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Apprenticeships and Traineeships

Youth Action Policy Paper

YOUTH ACTION

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About Us

Youth Action is the peak organisation representing young people and youth services in NSW. Youth Action works towards a society where all young people are supported, engaged and valued. To achieve this, it is the role of Youth Action to:

1. Respond to social and political agendas relating to young people and the youth services sector
 2. Provide proactive leadership and advocacy and shape the agenda on issues affecting young people and youth services
 3. Collaborate on issues that affect young people and youth workers
 4. Promote a positive profile in the media and the community of young people and youth services
 5. Build capacity for young people to speak out and take action on issues that affect them
 6. Enhance the capacity of the youth services sector to provide high quality services
 7. Ensure Youth Action's organisational development, efficiency, effectiveness and good governance.
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Recommendations

Recommendation 1: Raise the pay of all apprentices and trainees to the award wage for their industry. Apprentices and trainees may be paid above the award, depending on contractual agreements with their workplace, but never below. Apprentices and trainees work hard and apply their skills and should be compensated accordingly.

Recommendation 2: The NSW Government re-institutes the Kickstart Mentoring Program as a state supported program for all apprentices. Apprentices are matched to mentors in their industry and mentor levels do not exceed 1 mentor to 100 mentees.

Recommendation 3: Private providers of apprenticeships and skills training should be highly regulated to ensure quality training is provided. National quality frameworks for training should be set up in industries where training is perceived as poor quality and apprentices and trainees should serve minimum time periods in training to allow for the best practical and academic experience possible.

Recommendation 4: Apprenticeships and skills training should be promoted in schools and TAFE not as a second best to university, but as a legitimate career path. Materials and training should be provided and be readily available to school teachers so they can educate their students on the benefit of completing an apprenticeship or traineeship.

Recommendation 5: Further research is conducted into incentive schemes for employers, training companies and apprentices. Incentive schemes such as tools for trade, HECS/HELP loans and paid time off for training should be recognised as a major way to attract and retain apprentices and to provide a high quality of training.

1. Introduction

The decline in apprentices and the current ‘skills shortage’ faced by Australia is driven by a diverse number of factors. Historical reasoning points to a mixture of quasi-market policy in industrial relations in the 1990s and early 2000s, a steady increase in competition in the training market¹, the changing nature of youth involvement in apprenticeships and the perceived value of apprenticeships in the market.

Overall, retention rates are low as apprentices are often faced with many barriers while undertaking training. A range of factors contribute to non-completion of training which includes personal, demographic, structural, economic, educational, political and environmental conditions². In short, many issues exist around overall productivity of the apprenticeship and trainee system and the problem as a whole is complex. Technological, educational and lifestyle advancements over the last 50 years mean that the apprenticeship and trainee system cannot continue to be antiquated and must modernise.

In order to support Australia through the current skills shortage, policy makers, employers, industry associations, not-for-profit organisations, unions and apprentices need to come together to provide their insights into successful and motivating programs for young people. This will act as a measure to increase the retention rates of young people entering apprenticeships and skills training, as well as encouraging young people to take up trades and training as an alternative to university or unskilled work.

It is vital that all stakeholders take innovative approaches when addressing the diverse problems that apprentices and trainees face, embracing holistic and evidence-based approaches. It is also important that trades and Vocational and Educational Training (VET) is not encouraged as a ‘second

¹ Government funded TAFE vs. private training providers

² Harris, R et al., *Factors that contribute to retention and completion rates for apprentices and trainees*, NCVET, Adelaide, 2001.

best' to university - encouragement into industries should be assessed on student interest and competency as well as prior learning and perceived academic ability.

A steady growth in the need for skilled professionals is consistent across Australia: from 2011-2012 around only 65% of skilled vacancies were filled with some of the hardest being automotive trades, telecommunications trades and engineers.³ Automotive trades have a particular shortage, with only 2 in 5 vacancies being filled in 2011-2012.⁴ Just over 30% of employers surveyed in 2009 in an NCVER survey indicated that they have apprentices and trainees employed; this was up from 29% in 2007.⁵

There should be a universal understanding that apprenticeships and traineeships occupy an important place in the Australian workforce and that encouraging young people into such trades and traineeships is an important part of federal and state-level industrial relations policy. Furthermore, competency-based training and assessment has become the agreed means by which skills are recognised across industries and in the various modes of education, strongly supported by the tripartite of government, unions and employers⁶.

1.1. Defining apprenticeships and traineeships

There are a number of technical and academic definitions of apprentices. The Fair Work Ombudsman (FWO) defines an apprenticeship or traineeship as “A formal training arrangement between an employer and an employee”. FWO then defines an apprentice or trainee:

“Apprentices and trainees do a combination of work and study to get a qualification, certificate or diploma. An apprenticeship or traineeship

³ Labour Economics Office New South Wales, *Skills Shortages New South Wales*, Department of Education, Employment and Workplace Relations, Canberra, 2011.

⁴ Ibid

⁵ NCVER, *Employers' Use and Views of the VET System*, NCVER, Adelaide, 2009, pp. 5

⁶ Hampson, I. 'Training reform in a weakened state: Australia 1987–2000', in C. Warhurst, I. Grugulis and E. Keep (eds) *The Skills that Matter*, Palgrave Macmillan, Basingstoke, 2004, pp. 72–90.

can be full-time, part-time or school-based and can be undertaken by anyone who's old enough to work.

