



Future-proofing the South Australian apprenticeship and traineeship system

Discussion Paper

Skills for Future Jobs 2020 Series
June 2018

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Foreword



David Pisoni MP
**Minister for Industry
and Skills**

The South Australian Government is committed to growing jobs and building a competitive, dynamic economy.

To do this we must ensure that the vocational education and training (VET) system is meeting the needs of industry.

Apprenticeships and traineeships deliver skilled workers where they are most needed by industry, contributing enormous value to South Australia's economy.

An efficient training system that encourages employers to take on an apprentice or trainee is a priority for the South Australian Government. To achieve this goal, we're investing \$100 million, and we're planning to leverage a further \$100 million from the Australian Government's Skilling Australians Fund, to employ over 20,000 new apprentices and trainees for South Australia.

To achieve a strong apprenticeship and traineeship system, apprentices and trainees need to have confidence that their training will lead to a secure future, and business and industry need to be assured that Government investment is connected to the broader economy and facilitates economic growth.

As a former apprentice, business owner and employer of apprentices, I know first-hand how the system's design can impact on the employment decisions of industry. That's why I'm pleased to give business owners and industry the opportunity to provide feedback on how we can best improve the apprenticeship and traineeship system to meet their needs.

As users of and participants in our apprenticeship and traineeship system, I encourage you to respond to the Commission's Discussion Paper, and I look forward to adding to the suite of reforms the Government has already announced based on its findings.

A stylized white signature of David Pisoni on a dark orange background.

David Pisoni
Minister for Industry and Skills



Michael Boyce
**Chair, Training and
Skills Commission**

The *Skills for Future Jobs 2020 Series: Future Proofing the South Australian Apprenticeship and Traineeship System Discussion Paper* is an exploration of the challenges that face the apprenticeship and traineeship system.

The Training and Skills Commission has long championed industry as a driving force in program and policy design, and I am pleased that the release of this Discussion Paper will provide further opportunities for industry to shape the future of apprenticeships and traineeships in this state.

Responses to this Discussion Paper will inform the enhancement of the apprenticeship and traineeship system to ensure every industry has access to the skilled workers they need.

A stylized white signature of Michael Boyce on a dark orange background.

Michael Boyce OAM
Chair
Training and Skills Commission

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Introduction

Purpose

Apprenticeships and traineeships are nationally recognised as important tools that contribute to the capacity to equip our economy with the skilled workforce it needs. Further, it is recognised that countries and jurisdictions that have robust apprenticeship and traineeship systems maintain an advantage in dealing with global workforce influences and youth employment challenges.

In a time of significant economic change and workforce transformation, the Commission is keen to ensure that South Australia's apprenticeship and traineeship system remains viable and relevant. To that end, we are seeking advice from all stakeholders about what is working well and what isn't, and what we need to do to ensure that we have a system that remains responsive to industry's changing needs.

For this consultation process the Commission proposes the following definition of purpose:

'The purpose of the apprenticeship and traineeship system in South Australia is to support economic and social growth through the production of skilled workers who, on successful completion of their apprenticeship or traineeship are employed in the occupation for which they trained.'

The Commission plans to use the insights gathered throughout this discussion to inform its advice to government.

This Discussion Paper is presented in three parts:

1. The apprenticeship and traineeship system
2. Apprenticeships and apprentices of the future
3. Traineeships and trainees of the future.



Laura Pivovarovff
2017 SA Apprentice of the Year

Process & methodology

In developing this discussion paper, the Commission was guided by input from key stakeholders, including industry peak bodies, employers, registered training organisations (RTOs) and group training organisations (GTOs), and apprentices and trainees, who identified areas of concern and opportunity in the apprenticeship and traineeship system. This paper has also drawn on a wide body of local and international contemporary research, and independent modelling from our own Economic Outlook and Report on South Australia's Industry Priority Qualification publications. Department for Industry and Skills and NCVER VOCSTATS data have also informed the paper.

In addition to releasing this paper for comment and written submission, the Commission will conduct targeted consultation with key groups to ensure a wide range of views are incorporated into our final report.

The Commission anticipates releasing a final report in late 2018.

The apprenticeship and traineeship system in South Australia

Apprenticeships and traineeships each combine employment with on and off-the-job training under terms set out under a Training Contract. The apprenticeship contract of training is described in law as:

‘The contract of apprenticeship remains a distinct entity known to the common law. Its first purpose is training, the execution of work for the employer is secondary.’
(Wallace v CA Roofing Services Ltd, 1996)

Apprenticeships have enjoyed a long history in Australia providing training in the traditional trades. Traineeships were introduced in 1985 to facilitate training in a range of occupations beyond the traditional trades. More recent changes to the system were designed to encourage part-time and existing worker apprenticeships and traineeships, and school-based apprenticeships and traineeships.

Whilst the regulation of the apprenticeship and traineeship system is the responsibility of the state, it is also shaped by policy at both the state and national level.

The operation of the apprenticeship and traineeship system is also influenced by industrial relations and the vocational education and training (VET) system. While the economy is one influencer of apprentice and trainee numbers, government subsidies and incentives, and industrial provisions also have a significant impact on participation trends within the system.

A successful apprenticeship or traineeship relies on effective collaboration between a broad range of stakeholders, including employers, apprentices and trainees, industry, registered training organisations, group training organisations, support organisations, trade unions, schools, parents, and students. It is these groups the Commission seeks to engage with to determine how the apprenticeship and traineeship system can be calibrated and positioned for the future.

South Australia has seen a significant decline in apprentice and trainee numbers over the past five years, see **Figure 1**. Apprentice in-training numbers grew steadily until 2011–2012, peaking at 15,132, but have since steadily declined to 9,791, the lowest number since 1999. Trainee numbers also peaked in 2012 at 23,123 following a five-year decline in their use between 2005 and 2009. Now, trainee numbers sit at around 6,000, a level equivalent to those of the mid- to late 1990s (DSD, 2017).

This downward movement in commencements mirrors that seen in national data sets but warrants an examination of local factors that may impact the system.

