups and priority sub-areas may be causing incentive payments to be spread too thinly, dulling their impact on GTO behaviour.

Some stakeholders suggest that the JGTP should be funded – with additionality in mind – on the basis of targets achieved, based on gaps in participation. For example, the Queensland Government’s Group Training Additional Apprentice Bonus incentive of $5,000 per additional apprentice enrolled was identified as a being high enough to influence GTO behaviour and investment decisions (such as the decision to hire additional staff for recruitment), and therefore have a higher chance of achieving additionality.

More broadly, based on the consultations, stakeholders are broadly satisfied with the implementation of JGTP. State governments and GTOs report having good working relationships, and both parties value the JGTP.

Building on the discussion in the previous section, it is also important to note that if GTOs are not confident they will receive incentive funding, they will be less likely to target high needs groups; uncertainty therefore also adversely impacts on additionality.

In addition, one anomaly in the JGTP funding approach is the fact that funds are capped and must be expended within a financial year. Through a system of weights and adjustments that vary from state to state\(^\text{12}\), this means that the group training sector collectively receives all the funding regardless of performance. In fact, these represent an inbuilt inefficiency whereby:

\(^\text{12}\) Except for WA which does not adjust its payments.
— in years with low apprentice and trainee commencements through group training, GTOs receive a higher reward per apprentice
— in years with high apprentice and trainee commencements through group training, GTOs receive a lower reward per apprentice.

By implication, in recent years when apprentice and trainee comments at GTOs have been low, the government has been paying the same total funding amount and having less apprentices and trainees commence. The alternative perspective is that government has been paying more per apprentice, but getting the same or a fewer number of apprentices and trainees commence (Figure 30).

**Figure 30** GTO commencements and completions per $10,000 in Commonwealth funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Commencements</th>
<th>Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>1998-99</td>
<td>12</td>
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</tr>
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<td>6</td>
<td>5</td>
</tr>
<tr>
<td>2012-13</td>
<td>7</td>
<td>6</td>
</tr>
</tbody>
</table>


4.8.4 Overlap with other Commonwealth and state/territory initiatives

As set out above, GTOs play a multifaceted role in the apprenticeship and traineeship system including employing, supporting and mentoring apprentices/trainees, providing
services and support to host businesses, promoting apprenticeships, and developing ‘school to work’ pathways.

The Commonwealth and state and territory governments fund other initiatives in the VET sector which aim to address some of the needs GTOs aim to address. At the Commonwealth level this includes:

- AACs, which are responsible for apprenticeship/traineeship administration.
- The Australian Apprenticeships Mentoring Program, which funds organisations to deliver mentoring to apprentices, particularly those in skills shortage areas and apprentices and trainees facing barriers to participation.13
- The Australian Apprenticeships Advisors Program, which funds specific trade or industry advisors, to inform potential candidates about apprenticeships/traineeships.14
- The Australian Apprenticeships Incentives Program, which provides financial incentives to employers and apprentices/trainees, and is administered by the AACs. The components of this program are outlined in Table 11.

The 2014-15 Budget announced changes to many of these programs, with the Mentoring and Advisors Programs ceasing from 1 January 2015, and the Tools For Your Trade incentive payments ceasing from 1 July 2014. The 2014-15 Budget also introduced income contingent loans for apprentices under the Trade Support Loans program.

State and territory governments also deliver services aimed at improving outcomes in the apprenticeship/traineeship sector. Many jurisdictions provide:

- Apprenticeship/traineeship field officers, which are responsible for supporting the apprenticeship/traineeship contract and monitoring apprenticeship/traineeship conditions.15
- Apprentice/trainee mentoring services, often delivered by field officers, which apprentices/trainees with on and off-the-job issues.16
- Funding for training organisations to support high needs apprentices/trainees.

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13 The Australian Apprenticeships Mentoring Program may also involve providing support to the employers and supervisors, as well as apprentices, in order to foster a positive employment relationship. The Mentoring Program is operated by industry-led partnerships, including Industry Skills Councils, industry bodies, employers, employer and employee organisations, and AACs. Specific mentoring programs may be delivered nationwide, or in specific areas. The service is funded by the provider, and does not usually require additional payment from the employer. While it may vary between specific programs, some mentors visit their apprentices on-site as often as bi-monthly.

14 The Australian Apprenticeships Advisors do not aim to provide career guidance, but focus on promoting understanding, awareness and realistic expectations of the apprenticeships among candidates. The information provided is occupation or industry specific. The program was allocated $21 million over a two year period (2011–12 and 2012–13) and funded 21 organisations. The Advisors typically come from industry-led partnerships, particularly Industry Skills Councils, industry organisations, and employer and employee associations, as these bodies are the best places to find people with relevant levels of expertise.

15 Queensland’s Department of Education, Training and Employment (DETE) Field Officers support Queensland’s apprentices. They are responsible for providing advice, issues management, conflict resolution interventions, workplace visits and presentations. In order to ensure the apprenticeship system is functioning effectively they providing ongoing support to apprentices (Queensland Government 2012).

16 For example, Victoria funds the Apprenticeship Support Officers (ASOs) program to provide support and guidance to all apprentices, aged 15 to 24, in the first year of their apprenticeship. ASOs offer mentoring in the form of support and referrals for personal and workplace issues, while providing information to the apprentice to answer any queries. This targeted support during the early stages when the apprentice is at the highest risk of discontinuing is designed to increase completions. The Victorian Government allocated $14.42 million over three years for 27 ASOs and departmental support, with each ASO responsible for around 550 apprenticeship commencements per year (Victorian Government 2013b).
### Table 11  Australian Apprenticeships Incentives Program

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Incentive amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employer incentives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Skills Needs List (NSNL) occupations</td>
<td>Payment for new or existing workers taking up a full- or part-time Australian Apprenticeship or Australian School-based Apprenticeship at Certificate III/IV</td>
<td>$2,500</td>
</tr>
</tbody>
</table>
| Non-NSNL in priority occupations (Aged Care, Childcare, Disability Care Worker and Enrolled Nursing) | Payment for new or existing workers taking up full- or part-time Australian Apprenticeships or full-time Australian School-based Apprenticeship at Certificate III/ Certificate IV/ Diploma/Advanced Diploma | Full-time new worker, all levels: $2,500  
Part-time new or existing worker, Cert III/IV: $1,500  
Part-time new worker, Dip/Adv Dip: $2,500  
Part-time existing worker, Dip/Adv Dip:$3,000 |
| Non-NSNL, non-priority occupations | Payment for new workers taking up full- or part-time Australian Apprenticeships or full-time Australian School-based Apprenticeship at Certificate III or IV | Full-time: $2,500  
Part-time: $1,500 |
| Disabled Australian Apprentice Wage Support | Payments are made to employers who employ an eligible Australian apprentice with a disability who finds it difficult to get an approved apprenticeship because of his or her disability or currently employ an Australian apprentice who has acquired a disability during his or her apprenticeship and needs help as a result. | $104.30 per week wage support |
| GTO Certificate II Completion Incentive | Payable to GTOs only | $1,000 |
| Declared Drought Area Incentives | Payable at Certificate II only | $1,500 |
| Mature Aged Workers Incentives | Payable where apprentice is aged 45 and over, at all levels | $750 |
| Australian School-based Apprenticeship Incentive - Retention | Payable at all levels | $750 |
| Employer payment for Support for Adult Australian Apprentices NSNL occupations | Payable at Certificate III and IV levels. | $4,000 |
| **Apprentice/Trainee incentives** | | |
| Tools For Your Trade | Payable at Certificate III and IV levels. Certificate II: Eligible Agriculture or Horticulture qualifications may be eligible for payments. | Full-time / part-time milestones:  
Three month / three month point: $800  
12 month / 24 month point: $1,000  
24 Month / 48 month point: $1,000  
36 Months / 72 month point: $1,200  
On successful completion: $1,500 |
| Living Away from Home Allowance | Certificate II and above. | First year rate: $77.17 per week  
Second year rate: $38.59 per week  
Third year rate: $25.00 per week |
| Support for Adult Australian Apprentices | Payable at Certificate III and IV levels. | First year full-time / first two years part-time: $150 / $75 per week, up to $7,800  
Second year full-time / second two years part-time: $100 / $50 per week up to $5,200 |

Source: Australian Apprenticeships 2013a (current as at December 2013)

### Consultation insights

Consultation participants argued that the apprenticeship/traineeship system is complex, with multiple organisations, at both Commonwealth and state/territory level, often providing very similar services.

