



M C K E L L I N S T I T U T E V I C T O R I A

# Working, learning

Better supporting Victorian apprentices on the job

September 2022

## About the Mckell Institute

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## About this report

This report was supported by the Victorian Trades Hall Council.

## Acknowledgement of Country

This report was written on the lands of Wurundjeri people of the Kulin Nations.

## Table of Contents

<b>Executive Summary</b> .....	<b>4</b>
<b>Key findings</b> .....	<b>5</b>
<b>Recommendations</b> .....	<b>5</b>
<b>Apprenticeships in Victoria</b> .....	<b>6</b>
Apprenticeship numbers in Victoria have fallen, but are growing again .....	6
Commencements have been in decline over the last decade.....	7
Completions are also declining.....	8
Apprenticeship attrition remains an issue .....	9
Training rates vary significantly by occupation .....	10
Improvements are being made, especially growth in diverse cohorts.....	11
<b>Apprenticeships and Victoria’s future skill needs</b> .....	<b>14</b>
Vocational education and training remains an important skills development pathway.....	14
Jobs in skilled trades continue to grow .....	14
Active government support can fill these gaps, and Victoria is delivering.....	15
<b>Improving apprenticeship regulation in Victoria</b> .....	<b>16</b>
Apprenticeships are learning and work.....	16
Apprentices can be ‘particularly vulnerable’ to workplace exploitation.....	16
The performance of Victoria’s apprenticeship regulator .....	17
Other bodies also play a role in supporting and regulating apprenticeships.....	20
Complex systems can be hard to navigate .....	22
State regulatory and support services should be reformed.....	22
Employers must be more accountable for experience of apprentices .....	23
<b>References</b> .....	<b>24</b>

## Executive Summary

Apprenticeships remain a key part of the skills development system that is providing Victoria with the skilled workforce required to meet current and emerging industry needs. Worryingly the number of Victorian apprentices and trainees in training has experienced a significant decline over the last decade, however action has been taken to reverse this trend and apprentice numbers are now gradually growing again.

The unique value of the apprenticeship model is that it combines on-the-job and off-the-job learning to deliver the combination of skills required in the workplace.

Off the job training requires first class vocational education and training courses and facilities, including Victoria's TAFE network, to be delivering high quality learning. On the job training requires the support and commitment of both employers and apprentices to practically apply skills learned in a real-world work environment. This includes a commitment by employers to passing on their skills to apprentices, and creating a workplace environment where that knowledge transfer can safely and productively occur.

Over successive years, the Young Workers Centre – which operates a community legal centre dedicated to supporting young people in the workplace – has experienced an increase in the number of Victorian apprentices reaching out with employment issues, including bullying, harassment, workplace safety, and unpaid wages and unpaid TAFE fees.

Exploitation is not conducive to learning.

While the focus of recent policy making in Victoria has examined the overall adequacy of our vocational education and training system – including the significant 2021 Review of Victoria's Future Skills Needs – the particular needs of apprentices can often be overshadowed in larger debates about the training system, its future policy direction, the interests of providers and the needs of industry.

The Victorian Government is having success with policy measures to lift the number of apprentices in training, including through training requirements on infrastructure projects and increased support services especially to increase diversity in the trades.

Apprenticeships are regulated by law at a state level, including training arrangements and employer suitability, and pay and conditions are governed by the National Employment Standards, and relevant industrial awards and agreements under the Fair Work Act.

The Victorian Government must ensure that its entire system of apprenticeship support – from training to incentives to workplace settings – is encouraging more Victorians to begin an apprenticeship, and importantly, to continue to see out their training until completion. This includes ensuring that the regulatory system is effective and the relevant regulators are all playing their part to keep apprentices safe and properly learning on the job. Reform of this system is required to increase effectiveness, including transferring functions from the current regulator to a new body.

These reforms will help fix the on-the-job experience of apprentices, and to hold employers more accountable for their poor actions that can hurt apprentices and undermine the apprenticeship system.

## Key findings

- Apprenticeship numbers in Victoria have fallen significantly in the last decade but have recently begun growing again.
- Victorian apprenticeship completion rates are below the national average. Fewer than 20,000 Victorian apprentices completed their training in each of the years just prior to the pandemic.
- Some occupations – notably hospitality and the food trades – have seen a significant decline in training rates over the last two decades.
- Employer-related issues are critical factor in apprenticeship completion.
- Reported incidence of workplace issues, including bullying and harassment, and unpaid wages, are increasing.
- Nearly two-thirds of Victorian apprentices were unaware of the apprenticeship regulator’s roles and responsibilities (the VRQA).
- The need for support has grown considerably, with 3-times growth in the percentage of apprentices who need support to understand their contract obligations, and a 6-times increase in the percentage of employers who need the same.
- Complaints to the VRQA by apprentices are in the single digits each year.
- VRQA apprenticeship field services – currently outsourced – visit approximately 1.2% of all apprentices each year, or just three visits per working day by all of its authorised officers.
- There is a complex web of organisations who provide different advice and support to apprentices, and it is often confusing who does what and where to go for help with employment related issues.

## Recommendations

1. Support should continue to be provided to Victorian apprentices to start, and complete, their training.
2. Policy makers and regulators should increase the voice of Victorian apprentices in their deliberations to ensure issues relevant to apprentices are considered and addressed.
3. Regulators should work together to share information and risk about employment and workplace related issues for apprentices.
4. Employers should be properly held accountable for the bad on-the-job experiences of their apprentice, and have approvals revoked if they breach safety laws.
5. Regulatory powers in relation to apprentices in Victoria should be moved from the VRQA to another statutory body or agency, along with field visits, to reduce duplication, increase effectiveness and prevent exploitation and poor workplace experience of apprentices.

## Apprenticeships in Victoria

Apprenticeship numbers in Victoria have fallen, but are growing again

The number of Victorians in an apprenticeship or traineeship is now growing, following alarming decreases from 2012.