Figure 1: Apprentices & Trainees in training (SA), 1995–2017

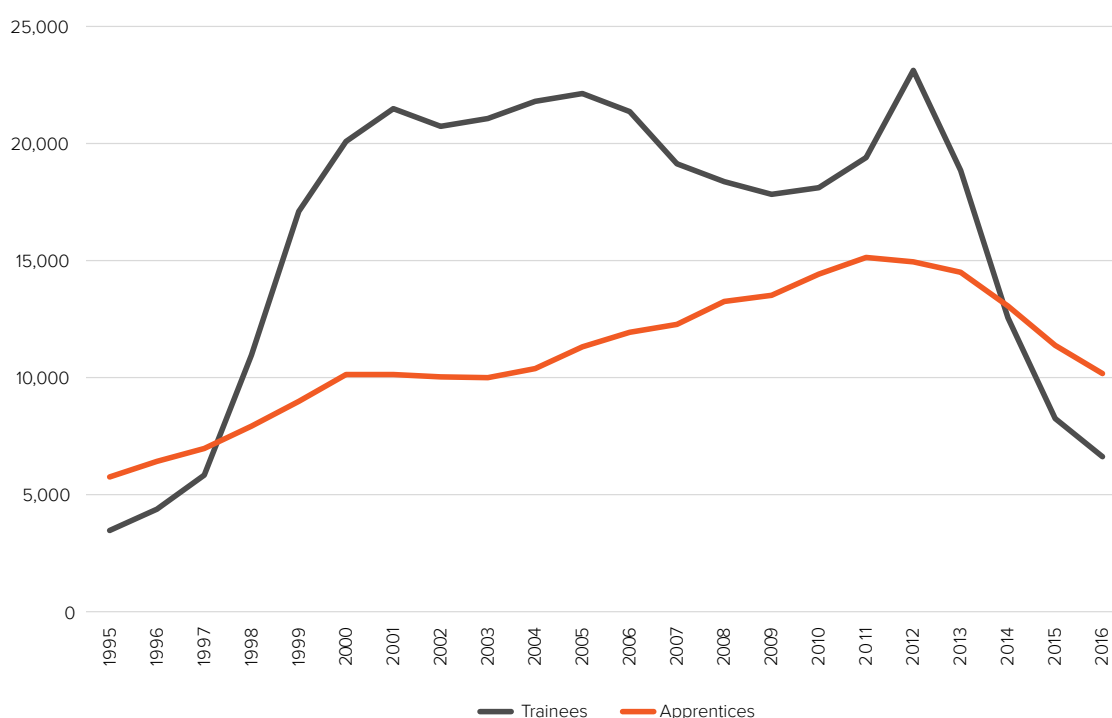


Figure 1: NCVER, Apprentices and Trainees, In-training (2018)

Conditions that may have impacted on recent apprentice and trainee participation trends include the end of Australian Apprenticeship Incentives Program (AAIP) funding, capping of high-volume traineeship qualifications, and the cessation of state government payroll tax exemptions associated with apprentice and trainee wages. Economic conditions in South Australia in the same period may also have had a disproportionate impact on industries that typically employ apprentices and trainees.

Changes in commencements during the period 1995-2016 reveal a difference in how apprenticeships and traineeships have responded to economic and policy conditions. While the downward trend can be seen for both, the decline in trainee numbers has been more severe. Potential causes for this difference, and the recent overall decline include:

- economic conditions
- industrial activity and modern awards
- VET policy and public confidence in the VET apprenticeship brand
- incentive changes
- occupational structure and the decline in certain industries
- expansion of higher education
- complexity of the system
- recruitment pool.

Many reviews of the apprenticeship and traineeship system in Australia have investigated the influence of these factors with the aim of identifying potential areas for improvement to the system. As can be seen in **Figure 2**, the decline in apprentice and trainee numbers can be seen across most states and territories. The Commission wants to build on the national research and identify if there are any issues unique to South Australia. Our aim is to better understand the factors affecting trends and in so doing develop strategies that best position the system to support the skilling of South Australia's workforce now and into the future.

Figure 2: Apprentice & Trainee commencements % change, 1995–2017

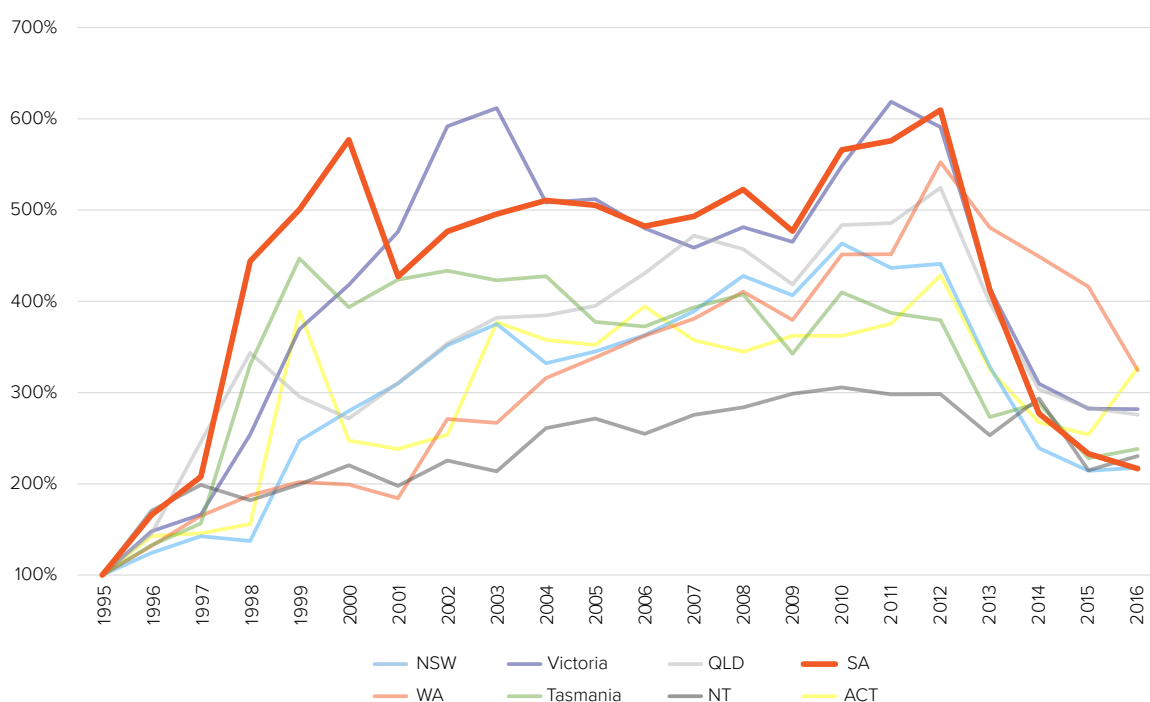


Figure 2: NCVER, Apprentices and Trainees, Commencements (2018)



Section One: The apprenticeship and traineeship system

Employing an apprentice or a trainee

Costs of employing an apprentice or trainee: the employer perspective

The apprenticeship system is predicated on an investment model where employers invest time and resources into the learning of the apprentice or trainee in the expectation that the productivity of the resultant highly skilled worker will provide more than sufficient return on investment.