An employee is classed as an apprentice or trainee if their training is registered and recognised by the relevant state or territory training authority or done under a relevant law. The state and territory training authorities determine which qualifications are apprenticeships and which are traineeships in each state or territory.”⁷

It is important to note that the definition is broad, and apprentices and trainees exist in many sectors of society. It is important to recognise that through creating a broad definition there are many complexities in creating policy for such a diverse program.

1.2. Apprentices as young people

Apprentices or trainees are not always young, but they often are. Apprenticeships and traineeships provide pathways for young people that are an alternative to university that prepares them for a skilled or technical industry. In addition, pathway programs through VET or high school training provide students the opportunity to gain entry level training before commencing an apprenticeship, meaning that upon completion of schooling an apprenticeship or traineeship is a natural next step.

In addition to traditional pathways with employers, there are other ways in which apprentices may be contracted into training. While mature age apprentices often come from within the industry, being supported by their employer to undertake training, a growing amount of young apprentices are contracted by Group Training Companies (GTCs) that allocate workers to businesses and support their apprenticeship training. GTCs began in Australia in the 1970s and continue to be a major employer of apprentices, particularly

⁷ Fair Work Ombudsman, *Apprentices and Trainees*, Sydney, 02/03/2012, accessed 23/08/2012 < <http://www.fairwork.gov.au/employment/apprentices-and-trainees/pages/default.aspx> >

in the construction industry⁸ (GTCs account for 24% of the training market). Group training is “an employment and training arrangement whereby an organisation employs apprentices and trainees under an Apprenticeship/ Traineeship Training Contract and places them with host employers”⁹. Group training also rotates apprentices around host sites, ensuring breadth of experience¹⁰.

⁸ Toner, P, ‘Survival and Decline of the Apprenticeship System in the Australian and UK Construction Industries’, *British Journal of Industrial Relations*, vol. 43 no. 3, 2008, pp. 413-438.

⁹ Harris, op. cit., p. 3

¹⁰ Underhill, E, *New employment, new risks: an exploratory study of workplace injuries amongst Victorian group apprentices*, Victoria University School of Management, 2003.

2. The apprenticeship training system and its successes

While there are many apparent problems with the Australian apprenticeship system, there are also significant successes. Australia has a strong training system and offers both private and government supported training and certification. This can be compared to the German system, which academics agree remains a world leader in skills training (see 2.1).

One such success of the Australian system, noticeable in typical ‘blue collar’ apprenticeships, is the provision of training under government institutions such as TAFE. Currently, TAFE and government organisations are responsible for a majority of training in blue collar trades. The use of a “dual system”, where workplace based training is matched with theoretical content provided by government providers is optimal.¹¹

There are a number of other factors that lead to successful and strong apprenticeship systems as indicated in the literature.

Strong institutional support from unions, government and industry associations mean better training and regulation of training

Ensuring that trade qualification attainment is a prerequisite for entry into key trade jobs

Supporting industry-level bargaining with the support of employer associations and unions.

1. State management of the labour market, including the supply of trade skills through domestic training, to ensure that balance is achieved.¹²

There are key significant factors that have contributed to the continued success of the Australian apprenticeship program, particularly in the

¹¹ Streek, W, *Skills and Politics: General and Specific*, Max Plank Institute for the Study of Societies, Cologne, 2011, pp.11

¹² Toner, op. cit., p. 414

construction sector, despite weak construction markets and deregulatory industrial relations policy¹³:

1. State governments were able to block deregulatory apprenticeship and skills training reforms in the 1990s and 2000s coming from the Federal government. This protected the interests of young people in apprenticeships and traineeships.
2. The content of training is regulated by employer associations, unions and governments; this tripartite agreement means that major stakeholder interests are balanced.
3. Australia has a strong occupation licensing system which increases business and industry confidence in formal qualifications.
4. The intake of apprentices is demand led - 76% of all apprentices in construction in 2004 were recruited and employed directly by firms or government with the remainder being employed by GTCs¹⁴.
5. TAFE accounts for 95% of all off-the-job training in construction and largely accounts for training in other blue collar sectors. As this is recognised government training there is no concern for teaching or training standards. This is however not the case in such traineeships as childcare, hairdressing and other administrative apprenticeships, and quality of training in these industries suffers.¹⁵
6. Through public works procurement, contractors are required to include certain numbers of apprentices, which keeps training levels steady.
7. Traineeships are lower skilled qualifications and provide an alternative to long four-year apprenticeship courses. Courses can then be accredited towards an apprenticeship later.

¹³ Toner, op. cit.

¹⁴ Toner P., *Getting It Right: what employers and apprentices have to say about apprenticeships*, Dusseldorp Skills Forum, 2005, p. 43.

¹⁵ Florek, K, *Submission to Productivity Commission Early Childhood Development Workforce Study*, Liquor, Hospitality and Miscellaneous Union (now United Voice), Sydney, 2011.

8. Age restrictions on apprenticeships were lifted in the 80s and adults receive higher pay rates. Statistics show that those over the age of 25 are significantly more committed than their younger counterparts¹⁶.

GTCs, which are most prevalent in blue collar trades, overcome market failure as they spread costs and risks across firms.

It is also important to enforce investment in skills training through strength of employer associations and unions to help provide multi-employer coordination.¹⁷ Through government-provided training, work-based mentoring and member-based advocacy on the part of unions, the three major stakeholders in apprenticeships and skills training are able to produce high quality graduate tradespeople and trainees. It is important to note the difference between industries. While the successes of quality training in blue collar trades in manufacturing and construction are evident, deregulation of training in white collar industries, such as in child care, is an example of how poor quality training can affect an industry as a whole (see 3.2.5).