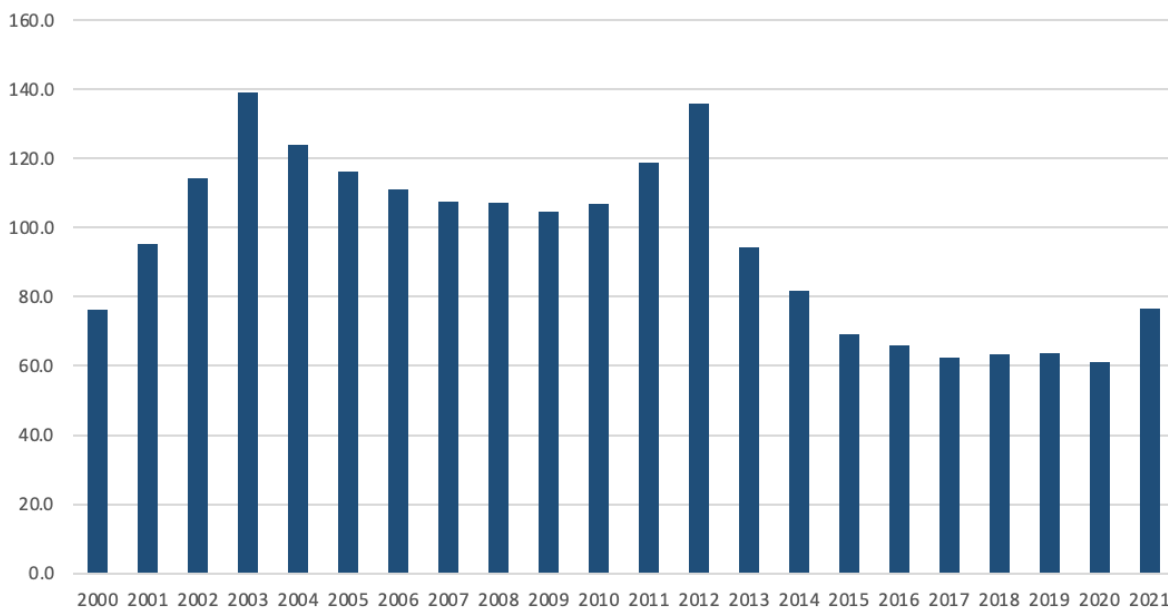
The growth, and decline, and growth again in the number of apprentices in training is shown in Chart 1.

The pattern of Victorian apprentices in training largely mirrors the national trends over the same period, although Victoria had higher growth in the early 2000s.

Two-thirds of Victoria’s apprentices and trainees are under the age of 25, and this has remained relatively stable over the last five years.

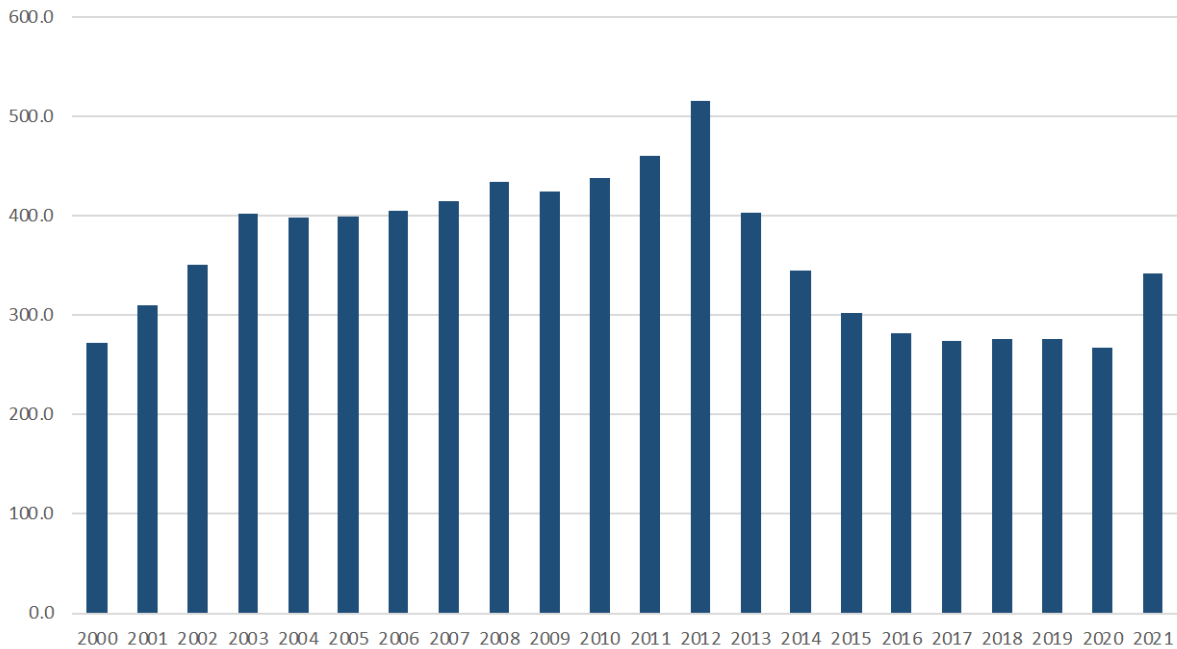
For these apprentices under 25 years, most are employed in the construction industry. In the 15-19 year age group, 43% of apprentices are in the construction industry, with 11% in accommodation (largely restaurants and cafes), 11% in admin and support services (employment services); and 10% in other services (mostly automotive repairs, hair and beauty services). For the 20-24 year age group, 50% are in construction, 10% in administration (employment services) and 9% in other services (automotive repairs, hair and beauty)

