Review of Apprenticeships and Traineeships in NSW

Unions NSW Submission

26 September 2016

Submission by:
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Unions NSW

1. Unions NSW welcomes the opportunity to make a submission to the Review of Apprenticeships and Traineeships in NSW.

2. Unions NSW is the peak body for trade unions and union members in NSW and has been fighting for the rights of working people in Australia since 1871. Unions NSW has over 65 affiliated unions and Trades and Labour Councils representing approximately 600,000 workers across the state. Affiliated unions cover the spectrum of the workforce with members in both the public and private sectors.

Introduction

3. Union members are engaged with apprenticeships and traineeships at all levels. Union members are supervisors and mentors, apprentices and trainees and teachers in TAFEs and registered training organisations.

4. Apprenticeships and traineeships provide well-rounded training opportunities, pairing practical workplace experience and mentoring with classroom based learning. Apprenticeships and traineeships continue to play a crucial role in the NSW economy.

5. In recent years NSW has seen a declining number of apprenticeship and traineeship commencements and completions. The best way to increase commencements and completions is to ensure apprenticeships and traineeships are seen as an attractive form of training and employment. In ensuring this, the NSW Government must make sure employers and trainers fulfil their obligations to provide supportive workplaces with quality on and off the job training and decent working conditions.

6. NSW has an apprentice and trainee system to be proud of. The state is renowned for the quality of graduate apprentices and trainees, with good quality training provided by TAFE, and stringent requirements included in the
Apprenticeship and Traineeship Act 2001 (The Act) which ensure employers meet their workplace obligations. Unions NSW rejects any proposals to reduce the obligations of employers of trainees or apprentices.

7. The Unions NSW submission makes thirteen recommendations which support the current apprenticeship and traineeship model, and advocate for greater safeguards against the exploitation of apprentices and trainees.

Consultation with apprentices and trainees

8. In preparing this submission, Unions NSW conducted a number of consultations with apprentices and trainees across three TAFE campuses (Nirrimba, Ultimo and Mount Druitt). As part of this consultation process Unions NSW asked apprentices and trainees to complete a survey about their thoughts on the apprenticeship and traineeship model and their personal experiences.

9. Unions NSW collected 338 surveys from apprentices (289), trainees (26) and TAFE teachers (20). The results from the Unions NSW survey are referred to throughout this submission, and a summary of the findings are included as Appendix One.

10. Unions NSW is concerned by the lack of input being sort by the workers who have the most direct experience. None of the apprentices, trainees or teachers Unions NSW spoke to during this consultation process were aware of the Review. If the Government’s Review is intended to make any wholesale changes to the way the apprenticeships and traineeship system works, it is essential trainees and apprentices are thoroughly consulted.
UTS Business School – Expert Paper

11. Unions NSW commissioned the University of Technology, Business School to produce a report on the role of Apprenticeships and Traineeships in NSW. The report is attached as Appendix Two.

12. The UTS report entitled ‘Why Apprenticeships and Traineeships Work’ provides a summary of the evolution of apprenticeships and traineeships and their continued importance in NSW. The report also argues for the importance of a well-regulated apprenticeship and traineeship system with strong workplace connections.

13. The UTS expert report relies on published academic work, surveys of apprentices and trainees and international case studies.
Unions NSW Recommendations

Recommendation One – Vocational Training Orders
Vocational Training Orders be retained in the Act and continue to be the single determinate of which nationally recognised qualifications are able to provide apprenticeship and traineeship pathways. For each qualification and apprenticeship/traineeship, VTO’s should continue to outline:

- The mandated length of the apprenticeship or traineeship;
- Eligibility for competency based completion;
- Eligibility for VET in school;
- Eligibility for completion on a part-time basis (including minimum hours);
- Any state or federal licenses which must be obtained during the apprenticeship.

Recommendation Two – Work integrated learning
Apprenticeships and Traineeships continue to be completed as part of an employment relationship, where the apprentice or trainee is provided with supervision and workplace learning opportunities.

Recommendation Three – Competency based progression
Competency based completion of apprenticeships be monitored by State Training Services. A standardised workplace based assessment be introduced, which would be conducted by an Industry Training Officer. This assessment would ensure apprentices seeking early completion of their apprenticeship possess all the relevant workplace competencies.

Recommendation Four – Employment contracts
Apprenticeships and Traineeships continue to be restricted to full-time and part-time employees, with specified minimum and maximum hours per week. The Act should specifically exclude casuals and independent contractors from being able to sign training contracts for an apprenticeship or traineeship.
**Recommendation Five – Group training organisations**

The registration process for group training organisations be maintained. Regular renewal of registration should be required and must be accompanied by proof the GTO is meeting its obligations to apprentices and trainees.

**Recommendation Six – Labour hire**

Labour hire companies (and companies that operate like labour hire companies) be prohibited from directly employing apprentices and trainees.

**Recommendation Seven – Industry Training Officers**

Industry Training Officers be appointed responsibility for specific industry areas. At a minimum one Industry Training Officer should be provided for each of the 47 occupational/industry categories used by the Commissioner’s Information Bulletins. The contact details of each industry training officers should be made available online. Industry Training Officers should continue to be responsible for the enforcement of the Act.

**Recommendation Eight – Industry Training Officers**

Industry Training Officers be empowered to issue on-the-spot penalties for breaches of the Act. These penalties can be appealed to the Review Panel if required.

**Recommendation Nine – Review Panel**

The Vocational Review Panel continue with both its membership requirements and responsibilities unchanged.

**Recommendation Ten – Review Panel**

Decisions of the Review Panel to be appealable to the NSW Industrial Relations Commission.

**Recommendation Eleven – Prohibited employers**

The Act be amended to include a requirement that a searchable list of all ‘prohibited employers’ (as defined by the Act), be published on the State Training Services website and be updated monthly.
Recommendation Twelve – Sanctions
Breaches of the Act which relate to the exploitation or abuse of apprentices or trainees to have a maximum penalty of 50 penalty units.

Recommendation Thirteen – The Regulation
The Regulation accompanying the Act should be restricted to matters that are expected to be influenced by technological or industry changes over the next 5 years.
Vocational Training Orders

Recommendation One

Vocational Training Orders be retained in the Act and continue to be the single determinate of which nationally recognised qualifications are able to provide apprenticeship and traineeship pathways. For each qualification and apprenticeship/traineeship, VTO’s should continue to outline:

- The mandated length of the apprenticeship or traineeship;
- Eligibility for competency based completion;
- Eligibility for VET in school;
- Eligibility for completion on a part-time basis (including minimum hours);
- Any state or federal licenses which must be obtained.

