Dear FWA, the AMWU has made a submission regarding the research agenda and will be appearing at the conference on Wednesday 21 September, 2011. I will be referring to the attached reports and request they be posted for the information of the Minimum Wage panel and other participants.

Regards

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Impact Analysis of the proposed strengthened Australian Qualifications Framework
Conducted for the
Australian Qualifications Framework Council (AQFC)

John Buchanan, Serena Yu, Leesa Wheelahan, Jack Keating and Simon Marginson
July 2010
Acknowledgements

This research was undertaken in 2010 for the Australian Qualifications Framework Council with funding provided by the Ministerial Council for Tertiary Education and Employment through its National Training Fund and the Australian Government Department of Education, Employment and Workplace Relations.

The research paper is copyright to the South Australian Department of Further Education Employment Science and Technology on behalf of the Australian Qualifications Framework Council.

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The authors acknowledge the very useful observations about the nature of current flows of learning and labour in the four case study sectors reported in the Appendices that were provided by the key informants who interviewed for part of the project.

The authors are solely responsible for the content of this paper.
The role and status of this paper

This paper has been prepared for the Australian Qualification Framework Council (AQFC). The Council commissioned a concise, rigorous and empirically sensitive analysis of the likely impact of proposed changes to the Framework before finalising its recommendations on them.

This paper is, however, a ‘regulatory impact statement’ with a difference. The regulation in this case – the Australian Qualifications Framework (AQF) - is large in scale and complex in scope. This creates significant challenges for analysing the likely impact of proposed changes. On the one hand, there is no universally accepted ‘science’ on designing such frameworks. Equally, enduring and relevant frameworks cannot be devised ‘on the run’ or on the assumption that all stakeholders will some how ‘muddle through’ in establishing an improved schema. Such frameworks occupy complex – and often highly contested - social space. The AQFC has shown sensitivity to this reality by drawing as many stakeholders into the process of refining new arrangements. Our paper highlights the importance of this process and the value of structuring dialogue constructively into the future. How this is best done is ultimately up to the Council. The primary purpose of this paper has been to help the Council and others interested understand the key issues that must be taken into account if the strengthened framework is to achieve its desired objectives now and in the future.


<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACACA</td>
<td>Australasian Curriculum, Assessment and Certification Authorities</td>
</tr>
<tr>
<td>ACARA</td>
<td>Australian Curriculum, Assessment and Reporting Authority</td>
</tr>
<tr>
<td>AIRC</td>
<td>Australian Industrial Relations Commission</td>
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<tr>
<td>AQF</td>
<td>Australian Qualifications Framework</td>
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<tr>
<td>AQFAB</td>
<td>Australian Qualifications Framework Advisory Board</td>
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<tr>
<td>AQFC</td>
<td>Australian Qualifications Framework Council</td>
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<tr>
<td>COAG</td>
<td>Council of Australian Governments</td>
</tr>
<tr>
<td>DEEWR</td>
<td>Department of Education, Employment and Workplace Relations</td>
</tr>
<tr>
<td>EA</td>
<td>Engineers Australia</td>
</tr>
<tr>
<td>FAQ</td>
<td>Frequently Asked Questions</td>
</tr>
<tr>
<td>FWA</td>
<td>Fair Work Australia</td>
</tr>
<tr>
<td>Go8</td>
<td>Group of Eight</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>IEA</td>
<td>International Engineering Alliance</td>
</tr>
<tr>
<td>RPL</td>
<td>Recognition of Prior Learning</td>
</tr>
<tr>
<td>MCTEE</td>
<td>Ministerial Council for Tertiary Education and Employment</td>
</tr>
<tr>
<td>SSCE</td>
<td>Senior Secondary Certificate of Education</td>
</tr>
<tr>
<td>TEQSA</td>
<td>Tertiary Education Quality and Standards Agency</td>
</tr>
<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
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</tbody>
</table>
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Executive Summary

The changes to the Australian Qualifications Framework (AQF) represent a comprehensive and unique review of how qualifications in Australia are constructed and measured against each other. The implications for how qualifications are then used and valued are complex and far-reaching. The outcomes discussed in this report are therefore not certain, but contingent on the actions and interactions of the key stakeholders, and in particular of the Australian Qualifications Framework Council (AQFC).

An impact analysis of these changes necessarily considers how the AQF engages with current and emerging institutional arrangements and regulatory environment. Existing institutional arrangements are characterised by sectoral differentiation between secondary schools, Vocational Education and Training (VET) and higher education. This differentiation most critically manifests itself in divergent models of curricula and learning. With respect to the regulatory environment, developments currently occurring within education and workforce development policy amount to a significant rewrite of the policy landscape and arguably a ‘new educational settlement’. The strengthened AQF potentially represents a critical reference point within this new settlement.

The likely impact on key domains is summarised in the four tables below:

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Likely Impact of strengthened AQF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual demands on SSCEs</td>
<td>Pressures for more explicit levels within SSCEs due to difficulty defining minimum and average standards of knowledge and skills within the AQF</td>
</tr>
<tr>
<td>Highly variable student outcomes, ranging from Level 1 to 5</td>
<td>Pressures for more explicit levels within SSCEs due to difficulty situating and interpreting SSCEs within the AQF</td>
</tr>
<tr>
<td>Dominance of tertiary entrance rankings over the SSCE award itself</td>
<td>Pressures for civic and foundational outcomes and broader learning platforms to be specifically provided for within SSCEs</td>
</tr>
</tbody>
</table>
## Key issues in VET

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Likely Impact of strengthened AQF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of COAG educational targets</td>
<td>Critical reference point for regulators, institutions, accrediting authorities in providing pathways for students</td>
</tr>
<tr>
<td>Proliferation of qualifications and providers</td>
<td>Improved quality assurance under the new AQF and National VET Regulator</td>
</tr>
<tr>
<td>Limited access to underpinning knowledge relevant to the field of study</td>
<td>Design of VET qualifications may need to incorporate greater access to underpinning knowledge to meet requirements of the strengthened AQF</td>
</tr>
</tbody>
</table>

## Key issues in higher education

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Likely impact of strengthened AQF</th>
</tr>
</thead>
</table>
| Institutional perception of loss of autonomy   | ▪ Areas of ambiguity or overprescription may limit institutions’ engagement and trust in the framework, and  
  ▪ Some institutions likely to prioritise strengthening relationships with professional/disciplinary bodies to preserve standards required for professional qualifications, with less emphasis on the AQF as a reference point for legitimising their qualifications |
| Articulation and pathways                     | ▪ No improvement in pathways unless credit policies incorporate considerations of syllabi, assessment, teaching and learning processes  
  ▪ Requirements for minimum amount of credit to be granted for prior qualifications may lead to institutions’ reluctance to provide pathways  
  ▪ While all institutions must have pathways policies, there is no requirement for them to demonstrate their active implementation. |
| Interaction with TEQSA                        | ▪ Increased scrutiny of Masters degrees is likely. This may trigger a change in offerings to improve consistency in content and duration of learning time associated with this qualification. Equally it could trigger active disregard of the AQF as a reference point for this (and potentially other) HE qualifications.  
  ▪ Compliance with AQF qualifications’ titles, levels and descriptors may be a greater focus of institutional audits and compliance requirements for self-accrediting higher education institutions than hitherto, thus contributing to a stronger regulatory environment. |
Key issues in industrial relations

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Likely impact of strengthened AQF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anomalies in relative standing of qualifications (especially Cert III)</td>
<td>Highlighting of anomalies in the relative status of Certificate III qualifications in low skills service vis a vis higher skill trades work.</td>
</tr>
<tr>
<td>across industries and between school and VET providers</td>
<td>Provide a setting and basis for the orderly consideration of how to overcome major misalignments in the relative standing of qualifications and pay rates (both piecemeal and system-wide adjustments).</td>
</tr>
<tr>
<td>Potentially difficult pressures to keep relativities stable as qualifications for some classifications are upgraded and while others remain fixed, or are downgraded</td>
<td></td>
</tr>
</tbody>
</table>

The future performance of the strengthened AQF depends on a broad range of factors including institutional, economic and cultural environments and changes, as well as how the key players respond and interact. The role of the AQFC can be enhanced by identifying and engaging with the key stakeholders in three ‘spheres of influence’:

- The realm of AQF policy and practice
- The realm of education and workforce development policy and practice
- The broader mix of policies which draws on and shapes demands concerning qualifications.

The potential positive benefits of the strengthened AQF will only be achieved if this wider network of agents is mobilised and enlisted to actively help with the implementation of the new framework.

The role of the strengthened AQF is therefore two-fold – to provide ‘credentials consistency’, as the levels structure, its descriptors and the qualification specifications strive to do; and to ‘manage differences’ between the disparate, sectorally-based institutional interests, the aim being to create a better-connected tertiary education sector. The AQFC and Ministerial Council have the critical role of not just specifying and helping to enforce standards. They also have a pivotal role in facilitating dialogue and helping build the trust necessary between the parties to ensure the new framework achieves its desired educational and labour market impacts.

The evaluation strategy should help with the implementation process as well as help ascertain whether the strengthened AQF has achieved its objectives. It should also assess how, if at all, it has contributed to implementing the wider array of reforms to Australia’s systems of education and workforce development including the COAG targets, the Bradley Review changes and Skills Australia’s Australian Workforce Futures...
1. Introduction and Overview

Over the course of 2009 the AQFC released a series of consultation papers outlining how the AQF could be strengthened. In July 2010, a consultation paper detailing the (draft) policies embodied by the ‘strengthened AQF’ was released. These policies included:

- Levels criteria and qualification type descriptors and specifications
- AQF qualification types specifications
- Generic skills policy
- Qualifications issuance policy
- Qualifications pathways and linkages policy
- Register policy
- Addition/removal of AQF qualification types policy.

This paper has been prepared to provide an assessment of how the strengthened AQF is likely to impact on and be affected by education and labour market structures and processes.

In assessing the impact of the proposed changes to the current Australian Qualifications Framework (AQF), the research has been guided by the following questions:

1. Taken as a whole, will the revised AQF meet established educational and workforce development policy priorities and priorities likely to emerge in the future?
2. What will be the ramifications of putting it into practice?
3. Under what conditions would the AQF work well? If these conditions are not met, how is it likely to impact on educational and labour market standards and operations?
2. Meeting current and future educational and workforce development policy priorities

2.1 What reality does the AQF need to engage with?

The proposed changes to the AQF do not exist in a vacuum – they are embedded in the legacies of institutional memory and regulatory change. As Keating (2008: 3) states,

‘There are three agents in the ownership and management of qualifications: providers (universities, colleges, institutes, schools), the state and civil society in the form of professional, occupational and industrial communities and organisations

The relative strength of these agents across the educational sectors is illustrated in Table 1. These differences reflect traditions of ownership, but also those of purpose - historically, secondary schools focused on providing a generalist platform for further learning; VET concentrated on the generation of human capital for occupational and workplace performance; and higher education provided for the development of disciplinary systems (Keating, 2008). Yet this understanding has changed as the demand for general and vocational streams across all sectors has risen – for example, as workplace-situated learning becomes commonplace for all tertiary education students, and competition for jobs between higher education and VET graduates increases. It is this reality that the strengthened AQF is confronted by in developing a unified, ‘sector-inclusive’ structure which recognises a continuity of learning, and faces both ways to empirical and disciplinary learning.

The variances in institutional arrangements reflect the key sectoral difference – a provider-led, input-based model in schools and higher education, and a user-led, outcomes based model in VET. With an inputs-based model, qualifications cannot be designed independently of the syllabi, learning and assessment processes, and educational institutions issuing the qualifications. The Australian university system is an example of such a system, whereby a high level of trust between academics, professional groups and other stakeholders facilitates the process of developing curricula, learning processes, assessment and self-accreditation. Secondary schools use similar models of curricula, developed by the Australian Curriculum, Assessment and Reporting Authority (ACARA) and administered by state and territory Boards of Studies. By comparison, an output-based system derives learning outcomes independently of the institutions and learning processes in which they take place – in the Australian VET system, the curricula of learning outcomes are developed by the Industry Skills Councils and (will be) accredited by the National VET Regulator.
Table 1. Key features of the three educational sectors

<table>
<thead>
<tr>
<th></th>
<th>Secondary Schools</th>
<th>VET</th>
<th>Higher Education</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Curriculum development</strong></td>
<td>State/territory statutory authorities incremental introduction of ACARA’s National Curriculum</td>
<td>Industry Skills Councils</td>
<td>• Self accrediting institutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Institutions authorised by State/territory accrediting authorities</td>
</tr>
<tr>
<td><strong>Course Accreditation</strong></td>
<td>State/territory statutory authorities</td>
<td>• Endorsed by the National Quality Council</td>
<td>• Self accrediting institutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• National VET Regulator when implemented¹</td>
<td>• State/territory accrediting authorities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Professional Associations</td>
<td>• Professional Associations</td>
</tr>
<tr>
<td><strong>Assessment</strong></td>
<td>State/territory statutory authorities</td>
<td>Registered Training Organisations</td>
<td>• Self accrediting institutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Institutions authorised by State/territory accrediting authorities</td>
</tr>
<tr>
<td><strong>Issuance</strong></td>
<td>State/territory statutory authorities</td>
<td>Registered Training Organisations</td>
<td>• Self accrediting institutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Institutions authorised by State/territory accrediting authorities</td>
</tr>
<tr>
<td><strong>Provider Accreditation</strong></td>
<td>State/territory statutory authorities</td>
<td>State/territory accrediting authorities</td>
<td>• Institutions authorised by State/territory accrediting authorities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>National VET Regulator when implemented¹</td>
<td>• TEQSA when implemented</td>
</tr>
<tr>
<td><strong>Funding (main source)</strong></td>
<td>State/Territory Governments</td>
<td>State/Territory Governments</td>
<td>Commonwealth Government</td>
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</table>

Young (2005) explains the tension between the principles of ‘difference and similarity’ in constructing national qualifications frameworks. Traditional, ‘tracked’ qualifications systems, such as those found in Northern Europe, adopt the principle of difference in recognising differences in the purposes of VET and higher education qualifications and the occupational markets they are designed to serve. The success of this approach hinges on the stability of occupational labour markets and the ability of the tracked system to allocate graduates to job vacancies and careers appropriate to the differentiated knowledge of each sector (Moodie 2003). On the other hand, the principle of similarity underpins ‘unified’ qualifications systems, which are designed to support more fluid labour markets like Australia’s where worker knowledge and skill is expected to respond to changes in production processes. Consequently, unified systems emphasise the fit between qualification and occupation less, and highlight the importance of generic skills (Young, 2005).

Given the generalist nature of secondary schooling and the dynamic nature of the labour market in Australia, that the sectors remain differentiated then presents a profound challenge for a unified qualifications framework. As we will discuss, this continued sectoral differentiation (underpinned by the differences in institutional arrangements) represents the key issue to understand and monitor if we are to properly assess the impacts of the strengthened AQF. It is these impacts that this paper aims to elucidate.

2.2 What is education and workforce development policy currently endeavouring to achieve?

Just as existing institutional arrangements will greatly impact on the operation of the strengthened AQF, so will the broader, emerging policy environment. A number of initiatives are currently contributing to a substantial rewrite of the education system, and the strengthened AQF will play a key role in the success of these initiatives. These include:

- Council of Australian Governments (COAG) targets for participation and attainment in post-compulsory study;
- The introduction of a senior secondary Australian Curriculum;
- The implementation of Bradley Review reforms in the tertiary sector;
- The move towards student driven funding models in higher education and VET; and
- The work of Skills Australia and Australian Workforce Futures.

**COAG Targets**

In March 2009, the Commonwealth Government announced the following targets for Australian rates of participation and attainment in post-compulsory study:\(^2\):

- The proportion of young Australians completing a Year 12 or equivalent qualification will reach 90 percent by 2020;
- The proportion of Australians aged between 20-64 without Certificate III or higher qualifications will halve;
- 40 per cent of all Australians aged 25-34 will have a qualification at bachelor degree level or higher by 2025;

The implication of these targets for the strengthened AQF is substantial. They imply that not only must lower level qualifications prepare students for further learning at higher levels, but also that these educational pathways be accessible and transparent. The boldness of these targets will require a greater proportion of students to move from senior secondary and/or VET to higher education study. It is the AQF which will specify the standards of knowledge, skills and their application required to move through these pathways, through the levels descriptors and the ‘Pathways and Linkages’ policy. These

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\(^2\) For details, see [http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_090304_155721.aspx](http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_090304_155721.aspx)
elements of the strengthened AQF in particular will form a critical reference point for authorities accrediting qualifications, regulators monitoring providers, and students themselves. It is essential therefore, to consider the likely interpretations each sector will have of the strengthened AQF and its supporting policies. We investigate these issues in Section 3.

Senior Secondary Australian Curriculum

In May 2010, the Australian Curriculum, Assessment and Reporting Authority (ACARA) released a draft Senior Secondary Australian Curriculum for the mathematics, English, science and history subjects. Further courses in geography, languages and the arts are being developed.

Courses in each learning area are being aligned across states on the basis of ‘content descriptors’, which detail the scope and sequence of teaching, and ‘achievement standards’, which detail the standards of knowledge, skill and understanding expected of students. Each course comprises four units, with a notional volume of learning (50-60 hours) attached to each unit3, to be completed over a 2 year period. Prior assumed knowledge up to Year 10 standards is assumed, with Units 3 and 4 in the senior courses building on Units 1 and 2.

The Senior Secondary Certificates of Education (SSCEs) are designed around the principle of subject choice. Consequently, high variability in subject choice combinations exist, although the assessment and scaling procedures (determining university entrance indices) are such that students with strong scholastic records tend to produce patterns of subject choice reflecting the ‘difficult’ science, mathematics and humanities subjects. While the new national curriculum will align content and educational standards within each subject, the construction of the qualification as a whole – and how it relates to the AQF – remains open to dialogue. We discuss this further in Section 3.

Bradley Review reforms

The recommendations arising from the 2008 Bradley Review of Higher Education4 are multifaceted, and will interact with the strengthened AQF on a number of fronts:

- The introduction of the National VET Regulator and the Tertiary Education Quality and Standards Agency (TEQSA) in 2011, and their anticipated merging in 2013
- The changes to performance monitoring
- The changes to funding arrangements.

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3 For details, see [http://www.australiancurriculum.edu.au/home/question/6](http://www.australiancurriculum.edu.au/home/question/6)
The primary interaction will be where, and how, the strengthened AQF interfaces with both the National VET Regulator and TEQSA. The National VET Regulator will be responsible for accrediting both qualifications and providers from 2011, while TEQSA will initially be responsible for accrediting and monitoring providers in higher education. It is very likely that both regulators will use both the architecture and all the supporting policies as a frame of reference to fulfil their responsibilities, and as such, the AQF will be integral to improved regulatory arrangements in the Tertiary Sector. We return to these issues in Section 3.

The Bradley Review reforms raise many questions relating to the effectiveness of the strengthened AQF and tertiary sector regulators in maintaining and strengthening quality standards. One of the principal purposes of the reforms has been to promote a better connected tertiary sector, better standardised in criteria of learning, funding, and quality assurance. The strengthened AQF is pivotal to this agenda. However, it is the interface of institutional legacies and this reform agenda which will determine the success of the strengthened AQF, in terms of its own priorities.

Funding Models

In higher education, changes to Government funding arrangements will involve a transition from funding a capped number of places, to funding places on the basis of demand. Changes to performance monitoring will include at-risk performance funding based on institutional level targets in teaching and learning. In both cases, incentives may appear for institutions to lower educational standards in order to attract or maintain funding, either by improving student intake, or meeting teaching and learning outcomes. While this is an issue mostly for the regulators, it is likely that they will refer to the strengthened AQF when informing its judgements.

In VET, the integration of private providers has been part of a wider move towards fully contestable markets underpinned by student demand. While benchmarks for and levels of funding remain segmented between higher education and VET, the establishment of a Ministerial Council for Tertiary Education and Employment (MCTEE) aims to oversee the resources of State and Commonwealth governments towards a better connected tertiary sector.

Pressures from the marketisation of education have been seen in the proliferation of qualifications and providers in VET, and in the poorly regulated international student market in higher education. Integration of funding models towards a demand driven

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5 AQFC, 2010, p2 - ‘The revisions to the AQF are designed to build confidence in qualification outcomes. They will improve student pathways both within and between the education sectors and the workplace, enhance the mobility of graduates through increased recognition of the value of Australian qualifications and enable Australian qualifications to be mapped against those of other countries. They are also designed to ensure that the AQF is contemporary, flexible, will take Australia’s education system into the future and at the same time support quality’
model across the tertiary sector should highlight these problems and bring them to the attention of the regulatory agencies.

Skills Australia and Australian Workforce Futures

Skills Australia was established in 2008, and is an independent statutory body, providing advice on Australia’s current, emerging and future skills needs and workforce development needs to the Minister for Education, Employment, and Workplace Relations. Its objectives are to:

- identify training priorities to respond to those needs;
- increase workforce participation;
- improve productivity and competitiveness;
- identify and address skills shortages; and
- promote the development of a highly skilled workforce.

As of June 2009, the scope of workforce development needs considered by Skills Australia’s extended from VET to include higher education, and has been collaborating with Universities Australia as part of ‘Australian Workforce Futures’ – the National Workforce Development Strategy. Modelling by Skills Australia suggests that to meet industry demands(under a high growth scenario):

- An additional 2.4 million people with qualifications at the Certificate III or higher level by 2015 are needed, increasing to 5.2 million by 2025; and that
- This will require 62 percent of employed people to hold qualifications at Certificate III or higher levels by 2015, rising to 70 percent by 2025, and
- Enrolments in higher education and VET need to expand by 3 percent per annum.

These needs have been recognised by COAG’s educational targets. Skills Australia’s position is informed by a broad range of considerations, including population and immigration growth, changes in participation rates, literacy rates and required investment rates. Skills Australia therefore sits at the nexus of workforce development and educational policy in particular, and economic and social policy more broadly.

2.3 A new emerging education settlement?

When considered as a whole developments summarised in the previous three pages amount to an ambitious reconfiguring of Australia’s approach to educating its citizens and developing its workforce. It includes ambitious targets concerning the number of people with qualifications, improvements in foundation skills provided by all educational sectors and a new era for tertiary education based on better connections

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7 As at 2007, this proportion was 52%
between VET and higher education. The introduction of TEQSA in particular raises significant opportunities for improved mutual understanding between the sectors because, at a minimum, the imperative for a common administrative framework will exist. Closely allied to this is new thinking about the nexus between education and work. This is not just about getting more people ‘work ready’. Rather the workforce development agenda has embraced improving adult literacy as a priority issue. Significantly it also sees the need to better recognise and improve workplaces as sites of learning. The strengthened AQF is part of this new alignment. Far from being just another element it is, potentially, one of the key reference points for ensuring that when it comes to these initiatives the whole is more than the sum of the parts. It has then, potentially, a critical role to play by providing a respected reference point that can:

- assist with maintaining, if not improving, quality within each element of the system;
- help ensure better connections between the three distinct components of the education system; and
- provide a reference point for getting better links between the education system and the world of work.

### 2.4 How will the strengthened AQF help achieve these priorities?

In assessing the operational possibilities for the strengthened AQF, we adopt Keating’s (2000 cited in Wheelahan 2009a) proposition that the intrinsic purpose of a qualifications framework is three-fold:

- To establish equivalence and links between qualifications in articulation, credit transfer and ‘seamlessness’, by ensuring that qualifications are recognised by different jurisdictions and stakeholders.
- To be a mechanism of quality control, encompassing quality assurance, user confidence in the system, and funding
- To achieve coherence between general and vocational streams.

We refer to these internal objectives as the ‘credentials consistency’ role, focused on the importance of consistency, coherence and transparency of qualifications. Achieving these characteristics within and between qualifications improves the likelihood that the framework will then be able to facilitate and/or regulate the market for qualifications, where qualifications represent the unit of dual currency. In addition to this role, a qualifications framework plays a critical extrinsic role. This role derives from the legacy of a segmented tertiary education system, and the related problem of achieving comparability within and between the educational, industrial and organisational domains (Maurice, Sellier and Silvestre 1986). These dynamics give rise to what we call

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8 Qualifications bear a dual value – an immediate exchange value in the labour market, and an intrinsic value in an educational context which confers status and access to the next level of study and assumes a hierarchy of learning – Mehaut (2010)
the ‘managing differences’ role (Crouch, 2005); a qualifications framework should provide a reference point for facilitating the dynamic cross currents within the education system and within the labour market as well as in the connections between the two. It is this role of managing differences between the various institutional stakeholders which forms the core strategy in managing the issues likely to arise in the implementation of the strengthened AQF, which we discuss in Section 4.

The strengthened AQF aims to improve confidence in qualification outcomes, and improve student pathways and mobility within and between work and study. There are a number of advances which the strengthened AQF has made towards achieving these policy priorities. First, by virtue of being unified across the three tertiary sectors, it better facilitates dialogue between the sectors because they have a common point of reference, and a common language for expressing the nature of knowledge and skills in the qualifications issued. This is not to say that each sector will not have its own interpretation, but there will at least exist a common basis for accountability (especially after the merging of TEQSA and the National VET Regulator). Second, the levels structure has embedded and maintained a unified notion of knowledge and learning across all ten levels. While this will have implications on the design of qualifications in each sector (see Section 3), it is this feature of continuity and consistency which will underpin educational standards across all sectors and qualifications, and help facilitate the desired pathways. Finally, the strengthened AQF has attached notional volumes of learning to each qualification type such that providers offering accelerated or shortened courses will need to be more accountable to all the dimensions of learning complexity (knowledge, skills, application and learning time). This will help improve confidence in the integrity of delivery of qualifications, provided the standards are upheld by TEQSA and the National VET Regulator.

2.5 How is the framework as a whole likely to operate?

We have discussed the institutional legacies and regulatory reforms as the key areas of interaction with the strengthened AQF. The third key interface is within the framework itself, that is, internal coherence between the level descriptors themselves, and between the levels structure and the supporting policies.

It is critical that the strengthened AQF is internally consistent, in order to support (as far as possible) a common understanding of its intentions and formal requirements. The AQFC has made substantial progress in embedding a cumulative notion of learning complexity within its level descriptors. However there are a number of anomalies within the strengthened AQF which may cause a divergence in the way different sectors interpret the framework. Whether or not these divergences are the intention of the strengthened AQF is for the consideration of the Council.

First, while the level summaries consistently emphasise standards of knowledge and skills for work and further learning, the actual qualification type descriptors revert to
language of knowledge and skills for work and/or further learning (AQFC 2010: 15 - 16). The success of the strengthened AQF is predicated on common understandings of these ‘learning outcomes’ so there is a need to unpack the underlying assumptions in the usage of the term. Brockmann et al (2008) elaborate on the different understandings of ‘learning outcome’ between the educational sectors (and countries). Until recently in Australia, learning outcomes in VET have been linked to highly contextualised performance output, whereas in secondary schools and higher education, the learning outcome relates to the attainment of educational standards at different levels, where importantly performance is assessed according to a curriculum9.

The AQF, however, is characterised by its removal from the design of curricula and assessment frameworks. Recognition of learning outcomes may therefore occur in absence of where and when the learning occurred. Indeed, facilitating recognition of prior learning is an important objective of the strengthened AQF as well as its predecessor. The presence of both workplace and institutionally delivered education and training across all tertiary sectors has been designed to deliver both workplace and educational outcomes, giving students the underpinning knowledge to contribute to a field of practice. However, the ambiguity of acquiring knowledge for ‘work and/or learning’ suggests that qualifications can still be designed to support contextually-specific, workplace oriented outcomes, because an employment outcome can be sufficient. The descriptor does not mandate that the knowledge necessary for higher level study – should the student desire it – be made available within the lower level qualification. This actually undermines the ‘Qualification type specifications’ and ‘Pathways and Linkages policy’, which require issuing organisations to negotiate credit arrangements for articulation to a higher level of study. If this is to be a coherent priority within the framework, access to knowledge for the purpose of work and further learning is essential. The nature of this knowledge is progressive, presupposes that the content of previous levels has been mastered, and specific to each field of study.

The second anomaly relates to the framework’s interpretation of managerial skills. It appears that more advanced application of knowledge and skills through levels 1 to 6 presumes an increasing accountability for the outcomes of others, culminating in the requirement that Advanced Diploma graduates will be able to apply skills and knowledge:

‘across a broad range of technical or management functions with accountability for personal outputs and personal and team outcomes within broad parameters’

(AQFC, July 2010: 16)

However, higher level qualifications delivered principally through the higher education sector do not specify the development of managerial skills, and instead focus on the attributes of personal autonomy and responsibility. There is no reference to

9 Educational standards provide a ‘set of criteria against which the quality of a performance may be judged’ (Pring, 1992, cited by Brockmann et al, 2008). The criteria, by their nature, exhibit a high degree of generality; assessment within this educational context takes place with reference to a broad sample of criteria indicative of whether, and to what extent, the standards have been met.
accountability for the performance of others - this means that lower level qualifications are related to managerial skills, whereas higher level ones are not – which is counter-intuitive and inappropriate. This aspect of the descriptors conflates the three notions of skill and their application (Mounier, 2001). These relate to technical skill (potential to perform), behavioural skill (realisation of this potential) and cognitive skill (capacity for civic participation underpinned by general education standards). Nowhere in this understanding of skill does the attainment of technical abilities translate to managerial abilities.

Finally, we recognise that the ‘Qualifications Pathways and Linkages Policy’ is a key arm of the strengthened AQF in improving educational pathways, within and between secondary schools, VET, and higher education. It requires all issuing organisations to formulate policies around credit arrangements to facilitate improved pathways. While there is little reference to guidelines or requirements on recognition of prior learning (RPL), the policy is quite explicit about base levels of credit to be granted for completion of one qualification towards further study (AQFC 2010: 52). It is unclear whether institutions will accept that the policy provides the basis for the institutional trust essential for building educational pathways. As Table 1 showed, despite imminent changes to the institutional framework (in tandem with the strengthened AQF), the key areas of curriculum development and assessment remain unaltered (and segmented), and these are the critical areas for establishing subject equivalence, credit transfer and articulation. We discuss this further in Section 3.

2.6 What are the central issues concerning the impact of the strengthened AQF?

Here we highlight three key issues affecting the expected impact of the AQF:

- The establishment of trust within and between sectors;
- The reality of occupational pathways, and their relationship to educational pathways; and
- The widespread impact but limited ability of the strengthened AQF to solve or prevent challenges in other domains such as industrial relations and social equity.

Trust

Wheelahan (2009a) posits that there are two levels of trust which must be attained for flexible educational pathways to be realised. First, systemic trust in society’s educational system and its institutions is required ie trust that graduates are competent in their field of study and practice. Second, we require an institutional trust which can only be developed through relationship-building between institutions. For instance, enhanced educational pathways through credit mapping necessitates conversations around the comparability of subject syllabi, assessment, volume of learning. Trust here is built around collaboration at the institutional level, and is ‘based on confidence in teaching, learning processes, syllabi and assessment and not independently of these’ (Wheelahan,
Flexible pathways are unlikely to flourish based purely on outcome focused frameworks.

Systemic trust, or confidence that graduates are competent in their field of study, has historically often relied on the operation of occupational/professional/industry associations to regulate standards of knowledge, practice and behaviour, with or without the involvement of the state\(^{10}\). A clear example of these dynamics is illustrated by the engineering occupations in Australia, and the role of Engineers Australia (EA). EA is responsible for the body of knowledge and practice, and standards of entry and practice in engineering. They are also responsible for accrediting courses and qualifications, providing professional development courses, and conducting assessment of skilled migrants as well as of practitioners applying for the Chartered Professional Engineer and Chartered Engineering Technologist designations. These activities are in line with international standards, as part of its obligations as a signatory to the International Engineering Alliance (IEA). These obligations include developing competency standards aligned to the IEA’s statement of Graduate Attributes and Professional Competencies\(^{11}\), as well as following guidelines on assessment and accreditation. Finally, EA is subject to auditing by IEA, and EA has the authority to audit its Chartered members. The combination of these parameters act to uphold and monitor educational and industry standards, using the AQF as a point of reference- the AQF has a strong bearing on the engineering industry, as licensing, entry and registration requirements are closely tied to formal qualifications recognised by the AQF. More detailed analysis is provided in Appendix A.

Occupational regulation, whether it is self-regulation or with the involvement of the state where risk to the public exists, typically assumes a clear occupational identity, with a coherent body of knowledge, an occupationally controlled training program, entry standards, standards of practice, and often ongoing training and development requirements. The majority of occupations, however, are unregulated, and so the question of who is responsible for these standards becomes less clear. Standing (2009:266-267) suggests that instead of regulation such as licensing and accreditation schemes remaining the mainstay of experts, that multipartite boards, comprising representatives of practitioners, consumers, employers, educators and civil society, may be preferable. Greater dissemination of information, such as that regarding the reputation of providers, may also alleviate the need for strict regulation. He argues that the core of occupational regulation should be occupational associations with informal networks of communication and knowledge sharing, mediated by the state to ensure ‘deliberative democracy’. The emphasis needs to be on building communities of trust – trust between educational institutions, professional bodies and Industry Skills Councils, employers and unions.

\(^{10}\) Standing 2009 reflects that an occupational community can reduce uncertainty for both practitioners and consumers by setting parameters for decision making and ethical behaviour within the occupation; furthermore, occupationally controlled systems of education and training have traditionally existed to address the asymmetry of expertise and information, and thereby foster trust between professionals and clients, as well as fellow professionals (Standing, 2009: 182-183).

\(^{11}\) For more detail, see [http://www.washingtonaccord.org/GradProfiles.cfm](http://www.washingtonaccord.org/GradProfiles.cfm)
A practical example of this kind of cooperation was seen in the financial services sector, which is characterised by substantially unregulated occupations, organised around a high level of general skills at entry, yet where a suite of highly recognised and valued qualifications exist. First, a robust body of knowledge and practice has been developed and diffused to both students and practitioners. For example, the Chartered Financial Analyst\textsuperscript{12} program currently has seven Australian university partners\textsuperscript{13} which share a process of curriculum development such that learning outcomes reflect both the academic rigour and practice-orientation desired by the CFA Institute\textsuperscript{14}. The syllabus itself is developed through ‘practice analysis’, which involves extensive collaboration with charterholders and employers worldwide to develop a ‘candidate body of knowledge’. The learning outcome statements underpinning the modules of each exam level are derived from this body of knowledge. Extensive quality control procedures are also in place governing curriculum and exam development, exam administration, and risk management of all elements of the CFA program. Finally, the program requires initial and ongoing relevant work experience (in addition to passing three day-long exams) to obtain the CFA designation. The combination of these elements has successfully introduced, strengthened and monitored standards in a set of largely unregulated occupations. More detailed analysis is provided in Appendix A.

To summarise, trust is built at an institutional level, and can not be imposed at a system wide level. Even with the strengthening of educational standards within the AQF and the introduction of the National VET Regulator and TEQSA, trust in learning outcomes is essentially borne out of consensus based relationships built between institutions. As it pertains to educational pathways (and the ‘Pathways and Linkages’ policy), trust needs to be developed through an understanding of the underlying syllabi, teaching and learning processes, and not a simple measure of credit volume at the end of a qualification. Trust between professional occupations and institutions has developed this way, through collaboration on the content of disciplinary learning, curricula, and assessment. The priorities of the Council, to improve confidence in qualification outcomes and enhance pathways and mobility, require the establishment of trust at this level. This, in turn, requires broad policy settings that will facilitate these relationships.

\textbf{Pathways}

The pursuit of mutually supportive linkages between education and the labour market faces significant headwinds in the form of fragmented labour flows and the dynamic nature of working life choices. Fragmented labour flows refers to the dispersion of experiences amongst workers with respect to earnings, hours, form of employment and bargaining conditions. It has been well documented that job growth in Australia has been dominated by non-standard forms of employment such as casual or part time work, as

\footnotesize{\textsuperscript{12} There are currently 1249 CFA Charterholders in Australia, and a further 5100 enrolled in the program \textsuperscript{13} La Trobe University, Macquarie University, Monash University, University of Adelaide, University of Melbourne, University of Sydney, University of Technology, \textsuperscript{14} There is approximately 70 percent overlap between the CFA syllabus and a Masters of Finance program.}
well as contract and sub-contract work (ACIRRT 1999, Watson et al 2003). This is, importantly, defined by the nature of labour demand, and is a function of the product market and business settings and constraints faced by employers, and not the supply of skills in the system (Buchanan et al, 2001). These dynamics importantly affect workers’ capacity to access education and training, cumulatively develop/augment their skills, and to deploy these skills on the job.

Our investigation into care work\textsuperscript{15}, for example, exemplified the nature of these barriers. The prevalence of low-cost funding models, high levels of casualised, part-time, contract and agency based employment, and poor job design and perception were cited by Romeyn et al (2010) as key barriers to skill formation and career development in the sector. These three factors critically impede the sector’s ability to fund training, promote access to training, and define a coherent body of knowledge and practice. The role of the AQF here may involve facilitating stakeholder development of educational pathways (by defining the nature of progressive knowledge, skills and their application); however, articulation into higher levels of study or occupational pathways are unlikely to succeed in solving staffing problems while current pay and employment structures remain in place. The role of Skills Australia in identifying these workforce development needs and marrying them with the education system will be critical. More detailed analysis is provided in Appendix A.

Educational pathways are not a sufficient condition for creating vocational or occupational pathways. Broadly speaking, Brockmann et al (2009, citing Rauner 2004, 2007) outline three models of the relationship between qualifications and occupation. First, in the ‘vocational education’ model, social partners regulate learning content, occupational entry and integration with the education and training system, and a broad notion of occupational competence is upheld\textsuperscript{16}. Second, in the ‘employability model’, qualifications are not mapped to an occupational profile, and employees build their stock of skills in response to labour market demands, while employers’ primary entry criterion is a high level of general education\textsuperscript{17}. Third, the ‘skills based model’ refers to qualifications where the capacity of the individual is measured by the performance of narrowly specified, in-situ skills, irrespective of how these skills were acquired\textsuperscript{18}. Australia’s education and training sectors lie across the three models, however given that only a small proportion of students are destined for well defined occupational labour markets, fluid education and training pathways with strong generalist platforms are critical for supporting vocational progression.

Strong occupational pathways supported by educational pathways are however possible, as in nursing. Nursing is typically governed by common regulations regarding length and content of education and training, as well as common ethical and professional

\textsuperscript{15} Includes aged, child, mental health and disability care services

\textsuperscript{16} This was the case in Brockmann’s study of nursing, where the occupation has converged across the countries studied, namely France, England, Germany and the Netherlands.

\textsuperscript{17} This was seen to be the dominant model across the ICT sector, where ‘self organised learning’ within the context of specific employers was common. Development of a broad notion of the application of knowledge and skill remained critical, including social and personal applications.

\textsuperscript{18} Brockmann found bricklaying and truck driving in England to be of this third family of qualifications.
traditions. The value of these regulations is widely accepted and trusted, and therefore able to transcend difficulties in balancing discipline based and empirically derived learning within a qualifications framework (Brockmann et al, 2009). The preconditions for such success however are not trivial, and are often associated with well defined occupational labour markets, strong professional bodies, and a history of dialogue between stakeholders.

The absence of stable occupational labour markets in Australia - well defined occupations typically supported by strong occupational and professional associations - is one key impediment to any attempt to map educational pathways to labour market progression. Another is the increasing use of qualifications as a screening device for employers, independent of the requirements of the job itself. David Livingstone and his colleagues in Canada have been concerned with what they call ‘measures of education-jobs matching’, and have distinguished (and researched) at least four different types of mismatch\(^{19}\). Such mismatches commonly result in the under-utilisation of skills. Our study of the financial services industry suggested a strong screening process based on a minimum requirement of degree-level qualifications. Critically, qualifications rarely align with job descriptions with graduates from a wide range of disciplines being accepted and then trained on-the-job in specialised skills. Moreover, screening is increasingly based on qualifications which lie outside the AQF, such as the Chartered Accountant, and Chartered Financial Analyst qualifications, which are valued for their perceived ability to enforce industry standards of knowledge, practice and behaviour.

In Australia, evidence suggests that the underutilisation of workers’ skills and knowledge is a significant phenomenon. Indeed, the Graduate Pathways Survey (Coates & Edwards, 2009) showed that amongst the top twenty occupations for graduates five years after degree completion were numerical and general clerks, clerical and office support workers, inquiry clerks and receptionists, sales assistants, and personal assistants and secretaries (Coates and Edwards, 2009:76). This incidence of education-job mismatching suggests that the improvement of educational pathways can have only limited success in supporting occupational progression, as the precondition of better jobs for better-educated workers does not necessarily exist.

We have described the nature of segmentation between educational sectors in terms of their histories of ownership and purpose. These legacies may undermine the effectiveness of educational pathways insofar as institutional interests remain segmented and/or guarded. Here we have described the distinct nature of labour market pathways. We can see that the strengthened AQF must engage with institutional arrangements in

\(^{19}\) The four mismatches identified by this team of researchers are:

- Entry credential matching – increasing proportions of jobs requiring higher and higher entry credentials. In some cases this reflects rising skill requirements, however in increasing numbers of cases credentials are used to screen applicants and are in excess of the skill requirements of the job;
- Performance matching – refers to the performance capability of workers versus the performance level actually required to do the job;
- Field of study matching – refers to the relevance gap arising from the separation of job content from a workers’ field of study;
- Subjective matching – this refers to workers’ self-perceived match between qualifications and job requirements.
both the education system and labour market which are not directly within its scope. There remains however, a role for the Council to play in terms of facilitating cooperation between these sectors and institutions. This is the nature of the ‘managing differences’ role. We discuss this further in Section 4.

The AQF and problems in wider domains

The notion of developmental freedom, of having reasonable control over one’s working life, is one that underpins the establishment of occupational citizenship (Standing, 2009). In many ways, occupational citizenship circumscribes the mutual objectives of education and labour market policy as well as the AQF. A key element of this concept relates to the very pathways, within and between education and the labour market, which the AQFC is striving to improve. Many other elements however are outside the scope of the AQF, including the defence of industrial conditions, the provision of social protection (including equitable access to education and training), and the definition of occupational bodies of knowledge, and standards of knowledge and practice. Some of these limitations clearly extend beyond the education system into, for example, the industrial relations and welfare systems. Others however, are embedded in the education system itself and will have direct impacts on the performance of the AQF – for example, curricula development, assessment and funding arrangements.

The significant achievement of the strengthened AQF has been to embed a consistent and cumulative notion of knowledge and skills in the levels structure, and then to attach a notional volume of learning to them. Keating (2008) argues that a national qualifications framework is unlikely to be neutral on the questions of the nature of knowledge entailed by a qualification, and of the nature of the learning that has led to that knowledge. However, by establishing clarity around the knowledge represented by qualifications, and the relational aspect of this knowledge, the AQF can better build platforms for quality assurance and user confidence, even in the presence of sector differences (discussed in Section 2.1). The focus then has rightly been on providing consistency within and between qualifications, to underpin greater confidence in qualification outcomes.

There have been many questions raised by various stakeholders and users of the AQF regarding their respective priorities. For example, some secondary schools may have an interest in making Senior Secondary Certificates accessible to all students by setting educational standards slightly lower. Another example would be employers questioning the industrial relations implications for trades and occupations tied to AQF qualifications (typically Certificate III), where learning complexity may need to be reclassified within the new levels structure. We argue that unilaterally incorporating the priorities of one, or some, of these stakeholders would compromise the principal priority of the strengthened AQF – to enhance confidence in qualifications outcomes. There is simply too diverse and dynamic a set of users of the AQF to forego the key principles of consistency and transparency. The task of the Council has been to develop a hierarchy of learning complexity for the ‘average’ student of each qualification type. Questions, as in these examples, relating to equity and industrial relations outcomes should be defended in
their respective domains – for example, early childhood education policy, social inclusion policy, and in industrial arrangements between employers, unions, and relevant tribunals. Problems or tensions in these domains should not determine the status of particular qualification levels. The AQF can provide a reference point for these other domains, however the consistency of its content should not be compromised by importing concerns from these domains into the architecture of the Framework. Our analysis suggests that the AQF might best serve as a flexible set of reference points for its diverse and dynamic set of users, but which establishes consistency and comparability between qualifications. In addition, a denser policy framework, including better integrated curricula development and quality assurance procedures, but also workforce development would be required to move Australia more substantially towards meeting the priorities noted above. The AQF can help achieve these – but only as part of a broader array of initiatives.

Having clarified relevant policy priorities, ascertained how the AQF as a whole will operate and identified the issues concerning its likely impact, we can now consider in more detail what the ramifications of the new framework are likely to be for different education sectors.
3. Ramifications of implementing the strengthened AQF

In this section we consider the specific impacts of the strengthened AQF, and the emerging regulatory environment, on four distinct areas:

- Secondary schools
- Vocational Education and Training
- Higher Education
- Industrial Relations.

We consider these impacts in several key dimensions – key tension points within the framework itself, the likely response of each sector and its institutions, and the interaction with the regulatory framework.

3.1 Secondary Schools

The question of standards in the SSCEs is paramount for the interpretation of the strengthened AQF, which provides a notional ‘average’ standard for students completing the qualification. While the average program of study takes 2 years to complete and ‘the majority of learning outcomes are at AQF Level 3’ (AQFC 2010: 20), it also accommodates learning outcomes ranging from Level 1 to Level 5. These correspond to attainment of the Certificate I award via the VET-in-schools program, and the completion of some first year university-level studies. Further, the SSCE acts as a pathway to work, VET studies (including the Level 3 Certificate III award) and higher education studies (namely the Level 7 Bachelor degree). Such a dispersion of outcomes is underpinned by the design and status of the SSCE qualification itself, and challenges the value of a representative ‘average’ standard described by the AQF. The Australasian Curriculum, Assessment and Certification Authorities (ACACA) have expressed an opposition to the SSCEs being given a level within the AQF, noting that most students are at levels 2 or 3.²⁰ Keating (2006b) finds that, with the exception of some instances where the SSCE can be referenced against a Certificate I, the construction of SSCEs in Australia is not subject to any prescription of minimum standards in their design, apart from the broad principles contained in the ACACA Principles for the Integrity, Quality and Long-term Credibility of the Certificates of Achievement (ACACA, 1999). The usefulness of situating the SSCEs within the levels structure then faces the challenge of embracing an undefined minimum standard accessible to all students, as well as a university-defined standards appropriate for entrance to different institutions of higher education.

The SSCE is the focus point of two concurrent demands – to provide a basis for tertiary education preparation and entrance, and to represent a standard of entitlement for all students. In both instances, there is a question of standards – both how they are expressed and how they are monitored and enforced. For the purpose of tertiary

²⁰ J. Firth, correspondence to J. Dawkins 18 May, 2010.
education preparation, standards are mediated by the construction of entrance indices, which adopt strict procedures of assessment and scaling as the key mechanism of quality assurance. The focus on these performance indices is complete, conferring status and access benefits which have to a large extent replaced those of the SSCEs themselves. The predominance of the tertiary entrance rankings has, however, compromised the standards of the SSCEs themselves, which have become vague in terms of the breadth and depth of knowledge and skills achieved by its graduates.

The comprehensive nature of the SSCEs and the diversity of its graduates appear to be driving the inclusion of other awards or elements of other awards within the certificates. VET certificates and elements of diploma awards and bachelor degrees can now be included within some of the SSCEs, and it is likely that this trend towards types of bloc inclusion or credit will increase, unless the certificates move towards level structures as in New Zealand and Scotland. These inclusions bring more tightly defined level descriptors from the AQF into the SSCEs.

As discussed earlier, the key design principle common to the SSCEs is subject choice, particularly in the states of NSW and Victoria. The trajectory of the qualification then has been one where it can now readily comprise a collection of subjects rather than a holistic learning experience which provides a foundation for civic participation – as required by the strengthened AQF. The qualification type descriptor for the SSCE specifies that the purpose of the qualification is to

‘qualify individuals with a solid foundation of knowledge, skills and values for further learning, work and participation in civic life’

(AQFC, July 2010: 15)

Without requirements to undertake learning across a broad range of fields of human endeavour, there rises an obvious conflict between the standards of current SSCEs and of the strengthened AQF. This issue of curricula coherence also extends to the VET-in-schools program. The development of the senior secondary national curriculum seeks to align the scope and educational standards of each subject, but does not consider the qualification as a whole, apart from the volume requirements that are needed for certification. The requirements of the strengthened AQF therefore raises significant implications for the design of the various SSCEs available within and across states.

The question of standards becomes even more pertinent when considering the Commonwealth Government’s educational priorities. First, its response to the Bradley review has included a move towards student-driven funding, guaranteeing a Commonwealth supported place ‘for all domestic students accepted into an eligible, accredited higher education course at a recognised public higher education provider’21. While the AQF endeavours to maintain levels of consistency and comparability, it will be individual higher education institutions which determine standards appropriate for entry to first-year university. This process will again highlight the variability in student outcomes, distributed over a number of levels within the AQF, even within the cohort of

21 For details, see http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_090304_155721.aspx
students transitioning to higher education. Second, as discussed earlier, COAG has set targets for the proportion of the population completing Year 12, or equivalent. In their own words, these targets are expressed as:\(^2\):

- for 2015, the proportion of young people in the 20-24 year old age group who have achieved Year 12 or a Certificate II or above; and
- for 2020, the proportion of young people in the 20-24 year old age group who have achieved Year 12 or a Certificate III or above.

We can see that there is no firm notion of comparability with respect to the SSCEs, and this not only has a direct bearing on the AQF’s ability to meaningfully situate the SSCE within the levels structure of the AQF, but also on how we move towards educational policy priorities.

Within this context the AQF may have a dual impact. First in direct and indirect ways it brings a greater focus upon the different levels that are encompassed within the awards. This may encourage some of the ACACA authorities to move towards more defined level designations for some elements of their awards, rather than leaving the TER to act as the de facto level outcome. This may be through whole programs (as is the case with the Victorian Certificate of Applied Learning), designated programs (as with the proposed pre-apprenticeship Cadetships recently proposed by the Commonwealth Government), or through elements of the awards, such as designated higher level subjects, rather than the de facto hierarchy of subjects that have evolved through the iterative processes of subject choice and assessment scaling.

The second impact may be increased pressure for the SSCEs to support their traditional civic and pathways platform roles. The attempted substitution of generic skills for these capacities within the SSCEs has proven to be ineffective over the past two decades. The AQF combined with evolution of a national curriculum and targets for year 12 or equivalent curriculum is likely to give more sustenance to the argument for more direct expressions of the civic and foundational outcomes of the SSCEs.

As we can see, there are a number of challenges with respect to the SSCEs for the strengthened AQF. These are summarised below in Table 2. The levels structure and its descriptors create an explicit set of national standards which impact, and are impacted by, these issues. The AQF can potentially facilitate dialogue around these issues, providing a clear basis of reference to engage the disparate institutional interests.

3.2 Vocational Education and Training

Within the VET sector, the impending changes have the potential to rewrite the current practices underpinning the design, accreditation and monitoring of qualifications in the sector.

First, the National VET Regulator will be introduced in 2011, responsible for the accreditation of courses, qualifications and providers. The regulator will work in conjunction with a standards council, which will provide advice to the Ministerial Council for Tertiary Education and Employment (MCTEE) on standards of registration, accreditation and quality assurance. This arrangement replaces a fragmented system of state and territory accreditation authorities, and unifies the process under a single set of standards. These standards will critically be underpinned by the requirements prescribed by the AQF level descriptors, and the supporting policies. For example, qualifications will be accountable to a notional volume of learning to reach the necessary standards of knowledge and skill; similarly, the ‘Register’ and ‘Issuance’ policies will require consistent disclosure of information relating to the qualification and its issuing organisation. The AQF therefore represents a key reference point for administering the new quality assurance regime.

It is expected that under this new regime, stronger regulatory and quality assurance requirements will help to identify providers that do not meet the standards, and improve the standard of qualifications. However, the issue of merging the National VET Regulator and TEQSA in 2013 is a significant one. Given existing higher education arrangements where institutions typically self-accredit courses and qualifications, and where teaching, learning and other quality assurance benchmarks for providers differ substantially from VET, it remains to be seen whether a single national agency can effectively monitor the tertiary sector under a unified set of standards. This would require an unprecedented level of collaboration and trust between the sectors, but potentially represents the ‘circuit breaker’ for triggering the cross-sectoral conversations necessary for a better connected tertiary sector. While the outcomes are far from certain, common administrative and
funding frameworks, together with the AQF, may lay the foundations for better integrated quality controls, credit policies and even teaching and learning models.

Second, the strengthened AQF has significant implications for the design of VET qualifications. The level summaries explicitly require that the graduate of each qualification type possess the theoretical knowledge, relevant to their specific field of study/discipline, to enable further learning. It is this access to the underpinning general and disciplinary knowledge which enables a student to autonomously participate in and contribute to an occupational field of practice. VET curricula is currently designed to focus on contextualised work outcomes, and is less concerned with access to theoretical knowledge. Wheelahan (2010), for example, compares a unit of competency (“Develop and update legal knowledge required for business compliance”) in a VET advanced diploma to a subject (“Business Law”) in a university degree to illustrate VET’s treatment of disciplinary knowledge. In her example, Wheelahan compares the curricula for the two courses, both taken from Victoria University (one of five dual sector universities). She finds that the knowledge requirements in the VET diploma are specified without adequate reference to a basis of legal reasoning/principles, nor legal research methods. The focus in the VET course is on procedural tasks, with limited exposure to the broader system of meaning.