*Chart 1: Victorian apprentices in training, at 30 June, '000s*



Source: NCVER

Chart 2: Australian apprentices in training, at 30 June, '000s



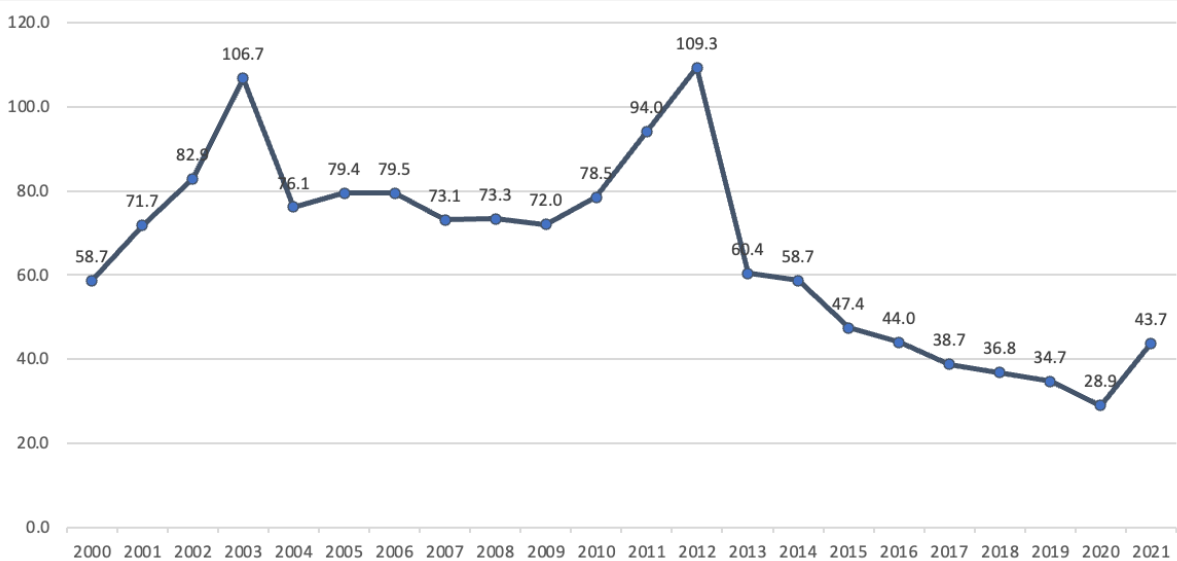
Source: NCVER

Commencements have been in decline over the last decade

Between 2012 and 2014 the number of apprenticeship commencements in Victoria fell by 46%, and then declined a further 26% between 2015 and 2019, before the COVID-19 pandemic began.

Last year, the number of apprenticeship commencements grew by an unprecedented 51%, but from a very low base, and remains lower than any year between 2000 and 2016.

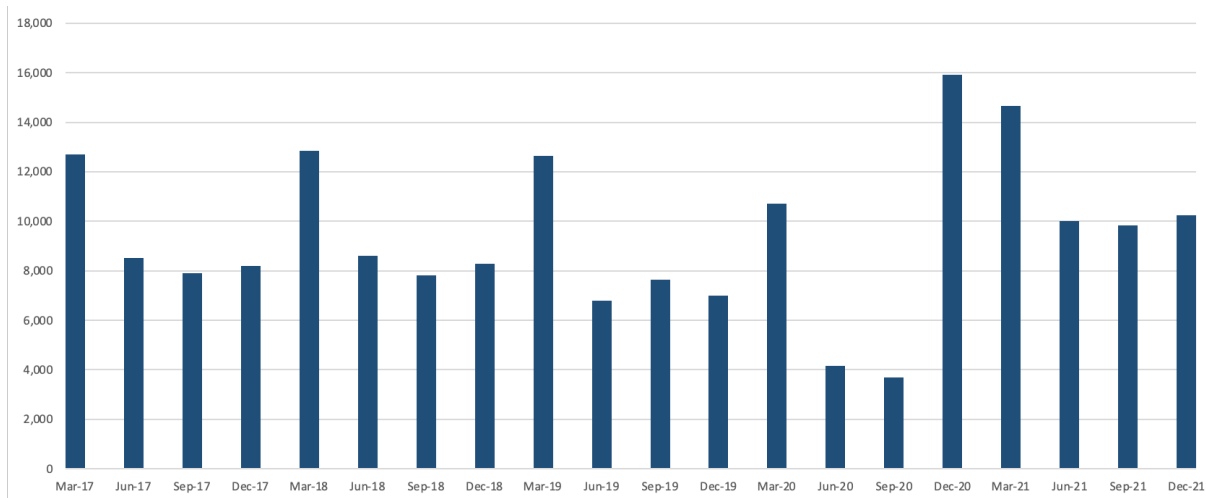
Chart 3: Apprenticeship commencements, year to 30 June, '000s



Source: NCVER

Detailed analysis of quarterly data at Chart 4 below shows that the COVID-19 pandemic recession had a particularly significant effect on apprenticeship commencements, with a low of 3,700 new Victorian apprentices starting training in the quarter ending September 2020. This appears to have borne out concerns expressed by the Mitchell Institute in May 2020 that the pandemic would affect apprenticeship commencements,<sup>1</sup> although the most recent quarterly data suggest the recovery sooner than originally anticipated, with commencement in the March quarter 2021 exceeding similar periods in the previous five years.

*Chart 4: Apprenticeship commencements in Victoria, quarterly, '000s*



Source: NCVER

### Completions are also declining

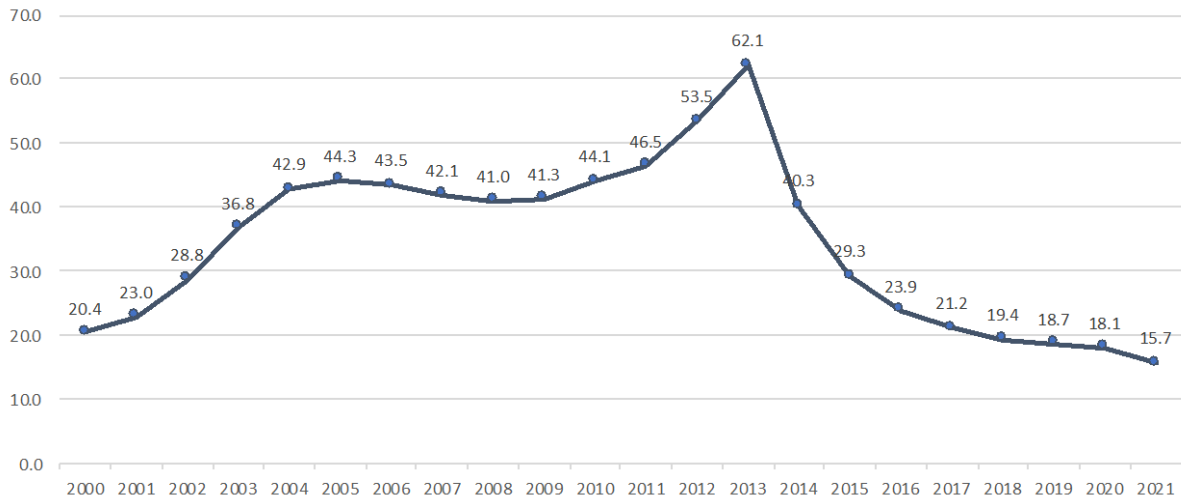
Fewer than 20,000 apprentices completed their training in each of the years just prior to the pandemic, less than half of the average 42,200 annual completions in the decade 2002-2012.

