



**Australian Manufacturing Workers' Union**

**Australian Apprenticeships Taskforce  
Engagement and Retention of Apprentices**

**July 2009**



**This submission**

The Australian Manufacturing Workers' Union (AMWU) welcomes the opportunity to make this contribution in response to the Australian Apprenticeships Taskforce Discussion paper "*seeking urgent input and ideas to shape the forward plan and implementation strategy to support the engagement and retention of Australian Apprentices*".

The AMWU represents the interests of over 120,000 Australian manufacturing workers employed in a wide range of manufacturing, engineering and related industries including food processing, metal & engineering, printing, vehicle and technical, supervisory and administrative sectors.

Manufacturing workers, more than many others, rely on the quality and portability of their skills for their livelihood. The structures for the delivery of skills, and in particular the apprenticeship model, are therefore of critical importance to them.

The AMWU is Australia's principal union for skilled trades and has had a long standing, committed and productive involvement in vocational education and training for many years.

We provide representation at all levels of the system including involvement at both state and national levels, on a variety of state and territory regulatory bodies, and also, importantly, in the network of Industry Skills Councils.

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## Context

1. Previous downturns in the economy have revealed the fragile nature of the commitment of industry to training in general, and apprenticeship training in particular, as an investment rather than a cost.
2. Growing marketisation in the skills and workforce development area of the economy have taken their toll on the effectiveness of the system in terms of its capacity to deliver the right skills to the right people, in the right jobs at the right time.
3. The AMWU submits however, that the fundamentals of the apprenticeship model for employment and structured learning in the context of employment in a relevant job under a legally binding Training Contract, are sound and should be defended, strengthened and promoted.
4. We support and adopt the submission of the ACTU that *"whatever the strategic response to the current issues confronting apprentices, the integrity of the apprenticeship and traineeship system must be maintained. Whilst the structure may change the overall balance of on and off the job training critical for vocational outcomes must be preserved. In addition the integrity of the national training framework cannot be put at risk."*

## Skills Shortages

5. The period immediately leading up to the current downturn was characterised by persistent skills shortages that effectively constrained the capacity of the economy to capitalise on the growth that should have resulted from the most favourable terms of trade the country had seen for decades.
6. The AiGroup Report "World Class Skills for World Class Industries" indicated *"Most employers are having difficulty finding at least some of the skills they*

*need, especially tradespeople, technicians and paraprofessionals, and engineering professionals”.*<sup>1</sup>

7. Those skills shortages were a direct result of:
  - a. a systematic under-investment in apprenticeship training by industry that resulted from a decline in training during the previous economic downturn;
  - b. the marketisation of the training industry; and,
  - c. the emergence of a cost shifting mentality in industry that has bred an over-reliance on public funding of vocational learning.
8. Action is required in respect of all three of the above issues if the economy is to avoid a repeat of the vicious cycle that sees investment by employers in training being substituted by public funding which results in a further deterioration in the respect that industry has for vocational training and skills which feed a further decline in investment.
9. Growing levels of unemployment may mask, but they do not avoid, the reality of persistent skills shortages in the skilled trades
10. It is clear that, without intervention, there will be serious effects that emerge from the current downturn which are both short and long term in their nature.

### **Short Term**

11. In the short term we risk a serious dislocation in the learning of current Group Training apprentices whose learning strategies are being disrupted as growing numbers of 'host' company's return apprentices to their substantive employer, who are then unable to find suitable alternative employment where the apprentice can continue their structured workplace learning in accordance with the Training Contract they are committed to.

