



Group Training Australia

The Largest Employer Network of Apprentices and Trainees

MEDIA RELEASE

GTA is the national peak body representing the network of over 150 Group Training Organisations (GTOs) employing apprentices and trainees throughout Australia.

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New report explores the road ahead for group training

Group Training Australia (GTA), representing the single largest network employing apprentices and trainees, today welcomed a new report into the future for group training, which takes a detailed look at opportunities and challenges facing the network.

The report, *“Looking Ahead: the future for group training – an economic and industry analysis”*, represents a roadmap for the future direction of the group training network. It was commissioned by GTA, and undertaken by the National Institute of Economic and Industry Research.

The Chief Executive Officer of GTA, Jim Barron said the report sheds light on the challenges and choices confronting the network in meeting the needs of its stakeholders.

“Over recent years, group training has been striving to serve two separate customers – employers and government – with their competing needs and expectations.

“Employers expect group training to focus on providing a source of high quality apprentices and trainees on commercial terms, while many in government expect group training to provide a community service. There is a trade-off between a focus on community objectives and a focus on commercial objectives, which can impact performance.

“Group training is at a critical juncture. After more than 30 years as an integral part of the training and employment landscape, this report presents an opportunity to re-think its future role including how it can be best utilised to promote jobs in skilled employment.

“With its established infrastructure, unsurpassed experience, a large workforce, and well-developed community links, the group training network is ideally placed to help government meet both its labour market and social equity objectives.

“None of this can be achieved without the appropriate resources. Improved government support would enable group training to play a central role in national workforce development, which has been identified by Skills Australia as a critical pathway to future economic growth.

“Few groups can match the group training network’s depth of expertise in linking thousands of small and medium-sized businesses to the training market in metropolitan, regional and rural Australia.

“This network offers major opportunities to partner with government and other stakeholders in helping to identify and develop the skills and expertise vital for a 21st century workforce,” said Mr Barron.

The report outlines the many advantages group training provides both government and employers.

“The network consistently delivers simplicity and convenience for its customers by taking charge of the often complex process involved in hiring, deploying and mentoring apprentices and trainees.

“It’s clear that customers value the flexibility of the network, and the extensive pastoral care that it provides.

“This is a real opportunity for the group training network to reflect on the business model that has sustained it for past decades, and to assess how we respond and adapt in order to meet current and future challenges,” said Mr Barron.

Key themes of the report attached.

For a copy of the report contact: Foresight Communications 02 9241 2811

***Group Training Australia** is the national peak body representing the network of over 150 Group Training Organisations (GTOs) employing apprentices and trainees throughout Australia. GTA was recently awarded the Council of Small Business Organisations of Australia (COSBOA) Small Business Champion Award 2010.*

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KEY THEMES – *Looking Ahead: the future for group training – an economic and industry analysis*

- The group training concept has been in operation for some 30 years, and is a uniquely Australian model that was developed to serve as an intermediary in the labour market, linking employers to apprentices and trainees in skilled occupations. Group training organisations (GTOs) effectively facilitate this relationship, absorb risk and enhance outcomes for both parties. There are more than 150 GTOs that employ approximately 35,000 apprentices and trainees across Australia.
- Between 1998 and 2008, the market share of apprentice training captured by GTOs declined. More precisely, there was a declining share of apprentices “in-training” and apprentice commencements but, following a sharp fall early in the decade, a constant or growing share of apprentice completions. Three factors contributed to this:
 - tight labour market conditions that prevailed from the mid-1990s that saw employers more inclined to employ directly rather than through third parties;
 - constraints around the ability of GTOs to expand the pool of skilled staff, particularly in tight labour market conditions, and;
 - the emergence of substitutes for group training services, notably Australian Apprenticeships Centres, but also education providers.
- Increasingly, there are competing demands faced by GTOs in meeting the needs of two different customers - employers and governments. The difficulty in reconciling these demands is highlighted by the trade-off that exists between GTOs achieving higher levels of productivity, and higher rates of apprentice completions. A focus on community objectives can lower productivity by up to 25% and completion rates by 5-10%.
- The competitiveness of group training with other forms of employment (e.g. direct employment) is not the same through the business cycle, with group training being less competitive in a tight labour market. There are also differences across regions. Demand is lower where there is high growth in commencements, and is less successful where there are very high or very low rates of unemployment. Group training tends to be more successful in traditional industries of manufacturing, mining, wholesale and transport.
- Four group training business models have been identified; community, corporate, regional and industry models. No single model is necessarily superior. The appropriateness of each model will depend on the circumstances of each GTO. However, for GTOs to optimise their performance, they need to be clear which model they are pursuing.
- Options such as growth in size and scale, or increased geographic or industry diversity will not necessarily strengthen GTOs. Growth in size and scale needs to be well-resourced, and geographic diversification needs to be carefully targeted. Generally, industry specialisation is more successful than industry diversity, and industries with higher value trade skills will be more successful than those with lower value skills.
- The future of group training will be as a genuine intermediary in the labour market, offering a suite of workforce development options that generate long-term value for customers at competitive cost. Most will seek to meet the needs of government customers, as valued partners in policy development who can deliver superior policy outcomes.
- A major impediment is a focus on the mechanism (group training) rather than the service (workforce development). Emphasising service delivery to identified customers has the potential to liberate thinking within GTOs and the group training movement generally.
- The future for group training will require fundamental changes to how GTOs position themselves in the market and the services they offer. It will entail comprehensive market research of customers; expansion of staff competencies and structures, and; managers who can lead through a period of change, negotiate shared service agreements or mergers, understand markets, innovate, and control costs.