2.1. Best practice: the German system

When looking for best practice in labour markets, Germany's flexibility and efficiency is often looked to for producing effectively skilled workers. Tripartite strength between employers' associations, unions and the state "run and keep a current national system of occupations and occupational training profiles that... allow for unlimited mobility of workers in nationwide sectoral labor markets."¹⁸ There are a number of reasons why German labour markets function so well as a result of strong skills training:

- Publicly supervised examination and certification of skills
- Employers invest a large amount of money into skills training
- All three institutions continually press for upskilling of workers

¹⁶ Ball, K. & John, D., *Apprentice and Trainee Completion Rates*, NCVET, Adelaide, 2005.

¹⁷ Gospel and Druker in Toner, op. cit., p. 415

¹⁸ Streek, op. cit.

- Broader training is encouraged for all workers¹⁹

This resulted in what Streeck describes as a model skilled worker, far superior to their “Anglo-American” counterpart:

“Here there was a manual worker with high but also broad skills, training in widely accessible and publicly supervised apprenticeships, and in such ample supply that industrial workforces were sometimes almost entirely composed of skilled workers.”²⁰

Therefore, it is important to note that while specialised skills are prized in the workforce, broad high skills are highly valued, especially when entire workforces are comprised of such workers, increasing mobility and efficiency.

It is also important to consider the use of language and the valuation of skills training in the German context. While in the Anglo tradition there are distinctions created between occupations and professions, the German language makes no such distinction. *Beruf* in German is used to describe both a brain surgeon and a metals worker, and provides a more egalitarian view of work and workers.²¹ This understanding of all work as professional and highly skilled has given the skilled market in Germany more value than in an Australian context where skilled workers are noticeably less valued than ‘professionals’.

2.2. Australian programs and pathways

In addition to the success of training schemes for apprentices, Australian government initiatives and programs have meant that apprentices are supported throughout their training. Some new initiatives have included the ‘Earn or Learn’ policy. ‘Earn or Learn’, introduced in 2010, requires anyone under the age of 21 to either continue study or training in order to receive youth allowance. While it was perceived initially by welfare agencies and not-for-profit groups that the policy may affect the most vulnerable, exemptions are available for those who are unable to study due to medical or social

¹⁹ Toner, op. cit.

²⁰ Toner, op. cit., p. 5

²¹ Streeck, op. cit., p. 26

reasons²². Employment pathway programs and training provide a natural incentive for young people to enter trades and traineeships, which is expected significantly boost apprentice and trainee numbers. Research into the impact of Earn or Learn on vulnerable young people is ongoing.

In New South Wales, the Kickstart Apprenticeship program was introduced in 2009 and supports the idea that mentoring plays a key role in encouraging apprentices through to the completion of their training. This is “to obtain measurable increase in the retention rate.”²³ Apprentices entering their apprenticeship in 2010 were assigned mentors contracted by the Kickstart program drawn from existing industry practitioners, successful 3rd or 4th year apprentices and practitioners on a return to work program. This involved the contracting of over 20 mentors across the state. The program involved key targeting of groups at a higher risk of dropping out of apprenticeship programs:

- Indigenous Australians
- Persons with a disability
- School-based apprentices
- Apprentices based in priority employment areas

Ultimately, the program aimed to reintroduce pastoral care as a key element of apprenticeships and traineeships.²⁴ Support in understanding the benefits of competition, as well as assistance in identifying issues with training companies, employers and other issues impacting on the apprentice’s ability to complete were considered to be extremely likely to impact retention rates. The program aimed to increase retention rates significantly:

- 6 month retention rates from 69% à 85%

²² National Welfare Rights Network, *Earn or Learn Factsheet*, www.welfarerights.org.au, accessed 20/09/2012

https://www.welfarerights.org.au/Factsheets/fs_ear-or-learn.doc

²³ BWAC Australian Apprenticeships Centre and Employment Service, *BWAC Kickstart and Kickstart Extension Australian Apprentice Mentoring Project*, BWAC, Sydney, 2010 (unpublished)

²⁴ Ibid

- 12 month retention rates from 68% à 85%²⁵

Not-for-profit organisations have also played a key role in assisting young people into apprenticeships and traineeships. Charitable organisations have been using certificate training programs to encourage young people in residential support services and recipients of other welfare services to undertake training with organisations. Many organisations offer such a service including the Exodus Foundation through its program 'Exodus Youth'. Here Exodus offers a Certificate II in Skills for Work and Training, equivalent to year 10 of high school. This allows students a pathway to a Certificate III at TAFE.²⁶ Similarly, Youth off the Streets offers support for students completing TAFE programs through its 'Step Up' program in Merrylands, Sydney.²⁷

²⁵ Toner, op. cit.