This focus in VET reflects old definitions of competency which concentrated on the performance of discrete work-based functions and tasks. The Department of Education, Employment and Workplace Relations (DEEWR) has since revised the definition of competency (which underpin the development of training packages) to reflect:

‘a broader concept than the ability to perform individual workplace tasks and comprises the application of all the specified technical and generic knowledge and skills relevant for an occupation…. May require a combination of higher order knowledge and skills and involve complex cognitive and meta-cognitive processes’

DEEWR, Training Package Development Handbook

The place of theoretical knowledge in VET qualifications requires further consideration. The National Quality Council /COAG Joint Steering Committee (2009: 15) as part of a consultation about VET products, reports that stakeholders identified concerns that underpinning theoretical knowledge was not sufficiently emphasised in VET qualifications, particularly in higher level qualifications. This has an impact on workplace outcomes, but it also limits the effectiveness of these qualifications to support students’ progression to higher levels of education. The new definition of competency quoted above was developed in response to these concerns, however, it is not clear that it sufficiently addresses the dilemmas we have raised. This is because the criteria for competency remains a ‘standard of performance required in the workplace’ and, the definition of units of competency remain tied to the description of work (and not educational) outcomes, which can ‘logically stand alone when applied in a work situation.

This interpretation of the application of knowledge and skills is not fully aligned with the requirements of the strengthened AQF because there is no explicit understanding that access to integrated and cumulative disciplinary knowledge, necessary for further learning, should be provided. In order for VET training packages to meet the requirements of the new AQF levels structure, the outcomes need to support workplace requirements and access to further learning within the student’s field, and this will require enhancing VET qualifications to achieve these outcomes.

The challenges for the strengthened AQF in the VET sector are summarised in Table 3.

Table 3. Key issues in VET and the likely impact of the strengthened AQF

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Likely Impact of strengthened AQF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of COAG educational targets</td>
<td>Critical reference point for regulators, institutions, accrediting authorities in providing pathways for students</td>
</tr>
<tr>
<td>Proliferation of qualifications and providers</td>
<td>Improved quality assurance under the new AQF and National VET Regulator</td>
</tr>
<tr>
<td>Limited access to underpinning knowledge relevant to the field of study</td>
<td>Design of VET qualifications may need to incorporate greater access to underpinning knowledge to meet requirements of the strengthened AQF</td>
</tr>
</tbody>
</table>

3.3 Higher Education

The key challenge for the higher education sector in light of the emerging policy environment (particularly the introduction of TEQSA) and the strengthened AQF will be institutional perceptions about loss of autonomy. This is complicated by the relationships which universities have with disciplinary communities worldwide – they are accountable to them for upholding the international standards of knowledge and skill required by professional qualifications, such as in health sciences and engineering. The challenge then is not simply in the dimension of self-referencing institutions losing autonomy under the strengthened AQF, but the dimensions imposed by the multiplicity of cross-border stakeholders and communities. In drafting the new AQF, there has clearly been a need for balance between standardisation and over-prescription, which is a particularly sensitive issue for a sector characterised by long-standing institutional autonomy. Key areas of tension, or at least ambiguity, exist for higher education institutions with respect to the Masters qualifications, the ‘Issuance’ policy, the ‘Pathways and Linkages’ policy, and future interaction with TEQSA.

Significant attention has been directed toward the nature of Masters programs, regarding concerns about the “proliferation of Masters programs with differing entry and exit standards, academic level and duration and varying mixes of coursework and research” (AQFAB 2000, cited by Keating 2007). Keating draws attention to the presence of undergraduate curricula in postgraduate courses, undergraduate/postgraduate parallel teaching, and accessibility to one-year Masters programs (following a 3 year
undergraduate degree) as potentially undermining the integrity of this postgraduate award. The strengthened AQF attempts to generate shared notions (and standards) of what the Masters degree represents by delineating coursework and research programs, and specifying notional learning volumes and detailed descriptors of knowledge and skill. The framework strives to standardise the integrity of the program; however, given institutional prerogative to self-accredit qualifications, admit students on the basis of prior learning/professional experience and pursue competitive advantages in the postgraduate market, it remains to be seen whether the AQF standards can be upheld. The role of TEQSA will be pivotal in this process.

There is some resistance to the idea that (a fixed list of) qualifications should be validated by the AQF, as required by the ‘Issuance’ policy – for institutions such as those in the Go8, trust has been won through a history of maintaining educational standards through robust curricula development, teaching and assessment processes within academic traditions of disciplinary learning. These standards (to be monitored by TEQSA) fulfil the requirements for validation within the AQF, however validation within the AQF may not necessarily confer the same understanding of standards. The stamp of the AQF logo then, even where supported by a common learning outcome taxonomy, can not replace the relationship building between students and institutions, and amongst institutions themselves, which form the building blocks of institutional trust. The requirements of the policy may be perceived as lacking flexibility – for example, the longstanding existence of MD and JD qualifications lie outside the list of those supported by the AQF, and points to the question of how new qualifications will be treated as they arise. This must be weighed up against the benefits arising from the standardised and transparent issue of certification documentation. As more providers come into the higher education market, lessons can be learnt from the VET sector regarding the need for having a standards and quality assurance framework in place, in order to protect the integrity and standing of Australia’s qualifications.

Similar questions can be raised with regard to the ‘Pathways and Linkages’ policy, in the crucial areas of access, credit transfer and articulation. To date, data relating to articulation between educational sectors, enrolments in transitional qualifications such as the Diploma, and the uptake of Recognition for Prior Learning provisions has been poor. The policy demands that credit arrangements be made which are ‘systematic, evidence-based, equitable, transparent, consistent and reliable’ and ‘recognise learning regardless of how, when and where it was acquired’, yet significant ambiguity exists in the policy designed to aid these ambitions. For example, there is limited acknowledgement of the nature of knowledge and skills, and how they have been acquired when referring to credit arrangements, yet base levels of credit are explicitly provided for 24. This is of

24 [For] qualifications in the same discipline:
- Completed qualifications at level 4 [Cert. IV] will result in 10% credit towards level 7 [Bachelor degree] qualifications
- Completed qualifications at levels 5 and 6 [Dip. and Adv.Dip] will result in 33% credit towards level 7 qualifications
- Completed qualifications at level 7 will result in 50% credit towards levels 5 and 6 qualifications
[and for] Qualifications in a different discipline:
- Completed qualifications at levels 5 and 6 will result in 10% credit towards level 7 qualifications
particular concern where curricula has been designed in collaboration with professional bodies, often as part of requirements for professional qualifications. The policy needs to facilitate the development of institutional trust, and be cognisant of the differences in the construction of qualifications. Even within one discipline, indeed within courses of the same name, institutions will differ in teaching, learning and assessment procedures. This is particularly true for VET providers, with higher education providers differing further in their curriculum and syllabus structures. It is these elements which establish principles of equivalence and comparability when undertaking credit-mapping exercises, regardless of the stated credit volume attributable to a completed qualification.

In instances where credit transfer arrangements have been made, between higher education institutions, or between TAFE and higher education institutions, collaboration has taken place at the institutional level, not at a system-wide level. Such collaboration is resource intensive, and often focused on areas of mutual synergies (for example, where institutions are co-located and can share resources). Here we illustrate the example of Griffith University, which has established partnerships with five VET institutions and undertaken substantial exercises in credit-mapping. Table 4 provides a sample of these pathways across a number of VET institutions and disciplines.

Table 4. Griffith University – VET to higher education pathways

<table>
<thead>
<tr>
<th>VET Institution</th>
<th>VET Qualification</th>
<th>Griffith University Qualification</th>
<th>Max. Credit Granted</th>
<th>Degree Credit Value</th>
<th>Base Level Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills Tech Australia</td>
<td>Diploma of Electronics and Communications Engineering</td>
<td>Bachelor of Engineering</td>
<td>40CP</td>
<td>320CP</td>
<td>12.5%</td>
</tr>
<tr>
<td>Gold Coast TAFE</td>
<td>Advanced Diploma of Engineering Design</td>
<td>Bachelor of Engineering</td>
<td>80CP</td>
<td>320CP</td>
<td>25%</td>
</tr>
<tr>
<td>Brisbane North Institute</td>
<td>Diploma of Information Technology (Software development)</td>
<td>Bachelor of Information Technology</td>
<td>120 CP</td>
<td>240CP</td>
<td>50%</td>
</tr>
<tr>
<td>Brisbane North Institute</td>
<td>Diploma of Information Technology (Networking)</td>
<td>Bachelor of Information Technology</td>
<td>80CP</td>
<td>240CP</td>
<td>33%</td>
</tr>
<tr>
<td>Brisbane North Institute</td>
<td>Diploma of Community Welfare Work</td>
<td>Bachelor of Human Services</td>
<td>80CP</td>
<td>240CP</td>
<td>33%</td>
</tr>
<tr>
<td>Brisbane North Institute</td>
<td>Diploma of Business Studies</td>
<td>Bachelor of Business</td>
<td>80CP</td>
<td>240CP</td>
<td>33%</td>
</tr>
<tr>
<td>Metropolitan South Institute</td>
<td>Diploma of Accounting</td>
<td>Bachelor of Commerce</td>
<td>60 CP</td>
<td>240CP</td>
<td>25%</td>
</tr>
<tr>
<td>Southbank Institute of Technology</td>
<td>Diploma of Government</td>
<td>Bachelor of Commerce</td>
<td>40CP</td>
<td>240CP</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Griffith University, Credit Precedent Database

- Completed qualifications at level 7 will result in 10% credit towards level 5 and 6 qualifications (AQFC, July 2010: 52)
The university provides a ‘Credit Precedent Database’ ²⁵ which details established articulation pathways from its partner VET providers. Griffith University has two sorts of pathways. The first are ‘standard’ pathways with credit which is available to all students with a particular VET qualification. The second is ‘enhanced pathways’, which results from collaboration between Griffith and its VET partner around curriculum, learning outcomes and assessment. This builds trust between the two institutions, and results in more credit for students.

The ‘Pathways and Linkages’ policy requires that completion of an Advanced Diploma of Accounting grant 33 percent credit towards a Bachelor of Commerce (specialising in Accounting). As we can see, even where strong institutional trust has been established, there is no blanket rule-of-thumb determining credit transfer within disciplines or two institutions. In instances where such relationships have not been established, the task of establishing these course and qualification equivalences will require substantial collaboration and resources. As an example, the current credit policy at the University of Sydney requires information around a number of areas, including:²⁶:

- Contact hours
- Assessment methods
- Topics covered
- Learning outcomes
- Lecture & Tutorial programme
- Recommended text and reference books
- Credit point value of unit at external institution.

It is clear from our example that volume of credit provides only one element of equivalence, and one that can not be considered in isolation from elements of syllabus, teaching, learning and assessment. The ‘Pathways and Linkages’ policy needs to facilitate credit arrangements based on institutional trust, giving due consideration to the many facets contributing to comparability and equivalence. Moreover, the framework requires each qualification to include “documented negotiated arrangements and credit transfer to higher level qualifications”, thereby placing the obligation on the sending institution to negotiate these arrangements, with fewer obligations on receiving institutions to agree to pathways. In particular, it implies that VET providers must negotiate arrangements with higher education institutions – this may place unreasonable pressure on VET providers, or may result in higher education institutions choosing not to actively implement these pathways.

Finally, there remains significant ambiguity regarding the role of TEQSA, and the form which the monitoring of providers, including teaching and learning outcomes, will take.

²⁵ For details, see http://www.griffith.edu.au/admissions/credit-transfer-articulation/transfer-from-tafe
²⁶ For details, see http://sydney.edu.au/business/currentstudents/undergraduate/student_administration/student_administration_manual/credit#undergraduate
The issuing of sanctions, recommendations for at-risk performance funding, and periodic audits will all form part of TEQSA’s new role. The nature of the benchmarks and sanctions is still unknown, as is the role of the strengthened AQF in underpinning them. There is however a strong possibility that the AQF framework and the regulator will together form a tight regulatory framework.

The key issues facing the strengthened AQF in higher education are summarised in Table 5.

Table 5. Key issues in higher education and the likely impact of the strengthened AQF

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Likely impact of strengthened AQF</th>
</tr>
</thead>
</table>
| Institutional perception of loss of autonomy                  | • Areas of ambiguity or overprescription may limit institutions’ engagement and trust in the framework, and  
• Some institutions likely to prioritise strengthening relationships with professional/disciplinary bodies to preserve standards required for professional qualifications, with less emphasis on the AQF as a reference point for legitimising their qualifications |
| Articulation and pathways                                    | • No improvement in pathways unless credit policies incorporate considerations of syllabi, assessment, teaching and learning processes  
• Requirements for minimum amount of credit to be granted for prior qualifications may lead to institutions’ reluctance to provide pathways  
• While all institutions must have pathways policies, there is no requirement for them to demonstrate their active implementation. |
| Interaction with TEQSA                                       | • Increased scrutiny of Masters degrees is likely. This may trigger a change in offerings to improve consistency in content and duration of learning time associated with this qualification. Equally it could trigger active disregard of the AQF as a reference point for this (and potentially other) HE qualifications.  
• Compliance with AQF qualifications’ titles, levels and descriptors may be a greater focus of institutional audits and compliance requirements for self-accrediting higher education institutions than hitherto, thus contributing to a stronger regulatory environment. |
3.4 Industrial Relations

No assessment of the likely impact of the strengthened AQF would be complete without a consideration of industrial relations. A key feature of the labour market and education reforms in the 1980s was ‘award restructuring’. The objective of these initiatives was to improve people’s access to learning opportunities – both on and off the job. These initiatives involved redesigning jobs to break down old, often arbitrary demarcation and establish skill based career paths in their place. Historically, wages policy in Australia has been shaped by the management of associated pay relativities. In an effort to bring some order to this process industrial tribunals have set different rates of pay based on margins for different levels of skills. The central classification for determining such relativities has been the trades level worker, especially in the construction and metal trades. During the ‘award restructuring’ era of the late 1980s, where formal demarcations were broken down, the trades level worker remained a key reference point for wage setting. Trades workers were defined both by the work they performed and the qualifications they were required to hold in order to do the work. Metal trades workers shifted from being defined on the basis of particular crafts or vocations (for example pattern maker, fitter, boiler maker), to being defined as equivalent to the C10 classification in the Metal Industries Award (and its subsequent incarnations) 27. This level represents the minimum wage for a tradesperson (Healy, 2010). A central feature of such workers is that they would hold Certificate III level qualifications. In this way award restructuring of the 1980s fused the management of relativities in the wages setting and qualifications systems. Given the strategic (that is, central reference point) status of the C10 rate it is commonly assumed that changes in qualifications levels for particular types of work will have flow on effects in the wages system at large. What impact is the strengthened AQF likely to have, given the close Certificate III - C10 nexus?

The answer to this question requires some reflection on how relativities are structured and have evolved over time. Three types of relativity are important.

(a). The relativity between credentials for jobs in different types of industries.

While robust data on this question is difficult to acquire, it is well recognised that there are significant anomalies as to the nature of Certificate III qualifications in contrasting sectors such as retail, aged care and engineering. There is some evidence that in the service sector such certificates can be acquired in as few as six weeks. This is to be compared with the acquisition of such a certificate in the traditional trades which usually take years (3-4) to acquire. 28 The growth in service sector Certificate IIIIs is attracting growing policy attention. In particular, it is worth remembering that employers involved

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27 Buchanan 2000 and Healy 2010: In the fourteen level skills-based Metal Industries Award, minimum pay rates are ranked from C14 (lowest rate) to C1(b) (highest rate). Rates between C14 and C11 are regarded as low to semi-skilled. The Federal Minimum Wage was established at the C14 level in April 1997.

28 We are currently getting more precise details on this point from researchers at the NCVER. It is important, for example, to separate ‘existing worker trainees’ getting Certificate credentials from new entrants also undertaking these qualifications.
in training workers to complete a Certificate III receive the following subsidy whether the skill acquisition takes 4 weeks or four years:

- standard commencement: $1,500
- standard recommencement: $750
- standard completion: $2,500

That is, it is not unreasonable to ask whether the proliferation of Certificate IIIs may have more to with employer interest in subsidies than with deepening the skill base of their workforce. The strengthened AQF’s interest in a hierarchical notion of learning complexity and notional learning times is likely to highlight anomalies such as these and potentially create debate regarding the comparative ‘qualifications fairness’ between industries. Similar problems are also likely to emerge as various VET in School initiatives endeavour to grant Certificate III qualifications to their graduates.

(b) Wage (and allied qualification) relativities between different classifications within the same general occupational group.

When the C10-Certificate III nexus was settled, it was done in the context not just of relativities between metal trades workers and those in other sectors. It was also done vertically concerning jobs that could potentially feed into this classification and jobs to which workers in this classification could aspire to. This was the ‘seamless classification’ structure much celebrated at the time as offering the prospect for a process worker to graduate through the classification structure to become the equivalent of a degree qualified engineer. In this context the C10 represented the 100% rate. Four classifications below and 10 above had their pay rates set as a proportion of this rate. The problem with this is that these relativities have been compressed over time as a result of a series of fixed dollar increases for award rates delivered by various rounds of Safety Net Adjustment (SNA) decisions by the AIRC and minimum rates adjustments made by its successors in the wages policy space: the Australian Fair Pay Commission and Fair Work Australia. While the ranking of classifications has not changed, the award pay relativity between them has. This is summarised in Table 6 below.
Table 6: Changes in minimum pay rates and relativities in the Federal award covering metal and engineering employees: 1993-2005

<table>
<thead>
<tr>
<th>Qualification Level</th>
<th>Level</th>
<th>1993 value</th>
<th>2005 value</th>
<th>Increase</th>
<th>Proportion of C10 in 1993</th>
<th>Proportion of C10 in 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate I</td>
<td>C14</td>
<td>325.4</td>
<td>484.4</td>
<td>49%</td>
<td>0.78</td>
<td>0.84</td>
</tr>
<tr>
<td></td>
<td>C13</td>
<td>342.1</td>
<td>501.1</td>
<td>46%</td>
<td>0.82</td>
<td>0.87</td>
</tr>
<tr>
<td>Certificate II</td>
<td>C12</td>
<td>364.6</td>
<td>523.6</td>
<td>44%</td>
<td>0.87</td>
<td>0.91</td>
</tr>
<tr>
<td></td>
<td>C11</td>
<td>385.5</td>
<td>544.5</td>
<td>41%</td>
<td>0.92</td>
<td>0.94</td>
</tr>
<tr>
<td>Certificate III</td>
<td>C10</td>
<td>417.2</td>
<td>578.2</td>
<td>39%</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>C9</td>
<td>438.1</td>
<td>599.1</td>
<td>37%</td>
<td>1.05</td>
<td>1.04</td>
</tr>
<tr>
<td>Certificate IV</td>
<td>C8</td>
<td>458.9</td>
<td>619.9</td>
<td>35%</td>
<td>1.10</td>
<td>1.07</td>
</tr>
<tr>
<td></td>
<td>C7</td>
<td>479.8</td>
<td>638.8</td>
<td>33%</td>
<td>1.15</td>
<td>1.10</td>
</tr>
<tr>
<td></td>
<td>C6</td>
<td>521.5</td>
<td>680.5</td>
<td>30%</td>
<td>1.25</td>
<td>1.18</td>
</tr>
<tr>
<td>Diploma</td>
<td>C5</td>
<td>542.4</td>
<td>701.4</td>
<td>29%</td>
<td>1.30</td>
<td>1.21</td>
</tr>
<tr>
<td></td>
<td>C4</td>
<td>563.2</td>
<td>722.2</td>
<td>28%</td>
<td>1.35</td>
<td>1.25</td>
</tr>
<tr>
<td>Advanced Diploma</td>
<td>C3</td>
<td>604.9</td>
<td>763.9</td>
<td>26%</td>
<td>1.45</td>
<td>1.32</td>
</tr>
<tr>
<td></td>
<td>C2(a)</td>
<td>625.8</td>
<td>784.8</td>
<td>25%</td>
<td>1.50</td>
<td>1.36</td>
</tr>
<tr>
<td></td>
<td>C2(b)</td>
<td>667.5</td>
<td>822.5</td>
<td>23%</td>
<td>1.60</td>
<td>1.42</td>
</tr>
<tr>
<td></td>
<td>C1(a)</td>
<td>751</td>
<td>906</td>
<td>21%</td>
<td>1.80</td>
<td>1.57</td>
</tr>
<tr>
<td></td>
<td>C1(b)</td>
<td>876.1</td>
<td>1031.1</td>
<td>18%</td>
<td>2.10</td>
<td>1.78</td>
</tr>
</tbody>
</table>


To highlight the point of compression in relativities, we can see that in 1993, the lowest C14 classification represented 0.78 of the C10 level, but has risen to 0.84 in 2005. Similarly, the highest classification C1(b) formerly represented 2.1 times the C10 level, but has fallen to 1.78 in 2005. The entire scale has shrunk, and is particularly flat around the middle classifications between C12 and C6.

(c) Relativities between award and market rates

It is important to note that the official relativities have moved in the opposite direction to wages actually paid in the market. That is, while award relativities have systematically compressed, the distribution of wages more broadly has widened. This inconsistency between award and market rates indicates that there are deep imperfections with respect to how the nexus between work and qualifications is evolving. This is evident in Table 7 below, which provides three measures of income inequality in 1995/96 and 2005/06 - the Gini coefficient\(^{29}\), the ratio between the 90\(^{th}\) and 10\(^{th}\) percentiles of Australian income distribution, and the ratio between the 95\(^{th}\) and 10\(^{th}\) percentiles.

\(^{29}\) The Gini coefficient ranges in value between 0 and 1, where 1 represents the highest levels of income inequality ie all incomes to one person. At the other extreme, it all income is equally shared within the population of interest the coefficient is 0. An increase in the coefficient is commonly accepted measure of rising inequality.
Table 7. Changes in income distribution: 1995-96 to 2005-06

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Inequality Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gini Coefficient</td>
</tr>
<tr>
<td>Equivalised disposable income (all households)</td>
<td></td>
</tr>
<tr>
<td>1995-1996</td>
<td>0.295</td>
</tr>
<tr>
<td>2005-2006</td>
<td>0.303</td>
</tr>
<tr>
<td>% change</td>
<td>2.7%</td>
</tr>
<tr>
<td>Wage and salary income (full time employees)*</td>
<td></td>
</tr>
<tr>
<td>1995-1996</td>
<td>0.252</td>
</tr>
<tr>
<td>2005-2006</td>
<td>0.274</td>
</tr>
<tr>
<td>% change</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

Source: Saunders, P & Hill, T (2008)
*Full time employees aged between 25 – 55

This anomaly is explained by rising levels of over-award payments. Employers often pay more than they have to, especially for skilled workers. This helps avoid staff recruitment and retention issues, especially in industries with skill shortages.

Table 6 indicates that the top 10 percent of full time workers have extended their wages premium over the bottom 10 percent of workers from 2.65 to 3.04 times between 1995 and 2006 - an increase of almost 15 percent. The story has a further dimension when we consider all sources of income - through mechanisms of the tax and transfer payment systems, this ratio of top 10 to bottom 10 income has only increased by 5 percent (from 3.71 to 3.88). This highlights the point that income relativities depend on settings in both the industrial relations and social welfare domains.

This material shows there is no fixed ‘IR’ constraint on how qualifications levels align with wage relativities. The nexus has changed dramatically in the past and will change again in the future. The issue is, how? To date the realignment has been generally ad hoc. The integrity of the AQF should not be compromised by recent historical connections. The alignment of the C10 to the Certificate III may have made sense in the late 1980s. Given the changes noted above, however, it is clear the integrity of alignments between classification levels has broken down dramatically. The strengthened AQF could provide a useful, updated framework for negotiating such a change.

In noting this as a possibility it is important to appreciate that there is evidence that this has already been successfully achieved in some parts of the labour market. The case of Childcare workers in the NSW Jurisdiction is instructive in this context. In this case the NSW Commission broke the nexus with the C10 and instead aligned child care workers.
on State awards with the teaching profession and looked to make sensible comparisons with two years qualified education workers in NSW (Wright et al, 2006).

This analysis highlights the contingent and not systematic nature of the links between education and the labour market. Industrial relations is all about compromise and ongoing re-negotiation of the connections between hours worked, skills recognised and pay rates. It happened in the late 1980s on a system wide level. It has happened in particular sectors since. The status of the Certificate III can be defined without necessarily destabilising the wages system – it all depends on how this is implemented. Given that the strengthened AQF provides a framework for handling differences as well as defining consistency between qualifications it could assist in navigating the change process.

A summary of the key issues likely to be affected by the strengthened AQF is provided in Table 8.

Table 8. Key issues in industrial relations and the likely impact of the strengthened AQF

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Likely impact of strengthened AQF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anomalies in relative standing of qualifications (especially Cert III)</td>
<td>Highlighting of anomalies in the relative status of Certificate III qualifications in low skills service vis a vis higher skill trades work.</td>
</tr>
<tr>
<td>across industries and between school and VET providers</td>
<td></td>
</tr>
<tr>
<td>Potentially difficult pressures to keep relativities stable as qualifications for some classifications are upgraded while others remain fixed, or are downgraded</td>
<td>Provide a setting and basis for the orderly consideration of how to overcome major misalignments in the relative standing of qualifications and pay rates (both piecemeal and system-wide adjustments).</td>
</tr>
</tbody>
</table>

30 These alignments have changed without serious wage blow outs in the past. This can happen again in the future. Indeed, given the NSW Commission decision, there is no necessity for the MIA C10 rate to bear the weight of the single reference point in the system.
4. Implications for relevant players and evaluation priorities

4.1 ‘Spheres of Influence’

Our assessment of the potential impact of the strengthened AQF is that it will have different implications for the three education sectors. It will also, potentially, highlight a number of anomalies in other domains that could stir interest in taking up some longstanding, deep-seat problems, such as the nexus between qualifications and award classification structures. These potential outcomes are not inevitable. What prevails will depend on:

- How the wider context of incentives and constraints changes (ie the evolving nature of wider economic, political, and cultural situation);
- How institutional arrangements evolve;
- How the individual players and their leaders respond, and most importantly
- How the key players interact.

The AQFC and Ministerial Council cannot control these variables. Both, however, are not without influence. Ensuring the positive potential of the strengthened AQF is realised (and the potential negative impacts avoided) requires identifying the key issues and engaging effectively with them. The critical issues needing attention were identified in the previous chapter. Effective engagement requires understanding who or what agencies have leverage in particular spheres of influence to do something about them. We have identified three:

- The realm of AQF policy and practice,
- The realm of education and workforce development policy and practice, and
- The broader mix of policies which draws on and shapes demands concerning qualifications.

Leverage or ability to shape outcomes takes one of two forms. The first involves direct activity such as prescription or support (eg funding). The second is more indirect. This involves facilitation of networking, agreement making or alliance building to ensure shared objectives are implemented by the key players involved in a particular domain of policy. Options for action available to the AQFC and the Ministerial Council are of both types. They range from direct prescription and funding concerning matters under their direct control, to facilitative and enabling measures designed to support voluntary and collaborative relations between sectors and institutions. While there will inevitably be an element of prescription in the AQF because of its role in underpinning quality assurance, arguably the most important option open to the AQFC and the Ministerial Council is that of broker and facilitator of dialogue. Experience with national qualification frameworks internationally has shown that the key issues cannot be solved primarily by prescription and/or changed incentive structures (Allais et al. 2009). A significant
number of jurisdictional, sectoral and institutional stakeholders in an AQF have significant autonomy. The ‘new educational settlement’ which is needed to support Australia’s skilling needs and social inclusion is more likely to succeed if it has the active support of these stakeholders. The major challenge in ensuring positive potentialities are realised and negative ones avoided is getting better coordination between these agents. Effective coordination between such agents requires the building of trust and the ensuring differences are managed creatively. If trust is absent or limited, differences are likely to remain entrenched, and compliance with policy requirements will be based on minimalism rather than active engagement. Effective management of difference is critical if the trust and pathways necessary for improved flows of learning and labour are to emerge.

A summary of the key issues that need to be addressed, players able to do something about them and initiatives they could undertake is provided in Table 9. It has been prepared to help the AQFC and the Ministerial Council clarify what they can do – directly and indirectly – to help ensure inevitable differences and tensions generate desirable innovation, not merely reconfigure longstanding differences. In the passages following the table we elaborate on how key institutions or agents can contribute to ‘extenuating the positive and eliminating the negative’.
<table>
<thead>
<tr>
<th>Key Issues</th>
<th>Secondary Schools</th>
<th>VET</th>
<th>Higher Education</th>
<th>System Wide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual demands on SSCEs</td>
<td>Proliferation of qualifications and providers</td>
<td>Institutional perception of loss of autonomy</td>
<td>Cohesive diversity versus entrenching barriers</td>
<td></td>
</tr>
<tr>
<td>Dispersion of student outcomes</td>
<td>Limited access to knowledge</td>
<td>Articulation and pathways</td>
<td>Development of bi-sector arrangements at institutional level</td>
<td></td>
</tr>
<tr>
<td>Dominance of TERs over SSCEs themselves</td>
<td>Meeting COAG targets</td>
<td>Role of TEQSA</td>
<td>Greater participation amongst low SES groups</td>
<td></td>
</tr>
</tbody>
</table>

**Potential Responses**

<table>
<thead>
<tr>
<th>Direct Activity</th>
<th>Within realm of AQF policy</th>
<th>Ministerial Council</th>
<th>Regulators</th>
<th>Educational Institutions</th>
<th>Stakeholders in civil society</th>
<th>Within realm of broader policy</th>
<th>Facilitative Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educate users on interpretation of the new AQF</td>
<td>Consider linking growth funding to progress in overcoming these problems. Provide adequate resources for AQFC and regulators to operate effectively.</td>
<td>Devise and implement quality assurance standards; liaise with AQFC and TEQSA</td>
<td>Build relationships with VET and higher education institutions to facilitate educational pathways based on stronger underpinning knowledge</td>
<td>Agreement needed between institutions and industrial parties regarding status of Cert. III</td>
<td>Role of Skills Australia, Apprentices Task force to consider status of qualifications in industrial awards</td>
<td>Social Inclusion Board to assess how education policy and qualifications work to entrench or overcome disadvantage</td>
<td>Council as broker or facilitator of dialogue</td>
</tr>
<tr>
<td>Assist with the development of support materials</td>
<td>Educate users on interpretation of the new AQF</td>
<td>Consider linking growth funding to progress in overcoming these problems. Provide adequate resources for AQFC and regulators to operate effectively.</td>
<td>Build relationships with VET and higher education institutions to facilitate educational pathways</td>
<td>Agreement needed for role and design of Masters programs</td>
<td>Agreement of the professions to be encouraged to inform AQFC on how new AQF is being taken up or ignored by the established professions</td>
<td>Council to periodically engage with schools and Boards of Studies to discuss strategy and progress</td>
<td>Council to periodically engage with Industry Skills Councils, RTOs and Regulators to discuss strategy and progress; Council to promote Diploma as transitional qualification</td>
</tr>
<tr>
<td>Educate users on interpretation of the new AQF</td>
<td>Educate users on interpretation of the new AQF</td>
<td>Educate users on interpretation of the new AQF</td>
<td>Educate users on interpretation of the new AQF</td>
<td>Educate users on interpretation of the new AQF</td>
<td>Educate users on interpretation of the new AQF</td>
<td>Educate users on interpretation of the new AQF</td>
<td>Educate users on interpretation of the new AQF</td>
</tr>
<tr>
<td>Assist with the development of support materials</td>
<td>Assist with the development of support materials</td>
<td>Assist with the development of support materials</td>
<td>Assist with the development of support materials</td>
<td>Assist with the development of support materials</td>
<td>Assist with the development of support materials</td>
<td>Assist with the development of support materials</td>
<td>Assist with the development of support materials</td>
</tr>
</tbody>
</table>

**System Wide**

- Comprehensive evaluation strategy including data collection and periodic reviews
- Develop strategies for consistent funding and governance requirements across sectors;
- Mandate and provide adequate resources for evaluation;
- Monitor progress in tandem with regulatory reform
- Possibly MCTEE and AQFC to monitor nature of integration of two tertiary regulators

<table>
<thead>
<tr>
<th>System Wide</th>
<th>AQFC, professional bodies, ISCs and Skills Australia to explore new structures to mobilise ‘vocational standards’ in partnership with educational institutions in all sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>AQFC</td>
<td>Council to periodically engage with universities and Regulators to discuss strategy and progress; Council to promote Dip/Adv Dip as transitional qualification</td>
</tr>
<tr>
<td>Australia</td>
<td>AQFC and Skills Australia to act as custodians of the new education and workforce development settlement, coordinating dialogue amongst all stakeholders.</td>
</tr>
</tbody>
</table>
4.2 Potential implications for relevant agents

The strengthened AQF will require the active support of an identifiable group of institutions and stakeholders. We have identified who these are on the basis of the principles outlined in the previous section. Our assessment of the role these agents can play in helping to achieve the successful realisation of the strengthened Framework is summarised below. Given the time and resources available we do not present this assessment as ‘the final word’ on this subject. Rather, we provide it as a point of departure for important, ongoing consideration by these players and the AQFC. Ideally these agents themselves need to be requested by the AQFC to report on (a) whether the matters raised are priority issues, and if they are (b) can they be addressed given current resources and established priorities. With this information the AQFC would then be in a position to report on how the strengthened framework is being either embraced or ignored by key players.

We have organised our assessment of who the players are and the actions they can potentially take on the basis of the distinction between ‘direct’ and ‘facilitative’ activity noted above. Direct activity is action that is either prescribed or directly supported by things like incentive or infrastructure funding. Facilitative action refers to brokering activity.

4.2.1 Direct Activity

Within the realm of direct activity we have distinguished between three distinct realms: AQF policy, education and workforce development policy and the broader (but directly associated) policy domains.

*The AQFC as the custodian of AQF policy.*

This Council has responsibility for architecture of the Framework and a range of supportive policies concerned with issues such as generic skills, qualifications issuance, qualification pathway and linkages, register and addition and removal of AQF qualification types policy.

Activities it could undertake to help ensure the positive potential of the new framework is realised includes:

- Educate users on the interpretation of the new AQF;
- Draft guidelines summarising new requirements;
- Report on prima facie anomalies amongst the top 100 most popular qualifications (especially in VET);
- Develop support materials on the design of qualifications, ideally in partnership with leading representatives of the other sectors. This will help achieve greater consistency as between qualifications. It would also be very
• Draft publicity material to address FAQ (and frequently cited fears);
• Prepare a research paper on the lessons from the proliferation of qualifications and providers in VET and overseas higher education student experiences to ensure the farce of history repeating itself is avoided;
• Develop and oversee a comprehensive evaluation strategy including new data collection and periodic review of critical types of qualifications (eg Cert III in schools and VET, Masters level qualifications in Higher Education);
• Monitor the two new tertiary education regulators’ usage of the strengthened AQF and their level of integration; and
• Monitor the uptake of the Pathways and Linkages policy in selected disciplines with the Australian Learning and Teaching Council.

Agents within the education and workforce development policy realm

The area of policy most closely linked to qualifications policy concerns education and workforce development. A strengthened AQF has the potential to provide a common reference point for setting standards in all elements of this sphere of social practice. This will only occur, however, if key players in this realm actively promote adherence to its structures.

1. The Ministerial Council. This organisation has within its ranks the players who can make the most difference in the short run. It meets at least twice annually, makes decisions directed at improving coordination of all elements of Australia’s education systems and has control of considerable resources earmarked for educational purposes.

Activities it can undertake to ensure the key features of the framework are embraced by all actors include:

• Making access to public growth funding in all spheres of education contingent on relevant players, primarily schools, RTOs and universities following AQF structures and standards. Funding may also be linked to movement towards COAG targets and Bradley reforms;
• Reach agreement on and strategies concerning consistent funding, quality assurance, regulatory reporting and governance requirements across the sectors;
• Provide adequate resources to the AQFC and tertiary education regulators to allow them to their job properly;
• On advice from the AQFC, ensure appropriate integration of TEQSA and the National VET Regulator;
• Mandate and allocate adequate resources for evaluation and associated dialogue.
2. *The education sector regulators.* The education system has always had its specialised regulators. In recent times, however, decisions have been made to upgrade the role of those overseeing the VET and higher education sectors. The AQF provides the reference point for policing standards. Indeed, the success of the newly strengthened framework is highly dependent on these bodies doing their job properly. Initiatives these bodies could be responsible for undertaking include:

- Boards of Studies to reach agreement among themselves on an agreed approach on how to implement the strengthened AQF;
- The National VET regulator should devise a strategy and then implement it to address the problems of limited underpinning knowledge in many VET courses, improve consistency in qualifications offered and improve quality in the sector more generally with stricter control on RTOs;
- The two regulators together will need to help create the conditions where trust can flourish between institutions in these two sectors, in order to foster credible and enduring credit transfer arrangements between the sectors;
- AQFC and Skills Australia to have custody of assessing how well integration of the two regulators is occurring and on what basis the integration is occurring (eg is it genuine integration or two regulators co-existing under one formal corporate structure).

3. *Education Institutions.* These are central players in the system. All have distinct traditions of institutional ownership and autonomy – especially schools with their notion of the ‘professional teacher’ and universities with their principles of academic independence. Securing the buy-in of education institutions will be critical for a positive and enduring legacy from the current round of AQF changes. Particular developments that need to occur include:

- Clarifying the role of the SSCE in university selection and how this affects the location and status of such qualifications in the AQF;
- Clarifying the role and design of Certificate I, II and III qualifications provided by schools;
- Clarifying the construction of VET qualifications with regard to mode of delivery, learning times and learning processes;
- Establishing a consensual standard regarding Masters programs;
- Managers at institution level need to devote sufficient resources to enable sensitive and sensible negotiations to occur about credit transfer arrangements between VET and HE institutions.

4. *Stakeholders in civil society.* Education and workforce development are not the sole preserve of education ministers, regulators and teaching professionals and their administrators. Learning for many workers occurs on the job. It also involves agents interested in work – especially businesses, employer organisations and unions. Professional associations also have an interest, ranging from highly exclusive bodies like the Royal Australian College of
Specific issues these groups could assist with in promoting engagement with the new framework include:

- The industrial parties (ie unions and employer bodies), possibly with the assistance of the Industry Skill Councils and Fair Work Australia – could review two issues concerning the status of Certificate III:
  - How, if at all, can courses resulting in this qualification from a VET in schools program be awarded?
  - Is Certificate III (and Level 3) still the most desirable level for situating the knowledge and skills of a fully trained trades person? This issue could also be referred to specialised committees such as that concerned with 21st Century Apprentices recently established by the Federal Government.

- Professional associations could be involved in discussions about how to balance the need for underpinning knowledge with practical experience if there is interest in better linking VET qualifications with those in higher education. This is, for example, a particularly pressing problem in engineering. See Appendix A for further details;

- Establishment of more effective pathways that actually link educational and occupational progression. This would have to involve professional bodies, unions, ISCs and educational institutions if there is to be any chance of enduring change;

- Possible role for AQFC and Skills Australia (along with extant professional bodies) in exploring the possibility of nurturing new structures to give learners and workers voice in nascent streams of common vocational competence (eg ‘care work’, ‘logistics’ and ‘business services’). The ISCs could also be involved in this process.

The realm of broader policy

Often issues relevant to the development of qualified individuals and the deployment of their skills is heavily determined by policies beyond education and workforce development. We have considered two.

1. Social policy. Boosting the participation of disadvantaged groups in the education system and the labour market is difficult. One way in which the qualifications system can help is by having coherent pathways that actually work as such. A critical qualification in this regard is the role and status of Certificate I/II and the Diploma. There would be value in dealing with social policy and employment services agencies to see how well these types of
2. *Employment/Industrial Relations Policy.* Under the new *Fair Work Act* industrial awards are no longer controlled by the parties and tribunals. Instead, they are forms of delegated legislation controlled by Fair Work Australia (FWAs). FWA is obliged to review these instruments *in toto* every 4 – 5 years. There is slumbering resentment at the neglect of relativities in awards over the last two decades amongst some key players in the system. A wholesale review of relativities would provide a perfect place for reconsidering the appropriateness of the Certificate III/trades qualification nexus. Even without a wholesale review, piecemeal reviews of award rates are possible. There is potentially a role for FWA to initiate a review of this issue given the anomalies that exist in the newly modernised awards. This organisation is unlikely take such an initiative without the active support of at least the Federal Government, unions and/or employer groups.

### 4.2.2 Facilitative Activity

Arguably the greatest challenge for the AQFC in its role as custodian of the Framework is not what it does directly. Rather, its biggest challenge is what it does to educate, agitate and organise the wider network for social actors who can bring the strengthened framework to life. In short, successful outcomes of the strengthened AQF cannot be mandated – more often than not they will have to be brokered. Given that the AQF is being strengthened in the context of several other major reforms to education and workforce development, it is possible that the Council, together with an organisation like Skills Australia, can position itself as an active facilitator of a nascent education settlement. The key means at its disposal for successfully achieving this outcome are:

- Preparation of documentation that can help other stakeholders access and work easily with the arrangements;
- Analysis of how it is working and could be improved (see Evaluation Strategy in the next section);
- Bringing together disparate players, but ones which have a tacit common interest in having quality, connected qualifications;
- Nurturing memoranda of understanding where they are appropriate. These could concern improved connections between the different education sectors (or between institutions within them) and between agents in civil society and the education system.

If no one plays this active facilitation role it is almost certain that many of the positive potentials within the strengthened AQF will not be realised. If this occurs we will not witness the emergence of cohesive diversity out of the current situation, but rather a reconfiguration and modernization of long standing difference between
three distinct sectors and between them and particular segments of the labour market.

4.3 Approach to Evaluation

We conclude this report by outlining the key principles that should guide the AQFC’s approach to evaluating the Framework. A well defined and executed evaluation is vital for ensuring the strengthened framework is embedded in the wide range of institutions necessary for ensuring better flows of learning and labour in the future.

Objectives

The key objectives of the evaluation should be:

1. To understand how, if at all, the strengthened AQF has:
   - improved comparability and links between qualifications
   - worked as a reference point for improving quality control in the issuing of qualifications
   - achieved more coherent links between the general and vocational streams of practice.

2. To generate information for key decision makers concerning the operation of the AQF.

Research Strategy

As noted throughout this report the AQF has two fundamental roles to perform: promoting credentials consistency and providing a framework for managing differences arising from qualifications generated by three distinct strands of Australia’s education system. We have also noted that any sensible analysis of the strengthened AQF must recognise it is being implemented in the context of a number of other significant changes in Australia’s system of education and workforce development.

The complexity of both the content and context of the initiative requires an evaluation approach that has both formative and summative elements. Conducting a large scale evaluation in five years time to ascertain whether the strengthening of the AQF has ‘worked’ – as is characteristic of summative evaluations – would be of limited use. The AQF is not a discrete ‘fix’ to limited set of ‘problems’. Rather, it provides a clear reference point for ongoing negotiation to improve flows of learning.

\[31\] Details on the difference between ‘summative’ and ‘formative’ evaluations can be found in Scriven (1967, 1991).
and labour in the economy. It is because of this we propose that any evaluation of the strengthen AQF be both summative and formative in nature:

1. Summative evaluation questions:
   - Have the objectives of the AQF been achieved?
   - How, if at all, did it help with the implementation of other educational and workforce development priorities – especially meeting the COAG targets?

2. Formative evaluation questions:
   - Are the objectives of the AQF being fulfilled?
   - How, if at all, is it helping with the implementation of other education and workforce development priorities?

Key issues to be examined

1. Improvements in the consistency of qualification outcomes within and between educational sectors.

Special attention should be devoted to ‘critical cases’ or ‘benchmark’ qualifications such as:

- SSCEs and its nexus with Certificates I-III,
- Certificates III and IV and their nexus with trades qualifications,
- the role and status of Diplomas as a bridging qualification,
- Graduate Diplomas/Certificates and their nexus with Vocational Graduate Diplomas/Certificates, and
- The level of confidence in the integrity of Masters degrees.

2. Development and use of pathways

It is vital that robust information is generated on how, if at all, connections within and between the distinct education sectors are changing. Equally important is understanding how connections between education and the labour market are changing. A matter of particular significance for policy makers will be understanding what is supporting and inhibiting improvements in such connections.

Two dimension of change require analysis. The first would involve documenting how improved connections are being constructed. This will help answer the question: have better connections between, say, VET and higher education been established? The second would involve gathering information on whether more students and workers are flowing more freely as a result of the improved connections. This would help answer the question: how are improved connections being used by students, workers and employers?
Analysis should report separately on the nature of connections within the education system and on how the education system connects with the labour market. In conducting the evaluation attention should be devoted to both efficiency and equity outcomes. The former is concerned with whether better connections are meeting the needs of the users of qualifications; the latter is concerned with how, if at all, better connections are able to boost both educational and labour market participation and transition rates.

3. Role of the strengthened AQF in achieving other educational and workforce development objectives.

In the opening chapter of this report we noted that a significant number of initiatives are underway in the education/workforce development space. These include the COAG Targets, the Senior Secondary Australian Curriculum, the Bradley Review Reforms, new funding models and the work of Skills Australia’s Workforce Futures. It would be very useful to know how, if at all, improved consistency in qualifications and better pathways help achieve the objectives of these other initiatives – especially the COAG targets. It will be especially important to see if the AQF helps maintain, if not improve, the quality of learning as the flow of students and workers through all parts of the education and workforce development systems increases dramatically in future years.

**The data necessary for informed judgements to be made**

A considerable amount of information is already generated on Australia education system.\(^{32}\) This should be used comprehensively in any evaluation. Given the complexity of the subject matter, however, new data will need to be generated for any systematic evaluation.

1. Data on improved consistency

Capturing information on improvements in ‘consistency’ between qualifications will require a mixture of methods. Central to it will be interviews with key informants to get insights into their understanding of how certain qualifications fare over the coming years. Official data from qualification accreditation agencies could provide a starting point. Interviews with key informants, however, will be vital to ascertain whether the changes are substantial or more superficial in nature.

2. Data on the nature of, and changes in, pathways

Much ink has been spilt on the importance of pathways and specification of what they could be like as a matter of form. Robust data on the paths learners and

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\(^{32}\) For a very comprehensive summary of the extensive volume of statistical material alone see ABS, *A Directory of Education and Training Statistics*, 2009 ABS Cat No 1136.0
workers follow (and which employers draw upon) is scarce. This is because protocols for gathering such information are limited and the cost of collecting such information is great. Given this there is value in starting small and then scaling up studies based on insights gathered from such preliminary work.

- **Case studies of strategically selected occupational streams.** During the course of this brief project we conducted four small scale case studies of how flows of learning and work occurred in the contrasting sectors of people working on land (ie primary industry), people (ie health and community services), money (ie finance) and objects (ie electrical trades and engineering). This highlighted just how differently common systems of accreditation, curriculum development and issuance played out in different parts of the labour market. Further details are provided in Appendix A. There would be considerable value in deepening and updating these studies to ascertain, how, if at all the strengthened AQF and associated policies affects these processes. If there is interest in using this for formal evaluation purposes our case studies would need to be deepened if a robust benchmark is to be established for future reference. Our material was collected to provide initial insights into key issues. We do not hold them out as detailed benchmarking exercises suitable for ascertaining trends over time in the future.

- **More comprehensive longitudinal surveys of learners, workers, employers and education/training providers.** Strategically selected case studies can provide powerful insights into the generative mechanisms shaping intended and unintended policy outcomes. They provide no insight into how the prevalence of particular structures or practices is moving over time. Given the paucity of data on pathways there is a long overdue need for robust information on the paths learners and workers pursue over their life courses. This can be collected in a variety of ways. Ideally, information is collected from the same group of randomly selected students and workers every year or so over a number of years. Pathways are then gleaned by identifying patterns in the observations. This approach can take quite some time to undertake. This limits the ability of policy makers to have robust statistical insights inform decision-making. Another way of gathering such data is to retrospectively collect information from survey respondents. While this is not as reliable as the approach just mention it can still provide powerful indicative data on how people flow through education sectors and workplaces and how, if at all, these domains are linked. Such retrospective information combined with annual or biannual longitudinal survey work would determine if the existence and operation of pathways improves after the strengthened AQF is introduced. To complement the experiences of worker and learner flows, there would also be value in gathering information from employers and education and training providers involved with and/or drawing from the education and workforce development systems.

The conduct of longitudinal studies is complex and expensive. Without this information, however, it is very difficult to make strong calls about the
impact of specific policy interventions. Given the scale of resources devoted to meeting things like the COAG targets, investment in such data collection is a small price to pay. It is in fact vital if we are committed to ensuring any future interventions delivers the best result for the considerable resources invested in them.

3. Data on other changes associated with strengthening of the AQF

The Council has generated considerable information from its call for submissions on the drafts of policies circulated to stakeholders. A similar call for submissions from interested parties should be part of any future evaluation of the AQF. Invariably participants in the education system and labour market have a more intimate understanding of particular issues than policy makers and researchers. It is essential that such thoughtful practitioners are given the opportunity to contribute any insight they might have concerning how the changes about to be introduced impact upon reality.
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Appendix A: Occupational Analysis

Our occupational analysis began with a stylised notion of equivalent educational and occupational pathways, as shown in Figure A1. The industries were chosen to represent a diverse cross-section of working life, traversing health and community services, primary industries, financial services and the manual industries.

Figure A1. Educational and Vocational Pathways

The profiles have been chosen to represent a progression from basic, intermediate, advanced to highly specialised workers. In the following analyses, brief occupational profiles have been provided of these sixteen occupations, with indicators of average levels of earnings, age and gender distribution, and academic attainment (DEEWR, 2010). In general, we observe that more specialised occupations earn a higher income alongside higher levels of academic attainment, but that there is no consistent, let alone linear, relationship between earnings and occupational progression, and educational attainment. We remark also that the female workforce in these occupations is concentrated in the basic to intermediate occupations, and in the provision of care.
A1. Health and Community Services

In our health and community services occupational stream, we consider the educational and occupational pathways available to personal care attendants, enrolled nurses, registered nurses, and general practitioners. Figure A2 gives a simple profile of these occupations. Of the streams considered, health and community services showed the most direct relationship between educational attainment and occupational progress. Our research has been informed by interviews with the Health Workforce Australia, and the National Health Workforce Taskforce.

Figure A2. Health and Community Services Industry Occupational Profiles

<table>
<thead>
<tr>
<th></th>
<th>Personal</th>
<th>Enrolled</th>
<th>Registered</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Worker</strong></td>
<td>93,600</td>
<td>23,200</td>
<td>203,200</td>
<td>39,700</td>
</tr>
<tr>
<td>Avg weekly earnings</td>
<td>$760</td>
<td>$950</td>
<td>$1,100</td>
<td>$2,000</td>
</tr>
<tr>
<td>Median age</td>
<td>43.8</td>
<td>46.8</td>
<td>43.3</td>
<td>41.8</td>
</tr>
<tr>
<td>Proportion female</td>
<td>75.4%</td>
<td>97.3%</td>
<td>89.4%</td>
<td>38.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Academic attainment</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No post school</td>
<td>33.6%</td>
<td>1.4%</td>
<td>6.8%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Cert I/II</td>
<td>1.2%</td>
<td>1.9%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Cert III/IV</td>
<td><strong>48.4%</strong></td>
<td><strong>53.1%</strong></td>
<td>8.6%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Dip/Adv Dip</td>
<td>5.7%</td>
<td>36.5%</td>
<td>19.6%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Bachelor</td>
<td>9.1%</td>
<td>5.9%</td>
<td><strong>52.3%</strong></td>
<td><strong>62.6%</strong></td>
</tr>
<tr>
<td>Postgraduate</td>
<td>2.1%</td>
<td>1.1%</td>
<td>12.7%</td>
<td>31.5%</td>
</tr>
<tr>
<td>Other</td>
<td>-0.1%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Romeyn et al (2010) found that almost a third of community services workers have no post-school qualifications, with greater training uptake in aged and child care due to licensing and accreditation requirements. In a case study of mental health workers, it was found that there are minimal barriers to entry (in terms of qualification or registration requirements) for those working in ‘psychosocial rehabilitation’ (PSR) at the bottom of the skills hierarchy. In the middle, registered nurses and psychologists require a degree and registration, while social workers require a degree but no regulatory requirement for registration (the professional body does however impose a strong preference for registration). At the peak of the skills spectrum, general practitioners and psychiatrists are required to meet the highest formal education and entry requirements.

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33 These roles involve “assisting mental health service consumers to make cognitive and functional gains towards their recovery; where activities involve connecting individuals with services and the community with the aim of independent living and social integration” (Romeyn et al, 2010:23)
Romeyn et al (2010) synthesised a large body of research in the health and community services sectors, and concluded that significant barriers to skill formation and career development exist in certain areas. Foremost of these barriers included:

• The impact of funding models: the prevalence of low-cost funding models, typically emphasising cost-minimisation in an environment of competitive tendering, has constrained the community services sector’s ability to fund training, release staff for training due to heavy caseloads, or use pay to lever improvements in skill.

In their analysis of the mental health services sector, Romeyn et al (2010) found that the nature of pay structures was such that a significant wage differential exists between not-for-profit and government providers. In the not-for-profit sector, this was found to be a serious barrier to workforce development because attainment of further qualifications is not priced into the value paid by government for services; nor does the Social and Community Services (SACS) awards link qualifications and wages.

• High levels of casualised, part-time, contract and agency based employment. The high incidence of these atypical forms of employment is linked to reduced access to training opportunities, with almost half of all casual workers not completing any training at all, compared to around 29 percent of permanent workers (ABS, unpublished data 2006). Combined with high caseloads, particularly for nurses, psychologists and social workers, access to training remained limited, even when a training budget existed.

• Poor job design and perception: Care work, being traditionally outside the productive economy, has been undervalued, with disproportionately lower pay, working conditions and development opportunities than other industries (Meagher and Healy, 2006, cited by Romeyn et al, 2010).

The low status of care work has been entrenched by two key perceptions – the failure to recognise emotional labour as a technical capability, and the underestimation of task diversity and autonomy associated with care work (Romeyn et al, 2010: 25). The researchers argue, for example, that the technical skills for PSR have not been universally defined, nor a systematic, coherent body of knowledge and practice created. This objective, while important for setting industry standards and promoting career paths, has been difficult to reach because unions and peak bodies are faced with fragmented employers, tenuous employment contracts, and significant barriers to training for workers. Moreover, while job roles of mental health workers exhibit significant autonomy and task discretion, their classification continues to undermine the complexity of the work involved. Romeyn et al argue that these roles most closely match the ANZSCO34.