Completion numbers are dependent on the pipeline of commencements, so it is to be expected that as commencements rose in the late 2000s, completions rose in the early 2010s, and likewise as commencements fell in the mid 2010s, completions are declining in the late 2010s.

However, completions are also affected by the number of apprentices who cancel or withdraw from their training during their apprenticeship.



Chart 5: Apprenticeship completions in Victoria, quarterly, '000s

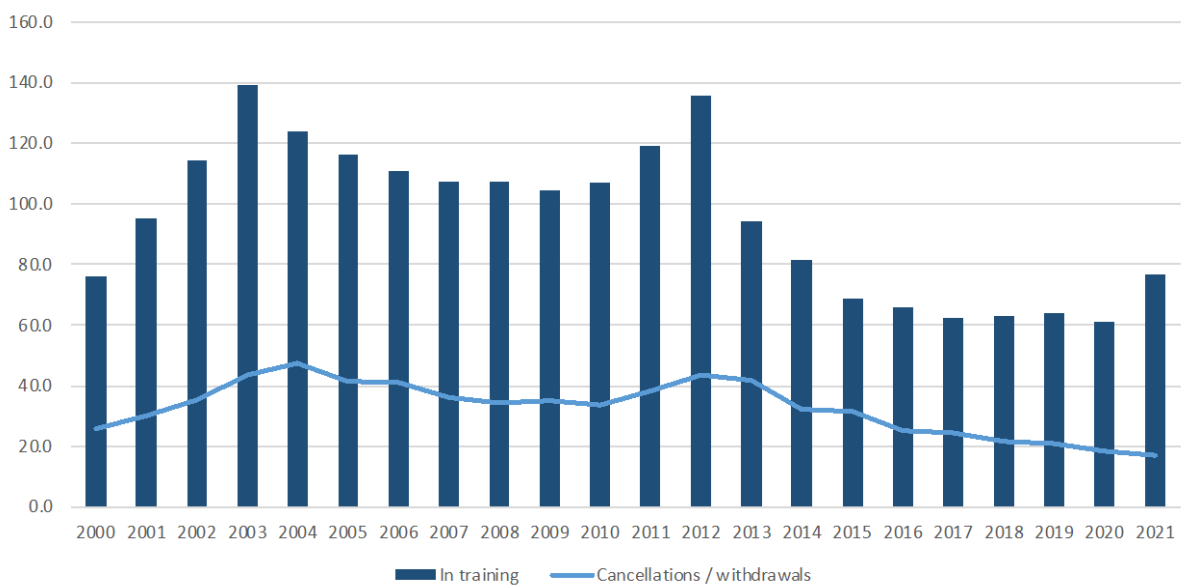


Source: NCVER

### Apprenticeship attrition remains an issue

An apprenticeship can be cancelled or withdrawn due to a range of reasons, and given the varying length of training contracts, annual cancellation/withdrawal data can be difficult to interpret with more detailed analysis. Again, as Chart 6 shows the raw numbers of cancellations is a function of the number of commencements, so as the number of commencements of apprenticeships in Victoria has declined in recent year, as has the number of cancellations or withdrawals.

Chart 6: Victorian apprentices in training vs commencements, '000s



Source: NCVER

More detailed analysis by the National Centre for Vocational Education and Research tracks the outcomes of individuals and contracts of training over time.<sup>2</sup>

This analysis shows that across Australia, just over half of all apprentices and trainees complete their training.

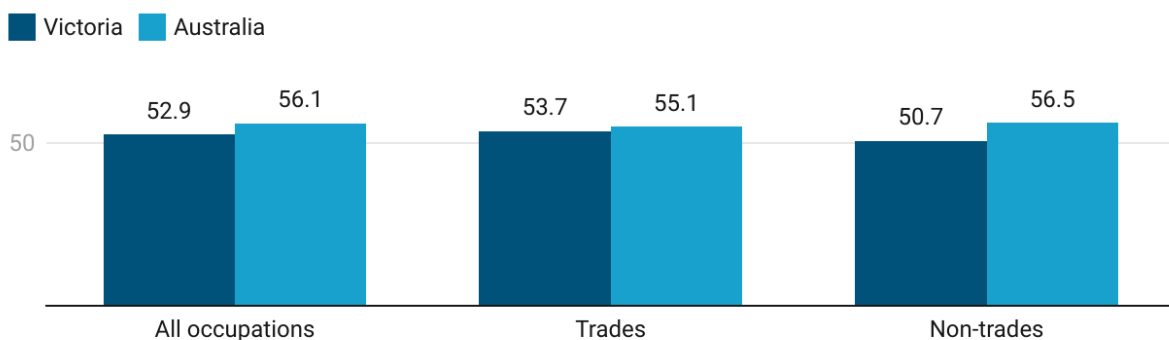
Individual completion rates for apprentices and trainees who commenced their training in 2016 was 56.1%, down 1.5 percentage points from the those who commenced in 2015.

Overall, trade apprentices are more likely to finish their apprenticeship than non-trade apprentices, although the NCVER notes that there is likely to be more contract recommencements and movements between employers in the trades than in non-trade occupations.

Victorian apprenticeship completion rates are below the national average.

In Victoria, individual completion rates for apprentices who commenced in 2016 was 52.9%, down by 2.5 per percentage points on the year prior.