GTOs argued that in some respects AACs duplicate the services GTOs offer to employers around navigating the apprenticeship/traineeship system and recruiting an apprentice/trainee. Similarly GTOs saw Commonwealth and state and territory governments’ mentoring programs as overlapping with GTO services and sometimes causing confusion.
for apprentices/trainees and host businesses. In recognition of this issue the Victorian Government’s Apprenticeship Support Officers do not service GTO apprentices, although Victorian Government field officers do.

A point of contention was the fact GTOs are precluded from delivering Commonwealth Mentoring Program services as they are apprentice employers. Some GTOs argued that they should be able to access funding for mentoring, as their relationship with apprentices was different to a direct employer and this would remove duplication and improve efficiency in the apprenticeship/traineeship system. Others viewed the current arrangements as suitable as the Mentoring Program allowed apprentices access to a third party mentor they could speak to if they were having an issue with their GTO.

Some state government officials also expressed concern that some of incentive payments under the JGTP duplicated payments to employers under the Australian Apprenticeships Incentives Program. As GTOs are employers of apprentices/trainees, for some apprentices, such as those with a disability, they will receive additional payments under JGTP in most states and also Disabled Australian Apprentice Wage Support payments under the Australian Apprenticeships Incentives Program. Other stakeholders saw this system as appropriate and providing GTOs with resources to address high needs apprentices/trainees.

Summary

Based on consultations undertaken for this project there does appear to be areas of duplication in apprenticeship/traineeship system services in areas where GTOs work. This is particularly the case in apprentice/trainee mentoring, where both levels of government and GTOs are all involved in providing services.

This has been noted in previous reviews of the apprenticeship/traineeship system, with ‘multiple stakeholders actively involved in the system, the intersection of the employment and training relationship, as well as funding and governance arrangements, the system has become complex and confusing’ (McDowell, J et al 2011). This has increased the chance for duplication in service delivery, as multiple organisations work to provide similar services.

The Commonwealth Government has recognised there are issues around the complexity, efficiency and effectiveness of support services in the apprenticeship/traineeship system. In June 2013 it released a discussion paper on ‘Reforming Support Services for the Australian Apprenticeships System’ (Australian Government 2013b).

While the 2014-15 Budget replaced a number of apprentice/trainee support service programs with the Industry Skills Fund program, at the time of writing limited information is available on the Industry Skills Fund and the extent to which it will reduce duplication in the apprenticeship and traineeship system.
This chapter examines what the evaluation of the JGTP means for future government support, including the contemporary public policy rationale for supporting group training and how the JGTP or other government funding could be structured in the future in terms of potential scenarios for Commonwealth-State responsibility for VET.

5.1 The evolution of group training and the apprenticeship and traineeship market

5.1.1 The ongoing role of group training in the national VET system

Group training’s share of the apprenticeship and traineeship market has declined over the last 14 years for a variety of reasons (see section 3.2 and Finding 6). Notwithstanding this, GTOs continue to employ thousands of apprentices and trainees and provide services to client host businesses who continue to pay for these services, indicating that group training continues to present a valuable business service for firms throughout Australia.

Furthermore, group training is clearly a key provider of apprenticeship employment and training in some segments of the market; GTOs have significant market shares in particular industries within particular jurisdictions. Group training accounts for more than a third of all apprentice and trainee commencements in a number of occupational sub-groups in certain states (see section 3.3 and Finding 7).

Group training also continues to provide opportunities for disadvantaged groups, and some GTOs evidently target potential apprentices and trainees who may face barriers to entry and success in the training and labour markets. In particular, GTOs employ a high proportion of school-based and Indigenous apprentices and trainees, and apprentices and trainees with a disability (see section 4.3 and Finding 11).

While group training itself is not significantly overrepresented in regional and remote areas, consultations undertaken for this project, including with government officials, indicate that GTOs play an important role in addressing the overrepresentation of small businesses and disadvantaged apprentices and trainees in these areas. As a central source of knowledge and networks on the local economy and the apprenticeship and traineeship system (and the VET system generally), GTOs can also play an important community development role in regional and remote areas (see section 4.4 and Finding 14).

However it is important to note that GTOs largely provide these services through revenue gained through charges to employers, from government apprenticeship and traineeship employer subsidies, and from other commercial activities (and in some instances support from other bodies). The key issue for this review is the extent to which additional government funding for GTOs is appropriate and in that context, the effectiveness of the JGTP.
5.1.2 The evolved role of group training

GTOs were originally conceived as intermediaries for small enterprises who were unable to commit to four-year apprenticeship and traineeship indentures and/or unable to offer a full breadth of on-the-job training required by an apprentice/trainee to complete their training.

Over time the rationale for group training has broadened – particularly under the JGTP – to also focus on the needs of students from disadvantaged groups who may not otherwise receive the opportunities or support required to complete an apprenticeship or traineeship. The current JGTP is now focussed on achieving training outcomes for apprentices and trainees from priority groups, as well as regional areas and skills shortage areas, as determined by states and territories (see section 2.4 and Finding 1).

In the last decade, there have been significant reforms to the national training system and the nature of VET. The delivery of training for apprentices and trainees has become more flexible and more innovative and the proportion of the growing apprenticeship and traineeship market under direct indenture has grown (see Finding 4 and Finding 6.) At the same time many GTOs have expanded and diversified (or merged) to build new revenue streams and to better meet the needs of enterprises. For some GTOs, the focus on small businesses and/or disadvantaged groups is now secondary to the question of how they can grow and better meet the needs of businesses, regardless of size.

This increased diversification is in part apparent in the move away from the traditional trades (which have fallen from 78 per cent of GTO enrolments in 1995 to 61 per cent in 2013) towards a wider range of other occupations including those in clerical and administrative occupations (which have risen from 8 per cent of GTO commencements in 1995 to 20 per cent in 2013), and community and personal service occupations (which have risen from 8 per cent of GTO commencements in 1995 to 12 per cent in 2013) (see section 3.1.3 and Finding 5).

5.1.3 The evolved nature of GTOs

The changes in the role of group training are in part reflected in, and indeed driven by, the emergence of different business models among GTOs themselves. In line with the patterns identified in previous studies (Toner 2005), it would appear that there has been a diversification in the GTO role.

— Some GTOs have largely adhered to their original remit of taking on apprentices in the traditional trades, particularly those from disadvantaged backgrounds requiring significant additional support, targeted recruitment, and personalised pastoral care. These GTOs also tend to work more closely with employers who are keen to invest in future apprentices and trainees but have insufficient scope of work or capacity to take on an apprentice/trainee under direct indenture.