It is not only the employing company that benefits from the investment in apprentices or trainees. A UK research paper measured the net present value of further education in England and found a net return of up to \$28 for every \$1 of public money invested in apprentice training (Department for Business, Innovation and Skills, 2015). The following table shows a comprehensive overview of the benefits of VET training in Australia (Schueler, n.d.).

| Individuals | Employer | Economy |
|---|---|--|
| Job related Higher employability Employment Higher salaries Higher saving levels Improved working conditions Professional mobility Productivity (highly skilled) | Market Productivity Sales & profitability Customer service and satisfaction Occupational health & safety Quality product & services Saving on material & capital costs | Tangible benefits Higher employability Increased participation in the workforce Decrease in unemployment levels Productivity gains Higher skilled workforce |
| Non-job related Higher education pathway Pathway to further study Improved self esteem Communication skills Engagement Improved problem solving Improved health & wellbeing Improved economic standards of living Life satisfaction Social inclusion | Non-market Motivated workforce Improved organisational climate and culture Increased literacy in workplace Employee skill gains Employee well-being Employee workplace practices | Intangible benefits Improved health Improved environment Reduced national crime Increased social cohesion Increased social inclusion Strengthened social capital Active citizenship Technological change adaptation |

Figure 3: Benefits of training by stakeholder, found in Schueler, n.d.

Costs to employers include supervision, wages, direct and indirect overheads, extra maintenance, tools, training, and materials wastage.

The first three years of an apprenticeship typically represent a net cost to the employer, with the final year returning a net financial benefit (Dockery & Koshy, 2011). Consequently, apprentice non-completion rates become a key issue tied to employer expenses; an apprentice who does not complete represents a failed investment to an employer since they do not reap the benefits of the later, highly productive years, and those following completion.

A 2014 study found that many of the reasons an apprentice doesn't complete are employment-related, and 60% of those who do leave will do so within the first year. Problems getting along with colleagues or just not liking the work were the most frequently cited reasons for leaving, with not getting along with the boss, poor working conditions, and not being happy with the extent and quality of on-the-job training also cited (Bernarz, 2014).

The AMWU conducted research in 2015 that investigated what issues preoccupy apprentices and found that many rated the cost of tools (76.9 per cent), lack of proper mentoring (63.9 per cent), and poor quality training (58.0 per cent) 'important' or 'very important' (AMWU, 2015).

Some stakeholders told the Commission that employer incentives in South Australia were too low compared with what they believe is offered in other states. However, a collective body of research highlights that government incentive arrangements have less influence on apprenticeship commencements than might be perceived by employers (Nechvoglod, 2009; Noonan & Pilcher, 2017).

The Commission wants to understand what employers actually consider when they make the decision to hire, or not to hire, an apprentice or trainee.

**Q1: Why do you hire an apprentice or trainee?
What influences your decision?**

Costs of employing an apprentice or trainee: the apprentice and trainee perspective

While it can be a substantial investment for employers to employ and train apprentices and trainees, the apprentice or trainee also makes a significant financial decision in choosing this pathway. Beyond the initial low wage, there is the opportunity cost involved in eschewing a job that may pay them more now in lieu of an apprenticeship or traineeship pathway that promises to pay them more in the future. For some occupations, that opportunity cost can be almost \$20,000 per year (Nechvoglod, 2009).

For apprentices in regional areas, stakeholder feedback suggests that the cost of travel and tools is often borne by apprentices and that the government subsidised travel allowance continues to be insufficient to meet their costs. Australian Manufacturing Workers' Union research found that 55.9 per cent of apprentices rate the cost of travel as 'important' or 'very important', and 76.9 per cent find the cost of tools as concerning (Australian Manufacturing Workers' Union, 2015).

The Apprenticeship Support Australia report released in 2017 found that of young people intending to pursue an apprenticeship or traineeship pathway, their biggest concern was finding a suitable apprenticeship/traineeship position (38.5 per cent), followed by balancing work and study (19.6 per cent), and working for a good employer (13.6 per cent). The apprentice wage was a concern for only 10.3 per cent of respondents. This finding mirrors those of other reports where the relationship with the employer is found to be the most important factor in the success of an apprenticeship or traineeship (Commonwealth of Australia, 2011) (Fair Work Commission, 2017).

Q2: What expenses of significance did you encounter as an apprentice or trainee during the apprenticeship or traineeship?

Incentives and approaches to encouraging further uptake

To date, the strategies for increasing apprentice and trainee commencements have been largely based on taxpayer funded incentives and other support mechanisms. Skills for All was introduced in 2012 to raise the skills level of South Australians. Subsidies linked to qualifications were offered for eligible students. Priority qualifications received additional support and the long-term unemployed and those without a qualification at all received fee-free training. For the period 2010-2012 apprentice wages were exempt from payroll tax.

Apprenticeships and traineeships that were linked to funded qualifications attracted the same funding as other VET courses. The effect of the training funding scheme on commencements was noticeable especially for traineeships, but the funding opportunity did not seem to stimulate an intrinsic desire for employers to take on trainees; numbers dropped when Skills for All funding ceased (see **Figure 1**).

Current incentives:

- ReturnToWorkSA apprentice incentive—apprentices deducted from insurance premium (ReturnToWorkSA, 2018)
- Critical Skills Investment Program—up to \$2,000 (WorkReady, 2018)
- Australian Apprenticeships incentives—commencement and completion incentives available from \$750 to \$3,000 depending on occupational category and type of worker (Commonwealth of Australia, 2015)

Trade Support Loans are available to apprentices to assist them with the cost of participation and other everyday expenses while they complete their apprenticeship.

Q3: How can incentives be best used to encourage uptake and completion of apprenticeships and traineeships?

Simplifying responsibilities and reducing red tape

Stakeholder feedback

Feedback from stakeholders indicates that difficulty navigating the apprenticeships system persists. The process to register to employ apprentices or trainees, and understanding how to fulfil the requirements during the contract of training are areas that seem to confound many users.

Q4: How can the system be made easier to navigate?