²⁶ The Exodus Foundation, *Education: Literacy Tutorial Centres*, accessed 01/03/2012 <
http://www.exodusfoundation.net/html/exodus.htm?our_services/education>

²⁷ Youth Off the Streets, *Education Services*, accessed 16/09/2012
<<http://www.youthoffthestreets.com.au/education/w1/i1001886/>>

3. Current issues and problems for youth in the Australian apprenticeship system

3.1. Background

In the literature, academics and policy makers agree that over time, there are a number of factors that have reduced the role of vocational training in skilled and trade sectors of the Australian economy. Australian Bureau of Statistics research shows that 50% of young people who leave school before matriculation are unable to find employment.²⁸ Encouragement of approved skills training in the current skills shortage is vital in ensuring that young people are encouraged into gainful employment. Furthermore, the current rate for under 25's completing state based training through VET or TAFE providers is at just under 50%.²⁹

As stated earlier, governments from the 1990s to the mid-2000s had a large effect on apprentice and trainee programs. Neo-liberal training policies changed the way in which apprenticeships and traineeships were delivered³⁰. At this time “neo-liberals tried to expand the domain of individual choice – partly by shrinking the size and scope of government, so that more choices about how to use the resources would be guided by individuals acting through markets rather than collectives acting through government.”³¹ This affected aspects of training crucial to supporting young people through apprenticeships and traineeships:

- Priority was given to notions of flexibility in content and delivery
- Adapting training to needs of individual employers was prioritised rather than a high, average standard.

²⁸ http://www.exodusfoundation.net/html/exodus.htm?media_room/govt_fail_youth

²⁹ Karmel, T & Mlotkowski, P, *The Impact of Wages on the Probability of Completing an Apprenticeship or Traineeship*, NCVET, Adelaide, 2010

³⁰ Toner, op. cit., p. 429

³¹ Bennington, J & Moore, M (ed.), *Public Value: Theory and Practice*, Palgrave MacMillan, New York, 2011.

- The abolition of ‘time serve’ requirements; apprentices did not have to serve a minimum number of years to become accredited.
- Off-the-job training was opened to private providers which provided market competition and consequently, a lowering of training quality.

Although these were federal initiatives, state governments opposed many of the changes during this time period:

- VET training is largely a state responsibility so federal government is restricted in its changes.
- State governments commissioned highly critical evaluations of the training policies developed by federal government during these years.

In the 2000s, “skills shortages became a political issue too acute to ignore, the government announced a series of initiatives that bypassed the industrial relations system. For example, rather than increase the low rates of pay for apprentices, especially for adults, the government introduced wage top-ups for some categories of apprentices, as well as extending to full-time apprentices and trainees eligibility for income support payments.”³²

These recent historical changes to training in Australia as a whole have undermined the strength of the training system. However, other forces at play have also changed the dynamic of apprenticeships and traineeships in Australia, such as market behaviour, economic reasoning and the actual willingness of young people wanting to take up apprenticeships. The United Nations Educational, Scientific and Cultural Organisation (UNESCO), in its research, noted that three factors contributed to the reduction in vocational training³³ worldwide:

- The reduced role of the public sector in vocational industries,

³² Oliver, D, ‘Modern Awards and Skill Development Through Apprenticeships and Traineeships’, *The Economic and Labour Relations Review*, vol. 21 no. 2, 2010, pp. 99-120

³³ UNESCO, *Technical and Vocational Education and Training for the Twnty-first Century*, UNESCO Recommendations, Section for Technical and Vocational Education, Paris, France, 2011.

- The intensification of subcontracting, and
- The growth of self-employment in the industry and loss of support networks associated with larger organisations.

Seeking a trade or certificate level of qualification has become less desirable in the market for young people. There is a clear link between UAI (now ATAR) scores and the uptake of trades; generally higher scoring students do not undertake trades³⁴. There are a number of reasons including:

- Social pressures for higher scoring students to attend university,
- Lower scoring students are guided into trades through careers counselling and subject choice in high school and,
- Trades often become second choice to university.

While trades may seem to be a less desirable choice in the market for young people, those who start trades do intend to complete and seem to understand the benefit of skills training. The larger problem appears to be the overall attraction of young people into trades, and how to solve the fundamental issues outlined below that pose as barriers for entry into trades for many young people.

3.2. Common problems for young apprentices and trainees

One in six apprentices indicated that they would not recommend an apprenticeship to a friend or relative³⁵; this is a worrying trend for industries requiring apprentices and trainees and for the growth of the Australian economy overall. This was for a variety of reasons; however sources cite that low pay, poor working conditions and inadequate training were some of the major reasons for either presenting a disappointed view in the apprenticeship system or discontinuing their apprenticeship. Low levels of pay, particularly in industries where unpaid overtime was the norm, have a significant impact on

³⁴ Misko, J, Nguyen, N & Saunders, J, *Doing an apprenticeship: What young people think*, NCVET, Adelaide, 2007, pp. 37

³⁵ Ibid, p. 34

reducing retention rates among both apprentices and trainees³⁶. Apprentices are often exploited workers being denied leave for training, undertaking unpaid overtime and being rostered on for long shifts without breaks³⁷.

Even though it is understood that there are significant vocational differences between traditional blue collar apprenticeships such as boilermakers, plumbers, electricians, and construction workers and typical white collar traineeships and apprenticeships in retail, childcare and hairdressing, the issues that concern these workers in their training process are largely similar and an unwillingness and reluctance to either commence training or to complete training is felt across industries.

The following outlined issues are the five most cited problems for apprentices and trainees, specifically for young apprentices and trainees.

3.2.1. Low wages

Young apprentices are often on junior rates of pay. Those who begin their apprenticeships under the age of 21 earn significantly less than their mature age counterparts for equal workload and conditions. Low wages affect apprenticeships and the workforce in a number of ways:

Willingness to work hard is decreased, as apprentices are not paid well for the work they are doing.