— Other GTOs, often characterised by the breadth of services they offer, have less of a focus on disadvantaged groups and small business, and provide group training as one of a range of commercial services to enterprises.

As a previous NCVER study observed:

...there has been an expansion of for-profit group training companies over the last decade, but it has been driven largely by the expanding commercial opportunities as a result of the sustained growth of traineeships and privatisation of labour market and training programs. For sound commercial reasons these group training companies focus on traineeships, in which there is high growth and high turnover and which have less of a traditional ‘pastoral care’ orientation and are less focused on disadvantaged groups.

As some stakeholders and reports have noted, diversification was actively encouraged by government in the mid-1990s (House of Representatives 1995). Indeed by 2004, 57 per cent of GTOs undertook one other business activity and a further 29 per cent undertook 2 or more other business activities (Buchanan and Evesson 2004).

There are divergent views on whether the diversification of the role of group training alongside other services such as accredited training and labour market services is:

— a dilution of the core values and mission of the group training ethos, and a risk emerging from the potential conflicts across multiple roles, or

— is a necessary and positive development that will allow such organisations to be more sustainable and to better meet the needs of apprentices/trainees and employers.

As independent businesses in their own right, these judgements are ultimately for GTOs themselves to make. However diversification of GTO activities into other markets will bring into question the entry of other service providers into GTO activities and the extent to which a general operational subsidy is appropriate when GTOs are operating outside of their original core role.

The nature of GTOs can be expected to keep changing. Some stakeholders, for example, flag the potential for GTOs to manage internships and cadetships, as yet another intersection between education and the workplace. In Victoria, TAFE institutes can now become GTOs. While there continue to be a large number of adherents to the traditional group training philosophy, government policy must consider the fact that the evolution of GTOs is seeing an increase in more diversified models of operation in Australia.

As GTOs have evolved, so has the broader apprenticeship and traineeship sector. There are now a range of other organisations and intermediaries which also provide services for the apprenticeship and traineeship market within the VET sector, although they do not employ apprentices and trainees as GTOs do. The role of these organisations is outlined in Box 3.
Box 3 Other organisations providing services in the apprenticeship and traineeship system

Other organisations and intermediaries providing services within the VET sector include:

- Businesses offering labour hire services or apprenticeship and traineeship management services
- Adult and Community Education providers may be undertaking outreach activities to disadvantaged learner groups and providing additional learning support and pastoral care to enrolled apprentices and trainees
- TAFE institutes may have Indigenous education units and liaison officers to promote engagement, enrolment, retention and completion amongst Indigenous learners
- Industry-based RTOs may provide specialist training and business support services to promote and sustain apprenticeships and traineeships in a particular field or occupation
- Not-for-profit community organisations and government agencies are working to promote education, training and employment opportunities for young people at a regional level in partnership with training providers and local industry
- Some private RTOs may be particularly adept at working with and supporting small businesses and their apprentices and/or trainees
- AACs assist employers in navigating the administrative, regulatory and funding arrangements currently in place in the apprenticeship and traineeship system

These are just some examples of the diversity of organisations and approaches that target particular needs in the VET market. Where in the past GTOs played a unique role in addressing particular training needs and barriers to apprenticeships/traineeships, this is no longer necessarily the case. This may explain, in part, group training's decline in market share in an otherwise growing apprenticeship and traineeship market.

Previous studies have observed that "group training appears to complement other training investment rather than substitute for it (that is, without group training less training would occur)" (Toner, Macdonald and Croce 2004). However, with increasing contestability for the delivery of apprenticeships and traineeships by a wider range of RTOs (including the highly specialised trade training providers) and alternative apprentice/trainee management and support services, it would appear that there are more substitutes/alternatives to group training that are now available to employers than were available previously.

This diversity and competition is reflected in the move towards increasingly market-based mechanisms, first with user choice funding, then with the national commitment to a student VET entitlement up to Certificate III, and most recently with the Commonwealth Government’s Trade Support Loans Program which provides apprentices/trainees with increased flexibility in how they choose to use their financial support.

GTOs are now one of a range of providers of valuable services catering to the needs of communities, enterprises and individuals alike, and in a more competitive and diversified apprenticeship and traineeship system.

Source: ACIL Allen Consulting

5.1.4 The nature and limited effectiveness of the JGPT

Funding for JGTP is relatively small compared to other significant Commonwealth Government programs in the VET sector such as AACs, the National Workforce Development Fund, and the Australian Apprenticeships Mentoring Program (see Table 12). The recent 2014-15 Commonwealth Budget introduces significant new policies: the Trade Support Loans Program and the Industry Skills Fund. In addition, the JGTP program has diminished with the withdrawal of NSW and Tasmania from joint funding arrangements.
While most GTOs highlighted the important contribution that JGTP funding makes to their bottom line, during the consultations for this project some GTOs and state departments also argued that many GTOs without a focus on disadvantaged groups and/or small business should no longer be dependent on JGTP funding for their long-term financial health and survival.

JGTP funding is, in effect, a partial subsidy towards the operating costs of GTOs currently linked to specific objectives. However the subsidy as a proportion of GTO operating costs varies significantly and generally accounts for a small portion of their revenue. This is an unusual form of support for service delivery by government in funding non-government organisations as it results in small amounts of funding being ‘smeared’ across a large number of organisations with additional outcomes poorly linked to funding. As discussed in section 4.8, one perverse outcome of the current approach is that funding for GTOs per apprentice/trainee increases in most jurisdictions as the total number of apprentices/trainees in group training declines (this is not the case in Western Australia).

As canvassed in section 4.7, JGTP funding is a valued source of revenue for those GTOs with very thin margins, however, the availability of JGTP funding or lack thereof would be dwarfed by the effects of volatility and recent falls in apprenticeship and traineeship numbers.

As many GTOs indicated, the levels of funding per apprentice/trainee under the JGTP, though welcome, are not significant enough to drive recruitment selection and/or behaviour. National average JGTP expenditure per GTO apprentice and trainee is around $1,300. In contrast, the incentive offered by Queensland of $5,000 per additional apprentice/trainee (recruited above a GTO’s average number of apprentices/trainees over the last three years) has been identified as being sufficiently significant to encourage GTOs to make investments to secure growth.

As discussed in chapter 4, from the data, consultations and design of the funding models, it would appear that in many cases GTOs are employing apprentices and trainees and placing them with host businesses in much the same manner and numbers as would occur without JGTP funding. Only in a small number of cases is it likely that JGTP funding is playing a critical role in increasing commencements/completions of disadvantaged apprentices/trainees or of apprentices/trainees placed with small businesses.
5.1.5 The future of the joint funding approach

A further major consideration is that the future of the joint nature of the JGTP is unclear given the Commonwealth Government’s move away from joint approaches in education and health more broadly in the 2014-15 Budget.

This is consistent with – but not to the full extent of – the recommendations of the Commission of Audit to reform the federation and address the significant overlap between the activities of the Commonwealth and the states/territories. Recommendation 39 of the Commission of Audit is for the Commonwealth Government to alter its involvement in the VET sector and transferring policy and funding responsibility to the states/territories – the adoption of this recommendation is not yet clear, given the ongoing funding for VET and workforce development in the 2014-15 Budget.

As GTA (2013) and others have noted, the joint nature of the funding approach has been eroded with the withdrawal of the NSW and Tasmanian state governments from the JGTP.

