

Making the economy work better: A model for contemporary apprenticeships

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Vision

To have an apprenticeship system that meets the complex skills development needs of industry both now and into the future.

To achieve this will require the creation of a new contemporary apprenticeship which will be based on:

- Genuinely competency-based apprenticeships with;
- Flexible entry and exit points;
- Opportunities for higher qualification level outcomes; and
- Training customised to enterprise needs.

This will result in individuals gaining more relevant skills, delivering benefits to industry and individuals alike.

“Work-based learning is the way forward.”*

Context

Current skills shortages are limiting the capacity of businesses to grow strongly. By updating the apprenticeship system - one of the building blocks of training - we will help address skills shortages in the longer term. We need to make apprenticeships more contemporary by moving away from what is essentially ‘one size fits all’ training in a centuries-old skills development model.

Skills are needed not only to meet current production requirements but also to support innovation, the introduction of new products and processes, and workplace change. For individuals, increased skill levels mean better jobs, better pay and greater job satisfaction.

To create a contemporary apprenticeship we need to tackle the big issues for apprenticeships around:

- Employment and industrial arrangements;
- Regulatory frameworks;
- Funding;
- Incentive payments; and
- Training delivery.

This sits comfortably with other Ai Group initiatives, particularly the Technology Cadetship - a new contract of training and employment which combines the technical and employability skills needed in modern manufacturing.

Why do we need a new apprenticeship model?

The need for a new contemporary apprenticeship model is driven by:

- Skills shortages;
- The high attrition rate of apprentices;
- The mismatch with employer needs;
- A lack of flexibility;
- Inconsistencies between the State and Federal training arrangements; and
- Over-regulation.

Skills Shortages

Skills shortages are now widespread and they are a drag on productivity and profitability. In the manufacturing sector alone Ai Group research indicates that there are between 18,000 and 21,000 positions for skilled people that currently remain unfilled.

“If we could find 120 more trained workers we would quadruple our profits.”

The traditional trades training mechanism is the apprenticeship – typically a four-year contract where apprentices are paid on a sliding scale linked to the proportion of the apprenticeship they have completed. In 2004 there were just under 394,000 apprentices, around 130,000 of them in traditional trades. Overall, between 1992 and 2002 there was no growth in traditional apprenticeship numbers and in some of the traditional trades there was a reduction.

“Getting the skills is the core to everything.”

The emergence of skills shortages in recent years can be largely attributed to structural changes in the economy principally linked to:

- **Privatisation** - privatised government instrumentalities train fewer apprentices.
- **Globalisation** - competition forced many companies to pare back their operations, including training, to concentrate on “core” business.
- **Contracting out** – increased use of labour hire firms which traditionally have not trained their contract workforce.
- **Perceived unattractiveness of industry careers to school leavers** – a long-standing issue partly explained by an increasing preference for university.

“We don’t promote ourselves well enough; we’re world class but no-one knows.”


This decade long trend has been reversed over the past 18 months and the numbers of apprentices in the traditional trades has increased by more than 30 per cent. But current levels are still well short of previous levels and insufficient to meet the demands of industry and the economy.

High Attrition Rate of Apprentices

In the face of change, a persistent feature of the apprenticeship system is the high rate of attrition. Around 30% of apprentices leave their apprenticeship in the first six months.

A Mismatch with Employer Needs

The apprenticeship system is not fully meeting employer needs or, increasingly, significant groups of the people who need training. ‘The employer’ ranges from global corporations employing thousands of people working across sites internationally and using state-of-the-art technology to a local tradesman servicing his local area from one truck and everything in between. ‘The apprentice’ ranges from the young person who has left school and commenced what we think of as the traditional apprenticeship to the 25-year-old who has been working as a trades assistant and wants to take the opportunity to get a trade qualification.



“There is little suitable (training) provision for adult apprenticeships. We need a system where 28 and 38-year-olds as well as 18-year-olds can be trained to become a skilled tradesperson.”

Lack of Flexibility

Just as industry needs to be nimble and flexible to survive and prosper, so too must be the training organisations and the support structures. Too often companies express frustration that they can't readily access the training they seek - that training is not available at a time or location that suits their needs; that it is not relevant to their business needs; that there aren't the skilled trainers they need; or that the equipment in the training organisation isn't state-of-the-art.

“There is much too little flexibility – firms in different situations have different requirements but the system has become more centralised and thus more distant.”

“We would double the number of school-based new apprentices we take across our dealership network if we had more flexibility.”

Inconsistencies Between State and Federal Training Arrangements

In an increasingly globalised economy with a highly mobile workforce, too much of the training system is organised on state lines. It is untenable that apprentices trained under nationally developed and endorsed qualifications, cannot move between Australian States and have their qualifications easily recognised. But while industry needs national consistency in the qualifications the training also needs to be flexible enough to meet local needs.

“The system is very fragmented – it is difficult, for example, for a national company to handle a program of New Apprenticeships nationwide.”

Over-regulation

Underlying every discussion about training is the quality issue. While there are national quality standards, there is sometimes too much of a focus on administrative measures and not enough on high quality training. Businesses are often critical of the imposition of another layer of quality regulation with an additional audit requirement.

