

APPRENTICESHIP AND TRAINEESHIP AMENDMENT BILL 2017*First Reading***Bill introduced on motion by Mr John Barilaro, read a first time and printed.***Second Reading***Mr JOHN BARILARO (Monaro—Deputy Premier, Minister for Regional New South Wales, Minister for Skills, and Minister for Small Business) (19:55):** I move:

That this bill be now read a second time.

With the introduction of the Apprenticeship and Traineeship Amendment Bill 2017, the New South Wales Government is continuing to implement its plan to reskill New South Wales through the development of a highly skilled workforce to support our growing and dynamic economy. The reforms introduced in this bill will ensure that the New South Wales apprenticeship and traineeship system is fit for the current economy and into the future. The changes will reinforce a system that is built on integrity and high quality, flexible in approach, responsive to industry needs, and streamlined in administration. The bill builds on the 2015 Compact that was a commitment by the Government and peak industry bodies to encourage more businesses to take on apprentices and trainees and to continue to create more job opportunities—especially for young people—in New South Wales. It will also create new career pathways for those who want to upgrade their skills to make the most of the employment opportunities that this Government has provided.

Apprenticeships and traineeships are the cornerstone of the development of skills. The Apprenticeship and Traineeship Act regulates the employment and training of apprentices and trainees in New South Wales. It allows the Government to define the qualifications that are recognised as apprenticeships or traineeships and under what conditions those qualifications are delivered. The Act provides a safety net for employers and apprentices and trainees through a training contract. The Act provides New South Wales with a system that supports a variety of apprenticeship and traineeship models designed to meet the collective and individual needs of employers, industries, apprentices and trainees. However, evolution in the way business operates and changes in the way training is delivered mean that the Apprenticeship and Traineeship Act must be brought into line with current employment and training practices if it is to continue to be effective with supporting the skills base of the State.

Since the Act was last amended in 2011, the greater emphasis on developing a national skills base of higher-level, internationally competitive occupational skills has had a downstream influence on the supply of the future generation of trade-qualified workers. The retirement of the baby boomer generation of trade-qualified workers increases the imperative to produce a stream of homegrown workers with the skills necessary to support an expanding New South Wales economy that is leading national growth. The important package of measures contained in the Apprenticeship and Traineeship Amendment Bill 2017 will bring the New South Wales apprenticeship system up to date. The proposed changes will improve communication lines between registered training organisations and employers of apprentices and trainees to better coordinate on-the-job and off-the-job training.

Apprentices will be better skilled, completion rates will be improved, and apprentices and trainees will be trained in qualifications that are most appropriate to their jobs.

Apprenticeships and traineeships are key to skills development across the regions of New South Wales. Completion rates in regional New South Wales are higher than in city regions. However, regional centres are not immune from the skills shortages evident in metropolitan regions. Better links between employers and trainers will improve the retention of apprentices and trainees in

regional areas, keeping skilled workers where they are needed and, in many cases, where they grew up and want to remain living.

The changes being proposed will: strengthen the requirements for training providers to consult with employers throughout the training process; improve provider responsibility to ensure that students can apply the skills they have learnt at work; and simplify processes by removing administrative red tape by abolishing the Vocational Training Review Panel and moving powers to the Commissioner for Vocational Training. This will also rationalise trade recognition processes, clarify completion processes and reduce red tape to streamline cancellations. The bill will also update maximum penalties for offences for the first time since the Act commenced in 2001. We have consulted widely with industry representatives, individual employers, apprentices and training providers about their views on the current system and their visions for its future. They told us that the Act is generally operating well, but stakeholders also told us that policy emphasis on provider-based training has detracted from the importance of on-the-job training.

The bill will introduce a requirement for training providers to give information to the employer about progress through the training plan at specified intervals and obtain confirmation from the employer of on-the-job progress. This will ensure that employers have a greater say in provider-based training of their apprentices and trainees. To address employer concerns about the relevance and quality of the off-the-job training, the bill requires training providers to collaborate with the employer about off-the-job training progress and to document employer confirmation of on-the-job progress. This will reduce disputes between employers, apprentices and training providers. Importantly, each party will be aware of their roles and responsibilities in the competency-based progression of the apprentice or trainee. This change will increase employer support for competency-based progression and completion.

To enable New South Wales to better regulate training organisations in relation to training plans and collaboration with employers, exclusions have been made to the regulatory powers referred to the Commonwealth, which are set out in the Commonwealth National Vocational Education and Training Regulator Act 2011. Those exclusions are limited in scope and are restricted to those provisions of this bill that impose obligations on training organisations. The bill abolishes the Vocational Training Review Panel, or VTRP. This will reduce the administrative burden associated with maintaining the panel, which considered only 15 disputes in 2016. The complaints and dispute resolution functions will be moved to the Commissioner for Vocational Training. The complaint will be referred to a conciliator in the first instance to bring the parties to a settlement acceptable to both of them. If a complaint remains unresolved the commissioner will hear and decide the matter, with the benefit of industry expertise when necessary. The commissioner's team already plays a major role in the resolution of complaints and disputes between employers and their apprentices and trainees. This will continue.