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<sup>1</sup> World Class Skills for World Class Industries, AiGroup  
[http://www.aigroup.com.au/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/LI\\_VE\\_CONTENT/Publications/Reports/2006/World\\_Skills\\_Full.pdf](http://www.aigroup.com.au/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/LI_VE_CONTENT/Publications/Reports/2006/World_Skills_Full.pdf) page ix

12. These apprentices are often then 'parked' in full time institutional training at their training provider for extended periods until funding pressures lead to the apprentice being suspended, often in breach of their Training Contract, prior to their Contract being terminated.
13. In the case of directly employed apprentices the route to termination appears to be much more direct.
14. The results of this cycle can be measured in lower quality outcomes driven by dislocated learning, higher levels of unemployment amongst apprentices, and importantly, a breakdown in the levels of enthusiasm former apprentices have for vocational learning, and a general decline in the respect that industry and the community have for the system.

### **Long Term**

15. In the longer term we risk the degradation of apprenticeship as a learning pathway of choice in the eyes of prospective apprentices which would be catastrophic given the demographic challenges the economy faces.
16. The apprenticeship model is well supported by apprentices and the community in general as an effective learning model that works despite some of the barriers that ideologically driven reforms and marketisation of the training market have erected over the last decade.
17. The effects of some of these so called reforms can be seen in growing non-completion statistics in apprenticeships and traineeships where the number of cancellations and withdrawals in the 12 months ending 31 December 2008 was 135 200, 2% higher than the 132 400 cancellations and withdrawals in the 12 months ending 31 December 2007.<sup>2</sup>.
18. A recent Survey<sup>3</sup> conducted in 2008 by Colmar Brunton Social Research on behalf of the Manufacturing Industry Skills Advisory Council of South Australia (MISAC) made a number of findings in relation to barriers to the commencement and completion of apprenticeships.

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<sup>2</sup> NCVER [http://www.ncver.edu.au/statistics/aats/quarter/dec2008/atts\\_decqtr08.pdf](http://www.ncver.edu.au/statistics/aats/quarter/dec2008/atts_decqtr08.pdf) page 4

<sup>3</sup> <http://www.misac.com.au/cgi-bin/page.cgi?id=444> page 1

**"Barriers**

*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 – along with a sense from apprentices that they were not able to transfer their course curricula to workplace experience as quickly or as broadly as they would like.*

**Incentives**

*Clear incentives for both commencements and completions were identified in the ability to earn an income while training – and that this training would lead to excellent career opportunities in trades which would always be in demand.*

*Key strengths of the apprenticeship program were found in the quality of training and training facilities; interesting work; and a general quality work experience as an apprentice.*

**Perceptions about training**

*'Quality of training' was considered by apprentices to be the most important element of the apprenticeship experience.*

**Potential Improvements**

*Apart from a consistent call for an increase in wages, recommendations for improvements to the apprenticeship program focussed on continuous on-the-job learning, including a call for more opportunities for work-place practice and more opportunities to pair with a qualified tradesperson."*

19. Other long term effects of the trend to jettison vocational training and apprenticeship during times of economic downturn include the consolidation of training effort into a boom bust cycle where the economy works feverishly to train in times of growth and then drastically reduces its efforts during the downturn which in effect means there are never enough skills

available in the good times when they are required to capitalise on the opportunities that can come from growth.

20. The establishment of the training sector as a competitive commercial space has, of course, resulted in capacity to train being 'tailored' to the opportunities to extract a commercial return, which in turn means that during the times when training is jettisoned, training capacity is degraded to the point that there is insufficient capacity come the good times which compounds the problem described above.
21. Whilst we note that some employers have worked hard to retain the investment that has been made in their apprentices, we are saddened at the speed with which other employers have vacated the vocational training and apprenticeships field.
22. The AMWU welcomes the efforts being made by the Federal Government to support the employment of apprentices at this time but believe that those efforts must be carefully targeted.
23. To that end we, like the ACTU, are concerned to ensure that there is consideration of key issues that go to:
  - a. The integrity of the training contract;
  - b. The effective targeting of subsidies and entitlements;
  - c. The role of the training provider;
  - d. Practical support for apprentices; and,
  - e. Industry and employer support in maximising the retention of apprentices and completion of apprenticeships.
24. We submit that the last years of the Howard Government saw support measures introduced ostensibly to support increased opportunities to train and retain apprentices, although in our submission those measures were skewed heavily in the interests of employers and training providers often at the expense of apprentices.

