

Making a difference or making a dollar? Intermediary organisations in apprenticeships

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The hidden part of apprenticeship systems



SECRET

Overview of paper

- Compares and contrasts the two major intermediary organisation types in apprenticeship systems in England and Australia.
- Intermediary organisations typically assist **with recruitment and/or management of apprentices**. There has been no prior international comparison.
- How are the organisations funded; what are the effects of funding on their operations?
- The encouragement of third party agencies has been a feature of governments wishing to expand apprenticeship systems; hence there is a need for evidence to inform governments' decision-making.

Societal roles



Countries: Solve youth unemployment



Trade unions: Improve working conditions through apprenticeships



Apprentices



Countries: Address youth disengagement



Help women and workers in the informal economy



Parents: Get children into a secure job.

Economic roles



**Companies:
Develop future
managers**



Countries: International Competitiveness



Apprentices



**Companies: A well
trained workforce**



**Companies: Improve
productivity and profits**

The project: *The role of intermediaries in apprenticeship systems 2018-19*

- A research project funded by the International Labour Organization.
- Method: Desk review of documents including government-commissioned evaluation reports, analysis of intermediary organisations' web sites, conversations with government personnel, peak bodies and other experts in the two countries, and validation with country experts
- ❖ In Australia, Group Training Organisations and Australian Apprenticeship Service Network providers;
- ❖ In England, Group Training Associations and Apprenticeship Training Agencies.

A tale of two countries

Expanding system



Contracting system



Research questions for this paper

- What are the nature, history and function of the two major types of apprentice intermediary organisation in Australia and England?
- What are their sources of finance?
- What is their profit orientation?
- What are the effects on practice and implications for public policy?

Nature, history and function

Australia

- Group Training Organisations. *Employ apprentices/trainees and 'lease' them to employers. Employ 10% of apprentices/trainees - declining. Special focus on equity groups. Longstanding. (n=??: State registration)*
- Australian Apprenticeship Support Network providers, usually known as AASNs. *Sign up all apprentices and provided limited support. New. (n=11: lots of branches)*

England

- Group Training Associations. *Training centres formed by groups of employers. Often in engineering. Longstanding. (n=40)*
- Apprentice Training Agencies (ATAs). *Employ apprentices/trainees and 'lease' them to employers. New. (n=114)*

Sources of finance: Australia

- **Australian GTOs** were once funded jointly by the Commonwealth govt with matching funding from State govts. Commonwealth funding - Joint Group Training Program (JGTP) funding - accounted for only about 1.5% of most GTOs' turnover. Otherwise GTOs' income is derived from 'leasing' apprentices/trainees, and from government financial incentives for employing apprentices. (Smith, 2010)
- JGTP funding ceased in 2015 with the advent of the AASN network. Some State governments provide some targeted funding to GTOs.
- **AASNs** are funded by the Australian government. Details are not publicly available; it is 'commercial in confidence'. Total funding for the 11 providers is \$190 million per year.
- The government pays the AASN 30 per cent of the total fee per apprentice on commencement and 70 per cent for the remainder of the apprenticeship. Extra payments are available for each apprentice under specific circumstances.

Sources of finance: England

- English **Group Training Associations** are funded from government contracts to deliver apprentice training. They may also undertake fee-for-service training for employers (Unwin et al, 2012). GTAs have a very small profit margin.
- **ATAs** in England are funded by payments from host employers for the apprentice's services; these payments cover the wage agreed with the host and also a management fee. Seven million pounds was provided by the National Apprenticeship Service in a pilot scheme, to establish the first ATAs (Robertson & Offord, 2016). No funding provided now (*I think!*).

Summary of purpose and funding

Country	Primary focus on employing apprentices	Primary focus on training for groups of employers	Primary focus on 'admin support' for employers
Australia	Group Training Organisations (GTOs) <i>Little or no govt funding. Charge a fee to employers.</i>	-	Australian Apprenticeship Support Network providers (AASNs) <i>Govt-funded.</i>
England	Apprenticeship Training Agencies (ATAs) <i>No govt funding except in early pilot stage. Charge a fee to employers.</i>	Group Training Associations (GTAs) <i>No govt funding for GTA role. Funded by government training funds.</i>	-

Profit orientation

For profit, government funding	Not for profit, government funding
For profit, no government funding	Not for profit, no government funding

To fund or not to fund?



- Government funding requires management of the system - monitoring, auditing.
- May also require ‘training’ or advice in early days (e.g. ATAs).
- But funding means there is leverage to ensure good practice or discourage malpractice.
- Also keeps governments apprised of what is going on – e.g. GTOs provided a ‘bellwether’ service (Bush & Smith 2007).

Effects on practice and implications for policy

- Risks associated with government funding: long-term viability at risk; can't employ people permanently; attracts organisations wishing only to 'make a dollar'(i.e. 'for profit-government funding).
- Highest risk: Those which also offer employment services.
- Lowest risk: Those run by industry or trade unions
- Biggest risk: Outsourcing essential roles – i.e. AASNs.

Sarina Russo
How to get that Job!