The Traineeship and Apprenticeship Pathways Schedule

The Traineeship and Apprenticeship Pathways (TAP) Schedule provides a consolidated list of occupations that have been declared under the *Training and Skills Development Act 2008* as trades (apprenticeships) or declared vocations (traineeships) in South Australia. The TAP Schedule also identifies the qualifications that can be undertaken in conjunction with these apprenticeships and traineeships.

However, questions remain about the suitability of some of the trades and vocations on the TAP Schedule, which has grown to include 509 pathways with 1,213 aligned qualifications.

Once a trade or vocation is added to the TAP Schedule, no further review is conducted to reconsider whether the aligned qualification/s are still the best fit, or whether the occupation itself is still suited to the training contract model.

The current process for approving the establishment of a trade or declared vocation requires consultation with relevant industry stakeholders. This approach is designed to ensure genuine industry need of qualifications leading to declared vocations and trades for which there are traineeship and apprenticeship pathways.

Q5: What are the characteristics of occupations that are suited to be declared vocations and trades?

Q6: How can the TAP Schedule approval process ensure that pathways are added in response to genuine industry need?



Leuwin Andrews
2016 SA School-based Apprentice of the Year

The supervision of apprentices and trainees

Guidelines for supervising the work and learning of apprentices and trainees have been established by the Training and Skills Commission pursuant to the *Training and Skills Development Act 2008*, the Supervision Guidelines, and the Apprenticeship/Traineeship Training Contract.

Amongst other obligations, employers of apprentices and trainees are required to:

- provide appropriate facilities and experienced people to facilitate the training and supervise the apprentice/trainee while at work, in accordance with the training plan;
- make sure the apprentice/trainee receives on the job training and assessment in accordance with the training plan;
- provide work that is relevant and appropriate to the vocation and also to the achievement of the qualification referred to in the contract; and,
- release the apprentice/trainee from work to attend any training and assessment specified in the training plan.

The Supervision Guidelines set out the definition and purpose of supervision, the skills and experience a person supervising the work and learning of an apprentice or trainee must have, the supervision ratios applicable to traineeships and the various stages of an apprenticeship, and the tasks a supervisor must undertake.

A copy of the current Supervision Guidelines can be accessed via <http://www.tasc.sa.gov.au/Guidelines/Apprenticeships-traineeships>

Q7: What do you consider are the responsibilities of the supervisor of an apprentice and trainee given the purpose of an apprenticeship/traineeship?

Q8: Do you believe the current Supervision Guidelines provide sufficient clarity about:

- a. the purpose of supervision
- b. the difference between managing and supervising an apprentice or trainee
- c. the relationship between work, on-job training, and the apprenticeship/traineeship?

Q9: Do you believe the ratio of supervisors to apprentices and/or trainees in the current Supervision Guidelines are appropriate? If not, what changes do you think are necessary?



Section Two: Apprenticeships and apprentices of the future

An apprenticeship system for the future

Apprenticeships are in place to develop skilled workers for industry. The direct employment of apprentices by businesses is an effective way to ensure that there is a close relationship between the skills industry needs and the skills that are developed. In the past, apprenticeships have been an important source of skilled labour. But as apprentice numbers decline, the question arises, how can we ensure this is a relevant training model for the future?

Apprentice commencements are falling, but the cause of the decline is not easily determined. Numerous reports have tried to examine whether the issue is on the supply or demand side without strongly conclusive results being drawn. Additionally, the overall decline observed since 2012 is not found in all industries.

The table below shows that while some trades have experienced consistent declines in apprentice commencement numbers over the past four years, others have experienced large gains, including Plumbing and/or Gasfitting and Air-conditioning, and Refrigeration Tradesperson.

**APPRENTICESHIPS AND
TRAINEESHIPS ARE NATIONALLY
RECOGNISED AS IMPORTANT
TOOLS THAT CONTRIBUTE TO
THE CAPACITY TO EQUIP OUR
ECONOMY WITH THE SKILLED
WORKFORCE IT NEEDS.**



Angelina Odevilas
2017 SA ATSI Student of the Year

Table 1: Top 10 trades by volume of commencement, percentage change between 2013-2017

| Trade | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------|--------|--------|--------|--------|
| Carpentry And/Or Joinery | 34.2% | -9.8% | 1.1% | 11.6% | 21.9% |
| Electrician | -11.7% | -8.9% | -16.1% | -4.5% | 5.1% |
| Cook | -1.6% | 4.5% | 5.8% | -17.5% | -17.2% |
| Light Vehicle Mechanical Technician | 149.4%* | 22.2% | 0.8% | 18.0% | 14.5% |
| Plumbing And/Or Gasfitting | 29.4% | -21.3% | -7.6% | 37.5% | 0% |
| Hairdressing | -5.6% | -9.9% | -8.6% | -1.8% | -17.3% |
| Engineering Tradesperson (Fabrication) | -13.9% | -26.0% | -18.9% | 5.8% | -2.9% |
| Air-conditioning and Refrigeration Tradesperson | 45.3% | 0.9% | -18.2% | 40.0% | 12.8% |
| Heavy Commercial Vehicle Technician | 41.1% | 79.7% | -28.2% | 8.8% | 112.7% |
| Engineering Tradesperson (Mechanical) | -43.1% | 14.6% | -12.8% | -18.7% | 0% |

*New pathway in 2013

Table 1 - Department for Industry and Skills, 2018 Annual Report

The aggregated data shows that apprentices in particular appear sensitive to economic conditions. When employers are optimistic and experiencing increasing work, they are more inclined to take on apprentices than when work is slow or outlook is poor. However, the breakdown by industry indicates that economic performance is not the only factor impacting on decisions to hire apprentices.

Some industries are experiencing increasing changes to employment trends, with casual and contract work on the rise. Other industries may be experiencing increases in automation and technology thereby reducing or changing the type of work traditionally undertaken by an apprentice. Where traditional trade occupations are evolving, we seek to understand how the apprenticeship can match that evolution.

Q10: How can the apprenticeship system remain relevant in a challenging and rapidly changing environment?

The VET system, AQF and competency-based training

Apprenticeship pathways are linked to Australian Qualification Framework (AQF) qualifications, which are delivered under the required standards of the VET system. Due to this link, the VET system has a significant influence in shaping the apprenticeship system.