14. Vocational Training Orders (VTO’s) link nationally recognised qualifications with apprenticeship and traineeships pathways. VTO’s police the status of apprenticeships and traineeships by only allowing nationally recognised qualifications that benefit from workplace integrated learning to be eligible for apprentice and trainee pathways.

15. Unions NSW is concerned the removal of VTO’s would undermine the apprenticeship and traineeship system by opening the door to employers running narrowly focussed, enterprise based qualifications as apprenticeships and traineeships. Under this approach, employers would gain the advantages of reduced training wages, while not contributing to the development of broad based portable skills.

16. Vocational Training Orders also specify important parameters for apprenticeships and traineeships including the nominal term of the training and if it is eligible for competency based progression, a school based apprenticeship or traineeships or part-time completion.
17. For certain trades and occupations, VTO’s ensure apprentices and trainees meet compulsory licensing requirements to ensure they are ‘work ready’ upon completion.

18. Unions NSW rejects the proposition that VTO’s stifle flexibility. VTO’s can be created or altered through Commissioner’s Information Bulletin’s at the discretion of the Commissioner. Additionally, the terms of a training contract, the length of the apprenticeship or traineeships and the nature of training can all be altered through Vocational Training Directions made by application to the Commissioner or the Vocational Review Panel.

19. VTO’s provide a standardised approach to vocational education, ensuring apprenticeships and traineeships align with federally recognised qualifications as well as ensuring apprentices and trainees complete their qualification with all the required work-ready licenses.

Work Integrated Learning

Recommendation Two

Apprenticeships and Traineeships continue to be completed as part of an employment relationship, where the apprentice or trainee is provided with supervision and workplace learning opportunities.

20. The Government’s Consultation paper outlines a number of areas where flexibility is currently available through the NSW apprenticeship and traineeship system. Unions NSW is particularly concerned by two models proposed in the Consultation Paper (p. 3), namely block institutional training and apprentice internships.

21. Unions NSW believes work integrated learning and the combination of on and off the job training is fundamental to apprenticeships and traineeships. Unions NSW is supportive of pre-apprenticeships as an introduction to an industry
and acknowledges the positive impact they have on the completion rates of apprenticeships. However, Unions NSW strongly opposes the requirement for apprentices or trainees to complete a block period of institutional learning prior to the commencement of their apprenticeship or traineeship. This approach undermines nature of apprenticeships and traineeships and the importance of work integrated learning.

22. The current Act provides for recognition of prior learning and experience. Unions NSW does not believe the model of block institutional learning should be expanded, as this would undermine the important balance between classroom learning and practical application.

23. Unions NSW opposes ‘apprentice internships’. The completion of an apprenticeship qualification through an institutional pathway should be paired with employment as an apprentice. Unions NSW is particularly concerned by the use of the term ‘internship’, as this is often associated with unpaid work. Unions NSW opposes the completion of any on the job training which is unpaid, particularly if it forms part of the requirements of an apprenticeship or traineeship.

24. The Unions NSW survey (appendix one) asked apprentices and trainees what they enjoyed most about their apprenticeship or traineeship. A large number of students specifically spoke of their love of work, or ‘getting their hands dirty’ (32%). Students also wrote of the importance of learning from peers in the workplace. Some selected quotes from the survey:

“I enjoy learning from experienced tradespersons and having a day at TAFE to hone in my skills (or using something I learned at TAFE at work the next day)” – Apprentice, Mount Druitt TAFE

“I enjoy studying and at the same time getting my hands dirty at the workshop. Pretty much I enjoy what I'm doing at the moment.” – Apprentice, Ultimo TAFE
"It really gives you a hands on learning experience. Actually working allows me to understand assignments more.” – Rachael, Trainee, Nirimba

25. The Unions NSW survey also asked TAFE students what they thought of apprentices and trainees being taken out of the workplace and focussing on block periods of classroom learning. Apprentices rejected this approach, with 46% opposing, 29% unsure and only 24% of apprentices and trainees thinking it could be a good idea. Some selected quotes from the survey:

“It will be harder to find work and could be a waste of time if you don't like it after you finish the block period.” – Apprentice, Mount Druitt

“Not good because it's a lot different in an actual salon.” – Apprentice, Nirimba

26. Workplace integrated learning is crucial to apprenticeships. An apprenticeship or traineeship should not exist without an employment relationship.

Competency based progression

Recommendation Three

Competency based completion of apprenticeships be monitored by State Training Services. A standardised workplace based assessment be introduced, which would be conducted by an Industry Training Officer. This assessment would ensure apprentices seeking early completion of their apprenticeship possess all the relevant workplace competencies.

27. The current approach to competency based apprenticeships has an inherent issue with consistency and enforcement.
28. Unions NSW supports the efforts of apprentices or trainees who are able to excel in their studies and complete at a rate faster than the nominated period.

29. However, Unions NSW is concerned the lack of uniformity or oversight of competency based completion could lead to apprentices being approved for early completion, without possessing the required level of competencies.

30. In order for an apprentice to be considered to have completed a competency based apprenticeship they must have completed their qualification with the RTO. This is then lodged with Training Services NSW and the Commissioner for Vocational Training then writes to the employer and apprentice seeking their consent for the completion of the apprenticeship or traineeship. In order for consent to be provided, both parties must be confident the apprentice has reached the required competency outcomes outlined in the qualification.

31. Unions NSW is concerned by the role the employer plays as both the assessor of competency and employer of the apprentice and believes there is a conflict of interest which could lead to negative outcomes for the apprentice and the quality of the trade. This issue is exacerbated by the cash incentive available to employers when an apprentice completes their apprenticeship.

32. At the successful completion of an apprenticeship or traineeships, an employer may be entitled to a $2,500 incentive payment. Unions NSW is concerned this incentive has led some employers to approve competency based completion, even if the apprentice or trainee has not been able to demonstrate the required levels of competency.

33. Unions NSW believes the approval of a competency based completion of an apprentice or trainee should be conducted by a representative of NSW State Training Services, as to remove any incentives for employers to prematurely approve the completion of an apprenticeship or traineeships.

34. Without proper oversight, competency based completion of apprenticeships runs the risk of being abused, downgrading the quality of apprentice and trainee graduates.
Employment contracts

Recommendation Four

Apprenticeships and Traineeships continue to be restricted to full-time and part-time employees, with specified minimum and maximum hours per week. The Act should specifically exclude casuals and independent contractors from being able to sign training contracts for an apprenticeship or traineeship.