*Chart 7: Apprenticeship completion rates*



Source: NCVER

### Training rates vary significantly by occupation

The National Centre for Vocational Education and Research publishes training rates that show the extent of apprenticeship training by occupational group.

This is derived using data from both the NCVER and the Australian Bureau of Statistics, by calculating the number of apprentices and trainees in-training as at 30 June as a percentage of employed persons as at August.

The Victorian training rates for selected industries are shown Table 1 and show substantially higher training rates in the construction and electrical trades than other industries.

The training rate data also shows a significant decline in training rates in certain occupational groupings, such as hospitality which has declined from a peak to 18.4 in 2003 to 4.0 in 2021, and for the food trades from 18.3 in 2002 to 6.5 in 2021. Over a similar period, the training rates in construction and the electrical trades have increased.

Given these training rates take account of the changing size of the workforce in each grouping, it demonstrates a serious decline in the skills development in certain key occupations in Victoria.

*Table 1: Training rates for selected industries, Victoria*

	Hospitality	Carers and aides	Food trades	Construction trades	Electrical and comms trades workers	Automotive trades	Animal and horticultural workers	Other trades
2000	13.2	4.8	14.9	13.5	9.5	12.4	8.2	9.4
2001	14.4	5.8	14.3	13.2	11.0	12.7	9.5	10.1
2002	16.3	8.3	18.3	14.3	11.2	12.5	8.5	9.5
2003	18.4	8.9	14.5	13.7	10.4	14.9	11.5	10.1
2004	12.7	7.7	16.4	15.6	12.1	15.2	10.4	10.8
2005	11.3	6.7	14.6	16.7	17.3	15.6	9.3	9.8
2006	13.4	7.5	14.5	18.4	14.4	14.9	7.9	11.9
2007	12.0	6.3	10.4	17.7	15.5	15.4	8.9	9.6
2008	10.7	5.2	13.4	17.4	16.8	15.9	8.8	10.4
2009	11.1	3.9	11.9	19.0	16.5	16.8	10.3	11.8
2010	9.1	4.0	11.7	20.2	17.7	16.0	10.5	12.8
2011	11.3	2.9	12.5	17.1	20.6	13.1	11.1	13.8
2012	13.5	2.7	9.6	17.5	16.7	15.9	9.7	15.3
2013	5.0	2.6	15.0	15.4	17.3	13.4	9.0	15.7
2014	3.6	2.4	12.5	13.6	19.4	13.1	7.4	17.3
2015	2.2	2.9	11.2	15.5	16.1	9.4	8.4	10.4
2016	2.8	2.0	10.6	13.1	13.6	12.3	8.7	8.6
2017	3.2	2.1	7.7	15.1	15.2	9.5	7.1	7.7
2018	2.9	1.9	5.7	14.9	13.0	9.6	6.8	7.6
2019	2.5	2.1	6.1	16.6	17.2	10.3	7.6	6.0
2020	5.9	2.0	8.1	16.3	19.2	9.8	5.0	5.5
2021	4.0	2.6	6.5	21.5	20.1	12.5	8.5	8.1

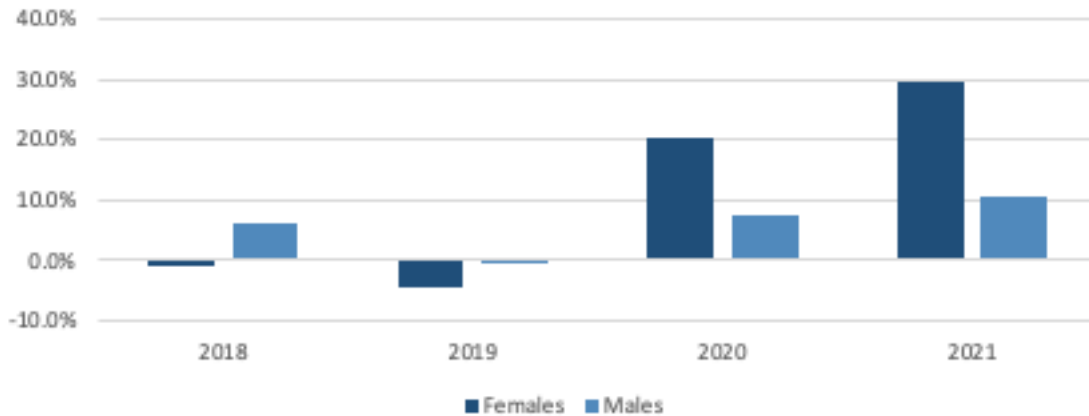
Source: NCVER

Improvements are being made, especially growth in diverse cohorts

The Victorian Government has in recent years been taking active measures to increase the diversity of apprentices in Victoria, especially from those Victorians traditionally underrepresented in the trades. For example, an Apprenticeship Innovation Fund was created to support innovative projects that improve participation in apprenticeships by women, indigenous workers, people with disability, CALD communities and youth justice cohorts. Similarly, the Construction Skills Pathway Project supports employers to helping priority jobseekers, with an emphasis on helping women (particularly over 45) find jobs on Big Build and civil construction projects."

Recent trends on key diversity indicators show these efforts are working. The number of female apprentices in training has grown faster than male apprentices in the last two years, and by a staggering 30% in the year to December 2021. Similar results are clear with Victorians who speak a language other than English at home, and by Indigenous apprentices where growth of these cohorts in training is outpacing the rest of the population.