Given the current context, there appear to be three possible scenarios for the public support of group training in terms of Commonwealth/State responsibilities:

1. If the Commission of Audit recommendations are adopted then funding and program responsibility would be transferred to the states and territories (or the Commonwealth element of the program would discontinue). However as the Commonwealth budget includes two major new VET program initiatives it is reasonable to infer that a Commonwealth programmatic role will continue.

2. If VET continues to be funded on a shared basis as under current arrangements the program could continue as a joint program – however with two jurisdictions, including the largest, not contributing, this would not seem to be a viable long term model.

3. It is also possible that each level of government might assume responsibilities for funding and oversight of specific elements of the VET system including apprenticeships. In this respect the Commonwealth and states and territories could continue to support group training albeit through separate programs.
5.2 A contemporary public policy rationale for supporting group training

The current joint funding model is not an appropriate or sustainable basis for specific funding for GTOs by government into the future as:

— It provides a small operational subsidy which is not clearly related to outcomes and the Commonwealth contribution lacks transparency and consistency as subsidy levels vary significantly across jurisdictions for similar GTOs

— Differences in approaches between jurisdictions are likely to increase and GTO models will continue to diversify

— Two jurisdictions, including the largest, no longer contribute to the joint program – there is no ‘joint program’ in those jurisdictions.

However this does not mean that government should not fund GTOs but rather than a more targeted approach is required. For example, there may be a suboptimal level of investment in apprentice/trainee training in specific localities or regions, due to concurrent market failures, in particular:

— the lack of economies of scale

— thin markets for training

— underinvestment due to ‘poaching’ risks

— predominance of small enterprises.

Group training may be able to play a critical intermediary role where there are no other intermediaries, and skills shortages persist for specialised trades which have a major immediate impact in those industries and downstream impacts across supply chains – for example in infrastructure development.

Social equity goals could include improving education or labour market outcomes for low income, Indigenous, or older individuals or individuals with a disability concentrated in particular regions, or to address inequitable gender balances in certain occupations, such as the traditional trades.

In some cases, market failures or social equity goals in the apprenticeship and traineeship sector may exist but may be more efficiently addressed through other government programs. However the continued relevance, market presence and unique value of the group training model to the national training system continues to make the GTO network a highly effective and attractive platform through which governments can continue to address particular market failures and achieve specific economic and social policy goals in the VET sector.

Regardless of which of the scenarios outlined in section 5.1.5 eventuates to maximise the additional impact of government funds, JGTP funding would be more effective if it were not provided as a general operating subsidy, but rather as a more targeted investment to support commencements, completions and/or related innovations related directly to the achievement of government policies and priorities.

How a more targeted approach might be implemented is outlined under the three scenarios set out below.

5.2.1 Scenario 1: VET funding is fully transferred back to the states

Given the current moves away from joint funding approaches in the areas of education and healthcare more generally, it would appear that there is a possibility that the joint funding
approach will not be retained. However this scenario is unlikely given new VET programs announced by the Commonwealth.

This does not constitute a recommendation of the JGTP review; rather, it is an assessment of the current policy environment. It is expected that a decision by the Commonwealth Government regarding the future of the joint funding arrangements will be made following the recommendations of the Federation White Paper and future negotiations with the states and territories. In any case, whichever decision is taken, it is critical that these are clearly communicated to all stakeholders in a timely manner.

At present the states and territories have a relatively high degree of flexibility in how JGTP funding is administered. This is important to allow states to align funding with local training market reforms and specific priorities. Should this scenario eventuate then by definition the joint approach will cease and funding (based on current allocations) will be transferred back to the states and individual jurisdictions which will make judgements about if and how they provide funding to GTOs. Based on the analysis in this report a more targeted approach would still be required.

5.2.2 Scenario 2: VET funding continues under a shared funding model

Under this scenario listed above, changes to the JGTP along these lines should be led by the participating state and territory governments in partnership with the Commonwealth Government, consistent with the principles of the Intergovernmental Agreement for Federal Financial Relations. This will also ensure that changes are consistent with policy reforms and current VET policy settings in each participating jurisdiction. Under this scenario, the ultimate design of the renewed JGTP should continue the current program's approach of allowing state and territory governments to set policy target areas based on jurisdictional conditions, however a far more targeted approach is required.

— Consultations for this project indicate that some states are considering sharpening the focus of the JGTP to, for example, only support group training in regional areas, as this is seen as the area where GTOs add the most value. Others are looking at an increased role for group training in addressing out-of-trade apprentices due to GTOs’ access to a range of host employers.

— Some state governments are also considering opening up funding previously dedicated to GTOs to any organisation which shows it can address the JGTP policy goal of increasing and supporting apprenticeship/traineeship commencements and completions. Under such an arrangement, organisations would apply for funding and their funded activities to address a particular segment of the apprenticeship/traineeship market would be evaluated for effectiveness prior to inform the next round of funding.

— State and territory governments may choose to administer a grants program for GTOs as an adjunct to other grants programs, as a public tender process, or in some way integrated with current funding for apprenticeships and traineeships. Some jurisdictions may choose to deliver group training support through current measures to support and promote equitable training outcomes or to subsidise small businesses, depending on what other policies and programs are in place to achieve these outcomes in their respective VET markets. The use of commencement, progression and completion incentives may be appropriate where these can be designed to be more effective and are considered consistent with other policies and programs.

The major weakness under this scenario is that two jurisdictions are not participating in the joint program and that the Commonwealth is using the state GTA associations in NSW and Tasmania as its proxy agent to distribute funding to GTOs. If the program is to be more
targeted and directly aligned to government policies and priorities, this would require the Commonwealth to take a more direct role in the process for and approval of funding for GTOs either under the current arrangements or through the states/territories as outlined in the next scenario.

5.2.3 Scenario 3: Each level of government assumes specific responsibility for aspects of VET

Under this broad scenario two alternative options emerge:

— The states and territories would assume full responsibility for programmatic and operational funding for apprenticeships and traineeships except for employer incentives and the new Trade Support Loan Program (consistent with the role of the Commonwealth in employment services and student income support); or

— The Commonwealth could itself make funding available to GTOs for specific purposes and to achieve specific policy objectives in areas related to critical national skills shortages, or to assist with major initiatives that affect supply chains across state borders (possibly aligned to the new Industry Skills Fund).

Under the first option the states and territories would assume full responsibility for GTO funding as under scenarios 1 and 2.

Under the second option the Commonwealth would operate a specific program for GTO funding. The Commonwealth Government has more limited options and may administer GTO support as a flexible grants fund, according to broad priorities. In the 2014-15 Budget, the Commonwealth Government's emphasis has been on improving the productivity and competitiveness of businesses, and providing structural and strategic support to businesses that are investing to become more competitive enterprises in a global market; these could form the basis of the primary criteria of the assessment of applicants.

Alternatively, in line with the Commission of Audit's broader recommendations to consolidate grants programs, the Commonwealth Government's group training support could possibly be provided as a supplement to grants awarded through the Industry Skills Fund. Under this proposal, successful applicants to the Industry Skills Fund which include a GTO as a key party in the proposed project would receive additional support through a group training top-up incentive.

