



**National Australian
Apprenticeship Association**

Response to the
Universities Accord Interim Report

August 2023

1. Background

The National Australian Apprenticeship Association (NAAA) represents the providers of the Australian Apprenticeship Support Network (AASN) that sign-up and support all apprentices and trainees in Australia.

In 2022, 240,695 people commenced an apprenticeship or traineeship in Australia with a peak of 429,395 apprentices in-training mid-way through the year¹. A large majority of trade training is conducted by the Public Providers in each jurisdiction whilst a majority of the traineeship provision is conducted by around 1,200 of the 3,821² other registered training organisations (RTOs) in Australia.

These providers operate through the contestable training markets in each jurisdiction. Apprenticeships and traineeships are demand driven with the training place following the offer of an apprenticeship job by an employer. Apprentices and trainees spend around 85% of their time learning skills at work and 15% of their time in formal off-the-job training.

Around 100,000 young people³ take up an apprenticeship each year directly after leaving school. The balance of commencements is made up from existing workers and more mature jobseekers seeking to retrain.

In a real sense there is competition between universities for domestic students and employers for school leavers to take up apprenticeships. Both are important, but recent history has shown that a rapid increase in one tends to be at the detriment of the other. There are, after all, a finite number of domestic school leavers each year.

So, a plan to rapidly increase domestic university places as foreshadowed in the interim report, needs to be fully cognisant of any downside and unintended consequences. Particularly where the university system is essentially a supply side model based on projections of future skills needs and student preference, whilst the apprenticeship system is demand driven with proof of labour market need before a training place can be activated. These are skills needed in the economy immediately.

¹ NCVET Apprentices and trainees 2022 December quarter, 2023.

² 3,684 currently registered with ASQA, 137 with the VRQA

³ 19 years and under, in 2021 40% of all commencements, AATIS, 20 years of Australian apprenticeships

2. Key reflections

The Association broadly supports the thrust of the interim report, the five priority action areas and the ten system shifts outlined in the paper. Much of the interim report seeks to address weak points in the higher education system that have become apparent since the Bradley Review in 2008. The Association supports this focus but has little to add on the detailed assessment of these issues.

The areas where the apprenticeship system has an interest are:

- A better aligned tertiary sector, and the initial mechanisms to achieve this.
- Impact of increasing domestic university enrolments on the availability of candidates for apprenticeships.
- Need for a greater focus on university attrition rates as part of the review.
- Setting young people up for success in their first post school qualification

2.1 A better aligned tertiary system.

The Association has in-principle support for a better aligned tertiary system, particularly if it leads to funding parity across the whole system. A key starting point will be the credit transfer arrangements between all 3,821 RTOs in the VET system and the 170 Higher Education providers⁴.

The report touches on this, but it seems to primarily envisage more closely aligned arrangements between Australian Universities and TAFEs, rather than the full ecosystem of VET providers. We argue that a vital first step should be the adoption of the recommendations of the Noonan review of the Australian Qualifications Framework (AQF) particularly the proposed national model of credit transfer.

Currently, there is a national Pathways Policy which tends to be treated as a “guideline by higher education providers, not a strong regulatory tool”⁵ It is used to inform provider to provider credit transfer arrangements, but it is not a single national credit transfer system used by all providers.

The Association supports the focus of the review on “whether these systems should be equally valued in funding, regulatory and policy settings”⁶.

In 2021, 4.3 million Australians studied a VET course⁷, 1.1million full year training equivalents. So, the VET system is already equally participated in by the Australian population. However, funding arrangements have significantly lagged behind the growth in school and higher education funding over the last two decades.⁸

A single national tertiary system with common funding approaches, performance indicators and regulation could significantly address this long-term disparity.