*Chart 8: Annual growth in apprentices in training, by gender, Victoria*



*Chart 9: Annual growth in apprentices in training, by language spoken at home, Victoria*

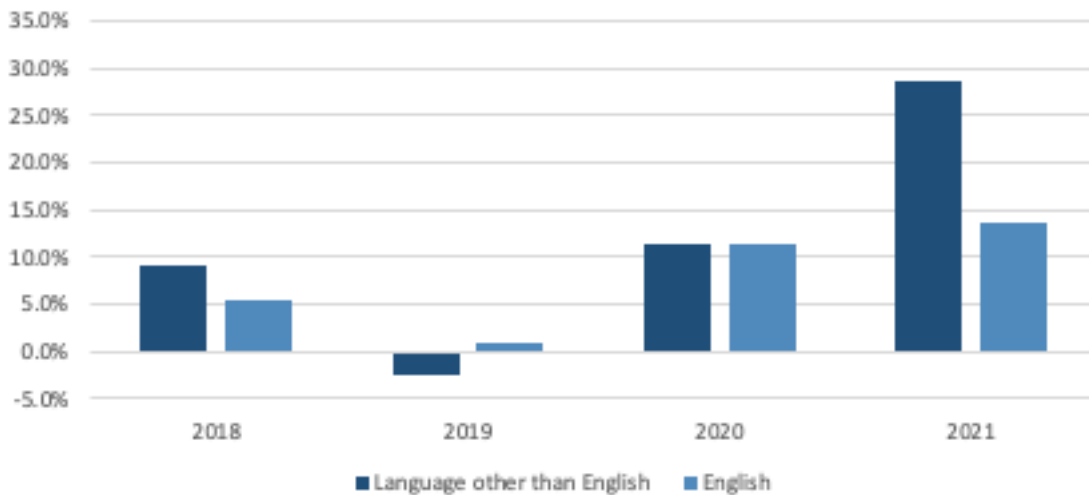
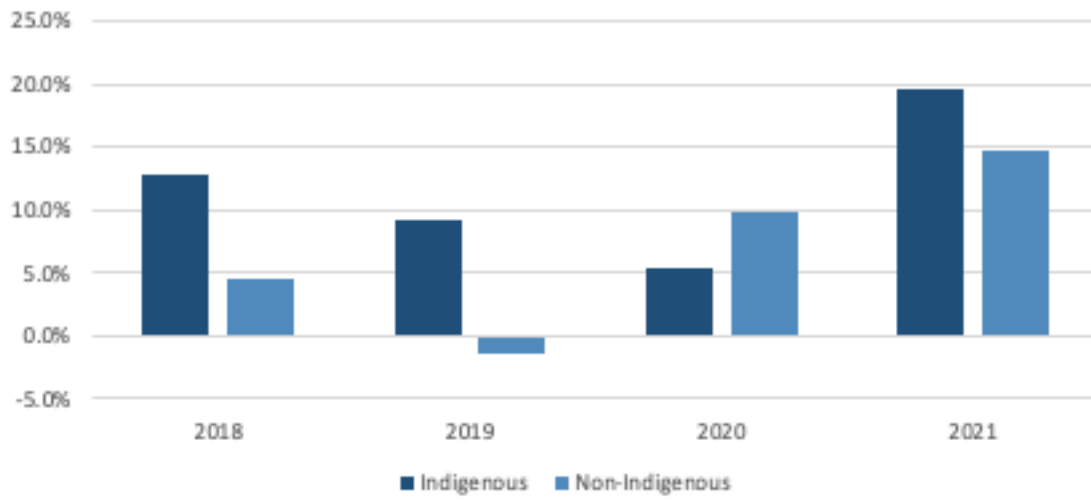


Chart 10: Annual growth in apprentices in training, Indigenous, Victoria



## Apprenticeships and Victoria’s future skill needs

Vocational education and training remains an important skills development pathway

The 2020 Independent Victorian Skills Review highlighted the continuing role vocational education and training plays for the Victorian economy, noting that ‘jobs are created and businesses grow when Victorians learn new skills and apply these skills in the workforce. Within the post-secondary education and training sector, VET presents both the greatest challenge and the greatest opportunity.’<sup>3</sup>

Research undertaken for the Skills Review suggests that nationally, relative to other advanced economies, Australia lacks skills depth in occupations at each of the elementary, semi-skilled and skilled levels.<sup>4</sup>

In 2020 the Productivity Commission noted ‘there have been persistent skill shortages in occupations that rely on apprenticeships as the main training pathway.’<sup>5</sup> As the Skills Review noted ‘If ever there was a time for government, business and unions to come together to anticipate future skills needs and ensure that the state has the workers to meet them, it is now.’<sup>6</sup>

### Jobs in skilled trades continue to grow

The National Skills Commission produces detailed analysis to give employment projections and provide a guide to the likely direction of the jobs market over the next five years. This analysis provides details of expected employment growth by industry, occupation, and skill levels.

Although projected growth of jobs at Skill Level 3 (a Cert IV or III incl at least 2 years on the job training) is less than for other skills level groupings, the numbers remain significant. Data from the Commission shows projected employment growth for Skill Level 3 of 73,200 – or 3.8% - in the five years to November 2026.

Occupation analysis shows that overall, for Technical and Trades Workers expected employment growth is 108,600 jobs – or 6.1% - over the five years to 2026.<sup>7</sup>

A skills deficit is being created by low training rates in key occupations in the technicians and trades and community and personal service workers occupation groupings. Other occupations are doing a much better job with a pipeline of skilled workers to meet forecast employment growth.

*Table 2: Training rates and employment growth*

	Hospitality	Carers and aides	Food trades	Construction trades	Electrical and comms trades workers	Automotive trades	Animal and horticultural workers	Other trades
Training rate (5 yr avg)	3.7	2.1	6.8	16.9	16.9	10.3	7.0	7.0
Projected employment growth (%)	10.2	17.5	8.1	1.6	6.1	2.2	11.8	5.2

Source: NCVET; National Skills Commission

Active government support can fill these gaps, and Victoria is delivering

As the largest single purchaser of goods and services in Victoria, the state government can use its procurement policies as a significant lever to deliver training opportunities. Public procurement has a long history of being used by governments to achieve a wide range of policy goals, including supporting employment and labour market outcomes for disadvantaged and vulnerable community groups, promoting best practice labour standards, and delivering training.

Governments around the world have become increasingly interested in fostering social outcomes through their procurement of goods and services. Victoria has been proactive in recent years by increasing the power of its procurement and purchasing to support the employment of apprentices and trainees.