35. Unions NSW strongly opposes the inclusion of casuals or independent contractors as apprentices or trainees.

36. The employment conditions of apprentices and trainees play a crucial role in the completion of apprenticeships and traineeships. The UTS Expert report (appendix two), emphasises the important link between secure and strong employment arrangements and the completion of apprenticeships and traineeship.

37. By definition, casual employees do not have a guarantee of ongoing work. If an employer is unable to guarantee ongoing work, they should not be employing apprentices or trainees and guaranteeing to provide on and off the job training through a training contract.

38. Casual employed is often characterised by fluctuating hours from week to week. This will severely undermine the ability of apprentices and trainees to plan for the completion of their apprenticeship or traineeships and may cause difficulties for them in aligning their workplace and classroom learning.

39. If the employer or apprentice/trainee is seeking greater ‘flexibility’ and would like to complete an apprenticeship or traineeship on part-time hours this is currently available in most apprenticeships and traineeships as specified by the relevant Vocational Training Orders. The completion of an apprenticeship or traineeships on a part-time basis requires the trainee or apprentice to work a minimum number of hours each week.
40. If an employer is unable to provide ongoing guarantee of hours, they currently have the option of hosting an apprentice or trainee through a group training organisation.

41. The term independent contractor apprentice/trainee is contradictory. The key differential between an independent contractor and an employee is the level of control the worker has over the performance of their work. An apprentice or trainee is constantly being supervised, directed and learning in the performance of their work. It would be impossible for an apprentice or trainee to demonstrate they are able to work independently and control all aspects of their employment.

42. The Unions NSW survey asked apprentices and trainees what they thought of apprenticeships and traineeships being extended to casuals and independent contractors. The majority of apprentices and trainees opposed this proposal (64%). Some selected quotes from the survey:

“Not good because in the back of your mind you will wonder: ‘will I have my job next week.’” – Apprentice, Nirimba

“It doesn’t really make our position secure, we could get sacked at any time.” – Apprentice, Mount Druitt

“I think it’s a joke. How do we expect our younger generations to support themselves or their families?” – Apprentice
Group training organisations

43. A crucial element in the apprenticeship and traineeship model is ensuring apprentices and trainees are provided with training in a broad range of workplace skills that are transferable across employers and within their chosen occupational grouping. In this sense group training organisations can provide an important role in ensuring small or specialised employers are able to host and support apprentices and trainees, without pigeonholing their skill set.

44. While there are some GTO’s who take their responsibilities and obligations seriously, unions have received numerous complaints about GTO’s who fail to provide adequate training and who do not appropriately monitor their apprentices.

45. The requirement of GTO’s to be registered should be maintained. Unlike employers who employ apprentices, a GTO’s primary business is to provide apprentices with a well-rounded workplace learning experience. Therefore, there must be a higher bar set for GTO’s in meeting their obligations to trainees and apprentices which is enforceable through the Act, as well as through the registration (and review of registration) process.
Labour Hire

Recommendation Six

Labour hire companies (and companies that operate like labour hire companies) be prohibited from directly employing apprentices and trainees.

46. Unions NSW is concerned by the actions of some labour hire companies in relation to apprentices and trainees. Unions have had reports of labour hire firms making apprentices and trainees redundant and seeking to terminate the training contract if the labour hire company loses a contract with the host employer. In more extreme cases Unions are aware of labour hire companies who have deregistered or phoenixed, leaving apprentices in limbo.

47. Effective apprenticeships and traineeships provide workers with security and certainty of continued employment. Unions NSW does not believe the often vicarious employment arrangements associated with labour hire companies are an appropriate setting for apprentices and trainees.

48. Unions NSW acknowledges labour hire companies can play an important role in hosting apprentices and trainees. However, security of ongoing employment must be considered paramount. As such, Unions NSW believes labour hire companies (and companies that operate like labour hire companies), should be restricted from directly employing apprentices and trainees. Instead labour hire firms would only be able to engage apprentices and trainees through registered group training organisations, where the labour hire company would act as the ‘host employer’.

49. Changes to arrangements between labour hire companies and apprentices and trainees would need to be subject to a phase in period, with current apprentices and trainees permitted to complete their apprenticeship or traineeship. However, no new training contracts would be allowed to be signed with a labour hire company as the employer.
Industry Training Officers

Recommendation Seven

Industry Training Officers be appointed responsibility for specific industry areas. At a minimum one Industry Training Officer should be provided for each of the 47 occupational/industry categories used by the Commissioner’s Information Bulletins. The contact details of each industry training officers should be made available online. Industry Training Officers should continue to be responsible for the enforcement of the Act.

Recommendation Eight

Industry Training Officers be empowered to issue on-the-spot penalties for breaches of the Act. These penalties can be appealed to the Review Panel if required.

50. The Act outlines the roles and responsibilities of Industry Training Officers, empowering them with right of entry to workplaces hosting apprentices and trainees and charging them with the responsibilities of ensuring the Act is abided by.

51. It is unclear how many Industry Training Officers continue to be employed by the Government, with no details about the Officers or their contact details on the State Training Services website.

52. Industry training officers have the potential to play a crucial role in the policing of the system and ensuring apprenticeships and traineeships are fair. However, in order for this to be successful, Officers must be accessible to apprentices, trainees and industry, so they can ask questions or make reports. Further, appropriate funding must be provided to ensure officers are able to conduct inspections and investigations.
53. Unions NSW does not believe Industry Training Officers are being deployed effectively, and believe they need to play a much greater role in the regulation of the system.

Review Panel

**Recommendation Nine**

The Vocational Review Panel continue with both its membership requirements and responsibilities unchanged.

**Recommendation Ten**

Decisions of the Review Panel to be appealable to the NSW Industrial Relations Commission.

54. The Vocational Review Panel provides NSW apprenticeships and traineeships with a representative body to which to make complaints. The Panel also plays an expansive role in overseeing the operation of the Act and regulating training contracts.