⁴ <https://www.universitiesaustralia.edu.au/policy-submissions/teaching-learning-funding/australian-higher-education/>

⁵ AQF review 2019, P 66

⁶ Australian Universities Accord interim report P108

⁷ NCVET, VET participation up by 9%, August 2022

⁸ <https://www.vu.edu.au/mitchell-institute/tertiary-education/vocational-education-training-sector-is-still-missing-out-on-government-funding-report>

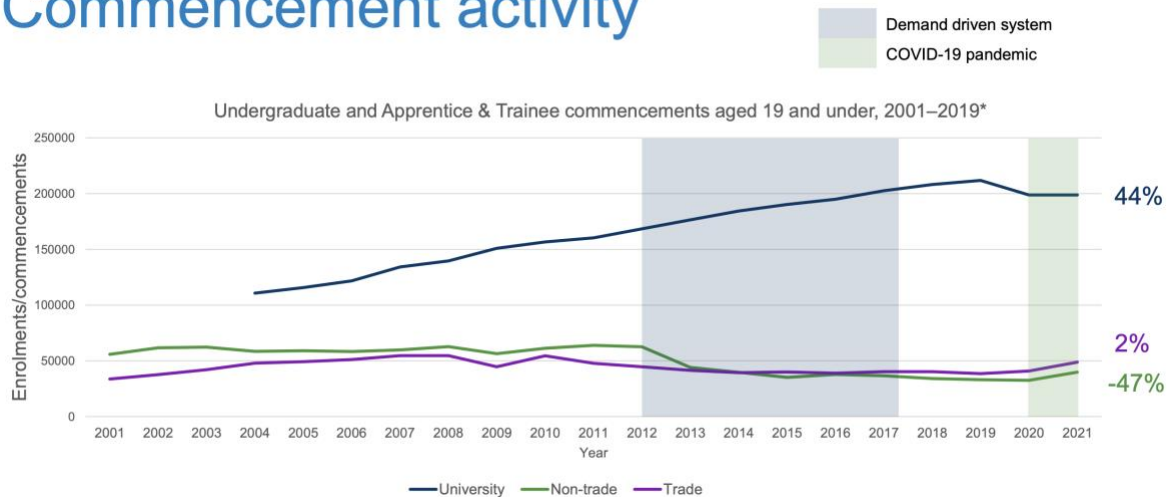
2.2 Impact of increasing domestic university enrolments.

Following the Bradley review there was a progressive uncapping of university places. This occurred between 2012 and 2017. The interim report envisages a similar expansion in domestic enrolments, albeit with a more nuanced focus on diversity and inclusion. This is the key thrust of the interim report. The final report needs to explore the unintended consequences that could result from a rapid expansion in university participation.

The period of uncapped places provides a recent example that should inform how any expansion is managed. NCVET have a current project that is exploring what impact this had on school leavers commencing apprenticeships.

What the initial research demonstrates is that during the period of uncapped places domestic university enrolments by people aged 19 or under increased by 44% whilst trade commencements flatlined and traineeships fell by 47%.

Commencement activity



As always there were a number of factors at play governing apprenticeship commencements, but this period did coincide with solid economic growth and employer incentive stability, the two major drivers of apprenticeship commencements.



The correlation between increasing university enrolments and declining apprenticeship commencements for school leavers is clearly demonstrated. This interdependency needs close consideration in the final report.

2.3 University attrition rates.

The interim report has a major focus on the attainment levels required to meet the skills projections it relies on, but it dedicated very little focus to considering how to improve the efficiency of the system by reducing attrition rates.

This is particularly important when considering a plan to grow domestic university enrolments by reaching out to groups that are currently under-represented.

Again, the period of uncapped university places is instructive in this regard. The Productivity Commission⁹ when reviewing the effectiveness of the uncapped places found that the additional students suffered nearly twice the attrition rate of other students.

| Additional Students | Other Students |
|--|--|
| <ul style="list-style-type: none"> Students who would not have attended university before the demand driven system was introduced  | <ul style="list-style-type: none"> Students who would have attended university before the demand driven system was introduced  |
| Characteristics | Characteristics |
| <ul style="list-style-type: none"> 73 per cent have an ATAR below 70 (or received no ATAR) 32 per cent are from the bottom SES quartile 65 per cent are first in family students 18 per cent are from regional or remote areas 60 per cent are from government schools 11 per cent attended a Group of Eight university 30 per cent take some vocational education and training prior to university More likely to study education, information technology or management and commerce courses than other students | <ul style="list-style-type: none"> 28 per cent have an ATAR below 70 (or received no ATAR) 15 per cent are from the bottom SES quartile 45 per cent are first in family students 25 per cent are from regional or remote areas 47 per cent are from government schools 29 per cent attended a Group of Eight university 10 per cent take some vocational education and training prior to university More likely to study engineering or natural and physical science courses than additional students |
| Outcomes (age 25) | Outcomes (age 25) |
| <ul style="list-style-type: none"> 68 per cent have graduated 22 per cent have dropped out 59 per cent of graduates are employed in managerial or professional occupations 75 per cent of graduates are employed full time Average weekly pay is \$1,036 | <ul style="list-style-type: none"> 80 per cent have graduated 12 per cent have dropped out 64 per cent of graduates are employed in managerial or professional occupations 75 per cent of graduates are employed full time Average weekly pay is \$1,153 |