34 Australia and New Zealand Standard Classification of Occupations, which attributes a skill level based on the level of formal education, experience and on-the-job training required to perform occupational tasks
‘Welfare Support Worker’ description (a Skill Level 2 occupation requiring 3 years experience or a diploma qualification), yet pay and actual qualification levels are aligned with the ‘Carers and Aides’ role (a Skill Level 4 occupation which requires a Certificate III or one year’s experience).

Ultimately, these barriers have manifested themselves in severe staff recruitment and retention issues, high workloads, limited access to training and development, and in the not-for-profit sector, low pay. These conditions clearly limit the notion of occupational pathways at both ends of the skills spectrum. There is some scope for the AQF to improve on these outcomes, for example through engaging stakeholders in defining the relevant body of knowledge and practice in areas such as PSR. However, articulation of higher level competencies and career pathways are unlikely to succeed in solving staff recruitment and retention problems while current pay and employment structures remain in place.

Unlike the fragmented community services sector, the medical professions have traditionally controlled the boundaries to entry and continued practice, including regulation of the body of knowledge, assessment procedures and career progression. The Australian Medical Council (AMC) for example, is responsible for accrediting courses, advising medical boards on approaches to registering medical practitioners, and recognising medical specialties. These professions are also bound by statutory registration rules which enforce standards of practice and professionalism – registration currently takes place with state and territory medical boards, and with colleges associated with the various specialties, such as the Royal Australian College of General Practitioners (RACGP)\textsuperscript{35}. From July 1, 2010, ten professions will be unified under a national registration and accreditation scheme (chiropractors, dental care practitioners, medical practitioners, nurses and midwives, optometrists, osteopaths, pharmacists, physiotherapists, podiatrists, and psychologists. Where unregulated professions exist, for example social workers and speech pathologists, the profession body often exerts substantial pressure to meet industry registration standards.

The professionalisation of many medical occupations has been associated with the attainment of university graduate and post-graduate qualifications, and entry to these professions has consequently been defined at this level. While universities self-accredit their courses, they are legally required to meet requirements of the AMC for regulated occupations. The pathway to building competence as a medical specialist currently engages with the AQF only at the entry level. Further training and development, including the setting of curriculum and educational standards, training, assessment and registration criteria, is the responsibility of numerous industry associations and the colleges. This pathway typically involves a 1-2 year internship, admission to, and a traineeship with the college of the chosen specialisation, and the award of Fellowship following the required period of training and assessment.

\textsuperscript{35} A full list of the relevant colleges can be found here: http://www.amc.org.au/images/Recognition/AMC-list-of-specialties.pdf
The medical industry is moving to a competency-based training model from its traditional time-based methods of assessment. Here however, the understanding of competency differs from that in VET insofar as there is a very high level of cumulative, theoretical knowledge necessary for accessing the discipline’s systems of meaning. Generally speaking, Fellowship in a medical college is equivalent to a Masters or Doctorate, however, the requirements of each college differ, and so there is little impetus to integrate their models with the AQF. For example, psychologists require a bachelor’s degree, whereas the College of Medical Administrators require a Masters of Business Administration. While qualifications tend to be a necessary but insufficient condition to practice, regulation is not commensurate with qualifications, and professional development post-degree does not equate to formal qualifications. Regulation relates strongly to risk-management which does not necessarily map well to the AQF.

There are considerable flows between VET and higher education in the nursing occupations, principally between enrolled and registered nurses. Agreements between TAFE and university institutions have facilitated this pathway, with strong traditions in recognising the balance between theoretical and practical components of learning, as well as standards of ethical practice. Other progressions, between technician and professional occupations have also been evident. However, the notion of flexible pathways will encounter challenges from the protective nature of each profession and the complexity of accreditation requirements from one profession to the next. Moreover, as discussed earlier, the lower reaches of the healthcare industry are characterised by an absence of occupational identity and professional bodies. Without these preconditions to develop a body of knowledge and standards of practice, there will be difficulty even establishing educational pathways from these levels. Occupational pathways, while well established for the enrolled nurse to registered nurse categories, will be challenged by the highly specialised and siloed nature of the health professions, which will likely remain outside the scope of the AQF.
**A2. Primary Industries**

In this stream, we consider the nature of pathways between general farm workers, machine operators, farm managers and agricultural scientists. A brief profile of these occupations is shown in Figure A3.

**Figure A3. Primary Industry Occupational Profiles***

<table>
<thead>
<tr>
<th>Primary</th>
<th>Farm Worker</th>
<th>Machine Operator</th>
<th>Farm Manager</th>
<th>Agricultural Scientist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>34,000</td>
<td>12,300</td>
<td>93,200</td>
<td>7,600</td>
</tr>
<tr>
<td>Avg weekly earnings</td>
<td>$768</td>
<td>$1,000</td>
<td>$805</td>
<td>$1,250</td>
</tr>
<tr>
<td>Median age</td>
<td>33.3</td>
<td>45.3</td>
<td>53</td>
<td>43</td>
</tr>
<tr>
<td>Proportion female (of all workers)</td>
<td>42.6%</td>
<td>4.8%</td>
<td>29.4%</td>
<td>21.0%</td>
</tr>
</tbody>
</table>

**Academic attainment**

<table>
<thead>
<tr>
<th></th>
<th>Farm Worker</th>
<th>Machine Operator</th>
<th>Farm Manager</th>
<th>Agricultural Scientist</th>
</tr>
</thead>
<tbody>
<tr>
<td>No post school</td>
<td>61.1%</td>
<td>71.8%</td>
<td>67.7%</td>
<td>21.3%</td>
</tr>
<tr>
<td>Cert I/II</td>
<td>3.0%</td>
<td>1.6%</td>
<td>2.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Cert III/IV</td>
<td>23.3%</td>
<td>12.3%</td>
<td>14.9%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Dip/Adv Dip</td>
<td>11.2%</td>
<td>7.2%</td>
<td>8.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Bachelor</td>
<td>1.4%</td>
<td>4.8%</td>
<td>5.3%</td>
<td>69.6%</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.4%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Other</td>
<td>0.0%</td>
<td>2.3%</td>
<td>0.2%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

*Occupational Data relates specifically to livestock farm workers and farmers, and agricultural operators more broadly.

As highlighted in Figure A3, farm work is characterised by a low level of qualifications and an aging workforce of farm managers. Evesson et al (forthcoming) investigated the nature of workforce development in the Victorian primary industries. As discussed below, their research showed that training in the sector (other than at the scientist level) is done largely on-the-job, with formal training restricted to certain ‘ticketing’ requirements. There has been little formal recognition of farming skills to date, while attaining recognition for prior learning was declared a laborious process.

There have been a number of well documented external pressures which have augmented pressures internal to the industry and individual regions. These external factors have included drought and water costs, rising input prices, and the strong bargaining power of buyers. They find that these external factors have shaped a number of trends with respect to workforce and skill development, and heightened key barriers to educational and career pathways in primary industries (Evesson et al, forthcoming):
• “Sweating the assets” – a migration of workers away from farming localities has occurred due to external pressures, high capital costs of entry and maintenance, breakdowns in succession planning and poor working conditions. The flow on effects critically include significant work intensification for remaining workers and little time for any on or off the job training.

One significant category of workers subject to severe work intensity was found to be heavy machinery operators, contracting out their machines and/or labour. Harvest trail operators for example, who follow the seasonal trail, cited high mortgage repayments and the pressure of tight seasonal windows as driving severe work intensification. Training providers described the difficulty of securing contractors’ attendance at workshops due to these time pressures.

• The sector has the highest levels of non-standard employment, including casual, contract and labour hire work, and provides amongst the lowest wages. These two factors have strong implications on both opportunities and incentives to train (Hall et al, 1998; Burgess et al, 1998; Watson, 2008, in Evesson et al, forthcoming).

• Limited career paths and underdeveloped management structures – the researchers found that breakdowns in farm succession planning, and problems with recruiting or developing managerial expertise severely limited occupational progression. For ongoing farm workers (as opposed to seasonal workers), lack of autonomy and minimal recognition of the skills involved in farm work were cited by study participants as disincentives to train (in addition to long hours and low pay). Almost all training came on-the-job, and formal training was mostly limited to licensing requirements for operating small machinery or using chemicals. Very few farm workers were able to grow their roles into a managerial position.

With respect to farm managers, the expertise required had been sourced from tertiary-qualified general managers, ‘in-the-field’ managers, or from agri-business graduates. Of these options, the first often lacked knowledge of the production process, the second lacked transparent paths of progression and training and was a rare occurrence, and the third has seen falling enrolments and faced criticism of insufficient industry experience.

As with the community services and health industry, issues of educational and occupational progression in the primary industries lie only partly in the scope of the AQF. The research indicated that there may be opportunity to better define the skills and knowledge attached to farm work and management, including both the theoretical and practical components of learning. The procedures attached to recognition of prior learning would also benefit from this exercise, as study participants found the current process unclear and onerous. The researchers found that existing formal ‘extension networks’, currently focused on sharing production techniques, could be leveraged to focus on workforce development and training.
A3. Financial Services

Our investigation of the financial services sector considered the progression from clerk, to loan officer, to dealer to investment manager, and is profiled in Figure A4. The research principally involved interviews with

- Innovation and Business Skills Australia (IBSA), the Industry Skills Council responsible for developing VET training packages for the financial services sector,
- Andre Lewis and Associates, the consultants conducting the latest review of the Financial Services training package, and
- the CFA Institute, the organisation responsible for administering the globally recognised Chartered Financial Analyst (CFA) designation.

Figure A4. Financial Services Industry Occupational Profiles

<table>
<thead>
<tr>
<th>Commercial</th>
<th>General Clerk</th>
<th>Loan Officer</th>
<th>Financial Dealer</th>
<th>Investment Manager*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>156,400</td>
<td>31,000</td>
<td>22,900</td>
<td>35,900</td>
</tr>
<tr>
<td>Avg weekly earnings</td>
<td>$850</td>
<td>$1,057</td>
<td>$1,242</td>
<td>$1,380</td>
</tr>
<tr>
<td>Median age</td>
<td>40.5</td>
<td>37.3</td>
<td>37.3</td>
<td>38.5</td>
</tr>
<tr>
<td>Proportion female (of all workers)</td>
<td>81.9%</td>
<td>58.7%</td>
<td>33.4%</td>
<td>29.8%</td>
</tr>
</tbody>
</table>

Academic attainment

| No post school         | 59.3% | 53.2% | 22.2% | 12.0% |
| Cert I/II              | 1.6%  | 0.7%  | 0.0%  | 0.0%  |
| Cert III/IV            | 13.9% | 11.5% | 8.4%  | 5.0%  |
| Dip/Adv Dip            | 10.7% | 5.9%  | 16.3% | 26.0% |
| Bachelor               | 10.7% | 25.3% | 39.6% | 40.5% |
| Postgraduate           | 3.7%  | 3.5%  | 13.5% | 16.5% |
| Other                  | 0.1%  | -0.1% | 0.0%  | 0.0%  |

*Occupational data relates to investment managers as well as financial advisers. While these roles are very distinctive, more finely classified data was not available

The financial services industry places a premium on higher education qualifications for access, but not progression. The industry is organised around a high level of general skills at entry, and then a suite of highly recognised and valued qualifications which lie outside the AQF. Many occupations have formal licensing requirements, either statutory or enforced by industry peak bodies, which strengthen the recognition of these qualifications. Even without formal licensing requirements, these qualifications are often valued for their development of a disciplinary body of knowledge, enforcement of standards of practice, and integration of relevant work experience.

Feedback from the participating organisations suggested that recruitment in financial services substantially takes place amongst university graduates, although there is
little evidence to suggest that the work itself requires tertiary-level skills. There are weak associations with the VET sector in place, and IBSA noted very low uptake of their Financial Services training package, with almost four times as many students enrolled in the broader Business Skills training package in 2007 (NCVER, 2008).

The broad streams of study in VET include accounting, financial planning, insurance, conveyancing, personal injury management, and superannuation. Entry requirements to the industry do not consider qualifications below the Certificate IV level, with Certificate IV regarded as a common stepping stone to Diploma level study, for example in accounting. Many of the occupations attracting VET graduates have industry licensing or certification requirements, such as membership in the Institute of Certified Book Keepers, or the Certified Financial Planner designation, which have their own standards of competence and requirements for practical experience. Accounting attracts the highest number of enrolments, with the accounting profession supporting the TAFE-delivered Diploma and Advanced Diploma courses. Attainment of this level qualifies the student to work as a junior accountant, under close supervision.

Occupational progression beyond this level in accounting typically requires higher education qualifications, with articulation from VET to university limited by strong differences in the two sectors. At the higher education level, while undergraduate or Masters degrees with accounting majors are important, qualifications such as Certified Practising Accountant (CPA) and Chartered Accountant (CA) are more highly valued as enforcing industry standards of practice and behaviour. The CA designation, for example, requires an undergraduate degree, completion of five academic modules, and three years of mentored work experience. Completion of the CA qualification also grants the student the higher education award, Graduate Diploma of Chartered Accounting, which can be used for credit transfer when enrolling in Masters degree programs in Australian universities.

Movement from the low entry-barrier position of clerk to loan officer position would typically be attained through non-accredited, in-house training. Further progression is likely to be limited without attaining a degree. The higher level occupations would almost be without exception recruited from degree-qualified applicants, although career pathways exist for graduates from non-finance disciplines with adequate numeracy skills. A significant number of workers are likely to be engaged in further study – ABS data indicates management/commerce students form around a third of all postgraduate students, where 73 percent of students are working full-time or part-time (ABS, 2009a). This is an imperfect measure of the levels of further study occurring in the financial services sector, however we do know that there are over 5000 students currently enrolled in the CFA program, most of whom are working full-time. The CFA qualification requires passing Levels 1 to 3 exams, plus four years investment industry experience. There are currently over 86,000 CFA charterholders worldwide, with 1249 in Australia.

The financial services sector consists of substantially unlicensed and broad groupings of occupations – at the higher end of the skills spectrum, this reflects the complexity
of different financial instruments, asset classes and markets, as well as swift product innovation. Critically, qualifications rarely align with job descriptions and qualifications are typically used as an entry screening process, with graduates from a wide range of disciplines being accepted and then trained on-the-job in specialised skills. Despite this dynamism, a robust body of knowledge and practice has been developed and diffused to both students and practitioners. For example, the CFA program currently has seven Australian university partners which share a process of curriculum development such that learning outcomes reflect both the academic rigour and practice-orientation desired by the CFA Institute. For instance, there is approximately 70 percent overlap between the CFA syllabus and a Masters of Finance program. The syllabus itself is developed through ‘practice analysis’, which involves extensive collaboration with charterholders and employers worldwide to develop a ‘candidate body of knowledge’. The learning outcome statements underpinning the modules of each exam level are derived from this body of knowledge. Additionally, there are extensive quality control procedures in place governing curriculum and exam development, exam administration, and risk management of all elements of the CFA program.

The CFA Institute regards its program as a ‘generalist’ platform for further learning in financial services, and noted that many charterholders went on to specialise further, attaining qualifications provided, for example, by the Global Association of Risk Professionals and the Chartered Alternative Investment Analyst Association. While progression is arguably a function of degree-level formal education, further professional study such as the CFA program, and experience (and success) on-the-job, typically however, progression occurs internally and is seldom linked to the acquisition of qualifications. Indeed, CFA charterholders are concentrated in the high end research analyst and portfolio manager roles (45% of all Australian charterholders).

The CFA qualification and others like it remain outside the AQF, with no credit transfer or recognition procedures in place. Importantly, the CFA Institute has worked with the National Recognition Information Centre (NARIC) in the UK to benchmark the CFA program to a Masters degree. This process has allowed the CFA designation to facilitate improved credit and even immigration arrangements in its position as a Masters degree equivalent. Such an exercise may be possible within the AQF, pending the outcome of the current review. This has already been the case, for example, for the Institute of Chartered Accountants, whose designation is equivalent to a university-delivered Graduate Certificate qualification.

36 La Trobe University, Macquarie University, Monash University, University of Adelaide, University of Melbourne, University of Sydney, University of Technology,
A4. Manual Industries

Our analysis of the ‘manual industries’ considers the theoretical progression from trades assistant, electrician, engineering technologist, to electrical engineer. A guide to these occupational profiles is given in Figure 5. Our key stakeholder interviews in these sectors were with the Electrical Trades Union (ETU), and the peak professional association, Engineers Australia (EA).

Figure 5. ‘Manual’ Industry Occupational Profiles

<table>
<thead>
<tr>
<th>Manual</th>
<th>Trade Assistant</th>
<th>Electrician</th>
<th>Engineering Technologist*</th>
<th>Electrical Engineer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>56,200</td>
<td>120,400</td>
<td>6,500</td>
<td>17,800</td>
</tr>
<tr>
<td>Avg weekly earnings</td>
<td>$847</td>
<td>$1,000</td>
<td>$1,500</td>
<td>$1,540</td>
</tr>
<tr>
<td>Median age</td>
<td>39</td>
<td>34.5</td>
<td>37.8</td>
<td>38.5</td>
</tr>
<tr>
<td>Proportion female (of all workers)</td>
<td>25.5%</td>
<td>1.3%</td>
<td>15.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Academic attainment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No post school</td>
<td>71.4%</td>
<td>29.7%</td>
<td>3.7%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Cert I/II</td>
<td>2.8%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Cert III/IV</td>
<td>16.1%</td>
<td>65.9%</td>
<td>2.4%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Dip/Adv Dip</td>
<td>3.1%</td>
<td>3.1%</td>
<td>10.7%</td>
<td>17.6%</td>
</tr>
<tr>
<td>Bachelor</td>
<td>5.7%</td>
<td>1.2%</td>
<td>69.3%</td>
<td>44.1%</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>0.8%</td>
<td>0.1%</td>
<td>13.9%</td>
<td>20.4%</td>
</tr>
<tr>
<td>Other</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

*Occupational data for technologists is not separately classified and falls within ‘Other Engineering Professionals’, which also includes occupations such as naval architects and aeronautical engineers

The transition from the lowly-esteem trades assistant role to an electrician’s role requires completion of the Certificate III in Electrotechnology Systems, plus a final assessment to meet licensing requirements administered by the National Uniform Electrical Licensing Advisory Council. Delivery of this training is typically through an apprenticeship, where apprentices often fulfil the role of trades assistant, and there is a clear labour market outcome post-training. Training involves structured on and off the job learning, with strong theoretical and practical components. Building capability in the trades requires strong underpinning knowledge, and as such, is difficult to unbundle into specific skills required by the competency based training model. The industry (including the ETU and EE-OZ, the Industry Skills Council for electro-communications) has therefore pushed for its own learning, assessment and curriculum development plans, maintaining educational standards while working within the competency based system.
Historically, accreditation (for licensing purposes) required a certificate from TAFE as well as certification from the employer and the relevant apprenticeship authority. Currently, the Registered Training Organisation (RTO) has responsibility for assessing both the theoretical and practical components met, as well as issuing the qualification. Strong concerns have been raised regarding inadequate quality controls in place governing providers, who have commercial incentives to ‘sign off’ early on competency levels reached – for example, there are RTOs known to accelerate four year courses into 18 months. Such commercial imperatives stand to compromise educational standards.

There are also great concerns about the appropriateness of the Certificate III designation attached to the electrical trades, with the challenge of ‘equivalent’ Certificate III courses (such as VET-in-schools) involving less complex learning and learning time. There has also been a push from the secondary schools sector for completion of Year 12 to be designated equivalent to Certificate IV – this would disrupt the already tenuous notions of hierarchy between qualifications, but also have serious implications for the award system in occupations tied to formal qualifications (such as electrical trades). The ETU estimated that an upgrade to Certificate IV in requirements for the electrical trades would result in a 20 per cent wage increase.

Despite there being clear educational pathways, for example from trades assistant to licensed electrician, and strong demand for electrical tradespeople arising from the resources sector, there are severe shortages of electrical apprentices due to the realities of the labour market – trades assistants are able to access higher earnings in other low skilled jobs, and there is limited employer investment in training. There is little sense of a shared responsibility amongst employers (including public sector electricity authorities) to train apprentices, with poaching being the predominant method of acquiring necessary skills.

Both EA and the ETU estimated low levels of articulation between VET and higher education – while both organisations acknowledge the higher order knowledge required of engineers, there is seemingly little impetus for tradespeople to move to paraprofessional status. Within our aspirational pathway, it appears then that the most likely gap occurs between the trades and the para-professionals/professionals. In this case, while difficulties in mapping the competencies attained within the VET qualification to the curriculum of an engineering degree would be paramount, these institutionalised differences within the AQF may in fact play only a minor role.

Responsibility for the body of knowledge and practice, and standards of entry and practice in engineering, fall largely with Engineers Australia (EA). EA is responsible for accrediting courses and qualifications, providing professional development courses, and conducting assessment of skilled migrants as well as practitioners applying for the Chartered Professional Engineer and Chartered Engineering Technologist designations. These activities are in line with international standards, as part of its obligations as a signatory to the International Engineering Alliance (IEA). These obligations include developing competency standards aligned to the IEA’s
statement of Graduate Attributes and Professional Competencies\textsuperscript{37}, as well as following guidelines on assessment and accreditation. Competency standards are also maintained for the assessment of mature practitioners seeking Chartered status. Finally, EA is subject to auditing by IEA, and EA has the authority to audit its Chartered members.

Occupational progression from the paraprofessional status of an Engineering Associate, to an Engineering Technologist, to a Professional Engineer is tightly bound to paths of formal education. Access to the Engineering Associate level is granted through attainment of a university-based Associate Degree, or a VET-based Advanced Diploma. Completion of this level suffices for advanced standing in the Bachelor of Engineering Technology, a requirement for the Engineering Technologist role. Finally, attainment at this level grants advanced standing in the Bachelor of Engineering degree. A further one and half to two years study fulfils the requirements for the Professional Engineer designation.

EA indicated that substantial difficulties have arisen due to the differences in the VET and higher education learning models – competency based training versus curriculum driven learning. As a representative of EA clarified:

‘Ideally… an Advanced Diploma would give a year’s credit into a 3 year Bachelor of [Engineering] Technology, but this is another big issue at the moment, and the universities are really wrestling with this in a big way, because they have lost faith in the Advanced Diploma [graduates] coming out of the TAFE sector …simply because of the TAFE sector having to move to this competency based framework, there has quite a loss of academic rigour’

The divergences are such that EA employs a separate accreditation system for the VET-based Advanced Diplomas and for university based Associate Degrees for admission to the Engineering Associate designation. These qualifications should be theoretically equivalent, corresponding to Level 6 in the proposed levels-architecture. As such, EA is concerned with the level descriptors being too broadly specified, with there being ‘excessive degrees of freedom’, and deviating significantly from the tightly specified competency standards derived by EA in line with global standards.

Their concern extends from the notional equivalence of Associate Degrees and Advanced Diplomas, to Graduate Certificate/Diplomas offered in both VET and higher education. While VET-based Graduate Certificates/Diplomas are rare in engineering, there is great concern that they are not a viable path into the Engineering Technologist role (currently requiring a three year bachelor’s degree) due to differences in the nature of curricula and learning outcome statements.

Articulation within the paraprofessional and professional streams varies by state and stream of engineering. For example, EA has found Queensland universities to be better configured to promote articulation by offering, for instance, distance

\textsuperscript{37} For more detail, see http://www.washingtonaccord.org/GradProfiles.cfm
education. Pathways between the trades and the professions are limited in areas such as the electrical trades/professions, but clearer between, for example, the construction trades and civil engineering. Moreover, EA has found that the Engineering Technologist role, while highly esteemed overseas and often encompassing responsibilities such as project management, has attracted declining numbers in Australia. We cannot say definitively here what drives these working life choices – certainly there are differing levels of occupational identity and esteem, but also pay and working conditions which will factor into these movements. We do not envisage that the arrangements of the AQF enable better pathways for certain types of engineers.

The AQF has a strong bearing on these industries, as licensing, entry and registration requirements are closely tied to formal qualifications. The system is far from perfect however, as EA described in its exhaustive attempts to map international standards to EA competency standards, to the different educational models in VET and higher education. Moreover, the Chartered Professional Engineer designation lies outside the AQF, and is based on a ‘second-stage’ competency standard internal to EA. However, within the proposed architecture lies an opportunity to accommodate the reality of how these industries engage with the AQF. Its success depends on at least attempting to reconcile cross-sectoral differences in curricula and learning outcomes, and specifying the levels with a balance of specificity and broadness to ensure meaningfulness.
A shared responsibility

Apprenticeships for the 21st Century

Expert Panel
Mr Jim McDowell, Chair
Mr Dave Oliver
Ms Marie Persson
Mr Royce Fairbrother
Ms Simone Wetzlar
Dr John Buchanan
Mr Tim Shipstone
Foreword

Senator the Hon Chris Evans  
Minister for Tertiary Education, Skills, Jobs and Workplace Relations  
Parliament House  
Canberra ACT 2600

The Hon Wayne Swan MP  
Treasurer  
Parliament House  
Canberra ACT 2600

31 January 2011

Dear Minister and Treasurer

On 16 July 2010, the Hon Simon Crean MP, former Minister for Education, appointed the Apprenticeships for the 21st Century Expert Panel to advise the Government on reform options for the Australian Apprenticeships system.

On behalf of the panel, I am pleased to provide you with our final report.

The Australian Apprenticeships system has a long history in Australia as an effective vehicle for employment based learning. It has been the basis of skill formation for many years and we believe this will continue for many years to come. Our findings show that although the Australian Apprenticeships system is not fundamentally broken, there are areas where the system should be reformed to allow it to meet the skills needs of the 21st century economy.

We have placed great importance on ensuring that our recommendations are supported by strong evidence. We have looked closely at the considerable research that has been undertaken on the Australian Apprenticeships system in recent years. Our report is also underpinned by a detailed study of the economic costs and benefits of the current Australian Apprenticeships system which was undertaken by the National Centre for Vocational Education and Research.

We have also taken into account the views of a wide range of stakeholders with whom we have consulted as critical friends. All are driven towards the same outcome: to ensure Australia has a high quality and internationally competitive Australian Apprenticeships system, able to support the nations prosperity into the future.

Inevitably we will not please all of the people all of the time and the recommendations contained in this report are not intended solely to burden government with what is, in reality, a responsibility shared by both industry and government to meet an existing and future business need: that of a more efficient and effective system of producing large numbers of highly trained, highly skilled and highly motivated vocational employees.

I would like to express my gratitude to my colleagues on the Expert Panel - Mr Dave Oliver, Ms Marie Persson, Mr Royce Fairbrother, Ms Simone Wetzlar, Dr John Buchanan and Mr Tim Shipstone for their passion and energy throughout the entire process.
We have all strived to provide a comprehensive response to our terms of reference. We believe our response will provide a robust policy framework for the Australian Apprenticeships system into the future.

Yours sincerely

[Signature]

Mr Jim McDowell
Chair
Apprenticeships for the 21st century Expert Panel
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Executive summary

The Australian Apprenticeships system

The Australian Apprenticeships system will require significant improvement to performance, such as retention, completion outcomes and its impact on productivity and innovation, if Australia is to respond effectively to the challenges of competing in a global marketplace. A skilled and flexible workforce that can meet these challenges will be critical to Australia’s future standard of living.

A productive workforce is vital to respond to Australia’s changing needs. The Australian Apprenticeships system provides an ongoing source of skilled labour for the economy. It provides a pathway to skills in the traditional trades and encompasses skills formation pathways for other sectors, such as emerging industries from technological innovation and growth industries including the health and community care services sector. In order to meet these changing needs and improve the Australian Apprenticeships system, governments and industry must work together. This is a shared responsibility.

Apprentices and trainees currently represent 25 per cent of the 1.7 million students enrolled in the Vocational Education and Training (VET) system and 3.8 per cent of the entire workforce\(^1\). The importance of the system is highlighted by the fact that more than 1.2 million workers are represented in the technical and trade sector, which represents more than 13 per cent of the entire Australian workforce\(^2\). The quality, effectiveness and fit-for-purpose nature of the national training system and of the Australian Apprenticeships system will impact on the productivity of the wider Australian economy.

For decades, Australians have completed apprenticeships and traineeships that have provided pathways into satisfying and rewarding careers in a trade or vocation, or into further training, skills development and leadership. It is our responsibility to ensure that Australian Apprenticeships remain a valued pathway.

Our report contains a range of recommendations which are designed to achieve a high quality Australian Apprenticeships system, a system which will meet the skill needs for a changing Australian economy, as well as the aspirations and expectations of all of its participants. A key step towards success is in taking on a ‘shared responsibility’ for outcomes, by all stakeholders. We have considered the National Centre for Vocational Education Research (NCVER) commissioned research and other research sources to inform our recommendations. We have not presented this research in detail in our report, but encourage readers to consider it when available.

The need for reform

We have identified a number of major challenges which we believe need to be addressed if the Australian Apprenticeships system is to meet the skills needs of the 21st century economy. These include:

Skills shortages

It is projected that labour market conditions across the Australian economy will tighten. Overall unemployment is projected to fall to 4.75 per cent by the June quarter, 2012\(^3\). However there are certain sectors of the economy that, despite falling unemployment, are particularly affected by skills shortages, such as engineering and the traditional trades. For example, there is projected to be a shortfall of 36 000 tradespeople in the resources sector by 2015\(^4\). Historically, skilled migration has been


\(^2\) ABS ‘employee earnings, benefits and trade union membership’, 6310.0, August 2009

\(^3\) Budget Strategy and Outlook 2009-10 – Statement 2: Overview, Australian Government, 2010

\(^4\) Resourcing the Future, National Resource Sector Employment Taskforce, July 2010
an integral part of the strategy to alleviate skills shortages, combined with Australian Government incentives to promote the Australian Apprenticeships system.

**The economic cycle**
The current Australian Apprenticeships system is sensitive to the economic cycle, with experience showing that apprenticeship commencements drop markedly during an economic downturn.

**Completion rates**
Completion rates for Australian Apprenticeships are unacceptably low (about 48 per cent). This represents a significant economic cost, given the time and resources provided for both on-the-job and off-the-job training. There are a range of issues that commonly emerge from the research about reasons for non-completion, including: workplace or employer issues, lack of support, low wages and not liking the work.

**Investment in training by employers**
We are concerned that the current rate and patterns of investment in training by employers will not address skills shortages. The benefits to employers for investment in training include increased skill levels, improved retention and staff morale. We strongly believe that skills development through apprenticeships and traineeships must be seen as a shared responsibility between governments, industry, individual employers and apprentices and trainees themselves. The system should support those employers that invest in skills development through apprenticeships and traineeships to achieve business productivity outcomes that will benefit the economy over the long term.

**The system is complex**
The current system suffers from administrative confusion as governance structures, responsibilities and custodianship of the system remain unclear to many users.

**Misalignment of the Australian Apprenticeships system and the workplace relations system**
The workplace relations system does not complement the Australian Apprenticeships system, which has created potential barriers to the system being able to deliver maximum productivity. For example, most modern awards do not include provision for competency based wage progression.

**Four themes**
Four themes have emerged from consideration of our terms of reference. The themes highlight challenges associated with the system and suggest reforms to enhance the ability of the system to contribute to the productivity of the Australian economy. The four themes are:

1. **A model of skills formation**
The combination of employment-based training and formal off-the-job training as a feature of the Australian Apprenticeships system has proven to be a successful model over a long period of time. We have identified three core elements which underpin skill formation through apprenticeship and traineeship pathways: an employment relationship; high quality on and off-the-job training and transferability of skills.

Building on the foundation of these elements, we believe there are three distinct phases that contribute to skill formation through the Australian Apprenticeships system. These are:

- effective pathways for entry into the system
- high quality employment relationships, including high quality training both on-the-job and off-the-job, strong induction processes and effective support such as mentoring and pastoral care
- opportunities for career development.
2. The leadership of the system
Multiple jurisdictional contexts coupled with a lack of clear distinction of the responsibilities of service delivery organisations, have contributed to a confusing and complex experience for participants. This has contributed to a perceived lack of effective overall governance arrangements. We believe a custodian of the Australian Apprenticeships system would greatly improve outcomes from apprenticeships and traineeships.

3. The sustainability of the system
Australian Apprenticeships represent an investment by industry and government. The evidence provided by NCVER and other sources shows incentives paid to employers have only a marginal effect on their decision to employ an apprentice or trainee. It is difficult to target areas of skills shortage with a broadly based ‘one-size-fits-all’ system of incentives. The employment relationship between the apprentice or trainee and the employer, as well as the quality of the training provided are both critical to the successful completion of the Australian Apprenticeship. Support mechanisms for both the apprentice, trainee and the employer, such as mentoring, pastoral care and quality training provision are required. A shared investment by both government and industry is essential to build these support mechanisms into the system. Current Australian Government investment should be redirected to support the successful completion of an Australian Apprenticeship. In addition, alternative support may be required for employers and Australian Apprentices at times of economic downturn.

We have also identified that in supporting the sustainability of the Australian Apprenticeships system consideration should be given to increasing participation in Australian Apprenticeships through three key areas: improving pathways into the system; extending the reach of the system through the engagement of disadvantaged learners; and re-establishing the status of apprenticeships and traineeships system as valued career pathways.

4. Interaction with modern awards and workplace relations legislation
There is currently a lack of integration between the Australian Apprenticeships system and the workplace relations system. We note particularly the inconsistencies in modern awards on a range of issues related to apprenticeship and traineeship wages and conditions. For apprenticeships and traineeships, this includes provision for part-time participation, adult wage rates, allowances and recognition of pre-apprenticeship training. The workplace relations framework needs to complement and support the VET system, be responsive to the needs of industry and encourage the take-up and completion of apprenticeships and traineeships.

The way forward

A system that is responsive to the evolution of the economy and occupations
The return on Australian Government investment in training is not evident in some Australian Apprenticeships compared to others, as found by NCVER\(^5\). This report also found that some existing Australian Apprenticeships have provided a pathway into the labour market and assist unskilled or disadvantaged groups, who may otherwise struggle to be competitive and to gain employment.

In a time of fiscal restraint the Australian Government should review its economic contributions to the Australian Apprenticeships system. We encourage a discerning and strategic approach to Australian Government financial investment. Therefore we consider that only apprenticeships and traineeships that support equity objectives or that are priorities for the Australian economy should be eligible for ongoing Australian Government financial investment. These would be considered ‘eligible apprenticeships and traineeships’.

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\(^{5}\) NCVER, Report 4, The economics of apprenticeships and traineeships, 2010
It is important to remember that a fundamental element of an apprenticeship or traineeship is the employment relationship, underpinned by a training contact and quality training. We believe the employment relationship should be protected and maintained during most economic fluctuations. There are a number of ways to achieve this, for example, by innovative and flexible responses, such as reduction of work hours off-set by additional training, increased off-the-job training, placement with other employers within the industry and increased mentoring and support. Assistance should be provided to those employers that make an effort to retain Australian Apprentices and provide training during an economic downturn.

We envisage an Australian Apprenticeships system that supports high quality employment and training arrangements under training contracts for both apprenticeships and traineeships in the traditional trades and also for non-trade vocations. We envisage a system that reflects the requirement for flexibility in a changing economy while maintaining high quality vocational standards overall.

**Quality training and support**

The research is clear that many individuals do not complete their apprenticeship or traineeship due to poor experiences in the workplace, concerns with the employment environment and feeling under-supported. Research also suggests that better support for apprentices and trainees reflects positively on the whole experience and profile of the system, as well as improving retention and completion rates. Mentoring and pastoral care are identified as the most significant support strategies that are particularly beneficial in supporting apprentices and trainees through to completion of their training. Whilst we acknowledge that some employers provide high quality training, mentoring and support, our research suggests that many individuals do not complete their apprenticeship or traineeship due to poor on-the-job experiences. There is also evidence of inconsistency of investment in training by employers. The current system of broad-based incentives does not adequately assure the quality of on-the-job training and other necessary and complementary services provided by employers.

We suggest a new mechanism of structured support for employers and their apprentices and trainees. The financial resources currently devoted to the one-size-fits-all incentives should be re-targeted to support these new mechanisms. Some employers are effective and competent at developing an apprentice or trainee in their workplace. However, not all employers have the same high standards. The assurance of the integrity and high quality of training are of utmost importance. We suggest the establishment of two schemes to support high quality employment placements. Firstly, we suggest employers participate in an accreditation scheme before engaging an eligible apprentice or trainee. Secondly, for employers of eligible apprentices or trainees, an Excellence in Employment scheme, to recognise employers who consistently provide high quality training, mentoring and support for their apprentices or trainees.

Support should also be oriented towards mentoring and pastoral care activities which are known to improve completions. This support should only be available to eligible employers of apprentices and trainees and would be funded through a shared investment between the Australian Government redirecting some employer incentives and a new employer contribution arrangement.

We recognise the importance of personal benefits provided to assist apprentices and trainees. We support the continuation of these personal benefits, consistent with existing eligibility arrangements. We believe it is also appropriate that additional support is provided to disadvantaged groups and their employers to increase their participation in the Australian Apprenticeships system.
**Investment**

The Australian Government directly spends around $1.2 billion per annum to support Australian Apprenticeships. Further funding is provided to the state and territory governments to support training delivery. Some states and territories supplement Australian Government funding with subsidies and incentives.

The community rightly has an expectation that the Australian Government investment in the Australian Apprenticeships system will deliver results and value for money. We do not believe the current investment is being targeted as effectively as possible. There needs to be better accountability for results, including meeting training and completion outcomes, encouraging innovation and meeting best practice standards and benchmarks. However the system will only improve if there is support from all who will benefit from an improved system. The resources to underpin a quality training framework should not come from the Australian Government alone. We believe this is a ‘shared responsibility’ jointly funded by both government and industry.

An Employer Contribution Scheme (ECS) should be introduced to assist with providing the necessary resources to support a strong Australian Apprenticeships system. Contributions made by individual employers to the ECS would be matched by the Australian Government. The ECS would be managed by industry. If adopted the ECS could be operated so that those employers who perform strongly by providing high quality training and support would have their contributions returned either in part or in-full, through a rebate system.

**A simpler, more user friendly and effective Australian Apprenticeships system**

Legislative responsibility for education and training arrangements for the current system are divided between the Australian Government and state and territory governments. More effort must be applied to realising the objectives of Council of Australian Governments (COAG) agreements to align the current eight jurisdictions to ensure they work together more effectively to improve movement into and through the system.

The system can be baffling for those unfamiliar with it, particularly a young Australian Apprentice who is beginning their career. In this report we include a case study example for a new entrant into the system. It demonstrates in a practical way how difficult the system can be for an individual to navigate.

There is a need to focus on the actual functions and services that must be delivered and to remove duplication. No single body governs the whole system. The system needs a ‘National Custodian’ that can provide advice, maintain a national framework and overcome difficulties in system mobility. The introduction of the Unique Student Identifier (USI) will greatly simplify any movement, between Registered Training Organisations (RTOs), employers or interstate. Once fully operational, the USI will also enhance reporting, monitoring and research within the system with improved accuracy.

**Making Australian Apprenticeships valued and attractive**

The Australian Apprenticeships system has developed from the medieval United Kingdom guilds–based tradition and therefore has an extensive history, which we believe has stood the test of time. The combination of on-the-job and off-the-job training for Australian Apprentices is a model that can work. The Australian Apprenticeships system performs an undeniable public good in providing a supply of necessary and valued skills for the nation and a pathway for satisfying careers for many Australians.

We believe the traditional strengths of the system can be built on. This includes the strong support that has been provided to the system over time from industry, unions, governments, the training sector and the wider community.
Australian Apprenticeships, especially traditional trades are an undervalued career choice and often described in negative terms. For example, they are often perceived as physically demanding, unsafe, dirty and poorly paid. Australian Apprentices are often viewed as being from a lower socio-economic background, without the capabilities to enter university and so apply to enter an Australian Apprenticeship. The decision in 1998 to combine apprenticeships and traineeships together under the umbrella term 'Australian Apprenticeships' has created a branding confusion about what an Australian Apprenticeship is within the market place, partly because information on Australian Apprenticeships is produced by various organisations with disparate functions. Also, each jurisdiction determines whether the qualification is via an apprenticeship or traineeship pathway creating added complexity in the branding of Australian Apprenticeships.

There should be a strategy to lift the status of apprenticeships and traineeships as representing a pathway towards a satisfying career. There should also be strategies to increase involvement by males and females in non-traditional gender occupations. A plan should be developed that targets career counsellors, parents, the community, students and employers. There should also be clearer links to school-based VET programs that provide valuable pathways to an apprenticeship or traineeship. VET in Schools could emerge as a much more significant pathway to an apprenticeship or traineeship if the quality of VET in Schools training was regulated in the VET system.

Consistency in wages and conditions

We believe there is scope for a better approach to support the needs of the apprentices and trainees. This includes facilitating arrangements for the effective implementation of competency-based training progression (and associated wages progression) for apprentices and trainees. The role of Recognition of Prior Learning (RPL) and Recognition of Current Competencies (RCC) is also significant, given the increased number of mature age Australian Apprentices.

We also note the disparity in Australian Apprenticeship and training arrangements in modern awards with respect to several issues including adult Australian Apprentice rates of pay, recognition of pre-apprenticeship training and part-time arrangements for Australian Apprentices. We encourage and endorse a broad review conducted by Fair Work Australia (FWA) into apprenticeship and traineeship wages and conditions. We note that a large number of Australian Apprentices appear to be receiving above award rates of pay, which likely means that Australian Apprenticeship wage rates contained in awards do not reflect the current market for those wage rates. Whilst many Australian Apprentices receive above award wage rates, the safety net (or minimum wage rates in modern awards) should reflect the changing demographics of Australian Apprentices. This includes more mature age people, many from diverse backgrounds and with a range of experiences choosing to enter into an Australian Apprenticeship compared to the past.
**Recommendations**

1. Establish a National Custodian to oversee reform that will ensure Australia has a high quality Australian Apprenticeships system that:
   - responds to the needs of the economy
   - supports nationally consistent standards for employment and training of apprentices and trainees
   - focuses on retention and completion of apprentices and trainees
   - supports high quality skill development to ensure all apprentices and trainees have well rounded and highly respected skills required by the economy.

   As a first step an independent taskforce should be established to work with the eight jurisdictions to align their systems and develop a framework and process for the establishment of the National Custodian. The taskforce would be led by an independent chair and have a representative from each state and territory government, a union and an employer group.

2. Enhance the quality and effectiveness of the Australian Apprenticeships system by clarifying the roles and consolidating the number of stakeholders in the system, ensuring that services are provided by the most appropriate provider, duplication of service delivery is reduced and administrative processes are streamlined. The National Custodian would ultimately be tasked with this role and will require Australian and state and territory governments – in consultation with industry, unions and other key stakeholders – to work together. In the interim the independent taskforce would progress this work.

3. Establish a formal accreditation process for the pre-qualification and training of all employers of apprentices and trainees to ensure a nationally consistent minimum standard of high quality employment and training is provided. In addition establish an Excellence in Employment Scheme to recognise and reward those employers who have consistently demonstrated their commitment to excellence in training apprentices and trainees.

4. Establish structured support for employers to provide high quality employment and workforce development experiences for eligible apprentices and trainees. The focus of Australian Government support should be on assisting employers to provide high quality on-the-job and off-the-job training through support services such as mentoring and pastoral care.

5. Redirect current Australian Government employer incentives to provide structured support services to eligible apprentices and trainees and their employers in occupations that are priorities for the Australian economy. While a wide range of occupations should be trained through apprenticeship and traineeship pathways, Australian Government support should focus on occupations that have tangible and enduring value for the economy – both in the traditional trades and the newer forms of apprenticeships and traineeships, such as community services, health services and information technology.

6. Reinforce the need for a shared responsibility for the Australian Apprenticeships system by establishing an Employer Contribution Scheme in which employer contributions will be matched by the Australian Government. Employers who meet defined benchmarks for training and support of eligible apprentices and trainees would have their contribution rebated, either in part or in full.

7. Facilitate a cooperative and flexible approach by governments and industry bodies to allow for the continuation of both training and employment of apprentices and trainees during periods of economic downturn. Early intervention should be a key element of this approach. Support for a range of measures to be in place until economic recovery occurs could include:
• reduction of work hours offset by additional training
• increased off-the-job training
• placement with other employers within the industry
• increased mentoring and support.

8. Formally regulate the quality of VET in Schools within the VET system to enhance the consistency and quality of training across all jurisdictions and to recognise the potential of VET in Schools as a pathway into an apprenticeship or traineeship.

9. Increase national consistency in preparatory training by directing the National Quality Council to develop definitions for pre-apprenticeship and pre-vocational training.

10. Provide additional support for apprentices and trainees who face specific challenges, such as:
• Indigenous Australians
• disability
• located in regional or remote Australia
• having poor language, literacy and numeracy skills.

Australian Government support will be provided to these apprentices, trainees and their employers to assist in overcoming barriers to participation and completion of their apprenticeship or traineeship. Support will be through the provision of tailored structured support services and the continuation of some current Australian Government employer incentives.

11. Implement a strategy to raise the status of apprenticeships and traineeships including promotion as a valued career choice for both males and females. This should be led by the Australian Government, in consultation with state and territory governments, industry bodies and unions. The National Custodian, when established will lead the ongoing effort to raise the status of apprentices and trainees.

12. Promote a culture of competency based progression in apprenticeships and traineeships, in partnership with industry bodies and employers. Additionally, a greater acceptance and achievement of competency-based wage and training progression should be supported by all stakeholders.

13. Improve the implementation of Recognition of Prior Learning and Recognition of Current Competence and support provisions for such recognition in modern awards to ensure that flexibility and mobility are supported.

14. Support a review of apprenticeship and traineeship provisions, wages and conditions by Fair Work Australia, considering:
• the removal of barriers to competency based wage progression in modern awards
• apprentice and trainee award pay compared to going rates of pay
• age, diversity and circumstances of commencing apprentices and trainees
• allowances (travel, tools, clothing, course fees)
• cost to apprentices and trainees of participation in an Australian Apprenticeship
• part-time and school-based arrangements
• recognition of pre-apprenticeship and pre-vocational programs
• supervision ratios for apprentices and trainees.
Introduction

Importance of the system

Skills needs of the economy

The Australian economy recovered from the most recent global economic downturn more quickly than expected, benefiting from elevated commodity prices and high levels of public investment. As the focus of the economy shifts towards recovery and growth, there is concern that our economic growth will be constrained due to skill shortages.6

The Australian Apprenticeships system is an important mechanism supporting training and the development of a skilled workforce through a combined employment and training relationship, which will contribute to the strength of the broader labour market. Government support is available to both Australian Apprentices and their employers.

Economic outlook

The Australian economy is expected to continue to grow which will mean further demand for skilled workers. While conditions will strengthen in some sectors of the economy, such as the resources sector, other sectors may not experience the same rate of growth compared to the economy as a whole.7 The take up of apprentices and trainees by employers is sensitive to the economic cycle and has an impact on the availability of skilled workers in times of economic growth following a downturn.8

The resources sector has obviously contributed to the growth of the Australian economy and the consensus of the National Resources Sector Employment Taskforce9 is that the resources boom will underpin economic growth in the future. Expanding industries will utilise existing resources of the economy such as skilled workers, however the supply of skilled workers is limited and the industry will be restricted by capacity constraints.10 Other industries such as construction may suffer due to a lack of skilled workers as workers move between industries.11 In light of Australia’s changing demographic profile, there will be other areas of expected growth such as the community and aged care sectors. All levels of government and industry will need to work to address labour and skills shortage issues and consider long-term skills needs.

Labour market participation

The long-term forecast from the Organisation for Economic Co-operation and Development (OECD)12 is that the Australian unemployment rate will remain at 5.1 per cent until 2025. If unemployment remains low this may have an impact on skill shortages and generate wage pressures as the labour market adjusts.

The number of people entering into either apprenticeships or traineeships is constrained by other types of training and career paths available, the potential employer capacity and the availability of suitable

8 Karmel T, Misko 1 Apprenticeships and Traineeships in the downturn, NCVER, 2009.
9 Resourcing the Future; National Resources Sector Employment Taskforce, July 2010
10 Karmel T, Mlotowski P, Tradespeople for the resources sector: projections 2010-2020, 2010
11 Australian Constructors Association, Construction Outlook October 2010, 2010
12 The Organisation for Economic Co-operation and Development, OECD, Economic Outlook No. 88, November 2010
candidates. More than ever before, the decision to undertake an apprenticeship or a traineeship is made in competition with other training, employment and higher education opportunities. A flexible and responsive Australian Apprenticeships system should allow education providers and employers to adapt quickly and efficiently to changing skill requirements of the Australian economy and to increase labour market participation and productivity. Such a system will also be accessible to entrants from different pathways and backgrounds, for example existing workers, Indigenous Australians, regional Australians, the disabled and the disadvantaged.

Labour market participation is a key factor in the ability of the economy to respond to skill needs. The population is ageing and the proportion of people of working age is expected to decrease. There is also an increase in the number of people employed on a casual or temporary basis. Increased labour market participation will help meet the demands for skilled workers; however governments and industry will need to look beyond the capabilities of the current Australian Apprenticeships system to engage people who are otherwise disengaged from the labour market. Often those who fail to obtain work lack basic employability skills, including core language, literacy and numeracy skills. Improvement in these skills will help to achieve higher participation rates.

Effective skill formation through apprenticeships and traineeships is vital for addressing the skill needs of the economy, highlighting the need for effective strategies to improve participation rates. The number of commencements and completions in apprenticeships and traineeships are impacted by changing demographics, an ageing population, equality, gender balance, community engagement and the impact of Australian Government expenditure. More broadly, these challenges may affect the long-term sustainability of current public and private expenditure on education and training.

Features of the system

The Australian Apprenticeships system

Currently, the term Australian Apprenticeships incorporates both apprenticeships and traineeships. The Australian Government makes no distinction between the two skill formation pathways, but states and territories do classify certain qualifications or occupations as either apprenticeships or traineeships, which varies between jurisdictions. For this report we use the following definitions:

- apprenticeships are generally associated with occupations that are in the traditional trades, with an occupational entry level qualification at the Certificate III or IV level and duration of typically three to four years
- traineeships generally cover a much wider range of more service-oriented occupations such as business, retail, financial services, childcare, health and community services. They are usually undertaken at Certificate II or Certificate III, however they are increasingly available as higher level qualifications. They are usually for periods of less than two years.
Apprenticeships and traineeships are unique as they typically combine paid employment under a training contract and a relevant training wage, with structured training both on-the-job and off-the-job, leading to a nationally recognised qualification.

Currently there are a range of stakeholders are directly involved in the Australian Apprenticeships system, including:

- apprentices and trainees
- employers
- Registered Training Organisation (RTO) provide formal off-the-job and often on-the-job training
- each State Training Authority (STA), which approves the training contract and regulates training and registration of the RTO as well as provides funding to support training in that jurisdiction
- Australian Apprenticeships Centre (AAC) contracted by the Australian Government to facilitate the establishment of Australian Apprenticeships, manage the execution of the training contract between the Australian Apprentice and the employer and to provide support to both parties for the life of the contract.

A flow chart describing the steps in this process can be found at Appendix E.

At the completion of an Australian Apprenticeship, the employer validates that the apprentice or trainee has achieved on-the-job competency and provides this verification to the RTO and/or the STA, as requirements vary between jurisdictions. The RTO issues the qualification to the apprentice or trainee on completion of all required competencies. In most jurisdictions the STA provides certification of achieved competency in the trade or occupation to the apprentice or trainee.

There are two types of employment arrangements for Australian Apprenticeships. The majority utilise a direct employment arrangement, where the employer provides all on-the-job training and undertakes all of the legal employer responsibilities with respect to the Australian Apprenticeships system. Alternatively, some utilise a Group Training Organisation (GTO), which employs apprentices and trainees and then places them with host employers, who provide all of the on-the-job training. Under group training arrangements, the GTO is the legal employer of the Australian Apprentice. They sign the training contract, pay the wages and undertake all the administration involved in employing an apprentice or trainee. The host employer pays a fee to the GTO for this service. Each GTO provides field officers to support the employment and training relationship, assisting the apprentices and trainees and the host employers. Group training arrangements are particularly suited to small and medium sized businesses as they give the host employer the advantage of flexible staffing without the concern of long-term contracts and the apprentice or trainee is supported with continuous and broad-based work and training resulting in a national qualification.

**Demographic trends**

The profile of apprentices and trainees has changed: Appendix E shows that over the 10 years to 2010, there have been slight reductions in the proportion of apprentices and trainees aged 17-19 and 20-24 years. The proportion aged 25-34 and 35 years and over has increased over the same period, with the greatest rise occurring in the 35 years and over cohort. Apprentices and trainees aged over 25 years now comprise more than 42 per cent of all apprentices and trainees. Those aged 17 or less represented only 12.7 per cent of all participants, those 19 or less totalled 31.6 per cent.
The gender balance in some occupations and industries is quite varied. A stylised characterisation of apprenticeship and traineeship occupations from a gender perspective is presented at Appendix G. This highlights that in some industries, such as automotive and construction there is a male dominance and that hairdressing, clerical, carers and healthcare workers are predominantly female. This table also shows the evident differences in occupations, depending on the apprentice or trainee profile as new entrant, older worker or existing–worker.

Appendix H compares commencements by gender in trade and non-trade occupations. In 2009, 17 per cent (or 12 163) of trade commencements were female, compared to 53.5 per cent (or 106 943) of non-trade commencements. The commencements are further analysed by occupation categories and gender in Appendix I. For the 2009 year, male commencements were higher in professional (75 per cent or 5 697 males), technical and trade (83 per cent or 59 367 males), machinery operators and drivers (88.8 per cent or 22 137 males) and labour occupations (68.5 per cent 14 464 males). Similarly, the number of commencements for females was higher in retail sales (62.2 per cent or 25 018 females) community and personal service (70.6 per cent or 30 592 females) and managers (64.3 per cent or 4 074 females). These figures illustrate the gender difference between workers in the trade and non-trade occupations and that there is opportunity to improve the gender balance broadly across trade and non-trade occupations. The total number of commencements in all occupations was 152 374 for males and 119 069 for females.