55. The functions and responsibilities of the Vocational Review Panel include:

- Deal with applications for the establishment of an apprenticeship or traineeships when referred by the Commissioner (s8)
- Issue Vocational Training Directions which may alter the training contract, extend or reduce the length of an apprenticeship or traineeship or approve alternate training. (s 10)
- Deal with applications for the transfer of an apprenticeship or traineeship when referred by the Commissioner (s20)
- Deal with an application to vary a training contract or plan when referred by the Commissioner (s21)
- Determine recognition of Defence Force trade training (s35)
- Deal with applications for the recognition of other qualifications (s36)
- Deal with applications for the recognition of other trade training (s37)
- Hold hearings in response to complaints made by apprentices, employers and industry training officers which deal with the obligations under the apprenticeship or traineeship (s40)
- Conduct conciliation between the parties to the apprenticeship or traineeship in attempt to settle any disputes (s50)
- Determine a complaint, with the options:
  o Cautioning or reprimanding
  o Ordering the person against whom the complaint has been made to make such redress as the Panel consider appropriate
  o Varying, suspending or cancelling the apprenticeship or traineeship
  o Dismissing the complaint (s51)
- Direct the employer to pay an apprentice or trainee unpaid wages as a result of the suspension of an apprenticeship or traineeship when the employers complaint is unfunded. (s52)
- Make an order declaring an employer to be a prohibited employer (s53)
- Act as a point of appeal for decisions made by the Commissioner (s54)

56. Unions NSW supports the continuation of these functions of the Vocational Education Review Panel.

57. While not a requirement in the Act, under the current operation of the Panel, Panel members are generally only asked to make decisions or approvals on apprenticeship or traineeship matters which are within an occupational or industry background they are representing. This ensures the Panel is informed on the industry context of the apprenticeship or traineeship and able to use this to guide their approach in a practical and fair manner.

58. Not only are Panel members representative of their industry, union representation on the panel, ensures the interests of workers can be taken into account. Many of the apprentices and trainees who appear before the panel do not have union representation. The presence of unions on the panel is crucial in ensuring a balanced and equitable outcome for apprentices and
trainees.

59. Unions NSW opposes any moves to empower Industry Training Officers with the responsibilities of the Panel. Industrial Training Officers are responsible for the inspection of workplaces and the investigation of breaches of the Act. Currently Industry Training Officers must report violations of the Act to the Commissioner or Review Panel to make a finding on. It is not appropriate or fair for Industry Training Officers to play the role of both investigator and judge in these matters.

60. The NCAT is not an appropriate avenue for dealing with disputes arising in relation to an apprenticeship or traineeship. NCAT lacks an understanding of the industrial and educational context of the system and therefore cannot make informed decisions about the operation of the Act.

61. Decisions from the Review Panel should be appealable to the NSW Industrial Relations Commission. Unlike NCAT, the Industrial Relations Commission has an extensive knowledge of workplace training and employer and employee obligations.

Prohibited employers

Recommendation Eleven

The Act be amended to include a requirement that a searchable list of all ‘prohibited employers’ (as defined by the Act), be published on the State Training Services website and be updated monthly.

62. The Review Panel may make an order declaring an employer a ‘prohibited employer’. This order is made if the Panel is of the opinion it is in the public interest to do so. Prohibited employers are restricted from making an application for a new apprenticeship or traineeships (s7) and must not accept
an apprentice or trainee under a host employment arrangement (s14).

63. In most circumstances, employers attempt to provide a supportive learning environment for trainees and apprentices. However, unions have intervened in numerous apprenticeship and traineeship arrangements where this has not been the case, and the apprentice or trainee has been treated poorly, both in an industrial and training context. Unions are also aware of employers who are repeat offenders when it comes to not meeting their responsibilities as an employer and host. Unions NSW supports the restriction of these employers from hosting any future apprentices or trainees.

64. If an apprentice or trainee has a negative workplace experience, it has a significant impact on whether or not they will complete their qualification and workplace training.

65. If an employer has been found to have violated the training contract or an apprentice or trainee, or has not upheld their responsibilities as an employer or host, their business name should be published. This will act as a deterrent to employers mistreating apprentices and trainees. Additionally, it will provide prospective apprentices and trainees with the ability to check the status of employers before commencing employment.

Penalties

Recommendation Twelve

Breaches of the Act which relate to the exploitation or abuse of apprentices or trainees to have a maximum penalty of 50 penalty units.

66. Unions NSW believes the centrepiece of an affective apprenticeship and traineeship system is ensuring employers, trainers and apprentices take their obligations and responsibilities seriously. The current legislation seeks to ensure this by providing a range of penalties for the contravention of these
obligations and requirements. The majority of these breaches and associated penalties are aimed towards employers of apprentices and trainees.

67. Penalties contained in the Regulation are restricted in the Act and do not exceed 10 penalty units. One penalty unit is currently $110. The maximum penalty for breaches of the Act therefore range from $550 (5 units) to $2200 (20 units). A summary of all breaches and their maximum penalties are outlined in Table One.

68. In apprenticeships and traineeships, there is an inevitable imbalance in the power relationship between the employer and the apprentice or trainee. In situations where an employer has taken advantage of this imbalance, the penalties should be harsh. Unions NSW supports the increasing of penalties for breaches of the Act which are related to the exploitation or abuse of apprentices or trainees to a maximum of 50 units, in addition to any penalties which may be pursued under industrial legislation.
### Table One
Summary of penalties

<table>
<thead>
<tr>
<th>Action</th>
<th>Act</th>
<th>Maximum Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applying to the Commissioner for the establishment of an</td>
<td>Act 20 units</td>
<td></td>
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<tr>
<td>apprenticeship or traineeships within 28 days after employment (s7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer knowingly placing an apprentice or trainee with a host</td>
<td>Act 20 units</td>
<td></td>
</tr>
<tr>
<td>employer who is a prohibited employer (s14)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A prohibited employer accepting an apprentice or trainee under a</td>
<td>Act 20 units</td>
<td></td>
</tr>
<tr>
<td>host employment agreement (s14)</td>
<td></td>
<td></td>
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<tr>
<td>An employer employing a junior in a recognised trade vocation who</td>
<td>Act 20 units</td>
<td></td>
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<tr>
<td>is not an apprentice or qualified tradesperson (s25)</td>
<td></td>
<td></td>
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<tr>
<td>The false advertising of a GTO (when not at a GTO) (s29)</td>
<td>Act 10 units</td>
<td></td>
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<tr>
<td>Requiring or demanding an apprentice make a payment or bond (s33)</td>
<td>Act 20 units</td>
<td></td>
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<tr>
<td>Failure to comply with a requirement to attend a hearing or produce a</td>
<td>Act 5 units</td>
<td></td>
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<tr>
<td>document to the Review Panel (s46)</td>
<td></td>
<td></td>
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<tr>
<td>Failure to comply with a requirement to answer a question before the</td>
<td>Act 5 units</td>
<td></td>
</tr>
<tr>
<td>Review Panel (s47)</td>
<td></td>
<td></td>
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<tr>
<td>Misconduct at a hearing of the Review Panel (s48)</td>
<td>Act 5 units</td>
<td></td>
</tr>
<tr>
<td>Failure to comply with a requirement made by an industry training</td>
<td>Act 20 units</td>
<td></td>
</tr>
<tr>
<td>officer under s67(1)(d) (s67-2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assault, delay, obstruct, hinder or impede an industry training</td>
<td>Act 20 units</td>
<td></td>
</tr>
<tr>
<td>officer’s functions (s69)</td>
<td></td>
<td></td>
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<tr>
<td>Providing of false or misleading information (s70)</td>
<td>Act 20 units</td>
<td></td>
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<tr>
<td>Disclosure of business information obtained in connection with the</td>
<td>Act 20 units</td>
<td></td>
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<tr>
<td>administration or execution of the Act (s71)</td>
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<tr>
<td>Regulation</td>
<td></td>
<td></td>
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<tr>
<td>A hard copy of the apprenticeship or traineeship application not kept</td>
<td>Act 5 units</td>
<td></td>
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<tr>
<td>by the employer and available for inspection by the Commissioner</td>
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</table>
Progress card not completed in accordance with directions shown on the card