Attrition rates in the apprenticeship system have been a primary focus in the recent review of non-financial supports. Yet 4-year completion rates in the apprenticeship system are substantially higher than the university sector, 55% compared with 42%¹⁰.

Another step towards greater tertiary sector alignment would be to use the same measures for attrition levels across the whole sector.

⁹ The Demand Driven University System: a mixed report card. Productivity Commission 2019

¹⁰ https://www.universitiesaustralia.edu.au/wp-content/uploads/2022/09/220207-HE-Facts-and-Figures-2022_2.0.pdf, Page 61

2.4 Setting young people up for success.

Improving diversity and inclusion is a welcome focus of the interim report. There is a similar focus in the apprenticeship system with the model from 2024 to include tailored wrap around supports delivered by specialist providers and a greater focus on upfront assessment.

But supports are only part of the issue, detailed consideration needs to be given to the learning style preferences of school leavers.

During the period of uncapped places Universities attracted additional students 73% of whom had an ATAR of less than 70. Many of these students would traditionally have taken a vocational pathway after leaving school.

Apprenticeships are a learning model where 85% of time is spent learning skills on the job and 15% in formal training. For those that complete an apprenticeship over 90% are satisfied with the skills learnt on the job, and even for those that did not complete 77% were satisfied with this work-based learning¹¹. In both instances it's the part of their training experience that they are most satisfied with.

Many university courses, even those based around a work integrated learning component, only have a comparatively small amount of time spent in the workplace. Apprenticeships are jobs with a training contract attached. University courses are programs of academic study some with a work integrated learning component.

So, for those students that prefer to acquire their skills through a hands-on experience in a workplace an apprenticeship pathway is more likely to meet their learning preference.

This could give insight into the much higher attrition rates these students experienced when they were attracted to university during the period of uncapped places.

The final report should consider a whole of tertiary system approach to learning pathway advice to students, to ensure that the pathway chosen best matches their learning style preferences and improves their chances of success.

The Association recently undertook a project for the National Careers Institute to pilot a set of predictive analytics tools to help guide careers advice. Here are the success factors we identified and provided to students and their parents as part of the PRIME project.

“School leavers who succeed in their apprenticeship or traineeship have:

- Done their research about what is involved.
- Understand the job they are interested in.
- Have done a pre-apprenticeship or related vocational course in school.
- Have done some work experience and enjoyed the work.
- Have an aptitude for and physical ability to do the work.
- Enjoy learning things through practical hands-on experience.
- But also have the study skills to complete the formal training.
- Enjoy the support of their family and friends with their career choices.
- Are realistic about the demands of full-time work and study.
- Prefer to earn whilst they learn and are committed to completing the training.

¹¹ NCVET apprentice and trainee experience and destinations 2019

For careers that require a university pathway the factors are similar, students have:

- Done their research about what is involved.
- Understand the job/s they are interested in.
- Have done related courses and enjoyed the study.
- Enjoy learning things through reading books, attending classes or through online learning.
- Enjoy the support of their family and friends with their career choices.
- Are realistic about the demands of full-time study.
- Have achieved the academic results required to get into the course they have chosen.
- Are committed to completing the training.”

The Prime tools were designed to guide student research and capture relevant experiences that help inform the student and their support people about the first career pathway with the optimal chance of success. They could be used as a departure point for an integrated tertiary assessment and support service for potential students.

3. Concluding remarks

The Association commends the Australian Universities Accord team for a comprehensive and thought-provoking interim report. There are many opportunities for improvement and the Association is broadly supportive of the direction of travel for the five priority areas and ten key shifts outlined in the report.

The Association would welcome the opportunity to explore with the Accord team some of the potential downsides in the reform agenda foreshadowed in the interim report. We wish you well in the development of the final report.