## Maximising commencements and increasing completions

25. The AMWU submits that if the goal is to maximise commencements and increase completions then the last thing that should be done is to leave it to the market.
26. The AMWU believes that public funding support for vocational training should be distributed in the public interest.
27. Not all apprenticeships or traineeships result in skilled workers whose qualifications have the same social, economic or strategic impact. There is merit in governments making strategic decisions about the nature and extent of funding support they choose to provide to particular apprenticeships/traineeships.
28. This may mean funding for some but not others or different levels of funding for different programs. Greater levels of support for apprentices in strategic occupations would encourage higher levels of commencement.
29. No consideration of apprenticeship commencements and completions would be complete without consideration of the circumstances under which apprenticeships operate and under which apprentices are employed.
30. The Colmar Brunton research conducted for MISAC made a number of findings relating to what apprentices thought of their experience of the apprenticeship system:

*"The Colmar Brunton report found that one of the key barriers to participation in apprenticeships is lack of information, communication and encouragement at a school level.*

*This is compounded by:*

- *A perceived 'pressure' for students to go on to university, with trades considered a 'lesser' career path (sometimes by family and friends as well as careers advisors),*
- *Limited understanding of what an apprenticeship entails, so that it only becomes an 'option of choice' for those who have a specific passion*

*(such as an apprentice mechanic fulfilling a life-long goal to work with cars), and*

- *A perception of low wages (although the ability to 'earn-while-you-learn' is also an incentive).*

*In the focus groups, participants spoke about a perceived lack of:*

- *Promotion at school-leaving age,*
- *Mentors to demonstrate the value of a trade qualification, and*
- *Opportunities for hands-on experience,*

*coupled with what they now thought to be low wages during apprenticeship and a less than desired increase once qualified.”<sup>4</sup>*

And

*"While the focus groups discussed 'barriers' to people choosing an apprenticeship, the survey asked apprentices to nominate 'obstacles' they had encountered during the apprenticeship program.*

*Respondents were given a list of 15 potential obstacles and invited to circle any they had met – meaning they could choose more than one.*

*The 'top five' obstacles nominated were:*

- a. Cost of tools, tuition and/or books,*
- b. Inconsistent work / lack of work,*
- c. Family or personal problems,*
- d. Problems with co-workers, employers or sexual harassment and discrimination, and*
- e. Limited ability to put the techniques learned at the RTO into practice at work.”<sup>5</sup>*

31. The research supports the long held view of the AMWU that the more needs to be done to encourage take up and completion of apprenticeships by

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<sup>4</sup> <http://www.misac.com.au/cgi-bin/page.cgi?id=444> page 6

<sup>5</sup> *ibid* page 8

providing a more supportive environment in which genuine learning, in the context of employment, can take place.

32. The report paraphrases the views of the apprentices on what is required to strengthen and encourage apprenticeships as follows:

- *Lift the profile in schools – a trade is a 'desirable option'*
- *More opportunity to turn 'learned techniques' into 'practiced skills' in the workplace*
- *'Earn-while-you-learn' – with quality training and quality training facilities*
- *'Skills in demand' – means long-term career opportunities*
- *Training is relevant and contemporary – let's get it into practice!*
- *A structured on-site training plan to plot the use of skills – so everyone knows what to expect*
- *More pairing with qualified tradespeople for continuous learning*
- *Expectations need to be met – or changed – both need improved communication*

33. The survey also supports the view of the AMWU that there needs to be more involvement by industry in the quality of assessment area of the system to help to build confidence among employers and apprentices about the quality of the outcomes that come from training.

34. The AMWU supports the proper use of pre-apprenticeship programs designed to facilitate entry into relevant trade apprenticeships.