International comparisons

Many countries around the world utilise the apprenticeship pathway as a mechanism for skill formation. There are widespread variations in the institutional structures, the methods of training and the scope of qualifications offered by these countries for producing skilled workers through apprenticeships. The majority of developed countries seek to meet their needs for skilled workers in trades and related occupations through their culturally specific apprenticeships model. Other countries continue to experience skills shortages in buoyant economic times and oversupplies during economic downturns and there does not appear to be a clear example of global best practice, which illustrates the importance of ensuring that we have an Australian Apprenticeships system which fits the unique culture and requirements of the Australian economy.

The key features of four international systems studied by NCVER are summarised at Appendix J.

Challenges associated with the Australian Apprenticeships system

Skills shortages

Reports of skills shortages have been commonplace throughout Australia for much of the past decade. While the effect of skills shortages on the economy is not well defined, in many sectors it leads to decreased output and the delay or cancellation of new projects. Shortages are most common during times of high economic growth and low unemployment where there is a mismatch between the skills available and the skills demanded. While there was a significant fall in demand for skilled workers during 2009 associated with the global recession, there have been strong signs of recovery in Australia throughout 2010 which has resulted in increased demand for skills.

Skills shortages are of greatest risk to the economy when they occur in occupations or industries which take considerable time to train for and are important to the economy or society more broadly.

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19 NCVER Report 1, Overview of the Australian apprenticeship and traineeship system, 2010
20 NCVER Report 2 Overview of apprenticeship and traineeship institutional structures, 2010
21 DEEWR, Skills Shortages Australia, June 2010
Projections that skills shortages in Australia will continue in the short to medium term are well documented. There are currently more than 50 occupations listed on the National Skills Needs List (NSNL) and industry associations express frustration at the difficulties faced by employers in their respective industries to recruit skilled workers.22 Similarly, the Specialised Occupations List23 developed by Skills Australia as part of its national Workforce Development Plan, was used in the development of the Skilled Occupation List which underpins Australia’s skilled migration policy.

In the medium to long term, NCVER research suggests that there is plenty of scope for the supply of tradespersons to expand and therefore skills shortages should not place major constraints on the economy.24 However, this scenario relies on the assumption that trade occupations remain attractive when compared to alternative occupations. The economic uncertainty which has been experienced in recent times has highlighted the need for a flexible and responsive Australian Apprenticeships system that can support the demand for skills peaks and troughs of the economic cycle. Moreover, there is strong evidence of quite high levels of attrition from some of the major trades in recent years. While some exiting tradespersons commence work in a related field, applying their skills in part, others move to unrelated occupations where their trade skills are largely irrelevant. Part of the solution to addressing skills shortages would require closer investigation of ways to reduce this attrition, as proposed by Skills Australia in their Australian Workforce Futures – National Workforce Development Strategy.

**Skilled migration**

Skilled migration has been a feature of the Australian labour market since 1945. A large-scale program of migration to Australia began at the end of World War II when millions of people in Europe were displaced from their homelands. This coincided with a shortage of labour in Australia and a belief that substantial population growth was essential for the nation’s future.

By 1947, a post-war migration boom was underway, including through government-assisted passage. By 1950, almost 200 000 migrants had arrived with a further one million migrants arriving in each of the following four decades. Today, approximately one in four of Australia’s population was born overseas.

The focus of Australia’s migration program has changed over time. While the original aim was to increase population size (mainly for defence purposes), in the 1950s and 1960s the program aimed to select migrants to support and build Australia’s manufacturing sector. By the early 1990s the aims of the program were more diverse encompassing social (family reunification), humanitarian (including refugee resettlement) and economic (skilled migration) goals.

In more recent years the focus of permanent migration programs has been on skilled migration. The policy settings and criteria for Australia’s skilled migration programs are designed to ensure they complement domestic employment and training strategies to meet current and future skill needs.

The Australian Apprenticeships system plays an important role in training and providing skilled workers to meet the needs of the Australian labour market. However, where the system cannot supply the required number of skilled trade workers there may be a case for permanent or temporary migration to supplement the supply of skilled workers.

It could be argued that in the past some employers have relied on skilled migration to meet the demand for skilled workers instead of investing in the training of Australians, including through participation in the Australian Apprenticeships system.25

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24 NCVER Report 2 Overview of apprenticeship and traineeship institutional structures, 2010
25 Parliamentary Library (Background Note), Spinks. H, *Australia’s Migration Program*, October 2010
We appreciate the important role that skilled migration plays in helping to meet the skill needs of the labour market. We support a skilled migration program that is targeted, meets the specific needs of the economy and is flexible and responsive to the needs of employers and industry.

**Sensitivity to the economic cycle**

Apprenticeships, as a long-term contractually-linked training and employment arrangement are more sensitive to the economic cycle than other cohorts of workers, except perhaps for young people more broadly. The opportunity cost of skills formation falls during an economic downturn and therefore enrolments typically increase during these events for most forms of education and training. Australian Apprentice commencements are vulnerable to economic downturns due to the reliance on the employment relationship. In uncertain times employers are wary of engaging new staff, particularly staff that are in training as they are more likely to be a drain on immediate productivity.

Due to the significant time required to complete a qualification, particularly in the traditional trades, skill shortages in general can become entrenched for extended periods following an economic downturn. Trainees are not affected as much as apprentices during a downturn because service industries are more stable than the trades and because training wages and incentives make trainees a competitive pool of labour.

**Low completion rates**

The rate of completion in apprenticeships and traineeships is a key indicator of the effectiveness of the system. Low completion rates for apprenticeships and traineeships have been present for many years. NCVER data highlights that:

- the latest available completion rates for apprentices and trainees who commenced their training in 2005 is 45.6 per cent for trade apprentices and trainees and 52.1 per cent for non-trade apprentices and trainees
- attrition rates within the first 12 months across all apprentice and trainee cohorts commencing from 2001 to 2008 have remained steady, ranging from 31.5 per cent to 32.8 per cent
- for trade occupations, the rate of non-completion in the first 12 months has been increasing since 2001, with 32.2 per cent of apprentices and trainees who commenced training in 2008 no longer in training after 12 months.

There are considerable variations in completion rates across occupations and industries, as shown by Table 1 and Table 2. The generally longer duration of trade apprenticeships means that the latest data is for 2005 commencements, while for other occupations data can be presented up to 2007 commencements.

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27 NCVER, Karmel, T. and Misko, J. *Apprenticeships and traineeship in the downturn*, 2009
28 NCVER, Karmel, T. and Misko, J. *Apprenticeships and traineeship in the downturn*, 2009
29 NCVER, Report 4 *The economics of apprenticeships and traineeships*, 2010
30 NCVER, *Apprenticeships and Traineeships Annual 2009*, July 2010
31 NCVER Report 2 *Overview of apprenticeship and traineeship institutional structures*, 2010
### Table 1: Completion rates in trades by occupation and year commenced, 2004 to 2005 (per cent)

<table>
<thead>
<tr>
<th>Occupation (ANZSCO) group</th>
<th>2004 contract completion</th>
<th>2005 contract completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering, ICT &amp; science technicians</td>
<td>57.7</td>
<td>60.8</td>
</tr>
<tr>
<td>Automotive &amp; engineering trades</td>
<td>51.9</td>
<td>51.3</td>
</tr>
<tr>
<td>Construction trades</td>
<td>44.9</td>
<td>45.3</td>
</tr>
<tr>
<td>Electrotechnology &amp; telecommunications trades</td>
<td>56.7</td>
<td>53.6</td>
</tr>
<tr>
<td>Food trades workers</td>
<td>28.0</td>
<td>27.7</td>
</tr>
<tr>
<td>Skilled animal &amp; horticultural workers</td>
<td>49.1</td>
<td>48.3</td>
</tr>
<tr>
<td>Other technicians &amp; trade workers</td>
<td>41.9</td>
<td>41.3</td>
</tr>
<tr>
<td>Hairdressers</td>
<td>37.5</td>
<td>36.5</td>
</tr>
<tr>
<td>Printing trades workers</td>
<td>57.4</td>
<td>54.1</td>
</tr>
<tr>
<td>Textile, clothing &amp; footwear trades workers</td>
<td>46.0</td>
<td>46.5</td>
</tr>
<tr>
<td>Wood trades workers</td>
<td>45.7</td>
<td>45.3</td>
</tr>
<tr>
<td>Miscellaneous technicians &amp; trades workers</td>
<td>48.4</td>
<td>52.2</td>
</tr>
<tr>
<td>All trade occupations</td>
<td>45.8</td>
<td>45.6</td>
</tr>
</tbody>
</table>

### Table 2: Completion rates in non-trades by occupation and year commenced, 2004 to 2007 (per cent)

<table>
<thead>
<tr>
<th>Occupation (ANZSCO) group</th>
<th>2004 contract completion</th>
<th>2005 contract completion</th>
<th>2006 contract completion</th>
<th>2007 contract completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>48.0</td>
<td>50.8</td>
<td>50.5</td>
<td>44.9</td>
</tr>
<tr>
<td>Professionals</td>
<td>59.8</td>
<td>55.9</td>
<td>58.9</td>
<td>52.8</td>
</tr>
<tr>
<td>Community &amp; personal service workers</td>
<td>54.7</td>
<td>55.3</td>
<td>54.7</td>
<td>53.4</td>
</tr>
<tr>
<td>Clerical &amp; administrative workers</td>
<td>56.2</td>
<td>56.5</td>
<td>55.6</td>
<td>53.8</td>
</tr>
<tr>
<td>Sales workers</td>
<td>43.2</td>
<td>43.6</td>
<td>43.6</td>
<td>44.8</td>
</tr>
<tr>
<td>Machinery operators &amp; drivers</td>
<td>57.0</td>
<td>56.1</td>
<td>55.9</td>
<td>55.2</td>
</tr>
<tr>
<td>Labourers</td>
<td>47.7</td>
<td>48.5</td>
<td>49.5</td>
<td>49.7</td>
</tr>
<tr>
<td>All non-trade occupations</td>
<td>51.8</td>
<td>52.1</td>
<td>52.0</td>
<td>50.3</td>
</tr>
</tbody>
</table>

There are a number of occupations that require a specific qualification to gain employment. The tables demonstrate that two of the groups have above-average completion rates; community and personal service workers, and machinery operators and drivers. These occupations include aged care workers, child care workers, and drivers and operators of specialist equipment such as forklifts. In these occupations, completion of the qualification is mandatory, leading to improved employment prospects which act as a motivator for completion.

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32 NCVER Report 2 Overview of apprenticeship and traineeship institutional structures, 2010
By contrast, there is no general requirement for a qualification in occupation groups such as sales workers and labourers, and the below-average completion rates most likely reflect the turnover inherent in these occupations.33

Various studies have emphasised different drivers of non-completion: occupational characteristics, individual characteristics, practices at the jurisdictional level, aspects of delivery and wages. In terms of individual characteristics, Ball and John34 found:

- for age, those in the 20 to 24 year age group are least likely to complete and those 45 years and over are most likely. Also those who commence at 17 or less are more likely to complete than those who are 18 or 19 at commencement
- females are more likely to complete than males, although the difference is not significant
- the probability of completion increases consistently with highest School level completed
- Non-Indigenous apprentices and trainees are much more likely to complete than Indigenous Australians
- apprentices and trainees without a reported disability are more likely to complete than those reporting a disability
- apprentices and trainees in rural regions are more likely to complete than those in metropolitan regions other than capital cities and those in capital cities least likely. A likely explanation for this is that capital cities offer more alternative employment opportunities than rural or other metropolitan regions.

It should be noted that non-completion statistics can be somewhat misleading, as data management systems in some jurisdictions record non-completion in circumstances where apprentices and trainees transfer between employers, even if they continue their Australian Apprenticeships. This issue could be alleviated through the introduction of a Unique Student Identifier (USI). We strongly support the process already underway to implement the USI, to improve the effective collection and analysis of data across the national VET system. NCVER note that when these transfers are taken into account, it is possible that actual completion rates for some industries, such as hairdressing, food trades and construction trades may be higher.35

There has been considerable qualitative research undertaken in relation to non-completion rates. These studies reveal many complexities around why apprentices and trainees drop out of training. It is suggested that in most cases there are multiple factors that contribute to an apprentice or trainee deciding not to complete their training. A breakdown of reasons for dissatisfaction with the apprenticeship or traineeship for non-completers is provided at Appendix K. The key message from this analysis is that low wages and issues related to the workplace or employer led to the greatest levels of dissatisfaction among non-completers. There are however four main issues which are recurrent throughout the literature:

- workplace or employer issues
- lack of support
- low wages
- not liking the work.

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33 NCVER Report 2 Overview of apprenticeship and traineeship institutional structures, 2010
34 Ball, K & John, D, Apprentice and Trainee Completion Rates, NCVER, 2005
35 NCVER Report 2 Overview of apprenticeship and traineeship institutional structures, 2010
Workplace or employer issues

A significant proportion of attrition in apprenticeships and traineeships stems from problems with the workplace or employer.\textsuperscript{36} There are a range of issues that can occur. Inferior employment conditions, such as excessive unpaid overtime, too few hours, not being allowed to take breaks, or not being paid correctly are common concerns, particularly for those in the hospitality industry.\textsuperscript{37} Personal safety concerns through both workplace bullying and unsafe work practices are also relatively common. For many the issue is being treated as an inferior worker or not being provided with any meaningful work or training. This is particularly common in the construction industry. All of these issues are of critical importance in the early stages of an apprenticeship or traineeship as they often have an immediate effect. The prevalence of these issues generally decreases throughout the duration of the apprenticeship or traineeship.\textsuperscript{38}

Lack of support

The need for apprentices and trainees to be supported both inside and outside of the workplace is a consistent theme presented in research on non-completion. Apprentices and trainees engaged under arrangements that include pastoral care and more personalised selection have been found to have greater completion rates.\textsuperscript{39} The need for accessible support is especially critical in the first six months of the employment arrangement when the apprentice or trainee is most at risk of dropping out.\textsuperscript{40}

Low wages

While it is widely acknowledged that the low wages paid to apprentices and trainees has some impact on completion rates, there is considerable debate about the extent of this impact. Research undertaken for Group Training Australia identified that in almost all cases, the minimum award wages for first year Australian Apprentices are below the Henderson Poverty Line, even after allowances are taken into account. Minimum wages for second year apprentices are close to the Henderson Poverty Line.\textsuperscript{41} There are some researchers who unequivocally state that low wages are a major disincentive to both enter and complete an apprenticeship.\textsuperscript{42} Other research suggests that while low wages play some role in a decision to not complete, it is rarely the primary reason. Rather, the level of expected wage premium at the completion of the training contract (the value of the training to the individual) plays a greater role.\textsuperscript{43} We acknowledge that increasing apprentice wages may act as a disincentive for some employers to take on an apprentice. However it should also be noted that many Australian Apprentices are paid overtime wages by their employer. This occurs most often in larger workplaces that have union representation. Apprentices employed by small-to-medium enterprises are more likely to be paid the minimum award rate.\textsuperscript{44}

\textsuperscript{36} NCVER Apprentice and Trainee Destination Survey 2008, 2009
\textsuperscript{38} Karmel, T. & Młotkowski, P. \textit{The impact of wages on the probability of completing an apprenticeship or traineeship}. NCVER, 2010
\textsuperscript{39} Skills Australia, \textit{Creating a future direction for Australian vocational education and training}, 2010
\textsuperscript{40} Snell, D & Hart, A, \textit{I think about leaving every day. Doesn’t everyone?} Monash University, 2007
\textsuperscript{41} Snell, D & Hart, A, \textit{I think about leaving every day. Doesn’t everyone?} Monash University, 2007
\textsuperscript{43} Karmel, T & Młotkowski, P, \textit{The impact of wages on the probability of completing an apprenticeship or traineeship}, NCVER, 2010
Not liking the work

The apprentice or trainee having a strong interest in their chosen field is seen as vital to the success of any Australian Apprenticeship.45 There are many reasons for non-completion, which can be attributed to not liking the type of work. While there are some aspects of this issue that can never be wholly removed, many can be put down to a lack of clear understanding by the individual of what the Australian Apprenticeship entails and the expectations of their employer. Literature points to high quality recruitment as being the most crucial factor in ensuring the completion of an Australian Apprenticeship.46 There needs to be a focus on starting apprentices and trainees with a view to success rather than setting them up to fail. This can include education about what the apprenticeship or traineeship entails, aptitude testing, assessing their commitment to the training, encouraging involvement in pre-vocational and pre-apprenticeship programs, providing a good ‘match’ between the apprentice or trainee and employer and ensuring appropriate induction.47 At the very least, prospective apprentices and trainees should be adequately informed about the nature of the work and what the employer expects.48 There is a need to stress the importance of better career advice in schools as there is evidence of career advisors providing very little, if any, information about apprenticeships and traineeships and actively discouraging some students away from apprenticeships and traineeships.49

Investment in training by employers

Workforce development is beneficial to employers, employees, industry, the community and the economy as a whole.50 The benefits to employers of investment in training include increased skill levels, improved retention and staff morale. Investment in training also results in employment growth, skill depth and increased productivity of individuals and the workplace51. There are also benefits to employees who receive training; they tend to be more productive, have better rates of retention and morale, improve their skill depth and share their knowledge and skills with other employees.52

We are concerned that the current rates and patterns of investment in training by employers will not address skills shortages. Research conducted for the National Resource Sector Employment Taskforce highlighted that the investment made by some industries to the training of apprentices and trainees was noticeably low considering the size of the industry and the number of skilled people they employed.53 There are also a number of instances where industry representatives have described a lack of commitment to training and workforce development by employers.

While industry stakeholders are more than aware of the value of a credentialed workforce, they generally consider the attainment of qualifications is the responsibility of the individual and/or government.54

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47 Group Training Australia Ltd, Good Start Great Finish: Improving Completion rates for New Apprentices, 2005
48 Karmel, T. & Mlotkowski, P. How reasons for not completing apprenticeship and traineeships change with duration? March 2010
49 NCVER, Doing an apprenticeship; what young people think, 2007
50 Skills DMC Environmental Scan 2010
52 Hall, R. Buchanan, J & Considine, J. You value what you pay for – enhancing employer contribution to skill formation, June 2002
53 Resourcing the Future; National Resources Sector Employment Taskforce, July 2010
54 Resources and Infrastructure sectors, ISC Environmental Scan 2010
Many Australian businesses rely on attracting existing skilled labour rather than training new staff. This means that the burden of training falls on to a small group of employers...and fails to generate a culture of ‘fair contribution’ in the development of the total workforce.55

Like many industries, the ElectroComms industries are suffering from skills shortages. The shortages are, however, more a factor of reluctance on behalf of employers to provide apprenticeship positions than a lack of individuals willing to enter the industry.56

Increasing incentives for employers may add to a culture in which the development of skills is a national responsibility to be exercised by governments (and funded by the taxpayer), much more than the enterprises that employ skilled workers and rely on them for their continuity and profitability.57

There remains a culture of staff development in most of the large organisations. The challenge is to encourage the spread of this culture into small and medium business enterprises.58

It is clear that workforce development, including the delivery of training, is a public good. As such it needs to be appropriately supported. We strongly believe that skills development through apprenticeships and traineeships must be seen as a shared responsibility between governments, industry, individual employers and apprentices and trainees. The system should support those employers that invest in skills development through apprenticeships and traineeships to achieve business productivity outcomes and benefit the economy over the long term.

A complex system

The Australian Apprenticeships system as part of the broader VET system has numerous stakeholders and participants engaged with the system; including the Australian Government, state and territory governments, RTOs, ACCs, employers, apprentices and trainees, industry organisations and Industry Skills Councils, unions, GTOs and regulatory and licensing authorities. With multiple stakeholders actively involved in the system, the intersection of the employment and training relationship, as well as funding and governance arrangements, the system has become complex and confusing.

This was highlighted in the Australian Apprentices Taskforce Final Report59, which supports the need for simplification of the Australian Apprenticeships system. Feedback was received in submissions that employers are confused by the overlap of responsibilities between the Australian Government and state and territory governments and that a national ‘best practice’ Australian Apprenticeships system was needed.

The Housing Industry Association in their submission60 to the Australian Apprentices Taskforce stated that ‘there is actually no such thing as a national Australian Apprenticeships system’. Each state and territory has its own system for the delivery of apprenticeships and traineeships with its own governing legal structure and administrative rules creating complexity and confusion for employers, especially those who operate nationally. This administrative complexity also hinders effective service delivery within the system. It was suggested by the National Association of Australian Apprenticeship Centres in their submission61 to the Australian Apprentices Taskforce that the system’s complexity, red tape and

55 Transport and Logistics, ISC Environmental Scan 2010
56 ElectroComms and Energy Utilities ISC Environmental Scan 2010
57 Chamber of Commerce and Industry QLD, 2009, Submission to AA Taskforce
58 HIA Submission to Australian Apprentice Taskforce 2009
59 Australian Apprentices Taskforce Final Report 2009
60 HIA Submission to the Australian Apprentices Taskforce 2009
61 NAAAC Submission to the Australian Apprentices Taskforce 2009
rigid requirements are affecting employers’ and potential Australian Apprentices’ engagement with the system.

The Australian Apprenticeships system and the workplace relations system are not aligned

The Australian Apprenticeships system and the workplace relations systems interact through apprenticeships and traineeships co-existing as both a training and employment arrangement. The workplace relations system treats apprentices and trainees separately by including different wage structures for the two classifications.

Under the national workplace relations system, modern awards provide an important part of the safety net of employment terms and conditions, including wages, for apprentices and trainees. Fair Work Australia (FWA) has responsibility for setting minimum wages for employees to whom training arrangements apply, whether the employee is covered by a modern award or not.

A number of stakeholders argue that the current modern awards are hindering the efficiency and productivity of the Australian Apprenticeships system. These arguments focus on two key areas. Firstly, that the minimum wages specified in modern awards for first and second year apprentices act as a deterrent for potential and new apprentices. Secondly, that the majority of modern awards do not adequately provide for competency-based progression in apprenticeships and traineeships. Further to this, there is a significant degree of inconsistency in awards relating to apprentices and trainees such as part-time hours and allowances. FWA is currently considering whether there is a need to undertake a broad review of wages and conditions for apprentices and trainees.

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62 Workplace Research Centre, Oliver, D. The link between industrial arrangements and skill formation 2008
1. A model of skills formation

The current Australian Apprenticeships model

Apprenticeships as a method of skills formation have been successful in Australia for over a century. In contemporary Australia, an apprenticeship or traineeship is defined by:

- the existence of a regulated, employment-based training arrangement and a registered legal training agreement (originally called an ‘indenture’ and more recently a training contract)
- a commitment by the employer, the employee and a RTO to an agreed training program in a specified occupation, all of which is set out in the Training Plan
- a vocational program that consists of a concurrent combination of employment and training that leads to a recognised qualification and employment in the trades.63

The Australian Apprenticeships system has evolved through three phases of reform: traditional apprenticeships; the addition of traineeships which were an extension of the apprenticeship model to a wider range of occupations; and the evolution of the traineeships model to support training for existing–workers.

Historically, countries have been ‘judged as more or less effective in their processes of skills formation, in their capacities to align the supply of skills with industry needs, and in their capacities to deliver the new skills required for emerging industries’.64 This is consistent with the Australian context as the most commonly cited driver for change in the apprenticeships model coming from either experiencing or expecting skill shortages.

There is no model for a perfect skills formation system as these systems are influenced by a range of factors some of which are emerging (such as globalisation) and some of which are relatively permanent (such as political cultures). We believe that the core of the apprenticeships methodology has significant relevance for skill formation in a range of occupations in Australia.65

However, clearly defining what we see as the essence of skill formation through apprenticeships and traineeships will go a long way to providing the framework on which to build a rejuvenated Australian Apprenticeships system in the 21st century.

Skill formation through Australian Apprenticeships

The Australian Apprenticeships system is about skills formation in an employment context. Australian Apprenticeships are therefore a training relationship as well as an important labour market program.

In determining the elements that form the core of the Australian Apprenticeship arrangements, we discussed what differentiates apprenticeships and traineeships from other methods of skill formation. For example, in higher education: the driver is the qualification which is largely based on the acquisition of knowledge and often less directly relevant to a particular vocation. This model does not discount the need for practical experience; however it generally functions on a theory-first basis.

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63 NCVER Report 1 Overview of the Australian apprenticeship and traineeship system, 2010
64 Keating J, NCVER, Matching supply and demand for skills; International perspectives, 2008
65 Keating J, NCVER, Matching supply and demand for skills; International perspectives, 2008
There have been a range of reforms and incremental policy interventions in the last 20 years which have significantly influenced the focus of the Australian Apprenticeships system. The interventions have been based on important policy drivers, such as raising the status of Australian Apprenticeship qualifications and expanding the scope of apprenticeships and traineeships to cover a broader range of occupations. This has led to significant positive outcomes, including increasing and broadening the skills in the community and providing credentialed and reputable skill formation in a wider range of occupations.

We have determined that there are three core elements of an Australian Apprenticeship that we seek to retain. Our recommendations are strongly orientated around these three elements:

- the employment relationship
- high quality on-the-job and off-the-job training
- transferability of skills.

These characteristics tend to focus on the productivity aspects of skill formation through apprenticeships and traineeships, which broadly aligns with some of the agreed Council of Australian Governments (COAG) outcomes of the participation and productivity agenda. These are:

- the working-age population has the depth and breadth of skills and capabilities required for the 21st century labour market
- the supply of skills provided by the national training system responds to meet changing labour market demand.

The provision of high quality on-the-job and off-the-job training and the transferability of skills can be considered to work together to provide a public good. Public good can be defined as when the benefit returned from investment impacts many stakeholders and often society more broadly. The unique way in which skills are formed in an Australian Apprenticeship arrangement can be considered to have the characteristics of a public good. They have been difficult and costly to establish and maintain for both the employer and the apprentice or trainee and to flourish there needs to be a balance between the supply of workers and the number of jobs available. This balance is in constant flux, largely due to the external forces such as economic downturns and technological change.

**The employment relationship**

We have concluded that the cornerstone of apprenticeships and traineeships is the employment relationship. The impact of this assumption is considerable. The connection between the apprenticeship or traineeship and the employment relationship has been identified as one of the issues affecting the durability of Australian Apprenticeships during periods of economic downturn. In our view, the employment relationship is a central part of Australian Apprenticeships and reforms should be built on the retention of this element. When we talk about skill formation through Australian Apprenticeships we mean that the skills developed are primarily learnt in the context of employment.

**High quality on-the-job and off-the-job training**

We see the provision of high quality on-the-job and off-the-job training as a core characteristic of the Australian Apprenticeships system. The provision of training in both settings provides significant benefits for the apprentice or trainee, employers and the economy. High quality off-the-job training provides the underpinning knowledge that supports autonomous highly skilled workers. This in turn aligns with the focus on underpinning knowledge in the revised Australian Qualifications Framework. Quality on-the-job training develops practical skills in the context of the employment relationship, including providing opportunities to contextualise those skills in the work setting. The on-the-job learning element is highly valued by Australian Apprentices and industry. In their paper on an effective Australian Apprenticeships system EE-Oz Training Standards noted that ‘models of trade training which
remove or defer the industry requirement for on-the-job training sever a historically productive link with industry, which support learning outcomes’. 66

**Transferability of skills**

Transferability refers to those skills which are portable from one work context to another or that can be introduced in a different socio-cultural or technical environment.

Transferability of skills benefits employers, workers and the economy. Employers benefit from the availability of skills in the economy from which they can draw. This is especially true for small and medium sized employers experiencing an expansion in demand for their products and services. Small and medium sized employers may not have had the capacity or the breadth of focus in their business to develop their own skilled workforce strategies. Workers benefit from arrangements that are based on the development of transferable skills as it provides career mobility. 67

NCVER research highlights the benefits for both employers and individuals from the development of transferable skills. It says 68:

...in training apprentices, organisations contribute to the future pool of skilled employees from which they will later draw. Training apprentices is an important investment in continued labour supply for an organisation and its industry.

NCVER also note more subtle dynamic benefits. For industry, skilled employees drive innovation and act as catalysts for organisational and industrial innovation and ‘absorptive capacity’. ‘Absorptive capacity’ describes an ability to absorb and transform new knowledge and sustain continuous innovation and lifelong learning. NCVER also cites a number of researchers to support the causal link between a skilled workforce and investment in training on improved organisational performance. 69 Whilst much of the research has tended to focus on skills and training in general, other researchers 70 have argued that Australian Apprenticeships have particular benefits because they promote the acquisition of skills in a work context, which aids innovation at the enterprise level.

There are also benefits to society as there is the potential for redeployment of workers with transferable skills. This has benefits in periods of economic downturn as workers are not narrowly focused on the needs of their current employer in the production process and can be more easily absorbed. There are also benefits in a period of economic expansion as new or emerging industries have a broader base of skilled workers from which to draw.

**Refocused apprenticeship and traineeship pathways**

Our belief is that the apprenticeship skills formation concept is a long and valuable tradition that has suffered from dilution of purpose over a period of incremental reform. The pathway represented by the diagram at Appendix L is based on the underpinning characteristics and values discussed earlier. The diagram identifies the key phases of apprenticeships and traineeships as a method of skills formation.

We believe that there are three distinct phases that contribute to skill formation throughout the Australian Apprenticeships system and form the basis of the pathway. These phases are:

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66 EE-Oz, Training Standards, Maintaining an effective energy sector apprenticeship system August 2010
68 NCVER Report 4, The Economics of apprenticeships and traineeships, 2010
69 NCVER Report 4, The Economics of apprenticeships and traineeships, 2010
70 NCVER Report 4, The Economics of apprenticeships and traineeships, 2010
firstly, effective pathways for entry into the system. It is important that the system is equally accessible to all potential apprentices and trainees, both new entrants and existing workers.

secondly, a high quality employment relationship. The system should promote employment relationships which acknowledge the importance of quality training both on-the-job and off-the-job. We believe that the provision of appropriate induction processes and the availability of mentoring and pastoral care are pivotal to a high quality employment relationship.

thirdly, opportunities for continued career development after the completion of the Australian Apprenticeship. Employers and Australian Apprentices should embrace career development as a means of increasing productivity and transferability of skills in both the workplace and the broader economy.

Effective entry points
Currently there are a range of entry points into an apprenticeship or a traineeship. These include School leavers, those entering from a pre-apprenticeship or pre-vocational pathway, those entering from the general workforce and existing workers.

School
VET in Schools and Australian School-based Apprenticeships provide a valuable pathway into the Australian Apprenticeship system and this pathway is not currently being used as effectively as it could be. More needs to be done to ensure that apprenticeships and traineeships are promoted as a valued career pathway with the potential to provide rewarding occupational outcomes.

Pre-vocational
Pre-vocational training is an important mechanism for the development of foundation skills before entering a pre-apprenticeship, an Australian Apprenticeship or another training and/or employment option. It can include tuition in a range of areas, such as literacy, numeracy, communication skills and work-readiness. Pre-vocational training is especially important in reducing barriers for vulnerable job seekers to help them to obtain, as well as successfully participate in, an Australian Apprenticeship.

Pre-apprenticeship
Pre-apprenticeship training provides pathways into Australian Apprenticeships through off-the-job training and simulated or real work experience. If the course is successfully completed, the pre-apprenticeship can provide a credit towards the first year of the relevant Australian Apprenticeship. Pre-apprenticeships provide participants with the opportunity to ‘test out’ an Australian Apprenticeship before they enter into an employment agreement. This gives them a better understanding of what the occupation – and its relevant Australian Apprenticeships pathway – entails, so they are better prepared for the challenges they will face.

Other employment
It must be remembered that many Australian Apprentices enter the system after being engaged in the general workforce. This can range from recent school leavers taking a ‘gap year’ to those who have been in the workforce for many years. This has been increasingly prevalent in recent years with the increase in the proportion of mature-age Australian Apprenticeships commencements, as shown at Appendix M.

These Australian Apprentices bring a range of existing skills and knowledge which in many cases increases their productivity and versatility in the workplace. It is our belief that in the years to come mature-age Australian Apprentices will continue to represent a significant proportion of commencements. As such, it is essential to ensure that the system is a viable career pathway for those entering from the general workforce, recognising previous experience and knowledge.
We strongly support the continuation of these entry points, through greater provision of resources, including the development of initiatives to promote apprenticeships and traineeships as a valued career choice. There are a range of views about retaining existing-workers as an entry point into the Australian Apprenticeships system and we have examined this issue.

Existing-workers
We are of the opinion that training existing-workers through the Australian Apprenticeships system is an important mechanism for up-skilling the Australian workforce. As Smith noted71, nationally recognised training for existing-workers provides several benefits. These include the provision of a more structured approach to training and career progression, providing a competitive edge in attracting and retaining staff and the ability to reward and motivate employees. The evidence is that nationally recognised training of existing-workers extends the ‘reach’ of enterprise training to groups of workers who have not previously received structured training and have not previously received employment related qualifications72. On the other hand, there has been debate about the use of the existing-worker traineeships and in particular if they are used as quasi-wage subsidies, which diminish the investment of enterprises in their own skill needs. Some researchers73 argue strongly that ‘existing work traineeships are not being used for the purposes traineeships were intended for, which was to support youth transitions into skilled employment.’

We believe that career pathways and career development within organisations is a positive workforce development strategy and is an effective retention mechanism. As such, we believe the Australian Apprenticeships system must provide a specific entry pathway for existing-workers into apprenticeships and traineeships. These entry points should recognise the pre-existing employment relationship and take into account previous experience and relevant knowledge of the organisation and the pre-formed skills. Excluding existing-workers undermines the important policy impetus to support an enterprise based approach to workforce development. Dealing with segments of the workforce separately will undermine the vision of a high quality Australian Apprenticeships system providing for the skill needs of the broader and changing Australian economy. Achieving this vision will require the development and deployment of all workers, not only new entrants.

**Case Study: Country Energy**74: up-skilling existing–workers

Country Energy is Australia’s largest energy supply network, providing services across 95 per cent of New South Wales. The company has in excess of 4 200 employees based in regional and remote areas around the state.

Country Energy decided to adopt a qualifications based pay structure, where a qualification determines the level of pay. Approximately half of the employees did not have a qualification but required one. Of those that did have qualifications half of them did not have the right qualification for their current job. Country Energy implemented the Powerful Skills competency development project and entered into a training partnership with TAFE NSW.

Country Energy provides funding for a TAFE representative to be located within Country Energy to manage the service and to be the link between Country Energy and TAFE NSW Institutes. A TAFE employee is located full time within Country Energy and each TAFE institute provides one point of contact for Country Energy.

The Powerful Skills project involves a framework for competency based learning and supports staff development and progression.

The partnership is assisting Country Energy staff, for example:

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71 Smith, E. et al, Enterprises’ commitment to nationally recognised training for existing–workers, NCVER 2005
72 Smith, E. et al, Enterprises’ commitment to nationally recognised training for existing–workers, NCVER 2005
73 Noonan et al, Investment in VET, cited in Skills Australia; October 2010, Creating a future direction for Australian vocational education and training 2010
High quality employment and training relationship

In the establishment of an effective relationship between the apprentice or trainee and the employer, the importance of selection cannot be underestimated as the foundation for the long term success of the employment relationship. This is best built upon by a well developed induction process. As shown in the pathway diagram at Appendix I the induction is the first step for a new apprentice or trainee on entering the employment relationship. This important step establishes the relationship between the employer and the apprentice or trainee. The induction process should be tailored to meet the individual needs of the employer, work environment and the apprentice or trainee. It should include the provision of an effective and understanding supervisor and detailed information about the job and the workplace, including employer expectations, rights and responsibilities and strategies to address employee concerns as they arise.

We believe that a high quality apprenticeship or traineeship incorporates high quality on-the-job training and high quality off-the-job training. While employers report that off-the-job training is not always relevant and at times question the quality, we recognise that through initiatives such as the new National VET Regulator and the reformed Australian Qualifications Framework there is significant activity in progressing quality in off-the-job training. We believe that the quality of the on-the-job training experience has received less explicit attention.

NCVER note that one of the key factors in apprentices and trainees not completing their Australian Apprenticeship is their experience in the employment relationship. We believe that on-the-job training provides the context for the most effective skill formation through Australian Apprenticeships and to an extent differentiates this method of skill formation from others. We considered a range of options to improve the quality of the on-the-job experience, recognising that some employers already provide high quality on-the-job training. We identified options to support high quality on-the-job training including:

- recognising that the employment of an apprentice or trainee is not a right, nor should it be seen as a way of engaging lower waged labour. We believe that it is possible to identify some key criteria or pre-conditions that employers should meet to be considered a high quality on-the-job training provider. Satisfying the pre-conditions could be seen as the baseline structures made available by the employer and accredit them to enter into an Australian Apprenticeship Training Contract
- recognising excellent provision of on-the-job training through an Excellence in Employment scheme. Some of the mechanisms which may support this are quality assessments that recognise excellence and potentially allow employers to advertise as an employer of choice
- recognising the value of mentoring and pastoral care in supporting apprenticeships and trainees.

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75 Karmel T and Misko J, Apprenticeships and Traineeships in the downturn, NCVER, 2009
Career development

We believe that like other methods of skill formation, learning should not be considered to have ended at the completion of the initial learning phase. We believe that the best insurance for industries that rely on skills formed through apprenticeship and traineeship pathways is to ensure that there is the opportunity for continuous learning. Informing the apprentice or trainee early in the relationship of clear career pathways within the organisation is a positive workforce development strategy and may be an effective retention mechanism. Skills Australia’s workforce development strategy recognises and highlights the value of continuous workforce development. We believe that, like pathways into Australian Apprenticeships, there are different mechanisms that people can access for career development. We believe that learning post the Australian Apprenticeship phase should be more explicitly encouraged, in particular recognising:

- employer commitments to further development
- further development of occupational skills (an initial phase and subsequently as autonomous workers through to being on-the-job trainers)
- the value of further participation in tertiary education, in particular at the Diploma and Advanced Diploma levels. This could be enhanced through consideration of the productivity agenda being pursued by COAG.

Apprenticeships and traineeships

As detailed previously the term ‘Australian Apprenticeships’ incorporates both apprenticeships and traineeships. Australian Apprenticeships are now a very well-established component of the vocational education and training system. The apprenticeships model has been a mechanism for skills formation in Australia for over a century. The Australian Traineeship System was created in 1985 on the recommendation of the 1984 Committee of Inquiry into Labour Market Programs, known as the Kirby Inquiry. The Kirby Inquiry sought to address supply and demand issues for training and to address youth unemployment, which was hovering at nearly 20 per cent for 15-19 year olds in 1983, up from 7 per cent in 1970. This situation was exacerbated by low school retention rates, with only 46 per cent of young people finishing year 12 in 1985 and low participation in post compulsory vocational education programs.

Traineeships were introduced as an extension of the Australian Apprenticeship model with the aim of acting as a ‘stepping stone’ into primary labour market jobs in order to improve and increase broad based work related training. Kirby considered that the target group for traineeships were those who had left school before completing Year 12 and in the longer term assist others such as those returning to the workforce, especially women. It was also hoped that by extending the Australian Apprenticeship model to a wider range of occupations that the gender imbalance in the training model at the time could be corrected to some extent.

The Australian Traineeship System created new education and training pathways for young people and those returning to the workforce. By encouraging training in areas other than skilled trades such as clerical and business occupations, and expanding opportunities for work based training beyond traditional apprenticeships, youth traineeships were seen as a good alternative to the apprenticeships system.

Traineeships have continued to evolve following the introduction of a range of measures, including the National Training Wage in 1994, the Modern Apprenticeship and Traineeship System policy in 1996-97

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76 Skills Australia Australian Workforce Futures: A National Workforce Development Strategy, 2010
77 Karmel, T.et al. The effectiveness of the traineeship model, NCVER, 2010
and the New Apprenticeships system in 1998.\textsuperscript{78} While traineeships were introduced in the 1980s, numbers did not grow significantly until the second half of the 1990s. Cully\textsuperscript{79} and Karmel\textsuperscript{80} argue that the growth in traineeships reflected the:

- introduction of a national training wage
- extension of traineeships to older workers, part time workers, existing-workers and school students
- restructuring of Australian Government employer incentives associated with apprentices and trainees.

Incorporating apprenticeships and traineeships under one framework has been significant in terms of encouraging a training mentality, as well as increasing the number of Australian Apprentices (notably with significantly more trainees commencing in the VET system than apprentices).

The creation of education and training pathways though traineeships has increased the skill levels in non-trade occupations. As outlined in our discussion of demographic trends, the gender distribution between trade and non-trade occupations is not balanced. The gender imbalance illustrates that there is an opportunity to increase participation broadly by attracting males and females to occupations that are traditionally dominated by the other gender.

It is important to recognise that traineeships, especially in areas such as health services, community services, aged care and child care, have contributed enormously to the professionalisation of these industries and improvement in both quality and consistency of service delivery. The improvement of occupational qualification through traineeship pathways will contribute to higher quality transferable skills across the economy, including in this vitally important and growing industry sector.

A recent draft report by the Productivity Commission has noted that a number of aged care providers are reporting increasing difficulty attracting and retaining staff. The draft report also cites a 2007 survey which showed 29 per cent of community care service providers reported that they had vacancies for direct care workers.\textsuperscript{81} This report concludes, given that the number of older Australians is rising, there will be a commensurate increase in demand for a well trained aged care workforce. The Productivity Commission anticipates the aged care workforce will need to almost triple by 2050 to meet demand.\textsuperscript{82} Additionally, the DEEWR Australian Jobs 2010 report shows that in the five years to February 2010, the Health Care and Social Assistance industry sector created 210 300 jobs. This is the largest employment growth of any Australian industry sector.\textsuperscript{83}

It is worth clarifying how apprenticeships and traineeships differ across occupations and industry. Factors such as cost-benefit trade-offs, behaviour in different economic circumstances, labour market and industry structures, training requirements, completion rates, supply and demand will vary. This highlights the requirement to identify and tailor Australian Government support. We believe that the criteria for tailoring support should be based on high quality on-the-job and off-the-job training and transferability of skills, with an established process to identify the current and future needs of the economy. In our framework, these will be called \textit{eligible apprenticeships and traineeships}. 

\textsuperscript{78} Karmel, T.et al. \textit{The effectiveness of the traineeship model}, NCVER, 2010
\textsuperscript{79} Cully, M. \textit{Kirby Comes of Age: The birth, difficult adolescence, and future prospects of traineeships}; Dusseldorp Skills Forum, Glebe, 2006
\textsuperscript{80} Karmel, T.et al. \textit{The effectiveness of the traineeship model}, NCVER, 2010
\textsuperscript{81} Productivity Commission Draft Report, \textit{Caring For Older Australians}, Commonwealth of Australia 2011
\textsuperscript{82} Productivity Commission Draft Report, \textit{Caring For Older Australians}, Commonwealth of Australia 2011
\textsuperscript{83} Department of Education, Employment and Workplace Relations, \textit{Australian Jobs 2010}. 2010
**Apprenticeship and traineeship outcomes**

We have considered whether Australian Government funding should be targeted to only select apprenticeships and traineeships. Some commentators question whether apprenticeships and traineeships represent skills-development or labour market programs. In relation to this question, we considered factors such as the duration of training, the level of skills acquisition that can be attributed to various occupations and responsiveness to skills shortages.

The situation exists where a trade apprentice may complete a four-year Certificate III course of training and obtain significant trade skills but end up with the same qualification level of someone who may complete a Certificate III in another occupation over a much shorter period. For example, Buchanan, found:

> While robust data on this question is difficult to acquire, it is well recognised that there are significant anomalies as the nature of Certificate III qualifications in contrasting sectors such as retail, aged care and engineering. There is some evidence that in the service sector such certificates can be acquired in as few as six weeks. This is to be compared with the acquisition of such a certificate in the traditional trade which usually take 3-4 years to acquire.

In regards to the duration of training for various apprenticeships and traineeships, analysis by NCVER suggests that incentives currently paid for some traineeships, constitute a substantial implicit wage subsidy, in some cases as high as 20 per cent. In such cases, the Australian Government support functions more as a labour market program, rather than a training program.

As standard employer incentives are unrelated to the duration of training, NCVER note

> Implicit wage subsidies are higher for trainees than apprentices. This is because traineeships are of a much shorter duration (typically two years) than apprenticeships (typically four years). As the incentive payment is an absolute sum unrelated to duration, the shorter the duration, the greater the subsidy.

Appendix N provides examples of the differences in training duration for selected apprenticeships and traineeships.

Australian Government incentives for apprenticeships and traineeships should reflect a worthwhile and positive return on the investment to the community. For the Australian Government this value-for-money investment is reflected through a cost–benefit trade-off. In our view this will involve redirection of incentives so that not all apprenticeships and traineeships attract the same level of support. This investment strategy reflects the reality that not all apprenticeships and traineeships are the same. Economists, who argue the virtue of markets as an efficient way of allocating resources, typically suggest that there is a need for government involvement where there are:

- **externalities**— potential benefits from government investment impact the community and not just the individual concerned
- **imperfect information**— all stakeholders do not have access to all the necessary information upon which to make informed decisions

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84 NCVER, Report 1, *Overview of the apprenticeship and traineeship system*; 2010  
85 Buchanan, J. Yu, S. Wheelahan, L. Keating, J. Margison. *Impact of the proposed strengthened AQF*. WRC. 2010  
86 NCVER, Report 4, *The economics of apprenticeships and traineeships*, 2010  
87 NCVER, Report 4, *The economics of apprenticeships and traineeships*, 2010  
88 NCVER, Report 4, *The economics of apprenticeships and traineeships*, 2010  
89 NCVER, Report 4, *The economics of apprenticeships and traineeships*, 2010
• *imperfect capital markets*—as it can be difficult to calculate costs associated with human capital in a mobile modern economy, especially relevant because of the existence and use of training wages.

NCVER\(^{90}\) argues that the essential aim of apprenticeships and traineeships is the creation of job-ready skills. For skills to have value, they must be beneficial to the economy which can be demonstrated by higher wages to individuals and higher productivity for organisations. We support the public good nature of the transferability element of an apprenticeship and traineeship.

One benefit for the individual of completing an apprenticeship or traineeship should be the creation of valuable skills that will be reflected in higher earnings. The following table provides details of the wage premium gained from completion of an apprenticeship or traineeship. While the great majority of Australian Apprentices in a trade gain a considerable wage premium on completion of their qualification, some trainees receive a lesser proportion, or even a negative premium. NCVER notes that negative premiums suggests that there is little skills acquisition that occurs for such traineeships, or if there is skills acquisition, that it is not valued by the labour market over the general work experience obtained during the traineeship.\(^{91}\)

### Table 3: Wage premium on completion of an apprenticeship or traineeship

<table>
<thead>
<tr>
<th>Trades</th>
<th>Trades (mean)</th>
<th>Non-trades (male)</th>
<th>Non-trades (female)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($)</td>
<td>Mean</td>
<td>% above zero</td>
</tr>
<tr>
<td>31</td>
<td>Engineering, ICT and science technicians</td>
<td>6329.1</td>
<td>100.0</td>
</tr>
<tr>
<td>32</td>
<td>Automotive and engineering</td>
<td>13724.4</td>
<td>100.0</td>
</tr>
<tr>
<td>33</td>
<td>Construction trades workers</td>
<td>16867.8</td>
<td>100.0</td>
</tr>
<tr>
<td>34</td>
<td>Electrotechnology and telecommunications trades workers</td>
<td>23232.1</td>
<td>100.0</td>
</tr>
<tr>
<td>35</td>
<td>Food trades workers</td>
<td>6228.8</td>
<td>94.5</td>
</tr>
<tr>
<td>391</td>
<td>Hairdressers</td>
<td>631.7</td>
<td>73.4</td>
</tr>
<tr>
<td>All other trade occupations</td>
<td>6158.7</td>
<td>100.0</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>12105.0</td>
<td>96.4</td>
<td>-</td>
</tr>
<tr>
<td>Non-trades:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Community and personal service workers</td>
<td>-</td>
<td>-</td>
<td>7937.6</td>
</tr>
<tr>
<td>5 Clerical and administrative workers</td>
<td>-</td>
<td>-</td>
<td>4911.2</td>
</tr>
<tr>
<td>6 Sales workers</td>
<td>-</td>
<td>-</td>
<td>-5088.3</td>
</tr>
<tr>
<td>7 Machinery operators and drivers</td>
<td>-</td>
<td>-</td>
<td>1319.0</td>
</tr>
<tr>
<td>8 Labourers</td>
<td>-</td>
<td>-</td>
<td>2551.9</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>1624.1</td>
</tr>
</tbody>
</table>

Notes: Mean, and proportion above zero, of wage premium on completion of an apprenticeship or traineeship, trades and non-trades (male/female)—excluding part-timers and existing–workers

Source: NCVER, Report 4 *The economics of apprenticeships and traineeships* 2010

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\(^{90}\) NCVER, Report 4, *The economics of apprenticeships and traineeships*, 2010

\(^{91}\) Karmel, T. Et al *The impact of wages on the probability of completing an apprenticeship or traineeship*, NCVER. 2010
We also considered apprentices and trainees post-completions to identify the alignment of the training with the employment destination. NCVER found that apprenticeships demonstrated a much stronger occupational fit than traineeships.\textsuperscript{92} While this is significant, it highlights the limitations of engaging in one-size-fits-all financial support for these educational pathways. While we have considered a range of targeting strategies, including occupational fit, the key challenge remains in ensuring the supply of skilled workers to meet the needs of the current and future Australian economy. These challenges are anticipated to continue.

We therefore suggest that apprenticeships and traineeships that lead to occupations experiencing skill shortage should be considered as priorities for Australian Government funding in the Australian Apprenticeships system. To a degree this is already the case, with many existing incentives and personal benefits already targeted to occupations on the National Skills Needs List (NSNL), including the recent Apprentices Kickstart initiative. However, we advocate applying this approach more broadly.

\textsuperscript{92} NCVER, Report 2 Overview of apprenticeship and traineeship institutional structures, 2010
2. Leadership

Simplify a dispersed system

The Australian Apprenticeships system has seen incremental reform over the past 15 years. The intersection of education and training outcomes and labour market outcomes add complexity to the system. In addition, each of the eight jurisdictions holds legislative and regulatory responsibility for their apprenticeships and traineeships. Although a similar framework exists across the jurisdictions, the jurisdictional legislation varies significantly in how the components of the framework are implemented leading to disparities in how apprenticeships and traineeships are controlled and administered across jurisdictions. As a result of the different regulatory requirements, the governance structure of the Australian Apprenticeships system is often described as fragmented and is characterised by complexity and inconsistency.

Added to these jurisdictional differences are the Australian Government’s financial and regulatory arrangements. Industry partners have their own requirements and demands of the Australian Apprenticeships system that influence its varied directions at national and state levels.

These complex administrative and regulatory processes have created barriers to movement of apprentices and trainees both within and across jurisdictional borders and increased administrative complexity especially for national employers and providers. These jurisdictional differences inhibit mobility of labour and business, which has become increasingly important to sustain Australia’s economic growth. In particular, training contracts are specific to the jurisdiction in which they are approved and are not portable across jurisdictions. Other examples of where differences occur between jurisdictions are:

- determination of qualifications as suitable for either apprenticeship or traineeship pathways
- nominal duration terms for the completion of the training contract
- part time or full time arrangements that apply to apprenticeships and traineeships, including Australian School-based Apprenticeships
- number of training hours required to complete the qualification
- probationary periods that are applied to apprenticeships and traineeships
- relevant industrial arrangements that apply to apprenticeships and traineeships
- the extent of public funding to subsidise training allocated to particular qualifications through User Choice funding priorities in each jurisdiction
- assessment process for determining the suitability of the employers of Australian Apprentices, (e.g. in South Australia the employer of an Australian Apprentice must be registered and approved by the STA)
- requirements for the lodgement of training contracts and training plans
- conditions under which a training contract can be suspended and the period of time the suspension can be in place
- transfer to a new employer (Victoria and the Australian Capital Territory do not have this provision. The training contract must be cancelled and started with a new employer).