The second option does not preclude the Commonwealth from jointly funding specific initiatives with the states and territories or even using the state or territory as an agency to generate and undertake the initial assessment of at least some proposals. This approach was used to largely beneficial effect for the previous Industry and Indigenous Skills Centres program.17

5.2.4 The certainty of forward funding under a joint funding model

Should the current joint funding model continue under current program arrangements, improvements are required in terms of forward funding arrangements. However these issues are less relevant under a more targeted grants-based program, except where ongoing funding is required.

The JGTP is characterised by an annual funding allocation which is not tied to either the size of the growing apprenticeship and traineeship market or to the number that are employed through GTOs. There is also a lack of funding clarity under JGTP from year-to-

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17 This program was also evaluated by ACIL Allen Consulting
year (see Finding 20). Commonwealth Government funding in particular is not disclosed at the time of the Federal Budget but rather is announced well into the financial year – the long delays in payments mean that in some states/territories ‘all but a few weeks of a full financial year have passed before any payment is made’ (GTA 2014). As previous reviews have identified, this does not provide the group training sector with sufficient notification of annual funding levels. Similarly, there is often limited clarity around whether funding from the states and territories will continue.

Each year, the funding for the joint program is listed for the previous year in Budget Paper No. 3 – Federal Financial Relations against a line item under ‘Skills and workforce development’. Consistent with previous years, the relevant tables in the 2014-15 Budget showed the previous year’s allocation ($10.5 million for 2013-14), but no funding for the upcoming or future years. Commonwealth funding from the JGTP is instead allocated over the course of the year to the JGTP from an allocation to the Department of Industry under Sub-programme 1.4: Support for the National Training System. In the 2014-15 Budget, the relevant line item (Industry Workforce Training) shows an increase in the funding to $64.5 million – a 44 per cent increase on the previous year. Given the reductions in funding across the portfolio, this increase cannot be interpreted as an increase in available funding for group training, but in the absence of announcements to the contrary, suggests that ongoing support for group training is possible.

Previous reviews have recommended the need for greater certainty on government funding, but this has to be balanced against the need for some level of Departmental flexibility and discretion over a limited pool of funds that is allocated against a range of competing priorities. In particular, it should be possible for the total allocation of funds for group training to be decided in time for the Commonwealth Budget. This would at least provide timely clarity on the current year’s funding, without unduly restricting the Department’s flexibility and discretion year-on-year.

5.2.5 Transitional and structural adjustment support

It is likely that some GTOs are much more heavily reliant on JGTP funding than others. In the event that the JGTP program is converted from a progression payment program to grants or project-based funding approach, transitional arrangements may be required to ensure that GTOs that are heavily reliant on JGTP funding are provided with transitional support. In some instances funding could be provided to assist with and facilitate restructuring of GTOs, for example through mergers between GTOs or with other entities.

5.2.6 Better information on employers’ use of GTOs

A limitation on the scope and timing of this review, previous reviews and research into group training is that there is not sufficient evidence on the perspectives of employers and their approaches to using different service providers and employment arrangements for apprentices and trainees. Further research in this area would provide valuable additional information on the diversity and substitutability of such services and arrangements in the current VET and labour markets. It would also allow government to better design the delivery of support to GTOs so that funding is targeted at those needs for which there are few alternative solutions and where GTOs are likely to form part of the most effective solution.
Recommendations

The following recommendations have been developed to aid and guide consideration of the future of the JGTP in the context of the scenarios for Commonwealth/State responsibilities for VET outlined in section 5.

1. That the JGTP in its current form be discontinued from 2015-16 noting that two jurisdictions no longer participate in the JGTP and some jurisdictions propose to move to more competitive arrangements for GTO services.

2. That specific responsibilities for GTO funding be considered and finalised as part of the process of general consideration of future responsibilities for the Commonwealth and the states/territories in VET using the approaches set out in sections 5.2.1-5.2.3 as a guide.

3. That funding for GTOs move from the current general subsidy-based program to a more targeted program where GTOs are able to make a specific contribution in areas including:
   - Redressing market failure in specific industries or localities.
   - Improving participation and completion rates for equity groups.
   - Helping to ensure skills shortages are addressed in critical areas including major projects aimed at redressing bottlenecks in supply chains and infrastructure.

4. That should the Commonwealth continue with a GTO funding program, it enter into bilateral discussions with each state and territory to establish arrangements for the effective coordination of program proposals and approvals in each state and territory.

5. That where funding is provided for operational support to achieve specific outcomes, three year funding agreements be entered into with GTOs to provide certainty in funding.

6. That transitional support including funding for restructuring be provided for GTOs whose ongoing operations will be affected by the cessation of the JGTP or where restructuring will assist with the quality and sustainability of GTOs.

7. That a major study of employer use of and attitudes to GTOs be undertaken to inform future program design.


Appendix A  Terms of Reference for the Review of the Joint Group Training Program and the role of Group Training

1. Overview

1.1. The Commonwealth, state and territory governments, through senior officials with responsibility for vocational education and training, are seeking a review of the Joint Group Training Programme taking account of the role played by Group Training Organisations in vocational education and training.

1.2. Group training assists employers engage and train apprentices and trainees and rotate apprentices and trainees through a number of employers to offer a range of skilling experiences. Group training organisations also employ apprentices and trainees direct on behalf of small employers who would not normally have sufficient scale or breadth of work to warrant employing an apprentice. The Joint Group Training Programme (JGTP) provides public funding to assist group training organisations to improve apprenticeship and traineeship outcomes in priority training areas or for target groups.

1.3. The review will assist governments determine the best approach to supporting group training arrangements in pursuing apprenticeship and traineeship outcomes.

2. Context

2.1. The Joint Group Training Program (JGTP) is a matched funding arrangement between the Commonwealth and participating states and territories through National Project Agreements, under COAG and in line with the Federal Financial Relations Act 2009. Following the withdrawal of Tasmania and New South Wales from the program, the Commonwealth contributes its share of JGTP through individual funding agreements with the Group Training Australia state organisations in those states. In 2012-13, the program was funded by the Commonwealth Government to the tune of $12.2 million.

2.2. States and Territories support this review.

2.3. The JGTP assists eligible providers of group training services by supporting and rewarding growth, by funding targeted Australian Apprenticeship and traineeship outcomes in one or more of the following nationally agreed priority areas:

a) Skill needs: which include skill shortage areas in national and/or state skill shortages, as identified by state and territory governments;

b) Client groups: which include Indigenous Australians, people with disabilities, people from culturally and linguistically diverse backgrounds, out of trade apprentices, people in non-traditional trades, Australian School-based Apprenticeships and traineeships and adults over 21 years; and

c) Geographical locations: which include rural and remote areas as defined by individual STAs.

2.4. The JGTP has been funding Group Training Organisations (GTOs) since 1998, and in that time there have been significant changes in Australia’s population as well as the economic and employment conditions in which GTOs operate.
2.5. The share of the Australian Apprenticeships and traineeships market held by GTOs has fluctuated over the years. It increased to 14.8% in June 2000 but has declined since then and as at 31 December 2012 the sector has dropped to 6.3% of the market, however GTOs still remain an important employer in the traditional apprenticeship and traineeship market. *(Source: NCVER: National Apprentice and Trainee Collection no.72 (June 2012 estimates)*

2.6. As noted, both Tasmania and New South Wales have withdrawn from the program. In addition, Victoria is introducing mechanisms to allow TAFE Colleges to operate in a similar way to group training organisations. The introduction of further providers into the GTO market place has the potential to place further pressures on funding arrangements under JGTP. It is now timely to review the outcomes expected through the investment being made in the JGTP and also the mechanism for providing this money including the potential for multi-year agreements. There is also a need to move funding more quickly in order to maximise the benefits for those group training apprentices and trainees who receive targeted training.