VET qualifications are nationally endorsed and are intended to be broad enough to apply in a variety of contexts within an industry, with scope for some limited customisation. However, as industries evolve to meet new economic opportunity, qualifications also must evolve to reflect the changing demand for skills. Given the national training system requirements for broad and deep industry consultation with industry and the various jurisdictions, as well as meeting foundation skills needs and requirements in relation to portability and transferability of skills, it takes time for changes to qualifications to filter through the system.

Stakeholder feedback

'What we see in construction is that technology changes and proprietary materials are not captured anywhere in the training packages because they can't keep up with the progress.'

Q11: Is the alignment between apprenticeships and training package qualifications and delivery appropriate for your needs?

Funding

VET sector funding mechanisms influence the apprenticeship system. Funding intended to subsidise the cost of training has often been linked to the achievement of the qualifications rather than the trade directly. This means that funding programs that are intended to provide financial relief for apprenticeships also provide funding support for non-apprenticeship training, leading to an increase in student commencements across VET generally rather than just in apprenticeship pathways.

Q12: Is apprenticeship funding appropriately targeted?

Institution-based training

A limited number of trade qualifications can be completed by attending a training institution, as opposed to the employment and learning model of an apprenticeship. Although the same competency standard must be demonstrated for the attainment of a qualification no matter where it is delivered, concerns have been raised about the capability of students who complete an institution-based qualification when compared to their peers who complete their trade qualification in an apprenticeship.

Stakeholder feedback

The feedback from stakeholders on this issue indicates that for some industries there may be discrepancies between the capabilities demonstrated by students trained in an institution compared to apprentices, which is leading to depressed employment outcomes for institution-trained workers.

'The much longer period of training (12-18 months for institutional versus 36 months for an apprenticeship) allows the apprentice to be better prepared to carry out their job as a qualified hairdresser in a salon than the institutionally trained one. The difference seems to be reflected in their job application outcomes because institutionally qualified hairdressers find it hard to get a position in a salon.'

Q13: What is your experience and, if relevant, satisfaction with institution-based trade training?



Sandy Beaton
2017 SA Trainee of the Year

Pre-employment programs

The completion rate for apprentices in South Australia is 57.5 per cent (for cohorts commencing 2009 to 2011). This is better than the completion rate in other states and territories in Australia, but still represents a significant loss of time, resources and money spent in recruiting and starting an apprentice on a training contract. An industry by industry breakdown reveals that for some pathways (Cookery) the completion rate is as low as 27 per cent (DIS, 2018).

Students abandon their apprenticeships for any number of reasons, but one predictor of successful completion is their level of intrinsic motivation (Fair Work Commission, 2017). Helping students to determine their natural affinity for the type of work involved in the apprenticeship, and how well they identify with the trade they choose may therefore have a positive effect on completion rates.

Pre-employment programs are designed to prepare a potential apprentice for an apprenticeship. The intention of pre-apprentice programs is usually to increase the likelihood that apprentices will complete their apprenticeship by giving them a taste of the kind of work they will be doing, and provide them with some generic workplace skills required to become productive workers. They also position their expectations about what will be required of them throughout their apprenticeship. A pre-apprenticeship offers those who aren't suited to an apprenticeship the chance to discover this before committing themselves and their employer to a binding contract of training.

Karmel & Oliver (2010) found that pre-apprenticeships have variable effect on completion rates across industry sectors. For example, a pre-apprenticeship improved completion rates for construction trades, but made completion less likely for hairdressing and for those with a Certificate III or higher qualification (Karmel & Oliver, 2010).

Stakeholder comments

'There is little that can be done to ensure young people know they are on the right path for them until they start, even universities see similar drop-out rates.'

Others saw that more could be done to ensure the right fit, including targeted pre-vocational courses (non-AQF aligned), schools educating students and families better about the positives of apprenticeships and traineeships, and more adept screening of candidates.

'Pathways into and out of apprenticeships and traineeships need to be better defined and marketed to candidates. Highlighting the role of an apprenticeship as the beginning of a varied career might make it more attractive.'

'Pre-apprenticeships should not be aligned with AQF, but focus on personal competencies then move to career path education. The adjustment to lifelong learning is needed to keep pace with the career changes an individual can now expect to go through in a lifetime.'

Q14: How can people be supported to make better informed decisions before they commence their apprenticeship?

Q15: How can pre-apprenticeship programs be improved to lift successful trade completion rates and match apprentices with suitable trades?



Group training model

A group training organisation (GTO) employs apprentices and places them with host companies. This model of employment creates security for the apprentice by providing hosting options to ensure their contract of training is completed, even if their host company can no longer support their apprenticeship. Apprentices employed by GTOs comprise 23 per cent of apprenticeships in South Australia (NCVER, 2017).

GTOs allow small businesses to engage an apprentice where they might not have otherwise been able to due to low capacity to deal with the administration requirements of the contract of training, or not having the full scope of work available to support learning the full trade.

The GTO is responsible for:

- employing apprentices and placing them with host companies
- meeting the employer obligations for employment and training outlined in the Training Contract
- managing and monitoring arrangements with host companies
- providing any necessary care and support throughout the apprenticeship.

Despite the common expectation that GTOs boost completions by providing support to apprentices and employers that they otherwise might not receive through direct engagement, the Fair Work Commission 2017 report highlighted that GTOs have only slightly higher completion rates compared to private employers (Fair Work Commission, 2017).

Q16: Is there a role for group training to better encourage the use of apprenticeships amongst employers?

School-based apprenticeships

School-based apprenticeships encourage students to enrol in an apprenticeship while they complete their final years of high school. The evidence (OECD, 2010) (Lamb, et al., 2004) (Rumberger & Lamb, 2003) shows that completion of secondary education improves work and life outcomes for students over their lifetime. It is thought that a school-based apprentice can make the transition from school into employment easier as the apprentice has already begun to get a taste for work and has achieved part of their qualification.

School-based apprenticeships comprise 4.5 per cent of total apprenticeships in South Australia (NCVER, 2017).

The non-completion rate for training contracts begun in school is relatively high at 41.8 per cent (Karmel & Mlotkowski, 2008). For some industries, the completion rates are extremely low: hairdressing at Certificate III and above has a 4.8 per cent completion rate, and Automotive and Metal training packages sit at 19.5 per cent and 24.4 per cent respectively.

These low completion rates are a concern to the Commission.

Q17: Are school-based apprenticeships an effective and appropriate pathway for young people to complete secondary education and commence a trade?



