

Key Issues Brief

2.05 Vocational Education and Training Financial Assistance Initiative

Key Issues

- The Norfolk Island VET Financial Assistance Initiative (Initiative) will open for application on 2 January 2019, with Guidelines expected to be published on the Department's website in December 2018.
- The Initiative will fill an assistance gap on Norfolk Island as residents are currently unable to access subsidies provided by state and territory governments.
- Without a state/territory government partner, state-level VET fee subsidies are not available on Norfolk Island, which means that VET course fees are substantially higher for Norfolk Island residents than for other Australians.
- The Initiative will support students to manage the costs of studying at a TAFE or a vocational education and training institution while living on Norfolk Island.
- The Initiative will support students studying for six months full-time or up to 8 years part-time, through online and distance education or as block work on the mainland while the work component of an apprenticeship is undertaken on Norfolk Island.
- VET services for Norfolk Island cannot be fully implemented without a state/territory government partner. The states provide the underpinning legislative and licencing framework to fully support the delivery of VET services. This has resulted in limited services for practical training to be administered on Norfolk Island by qualified people.
- The proposed financial assistance payments are an interim measure aimed at addressing barriers for current and future apprentices and trainees in the absence of a state government training partner.
- PeoplePlus is partnering with the Department as the on Island provider to administer the financial assistance under the Initiative.

Background

- In June 2018, there were two apprentices/trainees on Norfolk Island. The Department of Education and Training (DET) advises that more Norfolk Island employers would consider taking on apprentices if state funded training places were available, as the employer would no longer have to pay fee for service for the off-the-job training component of apprenticeships.
- In New South Wales, the NSW Government sets the qualification prices and student fees for government-subsidised training under the Smart and Skilled program. The student pays a portion of the qualification price. The balance of the qualification price (subsidy) is paid by the NSW Government directly to the training provider.

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- Qualification prices vary according to the training undertaken. For trades, such as electrical and plumbing, the cost is approximately \$13,000. Under the Smart and Skilled program, about \$10,000 would be subsidised. Additional loading for assistance may be provided based on needs and location factors.
- To address skills shortages, the NSW Government has made new apprenticeships fee-free from 1 July 2018, meaning there are no training costs for students or employers. This is a \$285 million initiative over six years to fund qualification fees. Fee-free apprenticeships are available to NSW apprentices, including school-based apprentices, whose training is funded under the Smart and Skilled program and commenced on or after 1 July 2018. Traineeships are not covered by this initiative.
- The eligibility of employers/apprentices on Norfolk Island for Australian Government apprenticeship support varies by program.
- Australian Apprenticeships Incentives Program has recently been extended to Norfolk Island and provides financial incentives to employers to encourage genuine opportunities for skills-based training and development of employees:
 - Trade Support Loans (TSL) – from 1 July 2016, Norfolk Island residents became eligible to apply for a TSL. As at 20 June 2018, one apprentice was receiving a TSL loan. TSLs are not seen as a solution by the community because they require the money to be repaid.
 - Australian Apprenticeship Support Network (AASN) – other arrangements, such as remote servicing, are used as there is no AASN provider located on Norfolk Island. Both apprentices use remote AASN services.
- The Administrator of Norfolk Island has been a strong advocate for increased Australian Government funding to help Norfolk Island employers and apprentices/trainees offset training costs.
- Current apprenticeship arrangements are managed through the NSW State Training Authority North Coast Office. The apprentices under this arrangement are considered international students and therefore unable to access subsidised training places under the NSW Smart and Skilled program, resulting in apprentices paying for VET courses under a full fee for service model.

Sensitivities

- The 2018-19 Budget announcement would provide some VET assistance, however it is likely that it will be insufficient to meet the current and future demands for Norfolk Island. Early advice from DET indicated that the anticipated number of potential VET students on Norfolk Island was 70 over four years. The budget allocated does not match the figure of 70. For 2019 alone, it is expected students will enrol in up to 47 courses.
- The Department will brief you seeking additional funding for the Initiative, offset by saving in the Outcome.
- The Department's initial plan was to rollout the financial assistance as a pilot to understand actual demand.

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- Following further discussions with relevant people on Norfolk Island it is expected that a scaled down, pilot program would not be received well.
- The Department has drafted Guidelines so that all Norfolk Island residents wishing to undertake a VET would pay the same as a resident of a state or territory.

Attachments: Nil