The Regulation

**Recommendation Thirteen**

The Regulation accompanying the Act should be restricted to matters that are expected to be influenced by technological or industry changes over the next 5 years.
Appendix One

Survey of Apprentices and Trainees

Table One
Are you an apprentice, trainee or teacher?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Apprentice</td>
<td>289</td>
<td>86</td>
</tr>
<tr>
<td>Trainee</td>
<td>26</td>
<td>8</td>
</tr>
<tr>
<td>Teacher</td>
<td>20</td>
<td>6</td>
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</table>

Figure Two
What do you enjoy about your apprenticeship or traineeship?
**Table Three**  
Are you employed by a Group Training Organisation?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>69</td>
</tr>
<tr>
<td>No</td>
<td>269</td>
</tr>
</tbody>
</table>

**Table Three**  
What do you think about apprenticeships being extended to casuals and independent contractors?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oppose</td>
<td>216</td>
</tr>
<tr>
<td>Support</td>
<td>70</td>
</tr>
<tr>
<td>Unsure</td>
<td>52</td>
</tr>
</tbody>
</table>

**Table Four**  
What do you think about apprentices and trainees being taken out of the workplace and focusing on block periods in the classroom?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oppose</td>
<td>157</td>
</tr>
<tr>
<td>Support</td>
<td>82</td>
</tr>
<tr>
<td>Unsure</td>
<td>99</td>
</tr>
</tbody>
</table>

**Table Five**  
Have you ever had a dispute or complaint about your apprenticeship or traineeship?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
</tr>
<tr>
<td>No</td>
<td>331</td>
</tr>
</tbody>
</table>
Appendix Two

UTS Business School Expert Report

‘Why Apprenticeships and Traineeships Work’
WHY APPRENTICESHIPS AND TRAINEESHIPS WORK

REPORT PREPARED FOR UNIONS NSW AS PART OF THE REVIEW OF THE APPRENTICESHIPS AND TRAINEESHIPS ACT
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OVERVIEW

The purpose of this report is to provide a summary of the role of apprenticeships and traineeships within a well-functioning labour market.

Apprenticeships and traineeships are a distinct form of skills development, combining a formal contract of training with a contract of employment. Apprenticeships have endured as the archetypal model of training in the trades in many countries for centuries and have been part of the New South Wales labour market since before Federation. Traineeships were encouraged in the 1990s as a response to increasing youth unemployment and as a means of extending the apprenticeship model into new occupations in the service industries.

Apprentice numbers have always been subject to fluctuation based on the overall economic cycle, the level of trades employment and particular economic circumstances, such as privatisation in the electrical generation and distribution industry. The relationship between occupational employment and traineeship numbers is less distinct and traineeships have been more sensitive to changes in government subsidy arrangements.

The economic rationale for the apprenticeship model of skills development relies on an acknowledgement by employers that there is a collective action problem in training skills that are heavily workplace-based. Even though technology has changed the skills required by contemporary tradespeople, a combination of theoretical knowledge – delivered by qualified trainers or teachers – and on-the-job instruction by experienced workers remains the most effective means of training new tradespeople.

The initial cost to the employer of hiring an inexperienced apprentice is offset by:

- A training wage set below the minimum wage
- In later years of the apprenticeship, a marginal productivity of labour that exceeds the apprentice wage (as the average apprentice approaches the productivity of a fully qualified tradesperson)
- Subsidies provided by the government, particularly to encourage apprenticeships in areas of skill shortage and/or to encourage participation by groups that experience disadvantage in the labour market.
The apprenticeship model also requires apprentices and trainees to make a contribution to their skill development:

- Accepting training wages that are lower than they would receive from other jobs
- Investing at least some unpaid time to undertake their off-the-job training component

In addition to subsidies paid to employers, governments also subsidise the cost of the qualifications completed by apprentices and trainees and traditionally have also provided funding to support the apprentice and trainee system, such as providing apprenticeship centres, supporting group training arrangements, and developing and promoting apprentice mentoring programs.

The strength of the apprenticeship model is its strong connection with the workplace, and this would be undermined by any efforts to weaken the contract of employment associated with an apprenticeship or traineeship, such as by allowing casual employees or independent contractors to enrol in an apprenticeship. Research has consistently shown that workplace-based factors are among the main reasons why too many apprentices do not complete their training, and these factors would proliferate with weaker employment protections.
APPRENTICESHIPS AND TRAINEESHIPS IN NSW

In New South Wales, workers can combine work and structured training through an apprenticeship or a traineeship. Apprenticeships nominally last four years and cover traditional trade areas such as building and construction, hairdressing, cooking, the automotive industry, engineering and manufacturing. Traineeships usually last between one and three years. There are over 600 traineeship vocations that provide employment and training opportunities in a range of areas, including multimedia, information technology, sport and recreation, hospitality, retail and primary industries. Subject to vocational training orders issued by the Commissioner for Vocational Training and the underpinning industrial arrangements, apprenticeships and traineeships may be full-time, part-time or school-based.