Mature-age apprentices

Mature-age apprentices are those aged 25 and older. While the traditional perception of an apprentice is of a very young person, the numbers of adult apprentices have been slowly increasing since the 1990s, but in the last five years the proportion of mature-age apprentices in-training has decreased from 34.2 per cent in 2012 to 24.5 percent in 2016 (NCVER, 2017).

As the numbers of older apprentices subside, questions are raised about the suitability of the current apprenticeship model for older workers, who have different needs and motivations to school leavers. Older workers bring previous work experience and may already hold other qualifications. Adult apprentices in trades are more likely to complete early, reflecting their prior experience and higher capacity.

A 2016 NCVER report found that adult and youth apprentices have different motivations for taking on an apprenticeship, including career advancement and further skills acquisition, and that adult apprentices have been achieving an increasing completion rate since 2006, while youth apprenticeship completion rates decline (Hargreaves, et al., 2016).

Employers report that they prefer mature-age apprentices because they come with employability skills that younger candidates do not, and often have family and financial commitments that make them more likely to complete a training contract (Stromback & Mahendran (2010); Ball & John (2005); Bender (2003) and (McKechnie, 2017)).

Stakeholder feedback

'Employers, including small and medium businesses, prefer mature-age workers because they are more committed. Their productivity is greater.'

Q18: What is your view of the participation of mature-age apprentices? Do we need to do more to encourage mature-age apprenticeships?



Ashley Edwards
2015 SA ATSI Student of the Year

The apprentice of the future

The qualities of an apprentice

The 2009 Australian Chamber of Commerce and Industry report, *Worth their weight in gold*, found that the key qualities employers are looking for are commitment and motivation. Other attributes mentioned included teamwork, respect, honesty, humility and ability to listen.

Stakeholder feedback

Feedback from employers has been that sometimes they struggle to find applicants with the appropriate skills or motivation to fill the roles available. In regional areas, stakeholders report that there are apprenticeships available but not enough work-ready candidates to fill them.

Q19: What are the essential characteristics and attributes of the apprentice of the future?

The image of apprenticeships

There was consensus amongst stakeholders that young people and their parents perceive apprentices and trainees as second-rate options.

The 2017 FairWork Commission report found the same, citing school students' concerns about 'poor pay, harassment, dirty jobs and unsuitable hours'. And a 2008 report (Dalley-Trim et al, 2008), found that a majority of school students saw VET broadly as an option suited to less academically capable students. Snowden and Lewis (2015) have concluded that the perception of apprenticeships as low status has been reinforced by media around tertiary education.

Peers and family play a large role in influencing the decision to take up an apprenticeship, 48 per cent of teenagers say their parents and carers were the best source of career advice (Bissen & Stubley, 2017). Living in an area with higher concentrations of trade workers also correlates positively with higher apprenticeship completion rates (Karmel & Roberts, 2012).

Schools also play a role in influencing students' post-school decisions. However, career advice in schools appears to demonstrate a lack of knowledge about apprenticeships, with teachers more likely to promote apprenticeships to students who are academically underperforming (Fair Work Commission, 2017) (Bissen & Stubley, 2017).

Strong intrinsic motivation to complete an apprenticeship is a “significant predictor” of apprentices' intention to continue their training to completion' (Fair Work Commission, 2017). A sense of occupational identity is stronger among apprentices than trainees, and helps to achieve completion.

Q20: How can we improve the perception of apprenticeships?



Apprentice support

Apprentices work for a low wage while they gain skills and increase their productivity. Some financial support is provided to apprentices to help them meet their obligations. The Commonwealth Government's Trade Support Loan is one example of this. In addition to financial support, moral support and guidance is valuable to apprentices as they navigate the world of work and training.

Karmel and Misko (2009) found that there are varying factors that contribute to apprentice non-completion, but one important factor is the non-financial support provided to the apprentice. AMWU research found that apprentices value highly the mentoring they get from the people they work with and the person responsible for supervising their work and learning (Australian Manufacturing Workers' Union, 2015).

Another report found that the most important factor in whether a training contract is completed is the apprentice's experience of working conditions (Fair Work Commission, 2017).

With non-completion of apprenticeships representing a significant expense to the system, the question of how best to support apprentices remains critical to the future of the apprenticeship system's success.

Q21: What are the key characteristics of an effective mentoring and support program to improve outcomes for apprentices?



Section Three: Traineeships and trainees of the future

A traineeship system for the future

Traineeships may have originally been introduced to help unemployed youth find work, but since then, traineeships have come to be joined with the Australian Apprenticeship system. However, some confusion remains about the purpose of traineeships, and they have struggled to gain the same reputation for strong employment outcomes as traditional trade apprenticeships.

Traineeships can provide an effective mechanism for training skilled workers in a range of occupations. The Commission is keen to understand how their purpose can be strengthened and their potential be fully realised.

Since 2012 there has been a sharp decline in the numbers of trainees, from 21,167 in 2012 to 5,738 in 2016. The decline that began in 2012 can be linked to the cessation of taxpayer incentives provided to employers. The sensitivity of traineeships to incentives raises questions about the value industry places on this method of skilling workers. However, it is worth exploring what other factors might be influencing employers' motivation to take on, or not take on, trainees.

As industries seek skilled workers to face challenges in demand, technology, and expectations around service delivery standards, what will ensure traineeships are relevant and valuable as a training model?

Q22: What are the key characteristics of a high-quality traineeship?

Q23: How should the performance of traineeships be measured?

Q24: What would need to change to make traineeships a more highly valued and successful employment and training model?



The VET system, AQF and competency-based training

Traineeship pathways are linked to Australian Qualification Framework (AQF) qualifications, which are delivered under the required standards of the VET system. Due to this link, the VET system has an influence in shaping the traineeship system.

For traineeships, the AQF level of aligned qualifications is usually Certificate II or III, which some stakeholders suggested could be one aspect of their value worth questioning. With future work predicted to require higher level skills than before, the depth and breadth of skills attained under a traineeship is worth examining again. Traineeships that focus on higher-level skills, and therefore higher qualification levels more aligned to cadetships for paraprofessionals, might boost the value that employers place on a traineeship-qualified worker.

Q25: Is the alignment between traineeships and training package qualifications and delivery appropriate for your needs?

Funding

VET sector funding mechanisms also affect the traineeship system. Funding for training is often linked to the achievement of the qualifications, rather than to the vocation directly. This means that funding programs that are intended to provide financial relief for traineeships also provide funding support for non-traineeship training, leading to an increase in student commencements across VET generally rather than just in traineeship pathways.