As a common example, apprentices are aware that they will earn more working at McDonald's than in their apprenticeship. For younger workers who are not so concerned about future earnings the temptation to drop out is high.

Future earnings in some industries are not significantly higher than those of trainees, so the willingness to undergo training is low, for example in child care³⁸.

³⁶ Harris et al., op. cit., p. 225

³⁷ Snell, D & Hart, A, 'Vocational training in Australia: is there a link between attrition and quality?', *Education + Training*, Vol. 49 no. 6, 2007, pp.500 - 512

³⁸ Florek (2011), op. cit.

In an Australian Manufacturing Workers Union survey, 65% of the 1700 respondents indicated they had considered quitting their apprenticeship because of the low apprentice pay rates. However, Karmel and Mlotkowski (2010) found that low pay rates did not affect completion rates in trades, or in non-trade female traineeships, but did have an effect on completion in the non-trade male traineeships or apprenticeships. The key impact of low wage rates is that they have a significant effect on the uptake of apprenticeships and are a significant barrier to students without external support, such as government or family support, due to high living costs and other course associated costs.

3.2.2. Poor working conditions

Poor working conditions as a broad term are used to describe a range of factors that may impact on the enjoyment, safety and hazardous conditions that may exist in the workplace. A high factor for many apprentices is the poor working conditions which they face at work which impacts negatively on their apprenticeship or traineeship experience. These may include:

- Poor OH&S standards
- Workplace harassment and bullying
- Lack of proper equipment
- Poor management and a bad workplace culture

15 young workers aged from 15 to 25 are injured each day while working.³⁹ These figures indicate a significant lack of training in safety procedures, risk-taking behaviours and poor workplace safety.

Apprentices complained frequently that they were "treated like dirt" and ordered about in a rude way.⁴⁰ Indeed, workplace culture and harassment can play a large part in the young person's willingness to undertake or complete an apprenticeship or training.

³⁹ Workcover Authority of NSW, *Young Workers*, accessed 07/08/2012
<<http://www.youngworkers.com.au/>>

⁴⁰ Harris et al., op. cit.

3.2.3. Inability to attend training

The inability to take leave for training was a major deterrent for apprentices⁴¹. In 2001 a survey of completers and non-completers of apprentices showed that time and access to attend off the job training with ease was strongly linked to the completion of apprenticeships. While apprentices who are contracted through GTCs often have no problems attending off the job training, trainees in other industries face significant problems. For example, in the child care sector, workers are generally not given paid time off to complete training. They are then expected to attend training in the evenings after working full shifts. This gives trainees little support to further their qualifications and shows that there isn't strong support from employers to complete and attend training.⁴²

3.2.4. Cost of training and tools

Cost of training and tools is a significant burden for young people undertaking an apprenticeship or traineeship. Many young people begin their training with little or no savings and live at home and are then weighed down by extra costs associated with training and tools as an integral part of their job. Some assistance is available for apprentices to purchase tools: 'tools for your trade' was first introduced for apprentices who commenced an apprenticeship in one of 26 designated trades after March 2005, this was then expanded to include a further 16 trades from March 2006. However, Misko, Nguyen and Saunders indicated a number of problems surrounding the program⁴³:

- Many apprentices do not qualify depending on trade, location or stage of apprenticeship.
- Neither employers nor apprentices have been made aware of the program and incentives in some instances.

⁴¹ Snell, D & Hart, A, 'Reasons For Non-completion And Dissatisfaction Among Apprentices And Trainees: A Regional Case Study', *International Journal of Training Research*, vol. 6 no. 1, 2008, pp. 44-73

⁴² Florek (2011), op. cit.

⁴³ Misko, Nguyen & Saunders, op. cit.

- Subsidies such as fuel or training costs are not included which may be crucial to the completion of training for some apprentices (i.e. regional or remote apprentices and trainees).

In addition, the cost of training is a significant issue for young people undertaking apprenticeships and traineeships. For example, childcare workers often have to pay for their training which can amount to up to \$2000 for a Certificate III. This cost is often not covered by the employer and is prohibitive for workers earning close to minimum wages.⁴⁴

In addition, recognition of prior learning is not encouraged and there is a lack of awareness amongst the workforce in regard to this scheme. This however is not an issue that particularly affects young workers who usually do not have prior skills and is beyond the scope of this report.

3.2.5. Poor quality of training

An NCVET survey (2009) indicates that 10% of employers were dissatisfied with the training provided to their apprentices and trainees, up from 8% in 2007. Poor quality training is an issue that concerns all parties involved in the development of skills in Australia: employers, apprentices and trainees and government. Poor quality of training has become of particular concern with the rapid growth of the apprenticeship system over the last 15 to 20 years. The number of people engaged in training has increased from 135,390 in 1995 to 397,100 in 2003 and continues to rise⁴⁵ bringing with it significant problems arising from the growth of people requiring and wanting to train:

- An increase in poor quality training providers attempting to meet the demands of the market.
- Increases in the number of cancellations and withdrawals from programs.
- An increase of under-regulated on-the-job traineeships.

⁴⁴ Labour Economics Office New South Wales, op. cit.

⁴⁵ Harris, R & Simons, M, 'Exploring the notion of retention in apprenticeship', *Education + Training*, vol. 47 no. 4, 2005, pp. 350-365.