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93 NCVER Report 1 Overview of the Australian apprenticeship and traineeship system, 2010
94 Skills Australia, Creating a future direction for Australian Vocational Education and Training: a discussion paper on the future of the VET system, 2010
95 Skills Australia, Creating a future direction for Australian Vocational Education and Training: a discussion paper on the future of the VET system, 2010
96 Skills Australia, Creating a future direction for Australian Vocational Education and Training: a discussion paper on the future of the VET system, 2010
### Case Study: variations across jurisdictions

MEGT, a national provider of Australian Apprenticeships Support Services, developed a handbook for each industry sector for use by their Australian Apprenticeship Centres. In it they highlight a range of issues that play out differently in different jurisdictions. For example:

#### Minimum Part-Time Hours in each State and Territory

<table>
<thead>
<tr>
<th>Territory</th>
<th>Minimum Part-Time Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>Minimum of 15 hours per week</td>
</tr>
<tr>
<td>NSW</td>
<td>Full time nominal duration of up to 18 months – 15 hours per week</td>
</tr>
<tr>
<td></td>
<td>Full time nominal duration of 24 months – 21 hours per week</td>
</tr>
<tr>
<td></td>
<td>Full time nominal duration of more than 24 months – 27 hours per week</td>
</tr>
<tr>
<td>Qld</td>
<td>Minimum of 15 hours per week</td>
</tr>
<tr>
<td>SA</td>
<td>Full time nominal duration of less than 24 months – 15 hours per week</td>
</tr>
<tr>
<td></td>
<td>Full time nominal duration of more than 24 months – 25 hours per week</td>
</tr>
<tr>
<td>Tas</td>
<td>Minimum of 20 hours per week unless otherwise agreed by the Tasmanian Training Agreements Committee</td>
</tr>
<tr>
<td>Vic</td>
<td>Minimum of 13 hours per week averaged over one, two or four week cycle</td>
</tr>
<tr>
<td>WA</td>
<td>Minimum of 20 hours per week</td>
</tr>
</tbody>
</table>

### Australian School-based Apprenticeship requirements in each State and Territory:

<table>
<thead>
<tr>
<th>Territory</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>Minimum of 11, up to maximum 20 hours per week/principal’s signature (additional forms required)</td>
</tr>
<tr>
<td>NSW</td>
<td>Full training plan including the school endorsement/principal’s signature</td>
</tr>
<tr>
<td>Qld</td>
<td>A minimum of 48 days paid work per annum must be performed and RTOs must complete an Education Training Employment Schedule (ETES) with the employer, school and parent</td>
</tr>
<tr>
<td>SA</td>
<td>Minimum of eight hours per week – training contract must be accompanied by full training plan endorsed by school principal, student must be enrolled in SACE (South Australian Certificate of Education) and part of the training or on-the-job component should take place during School hours</td>
</tr>
<tr>
<td>Tas</td>
<td>Minimum of eight to a maximum of 15 hours per week – full training plan endorsed by the School principal required to register the ASbA. Additional forms required. Employers must apply and be approved to have School-based Australian Apprentices prior to the sign up taking place except for Administration and Retail qualifications</td>
</tr>
<tr>
<td>Vic</td>
<td>RTO notification form plus a signed training plan. Minimum of 13 hours per week averaged over three periods of four months in each year of the apprenticeship or traineeship of which a minimum of seven hours is employment and six hours is in training except where fully workplace based</td>
</tr>
<tr>
<td>WA</td>
<td>Training and Employment Schedule required to register the training contract</td>
</tr>
</tbody>
</table>

In the standard delivery of an apprenticeship or traineeship, the regulatory environment may not present any issues for participants. However, if someone does something non-standard, such as moving between jurisdictions, the system fails as a result of the differing jurisdictional processes and requirements, with the economic costs often borne by apprentices or trainees and their employers as the following hypothetical case study demonstrates.

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Case study: Albury Wodonga

A company with worksites in both border towns of Albury (NSW) and Wodonga (Vic) is limited in its ability to transfer apprentices and trainees between business sites in the two states. When required to transfer an Australian Apprentice on a permanent basis to a worksite in another state, significant time losses are incurred by the employer during the transfer due to the required administrative processes. The training contract is established in the state of the worksite and has to be cancelled in one state and a new training contract established in the state the Australian Apprentice is moving to in order to take up their employment with another division of the same employer.

COAG have been pursuing wide ranging reform in the Australian Apprenticeships system and agreed in December 2009 to progress the implementation of a seamless access, re-entry, deferral and support system. This is being progressed through the Ministerial Council for Tertiary Education and Employment (MCTEE) Apprentices Action Group but a number of issues remain outstanding.

A custodian of the system

There is a lack of clarity of authority and governance arrangements, which leads to regular reviews and criticism of the Australian Apprenticeships system and its parts, with limited mechanisms for effectively addressing systemic issues. In light of these deficiencies, there are three key questions we believe require clarification, to ensure an enduring and high performing Australian Apprenticeships system. These questions will be addressed throughout this chapter.

- Should there be a single agency or custodian that has responsibility for overseeing the elements of the Australian Apprenticeships system as a whole, or to lead its revitalisation or reform efforts?
- Who determines and regulates high quality within the system?
- Who is best placed to manage the administration of the system? (Discussed later in ‘Clarifying the roles of stakeholders’)

It is clear that the National VET Regulator will perform the primary role of quality regulator. However, at present the Australian Government, state and territory governments, Industry Skills Councils, Fair Work Australia and the Fair Work Ombudsman each perform some oversight functions with the National VET Regulator taking on a role in 2011. Yet none of these organisations could be considered an effective custodian of the Australian Apprenticeships system as a whole.

It is unclear who has responsibility for ensuring high quality and the ongoing relevance of the Australian Apprenticeships system, including the ongoing supply of apprentices and trainees. There is no obvious enduring forum for employer bodies, unions or governments to progress a strategic vision for future Australian Apprenticeships system arrangements. There is no body empowered to harmonise the differences in qualifications across state borders.

There is a strong need for the Australian Apprenticeships system to be managed in an integrated way. We see the need for a National Custodian that is able to apply a whole-of-system perspective to Australian Apprenticeships. The National Custodian can work collaboratively with all other government entities and with employers and unions to improve the performance of the system. This entity would be accountable for the policy that underpins the Australian Apprenticeships system, including both the education and employment functions. They would also, for example ensure that training leads to

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98 It is not yet clear how regulation in Victoria and Western Australia will be managed
99 Skills Australia, Creating a future direction for Australian Vocational Education and Training: a discussion paper on the future of the VET system, 2010
transferable skills, comprising enduring competencies and is underpinned by quality on-the-job and off-the-job training. To be effective a National Custodian must be forward looking and strategic. In the long term the National Custodian could be granted the power to alter the system and be accountable for the performance. We envisage a role similar to that of Safe Work Australia, as per the following case study.

**Case study: Safe Work Australia**

A recent example of establishing clear leadership is the reform and harmonisation of workplace safety and workers compensation arrangements by Safe Work Australia. The National Occupational Health and Safety Strategy was launched in 2002 and is strategy to establish a national vision with targets, priorities and areas requiring actions for occupational health and safety in light of separate state and territory legislative arrangements.

Safe Work Australia is an independent statutory body with primary responsibility to improve workplace safety and workers’ compensation arrangements around Australia.

State and territory governments and the Australian Government formally committed to the harmonisation of work health and safety laws under the Intergovernmental Agreement for Regulation and Operational Reform in Occupational Health and Safety, agreed to by the COAG on 3 July 2008. The goal was to harmonise occupational health and safety laws (including the Regulations and Codes of Practice that underpin them) to deliver the same work health and safety protection nationally. Each state and territory and the Australian Government is required to enact laws that reflect the model work health and safety legislation by the end of 2011. It is expected that the new laws will commence on 1 January 2012. Under these arrangements there is no national regulator as each state and territory has its own regulator to administer the laws in their jurisdiction.

Safe Work Australia also worked hard to elevate the importance of work health and safety, through delivering consistent national messages, identifying champions and undertaking research into factors that positively influence workplace culture and organisational behaviour.

If a similar entity was to oversee the Australian Apprenticeships system, its strategic role could involve:

- improving national coherence within the Australian Apprenticeships system, including working towards consistency and breaking down differences and barriers associated with jurisdictional boundaries
- achieving better coordination to achieve outcomes from investments by Australian Governments
- providing a forum within the Australian Apprenticeships system for employers and unions to progress a strategic vision for the Australian Apprenticeships system
- measuring and assessing quality of skills training within the Australian Apprenticeships system
- reviewing the current skills requirements for apprentices and trainees and making recommendations for up-skilling qualifications as occupations evolve, in partnership with the National Quality Council.
- leading a strategy to improve the status of apprenticeships and traineeships as a valued career pathway.

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100 Safe Work Australia, 22 December 2010.

101 Coalition of Australian Governments - Intergovernmental Agreement, 2008

The operational role of the National Custodian may involve accrediting workplaces and supervisors as quality on-the-job training providers.

However, we consider that a National Custodian could not be effective until the differing legislation and regulatory requirements in each state and territory is resolved into a common national arrangement for apprenticeships and traineeships.

We recommend that, as a first step, a taskforce be established to deal with these issues and work towards alignment of the eight jurisdictions. In addition the taskforce would develop a framework and process for the establishment of the National Custodian. The work of the taskforce could include reviewing the alignment of administrative and regulatory instruments to ensure that the relevant recommendations of this report are reflected, recognising that these issues are complex but not insurmountable. We propose that the taskforce be initially for two years, but with a view that it will pave the way for an effective National Custodian. This could be similar to the approach taken in the development of a national occupational licensing system.

The taskforce should be led by a full-time and independent chair with clear delegated authority, supported by a small expert secretariat. The chair would have the authority to negotiate in-principle positions with all jurisdictions to bring all parties towards a single national arrangement for apprenticeships and traineeships. The chair would lead the taskforce which would comprise one representative from each state and territory government, one employer representative and one union representative. It is essential that the taskforce is small enough and adequately empowered to reach a negotiated national position.

We consider that there is an opportunity in the upcoming negotiation of a new Agreement for Skills and Workforce Development to link payment of funds to the achievement of a national arrangement for apprenticeships and traineeships.

In determining the entity best placed to undertake the role of the National Custodian, careful consideration and clear messaging may need to be given to the delineation of the policy and quality regulation roles within the system. As advised by the taskforce, Government will need to consider the scope of current or new organisations in deciding who will be charged with these important policy and quality regulation roles.

We would suggest that to support the activities of a National Custodian, the National VET Regulator could conduct a strategic audit each year of a sample of apprenticeship and traineeship qualifications and report publicly on its findings. We consider that over a three year cycle the National VET Regulator could audit a significant proportion of apprenticeship and traineeship qualifications and offer suggestions to rectify quality shortfalls. This cross-provider work would require additional government funding for the National VET Regulator.

The activities of the National Custodian would be complemented by the four-yearly reviews of modern awards conducted by FWA. The NCVER would support the National Custodian through reporting on performance, including through an annual ‘State of the Australian Apprenticeships system’ report as a review and monitoring mechanism. Skills Australia would continue to develop advice on skills requirements for the Australian economy.
Recommendation 1:

Establish a National Custodian to oversee reform that will ensure Australia has a high quality Australian Apprenticeships system that:

- responds to the needs of the economy
- supports nationally consistent standards for employment and training of apprentices and trainees
- focuses on retention and completion of apprentices and trainees
- supports high quality skill development to ensure all apprentices and trainees have well rounded and highly respected skills required by the economy.

As a first step an independent taskforce should be established to work with the eight jurisdictions to align their systems and develop a framework and process for the establishment of the National Custodian. The taskforce would be led by an independent chair and have a representative from each state and territory government, a union and an employer group.

Clarify the roles of stakeholders

The capacity to revitalise the Australian Apprenticeships system has been limited by the multiplicity of stakeholders and the complexity of the administrative, funding and training arrangements in the system. The constitutional responsibility for VET lies with the state and territory governments, with few legislative and regulatory levers at the federal level. The financial levers are dispersed as the majority of Australian Government funding is delivered to state and territory governments through performance agreements.

In the development of this report we have gained an understanding of the many complexities of the Australian Apprenticeships system and the confusion this leads to amongst stakeholders. The duplication of services and inefficiencies within the system has also been highlighted. A primary concern is the number of stakeholders involved in the system and the lack of clear definition of the roles and functions these entities provide within the system.

The stakeholders involved directly in the establishment of the apprenticeship or traineeship include not only the employer and the apprentice or trainee, but also RTOs, STAs, AACs, providers of Job Services Australia and Disability Employment Services and training support officers or field officers provided by some jurisdictions and GTOs.

There are also organisations responsible for the development of policy, implementation and oversight of regulation and quality assurance of the Australian Apprenticeships system, such as the Australian Government, state and territory governments, Industry Skills Councils, Unions, Industry Organisations, COAG, MCTEE and the new National VET Regulator.

We have identified that not only are there multiple stakeholders in the Australian Apprenticeships system, but many of these undertake similar and multiple functions. There is duplication of services and possible inefficiencies within the system. For example Australian Apprenticeships Support Services are provided by both the Australian Government in the form of Australian Apprenticeships Centres and state and territory governments through services such as the ‘ApprentiCentres’ in Western Australia. Adding to this complexity are the funding arrangements within the system to support employers and apprentices and trainees. Financial incentives to support employers and personal benefits for Australian
Apprentices are provided by the Australian Government. In addition to this financial support, state and territory governments also provide a variety of incentives and personal benefits to support employers and apprentices and trainees in their respective jurisdictions.

The complexity of the Australian Apprenticeships system and the lack of clear definition of who does what in the system were highlighted in the 2006 Western Australian Skills Formation Taskforce Report. Throughout their wide ranging consultation process, there was significant feedback about the complexity of the Australian Apprenticeships system. In particular, ‘stakeholders do not know, or recognise, the different roles and responsibilities of the Australian and state government agencies and are confused by the multitude of available programs and the seemingly duplicate information available through a number of sources’.103 For example ‘there is significant overlap in signup, marketing, monitoring and support for apprentices and trainees. There was strong public opinion that first experiences with the system can be overwhelming and negative due to the number of organisations, confusing systems, poor organisation and delays’. 104 Yet now it is five years later and there is little change in the complexity of the system across states and territories.

The roles and responsibilities of each of the key stakeholders in the system need to be clearly articulated. The services these key stakeholders deliver should be clearly determined to ensure that those entities or providers most suited or best equipped deliver those functions. Appendix Q provides a schematic representation of the key stakeholders in the Australian Apprenticeships system and the functions or services that they provide. The analysis has been provided by determining the delivery of the following key aspects of the system: regulation and standard setting, training provision and intermediaries associated with service delivery.

Current arrangements relating to the establishment and registration of the training contract can be particularly complex.

Case study: complexity of the system

Mark finished year 12 last year and wanted to do an Australian Apprenticeship in carpentry. Mark struggled to find an employer due to the lack of coherent information about how to find an Australian Apprenticeship. He tried calling employers, looking in the newspaper and contacting Australian Apprenticeship Centres with little success. After about four months, he found an employer through word of mouth.

The employer contacted the local AAC and a staff member came to the workplace and explained to Mark and his employer what was involved in establishing an Australian Apprenticeship. Mark and his employer spent several hours completing a training contract and learning about the responsibilities that they each have and gaining an understanding of the different payments available to employers and Australian Apprentices through the Australian Apprenticeship. They were also given a list of RTOs and told that they must arrange a meeting with an RTO to organise the training and sign a Training Plan. They didn’t know how to choose the best one, so they just rang the first RTO on the list.

Three weeks later, Mark went to the RTO and enrolled. He spent half a day filling in more forms and talking about the training, timetable and student fees. The trainer mentioned something about previous learning, evidence, and assessment, but Mark didn’t understand what he was talking about. Mark didn’t want the trainer to think he was stupid so he put the paperwork in his bag and threw it out when he got home.

103 State Training Board of WA, Careers for life: creating a dynamic and responsive apprenticeship and traineeship system, Report of the Skills Formation Taskforce to the Minister for Education and Training, 2006
104 State Training Board of WA, Careers for life: creating a dynamic and responsive apprenticeship and traineeship system, Report of the Skills Formation Taskforce to the Minister for Education and Training, 2006
About the same time, Mark received a phone call from the AAC asking him to come to the AAC because the training contract had not been completed correctly. Mark thought it was the trainer who rang, so he went there first. This took considerable time to resolve but the trainer ultimately worked out where he should have gone and gave him the location of the AAC. This resulted in Mark being out of the workplace for close to a day.

The AAC had lodged the training contract for approval, but it was returned by the State Training Authority because of errors resulting from the AAC having difficulty reading Mark’s handwriting when entering the training contract data. A further six weeks later, he was asked to find additional supporting documentation and mail it to the AAC. In total it took close to six months for his training contract to be approved by the STA.

The AAC then turned up several months later with more forms to fill in. There were quite a lot and he had to keep repeating the same information on each form, sign every one and initial every page.

In the first six months of his Australian Apprenticeship, Mark had many questions about what type of work he should be doing on the worksite, his training, his employment conditions and his personal benefit payments. He also had some problems with an older worker who was bullying him at work. He tried talking to the employer but was told he just had to get used to it and things should improve by his second year. He had an extended period of time off work due to this, but got a doctor’s certificate to cover his absence. Whenever he tried to call someone, he was usually passed around from organisation to organisation and rarely got a definitive answer. Mark felt extremely isolated and unsupported during this time.

He didn’t realise he needed to talk to:
- the employer about what he should be doing at work
- the RTO about his training
- the Fair Work Ombudsman about his employment conditions
- the AAC about his personal benefit payments
- the mentoring service about the bullying at work
- the STA to suspend his training contract for the period of his absence.

Evidence of the complexities of the system highlighted in the case study is supported by the findings of Snell and Hart\(^{105}\) in their study of reasons for non-completion and dissatisfaction among apprentices. They found that there are contradictory views and no clear understanding about the roles and responsibilities of different stakeholders in the Australian Apprenticeships system in terms of providing support for apprentices. Many of the apprentices interviewed described feelings of being left ‘on their own’ and not knowing where to go for advice and assistance. The 2008 Roundtable Report also determined that the current system was confusing and incredibly frustrating with the quality and consistency of information between all parties involved in the Australian Apprenticeship relationship was lacking.\(^{106}\)

In order to reduce the complexity and increase the efficiency of the Australian Apprenticeships system, more streamlined and effective support for apprentices, trainees and employers is required. As stated by Skills Australia in their discussion paper\(^ {107}\): 

\begin{quote}

The apprenticeship system is heavily framed by a range of legislative, industrial and administrative controls designed in the main to protect the interests of employees and employers. Occupational licensing requirements are another element in the mix. Support for the apprenticeship system involves a broad
\end{quote}


\(^{106}\) 2008 Australian Apprenticeships Roundtable Report


\(^{107}\) Skills Australia, *Creating a future direction for Australian Vocational Education and Training: a discussion paper on the future of the VET system*, 2010
cross-section of parties operating at national, state/territory and regional levels. It consists of a range of layers and administrative interrelationships that are not transparent or easily navigated by users of the system. These layers arguably weight the apprenticeship system towards a regulatory and bureaucratic culture.

In an effort to address the complexities within the Australian Apprenticeships system, the COAG Australian Apprentices Taskforce put forward as their first recommendation ‘develop and progressively implement a more seamless Australian Apprenticeship access, re-entry, deferral and support system’. The taskforce recommendations were agreed by COAG in December 2009 and are being progressed through the MCTEE Apprentices Action Group. However, further work is required on a number of levels to simplify, streamline and increase the efficiency and effectiveness of the Australian Apprenticeships system.

We consider that reform of the Australian Apprenticeships system to reduce complexity and duplication could focus on the following key elements of the system:

- support for apprentices, trainees and employers
- quality of training both on-the-job and off-the-job
- achieving national consistency of the system
- efficient and effective administration.

Reform would entail reassessing the roles and responsibilities of each of the stakeholders in the system considering the above elements and reallocating the delivery of services to the entity most suited to deliver those services. This would also require Australian and state and territory governments in consultation with industry, unions and other key stakeholders working together to create an enhanced and effective Australian Apprenticeships system. When established, the National Custodian would undertake the role of leading reform in this important area. We believe that in the interim the independent taskforce could progress this work.

**Recommendation 2:**

Enhance the quality and effectiveness of the Australian Apprenticeships system by clarifying the roles and consolidating the number of stakeholders in the system, ensuring that services are provided by the most appropriate provider, duplication of service delivery is reduced and administrative processes are streamlined. The National Custodian would ultimately be tasked with this role and will require Australian and state and territory governments – in consultation with industry, unions and other key stakeholders – to work together. In the interim the independent taskforce would progress this work.
3. Sustainability

Strengthening the employment relationship

It is widely accepted that the biggest threat to an apprentice or trainee not completing their qualification is a breakdown in the relationship between the Australian Apprentice and employer. Many of the factors that contribute to a breakdown in the employment relationship can either be prevented or easily resolved if identified and rectified early. It is important that support mechanisms be built into the Australian Apprenticeships system to ensure that issues can be prevented or rectified before they pose a risk to the ongoing employment relationship.

Support for the employment relationship – employers

Bardon has argued that broad low completion rates mask considerable variation among employers and trade apprentices. Bardon suggests that employers can be classified according to tiers in order to create a clearer picture of completion rates.

Tier 1 – Well established businesses that have a high profile in their region. Trade apprentices are well supported and usually paid above award wages. There are good career pathways for graduating trade apprentices. Approximately 15 per cent of employers of trade apprentices fall into this category. Bardon estimates that in 2007 these employers had a completion rate of 80.3 per cent.

Tier 2 – Generally small to medium enterprises that require a steady flow of skilled tradespeople. They take a conventional and accepted approach to trade apprentice employment, implement the award wage structure, provide support and a generally safe workplace. Approximately 75 per cent of employers of trade apprentices fall into this category. Bardon estimates that in 2007 these employers had a completion rate of 32 per cent.

Tier 3 – Generally start-up businesses with little experience in employing staff. These businesses often have an unsupportive workplace culture and may be motivated by lower wages and subsidies to offset the cost of labour. Approximately 10 per cent of employers of trade apprentices fall into this category. Bardon estimates that in 2007 these employers had a completion rate of 11.5 per cent.

Clearly, the completion rates for Tier 2 and 3 employers, which form the vast majority, are concerning. NCVER has undertaken research on the effect of the size of the employer on completion rates, as shown in the table below. Across all industries employers engaging a larger number of Australian Apprentices had higher completion rates than those employing a single Australian Apprentice. However, this differential varied across industries from negligible to almost 20 percentage points. It can therefore be inferred that employer size is simply one of numerous variables which impact on an employer being classified as a Tier 1 employer.

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110 Bardon, B, Trade apprenticeship completion, 2010
111 NCVER Report 2 Overview of apprenticeship and traineeship institutional structures, 2010
Table 4: Completion rates by trade and size of employer

<table>
<thead>
<tr>
<th>Number of apprentices</th>
<th>1</th>
<th>2–10</th>
<th>11–25</th>
<th>26–50</th>
<th>50–100</th>
<th>100 +</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eng./ICT/science</td>
<td>0.585</td>
<td>0.645</td>
<td>0.675</td>
<td>0.721</td>
<td>0.694</td>
<td>0.684</td>
</tr>
<tr>
<td>Automotive</td>
<td>0.491</td>
<td>0.509</td>
<td>0.563</td>
<td>0.605</td>
<td>0.61</td>
<td>0.599</td>
</tr>
<tr>
<td>Construction</td>
<td>0.509</td>
<td>0.517</td>
<td>0.543</td>
<td>0.525</td>
<td>0.517</td>
<td>0.493</td>
</tr>
<tr>
<td>Electrotechnology</td>
<td>0.542</td>
<td>0.569</td>
<td>0.64</td>
<td>0.698</td>
<td>0.722</td>
<td>0.736</td>
</tr>
<tr>
<td>Food technicians</td>
<td>0.288</td>
<td>0.299</td>
<td>0.357</td>
<td>0.402</td>
<td>-</td>
<td>0.344</td>
</tr>
<tr>
<td>Animal/horticultural</td>
<td>0.532</td>
<td>0.568</td>
<td>0.638</td>
<td>0.653</td>
<td>-</td>
<td>0.646</td>
</tr>
<tr>
<td>Other trades</td>
<td>0.446</td>
<td>0.456</td>
<td>0.55</td>
<td>0.584</td>
<td>0.577</td>
<td>0.546</td>
</tr>
</tbody>
</table>

Source: NCVER Report 2 Overview of apprenticeship and traineeship institutional structures, 2010

This evidence suggests that a small proportion of employers are achieving excellent completion outcomes and the majority are achieving poor outcomes. Therefore the focus of Australian Government intervention should be shifted towards encouraging Tier 2 employers to improve their processes so as to become Tier 1 employers, while also raising the standard of Tier 3 employers. Some researchers, such as the Workplace Research Centre\(^\text{112}\), suggest that Australian Government support to take on Australian Apprentices should be limited to those employers who provide support and care for their Australian Apprentices:

> For too long in Australia we have operated on what has been termed the *convoy principle*—the fleet moves at the pace of the slowest boat. It is time that the reference point for support is the higher standard of employer. Designing workforce development around their standard will improve quality and move us beyond a system that is often geared to meeting the needs of the lowest common denominator.

**Structural support for employers**

Employers, especially small-to-medium enterprises, can be supported to provide high quality apprenticeships and traineeships which we expect will improve completion rates. Small-to-medium enterprises may face particular challenges in implementing initiatives without specifically tailored support. Therefore, it is important that provisions are built into the system to ensure that both small and large employers are well equipped to provide a high quality experience for apprentices and trainees.

**Employer accreditation through pre-qualification and training**

A greater focus should be placed on pre-qualification and training of employers before being able to take on an Australian Apprentice. One of the major findings to emerge from research undertaken by Snell and Hart\(^\text{113}\) is that many apprentices and trainees are very cynical about their employer’s commitment to training and the training system. They have received little or poor on-the-job training to the point where they question the value of the qualification they are working towards. This presents a significant barrier to improving completion rates.

Snell and Hart suggest that all levels of state and territory governments must demonstrate a stronger commitment to monitoring employment conditions and training quality, to ensure that employers are meeting their obligations. This could be achieved through compulsory assessment of employers and/or workplaces by industry to assess their ability to provide an acceptable level of training and support for Australian Apprentices before being able to enter into a training contract. Alternatively, the Australian Government could operate a regulatory function as per the case study below. Whichever strategy is

\(^{112}\) Buchanan, J. Jakubauskas, Schutz, H., *From preserving to renovating Australian Apprenticeships*, 2009

used, we believe that employers need to be accredited prior to taking on an apprentice or trainee. A key component of this assessment should be the provision of information and advice on how employers can meet their potential obligations and provide high quality Australian Apprenticeships. Provision of information and advice may also give employers the opportunity to consider other training options available. For example, for many existing—workers, alternative Australian Government programs such as the Productivity Places Program may provide a better platform for up-skilling employees than undertaking an Australian Apprenticeship.

Case study: registration of Australian Apprentice Employers in South Australia

Since September 2008 all prospective Australian Apprentice employers in South Australia have been required to go through a registration process with the South Australian Traineeship and Apprenticeship Services (TAS) within the Department of Further Education, Employment, Science and Technology (DFEEST).

The process involves a DFEEST training consultant visiting the workplace and conducting a formal assessment of the employer’s ability to meet the criteria of the training packages for which they are registering. The Training Consultant also discusses the employer’s ability to provide a safe and healthy workplace, both physically and emotionally, and informs employers of their rights and obligations. Registered employers are then listed on a public searchable database, along with their registration date and the trade qualifications they are registered to provide.

The registering of Australian Apprentice employers and monitoring of workplace and employer capacity by DFEEST staff promotes engagement between employers and the system regulator prior to Australian Apprenticeship commencement. The process also promotes the role of TAS and seeks to remove the risk of Australian Apprentices being employed in workplaces not suited to delivering the training and providing the appropriate environment for an effective Australian Apprenticeship.

Industry groups, such as the Australian Industry Group (AiG), support the idea of professional development being made available for Australian Apprentice supervisors to equip them with the skills to coach, mentor and assess in the workplace. AiG further suggests that while it is not necessary for supervisors to hold formal training and assessment qualifications, the availability of professional development to enhance their skills could impact positively on retention rates. Oliver agrees with this concept and proposes extending the model of the former NSW Metal, Engineering and Associated Industries (State) Award which provides a 7 per cent higher duties allowances for employees qualified as workplace trainers. Such steps create an incentive for individual employees to up-skill and take on responsibility for training and development of apprentices and trainees in the workplace.

Case study: supporting Australian Apprentices through partnerships between stakeholders

Toyota Australia has formed a partnership with Kangan Batman TAFE to take a shared responsibility in supporting their Australian Apprentices. Toyota and the TAFE meet on a monthly basis to discuss the progress of the Australian Apprentices, issues which may be arising and possible improvements to the program. They have found that a mandatory mentoring program for Australian Apprentices in the workplace has directly contributed to successful Australian Apprentice outcomes. The partnership has enabled the development of an industry and enterprise tailored Certificate IV in Training and Assessment to support the mentoring program. Toyota has many workplace mentors who hold this qualification.

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114 Clark, K & Lamb, S, Provision of Pastoral Care in Apprenticeships, University of Melbourne, 2009; DFEEST, Surviving the first 2 years of an apprenticeship, South Australian Government. 2008
115 AiG Submission to the Australian Apprenticeships Taskforce, July 2009
117 Victorian TAFE Association response to Australian Apprenticeship Taskforce, July 2009
Recognition as a quality employer

One method of encouraging employers to become ‘employers of choice’ is through formal recognition of those employers who show a strong commitment to building the future workforce. We support the development of a range of qualitative measures, for example consideration of previous experience in training including outcomes, as criteria for becoming formally recognised as an ‘employer of choice’. We have considered the recommendation by Australian Chamber of Commerce and Industry (ACCI)\(^{118}\) where employers who have a 6 per cent or greater portion of their workforce as apprentices or trainees become formally recognised as an employer of choice. This recognition would provide the employer with a marketing tool in the form of a logo (or a similar tool) for use on stationery and websites. We support this idea but suggest raising the bar to 10 per cent in line with existing requirements within some government procurement processes. We feel that a measure based solely on the proportion of apprentices and trainees within a workplace is not sufficient to ascertain quality and to gain the status of an ‘employer of choice’. It will be necessary to include other criteria to form an accurate assessment, including qualitative measures such as the provision of inductions and support mechanisms in the workplace. For the apprentice and trainee, access to adequate information to help them define and decide on an ‘employer of choice’ would be valuable. This important work could be managed by the National Custodian.

Advice and support

Employing an apprentice or trainee requires a significant investment on the part of the employer. When issues arise within the employment relationship, there should be mechanisms in place for the employer to seek advice and assistance to resolve these issues. This would ensure that ending the employment relationship is seen as a last resort. STAs, AACS and GTOs all confirm that early intervention strategies frequently succeed in avoiding a breakdown in the employment relationship. Furthermore, the states and territories that take a proactive approach to cancellations have above average completion rates.\(^{119}\)

There are many ways in which this advice and assistance could be provided to employers. Some examples include centralised call centres, industry bodies, State Training Authorities or field officers who are accessible to apprentices, trainees and their employers. Regardless of how the service is provided, it must be appropriately aligned with other support systems to ensure that support services for employers are streamlined and easy to navigate.

Recruitment and selection of apprentices and trainees

A quality and long lasting employment relationship begins with ensuring a good ‘fit’ between the apprentice or trainee, their employer and the industry they are entering. The results of a survey of employers conducted by Group Training Australia suggest that one of the major factors leading to completion is good recruitment in the first place.\(^{120}\) They state that if you start apprentices and trainees with a view to success, through methods such as aptitude testing and assessing their demonstrated commitment, it provides a strong base for successful completion. It is reported that in some cases, an apprentice or trainee will be employed for reasons that have little bearing on whether they are well suited for the industry, which is ultimately setting them up to fail.\(^{121}\) The importance of quality recruitment and selection is reinforced by ACCI,\(^{122}\) which has published a number of quotes from a medium sized employer of apprentices, a selection of which are below:

> We find if you get someone that’ll listen and come back and ask questions if they’ve got a problem, that’s a very good start...you have to see that they’ve got an interest in what they’re doing...

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\(^{118}\) ACCI Australian Apprenticeships Taskforce Submission July 2009

\(^{119}\) NCVER Report 2 Overview of apprenticeship and traineeship institutional structures, 2010

\(^{120}\) Group Training Australia, 2005, Good Start: Great Finish- Improving Completion Rates for New Apprentices.

\(^{121}\) Altegis Group, 2009, Barriers and Drivers for Bricklaying Apprenticeships (prepared for CPSISC)

\(^{122}\) ACCI, 2008, Get the selection right, every time.
They’re (good applicants) harder to find...they are out there, it’s just very hard to find them...

We’ve always interviewed our own people and it does take time and it is hard work and you’ve got to do the hard yards. But we find that it pays off in the end.

We believe that more can be done to support employers, especially small-to-medium businesses, to develop effective recruitment and selection processes. This can include the provision of fact sheets and workshops for employers and a greater availability of tools such as aptitude testing. Many industry groups already provide this support for their members to varying degrees. As such, we believe that government and Industry should work together to build on these existing strategies to support employers in their recruitment and selection of apprentices and trainees. This support should pay particular attention to the needs of small and medium enterprises which may not have the resources or expertise to select the most appropriate apprentices or trainees for their business.

Recommendation 3:

Establish a formal accreditation process for the pre-qualification and training of all employers of apprentices and trainees to ensure a nationally consistent minimum standard of high quality employment and training is provided. In addition establish an Excellence in Employment Scheme to recognise and reward those employers who have consistently demonstrated their commitment to excellence in training apprentices and trainees.

Support for the employment relationship – apprentices and trainees

The case for pastoral care and mentoring for apprentices and trainees is well documented. It is widely argued that the complexity and lack of coherent vision in Australian Apprenticeships Support Services is having a detrimental impact on outcomes. Skills Australia\textsuperscript{123} suggests that there is a lack of clarity around the ultimate ownership of responsibility for Australian Apprentice wellbeing and the quality of the Australian Apprenticeship experience. At present, this responsibility is dispersed amongst the Australian Government, state and territory government authorities, the training provider and the employer. The nature of many of these support roles tends to focus on the contractual or regulatory compliance of the Australian Apprenticeship as opposed to taking a client-centred approach to monitor the quality of the Australian Apprenticeship experience.

Snell and Hart\textsuperscript{124} suggest that there are contradictory views and no clear understanding about the roles and responsibilities of different stakeholders in the Australian Apprenticeship system in terms of providing support for apprentices and trainees. For many non-completers however, it is clear that if better support and assistance was more available, they may have persisted with their training. Similarly, for those still in training, the lack of appropriate support structures places them at significant risk of dropping out when issues arise. It would be beneficial for the level of interaction between regulatory and support bodies and the employer and Australian Apprentice be increased so that there are more regular visits to ensure that both parties are coping with the Australian Apprenticeship.\textsuperscript{125}

\textsuperscript{123} Skills Australia, Creating a future direction for Australian Vocational Education and Training, 2010


\textsuperscript{125} ACCI Submission to the Australian Apprenticeships Taskforce, July 2009
In recent years there has been a significant push for increasing apprenticeship and trainee commencements, with a particular focus on encouraging the participation of equity groups such as people with disabilities or Aboriginal and Torres Strait Islander peoples. Too often success is limited because there are insufficient support structures in place to be successful in achieving this aspiration.\textsuperscript{126} Completion rates for apprentices and trainees who identify as Indigenous Australians and those with a reported disability, are 30 per cent and 42 per cent respectively.\textsuperscript{127} Bardon suggests that completion rates for those unsure about career goals and with identified learning issues are as low as 10 percent. Consideration must be given to providing appropriate support structures for equity groups to fully participate in the Australian Apprenticeships system with a view to achieving quality outcomes.

**Structural support for apprentices and trainees**

It is clear that if apprentices and trainees are well supported, issues are more likely to be identified and resolved early, which will ultimately lead to better completion outcomes. There are two major ways in which support for apprentices and trainees can be provided through the Australian Apprenticeships system. We strongly endorse mechanisms to support apprentices and trainees that include pastoral care and mentoring.

*Pastoral care*

The term *pastoral care* encapsulates a broad range of services to support apprentices and trainees. These services can address an equally broad range of barriers faced by apprentices and trainees which, while generally not directly related to the workplace, ultimately threaten the successful completion of their apprenticeship or traineeship. Different forms and levels of intensity of pastoral care are required at different points during the apprenticeship or traineeship. The majority of support is often required during the first one to two years. It takes a *whole of person* approach and can include such things as direct support and/or counselling, monitoring and/or visitation, assistance in dispute resolution or information and support more broadly with issues such as life skills or budgeting. The Oz Help program is an example of one way that such a service is being provided.

\textsuperscript{126} Bardon, B, *Trade Apprenticeships Completion Analysis*, 2010
\textsuperscript{127} NCVER Report 2, *Overview of apprenticeship and traineeship institutional structures*, 2010
Case study: Oz Help Tasmania

Oz Help Tasmania is an offshoot of the ACT Oz Help organisation that emerged in 2002 within the building and construction industry, in response to a series of suicides among young Australian Apprentices in Canberra’s building and construction industry.

The LifeSkills Toolbox is a nationally accredited 48 hour program designed to build resilience in young Australian Apprentices entering the building and construction industry. The program covers a broad range of issues – identified as crucial to the health and wellbeing of young Australian Apprentices such as decision making, problem solving, budgeting, communication and understanding emotions. It is designed to be completed over the first two years of an Australian Apprenticeship through a series of half or full-day training sessions.

Early intervention is a key element of this model. Oz Help staff deliver an introductory presentation to Australian Apprentices during their first TAFE training day. At this session, the Oz Help counsellors collect contact information for all the Australian Apprentices to form a database of active Australian Apprentices within the industry. OzHelp staff also run a half day ‘Introduction to OzHelp’ for workplace supervisors and mentors. This work with supervisors and mentors aims to advocate for the pastoral needs of Australian Apprentices in the workplace and promotes the benefits of the Life Skills training.

Underpinning this model is a connection between the training provided through the Life Skills Toolbox and the ongoing support provided by OzHelp counsellors. The support service aims to be as flexible as possible and will respond to contact and referrals from Australian Apprentices, employers, RTO staff and any other stakeholders. The response from employers engaged with Oz Help was very positive and the Life Skills Toolbox was regarded as very beneficial to both Australian Apprentices and workplaces more broadly.

OzHelp has successfully developed and trialled pilot programs using the same model in the automotive and hospitality industries, demonstrating the transferability and applicability of this model across industries. Elements key to the effectiveness of the Oz Help model are:

- Early intervention – strong relationships with RTOs and employers have facilitated access to new Australian Apprentices and delivery of training and support from the probation stage onwards.
- Stakeholder interaction – the Oz Help model is supported by industry bodies and relies heavily on the endorsement and participation of employers and RTO staff.
- Triangulation – this model brings together skills provision for Australian Apprentices, education for supervisors and mentors and a case managed on-going support service.

It is important that pastoral care is provided by appropriately skilled and qualified personnel. In the resolution of disputes it is preferable that mediators are independent from both the employer and the apprentice or trainee. However we do not feel that the delivery of pastoral care by an external provider releases the employer from their obligations to train and support the apprentice or trainee.

It is important to point out that there is no one-size-fits-all approach available for pastoral care in apprenticeships and traineeships. Many large employers have the capacity and in some cases already do provide effective pastoral care services in-house. Many small to medium enterprises do not have the capacity or expertise to provide an effective pastoral care service and would require external specialists to deliver the service. The way pastoral care is delivered within organisations should be a decision made by the organisation based upon their ability and capacity for effective delivery. The provision of pastoral care in regional areas where there are few apprentices and trainees spread over a large geographic area presents additional challenges. This means that any Australian Government interventions will require additional innovation in approaches in regional areas.

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128 Clark, K & Lamb, S, Provision of Pastoral Care in Apprenticeships, University of Melbourne. 2009

Mentoring

While often included under the banner of pastoral care, mentoring focuses primarily on career and skill development and is focused on the workplace. The role of a mentor will typically be undertaken by older and more experienced staff in the workplace similar to the traditional apprentice master and is usually in addition to the workplace supervisor. The mentor can provide information and advice on career pathways, development opportunities and general workplace issues, as well as monitoring the overall progress of the apprentice or trainee. Formal mentoring and coaching is a decisive tool in raising the retention rates of apprentices and trainees.130

Case study: mentoring through an Australian Apprentice master131

A manufacturing company in Ballarat, Victoria, assigns an Australian Apprentice master to all of their Australian Apprentices. This person oversees all aspects of the Australian Apprentice’s training, who they are working with, what they are working on and what skills development is to occur. On Fridays, all Australian Apprentices meet with the Australian Apprentice master and review and consolidate what they have learnt for the week and practice tasks. All Australian Apprentices are given broad experience across the workplace for the first two years before specialising more in the third year. These programs have resulted in extremely high Australian Apprentice completions and show the importance and value of effective workplace mentoring.

Research by the Manufacturing Industry Skills Advisory Council SA Inc (MISAC) shows apprentices and trainees value mentoring and a relationship with an experienced tradesperson highly. A survey conducted by MISAC in 2008 asked Australian Apprentices their views on a range of options to improve the Australian Apprenticeship experience. A total of 89 per cent of respondents agreed with the statement that there should be more opportunities to pair up with experienced tradespeople, whilst 49 per cent strongly agreed with the statement.132

We envisage that a mentoring service could be delivered in one of two ways. Many larger employers may wish to undertake their mentoring in-house and would have the capacity and expertise to undertake this function effectively. We acknowledge that many employers already have similar mechanisms in place and may have provided additional training to ensure that mentors have the required skills to undertake this role, similar to the Toyota case study in the Structural support for employers section. For smaller employers, industry or RTOs could be tasked with placing mentors to work with apprentices and trainees in their industry located in a specified geographic area. Regardless of how mentoring is delivered, it is essential that there be regular contact between the mentor and Australian Apprentices and that the mentor is easily accessible if issues arise in the workplace.

ACCI suggests that a similar benefit can be derived through a buddy program whereby newly qualified workers provide support to new apprentices or trainees. The benefits are twofold. Firstly, the newly qualified worker gains a sense of responsibility and boosts their confidence. Secondly, the new apprentices or trainees can receive advice and support from somebody who has recent experience and understands the problems and challenges associated with completing apprenticeships and traineeships.133

130 2008 Australian Apprenticeships Roundtable Report, published April 2009
131 Victorian TAFE Association response to AA Taskforce, July 2009
133 ACCI, Systematic approach to retaining apprentices, 2008
We propose a system that provides comprehensive structural support mechanisms for both eligible apprentices and trainees, as detailed below and their employers. This will take the form of:

- accreditation through pre-qualification and training of employers of apprentices and trainees
- recognition of high quality employers of apprentices and trainees through Excellence in Employment
- making advice and support readily available to employers of apprentices and trainees, including about recruitment and with selection processes
- access to broad pastoral care for apprentices and trainees
- ensuring that apprentices and trainees have access to an apprentice mentor.

**Proposed eligibility for structured support mechanisms**

We propose that to give greater strength to the current Australian Apprenticeships system, highlighting some apprenticeships and traineeships as priorities is necessary. We suggest that the structured support services described above should only be available to eligible apprenticeships and traineeships in occupations that are priorities for the Australian economy.

We consider that identifying eligible apprenticeships and traineeships would involve the combination of two tests: a priority occupations test and a transferability test.

Concerning the priority occupations test, the Specialised Occupations List,135 NSNL and state and territory skills needs lists are a suitable method for distinguishing apprenticeships and traineeships as priority occupations. Further information on the Specialised Occupations List is at Appendix P. If an occupation does not appear on any of these lists, its subsequent need for Australian Government support is debateable.

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134 Clark, K & Lamb, S, *Provision of Pastoral Care in Apprenticeships*, University of Melbourne, 2009
We acknowledge that these lists were not created for the purpose of supporting the targeting of Australian Government investment into apprenticeships and traineeships. However from our investigations they are the most suitable at this time. The occupations on these lists form a starting point for defining which apprenticeship and traineeship qualifications are eligible for additional Australian Government support. It would therefore be for the taskforce and then the National Custodian to develop and identify a better mechanism. It will require high quality and ongoing labour market research and analysis to support the targeting mechanism. Skills Australia could also have a role in validation of the mechanism.

A transferability test could then be applied to those occupations identified as priorities. A qualification is considered to be transferable if it provides the individual with a valued career and can be traded in the marketplace between employers. This reflects our preference for supporting qualifications that have tangible and enduring value for the Australian Apprentice and the economy. The National Custodian identified earlier would be responsible for applying the transferability test. Skills Australia may be able to provide advice for the purposes of developing the transferability test.

We suggest that for those occupations considered eligible apprenticeships and traineeships, the level of Australian Government support required would be the same for both new and existing-workers. The list of eligible apprenticeships and traineeships would need to be updated regularly, in line with updates to the priority occupations lists, with broader reviews undertaken at four yearly intervals to coincide with the Fair Work Australia (FWA) reviews of modern awards.

Based on this approach, a range of occupations would not be eligible for structured support services. This includes hospitality, clerical and administrative workers, sales workers, machinery operators and drivers, and labourers occupations. However, we do not recommend that apprenticeships and traineeships cease to be offered for these occupations. As some of these occupations are traditionally female dominated, this policy has the potential to affect female commencements substantially more than male commencements. This can be mitigated by implementing strategies to assist females to enter non-traditional apprenticeships and traineeships.

**Recommendation 4:**

Establish structured support for employers to provide high quality employment and workforce development experiences for eligible apprentices and trainees. The focus of Australian Government support should be on assisting employers to provide high quality on-the-job and off-the-job training through support services such as mentoring and pastoral care.
Support for eligible apprenticeships and traineeships

We believe that these measures will address many of the factors that contribute to non-completion. While a considerable sum of money is required for the provision of structured support services, the benefits resulting from these measures will be widespread. We believe that these measures will be most effective if governments and industry can work collaboratively and view improving the quality of the Australian Apprenticeship experience as a shared responsibility. As such, we consider that there is a role for both industry and government in funding these structural support services, as detailed below.

Current Australian Government support for Australian Apprenticeships

The Australian Government currently provides a range of payments to employers and Australian Apprentices in the form of incentives and personal benefits. These payments are made to encourage employers to take on Australian Apprentices and to alleviate financial pressure on apprentices and trainees during their training. In 2010–11 $1.061 billion is budgeted to be paid directly to employers and Australian Apprentices.136 Approximately two thirds of these funds will flow to employers137 and the remaining one third will be paid to apprentices and trainees in personal benefits. A summary of the current incentives and personal benefits is provided at Appendix Q.

The current one-size-fits-all mechanism for incentives is not agile or flexible and is unable to respond to changing workforce and economic demands or differing jurisdictional requirements. Many of the current incentives do not take into account the varying length and complexity of qualifications at the same level. For example, all qualifications at the Certificate III level receive the same commencement and completion payments regardless of whether the qualification takes six months or four years to complete. The incentives system has become increasingly complex and cumbersome.

If one purpose of incentives is to encourage uptake in areas experiencing skills shortages, this has not been achieved.138 Under the current arrangements only one third of the total incentive payments go to areas experiencing skills shortages.139 Karmel et al140 state that there is little evidence to suggest that the introduction and subsequent expansion of financial incentives have significantly increased the number of Australian Apprentices in the traditional trades. However, they suggest that for some traineeships, for example in retail and hospitality, financial incentives to employers have led to large increases in trainees. As discussed earlier, NCVER suggest that in some instances, particularly for retail and hospitality qualifications, the incentives currently paid constitute an implicit wage subsidy to the employer of up to 20 per cent.141 In these situations, Australian Government support functions more as a labour market program than a training program. We question whether the significant government funds currently being spent on employer incentives for these qualifications are providing any tangible benefit to the broader economy.

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136 2010–11 DEEWR Portfolio Budget Statement, Australian Government
137 NCVER Report 1 Overview of the Australian apprenticeship and traineeship system, 2010
139 NCVER Report 1 Overview of the Australian apprenticeship and traineeship system, 2010
140 Karmel et al, The efficiency and effectiveness of apprenticeship and traineeship incentives (internal DEEWR document) 2008
141 NCVER Report 1 Overview of the Australian apprenticeship and traineeship system, 2010
The NSW Business Chamber\textsuperscript{142} note that completion of the first 12 months of an Australian Apprenticeship strongly correlates with ultimate completion of the training contract. Therefore linking payments with completions has a limited impact on completion rates. The provision of upfront incentive payments also presents issues as employers receive a greater implicit wage subsidy if the apprentice or trainee quits (or is laid off) after one year than if they go on to complete.\textsuperscript{143}

Australia is the only country that pays Australian Government incentives on a broad scale to employers as well as apprentices and trainees.\textsuperscript{144} Over time, the total value of Australian Government investment has increased significantly. However, the interventions of successive Australian Governments have failed to systematically address or take into account the myriad of issues which affect the Australian Apprenticeships system more broadly, for both employers and apprentices and trainees. It is arguable that a significant proportion of the funds invested in incentives represent a poor return as a result of the low levels of completion.\textsuperscript{145}

We recognise the importance of personal benefits paid to Australian Apprentices such as the Living Away From Home Allowance, the Tools for Your Trade and the Support for Adult Australian Apprentices payments. These payments play a vital role in assisting apprentices and trainees to engage with the system who may otherwise not have the financial means to do so. The payments are especially important when considered in the context of the low wages received by apprentices and trainees in the early years of their apprenticeship or traineeship and the costs of participation including fees and travel costs. It is important to recognise that targeted government initiatives for Indigenous Australian apprentices and trainees and people with a disability have had a positive impact on the participation of these groups.\textsuperscript{146}

**Australian Government support into the future**

The Australian Government is a significant financial player in the Australian Apprenticeships system. The current level of investment provides the government with significant leverage to drive the system forward with the goal of providing quality outcomes for Australian Apprentices, employers and the economy. However the current system of broad financial incentives is not working.\textsuperscript{147} Even when funds do flow to priority occupations and industries, the overwhelming evidence suggests that the incentives have little impact on Australian Apprenticeship numbers.

It is time to move away from government support in the form of direct financial payments to employers. The current system has been in place for many years and the outcomes being achieved do not represent an acceptable return on government investment. We suggest that these funds can be redirected towards structured support services which we believe will result in a much greater return on investment in the long term.

Personal benefits to apprentices and trainees, such as the Tools for Your Trade payment, the Living Away From Home Allowance and the Support for Adult Australian Apprentices should continue to be supported consistent with current eligibility arrangements.

\textsuperscript{142} NSW Business Chamber, *Australian Apprenticeship Reform*, 2010
\textsuperscript{144} NCVER Report 1 *Overview of the Australian apprenticeship and traineeship system*, 2010
\textsuperscript{145} NCVER Report 2 *Overview of apprenticeship and traineeship institutional structures*, 2010
\textsuperscript{146} NCVER Report 1 *Overview of the Australian apprenticeship and traineeship system*, 2010
\textsuperscript{147} NCVER Report 2 *Overview of apprenticeship and traineeship institutional structures*, 2010
It is important to recognise the additional barriers that equity groups, such as regionally located and Indigenous Australian apprentices and trainees and those apprentices and trainees with disability, face for their participation. These groups must be appropriately supported, with additional support where necessary, to ensure that these apprentices and trainees have the best possible chance of successful completion.

We are well aware that removing generic financial incentives for employers may result in a reduction in apprentice and trainee commencements in the short term. However, the focus should be on ensuring that Australian Apprentices are well supported and provided with the best possible chance of completion rather than simply aiming for as many commencements as possible in the hope that at least some will complete. This will result in a greater return on investment for the eligible apprentice and trainee, the employer, the Government and ultimately the community.

**Recommendation 5:**

Redirect current Australian Government employer incentives to provide structured support services to eligible apprentices and trainees and their employers in occupations that are priorities for the Australian economy. While a wide range of occupations should be trained through apprenticeship and traineeship pathways, Australian Government support should focus on occupations that have tangible and enduring value for the economy – both in the traditional trades and the newer forms of apprenticeships and traineeships, such as community services, health services and information technology.

**Industry investment**

Our aim is to increase the number of eligible apprentice and trainee completions and to ensure there is an adequate supply of skilled people in the workforce as required by industry now and in the future. Government intervention alone will not be sufficient to achieve this. A shared responsibility is required from all levels of government and industry. We therefore support system reform which encourage an increased investment in training by employers to increase the number of apprentice and trainee completions.

Recovery from the recent economic downturn is already producing skills shortages in some areas and these are likely to continue in the future. We acknowledge the difficulty in projecting future skills needs. However, industry could be better prepared for economic variations including implementing improved workforce skills development and targeted training programs within their organisations for both new entrants and existing workers.

Comprehensive data regarding investment in training by employers is not available. NCVER research highlights the issues of the validity and reliability of the data collected, conflicting estimates from various quantitative sources, contradictory evidence from qualitative research and a lack of good comparative international data.\(^{148}\) For this reason we agree with the NCVER suggestion of a national survey of employer training expenditure and practices be conducted so that manageable and robust data can be produced to better inform future training requirements.\(^{149}\)

\(^{148}\) NCVER, Smith, A. Burke, G. Long, M. and Dumbrell, T. *Approaches to measuring and understanding employer training expenditure*, 2008

\(^{149}\) NCVER, Smith, A. Burke, G. Long, M. and Dumbrell, T. *Approaches to measuring and understanding employer training expenditure*, 2008
Although it is difficult to make generalised conclusions, it does appear that there is some variation by industries in training provision for their workforces. NCVER research\textsuperscript{150} has also found that not only do employers vary in the form and amount of training provided for their workforces, but some do not provide any form of training whatsoever.

We acknowledge that those employers who do invest in training, particularly in apprentices and trainees, face a substantial upfront cost.\textsuperscript{151} However there are a number of benefits which accrue to employers as a result of employing an apprentice or trainee, including the direct productive contribution of the apprentice or trainee and the investment in the continued labour supply for the organisation in the medium to long term.\textsuperscript{152} Individual employers however do not usually have access to sufficient information to be able to anticipate skill shortages.

The labour market naturally addresses skills shortages in some instances, however there is often a significant lag-time in training of Australian Apprentices to provide those necessary skills. We believe some employers have a limited focus on their future skill needs and as a result are underprepared for emerging skills shortages. NCVER noted\textsuperscript{153}:

If left to themselves, the choices that individual workers and employers make will produce levels and quantities of skills that are systematically less than are needed (and attainable) to generate maximum output and growth. There are many reasons for this, but they each have the feature that the person/firm who is making the training decision is unable to capture the full benefits of the extra skills that they get from such training.

In responding to this issue we have considered the assistance Australian Government can provide to employers to address the problem. We believe there is a strong public interest in providing assistance to employers to develop and expand the pool of skills in demand and are of the opinion that this is a shared responsibility. Government and industry must jointly invest in training. As NCVER note,\textsuperscript{154} there is a wider economic benefit in such assistance. Economic studies demonstrate convincing evidence that providing additional workers with skills that are in short supply lifts the productivity of other workers, although not at the expense of occupations not in shortage. In addition, reducing the mismatch between skills in demand and skills that are supplied helps reduce the overall level of structural unemployment and inflationary wage pressures.