Q26: Is traineeship funding appropriately targeted?

New vs existing worker traineeships

Existing worker traineeships peaked at around 60 per cent of all traineeships in 2013. Since then, numbers of existing worker traineeships have dropped to 12.7 per cent of total traineeships in South Australia (NCVER, 2017), which raises the probability that many employers valued the incentives offered under Skills for All over the opportunity to train existing workers via a traineeship pathway.

Q27: Is there value in existing worker traineeships? If so, under what conditions and how can employers be encouraged to offer that pathway to its existing workers?

School-based traineeships

School-based traineeships encourage students to enrol in a traineeship while they complete their final years of school.

It is thought that a school-based trainee can make the transition from school into employment more easily as the trainee has already begun to get a taste for work and has achieved part of their qualification. School-based traineeships comprise 32 per cent of total traineeships in South Australia (NCVER, 2017).

Within the current publicly subsidised training system, some have questioned the value of school-based traineeships as they restrict students' ability to take advantage of training opportunities in their future due to having already used their training entitlement. The traineeship that is completed while in school may not match with what the student ultimately ends up doing as an adult, but their prior participation may exclude them from future traineeships in their chosen field.

Q28: Are school-based traineeships an effective and appropriate pathway for young people to complete secondary education and commence a vocational pathway?

Mature-age traineeships

Mature-age trainees are those aged 25 and older and comprise 30.9 per cent of trainees in South Australia, down from 66.8 per cent in 2013. The existing worker cohort also dropped from 60.4 per cent of total traineeships in 2013 to 12.7 per cent in 2017 (NCVER, 2017). The decline in the dominance of existing worker and mature-age traineeships following changes to government funding raises questions about the motivations of employers in taking on mature-age trainees.

Mature-age workers often bring with them employability skills and socio-emotional skills that younger workers do not. With mid-career changes becoming more prevalent, the future of traineeships may be in attracting older workers to retrain in a new field while they continue to earn. But employers must see value in the recruitment of older workers, and mature-age workers are likely to be interested in seeing a clear pathway from their traineeship to more senior roles as they progress in the field.

Q29: What is your view on the participation of mature-age trainees? Do we need to do more to encourage mature-age traineeships?

The trainee of the future

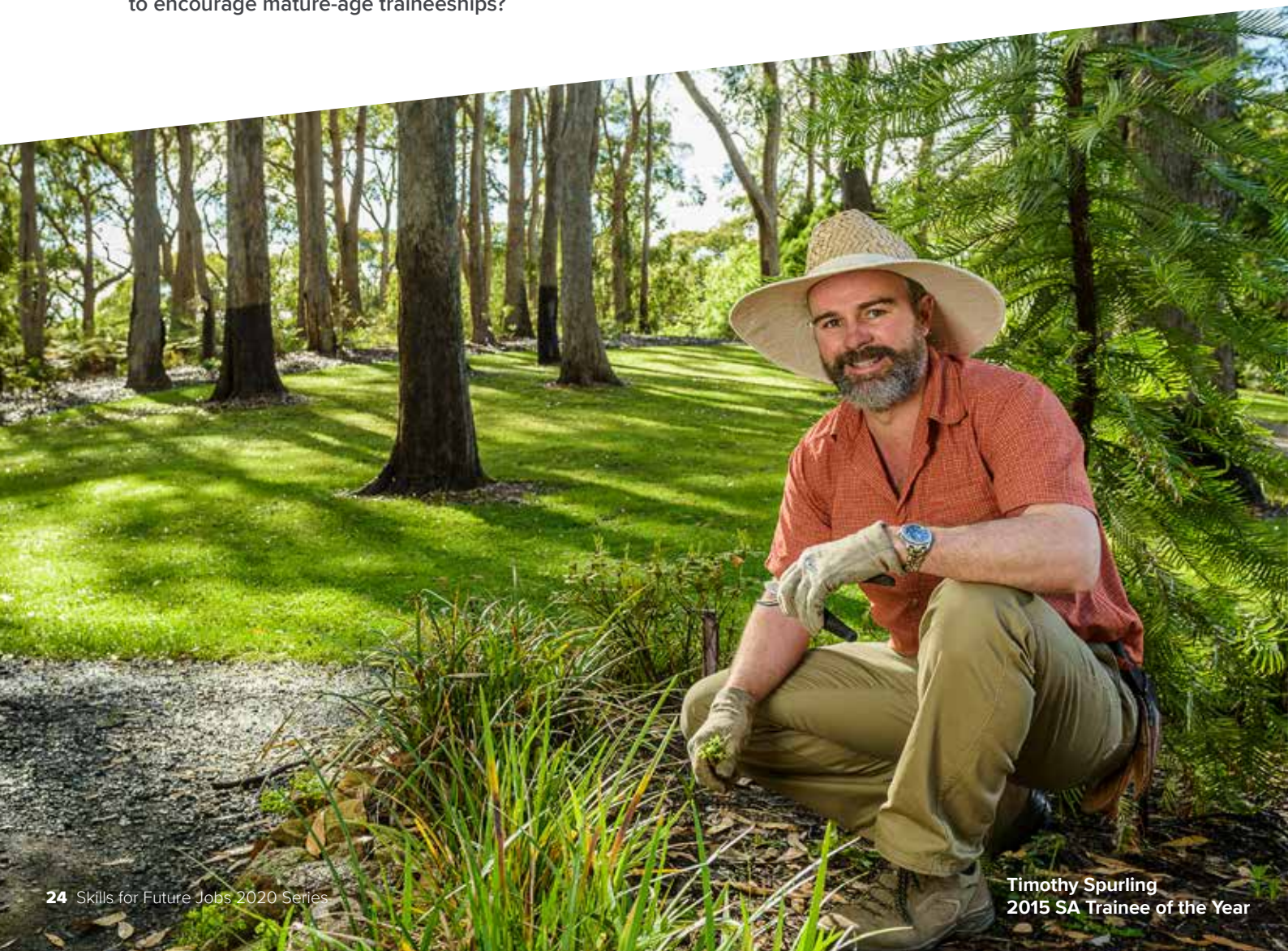
The qualities of a trainee

The 2009 Australian Chamber of Commerce and Industry report, *Worth their weight in gold*, found that the key qualities employers are looking for are commitment and motivation. Other attributes mentioned included teamwork, respect, honesty, humility and ability to listen.