Furthermore, significant gaps in the standard of training offered by TAFE as opposed to training offered by private providers has had negative effects on young people undertaking training. The lack of regulation of providers is particularly prevalent in white collar traineeships where many private providers are seen to be of extremely poor quality. As an example, poor quality training can include completion of certificate courses in short time frames (a childcare Certificate III can be completed at some institutions in 2 weeks), an under-allotment of on-the-job training as a component of the program and poor quality materials and courses. This emergence of poor quality training has had several negative effects on young people including unpreparedness for the workforce and also reluctance from employers to hire those who are undertaking training from 'shonky' institutions.

There are some measures being taken to improve the quality of training such as the creation of a National Quality Framework in the childcare sector. The professionalization of the industry is leading academics, parents, staff and employers to regulate various aspects of early childhood staff training. With regards to apprenticeships and traineeships, the professionalization of the industry is requiring all workers working with young children to obtain their Certificate III in Early Childhood Education. Whilst the professionalization of early childhood learning is seen as a positive step in the industry, the risk of poorly regulated training institutions offering short courses is high. The flood of workers obtaining a Certificate III in the market should be highly regulated and will be some cause for concern in quality training.

4. Recommendations

4.1. *Background*

There are many ways in which Australia can improve its apprenticeship program, and there are some broader aims which have been outlined by major stakeholders including the Australian Council of Trade Unions (ACTU), the Department of Education, Employment and Workplace Relations (DEEWR) and various employers' associations. Such broad changes to apprenticeships and skills training have included:

- Nationalisation of the training scheme
- National standards across trades and skills for workplaces, apprentices and training institutions
- A national investment in skills training to fill the skills shortage

Despite these broader outcomes, there are 5 specific areas in which key changes can be made to apprenticeships, traineeships and skills training which will directly positively impact vocational education.

A large component of skills training, 'on-the-job' training, is extremely important to ensure quality and longevity of the economy. This is significantly referred to by Gary Becker in his work *Investment in Human Capital* which outlines the relationships between on-the-job training and positive investment in human capital, resulting in increased productivity for the employer and higher wages for the employee.⁴⁶

In light of the current skills shortage in certain sectors of the Australian economy, as well as the broad upskilling of the economy, it is important that government considers a more comprehensive approach to education of skills

⁴⁶ Becker, G, *Human Capital: a theoretical and empirical analysis with special reference to education*, University of Chicago Press, Chicago, 1993

and understands the contribution to public value that apprentices and trainees make by undertaking their training.

4.2. ***Increase of pay for apprentices and trainees to the award wage***

Pay rates for apprentices vary greatly between industries and trades and are often dependent on the bargaining capacity of its apprentices and members. This means that often apprentices in traditional trades with strong unionised backgrounds benefit from higher awards and an ability to bargain that other skills and trades lack. In a comparison of award rates between metal trades and childcare workers there was a significant difference between the awards:

		Salary		Salary Difference
		Annual	Hourly	Hourly
Certificate III	Children's Services (Award)	\$34,500.96	\$17.46	\$10.11
	Metal Trades (average of agreements)	\$54,478.32	\$27.57	
Diploma	Children's Services (Award)	\$40,646.32	\$20.57	\$16.28
	Metal Trades (average of agreements)	\$72,815.60	\$36.85	

A comparison between the average wage of childcare workers and metals workers with similar qualifications⁴⁷

Recommendation 1: Raise the pay of all apprentices and trainees to the award wage for their industry. Apprentices and trainees may be paid above the award, depending on contractual agreements with their workplace, but never below. Apprentices and trainees work hard and apply their skills and should be compensated accordingly.

The increase of apprentices' and trainees' salaries to the award wage for their industry would allow for a significant rise in the standard of living of apprentices and trainees. Apprentices and trainees are often young people who are already struggling to live, with high costs of living in capital cities and mining towns. Currently, first year apprentice wages are set at around 50% of

⁴⁷ United Voice, *Big Steps in Childcare: The Childcare Workforce Crisis*, United Voice Australia, Sydney, 2012

the trade-qualified rate, with some modern awards providing for rates as low as \$6.32 an hour.⁴⁸

Increases in apprentice and trainee rates is the most frequently cited problem by apprentices and trainees themselves, in barriers to undertaking and continuing training.⁴⁹ Reduced motivation is a key factor in lower wages - apprentices and trainees indicated that they are likely to earn more by being a recipient of Centrelink benefits or working in unskilled jobs in retail or hospitality. Further effort is required to motivate apprentices and trainees through their initial lower-wage stage and to help them understand the career prospects and expected income available to them upon completion of the apprenticeship (see 5.2.2 and 5.2.4).

In addition, apprentices and trainees are often not given paid time off to attend training. Paid time off to attend training is essential to ensuring that apprentices are able to complete training on time and in the correct sequence. While paid time off work is common in blue collar trades with a strong union presence and government regulation, in other industries where traineeships are predominant form of training in careers such as hairdressing, childcare and retail the trainees are expected to complete classes in unpaid time off, often after a full day or on weekends. Furthermore, many trainees are often denied the opportunity to attend training if the workplace is short of staff or busy.

Lastly, apprentices today have often completed year 12 and/or other qualifications and have the necessary knowledge to undertake complex tasks in the workplace while training and therefore are deserving of a higher pay rate than is currently legally required.