35. There is clear evidence that those who complete a proper pre-apprenticeship program are better informed about the choices and options they have and are much more capable of making a judgement about whether to pursue a trade. An NCVET report on pre apprenticeship programs found *"Those who undertake pre-apprenticeships are more*

*engaged with the occupation and are more likely to have plans for higher-level training after they complete their apprenticeships.”<sup>6</sup>*

36. In the same NCVER report “85% of apprentices said they intended to do further study related to their apprenticeship after finishing and those who had done a pre-apprenticeship were significantly more likely to be planning further study than those who had not, suggesting a stronger attachment to the occupation and greater prospects of retention.”<sup>7</sup>
37. We do not support programs so generic in their nature that they do not contribute to the preparedness of an individual for a specific and relevant trade.
38. We are concerned that low level generic ‘work preparation’ and pre-vocational programs are becoming pre-requisites to entry into a trade apprenticeship and may be discouraging people from taking up a trade.
39. Where effective pre-apprenticeship programs are established, more needs to be done to identify the outcomes of training and learning that occurs in a pre-vocation or pre-apprenticeship program and relate that learning to credits against relevant components of the qualification the subject of the apprenticeship.
40. The AMWU is concerned that credit for competence already achieved is the exception rather than the rule and where it does exist it is commonly, and improperly, applied to the end of the nominal term rather than the beginning, where it would influence wage outcomes and provide a real incentive to the individual to continue into an apprenticeship.
41. We say that conditions should apply to the endorsement of a pre-apprenticeship program:

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<sup>6</sup> NCVER “Pre-apprenticeships in Three Trades” <http://www.ncver.edu.au/research/proj/nr05010p.pdf> “Key Messages - page 7 NCVER October 2007

<sup>7</sup> Ibid page 9

- a. It should clearly identify how successful completion will contribute to credit for both competency and 'time served' against the requirements of a Training Contract; and
  - b. It should lead to, and be based on, a relevant Training Package Qualification.
42. We say that any credits that result from the successful completion of such a program should be applied to the commencement of the nominal term of the apprenticeship.
43. We believe that measures to support commencement and completions of apprenticeships should be introduced that include the establishment of nationally agreed and legislated for standard minimum terms and conditions for the employment and training of apprentices that support structured and effective employment based learning environments that complement formal training undertaken as part of the Training Contract.
44. In our view minimum standards are required to provide comfort and support to people engaged in apprenticeships in order to overcome barriers to take up and obstacles to completion and should address such issues as:
- a. Improvements in the wages and conditions of apprentices;
  - b. Mandatory provision of pre employment orientation on OHS, Contract of Training and employment rights, including rights to access legislative measures for dispute resolution;
  - c. Specific measures that address issues such as suspensions in relation to apprentices employed by Group Training organisations;
  - d. Measures to improve the health and safety of apprentices;
  - e. Protections from harassment and abuse of apprentices;
  - f. Measures that guarantee the right to effective recognition of prior learning (RPL);
  - g. Effective implementation of competency based wage progression in parallel with competency based completion and the effective

- engagement of the apprentice in decisions relating to their competency or otherwise;
- h. Measures to improve access to quality training and support for both on and off the job training;
  - i. Guaranteed access to work and learning experiences that are relevant and appropriate to the trade that is the subject of the apprenticeship;
  - j. The right to information from unions and employer associations;
  - k. The right to union membership and participation in the affairs of their union;
  - l. Measures to boost the number of apprenticeships by removing barriers to the take up and completion of apprenticeships such as those barriers described in the aforementioned Colmar Brunton research;
  - m. Measures to encourage the take-up of adult apprenticeships by existing workers;
  - n. Measures to defend the trades from fragmentation and quick-fix training schemes including the use of intermediate or fragmented qualifications;
  - o. Measures to defend against the inappropriate use of so called 'skill sets' that are intended to break down the comprehensive and generic skills base of the trades;
  - p. Protection from abuse of competency based apprenticeship models;
  - q. Defence against fully institutional delivery of trade qualifications in the absence of an apprenticeship;
  - r. Defence against the use of 'accredited courses' that undermine national industry training package qualifications developed by the industry parties through national Industry Skills Councils;
  - s. Improved protection of wages, employment and employment conditions for existing workers who become apprentices.