“Some (industry providers of training) do not take the government funding because of the strings attached to it – the cost of auditing would be more than the funding they would receive.”

“Compliance – it's too stifling and it's too hard.”

A new approach

What's needed in the new Contemporary Apprenticeship model?

- Flexibility for employers;
- Flexibility for apprentices;
- Quality outcomes;
- National consistency; and

- Sufficient but not over-regulation.

The new model can be achieved through the implementation of the following action plan comprising five strategies. These strategies focus on reforms to employment and industrial arrangements, regulatory frameworks, funding, incentives and delivery mechanisms.

“A world class training system has industry within it – it's a balance of responsibilities.”

Strategy 1: Reform Employment and Industrial Arrangements

Awards need to be varied to reflect current business imperatives and the needs of apprentices.

Reforms to employment arrangements and industrial awards should be implemented and must include:

- Award variations to place greater emphasis on competency-based progression rather than time-served;
- Award variations that enable the establishment of training contracts for school-based new apprentices in all jurisdictions;
- Discussion about apprenticeship wage progression and rates;
- Extension of apprenticeship options to Diploma and Advanced Diploma (eg, Technology Cadetship);
- Removing the 'contract of training' requirement for adult apprentices and existing workers; and
- Expansion of Group Training arrangements and modes of employment.

Strategy 2: Rationalise Regulatory Frameworks

The Australian Government and State and Territory Governments must work together with industry to implement a national set of regulatory and license frameworks to underpin the Australian apprenticeship system. Training assessment, trade sign-off and license testing must be rationalised to be a single 'event', not separate processes.

Strategy 3: Review Funding Model

Skill-rich industries such as manufacturing require a sustained and extensive commitment to skilling, upskilling and reskilling. Funding models need to be reviewed to ensure adequate levels of funding for these industries. This must include a reconsideration of the very heavy emphasis of public funding towards entry-level training.

Funding models need to be reviewed to:

- Ensure adequate funding levels for training in skill-rich industries;
- Support a comprehensive set of pathways into and through apprenticeships;
- Encourage appropriate competition between training providers; and
- Foster collaboration between training providers and industry to support excellence in skills development.

“Opportunities in the manufacturing sector are not well understood; the skills needed are higher.”

“Technology is pushing skills up a level.”

“We're at the cutting edge and more sophisticated equipment means moving to higher skill levels.”

Strategy 4: Review and Restructure Incentive Payments

The introduction of employer incentives has significantly increased the uptake of trainees and apprentices across the nation, especially in the non-traditional trade areas. But while these incentives have been a valuable tool in increasing investment in training, there is a growing view that it is time to review the Commonwealth incentive arrangements.

Urgent consideration should be given to:

- Linking incentive levels with high value skills in shortage;
- Extending incentive arrangements linked to a 'new' contract of training to Diplomas and Advanced Diplomas in targeted industry areas;
- Reducing incentives for lower AQF qualifications;
- Restructuring milestones around genuinely competency-based progression;
- Rewarding completion, ie, completion bonus to the individual;
- Undertaking a skill benefit analysis by industry, in relation to Commonwealth incentives;
- Developing new and different incentive arrangements for existing workers and adult apprentices (arrangements that mandate up-front skill recognition); and
- The differing needs of both employers and group training organisations.

"We see a big role for recognition of prior learning to really nail training needs."

"The last 25 years have seen quantum leaps in technology – and we're loading people up with learning."

Commonwealth incentive payments need to be comprehensively reviewed and this review should give particular consideration to:

- The effectiveness of incentives as a skill driver;
- The role incentives can play in better supporting competency-based progression and completion;
- Building a highly skilled workforce by encouraging higher level training;
- Removing anomalies that inhibit skill development beyond entry level training and transfers from school-based new apprenticeships;
- Developing new incentive arrangements for existing workers and adult apprentices; and
- Extending incentive payments directly to individuals.

Strategy 5: Improve Delivery

Issues around implementation are central to delivering improved outcomes. The point of delivery is a vitally important part of the work and learning equation. In order to improve delivery:

- A series of pilot projects should be established to test the feasibility of establishing a network of industry-endorsed assessment centres, including specialising in the assessment of adult apprentices and existing workers;
- Training providers must be supported in the development of innovative approaches to delivery;
- Recognition of prior learning processes must be overhauled and adequately funded; and
- Actions to support the delivery of employability skills to apprentices must be accelerated.

"TAFE's not proactive enough – but it's hard because technology's moving so fast."

"Soft skills' (employability skills) are the hard skills – and the workplace has the best chance of [developing these skills]."

"The mix isn't right – we want the skills but the system isn't set up in a way that encourages people to get the skills."

"Employment-based training works – this is the base."

Marketing the Changes

The new approach to the apprenticeship system needs to be supported by a comprehensive marketing campaign. The profile of the traditional trades has been raised markedly in recent months through the widespread coverage of the skills shortages. While this issue is 'front of mind' a national campaign that coordinates all relevant agencies and focuses on the career options provided by a reinvigorated apprenticeship system would be timely and would be well supported by industry.

**Quotations used throughout this article have been gathered from Ai Group companies over the period May – June 2005.*



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