Particularly significant is the Major Projects Skills Guarantee which ensures all of Victoria's major publicly funded works use local apprentices, trainees or cadets for at least 10% of the project's total labour hours. The Major Projects Skills Guarantee applies to projects in the building and construction, infrastructure and civil engineering sectors and is mandatory for all publicly funded projects with a contract value of \$20 million or more, including public private partnerships (PPP).

The state is further leveraging its infrastructure investment to deliver training opportunities, with the Big Build Apprenticeships program, creating up to 1,500 new apprenticeships and traineeship opportunities on large infrastructure projects.

In addition to procurement, the State Government has been active in developing program support in critical industries. One such example is the *Growing Our Clean Energy Workforce* Training and Workforce Development package, which is working to meet future industry demand in the rapidly growing solar power and electrical industry. Under this program, the Victorian Government will pay half the salary of a female apprentice for two years, in addition to providing apprentices a tool allowance and six-monthly incentive payments. This is successfully increasing the number of women graduating in the industry, where women currently make up less than one per cent of the clean energy work force.

As the complexity of work continues to grow, the innovative use of qualifications higher up the Australian Qualifications Framework can help ensure an ongoing growth in skills development. The Victorian Government has been piloting Higher Apprenticeships at the AQF Level 5 and above, and designed to extend the benefits of the apprenticeship and traineeship model to training at the higher levels of the AQF. A project has been developed in the social services industry to address critical skill gaps, whereas Table 2 shows there is strong employment growth.

Delivering Victoria's future skill needs will take the power of government purchasing to deliver training opportunities and ensure taxpayer dollars are delivering an increased social dividend through investment in skills development.

## Improving apprenticeship regulation in Victoria

Apprenticeships are learning and work

The unique value of the apprenticeship model is that it combines on-the-job and off-the-job learning to deliver the combination of skills required in the workplace.

Off the job training requires first class vocational education and training courses and facilities, including Victoria's TAFE network, to be delivering high quality learning.

On the job training requires the support and commitment of both employers and apprentices to practically apply skills learned in a real-world work environment. This includes a commitment by employers to passing on their skills to apprentices, and creating a workplace environment where that knowledge transfer can safely and productively occur.

Nechvoglod et al. (2009) [quoted in Stanwick (2021)] found that 'the apprenticeship model involves a substantial commitment from both the employer and the apprentice. There is an implicit cost—benefit analysis as to whether the apprenticeship will be an attractive prospect or not, one of the benefits being employment in the occupation intended (for example, a licensed trade).'<sup>8</sup>

Apprenticeships are not learning solely delivered in an institutional setting – unlike a school or university – and as such, when policy makers consider the issues surrounding the attractiveness of an apprenticeship for an individual, they need to consider issues in the workplace as well as the adequacy and quality of the institutional settings such as TAFE programs.

The employment experience clearly plays a part in determining whether an apprentice completes their training. The 2019 Apprentice and Trainee Experience and Destination Survey found that only 59.8% of Victorian apprenticeship non-completers were satisfied with their employment experiences; compared with 83.9% of Victorian apprentices who completed their training.<sup>9</sup>

Apprentices can be 'particularly vulnerable' to workplace exploitation

The Victorian Young Workers Centre – a non-government organisation which provides resources, training, and support to assist young people understand their rights at work including through a community legal centre dedicated to supporting young people in the workplace – noted in its 2019-20 Annual Report that it has experienced an increase in the number of Victorian apprentices reaching out with employment issues, and this has continued to increase in 2020-21.<sup>10</sup>

*We have experienced an increase in the number of apprentices reaching out to the Young Workers Centre, from across industries and across Victoria. Their employment issues include but are not limited to bullying and harassment, unsafe workplaces, unpaid TAFE fees and wage theft. In the 2019-2020FY we identified apprentices as a cohort of young workers who are particularly vulnerable.*<sup>11</sup>

It makes sense that workplace issues are cited by apprentices as a problem. As noted above, more than half of all Victorian apprentices are under 25, and young people in general are more vulnerable to workplace exploitation.<sup>12</sup>



Stanwick (2021) notes that ‘Apprentice and trainee numbers are known to be sensitive to factors such as government policy (for example, incentives...) and also to economic conditions’<sup>13</sup> and among the factors cited by Stanwick from the wide body of research on apprenticeship completions “working conditions also have a significant impact; these include low pay, hours of work, being treated as ‘cheap labour’ ...and ‘dirty work’... .”

Misko et al (2021) found that in 2019, 74% of those who did not complete their trade apprenticeship cited an employment related reason for non-completion, and that this research ‘highlight[s] how critical the role of the employer is in supporting apprentice completion.’<sup>14</sup>

Bullying also plays a part in apprenticeship non-completion. The Apprentice and Trainee Experience and Destination Survey shows that ‘Overall, about a quarter of apprentices observed bullying; however, a higher proportion of non-completers than completers observed it (35% vs 21%). It was particularly high for female non-completers, at about 45%. It was also very high for non-completers in the food trades, at 55%.’<sup>15</sup>

The issues paper released for the Victorian Skills Review (2020) noted that apprentices and trainees faced issues including:<sup>16</sup>

- not getting the right support from the employer or trainer
- being harassed or discriminated against
- being underpaid
- unsafe workplaces
- employers being unhappy with their work
- employers wanting to cancel the training contract.

### The performance of Victoria’s apprenticeship regulator

Apprenticeships are regulated at the state level by the Victorian Registration and Qualifications Authority, a statutory authority established by the *Education and Training Reform Act 2006* and has as its stated purpose ‘to regulate for quality learning outcomes in safe and well-governed environments.’<sup>17</sup>

The VRQA *inter alia* registers schools, school education providers, and vocational education and training providers, and regulates apprenticeships and traineeships in Victoria including employers approved to engage in a training contract. It also has the power to investigate complaints against registered providers.

The Ministers for Education and for Training and Skills, in their joint Statement of Expectation to the VRQA in September 2019, highlighted that the VRQA should enhance confidence in the administration and quality of the apprenticeship and traineeship system, and encourage the participation of apprentices, trainees and their employers, through a range of detailed strategies and measures.