\textbf{Models of shared investment}

International experience demonstrates the popular use of levy-based policy instruments as a mechanism to engage industry support for training. The Netherlands established a national sectoral training fund through collective industrial agreements in the major sectors of the economy. The funds are derived from contributions from all employers covered by the agreements. The levy amount is set as part of the individual agreement and varies by sector, ranging from 0.1 to 0.7 per cent of gross wages. They are managed by collective bodies with both union and employer representation. The funds are administered on a sectoral basis.

\footnotesize
\textsuperscript{150} NCVER, \textit{Employer-provided training: Findings from case studies}, Mark Cully, 2005
\textsuperscript{151} NCVER, Report 4, \textit{The economics of apprenticeships and traineeships}, 2010
\textsuperscript{152} NCVER, Report 4, \textit{The economics of apprenticeships and traineeships}, 2010
\textsuperscript{153} NCVER, Richardson, S. \textit{What is a skill shortage?} 2007
\textsuperscript{154} NCVER, Richardson, S. \textit{What is a skill shortage?} 2007
Some other international examples\textsuperscript{155} of government-employer shared contribution schemes include:

\begin{itemize}
  \item employers and unions setting up training development funds under collective industrial agreements (Belgium, Denmark and the Netherlands)
  \item government offering tax exemptions to enterprises that train their workers (Belgium, Chile, Germany, South Korea, Malaysia and Pakistan)
  \item government introduced compulsory financing of training by employers (Denmark, Ireland, South Korea, Malaysia and France – the Training Guarantee was based on the French system which is still in operation).
\end{itemize}

The Training Guarantee\textsuperscript{156} was implemented by the Australian Government in the early 1990s, where employers paid a portion of their payroll on eligible training or paid the shortfall to the ATO, with some exemptions for small businesses. One of the drivers for the implementation of the Training Guarantee by the Australian Government was the structural adjustment of the labour market in the 1980s, to improve the skill level of workers and to balance decreasing employment security. Notwithstanding the problems that were later identified with the Training Guarantee, evaluation of the scheme showed that it did achieve some of its goals. Employer expenditure on structured training was stimulated and the levy did assist in protecting training expenditure from cutbacks in many enterprises during the recession of the early 1990s. In addition the levy served to heighten managerial interest in training.

There is currently significant variation in how such schemes can operate as they can be driven by industry or governments. Australia has a number of examples of sector specific schemes including:

\begin{itemize}
  \item the brick and block levy developed in Victoria and now operating in New South Wales, Australian Capital Territory, Queensland, Western Australia, South Australia and Tasmania. This levy is industry owned and is based on the application of a levy not on the employer but directly on the consumer with a per-pallet contribution. The contribution is then used to support training. The levy was introduced by the industry in response to skill shortages, particularly impacting the domestic housing market
  \item the Construction Training Fund (CTF) is a levy which supports the training of people working in the construction industry in participating jurisdictions. The CTF (also known as the Building Construction Industry Training Fund – BCITF) operates in the Australian Capital Territory, Western Australia, South Australia, Queensland and Tasmania and is mandated through legislation in each jurisdiction. A levy of approximately 0.2 per cent is paid on the cost of the building and construction activity over a certain figure. The scheme operates in a slightly different manner in each jurisdiction. It is the customer not the employer who bears the cost of the levy. The levy is used primarily to support the training of apprentices and trainees.
\end{itemize}

\textsuperscript{155} Smith A and Billett S; \textit{Mechanisms for increasing employer contributions to training: and international comparison}; NCVET, 2004

\textsuperscript{156} \textit{You get what you pay for – Enhancing employers’ contributions to skill formation and use}, A discussion paper for the Dusseldorp skills forum, ACIRRT, University of Sydney, Hall, Buchanan, J. Considine, G. June 2002
Industry support into the future

We recommend a system of shared responsibility, through the implementation of an employer contribution scheme (ECS) which is jointly funded by the Australian Government and employers. Employers of workers (not just apprentices and trainees) deemed to be in occupations of priority to the Australian economy, as described in the Proposed eligibility for structured support services section, would pay a contribution based on payroll expenditure into the ECS fund.\(^{157}\) All employers of eligible apprentices and trainees would have access to and benefit from the support services and benefits available, as shown by the examples that follow. Payments by the Australian Government into the ECS would match the employer contributions. Funding from the ECS could also be used to provide targeted interventions during downturns.

We acknowledge that there are some employers already providing high quality support services for their employees, such as mentoring and pastoral care, similar to those which will be funded by the ECS. Employers of eligible apprentices or trainees who meet defined benchmarks for training and in the provision of support services would have their contribution rebated either in part or in full. We recognise that many employers, particularly small and medium enterprises, lack the scope within the firm to invest in high quality support services on top of their existing demands. These companies in particular would benefit from the services jointly funded by the ECS and the Australian Government.

Case study: examples of the ECS in action:

Case study one
Employer X is a well established aged care facility with a long history of employing Australian Apprentices. The employer invests heavily in the training of their employees and this has led to excellent staff retention and a highly skilled and productive workforce. Over the years the employer has implemented a range of strategies and programs to support their Australian Apprentices and ensure that they receive quality on-the-job training. Because they employ workers in a priority occupation, they are required to pay a percentage of their total payroll into the ECS. The Australian Government contributes an equal amount into the ECS. The company contributes to skill development by employing Australian Apprentices and meets the defined benchmarks for quality training and the provision of support services in the workplace for their Australian Apprentices. In recognition of this, they are able to claim a rebate on their contribution. Employer X is still eligible to take advantage of any of the services funded through the ECS, which are complementary to those already offered in the workplace, as well as any assistance during downturns which is funded through the ECS.

Case study two
Employer Y is a self employed locksmith whose business has expanded to the point of taking on an Australian Apprentice for the first time to assist in meeting the demand from an expanding client base. The employer does not have the capacity to provide any formal quality and support mechanisms for their apprentice. The employer pays a contribution to the ECS which is matched by the Australian Government. The employer is able to access assistance funded through the ECS to support them in promoting an effective employment relationship and deliver quality on-the-job training from people within the industry who understand the needs of the business. The Australian Apprentice has access to pastoral care and mentoring through an industry-based field officer funded by the ECS. The programs and services available to the Australian Apprentice and the employer through the ECS have been instrumental in working through challenges that may otherwise have caused the Australian Apprentice to drop out.

\(^{157}\) Identifying employers ‘in-scope’ would need to consider subcontracting arrangements, e.g. those common in the construction industry.
Case study three

Employer Z is a large manufacturing company that employs 60 fully qualified tradespeople across a number of priority occupations. Because they employ workers in priority occupations, they are required to pay a percentage of their payroll into the ECS, which is matched by the Australian Government. The employer does not employ any Australian Apprentices and only employs tradespeople who have already undertaken their Australian Apprenticeship with other employers. As they do not contribute to skills development in their industry through the employment of Australian Apprentices, Employer Z does not receive a rebate for their contribution. Should the employer choose to employ Australian Apprentices in priority occupations in the future, they would be able to benefit from the structured support services.

The management of these funds would need to occur at an industry level to ensure appropriate recognition is afforded to the unique priorities and challenges of each particular industry. This is in line with the findings of Smith and Billett who state that there are a number of factors which contribute to successful employer contribution mechanisms, as listed below:158:

- the enterprise or industry sector identifies or expresses a particular need or inadequacy such as a skill shortage or the need for professional development
- it is independent from government
- the mechanisms for collection, decision-making and enacting are visible and accessible to the enterprises contributing to it
- enterprises can identify the positive outcomes of the system
- the application of funds generates a commitment to ongoing contributions.

In recommending the use of the ECS, we acknowledge that financial assistance in and of itself will not be the cure-all to addressing the problem of training support to ameliorate skills shortages. NCVER have noted that:

Policy makers in the VET area should be aware therefore that one-dimensional approaches, such as training levies, to increase the level of employer training are unlikely to be successful. A more sophisticated and nuanced approach to encouraging employers to invest in the training and development of their workers is necessary.159

We believe our proposal meets this requirement with its strong emphasis on structured support and the demonstrated provision of quality training.

Recommendation 6:

Reinforce the need for a shared responsibility for the Australian Apprenticeships system by establishing an Employer Contribution Scheme in which employer contributions will be matched by the Australian Government. Employers who meet defined benchmarks for training and support of eligible apprentices and trainees would have their contribution rebated, either in part or in full.

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158 Smith A and Billett S; Mechanisms for increasing employer contributions to training: and international comparison; NCVER, 2004
159 NCVER, Reasons for training: Why Australian employers train their workers, Smith, Ockowski, Hill, 2009
The new funding system

We envisage that when the contributions from employers and the Australian Government are combined, a large pool of funding will become available to fund the described structured support services. A diagrammatic representation of the proposed new funding system is shown in Figure 1 below.

Figure 1: A Shared system – Australian Apprenticeships flowchart
Support during downturns

There is a long term and close interaction between apprenticeships and the economic cycle, as demonstrated by the following figure\textsuperscript{160}.

**Figure 2: Apprentices and trainees in-training at 30 June, and unemployment rate, 1966–2008**

![Graph showing apprentices and trainees in-training at 30 June, and unemployment rate, 1966–2008](image)


NCVER\textsuperscript{161} note that traineeships have very limited interaction with the economic cycle, although as they are relatively new there is less data to review. Apprentices suffer adverse short and medium-term effects from economic cycle fluctuations. The current system’s lack of flexibility limits recovery options in any upturn, suggesting apprenticeships require specific consideration. We believe that steps need to be taken to protect the apprentice’s training contract during these times.

During downturns, the impact is felt most strongly in apprenticeship commencements and in occupations already affected by supply shortages. Commencements decline during downturns and typically take time to recover. The medium-term impact is further compounded as an apprenticeship typically takes three to four years to complete, making the impact longer lasting and thereby deepening existing skills shortages.

Conversely, most traineeships do not interact with the economic cycle to the same degree. Generally, traineeship commencements can increase and recover quickly, partially due to the nature of the industry, occupation (e.g. retail) and the shorter time usually taken to complete the traineeship.

The impacts of economic downturn are masked in the overall Australian Apprenticeship data as traineeship commencements remain strong. Traineeship commencements in 2009–10 were more than double that of apprenticeships.\textsuperscript{162} As trainees also represent over half of all people under a training contract and currently in training,\textsuperscript{163} they influence statistics to show a reduced impact of the Global Financial Crisis on the Australian Apprenticeships system.

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\textsuperscript{160} NCVER Karmel, T. Misko. *Apprenticeships and traineeships in the downturn* 2009
\textsuperscript{161} NCVER Report 4 *The economics of apprenticeships and traineeships*, 2010
\textsuperscript{162} NCVER, Apprenticeships and Traineeships, 2010 June quarter
\textsuperscript{163} NCVER, Apprenticeships and Traineeships, 2010 June quarter
Significantly, in spite of Australia’s resources boom, NCVER\textsuperscript{164} found that the most recent downturn was no exception to previous experience. When comparing the period of downturn with the period immediately preceding (downturn of 2008 quarter 3 to 2009 quarter 4 with comparison period of 2007 quarter 3 to 2008 quarter 2), there were quite dramatic declines in the numbers of commencements across a number of trades, particularly construction trades and automotive and engineering, and electro technology and communications trades.

Table 5: Impact of downturn on apprentice commencements\textsuperscript{165}

<table>
<thead>
<tr>
<th>Downturn period</th>
<th>Comparison period</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>000</td>
<td>000</td>
<td></td>
</tr>
<tr>
<td>31 Engineering, ICT and science technicians</td>
<td>5.2</td>
<td>4.8</td>
</tr>
<tr>
<td>32 Automotive and engineering</td>
<td>24.1</td>
<td>31.5</td>
</tr>
<tr>
<td>33 Construction trades workers</td>
<td>25.1</td>
<td>33.9</td>
</tr>
<tr>
<td>34 Electrotechnology and telecommunications trades workers</td>
<td>13.5</td>
<td>17</td>
</tr>
<tr>
<td>35 Food trades workers</td>
<td>14.1</td>
<td>14.7</td>
</tr>
<tr>
<td>36 Skilled animal and horticultural workers</td>
<td>6</td>
<td>5.9</td>
</tr>
<tr>
<td>39 Other technicians and trades workers</td>
<td>21.6</td>
<td>17</td>
</tr>
<tr>
<td>391 Hairdressers</td>
<td>8</td>
<td>8.9</td>
</tr>
<tr>
<td>392 Printing trades workers</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>394 Wood trades workers</td>
<td>2.2</td>
<td>3.2</td>
</tr>
<tr>
<td>399 Miscellaneous</td>
<td>10.3</td>
<td>3.8</td>
</tr>
<tr>
<td>3 Technicians and trades workers</td>
<td>109.5</td>
<td>124.9</td>
</tr>
</tbody>
</table>

Notes: 3 Technicians and trades workers includes some not further defined trade occupations as well as textile, clothing and footwear trades

Source: Apprentice and trainee collection, June 2010 estimates

Table 5 shows that the number of commencements declined significantly in some (but not all) trades, however there is little evidence of comparable effects on traineeships. Table 6 makes the same comparison for traineeships showing that overall there was an increase. The primary reason for this is that the occupations in which trainees work were not affected to the same extent as the trades. Apart from managers and professional trainees (where the numbers are small in any case) the only group to be affected are machinery operators and drivers which are much closer to those sectors of the economy that were badly affected by the downturn.

\textsuperscript{164} NCVER Report 4 The economics of apprenticeships and traineeships, 2010
\textsuperscript{165} NCVER Report 4 The economics of apprenticeships and traineeships, 2010
Table 6: Non-trades commencements in the downturn ('000)

<table>
<thead>
<tr>
<th></th>
<th>Downturn</th>
<th>Comparison period</th>
<th>Decline due to downturn (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers and professionals</td>
<td>13.8</td>
<td>16.1</td>
<td>14.3</td>
</tr>
<tr>
<td>Community and personal service workers</td>
<td>65.1</td>
<td>61.4</td>
<td>-6.0</td>
</tr>
<tr>
<td>Clerical and administrative workers</td>
<td>82.9</td>
<td>76.2</td>
<td>-8.8</td>
</tr>
<tr>
<td>Sales workers</td>
<td>62.0</td>
<td>60.5</td>
<td>-2.5</td>
</tr>
<tr>
<td>Machinery operators and drivers</td>
<td>36.7</td>
<td>39.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Labourers</td>
<td>36.4</td>
<td>35.7</td>
<td>-2.0</td>
</tr>
<tr>
<td>Total (non-trades)</td>
<td><strong>296.9</strong></td>
<td><strong>289</strong></td>
<td><strong>-2.7</strong></td>
</tr>
</tbody>
</table>

Source: Apprentice and trainee collection, June 2010 estimates

In 2009 the then Deputy Prime Minister Julia Gillard said\(^{167}\) that as a nation we failed to make the boom years pay. We underinvested. We lived off human capital accumulated in previous decades. Government has struggled to comprehensively address skills shortages in regards to Australian Apprenticeships, as current arrangements are constricted to a long term Australian Apprentice outcome, instead of a multi faceted approach.

Despite the positive impact that has been achieved by initiatives such as the Apprenticeship Kickstart Bonus and Extension, such approaches serve to increase Australian Apprenticeship commencements, but do not preserve the training contract or encourage the employment and training relationships.

It is our aspiration to have a system that provides a steady supply of skilled workers to meet the demands of the economy. A system that can respond to the ebb and flow of the economic cycle and respond to medium term needs, including taking effective action to address skills shortages. This would be achieved in part by preparing for downturns before they arrive, so as to better protect this important component of the workforce and to protect the training contract sensibly, whilst allowing business to make appropriate decisions for their own survival and recovery.

We believe it is essential and the responsibility of all to maintain the continuity of the training and the employment relationship. Therefore it requires a collaborative effort to provide a range of options to apprentices and employers to assist in managing, enduring and surviving tough economic conditions, and to be well positioned to be involved in and capitalise on economic recovery.

**Options for support during a downturn**

With imaginative thinking and cooperation between employers, unions, training providers and Australian Government, flexible alternatives and arrangements can be implemented to ensure the continuation of the employment relationship for all apprentices and traineeships during an economic downturn. However we envisage that the ECS could be accessed in times of downturn to support flexible employment and training arrangements for eligible apprenticeships and trainees.

\(^{166}\) NCVER Report 4 The economics of apprenticeships and traineeships, 2010

\(^{167}\) Universities Australia Conference speech 4 March 2009 by then Education Minister Gillard
The Workplace Research Centre has examined the response by other industrialised countries to the challenge of supporting their apprenticeship systems during a downturn. The research found that few countries had a comprehensive, substantive strategy for mitigating the impact of a downturn on apprentices and trainees. However, it did identify some challenges that needed to be managed in the medium term to allow the Australian Apprenticeships system to respond adequately during a downturn. These include:

- **Rebalancing the blend of employment and institution based learning** - This includes consideration of measures to ensure quality employment based learning is preserved during periods of stagnant or declining labour demand. A careful distinction needs to be made here between an industry suffering from a temporary downturn and an area experiencing longer term economic decline where support would represent an inefficient use of resources.

- **Employers are the greatest and weakest asset in the Australian Apprenticeships system** - Support should be provided to those employers who are committed to a longer term perspective and the offering of ongoing employment, particularly during a downturn. More attention should be paid to seeking out employers with good on-the-job training arrangements and flexibility in managing their Australian Apprentices during a recession, rather than those with a limited capacity to provide quality training.

- **Stakeholder cohesion is a prerequisite for establishing and maintaining a quality Australian Apprenticeships system** - Within industry sectors strategies should be developed for improving stakeholder dialogue and cohesion, and in implementing flexible responses during a downturn. The aim being to maintain valuable training and ongoing employment for Australian Apprentices and ensuring responses are appropriate for the specific industry sector concerned. The research considered those initiatives which have been tried overseas such as coordinated work placement programs, flexible mixture of work and training options and employer based Australian Apprenticeship retention schemes.

We are also aware of examples in Australia, such as the response to the most recent downturn by the automotive industry. This included measures to ensure enhanced participation by stakeholders in training and productivity measures.

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**Case study: the Automotive Industry response to the economic downturn**

In late 2008 the three major Australian car makers announced their intention to reduce production in the first 6 months of 2009 by closing their manufacturing plants for substantial periods. This came as a consequence of an almost 40 per cent severe slump in new car sales.

Employees of automotive manufacturers and component suppliers were facing perhaps five to six weeks without paid work (even after accessing accrued leave, rostered day-off etc) unless alternative arrangements were developed. There was an acknowledged risk that workers would exit the components sector in such numbers that the sector might not be able to respond effectively when demand improved.

The Australian Manufacturing Workers Union and a component sector company gained Government support to pilot a workforce skills analysis and development plan that was designed to use this non production time to assist in positioning the company to meet the challenges of an industry in transition.

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The key components of the plan included:
- maximising future skills and labour retention by implementing a skills analysis and workforce planning & development strategy during periods of reduced production
- preventing and minimising attrition and maximising opportunities for employees to build their skills and qualifications through recognition of prior learning and structured training leading to nationally recognised training package qualifications
- maximising labour productivity by building higher level skills to underpin flexibility, innovation, productivity, environmental sustainability and lean manufacturing to meet the challenges of a dynamic, and carbon constrained, future
- building flexible component manufacturing capability as the industry transitioned under the $6.2 billion Government – New Car Plan for a Greener Future innovation initiative.

A joint steering committee undertook a series of key steps designed to manage the process and a project manager was appointed to manage the pilot. All levels of the workforce were engaged in the identification and analysis of key tasks and work requirements. Job profiles that reflected the anticipated needs of the industry were negotiated. The key work requirements were aligned to competency units from relevant National Industry Training Package qualifications. A skills audit was conducted to assess the competencies of individual workers and align them with the job profiles and competencies.

Competency gaps were identified. Case managed individual learning plans were established and developmental opportunities provided to meet the identified skills requirements and other support measures.

Key Outcomes
- 375 of over 500 workers participated in formal workforce development activities including formal training, with 182 workers receiving nationally recognised qualifications ranging from Frontline Management to Competitive Manufacturing to Training and Assessment
- Improved understanding and capability, at an enterprise level, of skills analysis, workforce planning and development techniques
- Enhanced levels of participation in post school vocational learning amongst the existing workforce
- Improved case management of existing–worker learning strategies
- Improved skills and labour retention
- Proper documentation of ‘transferable’ skills and qualifications within and across industry sectors
- Improved relationships between the enterprise and vocational education and training providers
- Enhanced productivity and efficiency through the deployment of fit-for-purpose skills and workforce development initiatives
- Development of an Industry led existing–worker skills recognition and credentialing process consistent with the national training system.

We consider that measures to allow for a more effective response to a future downturn should include the mobilisation of industry based taskforces, identifying training contracts in jeopardy and allowing flexibility in training and employment arrangements.

Industry based taskforces comprising of employers, unions and training providers could be mobilised at the beginning of a downturn to quickly develop strategies to support the retention of apprentices and trainees by employers in that industry. The focus of the taskforce would be to develop flexible training and employment arrangements specific to the industry sector to ensure ongoing quality training and the maintenance of the employment relationship for the duration of the downturn and beyond.
Industries in danger of redundancies for apprentices and trainees need to identify their positions in a timely manner so that support and effective interventions can be implemented. We recommend that existing training contracts should be amended to include an obligation by the employer to report to the relevant State Training Authority if a contract is in danger of being terminated due to redundancy. The requirement for notification would apply to contracts that are threatened due to a general economic downturn, rather than issues specific to an individual employer which are unrelated to the overall economy.

Allowing flexibility in training and employment arrangements could include:

- temporary reduction in hours worked and increased off the job training, including possible periods of ‘block’ training and recognising that this could lead to extra costs to the training provider
- a coordinated work placement program that provides for flexible arrangements within specific industries to allow apprentices and trainees to temporarily move to other employers with higher demand
- improved skills development including ensuring encouragement of students into pre-apprenticeships as a pathway into an apprenticeship and traineeship and recognition of prior learning and current skills and competencies of both new and existing apprentices and trainees
- development of improved support, mentoring and case management of apprentices and trainees affected by a downturn.

We envisage that governments can play an enhanced role in assisting apprentices, trainees and employers during a downturn. This would include:

- subsidies for employers to retain existing apprentices and trainees and provide flexible training opportunities
- resources to help match apprentices and trainees facing redundancy with other employers who may have temporary positions
- enhanced case management of affected apprentices and trainees.

Some funding for this enhanced support could be provided to employers of eligible apprentices and trainees from the ECS and be administered by industry based administrators in consultation with the Australian Government.

Funding provided through the ECS for structured support services could be withheld to those employers who are unable or unwilling to participate in cooperative industry arrangements to respond to a downturn.
Recommendation 7:

Facilitate a cooperative and flexible approach by governments and industry bodies to allow for the continuation of both training and employment of apprentices and trainees during periods of economic downturn. Early intervention should be a key element of this approach. Support for a range of measures to be in place until economic recovery occurs could include:

- reduction of work hours offset by additional training
- increased off-the-job training
- placement with other employers within the industry
- increased mentoring and support.

Increasing participation

We believe that increasing the participation of individuals in the Australian Apprenticeships system will assist in ensuring the sustainability of the system. Three key areas that we believe need to be considered are:

- the pathways into apprenticeships and traineeships
- extending the reach of the Australian Apprenticeships system
- re-establishing the status of the Australian Apprenticeships system

Pathways into Australian Apprenticeships

**VET in Schools including Australian School–based Apprenticeships**

VET in Schools refers to school-based VET programs that provide students with credit towards the Senior Secondary Certificate of Education (SSCE) while they also gain a national industry recognised qualification. The introduction of VET programs into schools, integrated with the Australian Qualifications Framework (AQF) and SSCE, has been seen as a means of providing more diverse pathways to work and further study for young people. There are two ways for students to do this: either through institution-based courses or subject programs or as an apprenticeship or traineeship while completing their SSCE. Career advisors and those in the education system are well placed to promote VET in Schools and Australian School-based Apprentice (ASbAs) arrangements as an entry pathway into and platform for a viable and interesting career through an Australian Apprenticeship.

ASbAs differ from VET in Schools programs in that they include an employment arrangement and the requirements for the Australian Apprentice, training provider and employer are set out in the training contract and training plan. An ASbA is a part-time Australian Apprenticeship arrangement which enables senior school students to commence a formal qualification while completing their school studies and also earn a wage for the time spent in the workplace.
This arrangement provides an important pathway in to a career, however it also requires a high level of determination and organisation from the student who has to balance both their studies and employment as an Australian Apprentice. An ASbA participant may complete their qualification part-time before leaving school or full-time after completing Year 12, depending on the length of the course and the competencies they are able to achieve during their secondary schooling. State and territory governments are responsible for the state based legislation which underpins the provision of Australian School-based Apprenticeships. This legislation can determine, for example, the number of hours that a part-time Australian Apprentice must be employed for each week. The percentage of Australian Apprentices who are ASbAs differs significantly between the states and territories, with Queensland and Victoria having substantially higher proportions than other jurisdictions.\(^{169}\)

There is a considerable level of student engagement in VET in Australia. In 2008, over 41 per cent of students undertook at least one VET subject as part of their SSCE.\(^{170}\) Of the 229,500 students undertaking VET in Schools programs in 2009, 21,500 were ASbAs which equates to 9.4 per cent. Students undertaking an ASbA are more likely to be working towards a Certificate III or above qualification, while VET in Schools students were undertaking training at the Certificate 1 or II level.\(^{171}\)

Karmel and Mlotkowski\(^{172}\) found that the completion rate for the cohort of Australian Apprentices who commenced in 2002 was 47.8 per cent for ASbAs at the Certificate I and II levels. This was higher than the comparable rate for non-School based Australian Apprentices aged 19 and under at commencement, who had a completion rate of 46.1 per cent. For ASbAs studying at Certificate III level and above completion rates were 41.8 per cent compared with 47 per cent for the non-School based cohort.\(^{173}\) It can be assumed that the ASbA cohort studying at the Certificate III and above level would have completed their training post School, and the transition to a full-time Australian Apprenticeship (in some cases with a different employer) and losing the pastoral care provided by the school may have an impact on completion rates. Additional support at these transition points for this vulnerable cohort may positively influence completion rates. Anecdotal reports also suggest that some ASbAs may choose to transition in to a different training package within the same industry post-Year 12, which would be recorded as a non-completion, but could still be a positive outcome for the individual and industry. Without a unique student identifier it is not possible to track these transitions.

The Australian Government provides significant financial support to VET in Schools. A substantial element of this funding is directed through general funding to states and territories under the National Skills and Workforce Development Agreement. The Australian Government also directly targets VET in Schools through:

- Trade Training Centres in Schools Program— A key aim of this program is to help address national skills shortages in traditional trades and other eligible occupation areas by improving the relevance and responsiveness of trade training programs in secondary schools. This program is also an important element of the Australian Government’s workforce development agenda. The Australian government is providing $2.5 billion over 10 years to enable all secondary schools across Australia to apply for funding of between $500 000 and $1.5 million for Trade Training Centres
- The National Trade Cadetship Program. The program will form part of the new National Curriculum and is being developed by the Australian Curriculum and Assessment Reporting Authority in partnership with Industry Skills Councils. As part of the National Curriculum, Trade

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\(^{169}\) Karmel & Mlotkowski, School-based apprenticeships and traineeships, NCVER, 2008

\(^{170}\) MCEEDYA, 2008 VET in Schools Statistics, 2009

\(^{171}\) Australian Vocational Education and Training Statistics, VET in Schools 2009, NCVER 2009

\(^{172}\) Karmel, T & Mlotkowski, P., School-based apprenticeships and traineeships, NCVER, 2008

\(^{173}\) Karmel, T. & Mlotkowski, P. School-based apprenticeships and traineeships, NCVER, 2008
Cadetships will provide clearly defined, robust, nationally recognised and consistent pathways for School students who want to pursue a career in the trades or vocational industries, or for students to keep that option open.174 The Australian Government is providing $3.1 million over two years for the establishment of the curriculum and a further $25 million over, 2012–2014 to support structured work experience places for National Trade Cadets.

We note the significant level of investment being directed to VET in Schools however, as the Skills Australia discussion paper on the future of the VET system points out:

Debate about funding for VET in Schools is longstanding. Analysis suggests the lack of a coherent and integrated funding framework resulting in inconsistencies among schools and between schools and other VET providers.175

The paper176 makes a number of suggestions on ways to allocate funding that will support high quality VET. These include:

- requiring schools to allocate enrolment-related funding on the same basis to all subjects both academic and VET
- providing supplementary funding to meet additional costs where VET subjects exceed average costs
- providing supplementary funding for all VET enrolments to meet the costs of compliance, work placement and other costs specific to VET programs
- ensuring that School-based apprentices and trainees are able to access User Choice funding
- providing both average and supplementary funding on an enrolment or demand-driven basis.

While funding is an issue, a recent national consultation conducted by Service Skills Australia (SSA)177 identified that:

A major concern is the inconsistency between VET in Schools, both within a jurisdiction as well as across Australia. Currently there are no common standards around approval, regulation, resourcing, administration, delivery and monitoring of VET in Schools.

Further, SSA heard that quality issues (not just limited to VET in Schools) were a key component of consultations. SSA heard descriptions of the massive variability (excellent to indefensible) in VET in Schools modules across Australia.

Other industry bodies challenge whether the current arrangement will ensure the foundation skills required for an Australian Apprenticeship arrangement are available. EE-OZ Training Standards notes that industry intelligence indicates that secondary education is failing to provide the foundation skills required by trade Australian Apprentices, particularly in maths and science. Evidence for this is reflected in non-completion rates and a need for the provision of additional basic skills support to Australian Apprentices by industry and RTOs. In the view of EE-OZ Training Standards this situation places undue burden on industry and the VET sector to supplement the development of skills which should have been taught in schools.178

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174 National Trade Cadetships; Julia Gillard and Labor: Let’s move Australia forward; 2010
175 Skills Australia, Creating a future direction for Australian vocational education and training: a discussion paper on the future of the VET system; October 2010
176 Skills Australia, Creating a future direction for Australian vocational education and training: a discussion paper on the future of the VET system; October 2010
177 Service Skills Australia Services; Industries VET in Schools Project 2010
178 EE-OZ Training Standards; Maintaining an Effective Energy Sector Apprenticeships System, August 2010
Our view is that the VET in Schools pathway and ASbAs have the potential to be a very powerful mechanism for increasing commencements in Australian Apprenticeships. However, we believe that the way they are currently structured together with broader issues including the status of the Australian Apprenticeships system combine to dull the potential of VET in Schools as a pathway. As demonstrated by the Skills Australia discussion paper, this is a significant issue of concern which is expected to grow in importance. Given the significance of recent Australian Government reform, the focus on schools, skills development and further study and the changes in legislation requiring young Australians to learn or earn, these types of pathways are only going to grow in importance and will need better links into the Australian Apprenticeships system. Our view is that a separate body needs to be given the task of aligning VET in Schools and the Australian Apprenticeships system. We are also of the opinion that formally regulating the quality of VET in Schools activities within the VET system would enhance the value of the VET in Schools pathway. This could be undertaken by the National VET Regulator once established.

Recommendation 8:

Formally regulate the quality of VET in Schools within the VET system to enhance the consistency and quality of training across all jurisdictions and to recognise the potential of VET in Schools as a pathway into an apprenticeship or traineeship.

Pre-apprenticeship and pre-vocational pathways

Pre-apprenticeship programs have been delivered in Australia since the early twentieth century, in one form or another, to increase the supply of potential Australian Apprentices. In the 1930s in New South Wales, pre-apprenticeship programs were used as a measure to combat unemployment and they were common nationwide throughout the 1950s, 1960s and 1970s. Pre-apprenticeship training provides a pathway into an Australian Apprenticeship by delivering skills required through off-the-job training and simulated or real work experience. If the course is successfully completed then pre-apprenticeship training can provide a measure of credit towards the first year of the Australian Apprenticeship, in recognition of the higher level of skills a pre-apprenticeship graduate has obtained.

The Kirby Inquiry of 1984–85 led to the introduction of traineeships, which may have diverted interest from pre-apprenticeship courses, which declined during the 1990s.

Despite the long history of pre-apprenticeships, there is a lack of comprehensive data on the numbers and models of pre-apprenticeship courses or the outcomes for course participants. This is identified by Dumbrell and Smith as being partially due to the inconsistent nomenclature used to describe pre-apprenticeship training which has made measuring pre-apprenticeship activity difficult. In its broadest interpretation, pre-apprenticeship training is training that prepares an individual for a specific Australian Apprenticeship. However there are many skills that an individual may require to be ready to undertake an Australian Apprenticeship arrangement, such as general employability skills as well as trade skills specific to the intended Australian Apprenticeship or occupation. This has led to the development of many different models of pre-apprenticeship training suited to the demands of different occupations and the development of pre-vocational training, which has a focus on more general preparation for a range of training and/or employment outcomes. Pre-vocational training is often utilised as a pathway.

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179 Dumbrell, T. & Smith, E. Pre-Apprenticeships in Three Key Trades, NCVER, 2007
180 Dumbrell, T. & Smith, E. Pre-Apprenticeships in Three Key Trades, NCVER, 2007
181 Dumbrell, T. & Smith, E. Pre-Apprenticeships in Three Key Trades, NCVER, 2007
for equity groups to gain core skills to improve their employability prior to commencing a pre-apprenticeship course, an Australian Apprenticeship or another training and/or employment option.

Employers see pre-apprenticeship training as valuable as it provides participants with the opportunity to test out whether they are suited to the Australian Apprenticeship before they enter an employment arrangement.\(^\text{182}\) Further, in hiring a pre-apprenticeship graduate, an employer gains an Australian Apprentice who has already had some exposure to the industry and developed some skills and is better prepared for the challenges of undertaking an Australian Apprenticeship. Research has shown that reduced employer demand for Australian Apprentices is linked to a declining perception of the quality of applicants.\(^\text{183}\) Studies that have included employers have shown the majority to be very positive about pre-apprenticeship training. Some employers in particular industries, such as electro technology consider pre-apprenticeship training to be a pre-requisite to an Australian Apprenticeship.\(^\text{184}\)

Multiple studies on why Australian Apprentices fail to complete their Australian Apprenticeship indicate that a lack of understanding of what an Australian Apprenticeship entails is a major factor. A lack of fit between student capability and course demands, wrong choice of subject, poor preparation and lack of readiness are also listed.\(^\text{185}\) These non-financial factors leading to withdrawal from an Australian Apprenticeship could be addressed through pre-apprenticeship training courses that allow participants to test out their chosen Australian Apprenticeship path prior to committing to a training contract with an employer.

The Department of Education, Employment and Workplace Relations’ (DEEWR) internal data management system suggests that completion of a pre-apprenticeship training program may have a positive impact on completion rates for the subsequent Australian Apprenticeship, especially for those aged 24 and under. Also of note, NCVER\(^\text{186}\) research shows that Australian Apprentices in-study who completed a pre-apprenticeship were more likely to be planning further study related to their trade.

The extent to which pre-apprenticeship training impacts upon completion rates is difficult to measure, due to the differences in content of the pre-apprenticeship courses available and the varying names that they go under. Determining which components of pre-apprenticeship training, such as work experience, employability skills or advanced standing upon commencement of the Australian Apprenticeship, contribute to an increase in completion rates would require an agreed national definition for pre-apprenticeship training and principles governing what courses need to deliver. We believe that the National Quality Council is well placed to develop definitions for pre-vocational and pre-apprenticeship training. This would assist in accurately determining the outcomes achieved through pre-vocational and pre-apprenticeship training. While pre-apprenticeship training needs to be flexible enough to meet the varying needs of industry, a level of consistency is necessary to ensure a high standard of quality of training for participants and employers.

Industry Skills Councils were tasked with developing strengthened pre-apprenticeship programs as a result of the recommendations of the Australian Apprentices Taskforce. We believe that this industry led process represents the best vehicle for the establishment of nationally consistent pre-apprenticeship programs.

\(^{182}\) Dumbrell, T. and Schutz, E. An Examination of the Effectiveness of the Australian Pre-Apprenticeship Model, The University of Sydney, 2009

\(^{183}\) Dumbrell, T. & Smith, E. Pre-Apprenticeships in Three Key Trades, NCVER, 2007

\(^{184}\) Dumbrell, T & Smith, E Pre-Apprenticeships in Three Key Trades, NCVER, 2007

\(^{185}\) Dumbrell, T & Schutz, E An examination of the effectiveness of the Australian Pre-apprenticeships model, The University of Sydney, 2009

\(^{186}\) Dumbrell, T & Smith, E Pre-Apprenticeships in Three Key Trades, NCVER, 2007
During the economic downturn the Australian government recognised the value of pre-apprenticeship training as an opportunity to engage School leavers who were at risk of not being able to find an employer with whom to commence an Australian Apprenticeship. The resulting Apprentice Kickstart: Increased Pre-Apprenticeships Training Opportunities initiative provided funding to the states and territories for additional pre-apprenticeship training courses leading to Australian Apprenticeship occupations in skill shortage, for which outcomes are not yet available.

The Australian Government does not have an ongoing investment in mainstream pre-apprenticeship training. However it does fund pre-vocational training for vulnerable job seekers who experience barriers to skilled employment to help them obtain and successfully participate in an apprenticeship or traineeship, or achieve a training or employment outcome through the Australian Apprenticeship Access Program. Government investment in mainstream pre-apprenticeship training may present an opportunity to improve Australian Apprenticeship completion rates, through assisting Australian Apprenticeship candidates to be better prepared.

**Recommendation 9:**

Increase national consistency in preparatory training by directing the National Quality Council to develop definitions for pre-apprenticeship and pre-vocational training.

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**Extend the reach of the system**

Prime Minister Julia Gillard, in her former role as Minister for Education, said\(^\text{187}\) that:

> to become a more dynamic, innovative and prosperous nation we need people with the skills, knowledge and ability that further education provides. In doing so, we have to draw upon the talents of people currently under represented in the system.

Equity is an important social justice issue. Equality of opportunity always has and always must be a central Australian value. It is also an economic issue. Without equity in the Australian Apprenticeships system, Australia simply cannot obtain the high level of skills needed to compete with the most successful economies of the world. Equity impacts national productivity and is a concern for all stakeholders because with a low unemployment rate there is a need to facilitate broad access to the system.

There are several groups that we feel need to be well supported and provided with a recognised vocational pathway into the labour market. Additional support would be provided through structured support services, such as mentoring and pastoral care, as outlined earlier. In addition, employers of disadvantaged apprentices and trainees would continue to receive current standard employer incentives. Additional assistance may be required by both apprentices and trainees and their employers to offset the higher costs associated with their participation in the workforce. The current suite of employer incentives could be used as a guide in developing arrangements for the provision of this assistance. The purpose of additional support is to assist these target groups to fully and effectively participate in the Australian Apprenticeships system. We believe that it would be important for the National VET Equity Advisory Council (NVEAC) to be consulted in the implementation of measures for equity groups.

\(^\text{187}\) University Australia conference, keynote address, 3 March 2010 then Minister for Education Gillard
NCVER report that for Aboriginal and Torres Strait Islander peoples and people living in rural and remote areas, Australian Apprenticeships pathways are an important education pathway, with participation being in excess of population share. It found that:

- for Indigenous Australians commencements are 3.8 per cent and population share is 2.6 per cent. However, Indigenous Australian Apprentices are more likely to undertake lower level qualifications and are less likely to successfully complete an Australian Apprenticeship. In 2009–10, 55 per cent of Indigenous Australian Apprentices ceased participating in the Australian Apprenticeships system, compared to 40 per cent of non-Indigenous Australian Apprentices.
- for regional and remote participants the participation is 25 per cent and 16.8 per cent which is significantly higher than the relative population share which is 19.7 per cent and 11.7 per cent.\(^\text{188}\)

In the case of people with disability, the raw numbers are not large. However, reporting is hampered by reluctance of participants to disclose this information if they thought it might affect the probability an employer would take them on – despite some specialised assistance being available.\(^\text{189}\) NCVER suggest that training through an Australian Apprenticeships pathway was nearly twice as effective in both achieving employment after training or being employed at a higher skill level when compared to training received outside an Australian Apprenticeship pathway.\(^\text{190}\)

NCVER found that the Australian Apprenticeships Incentives Program has generally been a success in assisting Indigenous Australians and people with disability into employment. In some cases, Government support for these and other target groups is higher than for standard Australian Apprenticeships and traineeships and offsets a much higher proportion of employers’ costs.\(^\text{191}\)

This is appropriate, as there are extra costs associated in addressing and overcoming the barriers faced by these Australians. The same NCVER research captures the constant message; that best practice and identified interventions have a positive impact on retention and completion rates and may include strategies such as smaller ratios between Australian Apprentices and mentors and a strong focus on completions as opposed to commencement targets.

The importance of foundation skills, representing adult language, literacy and numeracy are of major concern. There is considerable evidence from both domestic and international sources on the importance of these foundation skills for productivity and participation in the labour market. Poor foundation skills are a barrier to successful commencement and completion of an apprenticeship or traineeship. We believe attention needs to be given to the issue of foundation skills development, as they are a major concern for employers, for apprentices and trainees in reaching their potential, which all flows on to affecting the national productivity.

Further consideration of groups that require additional support to participate in the Australian Apprenticeships system including Australians with disability, Indigenous Australians and regional and remote apprentices and trainees and those with poor foundation skills is provided below.

\(^{188}\) NCVER Report 4 The economics of apprenticeships and traineeships, 2010
\(^{189}\) NCVER Report 4, The economics of apprenticeships and traineeships, 2010
\(^{190}\) NCVER Report 4 The economics of apprenticeships and traineeships, 2010
\(^{191}\) NCVER Report 1 Overview of the Australian apprenticeship and traineeship system, 2010
Aboriginal and Torres Strait Islander peoples

It is important to note that COAG has already set clear targets to close the gap between Indigenous and non-Indigenous Australians, and in doing so has made a strong statement that this is to be a national priority. The COAG targets are to:

- halve the gap in employment outcomes between Indigenous and non-Indigenous Australians by 2018
- halve the gap for Indigenous Australian students in Year 12 attainment or equivalent attainment rates by 2020. This includes achievement of AQF Certificate II level traineeship qualifications.

To achieve the employment target, an additional 100 000 Indigenous Australians need to be in work by 2018. Two of the COAG performance indicators for the employment target are:

- the proportion of Indigenous Australians 18-24 year olds engaged in full-time employment, education or training at or above Certificate III
- the proportion of Indigenous Australians 20-64 year olds with or working towards post-School qualification in Certificate III, IV, Diploma and Advanced Diploma.

As at the 2006 census, half of the Indigenous Australian population was aged 21 years or less compared to the non-Indigenous age of 37 years. Therefore, ensuring sound transitions from School to work for Indigenous Australian young people is critical, particularly given the demographic profile which indicates that 139 000 young Indigenous Australians will be entering the workforce from 2008-2018.

Consistent feedback from employers is that Indigenous Australian young people and job seekers often do not have basic language, literacy, numeracy and work readiness skills required for modern workplaces. Employers also require assistance to develop and sustain culturally supportive workplaces to attract and retain Indigenous Australian workers.

Strategies such as provision of culturally appropriate pre-vocational and pre-apprenticeship training, together with additional post-placement support and mentoring over the duration of the training contract for both Australian Apprentices and supervisors, will improve commencement, retention and completion rates for Indigenous Australian apprentices and trainees.

COAG has developed service delivery principles for programs and services for Indigenous Australians which are included in the COAG National Indigenous Reform Agreement. NCVER have produced a report192 on these issues in which they recommend new measures to support participation and completion of Australian Apprenticeships by Indigenous Australians, including:

- setting targets for commencements and completions for Indigenous Australian
- Indigenous Australian specific incentives to employers and Australian Apprentices (including small to medium enterprises)
- improving access to foundation skills, language, literacy and numeracy and pre-vocational programs
- improving access to pre-apprenticeship training and work exposure prior to commencement
- provision of additional assistance (including through link to complementary programs such as the Indigenous Youth Mobility Program, the Indigenous Employment Program) to support relocation, travel to training, pastoral support, mentoring

192 NCVER, Guide to success for organisations in achieving employment outcomes for Aboriginal and Torres Strait Islander people, 2010
marketing and promoting Australian Apprenticeships to Indigenous young people and unemployed Indigenous Australians.

- ensuring that Australian Apprenticeship training is delivered in a culturally appropriate manner.
- improving the cultural competence of Australian Apprenticeship service providers.

There is ample evidence and innovative strategies available and currently being utilised throughout Australia that could be considered best practice or worthy of support. For example the Queensland-based Northern Project Contracting is a wholly Indigenous Australian owned company providing contracting and training services for the mining and civil construction sectors. Of about 100 staff, more than 80 per cent are Indigenous Australians.

For these reasons, our recommendation includes directed and targeted support to assist Indigenous Australians in overcoming the added obstacles and combination of barriers that currently limit their success.

**Australians with a disability**

One of the difficulties in reviewing data on participants with a disability is the issue of disclosure. While the numbers in the table below\(^\text{193}\) are not large, there is no clarity of the corresponding population proportion. In employment, one of the difficulties is the assumption that few would disclose a disability if they thought it might affect the probability an employer would take them on, although special assistance is available (including funded workplace modification, access to the Disabled Australian Apprentice Wage Support and assistance for mentoring and tutorial support).

We acknowledge the difficulties faced by Australians with a disability and believe they should be given additional assistance to participate effectively in the Australian Apprenticeships system.

**Table 7: Apprentices and trainee commencements and completions, those reporting a disability**

<table>
<thead>
<tr>
<th>Number</th>
<th>%</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Manag</td>
<td>63</td>
<td>1.2</td>
<td>23</td>
</tr>
<tr>
<td>2 Profess</td>
<td>59</td>
<td>1.5</td>
<td>26</td>
</tr>
<tr>
<td>3 Technicians and Trades Workers</td>
<td>1206</td>
<td>1.5</td>
<td>446</td>
</tr>
<tr>
<td>4 Community and Personal Service Workers</td>
<td>623</td>
<td>1.5</td>
<td>322</td>
</tr>
<tr>
<td>5 Clerical and Administrative Workers</td>
<td>707</td>
<td>1.3</td>
<td>359</td>
</tr>
<tr>
<td>6 Sales Workers</td>
<td>458</td>
<td>1.1</td>
<td>205</td>
</tr>
<tr>
<td>7 Machinery Operators and Drivers</td>
<td>428</td>
<td>1.7</td>
<td>242</td>
</tr>
<tr>
<td>8 Labour</td>
<td>603</td>
<td>2.4</td>
<td>353</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4147</strong></td>
<td><strong>1.5</strong></td>
<td><strong>1976</strong></td>
</tr>
</tbody>
</table>

Notes: Figures for average annual commencements and completions 2007-2009

**Regional Australia**

The Australian Apprenticeships system plays an important role as a pathway in helping Australians living in regional areas to gain skills, occupational employment and often a career. There are significant national productivity gains to be achieved through recognising the additional challenges regional communities face and supporting them to participate effectively in education and training opportunities.

\(^{193}\) NCVER Report 4 *The economics of apprenticeships and traineeships*, 2010
Australian Apprenticeships provide a pathway for individuals to connect with local employment opportunities, including those that will arise from local business and Government infrastructure projects. It is important to ensure that individuals from regional communities are provided with the opportunity to benefit from the jobs created from infrastructure projects as well as those offered through large mining projects.

Those who live in regional areas and remote localities face additional barriers to their metropolitan counterparts, including barriers such as distance to training facilities, reduced choice of training provider and lack of work opportunities within their areas. Regional communities are also less likely to have larger company headquarters located within or near them, with businesses generally establishing their headquarters in larger urban and metropolitan centres.

However, apprenticeships and traineeships are still well represented despite these challenges as the following tables demonstrate.\textsuperscript{194} The current system should continue to support flexible training solutions tailored to participants from regional Australia, such as block training arrangements and web based training delivery which can be of great benefit for these Australian Apprentices and their employers.

Table 8: Apprentice and trainee commencements by occupation and region, average 2007-2009

<table>
<thead>
<tr>
<th>Occupation and Region</th>
<th>Major Cities</th>
<th>Inner Regional</th>
<th>Outer Regional and Remote/Very Remote</th>
<th>Outside Australia and not known</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Managers</td>
<td>51.3</td>
<td>25.6</td>
<td>22.7</td>
<td>0.4</td>
<td>100.0</td>
</tr>
<tr>
<td>2 Professionals</td>
<td>71.0</td>
<td>20.1</td>
<td>8.6</td>
<td>0.3</td>
<td>100.0</td>
</tr>
<tr>
<td>3 Technicians and Trades Workers</td>
<td>55.0</td>
<td>25.9</td>
<td>18.9</td>
<td>0.2</td>
<td>100.0</td>
</tr>
<tr>
<td>4 Community and Personal Service Workers</td>
<td>62.6</td>
<td>23.1</td>
<td>14.1</td>
<td>0.2</td>
<td>100.0</td>
</tr>
<tr>
<td>5 Clerical and Administrative Workers</td>
<td>65.7</td>
<td>20.4</td>
<td>13.7</td>
<td>0.2</td>
<td>100.0</td>
</tr>
<tr>
<td>6 Sales Workers</td>
<td>60.9</td>
<td>24.6</td>
<td>14.3</td>
<td>0.2</td>
<td>100.0</td>
</tr>
<tr>
<td>7 Machinery Operators and Drivers</td>
<td>60.9</td>
<td>22.4</td>
<td>16.5</td>
<td>0.2</td>
<td>100.0</td>
</tr>
<tr>
<td>8 Labourers</td>
<td>45.2</td>
<td>29.0</td>
<td>25.5</td>
<td>0.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>58.9</td>
<td>24.1</td>
<td>16.8</td>
<td>0.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>

\textsuperscript{194} NCVER Report 4 \textit{The economics of apprenticeships and traineeships}, 2010
NCVER used Australian Bureau of Statistics (ABS) Census data\(^\text{195}\) to calculate the relative percentages of population in the Major Cities, Inner Regional and Outer Regional and Remote/Very Remote categories, finding the shares to be 68.6 per cent, 19.7 per cent and 11.7 per cent respectively. Comparing these rates to the distribution of commencements in Table 8 shows that Australian Apprenticeships are extremely important to regional and remote areas. This is also borne out by the ratio of completions to commencements, which shows that the completion rates are lower than average in the major cities, presumably because the cities have more alternative work opportunities.

We agree that to ensure regional communities are viable and have the capacity to grow it is important that Australian Governments provide assistance to encourage individuals to take-up opportunities that will allow them to remain in their community. Apprenticeships and traineeships provide sound careers prospects for individuals to remain in the community while they train and solid employment prospects once they become qualified. We support the provision of additional support to employers, apprentices and trainees in regional Australia to enable them to engage and be part of the Australian Apprenticeships system. Through a more strategic focus and targeted assistance, the Australian Apprenticeships system has the potential to deliver important and rewarding career opportunities to Australians in regional communities.

We believe that increased participation by people with a disability, Indigenous Australians and those in regional Australia in the Australian Apprenticeships system will lead to increased productivity outcomes. However, these groups face increased barriers to participation in the system. To support apprentices, trainees and their employers to overcome these barriers, we recommend that the Australian Government maintain the current standard employer incentives. Employers of participants who identify as belonging to these target groups will also have access to tailored structured support services under the new arrangements.

Foundation Skills

Foundation skills (such as English language, literacy and numeracy) are increasingly being recognised as underpinning the current and future productivity of Australian businesses. Skills Australia\(^{196}\) points out that:

> Adult language, literacy and numeracy skills are recognised as fundamental to improved workforce participation, productivity and social inclusion. Local and international studies have consistently demonstrated the correlation between high levels of language, literacy and numeracy and positive outcomes at the national, enterprise and individual levels.

However, there is concern about the current level of foundation skills in adult Australians. The 2006 Adult Literacy and Life Skills Survey (ALLS)\(^{197}\) found that:

- Approximately 6 million (43.6 per cent) of working age Australians (aged 15-64) did not have the literacy skills necessary to meet the complex demands of work and life in modern economies
- Approximately 6.8 million (49.8 per cent) of working age Australians did not have the numeracy skills necessary.

Employers have been reporting for some time that poor literacy and numeracy skills are a significant determinant of the suitability of applicants for positions, including apprenticeship and traineeship positions. A recent survey of employers by AiG\(^{198}\) helps quantify this problem, finding that 75 per cent of employers reported that their business was affected by low levels of literacy and numeracy both in their current and prospective workforce.

There is considerable evidence from both domestic and international sources on the importance of foundation skills for productivity and participation in the labour market. An analysis of literacy in 14 OECD countries found that increasing investment in the literacy skills of adults has a direct and positive impact on labour productivity and in GDP per capita. It highlighted that the greatest impact was gained by investing in improving the skills at the lower levels.\(^{199}\) The Productivity Commission\(^{200}\) found that increasing the literacy and numeracy skills of adult Australians with very poor skills to the level required to complete a Certificate III would:

- increase the likelihood of labour force participation by about 15 per cent for women and about 5 per cent for men
- increase hourly wage rates by 25 per cent for women and 30 per cent for men.

This is significant given that 73 per cent of those currently in-training in an apprenticeship or traineeship are at the Certificate III level.\(^{201}\)

This issue is of significance for the supply of skilled workers into the modern economy. The urgency to address this issue has gained momentum, with the Australian Government investing approximately $490 million over the next four years on initiatives to improve language, literacy and numeracy skills. This investment will underpin the overarching National Foundation Skills Strategy for adults, which is being developed with state and territory governments and other stakeholders.