An apprenticeship or traineeship comprises two separate contracts: a contract of employment and a contract of training. In law, the latter is subservient to the former (Mitchell et al 1999, in Cully & Curtain 2001a: 1). Because apprenticeships and traineeships combine training and employment aspects, their regulation spans VET and industrial relations jurisdictions. The Apprenticeship and Traineeship Act 2001 regulates the employment and training of apprentices and trainees in NSW. As part of their training, apprentices and trainees enrol in a nationally recognised VET qualification. VET is an area of shared state and federal responsibility. The components of nationally recognised qualifications (units of competency, qualification frameworks, and assessment guidelines) are contained in training packages, which are developed by Service Skills Organisations (formerly by Industry Skills Councils) and endorsed by the Australian Industry and Skills Committee. In 2011, New South Wales referred its powers to regulate the activities of registered training organisations (RTOs) to the Commonwealth as part of the changes that created the Australian Skills Quality Authority. The state government retains considerable influence over VET policy as it sets the funding and policy parameters (including eligibility rules for individual learners and criteria for participating RTOs) for Smart and Skilled, which provides government-subsidised training up to and including Certificate III, and some courses at Certificate IV level and above in targeted priority areas.

In the industrial relations sphere, the wages and other employment conditions of apprentices and trainees are subject to the same arrangements as other employees. Except for apprentices and trainees employed by the state government or local government authorities, apprentices and trainees will be within the national system governed by the Fair Work Act 2009 (Cth). Most apprentices and trainees will be covered by one of the modern awards. A majority of modern awards contain the National Training Wage Schedule, which contains the specific wage and employment arrangements for trainees, and a substantial number of modern awards contain provisions for employing apprentices (Oliver 2010).
According to the most recent release from the National Centre for Vocational Education Research (NCVER 2016), there were 82,500 apprentices and trainees in training during the March 2016 quarter in NSW. This represents a substantial decline on the 149,300 apprentices and trainees in training five years earlier, during the March 2011 quarter.

**Figure 1: Apprentices and trainees in training, NSW, March 2011-March 2016**

![Graph showing apprentices and trainees in training](source)

Source: NCVER (2016)

Most of the decline in the number of apprentices and trainees in training in NSW is attributable to a very substantial decline (65.3%) in the number of apprentices and trainees in training in non-trade occupations. In 2013, the Federal Government removed the financial incentive to non-skills shortage apprenticeships. There was a brief spike in non-trade apprenticeships in 2012. However, there has been a decline in non-trade apprenticeships (i.e. retail positions in food, clothing, information technology, horticulture). The number of apprentices in trade occupations has experienced a much smaller decline over the same period (17.0% in NSW and 16.6% nationally). In March 2016, there were 52,700 apprentices and trainees in trade occupations and 29,800 apprentices and trainees in non-trade occupations in training in New South Wales. Within the trade and non-trade categories, there is also substantial variation. The number of construction and electro-technology apprentices in-training in NSW increased between March 2011 and March 2016 (by 12% and 5% respectively), whereas engineering trades (-67%), hairdressing (-38%), food trades (-28%) and automotive (-23%) experienced larger than average declines. Among the non-trade occupations, the declines in the number of apprentices and trainees in training over the same five-year period were smallest in the community and personal service occupations.
occupations, which are experiencing strong growth in overall employment terms (-40%) and largest among clerical and administrative workers (-80%).

The number of apprentices always fluctuate with the economic cycle (Oliver and Karmel 2011). The number of apprenticeship commencements in trade occupations is also linked to the level of overall employment in the trades occupations, and so is vulnerable to structural shifts in national or industry employment (such as industry restructuring in the automotive industry, or the privatisation of the electrical industry that occurred in the 1990s [Toner 2003]). The relationship between traineeship commencements and economic activity is less distinct than for apprentices (Oliver and Karmel 2011).

The Jobs for the Future report (Jobs for NSW 2016: 29-30) emphasised the importance of the construction and health and community services industries, along with other domestic core and enabling industries, to achieving the target of adding one million rewarding jobs in NSW by 2036. These industries will continue to be a source of jobs (and apprentice and trainee demand). Target growth sectors including agri-food and advanced manufacturing could also be developed as potential areas for higher-level apprenticeships in the future.
EVOLUTION OF THE APPRENTICESHIP MODEL

This section outlines the major contours of the apprenticeship mode in Australia. It notes that the apprenticeship model developed out of the trades, but was extended in the 1980s and 1990s to include new occupations in the service industries. Apprentice and trainee training has been integrated into the broader VET framework. Despite ongoing changes to the occupational structure of the labour market, workplace learning of a kind facilitated by apprenticeships and traineeships remains in strong demand.

Early in the history of federated Australia, an apprenticeship model developed in the trades, based on extensive on-the-job training and off-the-job instruction at public technical colleges, which generally reinforced the craft-based nature of most Australian awards and trade unions (Ray 2001).

Inspired by the strength of the German apprenticeship system, employers and unions together with government and TAFE (then the dominant training provider) developed plans in the late 1980s to extend the apprenticeship model into new occupations beyond the trades, especially in the growing service industries such as retail and hospitality, through traineeships. Like apprenticeships, they were intended to combine on-the-job learning with a formal vocational qualification but were typically shorter in duration than the traditional four-year apprenticeship. Other significant changes to the operation of apprenticeships that occurred during this time under the umbrella of the national training reform agenda included mutual recognition of apprenticeships issues by different states and the integration of apprenticeship qualifications into the competency-based Australian Qualifications Framework.

Traineeship numbers only began to rapidly increase in the mid-1990s, following a change in subsidy levels and a relaxation of rules relating to how trainees were employed, trained and assessed. Although traineeships helped to address a looming youth unemployment challenge, their impact in creating new skill-based career paths for young people in service industries has been widely criticised (Cully & Curtain 2001; McDowell et al. 2011), though Smith et al. (2011) provide a more positive appraisal of the traineeship model. The growth in traineeships masked a decline in apprenticeships that has been attributed to the wave of privatisations and corporatisation of government enterprises in utilities and transport (Toner 2003). Not until the first signs of skill shortages emerged in the 2000s did trade apprentice enrolments recover, encouraged (again) by an increase in employer subsidies from the federal government.

The current decline in apprentice and trainee commencements has occurred despite increasing demand for VET and higher education students to undertake work placements (PhillipsKPA
This includes internships and work placements as part of a course of study as well as those that are not. Universities are increasingly integrating work experience into the course curricula, and many training packages now specify work placement hours for VET qualifications. Internships and work placements are a source of many potential industrial issues – principally concerning exploitation of students and interns (Stewart & Owens 2013). The apprenticeship model is an established framework for providing learners with workplace experience that shares the benefits, risks and costs among employers, learners, education and training providers, and the state.
THE ECONOMICS OF APPRENTICESHIPS

This section explains the economics of apprenticeships by focusing on the public good benefits of having a workforce trained with transferrable skills. It explains the need for a coordinating role of employer organisations, unions as worker representatives and governments in regards to training outcomes.

