

The Hon Brendan O'Connor MP  
Minister for Employment Participation  
Parliament House  
Canberra ACT 2600

Dear Sir

Further to facsimile letter dated 7<sup>th</sup> January 2008, requesting feedback on employment services, we are pleased to provide the following comments:

### **New Enterprise Incentive Scheme**

Our organisation has delivered NEIS services since 1992 and is currently the longest serving provider in Australia achieving consistent Star Ratings of 4 to 5. Following are some of the key issues and ideas that we wish to highlight in relation to NEIS:

1. NEIS is an extremely successful program, not only in terms of employment outcomes, but also through providing a solid background for small business owners that has potential broad application. NEIS Managing Agents provide a national network of small businesses educators and mentors which could be utilised further to enhance the skills of small business owners. For example, by reducing resources duplicated by other departments such as the Department of Small Business and Area Consultative Committees etc.
2. NEIS payments to Managing Agents have remained at the same rate since 1995. In real terms, the current fees are lower than current commercial rates for the delivery of business training alone (Certificate IV in Small Business Management), let alone the costs of mentoring and complex administration requirements. This has been to the detriment of overall NEIS services where, for example, providers might look at more economic delivery strategies such as offering self-paced training only. Furthermore, there is no sensible equitable cost differential applied to regional NEIS services. That is - the current classification of 'remote' is nonsensical and is in need of a more realistic review.
3. The NEIS Star Rating system is an inconsistent benchmark of performance. For example, the statistical performance of a provider with small contract numbers will easily overshadow a larger contracted provider. Similarly, a metropolitan provider will outperform a regional provider – simply due to greater pool of applicants to choose from and business opportunities in a larger market. Application of KPI's needs to be reviewed to address this inconsistency.
4. As far as reallocation of NEIS contracts is concerned, the 'roll-over' process utilising Star Ratings has been applied equitably for existing providers, creating some stability in the labour market for both clients and managing agents. However, Star Ratings should also be considered as an incentive for high performing providers by offering access to new contracts or to expand services into other Labour Market Regions. Indeed, the very opposite has occurred where prior Star Ratings were not considered in the tender process and poor performing providers have successfully won new business.

### **Vocational Education & Training (VET)**

Minimum qualification standards are being applied to virtually all industries as a benchmark of employee competency. To date, various programs such as Traineeships and Skills Vouchers have gone some way to address industry skill needs of job seekers.

The process for implementing and management of traineeships from the 'top down' involves several parties from: Federal and State Departments, Australian Apprenticeship Centres, Group Training Organisations, Employer/Industry Bodies, Registered Training Organisations and in some cases schools and regional coordinators. With all of these parties being paid for delivery and/or administration, only a small proportion the actual cost provides any benefit to the trainee. While it is accepted that a given level of administration is required, there is certainly an obvious need for some rationalisation, reduction in 'red tape' and cost saving.

There is a need to focus funded vocational training at a higher level (at least Certificate III level) and to provide some level of work environment engagement. Many private training providers have adopted this approach and have certainly surpassed the concept of the TAFE college/campus system which is more of an education 'facility', and somewhat disengaged from industry requirements.

While there is an increasing outcry by industry groups about significant *skills shortages*, there is a need to clarify these shortages more precise skill terms. This could mean 'profiling' employee's in terms of job roles and equivalent skill needs. For example, an office receptionist would need to demonstrate/perform competencies equivalent to Certificate III in Business. This approach would certainly clarify the expectations of industry and job seekers in matching skills to employment opportunities.

A VET funding model needs to be developed in conjunction with the Registered Training Organisations who will ultimately be response. This model should clearly spell out the linkages between vocational skills and employment outcomes.

Regards  
Stephen Dewsbery  
Director  
Business Success Group Pty Ltd