\(^{196}\) Skills Australia, *Australian Workforce Futures: A National Workforce Development Strategy*, 2010

\(^{197}\) Australian Bureau of Statistics, *Adult Literacy and Life Skills Survey, Cat no 4228.0 (2006 reissue)* 2008


\(^{199}\) Coulombe, S; Tremblay, J & Marchand, S *Literacy scores, human capital and growth across fourteen OECD countries*, Statistics Canada, 2004


\(^{201}\) NCVER, *Apprentices and Trainees: Australian Education and Training Statistics*, June Quarter 2010
Poor foundation skills are a barrier to successful commencement and completion of an apprenticeship or traineeship. We support the increased focus on foundation skills including through the additional resources allocated by the Australian Government in the 2010-11 Budget. Support is currently provided through programs, such as: the Language, Literacy, Numeracy Program; Workplace Language and Literacy Program; Access Program and Adult Migrant English Program. We believe tailored structured support services could be used to assist in addressing these challenges; not through the duplication of services but by accessing and harnessing this support for apprentices and trainees.

**Recommendation 10:**

Provide additional support for apprentices and trainees who face specific challenges, such as:

- Indigenous Australians
- disability
- located in regional or remote Australia
- having poor language, literacy and numeracy skills.

Australian Government support will be provided to these apprentices, trainees and their employers to assist in overcoming barriers to participation and completion of their apprenticeship or traineeship. Support will be through the provision of tailored structured support services and the continuation of some current Australian Government employer incentives.
Re-establish the status of the Australian Apprenticeships system

We have identified that the status of the Australian Apprenticeships system should be improved. Australian Apprenticeships, especially the traditional trades are often described in negative terms. For example, they are seen as physically demanding, unsafe, dirty and are considered poorly paid.\textsuperscript{202} Australian Apprentices are often viewed as being from a lower socio-economic background, not having the capabilities to enter university. The NSW Business Chamber describes that in relation to Australian School-based Apprenticeships (ASba) for example, recruitment is sometimes inhibited by parents outdated perceptions that apprenticeships and traineeships are dirty jobs suitable only for students having difficulties at School.\textsuperscript{203} Overall, Australian Apprenticeships are generally not a highly valued career pathway, with broader community perceptions of Australian Apprenticeship qualifications having less value than higher education qualifications.\textsuperscript{204}

It is the case that an Australian Apprenticeship provides those who complete with a unique and valuable combination of skills, employment experience and a formal qualification. This leads many Australian Apprentices to diverse and financially rewarding careers. It is important to highlight that an Australian Apprenticeship provides scope for career development and depth within a trade or non-trade occupation.

The positives of undertaking an apprenticeship or traineeship are not portrayed effectively to the broader community, especially in the School system where there is the opportunity to promote apprenticeships and traineeships as a valued career path. Evidence suggests that apprenticeships and traineeships are perceived negatively by career advisors and teachers who tend to suggest them as a career option for low achieving students.\textsuperscript{205} In addition, there appears to be no effective strategies to encourage males and females to undertake apprenticeships and traineeships in non-traditional occupations, such as, males in aged care and child care, woman in the traditional trades. These are areas that we believe need to be addressed in order to increase participation in the Australian Apprenticeships system. The National Custodian when established may progress strategies to address this issue.

We believe the decision in 1998 to bring apprenticeships and traineeship together under the umbrella term 'Australian Apprenticeship' has created confusion about what an Australian Apprenticeship is in the market place. Part of this confusion has come about because information on Australian Apprenticeships is produced by various organisations with disparate roles. Also, each jurisdiction determines which qualifications are offered via an apprenticeship or traineeship pathway, creating added complexity in branding an Australian Apprenticeships system. Those qualifications determined to be apprenticeships or traineeships may vary between jurisdictions.

International reviews of the branding of apprenticeship systems shows that there is no consistent meaning for the term apprenticeship. Australian and international perspectives highlight the different emphasis placed on constructs of both work and education, which have strongly influenced how skills formation has developed over time and how the apprenticeships brand has consequently developed. For example, studies in the United Kingdom found an apprenticeship is now a label rather than a course or a qualification, and the term has a lack of clear purpose. Keating\textsuperscript{206} found that the high degree of diversity of approaches used by countries to best align their VET sector with skills needs and shortages is not conducive to a general conclusion regarding the apprenticeships brand.

\textsuperscript{203} NSW Business Chamber, Workforce Development, \textit{Encouraging Apprenticeships Uptake}
\textsuperscript{204} NSW Business Chamber, Workforce Development, \textit{Encouraging Apprenticeships Uptake}
\textsuperscript{206} Keating, J. NCVER, \textit{Matching supply and demand for skills: International supply and demand}, 2008
Leverage to influence change in the Australian Apprenticeship market has been limited by the large number of stakeholders and the complexity of the administrative, funding and training arrangements of the system. For there to be a successful and broad-ranging change in the Australian Apprenticeships system, it is important that time is taken to implement policies that will underpin systemic change.

Our recommendations aim to re-establish the status of apprenticeships and traineeships as a valued career pathway. For this reason, it is important to prevent misunderstanding in communicating these changes, by implementing a suitable marketing strategy. This need was previously identified by the COAG Apprenticeships Taskforce and a recommendation agreed by COAG is to develop a nationally consistent and targeted communication strategy.

We believe that through raising the status of apprenticeships and traineeships, we will support the sustainability of the system by attracting participants who would otherwise have chosen an alternative educational or employment pathway. This will also increase the pool of suitable prospective apprentices and trainees. Raising the status of apprenticeships and traineeships as a valued career path will also assist in addressing the current gender imbalance in a number of occupations, by providing increased opportunities for participation. For example, encouraging females to enter traditionally male dominated industries, such as electrical and construction and males to enter industries such as health, child and aged care services. Despite a number of initiatives undertaken by governments and industries, such as the Queensland government Women in Hard Hats\(^{207}\) and Group Training Australia’s Gender on the Agenda\(^{208}\), very little progress has been made. We believe more needs to be done in this area.

Enhancing the status of the Australian Apprenticeships system will only be achieved through the development of a cohesive long-term strategy involving Australian, state and territory governments, industry bodies and unions, working together. When established the National Custodian would be well placed to under-take the role of leading strategies to promote the Australian Apprenticeships system.

**Recommendation 11:**

Implement a strategy to raise the status of apprenticeships and traineeships including promotion as a valued career choice for both males and females. This should be led by the Australian Government, in consultation with state and territory governments, industry bodies and unions. The National Custodian, when established will lead the ongoing effort to raise the status of apprentices and trainees.

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\(^{208}\) Group Training Australia, 2004, Gender on the Agenda.
4. Interaction with modern awards and workplace relations legislation

Wages

The Australian Apprenticeships system combines employment and training and therefore involves two regulatory systems: the training system and the Workplace Relations system. Although apprentices and trainees are both covered under the umbrella of the Australian Apprenticeships system, they are treated quite differently concerning wages. Fair Work Australia (FWA) has responsibility for setting minimum wages for employees to whom training arrangements apply, including apprentices and trainees. Modern awards provide a safety net of employment terms and conditions, and also generally reflect the terms and conditions of employment of the federal and state awards from which they are derived. As existing state and federal awards generally treated minimum wage rates for apprentices and trainees separately, these differences have largely carried over into the modern award system.

Minimum wage rates for trainees, including part-time trainee wage rates, are generally set by the National Training Wage (NTW) schedule. The NTW schedule is derived from the National Training Wage Award 1994 and is included in 95 of 122 modern awards.

Under the NTW schedule training packages are allocated to either wage level A, B or C depending on the nature of the qualification. Upon commencement of employment, trainees are entitled to different wage rates according to the highest level of School they have completed and the number of years since they left School. The NTW also provides that a trainee must be paid for time taken to attend any training or assessment associated with their training contract.

In general, wage structures for apprentices incorporate wage scales that express minimum wages as a percentage of the basic rate for a qualified tradesperson (although this percentage varies between awards). Under a typical four year apprenticeship wage model the rate of pay for an apprentice increases after each year of service. Apprenticeship wage structures vary across industries and occupations, and accordingly minimum wage rates for apprentices vary across modern awards. It should be remembered that many apprentices are paid above award rates.\(^\text{209}\) As of August 2008, only 16.5 per cent of employees overall had their pay set by awards, compared with 39.2 per cent who had their pay set by registered collective agreements. While agreements typically set wage rates above the minimum, and usually allow for better pay and conditions, it is still up to the parties to negotiate on provisions, including, for example, competency-based wage progression.

\(^{209}\) NCVER, Report 3 *The apprenticeship and traineeship system’s relations with the regulatory environment*, 2010.
NCVER conducted an analysis of the provisions relating to apprentices and trainees in all 122 modern awards. The research found:

- minimum wage rates for trainees contained in the NTW Schedules range from 45 per cent to 91 per cent of the national minimum wage, depending on factors such as the highest level of Schooling, years since left School and the qualification being undertaken
- few modern awards facilitate competency-based wage progression, instead linking wage progression to time-served
- wage rates for first year trade apprentices (as a ratio of the relevant trade rate) vary from 37.5 per cent to 58 per cent
- the relativity for a fourth year apprentice ranges from 82 per cent to 95 per cent of the relevant tradesperson rate.

Historically, apprentices are paid below the minimum wage, particularly in the early stages of their training, by way of compensation to the employer for both their lower productivity in the early years of the apprenticeship and the need for the employer to allocate resources to their training. However, over time the profile of apprentices has changed with most now completing year 12. The average starting age has long ceased to be 14 or 15 and is now 17 or 18, with many apprentices also starting as mature-aged apprentices. The low level of pay extends the period of dependence for young people on parents and family, at a time when many of their peers are entering the unskilled workforce and earning considerably more on junior wages. This has led to apprenticeships being perceived as an unattractive proposition for many young people leaving School and seeking employment.

The changing demographics of apprentices raise a number of issues in terms of minimum wages.

Firstly, many first year apprentices have now completed Year 12 and in many cases have also been in the outside-of-school-hours workforce for several years. Apprentices in this category therefore are better educated and more productive than a person who left school in Year 9 and pursued an apprenticeship as a first job. Yet in many modern awards, all of these apprentices, including those who have completed Year 12 and have one year of full time work experience combined with several years in the after-school-hours workforce, are paid the same first year wage. In the construction industry, this is currently 45 per cent of the full time tradespersons rate of $663.60 per week (i.e. $298.62 per week).

Secondly, consideration must be given to the level to which a first year apprentice is less productive than an unskilled labourer in the workplace. An unskilled labourer in any workplace is entitled to at least the National Minimum Wage which is currently $569.90 per week. This then raises the question of whether the first year apprentice of today is approximately half as productive in the workplace as an unskilled labourer in receipt of the minimum wage. This is an issue which should be considered by FWA.

FWA is currently considering holding a broad review of wages and conditions for apprentices and trainees. We support the idea of a review by FWA which we see as an opportunity to identify some of the areas in which modern awards could be improved to be more supportive of the system. A separate recommendation supporting the FWA review is mentioned at the end of this chapter.

Wage rates and their effect on commencements and completions

There is a range of evidence concerning the link between wage rates and Australian Apprentice commencements and completions, which results in a range of differing viewpoints. NCVER research suggests that work related factors are the most common reasons given by apprentices and trainees for

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210 NCVER, Report 3 The apprenticeship and traineeship system’s relationships with the regulatory environment, 2010.
not completing their Australian Apprenticeships. The research also suggests that, while modern award rates often fall below the Henderson poverty line, above award rates are common, at least in trade apprenticeships. The report says:\footnote{NCVER Report 3, The apprenticeship and traineeship system’s relations with the regulatory environment. 2010. Note the report uses ABS 2009 data which precedes modern awards.}

We find that above award payments are most common in trade occupations with strong demand and high levels of collective bargaining by employers – electrical and engineering and automotive. Where there are higher rates of award dependence by employees, as in the food trades and hairdressing, we find that wages are closer to the award rates. We also find that many trainees receive above-award rates. New workers, particularly younger trainees, are more likely to receive close to the relevant award rates.

A 2008 report for the NSW Office of Industrial Relations released by the Workplace Research Centre identified a number of workplace related reasons for non-completion of apprenticeships and traineeships, in addition to low wages.\footnote{The link between industrial arrangements and skill reform – Final Report, Damian Oliver, Workplace Research Centre, November, 2008.} These included issues related to inadequate support for training, lack of overtime pay and workplace bullying and sexual harassment. Other evidence suggests wage rates have a greater influence on the decision of individuals to commence an Australian Apprenticeship. To emphasise the link between low wages and commencements, the Workplace Research Centre report noted:\footnote{The link between industrial arrangements and skill reform – Final Report, Damian Oliver, Workplace Research Centre, November, 2008.}

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 per cent) said 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 pay.

In addition, a report completed in 2007 for Group Training Australia found that many Australian Apprentices are living below the poverty line, particularly in the early years of their Australian Apprenticeship. The study shows that from a sample of six representative occupations, in all cases awards for minimum pay for first year apprentices are below the Henderson Poverty Line. The report also noted that after taking into account the value of cash and non-cash benefits, the first year apprentice standard of living is barely above that of the unemployed. Only recipients of Austudy are considered to be worse off.\footnote{Report prepared for GTA by the Centre of Applied Research in Social Science, Living standards of apprentices, October, 2007.}

A survey of union delegates and apprentices was conducted by the Australian Manufacturing Workers Union in 2010. This survey showed that over 90 per cent of both delegates and apprentices believed apprentice pay was a key concern with 26.3 per cent of delegates and 36.6 per cent of apprentices stating that the issue of low wages was a top priority.\footnote{Australian Manufacturing Workers Union, Survey of delegates and apprentices on attitudes to apprenticeships, 2010.} In addition, a survey conducted for the South Australian Manufacturing Industry Skills Advisory Council (MISAC) indicates a lack of encouragement, communication and information at school level was identified as a key barrier to apprenticeship commencements, while the wage structure and costs associated with training were identified as obstacles to completions.\footnote{Manufacturing Industry Skills Advisory Council SA Inc, Summary Report, The 2008 South Australian Apprenticeship Survey: What it means for SA Manufacturing, 2008.}
The MISAC shows that in 2008 30 per cent of Australian Apprentices surveyed were somewhat dissatisfied with their wages, while 25 per cent of respondents said they were extremely dissatisfied. When respondents were asked to rate the importance of various factors related to their satisfaction with their Australian Apprenticeships, wages was rated the second most important element (behind quality of training), suggesting it is a significant disincentive to commencing an Australian Apprenticeship.  

There is also a belief that some apprentices accept lower wages in the anticipation of a wage premium on completion of their training. The NCVER research quotes Karmel and Mlotkowski (2010) on the impact of wages on the probability of completion and found that:

The gap between the training wage and the wage in alternative employment and the wage on completion have a limited effect on completion. For apprentices it is the premium attached to completion that matters. This suggests the pay of apprentices is not the issue that many make it – at least in terms of completion rates. However, it could still be the case that the number of applicants for an apprenticeship will be affected by apprenticeship wage rates.

While acknowledging the range of evidence concerning wages levels and the perceived link with completions of apprenticeships and traineeships, we believe the relationship between wage levels and completion and commencement rates needs to be further examined. More thought needs to be given to the extent that the remuneration for apprentices and trainees is still seen as a training wage, in contrast with recognition that the cohort of Australian Apprentices is changing to include higher numbers of adults and others with additional qualifications and experience before they enter an Australian Apprenticeship.

Inconsistencies in modern awards

In the case of the majority of trainees, most modern awards reference the NTW schedule, which adopts a generally consistent approach to matters such as part-time arrangements and payments for off-the-job training.

Modern awards include specific provisions outlining conditions of employment for apprentices, which mostly pre-date modern awards and have developed over time. Many modern awards contain inconsistent approaches to some issues effecting apprentices. These include:

Part-time apprentices

The incidence of part-time provisions for apprentices in modern awards is minimal. Where they do exist, part-time apprentices are usually paid the same hourly rate as for full-time junior or adult apprentices.

Apprentice ratios

Some modern awards specify supervisor to apprentice ratios. Three states also prescribe a default 1:1 supervisor to apprentice ratio (Queensland, Western Australia and the Northern Territory). In addition, South Australia prescribes a ratio of 1:5 as a default, if no ratio is prescribed in the relevant award.

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219 NCVER, Report 3 The apprenticeship and traineeship system’s relationships with the regulatory environment, 2010
**Adult apprentices**

Only a small number of modern awards include provisions for adult apprentices. Those awards that include a provision for apprentices 21 years or over generally include a percentage of the trade rate fixed at a higher rate than the traditional junior rate. The percentage rate varies from award to award. In some cases this rate has been set as a monetary amount, rather than as a percentage.

**Payment for off-the-job training**

Some modern awards do not explicitly include a provision specifying payment while an apprentice is carrying out off-the-job training.

**Recognition of pre-apprenticeship training**

There is considerable variation between modern awards regarding the extent that pre-apprenticeship training is recognised in modern awards in determining wage rates for apprentices.

**Allowances**

There are inconsistencies between modern awards on the payment of allowances. For example, in cases where a qualified tradesperson is eligible for a tool or industry allowance, some awards are unclear as to whether an apprentice is eligible for the allowance and, if so, the appropriate method to calculate the allowance.

The following table illustrates the variation between modern awards on the payment of tool allowances for apprentices.\(^{220}\)

**Table 10: Incidence and Examples of Tool Allowance provisions for apprentices in modern awards**

<table>
<thead>
<tr>
<th>Tool allowance summary</th>
<th>No</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Flat rate</td>
<td>13</td>
<td>15.3 (a) Where the employer requires a tradesperson or an apprentice tradesperson to supply and maintain tools ordinarily required by the employee in the performance of their duties as a tradesperson, the employee will be paid an additional weekly amount of $18.25. (Local Government Industry Award)</td>
</tr>
<tr>
<td>Proportion based on stage of apprentice stage</td>
<td>5</td>
<td>20.20 (a) A tradesperson will be paid an allowance of $14.69 per week for supplying and maintaining tools ordinarily required in the performance of the employee’s work as a tradesperson. The allowance will be paid for all purposes of the award. (b) This allowance will apply to apprentices on the same percentage basis as set out in clause 16—Apprentice minimum wages. (Airline Operations - Ground Staff Award)</td>
</tr>
<tr>
<td>Tool allowance payable to trades classifications</td>
<td>12</td>
<td>21.1 (b) Where a cook is required to use their own tools, the employer must pay an allowance of $1.55 per day or part thereof up to a maximum of $7.60 per week. (Hospitality Industry (General) Award)</td>
</tr>
<tr>
<td>No tool allowance payable - reimbursement of tools</td>
<td>3</td>
<td>15.4 An employee will be reimbursed the demonstrated cost of purchase for all tools of trade required in the performance of the employee’s duties. The provisions of this clause will not apply where the employer provides such tools of trade. (Dry Cleaning and Laundry Industry Award)</td>
</tr>
<tr>
<td>No tool allowance payable</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

\(^{220}\) NCVER, Report 3 *The apprenticeship and traineeship system’s relationships with the regulatory environment*, 2010
Competency-based progression

We believe there are several advantages to a competency-based training progression (CBTP) system. These include:

For the apprentice or trainee:
- achieving a qualification in a shorter time frame
- allowing experienced individuals who are not formally qualified to gain formal qualifications that are nationally recognised
- attracting more mature workers to an apprenticeship or traineeship due to the potential for a shorter training period and reduced opportunity costs to themselves and their families
- increasing application of Recognition of Prior Learning (RPL) and Recognition of Current Competencies (RCC) that can allow for earlier completion of training
- support for apprentices or trainees who need additional time to attain competency.

For the employer:
- increasing the pool of qualified tradespersons
- increasing the focus on on-the-job training with associated productivity benefits for the business
- introducing the potential for more flexible forms of training partnerships and cooperation between employers and RTOs
- increasing productivity of employees, who would be better trained, qualified more quickly and better paid.

As noted elsewhere in this report, recent years have seen an increase in individuals over the age of 21 entering into apprenticeships and traineeships. There has been a particular increase in mature workers (over 25) choosing to enter the system. Such workers often bring with them increased work experience and qualifications. We believe the current training system is not effectively recognising this. The flexible nature of competency-based-training-progression allows for RPL and existing competencies to be utilised much more effectively.

In February 2006, COAG agreed to measures to improve the uptake of RPL. This included an agreement by the Australian Government and the states and territories to implement a RPL Program to provide streamlined and simplified processes for RPL and to build up the vocational education and training system’s capacity to deliver quality RPL. Although some industry sectors have taken up strategies for broad implementation of assessing RPL and existing competencies, this is not universal. In a 2008 report on Australian Apprenticeship training, the Housing Industry Association noted:

> Feedback from employers and Australian Apprentices consulted suggest a low level of awareness of the opportunity for recognition of existing–worker competence and in relation to re-entry of Australian Apprentices... resources to support RPL processes have traditionally been an issue, and this appears to continue to be the case.221

States and territories all have existing legislation which enables CBTP for apprentices and trainees. The Commonwealth and the states/territories have formalised support for CBTP through decisions reached by COAG. Despite this, CBTP has not been widely adopted. We believe a major reason for this is resistance by trainers to embrace competency-based methodologies of workplace evidence gathering and workplace assessment, and a prevailing culture of resistance to current training practices by many employers. In a discussion paper for the Australian Apprentices Taskforce in July 2009, AIG noted:

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221 HIA and Australian Government (DEEWR), Efficient Apprentice Training Project (Stage 1 – Strategy Paper and Development of Model), Final Report, October 2008
This arrangement (competency-based progression) is still not well understood by employers and RTOs. It would be appropriate to provide professional development and training activities to increase understanding of this notion... It is increasingly apparent that funding models, audit and compliance regimes often mitigate against the flexibility required for a genuinely competency-based progression model.\textsuperscript{222}

As Figure 3\textsuperscript{222} shows, in 2009 the proportion of apprentices or trainees in trade occupations completing their training in less than three years has not changed significantly in the last five to six years. This is despite initiatives by COAG to promote competency based training.

**Figure 3: Apprentice and trainee completions in trade occupations by duration of training**

![Bar chart showing completions in trade occupations by duration of training from 1999 to 2009.]

Notes: Certificate III or above, 1999-2009 (%)

We believe barriers to the wider acceptance of CBTP include:

- concern that faster completion may compromise the quality of the training and the skills acquired
- licensing and regulatory arrangements for trade qualifications that do not accommodate competency-based progression
- industry and employer attitude and resistance to change
- inflexibilities of training packages
- occupational health and safety requirements particularly in licensed trades.

**Competency-based wage progression**

We are aware that most modern awards do not widely adopt provisions which facilitate competency-based wage progression (CBWP). In 2006 the decision by COAG led to the removal of references to fixed durations of apprenticeships and traineeships from relevant legislation which prevented CBWP.

It was further agreed at the COAG meeting in December 2009 that governments would facilitate arrangements for the effective implementation of CBWP for Australian Apprentices. Despite the COAG agreement, most modern awards make no reference to CBWP. As NCVER has pointed out:

\textsuperscript{222}AiG, Australian Apprentices Taskforce Discussion Paper – Response July 2009

\textsuperscript{223}NCVER Report 2, *Overview of apprenticeship and traineeship institutional structures*, 2010
the ability of Australian Apprentices to advance to a higher wage level constitutes a significant incentive to achieve competencies at a faster rate. However, award provisions governing the vast majority of Australian Apprenticeships continue to base wage progression during the Australian Apprenticeship on duration of service, not achievement of competencies.\(^{224}\)

It is important that modern awards are carefully examined by FWA in their proposed review of apprentice and trainee wages and conditions. Modern awards and workplace instruments need to be looked at to see if adjustments are necessary to address issues such as:

- the process for signing off an Australian Apprentice prior to the nominal completion date
- the process for assessing and determining the Australian Apprentice’s competency
- any issues associated with state or territory arrangements and requirements for training arrangements and their interaction with modern awards or other industrial instruments which may be hampering the introduction of CBWP.

As well as the proposed FWA review, we believe it is important for stakeholders to make genuine efforts to address real cultural change, and acknowledge the real benefits that can be derived from the widespread introduction of competency-based progression into the Australian Apprenticeships system. We acknowledge that, while Australian Government may promote competency-based training progression, in reality, it requires an effective relationship between training providers to interact with employers and engage them in CBTP. We think there are measures that industry and training providers could adopt to promote CBTP. All qualified training institutions should be encouraged to implement national competency based assessment tools that can be adapted for individual industry sectors.

In this context, we welcome the 2010–11 budget measures introduced by the Australian Government. This includes funding of $19.9 million over four years to support the Smarter Apprenticeships Program, which is providing industry with the means to adopt and foster support for accelerated training delivery and drive structural change to industry training delivery to embed competency-based training for Australian Apprentices. We support this initiative, which also aims to tackle cultural and attitudinal change in their industries to demonstrate that accelerated training does not compromise training quality.

As part of the budget measures, we also support the initiative to engage industrial relations experts to identify barriers and solutions to ensure the consistency between competency-based training arrangements supported through industry and employment conditions, wages and awards. This is useful and will complement the proposed FWA review.

We believe it is now time for employers, unions and training providers who have a stake in the system to step up and grasp this important initiative. We have considered recommending measurable targets for CBTP that could be implemented by stakeholders. However, we believe the benefits of competency-based progression are such that we can see no reason why all Australian Apprenticeship training should not be based on CBTP, as a universal standard applied throughout the system.

**Recommendation 12:**

Promote a culture of competency based progression in apprenticeships and traineeships, in partnership with industry bodies and employers. Additionally, a greater acceptance and achievement of competency-based wage and training progression should be supported by all stakeholders.

\(^{224}\) NCVER, Report 3 *The apprenticeship and traineeship system’s relationships with the regulatory environment*, 2010
Recommendation 13:

Improve the implementation of Recognition of Prior Learning and Recognition of Current Competence and support provisions for such recognition in modern awards to ensure that flexibility and mobility are supported.

Certificate III – C10 nexus

As mentioned above, in modern awards, minimum wage rates for trade apprentices are expressed as a percentage of the basic wage rate for a qualified tradesperson. Modern awards generally include the same wage rate for a qualified tradesperson (currently $663.60), which has historically been derived from the C10 classification in the Manufacturing and Associated Industries and Occupations Award 2010 and its predecessors, going back to the Metal Industry Award 1984.

The award restructuring process of the 1980’s broke down the existing demarcations and trade workers were more closely defined by both the work they performed and the qualifications they needed in order to do the work. The wages setting and qualifications systems fused and as a result a central feature of the C10 wage classification became the completion of a Certificate III qualification.

Over time, significant anomalies have developed as to the nature of Certificate III qualifications in contrasting sectors such as retail, aged care and engineering. The Workplace Research Centre analysis for the Australian Qualifications Framework Council (2010) notes that a Certificate III may be achieved in as low as 6 weeks while many Certificate III qualifications in the trades areas typically take three to four years to complete. This raises questions about the possible role of subsidies in creating questions over the appropriateness of some Certificate III qualifications. The Workplace Research Centre has said:

It is not unreasonable to ask whether the proliferation of Certificate IIs may have more to do with employer interest in subsidies than with deepening the skill base of their workforce.

We believe that there is a problem with the Certificate III – C10 nexus as illustrated by the Workplace Research Centre and by the views expressed by stakeholders of the system. Our recommendations concerning changes to the existing Australian Apprenticeships pathway and to the incentives regime as described above would help to address these issues. There is also a significant problem with the Australian Apprenticeships brand being devalued over time by significant inconsistencies given that the integrity of alignments between qualifications and classification levels has broken down.

As detailed above, we support the move to competency-based training progression in the Australian Apprenticeships system. However, while we see competency-based progression as important in moving away from an undue focus on the duration of an individual Australian Apprenticeship, this is not inconsistent with the need to address disparities in the alignment of appropriate qualifications and classification levels. We support the process to strengthen the Australian Qualification Framework (AQF). The review carried out by the Australian Qualifications Framework Council should help to ensure qualifications are of an appropriate standard, are more nationally consistent and that pathways will be improved between education and the workplace, including into the Australian Apprenticeships system.

While acknowledging the value of the AQF process, we note that there are examples where alignments between classification levels and wage relativities have been successfully adjusted within the workplace relations system. The Workplace Research Centre paper provides the example of Childcare workers in NSW. In this case the NSW Industrial Relations Commission broke the nexus with the C10 and instead aligned child care workers on State awards with the teaching profession (two year qualified education workers in NSW). As the research paper says:

Industrial relations is all about compromise and ongoing re-negotiation of the connections between hours worked, skills recognised and pay rates...The status of the Certificate III can be defined without necessarily destabilising the wages system – it all depends on how this is implemented.227

Breaking the existing nexus between the Certificate III level and C10 is likely to create issues due to the potentially significant change in wage rates for many Australian Apprentices. Despite this, we see wage rates as a significant factor affecting the current status of Australian Apprenticeships. We believe it is vital that this area be revisited to ensure Australian Apprentices are paid an appropriate wage while ensuring the position and status of the Australian Apprenticeships system, particularly trade apprenticeships. This issue will need to be carefully considered by industrial parties – including unions, employers and regulators.

**Fair Work Australia review**

Fair Work Australia (FWA) has initiated a process to consider whether there is a need for it to conduct a broad review of wages and conditions of employment for apprentices and trainees in modern awards. FWA has yet to indicate whether it will conduct the proposed broad review and, if so, the likely timing and scope of the review.

We support FWA proceeding with the proposed broad review of apprenticeship and traineeship wages and conditions. On 27 August 2010 we made a submission to FWA in which we:

- strongly supported the proposed broad review of wages and conditions for apprentices and trainees
- acknowledged that the interaction between the Australian Apprenticeship system and the workplace relations system includes potential issues that can impact on the effectiveness of skills development
- suggested that our report inform the proposed review.

As noted already, we have highlighted the problem of over reliance on the Certificate III – C10 nexus. In conducting its review, we suggest that FWA consider additional reference points for setting fair and sustainable relativities for those receiving apprentice and trainees rates of pay.

We believe the reform options we are providing to the Australian Government in this report are valuable in informing FWA on a range of issues relevant to the proposed review. These issues include inconsistencies which currently exist in modern awards which are outlined above. In addition we include a recommendation in this report that FWA should reduce barriers to competency based progression in modern awards.

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Recommendation 14:

Support a review of apprenticeship and traineeship provisions, wages and conditions by Fair Work Australia, considering:

- the removal of barriers to competency based wage progression in modern awards
- apprentice and trainee award pay compared to going rates of pay
- age, diversity and circumstances of commencing apprentices and trainees
- allowances (travel, tools, clothing, course fees)
- cost to apprentices and trainees of participation in an Australian Apprenticeship
- part-time and school-based arrangements
- recognition of pre-apprenticeship and pre-vocational programs
- supervision ratios for apprentices and trainees.
Appendix A: Terms of reference

Terms of Reference

Apprenticeships for the 21st Century
The Economic Benefits of the Australian Apprenticeships System

Context

The Department of Education, Employment and Workplace Relations (DEEWR) and the Department of the Treasury (Treasury) have been asked by Government to bring forward options to sustain and grow the unique Australian Apprenticeships system. This work will take account of the COAG Australian Apprentices Taskforce findings and possible reprioritisation of incentives paid under the Australian Apprenticeships Incentives Program.

The reform options presented will be developed with reference to the economic benefits of the Australian Apprenticeships system and the review of apprenticeship and training arrangements contained in modern awards foreshadowed by Fair Work Australia (FWA) to be conducted in the course of 2010. Further contextual information is attached.

Purpose

The examination of the Economic Benefits of the Australian Apprenticeships system would take into account the unique characteristics of the system that see an overlap between the training system and the employment system, not usually seen in other forms of skills acquisition.

This work will feed into the Government’s broader policy directions regarding the fundamental policy settings needed to underpin the tertiary sector, to ensure productivity of the Australian economy into the future. To assist the Government in considering these issues a panel of external experts will be appointed, reporting to the Australian government by January 2011.

The panel’s work will inform Government medium and long-term actions to support the policy objectives of addressing entrenched and anticipated skill shortages in the economy; completion of training; and improved agility of the apprenticeship model to meet the challenges of a global economy. The panel’s work will be developed in light of the tight fiscal environment and the need to provide cost neutral options to Government.

The panel will investigate:

1. An economic comparison of the current apprenticeships model of skills formation to other forms of education and training and other models of delivery and support from international experience. The panel should consider issues such as:
   - Contribution of apprenticeship training and outcomes to the Australian economy
   - Financing of education and training costs in this market
   - Completion rates across different education models and factors influencing completion rates
   - Duration and quality of the training including mechanisms for the delivery of training (on-the-job; off-the-job; mixed; flexibility of training).
2. The economic sustainability of the current Australian Apprenticeships model. The panel should consider issues such as:
   - The scope for reform of apprenticeships incentives to support the improvement of skills formation and participation in both the supply and demand sides of the market
   - Regulatory and other constraints on the economically-efficient operation of the Australian Apprenticeships system.

3. The interaction of the apprenticeships system with the economic cycle. The panel may consider if the current structural settings best protect the Australian economy from compounding skill shortages resulting from these cyclical changes in the economy.

4. The accrual of economic costs and benefits in the apprenticeships system to apprentices, employers/industry, Government and the broader economy, including:
   - Apprentice wages (including on-costs), supervision and training costs, materials wastage, administration and extra maintenance, productivity and output produced, the length of the apprenticeship and the value of government and non-government subsidies
   - The economic benefits of the skills formation of the apprenticeships to apprentices; employer/industry and Government, in particular the wage premium attracted by the apprenticeship and the implied rate of return on the investment, over history and in comparison to the area of return to other forms of education investment
   - The incidence and quantum of the burden of non-completion rates.

5. Scope to align the support provided by all levels of government to deliver a modern apprenticeships system.

6. The interaction of the Australian Apprenticeships system with the system and structure of industrial awards and other employment regulation for apprentices. Factors to be examined will include:
   - The competency-based progression through award classifications
   - The provision of rates for adult apprentices
   - Provisions dealing with payment by employers of training and tool costs
   - The appropriate quantum of remuneration to be provided to apprentices, having regard to the role of lower wages as a regulatory subsidy/ incentive for employers to train, the needs of apprentices
   - Any other factors relevant to setting minimum wages and other award conditions (such as living away from home arrangements) relevant to the rates of offering and completion of apprenticeships
   - Any barriers or incentives to skills formation that arise from the interaction of the two systems.

The NCVER will be commissioned to assist the panel in their consideration of these issues.
Apprenticeships for the 21st Century

Attachment: Contextual information

COAG Australian Apprenticeship Taskforce

The Australian Apprenticeship Taskforce was established by the Council of Australian Governments (COAG) in April 2009 to undertake urgent work and make recommendations to support the engagement and retention of apprentices during the economic downturn. One of the 10 actions recommended and agreed by COAG on 7 December 2009 was to:

Undertake an immediate review to re-prioritise apprenticeship and traineeship incentives to better target quality outcomes and commencement and retention of trade apprentices, including consideration of strengthened financial support for trade apprentices in areas of skill shortage.

Other actions supported by COAG involved streamlining and improving support arrangements for apprenticeships, delivering more and better pre-apprenticeships and embedding competency-based skills and wage progression as a standard within the system.

MCTEE Apprentices Action Group

Implementation of the Australian Apprenticeship Taskforce’s recommendations will be overseen by an Action Group of the Ministerial Council for Tertiary Education and Employment which will report outcomes to the Council of Australian Governments by the end of 2010.

Award modernisation

The Australian Industrial Relations Commission (the predecessor to FWA) indicated during award modernisation process in 2009 that the task of consolidating thousands of state-based and federal awards into 122 modern awards had highlighted the need for a more detailed review of apprentice and training provisions in awards.

The creation of the national workplace relations system highlighted a number of differences between states’ industrial regulation of apprenticeships. For example, states had different arrangements for the provision of competency-based progression, reimbursement of training costs and tool allowances. Award modernisation also highlighted some differences in rates of pay for apprentices in different states (notably electrical apprentices).

It is important that FWA’s review of such arrangements is carried out in a manner fully informed by the broader context of Government policy on apprenticeships and alignment of incentives and vice versa.
Appendix B: The work of the panel

The Expert Panel
The Apprenticeships for the 21st Century Expert Panel was established as part of the 2010–11 Budget, to advise the Australian Government on strategies to sustain and grow a stronger Australian Apprenticeships system (apprenticeships and trainees).

The Expert Panel comprised the following members:

Chair: Mr Jim McDowell
        Chief Executive Officer
        BAE Systems Australia

Panel Members: Dr John Buchanan
               Director, Workplace Research Centre
               The University of Sydney

Mr Royce Fairbrother
Chief Executive Officer
Fairbrother Pty Ltd

Mr Dave Oliver
National Secretary
Australian Manufacturing Workers Union

Ms Marie Persson
Board Member
Skills Australia

Mr Tim Shipstone
Industrial Officer
Australian Council of Trade Unions

Ms Simone Wetzlar
Executive General Manager
People, Safety and Environment
Thiess Pty Ltd

Our Process
We met regularly to consider the terms of reference and recommendations to be provided to the Australian Government. Our deliberations were informed by practical experience in supporting Australian Apprentices, commissioned research, input from critical friends and of comprehensive review of available literature and data.

We have considered the economic sustainability and flexibility of the current Australian Apprenticeships system and model. We have also examined the scope of reform of Australian Apprenticeship structures and incentives to support improvement of skills formation and participation in both the supply and demand sides of the market, including regulatory and other constraints within the sector. Our suggested reforms and re-prioritisation of public investment is intended to increase Australian Apprenticeship commencements and completions and ensure there is an ongoing source of skilled labour to meet future demands.

In addressing the terms of reference, we have provided the Government with a package of measures to develop a system that is simpler, flexible and quality-assured, and provides for Australia’s future skills requirements. We have avoided an overly prescriptive approach; however, the recommendations include specific suggestions for improvement where this is considered appropriate.

Commissioned Research
Our work has been underpinned by a study on related economic costs and benefits, including research undertaken by the National Centre for Vocational Education and Research (NCVER). The NCVER research was presented in four Reports:
• Report 1 Overview of the Australian apprenticeship and traineeship system
• Report 2 Overview of apprenticeship and traineeship institutional structures
• Report 3 The apprenticeship and traineeship system’s relationships with the regulatory environment
• Report 4 The economics of apprenticeships and traineeships

Stakeholder Engagement
In 2009 stakeholder views were sought on apprenticeship issues through the Council of Australian Governments (COAG) Apprentices Taskforce. This process confirmed some well known positions and views that were included in the Taskforce report to COAG. For this reason, rather than repeat this process, we adopted a ‘critical friends’ approach as a basis for consultations with stakeholders. We used this engagement strategy to ensure that stakeholder’s views were taken into consideration when making our recommendations.

We liaised with the following stakeholders:

• The MCTEE Apprentices Action Group
• Australian Industry Group (AIG) – Ms Heather Ridout
• Chair Bradley Review into Higher Education – Professor Denise Bradley
• Australian Chamber of Commerce and Industry (ACCI) - Mr Peter Anderson and Ms Mary Hicks
• Skills Australia – Mr Philip Bullock
• TAFE Directors Australia (TDA) – Mr Bruce McKenzie
• Australian Council for Private Education and Training (ACPET) – Ms Claire Fields
• The Enterprise Registered Training Organisation Association (ERTOA) – Mr Chris Butler
• Group Training Australia (GTA) – Mr Jim Barron
• Construction and Property Services Industry Skills Council – Lindsay Fraser
• ElectroComms and Energy Utilities Industry Skills Council – Mr Bob Taylor
• Forestry, Wood, Paper and Timber Products Industry Skills Council – Mr Michael Hartman
• Government Skills Australia – Ms Jan Weir
• Manufacturing Industry Skills Council – Mr Bob Paton
• Skills DMC – Mr Steve McDonald
• Housing Industry Association – Mr Nick Proud
• Master Builders Association – Mr Wilhelm Harnisch
• National VET regulator - Kaye Schofield.

Peer Review
The final report of the panel was peer reviewed by:

Peter Henneken
Chairperson, Safety, Rehabilitation and Compensation Commission. Former Director-General, Queensland Department of Employment and Industrial Relations.

Tom Dumbrell
Director, Dumbrell Consulting. Former Director, Labour Market Policy, NSW Department of Industrial Relations, Employment and Training.
# Appendix C: Acronyms and abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAC</td>
<td>Australian Apprenticeships Centre</td>
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<tr>
<td>AAT</td>
<td>Australian Apprenticeship Taskforce</td>
</tr>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<tr>
<td>ACCI</td>
<td>Australian Chamber of Commerce and Industry</td>
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<tr>
<td>ACIRRT</td>
<td>Australian Centre for Industrial Relations Research and Training</td>
</tr>
<tr>
<td>ACPET</td>
<td>Australian Council for Private Education and Training</td>
</tr>
<tr>
<td>AiG</td>
<td>Australian Industry Group</td>
</tr>
<tr>
<td>ANZSCO</td>
<td>Australian and New Zealand Standard Classification of Occupinations</td>
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<tr>
<td>AQF</td>
<td>Australian Qualifications Framework</td>
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<tr>
<td>ASbA</td>
<td>Australian School-based Apprentice</td>
</tr>
<tr>
<td>ATO</td>
<td>Australian Taxation Office</td>
</tr>
<tr>
<td>BCITF</td>
<td>Building Construction Industry Training Fund</td>
</tr>
<tr>
<td>CBTP</td>
<td>competency-based training progression</td>
</tr>
<tr>
<td>CBWP</td>
<td>competency-based wage progression</td>
</tr>
<tr>
<td>CFMEU</td>
<td>Construction Forestry Mining and Energy Union</td>
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<tr>
<td>COAG</td>
<td>Coalition of Australian Governments</td>
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<tr>
<td>CPA</td>
<td>Certified Practising Accountants of Australia</td>
</tr>
<tr>
<td>CTF</td>
<td>Construction Training Fund</td>
</tr>
<tr>
<td>DEEWR</td>
<td>Department of Education, Employment and Workplace Relations</td>
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<tr>
<td>DFEEST</td>
<td>Department of Further Education, Employment, Science and Technology, South Australia</td>
</tr>
<tr>
<td>ECS</td>
<td>Employer Contribution Scheme</td>
</tr>
<tr>
<td>EE-Oz</td>
<td>Industry Skills Council for the Australian ElectroComms and EnergyUtilities Industries</td>
</tr>
<tr>
<td>ERTOA</td>
<td>Enterprise Registered Training Organisation Association</td>
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<tr>
<td>ETES</td>
<td>Education Training Employment Schedule</td>
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<tr>
<td>FWA</td>
<td>Fair Work Australia</td>
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<tr>
<td>GTA</td>
<td>Group Training Australia</td>
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<tr>
<td>GTO</td>
<td>Group Training Organisation</td>
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<tr>
<td>ISC</td>
<td>Industry Skills Council</td>
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<tr>
<td>ISO</td>
<td>Industry Support Officer</td>
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<tr>
<td>MCTEE</td>
<td>Ministerial Council for Tertiary Education and Employment</td>
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<tr>
<td>MISAC</td>
<td>Manufacturing Industry Skills Advisory Council SA Inc</td>
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<tr>
<td>MAATS</td>
<td>Modern Apprenticeship and Traineeship System</td>
</tr>
<tr>
<td>NAAAC</td>
<td>National Association of Australian Apprenticeship Centres</td>
</tr>
<tr>
<td>NCVER</td>
<td>National Centre for Vocational Education and Training</td>
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<tr>
<td>NPC</td>
<td>Northern Project Contracting</td>
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<tr>
<td>NSNL</td>
<td>National Skills Needs List</td>
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<td>NTW</td>
<td>National Training Wage</td>
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<td>NVEAC</td>
<td>National VET Equity Advisory Council</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Development</td>
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<tr>
<td>OzHelp</td>
<td>Workplace based early intervention suicide prevention and social capacity building program</td>
</tr>
<tr>
<td>RCC</td>
<td>Recognition of Current Competencies</td>
</tr>
<tr>
<td>RDO</td>
<td>Rostered Day off</td>
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<tr>
<td>RPL</td>
<td>Recognition of Prior Learning</td>
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<tr>
<td>RTO</td>
<td>Registered Training Organisation</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>SACE</td>
<td>South Australian Certificate of Education</td>
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<tr>
<td>SPOL</td>
<td>Specialised Occupations List</td>
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<tr>
<td>SSA</td>
<td>Service Skills Australia</td>
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<tr>
<td>STA</td>
<td>State Training Authority</td>
</tr>
<tr>
<td>TAFE</td>
<td>Technical and Further Education</td>
</tr>
<tr>
<td>TDA</td>
<td>TAFE Directors Australia</td>
</tr>
<tr>
<td>TYIMS</td>
<td>Training and Youth Internet Management System</td>
</tr>
<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
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<tr>
<td>WRC</td>
<td>Workplace Research Centre</td>
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## Appendix D: Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Apprenticeship</strong></td>
<td>A system of training regulated by law or custom which combines on-the-job training and work experience while in paid employment with formal (usually off-the-job training). The apprentice enters into a contract of training or training agreement with an employer which imposes mutual obligations on both parties.</td>
</tr>
<tr>
<td><strong>Apprentice Kickstart</strong></td>
<td>The Apprentice Kickstart program is an Australian Government program designed to counteract the impact of the global recession on Australian Apprenticeships commencements and retention.</td>
</tr>
<tr>
<td><strong>Apprentice Ratios</strong></td>
<td>Relates the number of Australian Apprentices per supervisor in the workplace.</td>
</tr>
<tr>
<td><strong>Attrition Rate</strong></td>
<td>The measurement of the number of apprentices and trainees that drop out of their training before completion.</td>
</tr>
<tr>
<td><strong>Australian Apprentice</strong></td>
<td>A person who is:</td>
</tr>
<tr>
<td></td>
<td>• Employed under a training contract that has been registered with, and validated by, the State Training Authority</td>
</tr>
<tr>
<td></td>
<td>• Involved in paid work and structured training which commonly comprises both on and off the job training</td>
</tr>
<tr>
<td></td>
<td>• Undertaking a negotiated training program responsive to client choice that involves obtaining a nationally recognised qualification.</td>
</tr>
<tr>
<td></td>
<td>In some states and territories, Australian Apprenticeships may be referred to as apprenticeships and traineeships.</td>
</tr>
<tr>
<td><strong>Australian Apprenticeship Centre (AAC)</strong></td>
<td>AACs are contracted by the Department of Education, Employment and Workplace Relations to provide Australian Apprenticeships Support Services.</td>
</tr>
<tr>
<td><strong>Australian Apprenticeships Incentives Program (AAIP)</strong></td>
<td>Formerly called the New Apprenticeships Incentives Programme (NAIP), the aim of AAIP is to develop a skilled Australian workforce by offering financial incentives to eligible employers who take on an Australian Apprentice.</td>
</tr>
<tr>
<td><strong>Australian Apprenticeships Taskforce</strong></td>
<td>The Australian Apprenticeships Taskforce was created by the Council of Australian Governments (COAG) in April 2009 to make recommendations to support the engagement and retention of apprentices during the economic downturn.</td>
</tr>
<tr>
<td><strong>Australian Qualifications Framework (AQF)</strong></td>
<td>A nationally consistent set of qualifications for all post-compulsory education and training in Australia.</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
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</tr>
<tr>
<td><strong>Australian Quality Training Framework (AQTF)</strong></td>
<td>Outlines the nationally agreed standards for the registration and auditing of training providers and accreditation of courses and operation of state and territory registering bodies.</td>
</tr>
<tr>
<td><strong>Cancellations and withdrawals</strong></td>
<td>Refers to apprentices and trainees whose contract of training has been terminated prior to successful completion. Cancellation and withdrawal figures also include contracts which have been transferred.</td>
</tr>
<tr>
<td><strong>Commencements</strong></td>
<td>Refers to apprentices and trainees starting a program of training. The date of commencement is the date that an apprentice or trainee training contract is registered or approved under the provisions of the relevant state/territory legislation.</td>
</tr>
<tr>
<td><strong>Competency-based Training Progression</strong></td>
<td>Progression through an apprenticeship or a traineeship is dependent on the satisfactory completion of a number of competencies, and is not solely tied to a specific duration.</td>
</tr>
<tr>
<td><strong>Competency-based Wage Progression</strong></td>
<td>Progression through the wages system is dependent upon the demonstrated completion of formal competencies and acquisition and use of skills by an apprentice or trainee.</td>
</tr>
<tr>
<td><strong>Completion Rate</strong></td>
<td>The rate at which apprentices and trainees complete their contract of training.</td>
</tr>
<tr>
<td><strong>Council of Australian Governments (COAG)</strong></td>
<td>COAG is the peak intergovernmental forum in Australia and is comprised of the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association.</td>
</tr>
<tr>
<td><strong>Disabled Australian Apprentice Wage Support (DAAWS)</strong></td>
<td>DAAWS is an Australian Government incentive payable to an employer who employs an Australian Apprentice who satisfies the disability eligibility criteria in an Australian Apprenticeship.</td>
</tr>
<tr>
<td><strong>Eligible Apprenticeships and Traineeships</strong></td>
<td>The expert panel proposals for reform include the identification of those apprenticeships and traineeships that qualify for Australian Government subsidies.</td>
</tr>
<tr>
<td><strong>Employer Contribution Scheme (ECS)</strong></td>
<td>The ECS is proposed by the expert panel to help provide the resources to support a strong Australian Apprenticeships system.</td>
</tr>
<tr>
<td><strong>Existing–workers</strong></td>
<td>Those apprentices and trainees who were employed by their current employer for more than three months full-time (or 12 months part time or casual) prior to commencing their training contract.</td>
</tr>
<tr>
<td><strong>Fair Work Australia (FWA)</strong></td>
<td>It is an independent body with power to carry out a range of functions including providing a safety net of minimum conditions, including minimum wages and facilitating good faith bargaining and the making of enterprise agreements.</td>
</tr>
<tr>
<td><strong>Group Training Organisation (GTO)</strong></td>
<td>An organisation which employs Australian Apprentices under a training contract and places them with host employers. The GTO undertakes the employer responsibilities for the quality and continuity of the Australian Apprentices’ employment and training, including payment of Australian Apprentices’ wages.</td>
</tr>
<tr>
<td><strong>Induction</strong></td>
<td>The provision of information to a new Australian Apprentice at the commencement of their apprenticeship or traineeship including information about the position and the workplace and the expectations of the employer.</td>
</tr>
<tr>
<td><strong>Industry Skills Councils (ISC)</strong></td>
<td>ISCs bring together industry, educators and governments to facilitate action on skills and workforce development.</td>
</tr>
<tr>
<td><strong>Job Services Australia (JSA)</strong></td>
<td>Job Services Australia the Australian Government's national employment services system which provides job matching services to both job seekers and employers.</td>
</tr>
<tr>
<td><strong>Living Away from Home Allowance (LAFHA)</strong></td>
<td>See Appendix Q.</td>
</tr>
<tr>
<td><strong>MCTEE Apprentices Action Group</strong></td>
<td>Created to oversee implementation of the recommendations provided by the Australian Apprentices Taskforce. On 7 December 2009, COAG agreed to ten recommendations of the Taskforce.</td>
</tr>
<tr>
<td><strong>Modern Awards</strong></td>
<td>Modern awards came into effect on 1 January 2010, and replace the previous federal and state awards covering employees across Australia. Modern awards contain minimum conditions of employment for employees in addition to those contained in the national employment standards.</td>
</tr>
<tr>
<td><strong>National Centre for Vocational and Education Research (NCVER)</strong></td>
<td>A national research, evaluation and information organisation for the vocational education and training (VET) sector in Australia, jointly owned by the Australian, state and territory ministers responsible for VET.</td>
</tr>
<tr>
<td><strong>National Custodian</strong></td>
<td>The National Custodian is a proposal by the expert panel for a national body with authority to oversee the Australian Apprenticeship system.</td>
</tr>
<tr>
<td><strong>National Resources Sector Employment Taskforce (NRSET)</strong></td>
<td>This taskforce was established in November 2009 to help secure more than 70,000 additional skilled workers needed for major resources projects over the next five years. The taskforce presented the <em>Resourcing the Future</em>, report to Government in July 2010.</td>
</tr>
<tr>
<td><strong>National Skills and Workforce Development Agreement</strong></td>
<td>An Australian Government agreement under the <em>Skilling Australia for the Future</em> initiative. Under the agreement the government provides funding linked to specific targets for increasing the qualifications of the working age population. Australian Government funding for this program is $5.4 million for the period 2009-10 to 2012-13.</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
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<tr>
<td>National Skills Needs List (NSNL)</td>
<td>A list of trade occupations that have been identified as being in national skills shortage. This forms the basis for targeting some Australian Apprenticeship incentives.</td>
</tr>
<tr>
<td>National Trade Cadetship Program</td>
<td>An Australian Government program to enable vocational education and training to be recognised at School and count towards future qualifications.</td>
</tr>
<tr>
<td>National Training Wage (NTW)</td>
<td>The NTW sets the minimum wage rates for trainees. The NTW schedule is derived from the National Training Wage Award 1994 and is included in most modern awards. Under the NTW schedule, trainees receive a different wage rate depending on the highest level of school completed and the number of years since they have left school.</td>
</tr>
<tr>
<td>National VET Equity Advisory Council (NVEAC)</td>
<td>NVEAC was established to provide high level advice to the Ministerial Council for Tertiary Education and Employment (MCTEE) to guide equity reform in the national training system. NVEAC is a single layer advisory body which considers the issues and barriers that affect all equity groups and identifies shared priorities for such groups.</td>
</tr>
<tr>
<td>National VET Regulator</td>
<td>The National VET Regulator will be responsible for developing a national set of standards in the VET sector that are consistently regulated. The Regulator will be a federal statutory authority. All jurisdictions except Victoria and Western Australia have agreed to refer powers to the Australian Government for its establishment.</td>
</tr>
<tr>
<td>Nominal Duration</td>
<td>Each state or territory determines the nominal duration (the period of time for completion) of an Australian Apprenticeship. This period of time may vary between jurisdictions for the same qualification.</td>
</tr>
<tr>
<td>Off-the-job training</td>
<td>The formal training conducted by a Registered Training Organisation which in some cases may be performed at the workplace.</td>
</tr>
<tr>
<td>On-the-job training</td>
<td>Training undertaken in the workplace by an Australian Apprentice as part of their training contract.</td>
</tr>
<tr>
<td>Pre-apprenticeship course</td>
<td>An approved course undertaken prior to commencing an apprenticeship that may reduce the term of the apprenticeship if successfully completed.</td>
</tr>
<tr>
<td>Pre-vocational training</td>
<td>Pre-vocational training focuses on general preparation for employment, providing foundation skills for a range of training and employment outcomes, which may include an Australian Apprenticeship.</td>
</tr>
<tr>
<td><strong>Productivity Places Program (PPP)</strong></td>
<td>The Productivity Places Program is part of the Australian Government’s <em>Skilling Australia for the future</em> initiative. The program aims to provide additional training opportunities to assist Australian workers and job seekers to develop the skills they need to be effective participants and contributors to the modern workforce.</td>
</tr>
<tr>
<td><strong>Recognition of Current Competencies (RCC)</strong></td>
<td>The assessment of a person’s current capacity to perform; it applies if an individual has previously successfully completed the requirements for a unit of competency or a module and is now required to be reassessed to ensure that the competence is being maintained.</td>
</tr>
<tr>
<td><strong>Recognition of prior learning (RPL)</strong></td>
<td>Status or credit obtained for courses or subjects on the basis of recognised competencies gained previously through informal and formal training, experience in the workplace, voluntary work, social or domestic activity.</td>
</tr>
<tr>
<td><strong>Registered Training Organisation (RTO)</strong></td>
<td>An organisation registered by the state and territory training authorities to deliver training, conduct assessments and issue nationally recognised qualifications in accordance with the Australian Quality Training Framework.</td>
</tr>
<tr>
<td><strong>Skilled Occupation List (SOL)</strong></td>
<td>The SOL is used by the Australian Department of Immigration and Citizenship to help determine eligibility for immigrants with skills in demand under the General Skilled Migration program.</td>
</tr>
<tr>
<td><strong>Skills Australia</strong></td>
<td>An independent statutory body established in 2008 as part of the Australian Government’s <em>Skilling Australia for the future</em> initiative policy to provide advice on current, emerging and future workforce development needs and workforce skill needs.</td>
</tr>
<tr>
<td><strong>Specialised Occupations List (SpOL)</strong></td>
<td>The (SpOL) was developed as part of a workforce development strategy by Skills Australia to identify specialised occupations. The SpOL uses a number of criteria to identify specialist occupations including analysis of labour market, education and migration data to assess longer term skills and workforce development needs.</td>
</tr>
<tr>
<td><strong>State and territory training authority (STA)</strong></td>
<td>The body in each state or territory responsible for the operation of the Vocational Education and Training system, including Australian Apprenticeships, within that jurisdiction.</td>
</tr>
<tr>
<td><strong>Support for Adult Australian Apprentices</strong></td>
<td>See Appendix Q.</td>
</tr>
<tr>
<td><strong>Tools for Your Trade Payment</strong></td>
<td>See Appendix Q.</td>
</tr>
<tr>
<td><strong>Trades</strong></td>
<td>Refers to those apprentices and trainees employed in trades occupations under major group 3 (Technicians and trades workers) of ANZSCO 1st edition.</td>
</tr>
<tr>
<td><strong>Traineeship</strong></td>
<td>A system of vocational training combining off-the-job training with an approved training provider with on-the-job training and practical work experience. Traineeships generally take one to two years and are a part of the Australian Apprenticeships system.</td>
</tr>
<tr>
<td><strong>Training contract</strong></td>
<td>A legal contract of training which must be undertaken by all Australian Apprentices. The training contract includes the type of apprenticeship or traineeship, the commencement date, the duration of training, details of the employer and training provider as well as the obligations of each party.</td>
</tr>
<tr>
<td><strong>Training Guarantee Levy</strong></td>
<td>Australian Government scheme during the 1990s that required Australian enterprises to contribute some of their income to employee training or a government fund for the development of training programs.</td>
</tr>
<tr>
<td><strong>Training packages</strong></td>
<td>A set of nationally endorsed standards, guidelines and qualifications for training and for recognising and assessing skills.</td>
</tr>
<tr>
<td><strong>Training Plan</strong></td>
<td>The Training Plan is developed in consultation with the Australian Apprentice, the employer and the Registered Training Organisation (RTO) and must be signed by all parties. The plan details the training required to be delivered by both the RTO and the employer in order to fulfil the requirements of the Australian Apprenticeship.</td>
</tr>
<tr>
<td><strong>Unique Student Identifier</strong></td>
<td>A national student identifier which will track individual students as they progress through education and training.</td>
</tr>
<tr>
<td><strong>VET in Schools</strong></td>
<td>A program which allows students to combine vocational studies with their general education curriculum. Students participating in VET in Schools continue to work towards their Senior Secondary School Certificate.</td>
</tr>
<tr>
<td><strong>Vocational Education and Training (VET)</strong></td>
<td>Education (excluding higher education) which gives people work-related knowledge and skills.</td>
</tr>
</tbody>
</table>
## Appendix E: Australian Apprenticeships steps

### Stepping through the Australian Apprenticeship process

<table>
<thead>
<tr>
<th>Number</th>
<th>Description of steps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong></td>
<td>The Australian Apprentice and employer sign a training contract&lt;br&gt;The Australian Apprenticeships Centre (AAC) facilitates execution of training contract and advises on the provision of and access to training and funding.</td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td>The AAC submits a completed training contract to the relevant state or territory training authority (STA) for approval&lt;br&gt;The AAC is required to submit the training contract within 10 days and the TYIMS data system is updated.</td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
<td>The employer and Australian Apprentice contact the selected Registered Training Organisation (RTO) to organise the training&lt;br&gt;The apprentice is enrolled at the RTO and a training plan is put in place which details the delivery of training. Training commences.</td>
</tr>
<tr>
<td><strong>Step 4</strong></td>
<td>Employer is eligible for standard commencement payment&lt;br&gt;The Australian Apprentice has completed three months of the apprenticeship and the employer is eligible for a standard commencement incentive payment subject to STA approval of the training contract.</td>
</tr>
<tr>
<td><strong>Step 5</strong></td>
<td>Employer submits an incentive claim form to the AAC&lt;br&gt;The AAC processes the claim form via TYIMS and incentive payments are made to the employer when eligible.</td>
</tr>
<tr>
<td><strong>Step 6</strong></td>
<td>The AAC contacts or visits the employer and Australian Apprentice&lt;br&gt;The AAC visits at six and 12 month duration and at completion of the Australian Apprenticeships.</td>
</tr>
<tr>
<td><strong>Step 7</strong></td>
<td>The Australian Apprentice completes the training successfully&lt;br&gt;The RTO issues the qualification to the apprentice, where the apprentice partially completes a Statement of Attainment is issued.</td>
</tr>
<tr>
<td><strong>Step 8</strong></td>
<td>Employer validates competency on-the-job&lt;br&gt;The employer provides verification to the RTO and/or STA of attainment of on-the-job competence.</td>
</tr>
<tr>
<td><strong>Step 9</strong></td>
<td>STA certification&lt;br&gt;The STA provides certification of achieved competency in the trade or occupation to the apprentice.</td>
</tr>
<tr>
<td><strong>Step 10</strong></td>
<td>The Australian Apprentice and employer have met the training contract requirements&lt;br&gt;The STA confirms completion of the apprenticeship, closes the training contract and the employer is eligible for the standard completion payments.</td>
</tr>
</tbody>
</table>
Appendix F: Age profiles and occupations of Australian Apprentices 2000-2010

The profile of apprentices and trainees has changed over recent time. The following table shows that over the ten years to 2010, there have been slight reductions in the proportion of apprentices and trainees aged 17,18,19 and 20-24 years. The proportion aged 25-34 and 35 years and over has increased over the same period, with the greatest rise occurring in the 35 years and over cohort. Apprentices and trainees aged over 25 years now comprise over 42 per cent of all apprentices and trainees.