Appeals against the commissioner's decisions under the Act will be able to be made to the NSW Civil and Administrative Tribunal and will follow the administrative review requirements of the Administrative Decisions Review Act 1997. The panel's responsibility for trade recognition processes will also be moved to the commissioner. Trade recognition provides an important pathway to a trade qualification for technically unqualified but skilled people working in a trade, or who qualified elsewhere or overseas, who have not had access to the New South Wales apprenticeship system. These trade assessment processes have been available through the Smart and Skilled program since the start of 2015 and will continue to be funded in this way. I commend the former members of the Vocational Training Review Panel for their commitment to quality apprenticeships and traineeships and trade recognition. I note that the commissioner will continue to seek independent expert advice whenever necessary.

In cases where a certificate of proficiency is a prerequisite for a trades licence—for example, an electrical licence—the commissioner will additionally obtain industry input. Accuracy and quality

around the apprenticeship sign-up process by employer agents will be strengthened by changes in the bill. Agents known as Australian Apprenticeship Support Network providers are responsible for almost all applications on behalf of employers. They play a significant role in determining the type of apprenticeship or traineeship being undertaken, and they provide advice and support to the employer and apprentice or trainee. These changes will require more accountability by agents for the accuracy of information and documentation of applications, including training plans. These new provisions also enable the Commissioner for Vocational Training to accept or refuse applications from agents. Quality trade and non-trade training will be further strengthened. The Commissioner for Vocational Training will be able to seek independent assessment of the competence of apprentices and trainees, or individuals seeking trade recognition, before the commissioner issues a certificate of proficiency.

Within our stakeholder consultation sessions some concerns were raised by employers about the adequacy of training provided to an apprentice or trainee despite the apprentice or trainee being deemed competent by their training provider. To address these concerns, the changes proposed here will enable the commissioner to engage an independent training provider to assess and report on the competence of an apprentice or trainee. This will guard against any training providers who may be more focused on their profits than on the quality of their training assessments. It also enables the commissioner to report findings of assessment to the Australian Skills Quality Authority. For example, to maintain public safety in the high-risk trade of electrical work an independent training provider may be called upon to assess the skills and competence of those electrical workers. Maintaining the integrity of the apprenticeship and traineeship system in New South Wales is paramount.

Penalties for non-compliance have not been increased in the Act since 2001. The legislation clearly outlines the responsibilities of all parties; however, until now enforcing the obligations has been difficult. Under the proposed amendments, the maximum penalties for offences under the Act will be increased, bringing penalties into line with modern legislative frameworks of other government agencies. The bill also enables penalty notice offences to be introduced in future amendments to the regulations. Penalties will now also be applicable to training organisations, Australian Apprenticeship Support Network providers and employers to ensure that they are all honouring their obligations to apprentices, trainees and employers. I make no apology for raising maximum penalties or for introducing penalty notices. Quality providers should have no issues with the legislation. These changes will strengthen the New South Wales apprentice and trainee system by introducing a sanction for inappropriate behaviour. Changes will commence on proclamation, which the Government intends to be early in 2018.

New South Wales continues to be the powerhouse of the Australian economy. Business demand for apprentices and trainees is growing strongly, reflecting the growing New South Wales economy and employer confidence in their future business prospects. Despite this, shortages of prospective apprentices and trainees are creating bottlenecks in the economy. Employers feel that apprenticeships and traineeships are not sufficiently valued by the community. There appears to be too much emphasis placed on schools to channel students into universities. A stronger supply pipeline of potential apprentices and trainees is necessary to meet current and future skills needs in New South Wales. To complement the updates to the Apprenticeship and Traineeship Act, a range of non-legislative initiatives to traditional trades is also being rolled out that will align the New South Wales system with contemporary approaches to work and training. These other measures are aimed at making apprenticeships more attractive to employers and young people. There will be renewed emphasis targeting school-based participation in trade training and support for mature-age workers to secure trade qualifications.

A series of innovative, new front-end models of apprenticeships aimed at increasing take-up and improving retention rates is in the process of being rolled out in association with eight industry associations, group training organisations and employers across five industries. Trials have begun on

two new models of innovative tertiary pathways that integrate apprenticeships with higher education qualifications, providing both academic and hands-on skills and giving high-achieving apprentices and trainees more attractive post-school options. Finally, the Government is increasing the emphasis on already available alternative pathways to vocational occupations for mature-age, experienced but unqualified workers. New South Wales has long been the national leader when it comes to building and supporting a nimble and responsive system for training its apprentices and trainees. I am confident that the package of measures introduced today will continue to place New South Wales at the forefront of innovative skills delivery for the tradespeople of the future. I commend the bill to the House.