Stakeholder feedback

Feedback from employers has been that sometimes they struggle to find applicants with the appropriate skills or motivation to fill the roles available. For other employers, young workers are seen as ‘time bombs’ for their business with regard to WHS, productivity and attendance.

Q30: What are the essential characteristics and attributes of the trainee of the future?



The image of traineeships

There was consensus amongst stakeholders that young people and their parents perceive traineeships as second-rate options. A 2008 report (Dalley-Trim et al, 2008), found that a majority of school students saw VET broadly as an option suited to less academically capable students. Snowden and Lewis (2015) concluded that the perception of traineeships as low status has been reinforced by media around tertiary education. And 74 per cent of Year 13 survey respondents didn't/will not consider an apprenticeship or traineeship after school (Bissen & Stubley, 2017).

Non-trade occupations seem not to enjoy the same standing as the traditional trades and occupations allied with higher education, so the feelings of positive occupational identity may not be as strong for trainees. Often the qualifications achieved under a traineeship can also be achieved through a study-only pathway. Following completion, wages that non-trade occupations attract can be a lot lower than for trades.

We want to understand how traineeships can become a reliable source of skilled workers in future.

Stakeholder feedback

'The trainee system hasn't been robust enough and let them down. Trainees have soft skills rather than specific technical skills for their industry e.g. restaurant workers with no wine knowledge. The service here is sub-standard compared to other countries, and it affects our tourism dollars.'

Q31: How can we improve the perception of trainees?

Informed trainees and appropriate commencements

The completion rate for trainees in South Australia is 56.7 per cent (for cohorts commencing 2009 to 2011). This is better than other states and territories in Australia, but still represents a significant loss of time, resources and money spent in recruiting and starting a trainee on a contract of training. An industry-by-industry breakdown reveals that for some pathways the completion rate is as low as 38 per cent (Meat Processor), but is as high as 76 per cent for Clerical Officers (DIS, 2018').

Students abandon their traineeships for any number of reasons, but one of the big predictors of successful completion is their level of intrinsic motivation (Fair Work Commission, 2017). Helping students to determine their natural affinity for the type of work involved in the traineeships, and how well they identify with the vocation in question may have a positive effect on completion rates, which would reduce the time and resources wasted for both employers and trainees.

Q32: How can trainees and employers be sure that they have found a good fit?

Q33: What resources are needed by employers and trainees to develop their knowledge of what they are getting into?

Trainee support

Trainees work for a low wage while they gain skills and productivity. Providing not just financial, but moral support to trainees contributes to a higher chance of completion, and satisfaction with their training experience.

Karmel and Misko (2009) found that there are varying factors that contribute to trainee non completion, but one important factor is the non-financial support provided to the trainee. With non completion of traineeships representing a significant expense to the system, the question of how best to support trainees remains critical to the future of the traineeship system's success.

Q34: What are the key characteristics of an effective mentoring and support program to improve outcomes for trainees?

Summary of all questions

| | | | | | |
|-----------|---|-----|-----------|---|-----|
| 1 | Why do you hire an apprentice or trainee? What influences your decision? | p9 | 17 | Are school-based apprenticeships an effective and appropriate pathway for young people to complete secondary education and commence a trade? | p18 |
| 2 | What expenses of significance did you encounter as an apprentice or trainee during the apprenticeship/traineeship? | p9 | 18 | What is your view of the participation of mature-age apprentices? Do we need to do more to encourage mature-age apprenticeships? | p19 |
| 3 | How can incentives be best used to encourage uptake and completion of apprenticeships and traineeships? | p10 | 19 | What are the essential characteristics and attributes of the apprentice of the future? | p20 |
| 4 | How can the system be made easier to navigate? | p10 | 20 | How can we improve the perception of apprenticeships? | p20 |
| 5 | What are the characteristics of occupations that are suited to be declared vocations and trades? | p10 | 21 | What are the key characteristics of an effective mentoring and support program to improve outcomes for apprentices? | p21 |
| 6 | How can the TAP Schedule approval process ensure that pathways are added in response to genuine industry need? | p10 | 22 | What are the key characteristics of a high-quality traineeship? | p22 |
| 7 | What do you consider are the responsibilities of the supervisor of an apprentice and trainee given the purpose of an apprenticeship/traineeship? | p11 | 23 | How should the performance of traineeships be measured? | p22 |
| 8 | Do you believe the current Supervision Guidelines provide sufficient clarity about: a) the purpose of supervision b) the difference between managing and supervising an apprentice or trainee c) the relationship between work, on-job training, and the apprenticeship/traineeship? | p11 | 24 | What would need to change to make traineeships a more highly valued and successful employment and training model? | p22 |
| 9 | Do you believe the ratio of supervisors to apprentices and/or trainees in the current Supervision Guidelines are appropriate? If not, what changes do you think are necessary? | p11 | 25 | Is the alignment between traineeships and training package qualifications and delivery appropriate for your needs? | p23 |
| 10 | How can the apprenticeship system remain relevant in a challenging and rapidly changing environment? | p14 | 26 | Is traineeship funding appropriately targeted? | p23 |
| 11 | Is the alignment between apprenticeships and training package qualifications and delivery appropriate for your needs? | p15 | 27 | Is there value in existing worker traineeships? If so, under what conditions and how can employers be encouraged to offer that pathway to its existing workers? | p23 |
| 12 | Is apprenticeship funding appropriately targeted? | p15 | 28 | Are school-based traineeships an effective and appropriate pathway for young people to complete secondary education and commence a vocational pathway? | p23 |
| 13 | What is your experience and, if relevant, satisfaction with institution-based trade training? | p15 | 29 | What is your view on the participation of mature-age trainees? Do we need to do more to encourage mature-age traineeships? | p24 |
| 14 | How can people be supported to make better informed decisions before they commence their apprenticeship? | p17 | 30 | What are the essential characteristics and attributes of the trainee of the future? | p24 |
| 15 | How can pre-apprenticeship programs be improved to lift successful trade completion rates and match apprentices with suitable trades? | p17 | 31 | How can we improve the perception of trainees? | p24 |
| 16 | Is there a role for group training to better encourage the use of apprenticeships amongst employers? | p18 | 32 | How can trainees and employers be sure that they have found a good fit? | p25 |
| | | | 33 | What resources are needed by employers and trainees to develop their knowledge of what they are getting into? | p25 |
| | | | 34 | What are the key characteristics of an effective mentoring and support program to improve outcomes for trainees? | p25 |

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