Apprentices and Trainees in training by age and occupation group (2000-2010)

<table>
<thead>
<tr>
<th>Age groups</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 or below</td>
<td>0.04</td>
<td>0.07</td>
<td>0.09</td>
<td>0.11</td>
<td>0.12</td>
<td>0.14</td>
<td>0.16</td>
<td>0.18</td>
<td>0.16</td>
<td>0.16</td>
<td>0.13</td>
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<td>1.2</td>
<td>1.2</td>
<td>1.4</td>
<td>1.4</td>
<td>1.6</td>
<td>1.6</td>
<td>1.8</td>
<td>1.6</td>
<td>1.5</td>
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<tr>
<td>Age 16</td>
<td>4.3</td>
<td>4.1</td>
<td>4.0</td>
<td>3.9</td>
<td>4.2</td>
<td>4.5</td>
<td>4.8</td>
<td>4.9</td>
<td>5.1</td>
<td>4.7</td>
<td>4.4</td>
</tr>
<tr>
<td>Age 17</td>
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<td>7.6</td>
<td>7.0</td>
<td>6.7</td>
<td>6.8</td>
<td>7.2</td>
<td>7.4</td>
<td>7.6</td>
<td>7.9</td>
<td>7.3</td>
<td>6.7</td>
</tr>
<tr>
<td>Age 18</td>
<td>12.4</td>
<td>11.0</td>
<td>10.2</td>
<td>9.5</td>
<td>9.4</td>
<td>9.7</td>
<td>9.7</td>
<td>9.8</td>
<td>10.0</td>
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</tr>
<tr>
<td>Age 19</td>
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<td>10.8</td>
<td>10.2</td>
<td>10.0</td>
<td>10.2</td>
<td>10.4</td>
<td>10.3</td>
<td>10.2</td>
<td>10.1</td>
<td>9.8</td>
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<tr>
<td>20–24 years</td>
<td>29.5</td>
<td>27.7</td>
<td>26.6</td>
<td>25.5</td>
<td>25.0</td>
<td>25.8</td>
<td>26.4</td>
<td>26.7</td>
<td>26.4</td>
<td>25.8</td>
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<tr>
<td>25–34 years</td>
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<td>16.6</td>
<td>17.3</td>
<td>17.1</td>
<td>16.3</td>
<td>16.0</td>
<td>15.9</td>
<td>16.1</td>
<td>16.6</td>
<td>17.5</td>
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<tr>
<td>35 and over</td>
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<td>20.9</td>
<td>23.5</td>
<td>25.5</td>
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Occupation, ANZSCO

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<th>Occupation</th>
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<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Managers</td>
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<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.9</td>
<td>1.0</td>
<td>1.4</td>
<td>1.8</td>
<td>2.2</td>
</tr>
<tr>
<td>2 Professionals</td>
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<td>0.6</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
<td>0.6</td>
<td>1.2</td>
<td>1.8</td>
<td>1.6</td>
<td>0.9</td>
<td></td>
</tr>
<tr>
<td>3 Technicians and Trades Workers</td>
<td>49.8</td>
<td>44.3</td>
<td>40.3</td>
<td>38.1</td>
<td>38.5</td>
<td>42.3</td>
<td>45.2</td>
<td>47.4</td>
<td>48.9</td>
<td>48.3</td>
<td>47.5</td>
</tr>
<tr>
<td>4 Community and Personal Service Workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Clerical and Administrative Workers</td>
<td>10.8</td>
<td>10.8</td>
<td>10.8</td>
<td>11.3</td>
<td>10.9</td>
<td>11.2</td>
<td>11.0</td>
<td>10.8</td>
<td>10.6</td>
<td>11.1</td>
<td>11.4</td>
</tr>
<tr>
<td>6 Sales Workers</td>
<td>9.7</td>
<td>11.4</td>
<td>11.9</td>
<td>13.9</td>
<td>15.8</td>
<td>14.2</td>
<td>13.3</td>
<td>13.1</td>
<td>12.8</td>
<td>13.6</td>
<td>14.9</td>
</tr>
<tr>
<td>7 Machinery Operators and Drivers</td>
<td>12.1</td>
<td>11.9</td>
<td>13.9</td>
<td>14.2</td>
<td>13.0</td>
<td>11.6</td>
<td>11.2</td>
<td>10.7</td>
<td>10.5</td>
<td>10.4</td>
<td>10.3</td>
</tr>
<tr>
<td>8 Labourers</td>
<td>6.5</td>
<td>10.5</td>
<td>12.2</td>
<td>12.1</td>
<td>11.7</td>
<td>11.1</td>
<td>10.3</td>
<td>9.2</td>
<td>8.2</td>
<td>7.6</td>
<td>7.4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: NCVER 2010
## Appendix G: Characterisation of apprenticeships and traineeships

### Stylised characterisation of apprenticeships and traineeships

<table>
<thead>
<tr>
<th>Groupings of apprenticeships and traineeships</th>
<th>Male</th>
<th>Female</th>
<th>Balanced gender mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional trades (new entrants)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive and engineering</td>
<td></td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Construction trades workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electro-technology and telecommunications</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food trades workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled animal and horticultural workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wood trades workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hairdressing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other technicians and trade workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sports and personal service workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food preparation assistants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Young part-timer new entrants (mostly at School)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction and mining labourers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm, forestry and garden workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protective services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factory process worker</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machine and stationary plant operators</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmers and farmer managers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General clerical workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales assistants and salespersons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile plant operators</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road and rail drivers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storepersons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carers and aides</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and welfare support workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales assistants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inquiry clerks and receptionists</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales representatives and agents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering, ICT and science technicians</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business, human resources and marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist managers</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Numerical clerks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitality, retail and service managers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education professionals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office managers &amp; program administrators</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other clerical and administrative workers</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Printing trades workers do not fit into any of the above groups very well; they are mostly male, a spread of ages, new entrants and existing–workers. Farmers and farm managers are perhaps more skilled than other occupations in this group.

Source: NCVER Report 1 *Overview of the Australian apprenticeship and traineeship system* 2010
## Appendix H: Commencements by gender

### Calendar year commencements by gender

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Total number</th>
<th>Full-time</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>41,634</td>
<td>93.2</td>
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</tr>
<tr>
<td>1996</td>
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<td>1997</td>
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<td>1998</td>
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<tr>
<td>1999</td>
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<td>15.0</td>
</tr>
<tr>
<td>2000</td>
<td>52,135</td>
<td>97.0</td>
<td>16.2</td>
</tr>
<tr>
<td>2001</td>
<td>50,095</td>
<td>96.2</td>
<td>17.3</td>
</tr>
<tr>
<td>2002</td>
<td>60,322</td>
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<tr>
<td>2003</td>
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<td>2007</td>
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<td>86,296</td>
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<td>2009</td>
<td>71,549</td>
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</table>

### Non-trade occupations

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<th>Total number</th>
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<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
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<tr>
<td>1996</td>
<td>47,620</td>
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<td>1997</td>
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</tr>
<tr>
<td>1998</td>
<td>107,029</td>
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<tr>
<td>1999</td>
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<tr>
<td>2000</td>
<td>158,090</td>
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</tr>
</tbody>
</table>

### Appendix I: Commencements by occupation and gender

#### Commencements by occupation and gender, calendar year 2009

<table>
<thead>
<tr>
<th>Occupation (ANZSCO) group</th>
<th>Total number</th>
<th>Male</th>
<th>Male %</th>
<th>Female</th>
<th>Female %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>6 340</td>
<td>2 266</td>
<td>35.7</td>
<td>4 074</td>
<td>64.3</td>
</tr>
<tr>
<td>Professionals</td>
<td>7 599</td>
<td>5 697</td>
<td>75.0</td>
<td>1 902</td>
<td>25.0</td>
</tr>
<tr>
<td>Technicians &amp; trades workers</td>
<td>71 549</td>
<td>59 367</td>
<td>83.0</td>
<td>12 182</td>
<td>17.0</td>
</tr>
<tr>
<td>Community &amp; personal service workers</td>
<td>43 333</td>
<td>12 741</td>
<td>29.4</td>
<td>30 592</td>
<td>70.6</td>
</tr>
<tr>
<td>Clerical &amp; administrative workers</td>
<td>56 354</td>
<td>20 496</td>
<td>36.4</td>
<td>35 858</td>
<td>63.6</td>
</tr>
<tr>
<td>Sales workers</td>
<td>40 224</td>
<td>15 206</td>
<td>37.8</td>
<td>25 018</td>
<td>62.2</td>
</tr>
<tr>
<td>Machinery operators &amp; drivers</td>
<td>24 938</td>
<td>22 137</td>
<td>88.8</td>
<td>2 801</td>
<td>11.2</td>
</tr>
<tr>
<td>Labourers</td>
<td>21 105</td>
<td>14 464</td>
<td>68.5</td>
<td>6 642</td>
<td>31.5</td>
</tr>
<tr>
<td>All occupations</td>
<td>271 443</td>
<td>152 374</td>
<td>56.1</td>
<td>119 069</td>
<td>43.9</td>
</tr>
</tbody>
</table>


Notes specific to this table: Unknown data have not been reported, whereas ‘Total number’ includes all contracts; hence some figures may not sum to the total.
Appendix J: International comparisons

Germany
Germany is closely associated with the apprenticeships model known as the ‘dual system’, so named because learning occurs in both a workplace and in vocational schools. Responsibility for the dual system is shared between employers, trade unions and the federal and state governments. The employer associations and trade unions form an intrinsic part of the German system - they are widely consulted and have decision making powers within the system. Apprenticeship training is both highly standardised and regulated. It differs to the methods employed in Australia in that all practical skills are provided on-the-job in the workplace. The off-the-job training in a vocational School entails broader subjects such as sport, civics, business studies and trade theory.

Employers provide the bulk of the funding for the German apprenticeships system though payments made by firms employing apprentices to the chambers of commerce and the craft chambers. Many of the institutional arrangements in the German system function effectively because of the deep embedding of social and political acceptance of employers and unions as ‘social partners’. It is an example of how employers’ commitment to training can be secured through regulation and consensus, however the system is expensive and can be severely tested by changing economic conditions.

United Kingdom
The system of indentured apprenticeships for training in the crafts and trades was well established in the United Kingdom by the 14th century and has endured. It is the foundation of Australia’s Apprenticeships system. The system of training is much less regulated than in the German system in that employer investment is through a ‘laissez-faire’ system where few regulations are imposed on employer training activities and employers may train according to business needs. There is a weak connection between industry and further education delivery, with the majority of trainees in the main building trades studying while unemployed. This weak connection with industry can result in trainees experiencing difficulties obtaining work experience and employment after completion of their training. In recent years the United Kingdom has become increasingly concerned about the level of complexity in the system for stakeholders within the system who can all find themselves enmeshed in extremely complex administrative arrangements, particularly in terms of accounting for the use of public funds.

Singapore
Singapore relies heavily on an educated and skilled workforce and uses the apprenticeships model to provide entry-level training in trade occupations to young people. Singapore uses the ‘train and place’ model for apprenticeships in which the individual undertakes institutional training (usually for the first two years) and then moves into employment. The apprenticeships system is integrated with the education system more broadly and is seen as a continuation of the general education system for young people. The government funds the formal part of the training but not the on-the-job training. Employers in Singapore pay a training levy that is held in a training fund and can be accessed on a needs basis. However, despite considerable public investment in education and training, Singapore continues to depend on foreign professional and skilled workers to meet the skills needs of the economy.

Peoples Republic of China
Apprenticeships in China are also undertaken through the ‘train and place’ model where the apprenticeships starts with a period of institutional training, usually two years, at a School or polytechnic, followed by a similar period of employment based training. The importance of apprenticeships has increased considerably in recent decades due to the speed of economic growth in China and the subsequent need to train many more young people in trade and trade related
occupations. The delivery of apprenticeships is funded and managed by provincial governments. The curriculum for apprenticeships programs is centrally determined and controlled by the Ministry of Education with an unknown level of input from employers and industry. The government of China is investing heavily in infrastructure and facilities to support the training of larger numbers of apprentices. However, this is impeded by a poor cultural perception of training and employment in the trades which results in it being viewed as a second-rank option. State control of wages may be exacerbating this problem.
Appendix K: Reasons for dissatisfaction

The following table provides the findings of NCVER research on the reasons for dissatisfaction with the apprenticeship or traineeship for non-completers in both 2008 and 2010\textsuperscript{228}.

### Dissatisfaction with the apprenticeship or traineeship for non-completers (%)

<table>
<thead>
<tr>
<th>Non-completers</th>
<th>In a trade occupation</th>
<th>In a non-trade occupation</th>
<th>All non-completers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of off-the-job training overall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequency of training</td>
<td>20.1</td>
<td>13.7</td>
<td>29.3</td>
</tr>
<tr>
<td>Relevance of skills to workplace</td>
<td>17.5</td>
<td>12.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Fairness of the assessments of skills and knowledge</td>
<td>8.8</td>
<td>6.6</td>
<td>13.1</td>
</tr>
<tr>
<td>Relevance of the assessment tasks</td>
<td>13.6</td>
<td>9.1</td>
<td>12.8</td>
</tr>
<tr>
<td>Quality of the training facilities and equipment</td>
<td>17.7</td>
<td>11.4</td>
<td>19.3</td>
</tr>
<tr>
<td>Employment overall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of work</td>
<td>21.4</td>
<td>17.8</td>
<td>17.1</td>
</tr>
<tr>
<td>Working conditions</td>
<td>26.4</td>
<td>18.6</td>
<td>24.3</td>
</tr>
<tr>
<td>Pay</td>
<td>52.1</td>
<td>38.7</td>
<td>40.9</td>
</tr>
<tr>
<td>Hours of work</td>
<td>21.1</td>
<td>17.3</td>
<td>23.2</td>
</tr>
<tr>
<td>Supervision</td>
<td>26.8</td>
<td>23.0</td>
<td>25.2</td>
</tr>
<tr>
<td>Relationship with co-workers</td>
<td>24.0</td>
<td>16.0</td>
<td>15.4</td>
</tr>
<tr>
<td>Training provided by employer</td>
<td>30.6</td>
<td>26.9</td>
<td>26.4</td>
</tr>
<tr>
<td>Skills learnt on-the-job</td>
<td>19.5</td>
<td>17.7</td>
<td>14.2</td>
</tr>
</tbody>
</table>

\textsuperscript{228} NCVER Destinations 2010
Appendix L: A refocused apprenticeship and traineeship pathway

The apprenticeship and traineeship – an employment and training relationship

- **Entry**
  - School
  - Pre-apprenticeship
  - Pre-vocational
  - Other employment

- **INDUCTION**
  - On the job training
    - Employer accreditation scheme
    - Excellence in Employment scheme
  - Off the job training
  - Pastoral care

- **Mentoring**
  - Existing-workers

- **Employment**
  - Diploma
  - Certificate IV
  - Certificate III
  - Certificate II

- **Career development**
  - Employer commitment to further development
  - Further development of occupational skills
  - Further participation in tertiary education

Foundation skill development
## Appendix M: Commencements by age

### Calendar year commencements by age, 1995–2009

#### Trade occupations

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Total number</th>
<th>Full-time%</th>
<th>Age 19 years &amp; under</th>
<th>Age 20 to 24 years</th>
<th>Age 25 to 44 years</th>
<th>Age 45 years &amp; over</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>41,634</td>
<td>93.2</td>
<td>77.4</td>
<td>16.2</td>
<td>6.1</td>
<td>0.3</td>
</tr>
<tr>
<td>1996</td>
<td>42,228</td>
<td>94.3</td>
<td>74.0</td>
<td>17.2</td>
<td>8.3</td>
<td>0.5</td>
</tr>
<tr>
<td>1997</td>
<td>42,361</td>
<td>98.8</td>
<td>73.0</td>
<td>17.7</td>
<td>8.8</td>
<td>0.6</td>
</tr>
<tr>
<td>1998</td>
<td>47,969</td>
<td>98.4</td>
<td>71.2</td>
<td>18.2</td>
<td>9.7</td>
<td>1.0</td>
</tr>
<tr>
<td>1999</td>
<td>54,947</td>
<td>98.1</td>
<td>70.3</td>
<td>17.9</td>
<td>10.5</td>
<td>1.3</td>
</tr>
<tr>
<td>2000</td>
<td>52,135</td>
<td>97.0</td>
<td>70.0</td>
<td>17.3</td>
<td>11.0</td>
<td>1.6</td>
</tr>
<tr>
<td>2001</td>
<td>50,095</td>
<td>96.2</td>
<td>67.1</td>
<td>17.6</td>
<td>12.8</td>
<td>2.5</td>
</tr>
<tr>
<td>2002</td>
<td>60,323</td>
<td>94.8</td>
<td>62.3</td>
<td>17.5</td>
<td>15.6</td>
<td>4.6</td>
</tr>
<tr>
<td>2003</td>
<td>65,399</td>
<td>94.6</td>
<td>64.4</td>
<td>17.0</td>
<td>14.8</td>
<td>3.9</td>
</tr>
<tr>
<td>2004</td>
<td>70,786</td>
<td>95.3</td>
<td>67.7</td>
<td>17.4</td>
<td>12.8</td>
<td>2.1</td>
</tr>
<tr>
<td>2005</td>
<td>73,734</td>
<td>95.1</td>
<td>66.7</td>
<td>17.3</td>
<td>13.8</td>
<td>2.2</td>
</tr>
<tr>
<td>2006</td>
<td>76,662</td>
<td>94.4</td>
<td>66.8</td>
<td>17.2</td>
<td>13.9</td>
<td>2.1</td>
</tr>
<tr>
<td>2007</td>
<td>84,063</td>
<td>92.6</td>
<td>65.0</td>
<td>17.0</td>
<td>15.5</td>
<td>2.5</td>
</tr>
<tr>
<td>2008</td>
<td>86,296</td>
<td>90.9</td>
<td>63.2</td>
<td>16.5</td>
<td>16.8</td>
<td>3.5</td>
</tr>
<tr>
<td>2009</td>
<td>71,549</td>
<td>89.4</td>
<td>62.1</td>
<td>16.7</td>
<td>17.2</td>
<td>4.1</td>
</tr>
</tbody>
</table>

#### Non-trade occupations

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Total number</th>
<th>Full-time%</th>
<th>Age 19 years &amp; under</th>
<th>Age 20 to 24 years</th>
<th>Age 25 to 44 years</th>
<th>Age 45 years &amp; over</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>22,976</td>
<td>88.0</td>
<td>60.5</td>
<td>22.0</td>
<td>15.3</td>
<td>2.2</td>
</tr>
<tr>
<td>1996</td>
<td>47,620</td>
<td>92.7</td>
<td>48.4</td>
<td>25.2</td>
<td>22.7</td>
<td>3.7</td>
</tr>
<tr>
<td>1997</td>
<td>72,193</td>
<td>91.0</td>
<td>39.2</td>
<td>22.7</td>
<td>30.0</td>
<td>8.1</td>
</tr>
<tr>
<td>1998</td>
<td>107,029</td>
<td>82.7</td>
<td>33.0</td>
<td>21.7</td>
<td>34.6</td>
<td>10.6</td>
</tr>
<tr>
<td>1999</td>
<td>143,779</td>
<td>75.5</td>
<td>31.2</td>
<td>20.6</td>
<td>35.8</td>
<td>12.4</td>
</tr>
<tr>
<td>2000</td>
<td>158,090</td>
<td>72.3</td>
<td>31.2</td>
<td>19.4</td>
<td>37.0</td>
<td>12.4</td>
</tr>
<tr>
<td>2001</td>
<td>173,865</td>
<td>66.8</td>
<td>32.1</td>
<td>18.5</td>
<td>36.6</td>
<td>12.8</td>
</tr>
<tr>
<td>2002</td>
<td>204,239</td>
<td>65.3</td>
<td>30.3</td>
<td>18.9</td>
<td>37.2</td>
<td>13.6</td>
</tr>
<tr>
<td>2003</td>
<td>212,868</td>
<td>65.3</td>
<td>29.3</td>
<td>17.6</td>
<td>37.9</td>
<td>15.3</td>
</tr>
<tr>
<td>2004</td>
<td>186,440</td>
<td>66.2</td>
<td>31.4</td>
<td>17.5</td>
<td>36.0</td>
<td>15.1</td>
</tr>
<tr>
<td>2005</td>
<td>188,325</td>
<td>65.7</td>
<td>31.4</td>
<td>17.5</td>
<td>35.5</td>
<td>15.6</td>
</tr>
<tr>
<td>2006</td>
<td>189,760</td>
<td>65.8</td>
<td>30.8</td>
<td>17.5</td>
<td>35.6</td>
<td>16.2</td>
</tr>
<tr>
<td>2007</td>
<td>191,781</td>
<td>65.5</td>
<td>31.2</td>
<td>17.7</td>
<td>35.1</td>
<td>15.9</td>
</tr>
<tr>
<td>2008</td>
<td>202,379</td>
<td>63.3</td>
<td>31.0</td>
<td>17.0</td>
<td>35.4</td>
<td>16.6</td>
</tr>
<tr>
<td>2009</td>
<td>199,894</td>
<td>61.8</td>
<td>28.3</td>
<td>16.8</td>
<td>36.7</td>
<td>18.2</td>
</tr>
</tbody>
</table>


Notes specific to this table: The existing worker flag was only introduced to the collection in 2002; therefore data are not available before this date. Unknown data have not been reported, whereas Total includes all contracts. Hence some figures may not sum to the total.

Source: NCVER Report 1 Overview of the Australian apprenticeship and traineeship system 2010
## Appendix N: Differences in durations for selected occupations

### Differences in durations for selected occupations

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Description</th>
<th>NSNL*</th>
<th>Qualification Name</th>
<th>Nominal duration</th>
<th>Average actual duration</th>
<th>Commencements (Mar 08 to Mar 09)</th>
<th>Age profile at commencement%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boilermaker (welder)</td>
<td>Employees produce metal fabricated products such as structures, frames, plate assemblies, pipe-work and vessels using tools, welding and thermal cutting equipment and fabrication techniques.</td>
<td>Y</td>
<td>Certificate III in Engineering - Fabrication Trade</td>
<td>48 months</td>
<td>37 months</td>
<td>4,531</td>
<td>68% ≤19 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>13% 20-24 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12% 25-34 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5% 35-44 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1% ≥45 years</td>
</tr>
<tr>
<td>Childcare team leader</td>
<td>Child care team leaders direct the activities of child care centres and services.</td>
<td>N</td>
<td>Diploma of Children’s services</td>
<td>24 months (ACT &amp; NSW) 36 months (QLD, SA, TAS, Vic, WA) 48 months (NT)</td>
<td>15 months</td>
<td>3,056</td>
<td>18% ≤19 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>33% 20-24 years</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>22% 25-34 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16% 35-44 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11% ≥45 years</td>
</tr>
<tr>
<td>Childcare assistant</td>
<td>Employees plan activities and provide care to children, facilitating their leisure and play and enabling them to achieve developmental outcomes</td>
<td>N</td>
<td>Certificate III in Children’s Services</td>
<td>12 months 18 months (NT &amp; Vic) 24 months (ACT &amp; WA)</td>
<td>12 months</td>
<td>5,252</td>
<td>53% ≤19 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>19% 20-24 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12% 25-34 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>10% 35-44 years</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6% ≥45 years</td>
</tr>
<tr>
<td>Dental assistant</td>
<td>Workers may assist a dentist, dental hygienist or dental therapist during all health care procedures, to help maintain high standards of infection control and to assist with practice administration.</td>
<td>N</td>
<td>Certificate III in Dental Assisting</td>
<td>12 months 24 months (WA) 48 months (NT)</td>
<td>11 months</td>
<td>1,001</td>
<td>57% ≤19 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>29% 20-24 years</td>
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<td></td>
<td></td>
<td>9% 25-34 years</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>3% 35-44 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2% ≥45 years</td>
</tr>
<tr>
<td>Fitness Instructor</td>
<td>Employees design and deliver exercise programs for low risk individuals in a controlled environment such as a gym or fitness centre.</td>
<td>N</td>
<td>Certificate III in Fitness</td>
<td>12 months (ACT &amp; WA) 18 months (SA &amp; Vic) 24 months (NSW &amp; Tas) 48 months (NT)</td>
<td>11 months</td>
<td>201</td>
<td>62% ≤19 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14% 20-24 years</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td>8% 25-34 years</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>9% 35-44 years</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7% ≥45 years</td>
</tr>
<tr>
<td>Hairdresser</td>
<td>Employees work in a salon offering hairdressing services and retailing home hair care products for women and men.</td>
<td>Y</td>
<td>Certificate III in Hairdressing</td>
<td>48 months 36 months (NSW, QLD &amp; Vic)</td>
<td>29 months</td>
<td>5,535</td>
<td>80% ≤19 years</td>
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<tr>
<td></td>
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<td>12% 20-24 years</td>
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<td></td>
<td>5% 25-34 years</td>
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<td></td>
<td>2% 35-44 years</td>
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<td></td>
<td></td>
<td>1% ≥45 years</td>
</tr>
<tr>
<td>Occupation</td>
<td>Description</td>
<td>NSNL*</td>
<td>Qualification Name</td>
<td>Nominal duration</td>
<td>Average actual duration</td>
<td>Commencements (Mar 08 to Mar 09)</td>
<td>Age profile at commencement%</td>
</tr>
<tr>
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<tr>
<td>Motor Mechanic (general)</td>
<td>Light Vehicle Mechanic - employees service and repair the mechanical parts of motor vehicles such as engines, transmissions (clutch, gear box and differential) and suspension system.</td>
<td>Y</td>
<td>Certificate III in Automotive Mechanical Technology</td>
<td>48 months</td>
<td>40 months</td>
<td>6,880</td>
<td>73% ≤19 years 13% 20-24 years 10% 25-34 years 3% 35-44 years 1% ≥45 years</td>
</tr>
<tr>
<td>Picture Framer</td>
<td>Employees assemble picture frames, cut mat board and glass and/or assemble the final product.</td>
<td>Y</td>
<td>Certificate III in Picture Framing</td>
<td>24 months (WA &amp; NSW)</td>
<td>27 months</td>
<td>21</td>
<td>33% ≤19 years 17% 20-24 years 17% 25-34 years 22% 35-44 years 11% ≥45 years</td>
</tr>
<tr>
<td>Plumber</td>
<td>Plumbing apprentices install, maintain and repair pipes, drains, cladding, mechanical services and related equipment for water supply, gas, drainage, sewage, heating and cooling and other systems.</td>
<td>Y</td>
<td>Certificate III in Plumbing</td>
<td>48 months</td>
<td>29 months</td>
<td>4,042</td>
<td>68% ≤19 years 17% 20-24 years 11% 25-34 years 3% 35-44 years 1% ≥45 years</td>
</tr>
<tr>
<td>Retail Assistant</td>
<td>1. Employees duties include customer service, operating point of sale equipment, merchandising, balancing the register and minimising theft. Employees will generally be working under supervision. 2. In addition, maintain and order stock, advise customers, organise store display, coordinate work teams.</td>
<td>N</td>
<td>1. Certificate II in Retail Services 2. Certificate III in Retail Services</td>
<td>1. Cert II 12 months 2. Cert III 12 months (NSW and WA) 18 months (NT) 24 months (ACT, QLD, SA, TAS, VIC)</td>
<td>1. 9 months (Cert II) 2. 8 months (Cert III)</td>
<td>1. 9,839</td>
<td>63% ≤19 years 15% 20-24 years 9% 25-34 years 7% 35-44 years 6% ≥45 years</td>
</tr>
<tr>
<td>Security Guard</td>
<td>Employees usually carry out basic guarding duties such as undertaking foot or vehicle patrols, protecting property and guarding cash in transit. At this level a trainee would be required to operate basic security equipment and perform crowd controller duties.</td>
<td>N</td>
<td>Certificate II in Security Operations</td>
<td>12 months</td>
<td>12 months</td>
<td>431</td>
<td>10% ≤19 years 19% 20-24 years 26% 25-34 years 23% 35-44 years 22% ≥45 years</td>
</tr>
</tbody>
</table>

*NSNL: the National Skills Needs List identifies trades that are deemed to be in National skill shortage based on research conducted by the Department of Education, Employment and Workplace Relations.
## Appendix O: Key stakeholders and services in the Australian Apprenticeships system

### Key stakeholders and services in the Australian Apprenticeships system

<table>
<thead>
<tr>
<th>Component</th>
<th>Regulation and Standard Setting</th>
<th>Training Provision</th>
<th>Intermediaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>→ Training Plan</td>
<td>→ Training contract</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>→ Registration</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>→ Funding</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>→ Statistics/Research/Information</td>
</tr>
<tr>
<td><strong>Entity</strong></td>
<td>• COAG &amp; MCTEE</td>
<td>• Registered Training Organisations (RTOs) – Off-the-job training</td>
<td>• State &amp; Territory Governments</td>
</tr>
<tr>
<td></td>
<td>• Australian Government</td>
<td>• Employers – On-the-job training</td>
<td>• State Training Authorities (STAs)</td>
</tr>
<tr>
<td></td>
<td>Fair Work Aust (FWA) +</td>
<td></td>
<td>• Australian Government</td>
</tr>
<tr>
<td></td>
<td>Fair Work Ombudsman (FWO)</td>
<td></td>
<td>• Australian Apprenticeship Centres (AACs)</td>
</tr>
<tr>
<td></td>
<td>• State/Territory Governments (State Training Authorities – STAs)</td>
<td></td>
<td>• Registered Training Organisations (RTOs)</td>
</tr>
<tr>
<td></td>
<td>• Australian Qualifications</td>
<td></td>
<td>• Group Training Organisations – (GTOs)</td>
</tr>
<tr>
<td></td>
<td>Framework Council (AQFC)</td>
<td></td>
<td>• Job Services Australia (JSA) providers</td>
</tr>
<tr>
<td></td>
<td>• VET Regulator</td>
<td></td>
<td>• Disability Employment Services (DES) providers</td>
</tr>
<tr>
<td></td>
<td>• Industry Skills Councils (ISCs)</td>
<td></td>
<td>• Industry Organisations</td>
</tr>
<tr>
<td></td>
<td>• Unions &amp; Industry Associations</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Function</strong></td>
<td>• Develop national goals</td>
<td>• Deliver nationally recognised courses and qualifications</td>
<td><strong>Funding</strong></td>
</tr>
<tr>
<td></td>
<td>• Develop and implement policy</td>
<td>• Deliver training that meets industry needs</td>
<td>• Provision of funding</td>
</tr>
<tr>
<td></td>
<td>• Put in place legislation to regulate Australian Apprenticeships and training delivery</td>
<td>• Provide relevant, up to date, quality off-the-job training</td>
<td>• Access to funding</td>
</tr>
<tr>
<td></td>
<td>• Develop guidelines for qualification levels, qualifications and training delivery</td>
<td>• Provide quality on-the-job training</td>
<td><strong>Australian Apprenticeships Delivery</strong></td>
</tr>
<tr>
<td></td>
<td>• Develop Training Packages to meet industry needs</td>
<td>• Liaison between RTO, employer and apprentice</td>
<td>• Facilitate execution of training contract</td>
</tr>
<tr>
<td></td>
<td>• Ensure Training Packages stay relevant to industry needs through regular review and update</td>
<td>• Track attainment of competencies e.g. through logbook</td>
<td>• Approval and registration of training contract</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Develop Training Plan for apprentice and amend as required</td>
<td>• Provision of information to the employer and apprentice re employment conditions, code of practice, choice of qualifications and RTO, funding for training delivery, personal benefits and incentives</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Relationship management – employer, apprentice, RTO</td>
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<td>• Visit/Contact apprentice and employer at set milestones</td>
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<td></td>
<td>• Provide support for the apprentice and employer for the life of the Australian Apprenticeship</td>
</tr>
<tr>
<td>Develop new accredited courses in response to specific demands</td>
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<td></td>
<td></td>
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<tr>
<td>Determine appropriate qualifications for apprenticeships or traineeship delivery</td>
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</tr>
<tr>
<td>Ensure quality of training is maintained</td>
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</tr>
<tr>
<td>Approve Awards and Enterprise Agreements and establishment of minimum conditions of employment</td>
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<tr>
<td>Provide advice on resolution of industrial and workplace related matters</td>
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<tr>
<td>As of April 2011, registration and audit of RTOs and accreditation of VET courses (except those in Victoria and Western Australia).</td>
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<tr>
<td>Assess competencies and validate competence in the workplace</td>
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<tr>
<td>Certification on completion of qualification</td>
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<tr>
<td>Register on CRICOS to deliver courses &amp; training to overseas students</td>
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<tr>
<td>Mentoring</td>
<td></td>
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<tr>
<td>Pastoral care</td>
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<td></td>
<td></td>
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<tr>
<td>Mediation and dispute resolution</td>
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<tr>
<td>Provide support for out of trade apprentices</td>
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<tr>
<td>Data entry</td>
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<tr>
<td>Sign off when all competencies attained</td>
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</tr>
<tr>
<td>Confirm completion of Australian Apprenticeship and exit from the system</td>
<td></td>
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</tbody>
</table>

**Quality Assurance**

- Monitor quality of training
- Registration and certification of training packages and qualifications.
- Registration, monitoring and auditing of RTOs
- Registration, monitoring and auditing of GTOs
- Monitor quality of services provided to apprentices and employers

**Promotion & provision of information**

- Marketing and promotion of Australian Apprenticeships
- Increase participation in apprenticeships by Indigenous Australians, people with a disability, equity groups, mature aged workers,
- Establish effective relationships with STAs, JSA & DES providers, GTOs, RTOs and schools
- Facilitate access and entry to the Australian Apprenticeships system
- Provide assistance for jobseekers to undertake an Australian Apprenticeships
- Facilitate connection of prospective employers and prospective Australian Apprentices
- Employer and apprentice assessment and screening
- Match apprentice with employer
- Consult with and advocate for industry and their training needs
- Provide industry intelligence and advice to Government and enterprises on workforce development and skills needs
- Undertake annual environmental scans to identify existing and emerging industry skill shortages.
Appendix P: Specialised Occupations List

Specialised Occupations List criteria

As part of its workforce development strategy Skills Australia developed a new methodology for identifying specialised occupations. The resulting Specialised Occupations List (SpOL) identifies those occupations which satisfy two of the first three of the following criteria.

1. **Long lead-time** - a substantial training commitment is required for that occupation. For example:
   - an apprenticeship requiring 3 years or more full-time to complete
   - vocational education and training requiring more than 1 000 hours
   - university study requiring 4 or more years full-time.

2. **High use** - the skills which people acquire through education and training are deployed for the use intended. For example:
   - there is an above-average match between the course studied and the destination occupation; and
   - there are relatively few people employed in an occupation without the requisite qualifications, i.e.:
     o 70 per cent or more of university graduates who work in the occupation have studied in the same/related field of education
     o 60 per cent or more of employed persons have the requisite level of qualification for their occupation.

3. **High risk or high disruption** indicates that the occupation is important for the effective operation of an enterprise and/or the broader economy. For example,
   - occupation has licensing and registration requirements
   - the absence of a particular occupation means that an organisation can’t operate legally
   - the occupation is important to meet government policy priorities.

4. **High information** – The quality of information about the occupation is adequate to the task of assessing future demand and evaluating the first three criteria.
Appendix Q: Summary of the current Australian Apprenticeships Incentives Program

Overview of the Australian Apprenticeships Incentives Program as at 1 January 2011

The objective of the Australian Apprenticeships Incentives Program is to develop a more skilled Australian workforce that delivers long-term benefits for our nation and our international competitiveness.

This is achieved through the provision by the Australian Government of financial incentives to employers who employ and train an Australian Apprentice (apprentice or trainee). The Australian Government also funds a range of personal benefits for Australian Apprentices to encourage retention in, and completion of, their Australian Apprenticeship.

The Australian Apprenticeships Incentives Program contains a range of incentives and personal benefits, including:

- standard incentives
- special and additional incentives and personal benefits where the Australian Apprentice is undertaking an Australian Apprenticeship leading to an occupation listed on the National Skills Needs List
- other special and additional incentives and personal benefits.

Payment of incentives and personal benefits is subject to employers and Australian Apprentices satisfying eligibility criteria as set out in the Australian Apprenticeships Incentives Program Guidelines.

The National Skills Needs List identifies trades that are deemed to be in national skill shortage based on research conducted by the Department of Education, Employment and Workplace Relations. The National Skills Needs List is used to determine eligibility for the following incentives and personal benefits available under the Australian Apprenticeships Incentives Program:

- Rural and Regional Skills Shortage incentive
- Tools For Your Trade payment initiative
- Support for Adult Australian Apprentices.

Standard incentives

Standard Commencement

- $1,250 incentive for an employer who commences an Australian Apprentice in a Certificate II qualification
- $1,500 incentive for an employer who commences an Australian Apprentice in a Certificate III, IV, Diploma or Advanced Diploma qualification.

Standard Recomencement

- $750 incentive for employers who recommence an Australian Apprentice in a Certificate III, IV, Diploma or Advanced Diploma qualification.

Standard Completion

- $2,500 incentive for employers of Australian Apprentices who successfully complete a Certificate III, IV, Diploma or Advanced Diploma qualification.
Special and additional incentives and personal benefits available where the Australian Apprentice is undertaking an Australian Apprenticeship leading to an occupation listed on the National Skills Needs List

Special Rural and Regional Skills Shortages Commencement
- $1,000 incentive for rural and regional employers who commence an Australian Apprentice in a Certificate III or IV qualification leading to an occupation listed on the National Skills Needs List in a non-metropolitan area.

Support for Adult Australian Apprentices
- Australian Government financial support is available for adult workers (aged 25 years or over) to upgrade their skills through an Australian Apprenticeship at the Certificate III or IV level in an occupation listed on the National Skills Needs List
- The payment is made to either the employer or the Australian Apprentice depending on the actual wage paid to the Australian Apprentice
- Payment rates for full-time Australian Apprentices are as follows:
  - $150 per week (up to a maximum of $7,800 per annum) for the first 12 months of the Australian Apprenticeship
  - $100 per week (up to a maximum of $5,200 per annum) for the second 12 months of the Australian Apprenticeship.
- Payment rates for part-time Australian Apprentices are as follows:
  - $75 per week for the first 24 months of the Australian Apprenticeship
  - $50 per week for the second 24 months of the Australian Apprenticeship.

Tools For Your Trade payment
- The Tools For Your Trade payment initiative is available for eligible Australian Apprentices undertaking a Certificate III or IV Australian Apprenticeship leading to an occupation listed on the National Skills Needs List, a Certificate II, III or IV Australian Apprenticeship in an agricultural occupation, and, if in rural and regional Australia, a horticultural occupation
- This payment comprises five tax exempt cash payments paid over the life of the Australian Apprenticeship
- From 1 January 2011, eligible Australian Apprentices who commence or recommence their Australian Apprenticeship on or after 1 January 2009 may be eligible for payments of $800 at the three month point, $1000 at the 12 and 24 month points, $1200 at the 36 month point and $1500 on successful completion of the Australian Apprenticeship
- Eligible Australian Apprentices who commence or recommence their Australian Apprenticeship on or before 31 December 2008 may be eligible for payments of $800 at the three, 12 and 24 month points and $700 at the 36 month point and on successful completion of the Australian Apprenticeship.

Other special and additional incentives and personal benefits

Special Group Training Organisations Completion
- $1,000 incentive for Group Training Organisations that support Australian Apprentices to complete a Certificate II Australian Apprenticeship.

Declared Drought Areas Commencement and Completion
- $1,500 incentive for employers of eligible Certificate II Australian Apprentices who have a current Exceptional Circumstances Drought Area certificate
- $1,500 incentive for employers of eligible Australian Apprentices who successfully complete a Certificate II qualification and who attracted a Declared Drought Areas commencement incentive.
Mature Aged Workers Commencement and Completion
- $750 incentive for an employer who commences an eligible Australian Apprentice in a Certificate II or higher level qualification who is a disadvantaged person aged 45 years or more
- $750 incentive for an employer of an Australian Apprentice who successfully completes a Certificate II or higher level qualification and who attracted a Mature Aged Worker commencement incentive.

Australian School-based Apprenticeships Commencement and Retention
- $750 incentive for an employer who commences an Australian Apprentice in an endorsed Australian School-based Apprenticeship in a Certificate II or higher level qualification
- $750 for an employer who continues to employ a Certificate II or higher level Australian School-based Apprentice after the student has completed secondary School.

Assistance for Australian Apprentices with Disability
- Disabled Australian Apprentice Wage Support provides additional assistance to employers who employ an Australian Apprentice with disability in a Certificate II or higher level qualification
- Disabled Australian Apprentice Wage Support is paid at a rate of $104.30 per week for a full-time Australian Apprentice, and on a pro-rata scale according to the hours worked for a part-time Australian Apprentice
- Assistance for Tutorial, Mentor and Interpreter Services is available to Registered Training Organisations to support Australian Apprentices with disability who are experiencing difficulty with the off-the-job component of their Australian Apprenticeship because of their disability
- Assistance for Tutorial, Mentor and Interpreter Services is paid at a rate of $38.50 per hour (up to a maximum of $5,500 per annum).

Living Away From Home Allowance
- Australian Apprentices undertaking a Certificate II or higher level qualification may be eligible for the Living Away From Home Allowance if they have to move away from their parental/guardian home for the first time to commence or remain in an Australian Apprenticeship, or are homeless
- Australian Apprentices may be eligible for up to 12 months of LAFHA at the first year rate of $77.17 per week, a further 12 months assistance at the second year rate of $38.59 per week, and a further 12 months assistance at the third year rate of $25 per week.

Further Australian Government assistance available for Australian Apprentices

Youth Allowance, Austudy or ABSTUDY
- Australian Apprentices may also be eligible to access fortnightly payments delivered by Centrelink:
  - Youth Allowance for Australian Apprentices aged 16-24
  - Austudy for Australian Apprentices aged 25 and over
  - ABSTUDY for Australian Apprentices of any age and who are Indigenous Australians.
Appendix R: Recommendations

1. Establish a National Custodian to oversee reform that will ensure Australia has a high quality Australian Apprenticeships system that:
   - responds to the needs of the economy
   - supports nationally consistent standards for employment and training of apprentices and trainees
   - focuses on retention and completion of apprentices and trainees
   - supports high quality skill development to ensure all apprentices and trainees have well rounded and highly respected skills required by the economy.

   As a first step an independent taskforce should be established to work with the eight jurisdictions to align their systems and develop a framework and process for the establishment of the National Custodian. The taskforce would be led by an independent chair and have a representative from each state and territory government, a union and an employer group.

2. Enhance the quality and effectiveness of the Australian Apprenticeships system by clarifying the roles and consolidating the number of stakeholders in the system, ensuring that services are provided by the most appropriate provider, duplication of service delivery is reduced and administrative processes are streamlined. The National Custodian would ultimately be tasked with this role and will require Australian and state and territory governments – in consultation with industry, unions and other key stakeholders – to work together. In the interim the independent taskforce would progress this work.

3. Establish a formal accreditation process for the pre-qualification and training of all employers of apprentices and trainees to ensure a nationally consistent minimum standard of high quality employment and training is provided. In addition establish an Excellence in Employment Scheme to recognise and reward those employers who have consistently demonstrated their commitment to excellence in training apprentices and trainees.

4. Establish structured support for employers to provide high quality employment and workforce development experiences for eligible apprentices and trainees. The focus of Australian Government support should be on assisting employers to provide high quality on-the-job and off-the-job training through support services such as mentoring and pastoral care.

5. Redirect current Australian Government employer incentives to provide structured support services to eligible apprentices and trainees and their employers in occupations that are priorities for the Australian economy. While a wide range of occupations should be trained through apprenticeship and traineeship pathways, Australian Government support should focus on occupations that have tangible and enduring value for the economy – both in the traditional trades and the newer forms of apprenticeships and traineeships, such as community services, health services and information technology.

6. Reinforce the need for a shared responsibility for the Australian Apprenticeships system by establishing an Employer Contribution Scheme in which employer contributions will be matched by the Australian Government. Employers who meet defined benchmarks for training and support of eligible apprentices and trainees would have their contribution rebated, either in part or in full.
7. Facilitate a cooperative and flexible approach by governments and industry bodies to allow for the continuation of both training and employment of apprentices and trainees during periods of economic downturn. Early intervention should be a key element of this approach. Support for a range of measures to be in place until economic recovery occurs could include:
   - reduction of work hours offset by additional training
   - increased off-the-job training
   - placement with other employers within the industry
   - increased mentoring and support.

8. Formally regulate the quality of VET in Schools within the VET system to enhance the consistency and quality of training across all jurisdictions and to recognise the potential of VET in Schools as a pathway into an apprenticeship or traineeship.

9. Increase national consistency in preparatory training by directing the National Quality Council to develop definitions for pre-apprenticeship and pre-vocational training.

10. Provide additional support for apprentices and trainees who face specific challenges, such as:
   - Indigenous Australians
   - disability
   - located in regional or remote Australia
   - having poor language, literacy and numeracy skills.

   Australian Government support will be provided to these apprentices, trainees and their employers to assist in overcoming barriers to participation and completion of their apprenticeship or traineeship. Support will be through the provision of tailored structured support services and the continuation of some current Australian Government employer incentives.

11. Implement a strategy to raise the status of apprenticeships and traineeships including promotion as a valued career choice for both males and females. This should be led by the Australian Government, in consultation with state and territory governments, industry bodies and unions. The National Custodian, when established will lead the ongoing effort to raise the status of apprentices and trainees.

12. Promote a culture of competency based progression in apprenticeships and traineeships, in partnership with industry bodies and employers. Additionally, a greater acceptance and achievement of competency-based wage and training progression should be supported by all stakeholders.

13. Improve the implementation of Recognition of Prior Learning and Recognition of Current Competence and support provisions for such recognition in modern awards to ensure that flexibility and mobility are supported.

14. Support a review of apprenticeship and traineeship provisions, wages and conditions by Fair Work Australia, considering:
   - the removal of barriers to competency based wage progression in modern awards
   - apprentice and trainee award pay compared to going rates of pay
   - age, diversity and circumstances of commencing apprentices and trainees
   - allowances (travel, tools, clothing, course fees)
   - cost to apprentices and trainees of participation in an Australian Apprenticeship
   - part-time and school-based arrangements
   - recognition of pre-apprenticeship and pre-vocational programs
   - supervision ratios for apprentices and trainees.