3. **Project Objectives**

3.1. The review is to provide advice and recommendations to assist governments to determine the best approach to supporting group training arrangements in achieving apprenticeship and traineeship outcomes.

3.2. The review will examine the overall effectiveness of the current program and make recommendations for action. As outcomes from group training are impacted by broader changes in employment patterns and the Australian training system, the review needs to take account of these factors on the role of group training approaches generally.

4. **Terms of Reference**

4.1. Review the current JGTP in respect of its appropriateness, efficiency and effectiveness and assess its role in building a strong, sustainable and self-reliant group training sector.

4.2. Explore, in broad terms, the role of GTOs in supporting the apprenticeship and traineeship system and determining their value-add for achieving apprenticeship and traineeship outcomes. In this respect, consider their role during times of economic downturn when employment rates for apprentices and trainees are poor.

4.3. Consider other roles for group training outside of apprenticeship and traineeship arrangements, such as supporting other forms of training such as that offered to employers under the National Workforce Development Fund.

5. **Areas of Enquiry**

5.1. To assist in quoting for this work the following questions represent areas that warrant consideration in the review:

5.1.1. To what extent is the JGTP consistent with Australian and State/Territory Government priorities?

5.1.2. What is the nature of the continuing need that is addressed by the JGTP? What would be the consequences of failing to meet this need?

5.1.3. To what extent is this need being addressed by other initiatives of the Australian and State/Territory Governments, what is the overlap involved and what potential is there to improve alignment?
a. Take into consideration the findings and recommendations of the 2007 Commonwealth review of the JGTP; the Group Training Australia Looking Ahead report; and any other relevant State and Territory reviews of Group Training.

5.1.4. Are the current priority target areas still valid and/or do they need to be updated?

5.1.5. Using current data, assess the effectiveness of the program in retention and completions.

5.1.6. Using current data, assess the effectiveness of targeting equity groups through the program.

5.1.7. Using current data, assess the effectiveness of targeting regionally based GTOs and their impact on the local community.

5.1.8. Consider critical factors of success for the program based on insights into the different approaches adopted across jurisdictions.

5.1.9. Assess the outcomes and effectiveness of funding to date, under the JGTP, the quantum of funding required, and alternative financing arrangements.

5.1.10. Are the Australian and State/Territory Governments administering the program as efficiently as possible, relative to the outcomes the program seeks to achieve?

5.1.11. The program is jointly funded and administered by State/Territory Governments. Consider the role of both levels of government in supporting group training and JGTP.

5.1.12. Assess whether the JGTP should be modified to include a research or project-based component to encourage GTOs to pursue alternative ways to deliver group training.

5.1.13. The training system is moving to open access of providers and a competitive market. Given this context, are there alternative approaches to facilitating apprentice and employer engagement (e.g. Victoria is now allowing TAFEs to be GTOs), including the use of on-line virtual services?

5.1.14. Have GTOs been more successful than other employers in providing employment for out-of-trade apprentices?

6. Project Methodology

6.1. It is expected that the review will be able to undertaken based on desk-top and data analysis, targeted consultations with guidance and advice from a reference group.

6.2. Summaries of funding and activity under the JGTP will be made available for reference and analysis and data concerning group training activity and outcomes drawn from the Department’s administrative data will be provided for analysis. Access can also be arranged for extraction of relevant data from national apprenticeship and traineeship statistics held by the National Centre for Vocational Education Research.

6.3. Allocation of JGTP funding is handled at a state and territory level, along with decisions on priority setting. States and territories also manage project completions and accountabilities. Once the review is established states and territories will be in a position to collate and provide relevant information in a form required for the review.

6.4. The reviewer/contractor would be expected to visit at least three jurisdictions to meet with state or territory officials and relevant stakeholders, including GTOs. Western Australia is to be included as a jurisdiction.
6.5. A reference group consisting of Commonwealth, state and territory officials, a representative from Group Training Australia, a representative from Australian Apprenticeship and traineeship Centres and industry stakeholders will be established to guide the project. The group is expected to meet with the reviewer at project commencement, mid-point and completion. Meetings may take place in person or via video-link. The reviewer would be expected to be located in Canberra for the three reference group meetings.

6.6. The project is expected to be completed by end of April 2014.

6.7. Proponents are asked to provide a methodology for the review, taking account of this broad guidance.

7. Report

7.1. A written report is the required deliverable for this review.

7.2. A draft outline of the report, with initial high-level findings or indicative recommendations, is to be provided at the mid-point of the project to the reference group.

7.3. The report is expected to be released publicly, electronically.
Appendix B Consultation participants

Table B1 contains a list of consultations conducted by ACIL Allen for this project, excluding consultations with apprentices.

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<td>Director, Pathways Branch</td>
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Source: Consultations
Appendix C

Discussion guide

Group Training Discussion Guide

Overview

ACIL Allen Consulting has been commissioned by the Commonwealth Department of Industry to review the Joint Group Training Program (JGTP) and the role of group training more broadly. The review will consider:

- The appropriateness, efficiency and effectiveness of the JGTP and its role in building a sustainable group training sector
- The role of GTOs in supporting the apprenticeship and traineeship system and improving apprenticeship and traineeship outcomes
- Other potential roles for group training outside of apprenticeship and traineeship arrangements.

As part of this Review, ACIL Allen Consulting will be carrying out consultations with Commonwealth and state and territory government officials, current and former group training organisations (GTOs), registered training organisations, Australian Apprenticeship and traineeship Centres, Group Training Australia and industry stakeholders. The consultations will take place in Brisbane, Canberra, Melbourne and Perth.

This document provides a brief explanation of the Review and questions to guide these consultations.

Background

Group training provides an alternative employment arrangement whereby GTOs recruit and employ apprentices/trainees under a training contract and placing them with one or more host businesses during their period of training.

In 2013, around 7 per cent of apprentices/trainees were employed by GTOs. This share has declined from 12 per cent in 2000. Part of this decline is attributable to the significant growth in traineeships over recent years – GTOs are not typically involved in traineeships. As at February 2014, there are 191 GTOs listed on the National Register.

The JGTP supports GTOs to implement strategies and initiatives which improve apprenticeship and traineeship outcomes in across three priority areas:

- National and/or state skill shortage areas
- Particular client groups, including Indigenous Australians, people with disabilities, people from culturally and linguistically diverse backgrounds, out of trade apprentices, people in non-traditional trades, school-based apprenticeships and traineeships and adults over 21 years
- Rural and remote geographical locations

The JGTP is a funding arrangement between the Commonwealth and participating states and territories. The Commonwealth Government is providing around $12.5 million in funding for the JGTP in 2013-14, with a majority of state and territory governments matching the Commonwealth contribution for their jurisdiction.
The Commonwealth Government, in conjunction with state and territory governments, has determined that it is now timely to review the outcomes of JGTP and examine more generally the contribution GTOs make to vocational education and training in Australia.

The review will provide advice and recommendations to assist governments to determine the best approach to supporting group training arrangements and achieving apprenticeship and traineeship outcomes.

Key areas of interest and questions for discussion

The role of group training in Australia
1. What needs are group training organisations addressing in the apprenticeship/trainee system? In the absence of group training organisations, how would these needs be met?
2. What is the role of group training in the apprenticeship/trainee system in times of economic weakness?
3. Are there other roles for group training in supporting training outside of trainee/apprenticeship and traineeship arrangements?
4. Which other organisations, outside of GTOs, could be providing group training or similar services? What would be the strengths and weaknesses of alternative providers?
5. What other models, outside of group training, could provide comparable support to employers and apprentices and trainees throughout the apprenticeship? What would be the strengths and weaknesses of alternative models?