45. The AMWU believes that greater attention should be paid to the establishment of contracts of training to ensure that the arrangements are suitable and consistent with the desire to have them successfully complete.
46. The use of mandated intermediaries through the Australian Apprenticeships Centre's (AAC's) has failed to deliver the sort of supports that are required to facilitate sustainable apprenticeships.
47. There is a case to be made that the introduction of AAC's has interfered in the relationship that is required to be developed between an employer and an apprentice for the apprenticeship to be sustainable.
48. It is our view that AAC's must be much more effective in ensuring the person being signed to the Training Contract, the employer, the qualification and the vocation are coherently relevant to the circumstances.
49. Approval of Training Contracts should only be provided where there is acceptable confidence that the Training Contract arrangement is based on an appropriate relationship between the person, the qualification and the vocation, the employer and that the employer has undertaken to provide work experiences that are consistent with the learning required of the qualification and the obligations contained in the standard form of the contract.
50. The AMWU believes that the increasing number of cancellations of contracts of training represent wasted opportunities and wasted resources.
51. The AMWU submits that:
  - a. it is far too easy to effect a cancellation of a contract;
  - b. there are insufficient resources devoted to maintaining contracts of training to completion;
  - c. greater consistency in relation to the criteria that must be met before a cancellation is approved and states, Territories and the Commonwealth should consult with industry peak bodies on the establishment of a

binding code of practice to apply to apprenticeship cancellations which recognises cancellation of a Training Contract as a last resort.

52. The AMWU believes that Skills Australia should be required to report to the Ministerial Council on an annual basis on the effectiveness of the Contract of Training system, and in particular, the level of completions and non-completions and the reasons that can be established for non-completions.
53. The report should also include any advice Skills Australia may have to offer the Ministers on strategies to improve the effectiveness of the system.

### **Retaining apprentices through the downturn**

54. The AMWU welcomes the intervention of the government in an effort to underpin the employment of apprentices at risk of retrenchment.
55. In particular the AMWU welcomes moves to impose a level of 'mutual obligation in respect of the employment of apprentices on government funding infrastructure projects.
56. The AMWU submits that the costs associated with supporting the employment of apprentices through times of economic downturn are less than the costs to the community of non-completion and supporting higher levels of unemployment among those who are displaced from their apprenticeships.
57. The AMWU supports further consideration of the following range of measures contained in the discussion paper this submission responds to:
  - a. assess Commonwealth and State/Territory programs to ensure that they are simplified, and focussed on retention, new commencements and completions of apprenticeships and traineeships.
  - b. consideration of a common portal or entry point for those seeking an apprenticeship and those employers seeking apprentices.
  - c. a communications strategy supported by governments and industry and focussed on the critical importance of developing Australia's skills

base for the future and the advantages of apprenticeships/traineeships for individuals, enterprises and Australia's economic strength.

- d. support for enterprises repositioning or restructuring as a result of the economic downturn to employ apprentices and trainees as part of their solution. This should be industry focussed and integrated into existing industry support/mentoring services.
- e. examine the implementation of competency based completion and progression, industry by industry, or targeted to industries of highest priority, to ensure processes and systems are in place to maximise benefits to apprentices and employers.
- f. promote best practice pre-apprenticeship/pre-employment programs, targeted for the unemployed, at risk youth and workers without post-school qualifications with an emphasis on employment outcomes for participants.
- g. mechanisms to ensure employers of apprentices and trainees in all states have access to a payroll tax rebate scheme.
- h. promote best practice examples of recognition processes for existing skills, including development of specific Recognition of Prior Learning (RPL) tools for critical areas at risk.
- i. examine ways to enable and promote more flexible delivery of training, so that apprentices and trainees can complete off job training in down time and increase productivity post-completion (eg skills for sustainability).