In a forthcoming chapter, Oliver, Yu and Buchanan (2016) outline there are benefits to a society from having a workforce that is highly skilled – benefits that may not be immediately apparent to individual workers or firms. In education at large it has long been recognised there are ‘public good’ benefits from having a population with high levels of literacy and numeracy for example. Similarly, the apprenticeship system contributes to the public good benefits by producing a workforce trained in transferable skills, providing a skilled labour resource of benefit to a wide range of potential employers. Acemoglu and Pischke (1999) suggest that a combination of subsidies and regulation are necessary to successfully raise training levels. Subsidies recognise that many of the skills learnt in an apprenticeship or traineeship are general and can be transferred to other workplaces. Employers taking on apprentices and trainees may not recover the full value of their investment in the training, since it is not possible to prevent poaching of fully trained labour. There is also the risk of the apprentice or trainee not completing their training. Regulation usually concerns the quality of training programmes and the certification of skills, and immediately raises questions regarding the institutional arrangements required to oversee the regulatory regime. Regulatory arrangements that draw on a cross-section of interests – employers, employees, professional bodies – ensure that the arrangements balance the needs of industry, individual workers, and community expectations of professional standards.

Apprentices are usually a net cost to the business, at least in the initial years (Acemoglu and Pischke 1999; Culpepper and Thelen 2008). To succeed, the apprenticeship model requires a commitment from employers large enough to overcome multiple risks: of the apprentice not being suitable, the apprentice quitting before completing his training, or the apprentice being poached at the end of his training by an employer that has not invested the time or money in taking on apprentices themselves. To an extent, the education system is mutually reinforcing, since the apprenticeship model instils a strong sense of pride in the occupation that employers who have gone through an apprenticeship themselves are keen to reproduce. The extent to which apprenticeship systems emerge and survive depend greatly on how well the public good (or collective action) problems associated with training in transferable skills is overcome.

In Germany, for example, unions and employer associations collaborate on the design, delivery and assessment of vocational qualifications. Completing an apprenticeship includes examination
by an external board, as a means of industry ensuring that collective standards are maintained (Steedman, 1993; Soskice, 1994). Such collective institutions have not been as strong in countries like the UK and US.

Experts conclude that successive efforts to make the UK apprenticeship system more flexible and market-driven have weakened the quality of apprenticeship training and undermined the status of apprenticeships among learners and employers (see Lanning 2016 for a summary of a number of recent essays on this point). A strong institutional framework is needed to:

- Ensure that apprentice and trainee qualifications support a viable career pathway, rather than the low-level and poorly valued qualifications that are reminiscent of the Australian experience with traineeships in the 1990s.
- Empower industry (comprising a cross-section of employer, worker, and other stakeholders) to set and enforce qualification, training and assessment standards for their industry
- Champion specialist training providers that deliver high quality training
- Combine apprenticeship provision with other forms of support for businesses to help them innovate and grow, such as research and development and business model transformation

There is no national regulation or oversight of apprenticeships in the US and in comparison, with Australia, participation is much lower. Federal government investment in apprenticeship training is low, and the training standards vary markedly by jurisdiction and occupation (NCVER 2011).

In Australia, the solution to overcoming collective action problems has been developed through the industrial relations system and a system of direct subsidies to employers (and sometimes apprentices) from government. A strong quality assurance framework that addresses the development, delivery and assessment of qualifications also contrasts the Australian model with the UK and US experience. The initial cost to the employer of hiring an inexperienced apprentice is offset by:

- A training wage set below the minimum wage
- In later years of the apprenticeship, a marginal productivity of labour that exceeds the apprentice wage (as the average apprentice approaches the productivity of a fully qualified tradesperson)
- Subsidies provided by the government, particularly to encourage apprenticeships in areas of skill shortage and/or to encourage participation by groups that experience disadvantage in the labour market.
The apprenticeship model also requires apprentices and trainees to make a contribution to their skill development:

- Accepting training wages that are lower than they would receive from other jobs
- Investing at least some unpaid time to undertake their off-the-job training component

This system provides for a distribution of costs and risks across employer, learner and the state. Any drift away from the standard apprenticeship model – such as toward institutional training or the substitution of apprenticeships with unpaid work placements – is likely to result in the learner assuming a greater share of risks and costs.
APPRENTICESHIPS AND TRAINEESHIPS AS A FORM OF EMPLOYMENT

This section outlines how apprenticeships and traineeships operate as a form of employment. It explains the importance of maintaining strong support for apprentices and training in general in industrial agreements. Although a significant number of workplace agreements make no mention of apprentices, trainees or training in general, apprentices and trainees are more likely to be employed under awards than other workplace agreements.

In many countries, the apprenticeships and traineeships system traditionally provides a strong link between industrial relations and skills (Goergen et al., 2009). An apprenticeship combines a contract of training with a contract of employment. In Australia, this involves the apprentice enrolling at an RTO to undertake the off-the-job component, which leads to a formal qualification under the AQF. Although the apprenticeship model of skills development is unlikely to disappear completely, its decline seems very likely to continue, retreating into the traditional construction and engineering trades, which comprise a shrinking share of the workforce.

Research for the NSW Office of Industrial Relations in 2008 (Oliver 2008) found that employment conditions, as contained in awards or enterprise agreements can play an important role in supporting encouraging apprentices and trainees to complete their training. This is consistent with the findings from surveys of apprentices and trainees who do not complete their training, which have consistently found that the most common reasons for non-completion are workplace related (NCVER 2010). These include:

- Inadequate support for training-related costs, including course fees, books and tools
- Not being provided with time off to attend off-the-job training
- Not being paid to complete all training and assessment requirements
- Irregular working hours, being required to work unreasonably long hours, and not being paid overtime
- Being exposed to unacceptable health and safety risks
- Workplace bullying and sexual harassment.

Reasons related to training were also commonly provided by non-completing trainees and apprentices:
- poor quality of on-the-job training, including lack of appropriate supervision, insufficient time allocated to on-the-job training, and workplace supervisors lacking the skills to provide effective training
- poor quality of training assessment, undermining confidence in the quality of training system overall
- costs and time associated with travel to off-the-job training.