Implementation of the JGTP
6. How has the JGPT been implemented in your jurisdiction?
7. What have been the strengths and weaknesses of your jurisdiction’s approach to supporting group training?
8. Based on your experience, what are the lessons for other states/territories in the implementation of the JGTP?

The appropriateness of the JGTP
9. What needs are the JGTP addressing in the apprenticeship/trainee system?
10. Does the scope of JGTP need to be modified? For example, to include a research or project-based component to encourage GTOs to pursue alternative ways to deliver group training.
11. Is the current level of funding under the JGTP appropriate?
12. Is the current funding contributions of the Commonwealth and state and territory governments appropriate?
13. Are there alternative funding/financing arrangements which could meet the needs of the apprenticeship/traineeship system?

Effectiveness of the JGTP and group training
14. How effective is group training in encouraging people to undertake an apprenticeship/traineeship, continue with an apprenticeship/traineeship and complete an apprenticeship/traineeship?
15. How effective is the JGPT and group training generally in targeting particular groups which may be underrepresented in the apprenticeship/traineeship system?
16. How effective is the JGPT in targeting regionally based GTOs and improving their impact on the local community?

17. Have GTOs been more successful than other employers in providing employment for out-of-trade apprentices?

18. What are the critical factors to the success of the JGPT?

Consistency of the JGTP and other relevant programs

19. How do the current JGPT priority target areas align with other government priorities in the VET system?

20. How does the design of the JGTP align with current policies and future reform directions in the VET system?

21. To what extent is the need being addressed by JGTP being addressed by other initiatives of the Commonwealth and state/territory governments?

22. Are there areas in which alignment between JGTP and other programs could be improved?

Efficiency of the JGTP

23. What are the characteristics of the working relationship between the Commonwealth and state/territory governments under the JGTP?

24. Is the current design of the JGTP and associated mechanisms for allocating funding delivering value for money?

25. How could the joint administration of the JGTP by the Commonwealth and state/territory governments be more efficient?
Appendix D  Recommendations of previous reviews

Table D1  Recommendations of previous reviews

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<th>SA review</th>
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<p>| Structure of program      | National principles for JGTP be adopted including focus on disadvantaged groups, skills needs and regional areas | Governments extend the JGTP funding cycle to a period of say three years. |
|                          | A plan be jointly developed by governments which identifies initiatives/strategies to achieve a greater level of national consistency of the JGTP (particularly in relation to auditing and reporting processes). |
| Reporting                | Matched funding between Commonwealth and will be maintained within agreed budget capacity. |
|                          | DEST and the STAs have an annual face-to-face forum to exchange experiences and effective practices associated with the implementation of the JGTP. |
| Share experiences        | Scheduling of payments under the Joint Group Training Program is determined by the state/territory in a way that encourages completion of the Training Contract. |
|                          | Focus the allocation of JGTP funding to those organisations who display the ability to deliver outcomes which are aligned to the objectives of the JGTP. This may entail allowing both not-for-profit (who do not currently receive JGTP funding) and for-profit GTOs, to be eligible for program funding. |
| Contestable funding      | The Australian Government and the STAs enhance planning processes by liaising earlier in the development of the funding plans for group training. Develop timeframe for the administration of JGTP. |
|                          | Establishing a separate fund for contestable group training funding, and to using this mechanism for making a gradual transition to fully contestable funding. Interstate-based GTOs only be eligible for JGTP funding in South Australia where reciprocal arrangements are in place. |</p>
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</tr>
<tr>
<td>The Australian Government and the STAs also agree on the collection of baseline data (and agree on uniform data definitions) to enable the comparison of program outcomes over time. The Australian, state and territory governments develop program indicators to assess the performance of the JGTP. The indicators to include a combination of program outcome and operational/administrative indicators.</td>
<td>Strengthening the current registration requirements as they apply to Victorian GTOs by developing operational guidelines which registered GTOs need to meet, and within these incorporate a risk analysis of the proposed GTO’s business model to strengthen its organisational viability;</td>
</tr>
<tr>
<td><strong>Funding benchmark/g</strong></td>
<td>Funding levels for equity groups, rural or remote locations, and for other priorities, such as, specific skill needs, reflect the additional resourcing and expertise required</td>
</tr>
<tr>
<td>The existing contract establishment process itself needs: ▪ Greater definition of purpose; ▪ Better benchmarking of price and performance; ▪ A base level of outcomes to be established for each GTO above which local responses are negotiated which target more specific outcomes; ▪ Transition arrangements to be put in place should changes be significant.</td>
<td>Benchmarking exercise with a view to ascertaining a more accurate estimate of the level of funding required to achieve growth in the JGTP target areas.</td>
</tr>
<tr>
<td><strong>Funding targeting</strong></td>
<td>Refine the scope of the eligibility criteria for the “skills needs” category so that JGTP is targeted towards areas not currently serviced by “mainstream” GTO activities.</td>
</tr>
<tr>
<td>JGTP should support all Apprenticeships and Traineeships in Skill Shortage areas - providing funding for all apprenticeships and traineeships but not for all traineeships (only those in skill shortage areas), plus loadings for apprenticeships and traineeships for disadvantaged groups and for SBATs;</td>
<td>The purpose and pricing of JGTP outcomes in Queensland to be more clearly articulated;</td>
</tr>
<tr>
<td>Focus on sign-ups and completions, consistent with other the pattern of other Australian government incentives, provide higher incentives to drive behaviour</td>
<td></td>
</tr>
<tr>
<td>Increase funding</td>
<td>The total pool of JGTP funding be increased to reflect GTO input costs and provide incentives for training growth.</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Other funding recommendations</td>
<td>Funding will be allocated annually under the Joint Group Training Program on the basis of each State and Territory's triennial plan, which is updated annually.</td>
</tr>
<tr>
<td>More streamlined and less cumbersome funding model be implemented, based on payments in arrears, a replacement of weightings with set amounts for identified priorities, removal of duplication of reporting and funding for commencements and completions only.</td>
<td></td>
</tr>
<tr>
<td>GTOs need to look to all sources of funds to help drive outcomes. Those sources should involve industry as well as Government contributions.</td>
<td></td>
</tr>
<tr>
<td>Innovation fund / pilot projects</td>
<td>The Australian Government and the STAs jointly develop a research agenda and undertake/apply “pilot” projects of new ways/strategies to achieve the objectives of JGTP within individual jurisdictions. The effectiveness of the pilots should be assessed and the results disseminated among the STAs and the Australian Government.</td>
</tr>
<tr>
<td>That Skills Victoria retain the Innovation Fund</td>
<td></td>
</tr>
<tr>
<td>That Skills Victoria supplement these higher incentives with additional support provided through the Innovation Fund for a number of GTOs with specialist skills and strong community relationships to be commissioned on a three year funding contract to deliver programs for larger groups of people from the target areas.</td>
<td></td>
</tr>
<tr>
<td>Consideration to be given to the establishment of a “Strategic Intervention Fund” as part of JGTP activity to assist with developing GTO markets and capability. This would be new funding with GTOs involved in the establishment of guidelines for such a fund</td>
<td></td>
</tr>
</tbody>
</table>

Appendix E  Completion rates methodology

This appendix describes the methodology used by NCVER to calculate completion rates for apprentices. It details the following elements:

- Estimation of contract completion rates
- Estimation of individual completion rates

Contract completion rates

NCVER tracks each contract from its commencement and checks whether it has resulted in an outcome or not. For this approach to be meaningful, sufficient time must pass for the contracts to either be completed or withdrawn from. For example, a trade apprenticeship and traineeship is generally 3-4 years in duration, so trade apprenticeship and traineeship contracts commencing in 2008 would be tracked until 2012. Reporting lags must also be dealt with, since completions occurring in a given quarter can take up to a year to be reported to NCVER, while withdrawals and cancellations can take up to two years to be reported (Harvey 2010a). To save having to wait additional time to allow for reporting lags, the lags can instead be accounted for using weighting. This process is described in more detail in step 2 below.