*(The AMWU would strongly support a properly managed approach to this but notes that any program would have to be carefully structured so as not to provide encouragement for 'milking' support where the circumstances didn't warrant it. There would need to be strong bipartite support for this approach to be sustainable.)*

- j. RTOs and employers should work with individual apprentices/trainees to update training plans supported by more flexible delivery, including e-learning options.

*(The AMWU notes that this is meant to be the case in any event, but would welcome enhanced efforts in this regard.)*

- k. investigate options for targeted mentoring services for at risk apprentices/trainees and their employers - including direct indentured arrangements and GTOs - with strategies to keep the apprentice/trainee in employment and training, eg accelerated completion, alternative on-job experience.

*(The AMWU is concerned at the use of buzz terms like "accelerated completion" which, in an environment of competency based completion can send unfortunate messages about the prospects for learning that may prove unrealistic.)*

- l. examine ways in which retired tradespersons could be a key resource to support apprentices at risk.
- m. investigate payment of an investment bonus to employers at the end of the second and third years of their apprenticeship to encourage ongoing employment.

*(The AMWU would support a review of all incentives and payments to ensure that the balance of support was more effectively targeted to supporting the individual)*

### **Supporting out of trade/retrenched apprentices.**

58. The AMWU has noted above the direct impacts economic downturns can have on the employment of apprentices and the employment of apprentices employed by Group Training Company's in particular.
59. We note the apparent ease with which apprentices are suspended due to a lack of work and left in a kind of limbo, or terminated immediately.

60. We support the notion that government contributions to stimulate the economy through infrastructure projects should wherever possible contain mutual obligation provisions requiring not only the engagement of apprentices and trainees, but also the engagement of out of trade apprentices where this is reasonable in the circumstances.
61. We would also support the setting of targets for the employment of apprentices in major projects supported by government funding as a matter of course and a reference to Skills Australia to monitor progress toward the targets and report to the Ministerial Council on a regular basis.
62. There are currently few options for employers whose financial circumstances are weakened by the global financial crisis other than the suspension or termination of their apprentice/s. In some industries, such as the automotive industry, alternatives to redundancy are being implemented in an attempt to retain skilled workers and prepare for an anticipated recovery.
63. These alternatives include proposals to reduce the hours workers spend in production and to use the surplus hours for capacity and capability building in preparation for the recovery.
64. The AMWU is aware of attempts to build advanced manufacturing competitiveness and sustainability skills using existing government funding streams. Projects of this type, with additional funding to compensate apprentices for the shorter working week pay packet should be considered for at risk apprentices as an alternative to the all-or-nothing retain or terminate options currently available.
65. We submit that the cost of supporting out of trade apprentices through the social security system would outweigh the cost of subsidising shorter working hours with the surplus hours spent in honing and building skills for the future. The benefits of retaining apprentices to completion would outweigh the cost in any event.
66. If it is not possible to retain, relocate or otherwise support apprentices in employment they should be financially supported to complete as much of

their qualification as is possible in the absence of a work/employment environment in which to build competence.

67. The AMWU would also welcome investment in case management capability at the state level to assist in managing out of trade apprentices.
68. States also should play their part in ensuring that bureaucracy does not impede mobility in cases where a change of employer is possible.
69. The AMWU notes and welcomes the work currently underway by both Manufacturing Skills Australia and the SA Manufacturing Industry Skills Advisory Council on internet initiatives (Skills4Jobs and MySkills), supported by the State and Commonwealth Governments, designed to assist employers and workers to capture, describe and match their skills to jobs requiring those skills.
70. We submit that there is value in extending this concept to matching the skills of an 'out of trade' apprentice to the work requirements of an employer willing to engage a suitable apprentice.
71. One of the issues that would need to be addressed is ensuring that skills assessments of apprentices are conducted regularly throughout the term of an apprenticeship and that the competencies achieved are recorded as they are gained. In addition, RTO's should be required to perform assessments at the point in time that apprentices are displaced.

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