This is more a barrier to entry than an issue of retention: “apprenticeship and traineeship wages are widely known to be low and this is acting as a barrier to attracting new entrants into training. In a survey of apprentices, nearly half (49

⁴⁸ Australian Council of Trade Unions, *Wages and Employment Conditions: Developments since congress 2009*, ACTU, 2012

⁴⁹ Misko, Nguyen & Saunders, op. cit.

per cent) said that they would not recommend an apprenticeship to friends or relatives because of the low level of pay. Nearly one in ten students reported that their key reason for not planning to pursue an apprenticeship was the inadequate pay⁵⁰. Qualitative research found that when employers paid apprentice and trainee rates in excess of the minimum award rate, completion rates increased.⁵¹ As indicated in the research, apprentices in trades where significantly higher wages are expected upon completion do not decrease retention rates⁵², however the attraction of apprentices is a more serious issue which needs to be addressed through wage increases. “The overwhelming majority of apprentices report dissatisfaction with low apprenticeship wages. When they suggest how we should go about improving the appeal of apprenticeships to others, higher wages is the most frequent suggestion.”⁵³

4.3. Improvement and continuation of mentoring programs

Mentoring is considered to be extremely important in the retention of students and has proven results in increasing the retention rates of apprentices. Under the Kickstart Mentoring Initiative (discussed in 2.2.) support was provided for apprentices through a mentor match up program with trained and experienced mentors. This program ensured that vulnerable or high priority apprentices received support throughout the first year of their apprenticeship.

Recommendation 2: The NSW Government re-institutes the Kickstart Mentoring Program as a state supported program for all apprentices. Apprentices are matched to mentors in their industry and mentor levels do not exceed 1 mentor to 100 mentees.

Further support for this initiative is highly recommended due to the increased rates of retention and high level of satisfaction that mentees indicated upon completion of the program. While the Kickstart program was a trial, it has not

⁵⁰ Misko, Nguyen & Saunders, op. cit.

⁵¹ Snell & Hart, op. cit., p.37

⁵² Karmel & Mlotkowski, op. cit.

⁵³ Misko, Nguyen & Saunders, op. cit.

been continued by the state or its original organisation, and has been continued in a fragmented sense with various organisations across the state. YAPA calls upon the NSW government's Department of Education and Training (DET) to re-institute and strengthen the program, offering the program to all apprentices.

Following the review of the Kickstart Mentoring Program, it was determined that the 1:150 mentor to mentee ratios was too large, and suggested that 1:100 would be more appropriate. While the final report has indicated a ratio of 1:150 was adequate, it was acknowledged retention rates for apprentices with disabilities was highest when ratios were met at 1:100.

Furthermore, it was noted that often mentees were not matched with mentors that suited their skills background. It would be considered best practice to match mentors with the exact trade that they are completing, however with the understanding that this is impractical due to the numbers of mentors and geographical constraints, apprentices should be matched to mentors in the same or similar industries.

Should an apprentice feel that they are individually motivated in their training, they should have the ability to opt out of the mentoring program upon the successful completion of their first year.

The Kickstart trial had a significant effect and the retention rates of apprentices involved in the program that year rose by 14.6%, a significant amount.⁵⁴ The effects of mentoring on apprentices and retention rates are significant and the continuation of the program would provide great benefit to the Australian apprenticeships system.

4.4. Greater regulation of training providers

With the large increase of the number of trainees and apprentices over the last 20 years in the Australian landscape, further reform of the regulation of training is critical. Government supervised training is noted to be mostly

⁵⁴ Quantum Consulting, *Review of the Kickstart Mentoring Initiative: Final Report*, Quantum Consulting Australia, Perth, 2011

superior in providing training because of the high levels of regulation, the trust of businesses in the outcomes of training and certification and the regulated length of training courses.

Private training can be customised and tailored to the needs of large local employers. This leads to highly specialised and less transferable skills, not the broad skills referred to by Streek in the German model. Hence, there is less flexibility in the market as apprentices have more difficulty moving between employers.⁵⁵

Recommendation 3: Private providers of apprenticeships and skills training should be highly regulated to ensure quality training is provided. National quality frameworks for training should be set up in industries where training is perceived as poor quality and apprentices and trainees should serve minimum time periods in training to allow for the best practical and academic experience possible.

Areas lacking in regulation should follow the example of the childcare industry and the COAG reforms, where a national quality framework has been instituted to, among other functions, regulate the provision of training by private providers. In conjunction with this, private providers should match regulation in line with TAFE and government VET providers in a number of key areas:

- Mandatory completion times
- Regulation of online course components
- Minimum time blocks for practical course components in all industries
- National skills testing to ensure standards are met

Industry bodies agree with AI Group, one of Australia's largest industry associations, acknowledging the importance of regulation of training providers across industries:

⁵⁵ Streek, op. cit., p. 11

“We are aware that there are many instances of excellent practice in Registered Training Organisations (RTOs) that lead to high quality skill outcomes, but are concerned that this is highly variable across the VET sector.”⁵⁶

4.5. Improved promotion and advertising of the apprenticeship and traineeship scheme

The promotion and advertising of the apprenticeship system in Australia is producing neither the required amount of candidates nor the candidature that is needed to perform complex trades. Misko, Nguyen and Saunders give some practical advice to boost numbers in the apprenticeship scheme, which were suggested by apprentices interviewed⁵⁷:

- Careers counsellors and teachers should be more knowledgeable about pathways to apprenticeships so they can recommend them to suited students.
- Materials and information should be readily available to students: Although students in focus groups indicated that there was information in their school about vocational programs (including apprenticeships), it was clear that students needed to take the initiative in accessing the information: “... [our] school encourages apprenticeships but there’s not much information about it around—you have to ask.”
- Apprenticeships should be promoted to students and young people who have no firm idea of what they are going to do after school.