In summary, the steps to calculate the contract completion rate are:

1. Track the commencing apprenticeship and traineeship contracts in a given year for four years.
2. The completions data received to date are then ‘weighted up’ to account for reporting lags. Previous quarters are used to estimate how much the reported number of completions to date will grow by once the full set of data is received.

For example, suppose the Apprentice and Trainee database contains 100 completion records in a given state/territory for a given quarter. Suppose further that it is estimated that 150 completions actually occurred; that is, another 50 completions are yet to be reported. The ratio of actual completions to reported completions is 150/100 = 1.5. This ratio is the weight that is associated with each of the 100 reported completions in the database. See Harvey (2010a, 2010b) for further details.

Individual completion rates

Individual completion rates are derived from the contract completion rates. With contract completion rates, if an apprentice begins more than one contract of training, each is counted separately. So even if the apprentice finishes one of the contracts, the others will be recorded as incomplete.

Individual completion rates account for this by looking at how many apprentices and trainees recommence their apprenticeship and traineeship with a different employer. The individual apprentice must eventually complete a contract in the same occupation in which they started in order for their outcome to be considered as a completion.

For individual completion rates, the contract completion rates are adjusted according to data about how many apprentices and trainees switch employers during their apprenticeship. The contract completion rates are adjusted, based on average recommencement data, to give an individual completion rate.

The adjustment factor is derived as follows. The contract completion rate can be conceptualised as:
completions
\[ \frac{\text{commencements}}{\text{recommencements}} \]

Similarly, the individual completion rate can be conceptualised as:
\[ \frac{\text{completions}}{\text{commencements}} \]

Therefore the ratio of the individual completion rate to the contract completion rate (i.e., the adjustment factor) is simply:
\[ \frac{\text{commencements}}{\text{recommencements}} \]

See Karmel (2011) for further details.

**Rule differences between states for apprentice completions**

Table E1 is adapted from MEGT (2010), and gives an idea of how the rules for the successful recording of a completion differ by state, and also affords an understanding of why some successful completions may not be reported.

<table>
<thead>
<tr>
<th>Rule</th>
<th>NSW</th>
<th>QLD</th>
<th>SA</th>
<th>TAS</th>
<th>VIC</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Completion attained outside of a training contract</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>In some cases an apprentice can complete their off-the-job training without a current training contract. In such cases, the qualification can be issued, however the State Training Authority (STA) database will not record the apprentice as having ‘Completed’, since they did not have a training contract at the time of completing.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Completion evidence</strong></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employer must provide the STA with (i) a statement of completion of on-the-job competencies and (ii) a copy of the RTO Certificate in order for a Successful Completion to be recorded. If the employer provides item (i) but not item (ii), the STA records a Craft Completion. This is not considered a Successful Completion.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Competency-based completion</strong></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competency-based completion must be applied for by both parties, accompanied by a copy of the RTO Certificate, and lodged before the Expected End Date. If the apprentice has completed all the on-the-job competencies and the formal training and leaves the employer before an application is made, then Proficiency/Successful Completion is unlikely to be recorded.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expired Status</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Registrations with an Expired status may have been completed but the appropriate documentation has not been received by one of the parties. In some cases, an RTO will not show the apprentice as Completed due to non-payment of fees by the apprentice. This will lead to an 'Expired – College incomplete' notation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STA System Issues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>The STA has a cut-off point for following up System Closures (a form of Expired status contracts). If documentation advising of a Successful Completion is received after the cut-off point the record cannot be amended to Completed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: MEGT response to Skills Australia Discussion Paper, November 2010
**Appendix F**

**Jurisdictional GTO funding approaches for 2011-12**

Table F1 sets out the funding approaches of six jurisdictions based on 2011-2012 IGAs. The two remaining jurisdictions did not provide this level of detail in their IGAs, or did have an IGA in that year.

Table F1  
**Funding approaches 2011-12**

<table>
<thead>
<tr>
<th></th>
<th>NSW</th>
<th>NT</th>
<th>Qld</th>
<th>SA</th>
<th>Vic</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commencement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td>$250</td>
<td>$500</td>
<td>1.0</td>
<td>$1,220</td>
<td>$225</td>
<td></td>
</tr>
<tr>
<td>Skills shortage</td>
<td>$800</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target groups 1</td>
<td>$2,275</td>
<td>$800</td>
<td>0.75</td>
<td>$1,830</td>
<td>$902</td>
<td>$1,500</td>
</tr>
<tr>
<td>Target groups 2</td>
<td>$650</td>
<td></td>
<td>1.0</td>
<td>$2,440</td>
<td>$1,127</td>
<td>$1,000</td>
</tr>
<tr>
<td>Target groups 3</td>
<td></td>
<td></td>
<td>4.0</td>
<td>$3,050</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional</td>
<td>$2,275</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remote</td>
<td>$2,275</td>
<td>$650</td>
<td>0.25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Progression</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td>$150</td>
<td></td>
<td></td>
<td></td>
<td>$240</td>
<td></td>
</tr>
<tr>
<td>Target groups 1</td>
<td></td>
<td></td>
<td></td>
<td>$300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target groups 2</td>
<td></td>
<td></td>
<td></td>
<td>$150</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Completion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td>$500</td>
<td></td>
<td></td>
<td>$610</td>
<td>$240</td>
<td></td>
</tr>
<tr>
<td>Skills shortage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$800</td>
<td></td>
</tr>
<tr>
<td>Target groups 1</td>
<td></td>
<td></td>
<td></td>
<td>$1,100</td>
<td>$915</td>
<td>$720</td>
</tr>
<tr>
<td>Target groups 2</td>
<td></td>
<td></td>
<td></td>
<td>$650</td>
<td>1.0</td>
<td>$1,220</td>
</tr>
<tr>
<td>Target groups 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,525</td>
</tr>
<tr>
<td>Regional</td>
<td></td>
<td></td>
<td>0.2</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remote</td>
<td></td>
<td></td>
<td>0.3</td>
<td></td>
<td></td>
<td>$1,200</td>
</tr>
<tr>
<td><strong>Other expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation fund</td>
<td>Level of funding not specified</td>
<td>Level of funding not specified</td>
<td>$630,000 (10 per cent)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GTA state association</td>
<td>$122,545</td>
<td></td>
<td></td>
<td>$100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other programs</td>
<td>$436,871</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: Queensland figures an accumulative ratio of the based payment for the year. SA reduces all payments for traineeships less than 36 months, WA reduces skills shortage payments for traineeships, Qld reduces payments for trainees, NSW reduces all payments by half for trainees. No information on ACT approach.  
Source: Intergovernmental Agreements 2011-2012*