This body of research emphasises the importance of maintaining a link to continued strong employment arrangements, where the apprentice or trainee is protected with arrangements in the relevant award that at a minimum provide for pay progression and regulation of hours, if not access to appropriately qualified workplace supervision and reimbursement of travel expenses. Any move to allow casual employees or independent contractors to enrol in an apprenticeship (or traineeship) would only further increase non-completion rates.
CONNECTIONS WITH OTHER PARTS OF THE EDUCATION AND TRAINING SYSTEM

Apprenticeships and traineeships form part of a broader skills policy ecosystem in Australia (Oliver and Wright 2016) and any change to the structure and operation of apprenticeships and traineeships should only be undertaken after careful consideration of the current and future policy settings relating to:

- Secondary school retention and general curriculum
- VET-in-Schools
- Pre-apprenticeships and prevocational programs

The increase in school retention rates has meant that the age and education profile of apprentices has changed over time, but the underpinning assumptions about the productivity of apprentices and trainees have not been adjusted (Oliver 2012). Throughout most of the post-war era, apprentices usually commenced their apprenticeships immediately after reaching the end of compulsory schooling. In 1980-81, the most common commencing age for an apprentice (there were no trainees at this point) was 16. In 1995, the most common commencing age for a trade apprentice was 17, and 16 per cent were aged 21 or older. In 2010, the modal commencement age was 18, and 38 percent of commencing apprentices were aged 21 or older.

The higher level of school attainment achieved by the average commencing apprentice, as well as the general workplace experience achieved through prior part-time (and sometime full-time) work experience, suggests that commencing apprentices are more productive and have a higher level of workplace skills than they were in earlier generations. While competency-based progression allows employers to recognise this higher productivity, it should be applied consistently, and result in a benefit to the apprentice or trainee through faster completion and accelerated wage progression, where appropriate.

Similarly, pre-apprenticeships already provide a model for transitioning between school and institutional forms of learning and an apprenticeship combining training with a formal contract of employment. Karmel and Oliver (2011) found that pre-apprenticeships had a small, positive effect on apprentices’ satisfaction with the job-related aspects of their apprenticeship but no effect on satisfaction with training-related aspects. In the construction, food and electro-technology trades, pre-apprenticeships modestly increased the likelihood of completion. Pre-apprenticeships led to a higher likelihood of completion among apprentices who had finished Years 10 or 12. The appeal of pre-apprenticeships is that they reduce some of the risk of non-completion for the
employer, while also providing a way of screening potential applicants. By design however, they are not designed to completely substitute the model of combining theoretical and workplace-based learning provided by the apprenticeship itself.

Addressing some of the weaknesses in the current structure of VET-in-Schools would lead to better pathways into apprenticeships and traineeship, and better prepared apprentices and trainees. Clarke (2013) found that VET in schools was problematic for the following reasons. Entry-level occupations increasingly demand intermediate and above level qualifications. VET in Schools do not provide strong pathways to the higher-level vocational education required for post-school occupations. VET curriculum structures are not strongly linked in to opportunities for work and further study. The qualifications offered by VET in schools are ‘weakened by a lack of trust and investment from employers and industry, ongoing misconceptions about the validity and rigour of [the curriculum] and a lack of capacity in schools to provide the necessary career advice to support effective vocational choices’ (Clark 2013, 10). In general, VET in schools fails to provide a consistent link to intermediate skills training.

Clarke (2013) did find that students who were engaged in employment-based VET in schools (school-based apprenticeships or traineeships) benefitted from clearer transition pathways and stronger links to employers. This indicates that VET in schools would be better presented in school curricula as a pathway to higher-level vocational studies. The evidence suggests that the majority of TAFE/RTO stakeholders do not see VET in schools as providing ‘very effective’ opportunities to learn in real industry environments, or providing students with a strong understanding of occupational pathways (Clark, 2014, 27).
CONCLUSIONS

The apprenticeship model continues to provide an effective and valued method of skills development in an array of jobs and occupations. Although there has been a substantial decline in the number of apprentices and trainees in training in NSW over the last five years, much of this can be attributed to the withdrawal of subsidies from traineeships by the Federal Government in 2012. Research had demonstrated that the skills development and long-term career outcomes for many traineeships were questionable. In many trades areas, apprenticeship numbers have proved more resilient, notwithstanding that commencement numbers will always fluctuate with the economic cycle.

Fields that have traditionally relied on apprenticeships as the main method of skills transfer, such as construction, will continue to play an important role in the NSW economy into the future. Emerging areas of strength, such as advanced manufacturing, agri-foods and health and community services, also require highly developed technical skills and a sophisticated knowledge of the workplace context that the apprenticeship system is well placed to deliver.

To function well, apprenticeships require an agreement among employers, learners and the state to share the risks and costs of training as well as the benefits. Collectively, employers benefit because the on-the-job learning that occurs in an apprenticeship produces better quality outcomes. Subsidy arrangements and training wages are intended to offset some of the costs incurred by employers taking on apprentices. It should be remembered that apprentices also carry a cost by accepting a training wage below what they would otherwise earn and participating in learning activities off-the-job. A necessary component of the apprenticeships system (and another cost that must be shared) is the overarching institutional framework. This should provide for a cross-section of interests, including employer, employees, training providers, and the general community, to have input on how apprenticeships and traineeships are developed, delivered and assessed. A broad cross-section is vital to ensuring that the system is valued as an educational pathway and that it responds to long-term labour market developments.

The contract of employment is a central part of the apprenticeship model. It provides an important safeguard to the learner that the investment of their time and effort will be rewarded and result in useful labour market experience as well as a relevant educational qualification. Research into apprentice and trainee non-completion shows that the main reasons apprentices and trainees do not complete their training are employment-based. Any change that would weaken their employment conditions, particularly one that would decrease their employment and income security or control over hours, would likely prove detrimental to completion rates.
Addressing some of the legitimate employer concerns about the quality of potential apprentices and trainees (such as in relation to basic literacy and numeracy, general work readiness and commitment to the particular trade) require an examination of some of the connected parts of the education and training system, particularly VET-in-Schools and pre-apprenticeships. These are issues that do not require any change to how apprenticeships and traineeships themselves are designed and delivered.
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ENDNOTES

8 The Federal Government currently uses the term “Australian Apprenticeship” to refer to its scheme of incentives and benefits available to apprentices and trainees. For the purpose of clarity, this report will distinguish between apprenticeships and traineeships wherever appropriate and otherwise refer to ‘apprenticeships and traineeships’.