⁵⁶ Lilly, M, *Submission to National Skills Standard Council: review of the standards for the regulation of vocational education and training*, Australian Industry Group, Melbourne, 2012

⁵⁷ Misko, Nguyen & Saunders, op. cit.

Recommendation 4: Apprenticeships and skills training should be promoted in schools and TAFE not as a second best to university, but as a legitimate career path. Materials and training should be provided and be readily available to school teachers so they can educate their students on the benefit of completing an apprenticeship or traineeship.

Trades, apprenticeships and skills training should never be promoted as a 'second best' to university. Currently, distinction exists between suitability for academic study and the rest, "those who fail to get into college [university]", as more practically suited.⁵⁸ With the devaluation of apprentices by academic institutions such as schools, there is little in the way of promoting young people into apprenticeships. When looking at teachers' encouragement for students entering into apprenticeships, "nearly 50% (49.8%) of responding students indicated that they [teachers] had never discussed it with them; 18.9% reported that their teachers (including counsellors) had made this suggestion, and 25.3% reported that teachers had said that it was not a good idea."⁵⁹

Finally, effort should be made to match young people to apprenticeships for which they are suited, and to make employers better aware of the skills to look for in apprentices. If employers are more effectively trained in hiring apprentices suited to the trade or job advertised, "it is envisaged that attrition rates could decrease due to a more effective and appropriate matching between an individual and their profession."⁶⁰

4.6. *Increasing incentives for VET providers, employers, GTCs and apprentices*

Better incentives should be provided to employers, GTCs and apprentices to encourage entry to apprenticeships and completion of apprenticeships. Some

⁵⁸ Streek, op. cit., p. 25

⁵⁹ Misko, Nguyen & Saunders, op. cit.

⁶⁰ Gow, K, Warren, C, Anthony, D & Hinschen, C, 'Retention and intentions to quit among Australian male apprentices', *Education and Training*, vol. 50 no. 3, 2008, pp. 216-230, p. 227

current measures exist such as funding for tools and education in selected trades, however there are more measures the government can be providing to stabilise training and to improve apprentice and trainee numbers:

- Provision of incentives for training centres to mentor apprentices through to completion of their training. Training centres would receive incentives based on completion rates.
- Training institutions would be highly regulated to ensure that high quality of training was coupled with a desire to produce low rates of attrition.
- The tool allowance should be increased for selected trades deemed to be at a high cost. Further study into the cost of tools for various trades would be required.
- Students should be incentivised to undertake training by allowing all VET training to be covered by the HECS HELP loan scheme, effectively placing value in the apprenticeships system on par with university education.
- Government introduces mandatory paid time off for training for all trainees and apprentices

Other incentives to assist apprentices and trainees in continuing with their trade include paid time off for training. Government intervention here is critical, as even strong blue collar unions have found this difficult to institute in agreements: “The AMWU had intended to pursue a further claim of paid training leave, which would have given workers the means to take advantage of the broadened classification structures; however the union decided not to pursue the claim, but to focus instead on the introduction of enterprise bargaining⁶¹. Thus, training leave was not achieved in the metals sector.”⁶² As indicated in 3.2.3 paid time off for training is critical in reducing attrition rates and removing the barrier for workers to up skill and complete training.

⁶¹ Hampson, op. cit., p. 80

⁶² Oliver, op. cit.

Recommendation 5: Further research is conducted into incentive schemes for employers, training companies and apprentices. Incentive schemes such as tools for trade, HECS/HELP loans and paid time off for training should be recognised as a major way to attract and retain apprentices and to provide a high quality of training.

This is a wide policy area that covers a number of factors across industry groups, employers, unions and government and requires a multi-faceted solution. Further research into incentivisation is ultimately required to provide further in depth recommendations for each of the above points.

4.7. *Suggestions for future recommendations*

Although not in the scope of this policy recommendation, it is worth noting the considerable breadth that is available to German apprentices through their training. This allows some means of “portability” of skills, facilitating “inter-occupational mobility of workers and non-hierarchical coordination among workers with related skills.” In short, the German system works to broaden the knowledge of apprentices and then they specialise in the third or fourth year of study.⁶³

In the current Australian job climate, with considerable skills shortages of workers in the mining industry and traditional trades, it would be wise to broaden study, bring a more generalist perspective to training in the first year or two. This would also allow for apprentices to narrow their focus and choose their trade more wisely after a general introduction to a wider variety of trades, somewhat similar to students undertaking arts degrees and specialising in their postgraduate studies.

Following on from this suggestion, further equity between trades requires significant changes. Not only is the devaluation of ‘non-academic’ study a significant problem as indicated above, but the devaluation of different apprenticeships and traineeships within vocational education is considered

⁶³ Streek, op. cit.

discouraging and un-egalitarian. The 2003 Congress of the Australian Council of Trade Unions noted that one of the major issues facing trades and the skills shortage is the equity of recognition of trades. A review of the qualifications and the intensity required to achieve them should be linked to their training effort. The issue, therefore, of skills qualifications and their structure is complex and is an area for further investigation.⁶⁴

⁶⁴ Australian Council of Trade Unions, *Future of Work: Young People and Unions Policy*, ACTU, 2003

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