A 2019 evaluation of the VRQA’s performance found that 78% of apprentices and 62% of employers were not aware of VRQA and what it does.<sup>18</sup>

The most recent evaluation of the VRQA's performance against their Ministerial Statement of Expectation, published in 2021, found:<sup>19</sup>

- There had been a 'doubling of awareness of the regulator and its functions amongst employers involved in training, and with apprentices and trainees' (see table below for details).
- The new model of risk-based assessment of compliance has allowed VRQA to 'identify regulatory risks earlier and work with employers and apprentices and trainees to achieve compliance'
- 'Cancellations relating to apprentices and trainees have increased over the period, while cancellations relating to employers have decreased.'
- Contract cancellations from employers had decreased in the two years since the 2017-18 baseline.

	2017	2018	2019	2020
Awareness amongst apprentices and trainees of VRQA's role and responsibilities.	20%	30%	39%	37%
Awareness amongst employers of VRQA's role and responsibilities.	26%	38%	51%	42%
Percentage of apprentices and trainees that 'need support to understand and meet their contract obligations'.	6%	22%	22%	17%
Percentage of employers that 'need support to understand and meet their contract obligations'.	2%	16%	13%	13%

Source: VRQA Client and Stakeholder Satisfaction Survey<sup>20</sup>

The need for support has grown considerably, with 3x growth in the percentage of apprentices who need support to understand their contract obligations, and a 6x increase in the percentage of employers who need the same.

The 2020 evaluation of the VRQA recommended that the authority could consider 'conducting specific campaigns that target employers that have had consistently low rates of completions and ensure all GTOs have been audited at least once within the last 5 years.'<sup>21</sup>

### *Employer approvals*

Employers who wish to engage apprentices or trainees in Victoria need approval from the VRQA under the provisions of the Education and Training Reform Act ('the Act').

Under the Act, employers have obligations to provide apprentices and trainees with a safe working environment, to ensure they receive appropriate on-the-job training, and are given adequate time to attend off-the-job training. Apprentices also have obligations as set out in their training contract.

On average, over the last eight years the VRQA has approved around 5,300 employers a year to commence on average around 41,000 training contracts.

In October 2014, the VRQA Board revised the employer approval processes, which came into effect from 1 January 2015. The current process allows employers to make a declaration as to whether they are, on a range of indicators, a fit and proper person to engage an apprentice. Employers can choose to make a statutory, or non-statutory, declaration on these matters. Prima facie complying statutory declarations are automatically exempted from 'in field' verification checks. A random selection of non-statutory declarations are subjected to audit by authorised officers in the field. It is unclear how many of these verification audits are completed on an annual basis.

### Revocations

The VRQA can also revoke an employer's approval to engage an apprentice at any time and in any circumstances including those where a condition of the approval is breached.<sup>a</sup>

The number of employer approvals revoked has varied considerably over the last decade, ranging from 2 in 2013-14 to 69 in 2018-19. The 2020 evaluation noted that 'communication to the sector about revocations may deter future poor behaviour.'<sup>22</sup>

In 2020-21, no employer approvals were revoked.

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer approvals	6014	6283	4697	5655	4771	4664	4786	5599
Employer approvals revoked	2	36	49	55	19	69	11	0
% of approvals revoked	0.03%	0.57%	1.04%	0.97%	0.40%	1.48%	0.23%	0.00%

Source: VRQA Annual Reports; author calculations

The recent evaluation of the VRQA suggested that employer related metrics could be improved to include 'the number of applications received for employer approvals and the percentage of employer applications not approved' as this 'may be a useful metric to indicate the enforcement of regulation and send a signal to the sector to promote compliance'.<sup>23</sup>

### Complaints

The VRQA has a role in complaints investigations in relation to training contracts and apprenticeships, however as the data below shows, there are very few complaints about apprenticeships received by the VRQA in any given year.

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Complaints regarding apprenticeships	6	18	5	9	5	6	5	7

Source: VRQA Annual Reports

<sup>a</sup> This power resides in section 5.5.7(4) of the *Education and Training Reform Act 2006*.

### Field visits

Field services for the VRQA are undertaken under the business name 'Victorian Apprenticeship Field Services' and have been outsourced to the BUSY Group Ltd since 2013,<sup>24</sup> a not-for-profit provider of apprenticeship and disability employment support services, headquartered in Queensland.<sup>25</sup> The contract 2018-2021 has an estimated worth of \$10,550,475.00<sup>26</sup> and the VRQA Annual Report 2020-21 says the annual spend this contract was \$1.38 million.<sup>27</sup>

Victorian Apprenticeship Field Services staff – engaged by the BUSY Group Ltd – are VRQA authorised officers and have powers under the *Education and Training Reform Act 2006* to enter a workplace, make enquiries, and inspect and copy documents.

According to the VRQA Annual Report, the field services program seeks to confirm that employers, apprentices and trainees are meeting their training contract obligations, and responds to complaints and disputes that impact on apprenticeships and traineeships' progression or completion.

A risk assessment determines whether an initial phone call is escalated into a site visit. Prior to the pandemic, in 2018-19 the outsourced VAFS made 6,391 phone calls to Victorian apprentices and went on 734 workplace visits.<sup>b</sup> This resulted in 76 investigations, of which 44 were disputes between employers and apprentices/trainees, mainly relating to dissatisfaction with workplace conditions or apprentices seeking to change employers without their employer's consent.<sup>28</sup>

The workplace visit rate of VAFS in 2018-19 was around 3 visits per working day across all authorised officers, and in broad terms is workplace visitation for around 1.2% of the 63,700 Victorian apprentices in training that year.

	2018-19	2019-20	2020-21
Risk assessment services (phone call with apprentices)	6391	5075	3010
Medium complexity investigations (workplace visits)	734	566	520
High complexity investigations - disputes	44	55	22
High complexity investigations - escalations	32	59	31

Source: VRQA Annual Reports  
(note: data prior to 2018-19 not directly comparable due to reporting changes)

### Other bodies also play a role in supporting and regulating apprenticeships

In addition to the VRQA, there are a wide range of bodies involved in the regulation of, and support for, apprenticeships across the State and Federal jurisdictions.

<sup>b</sup> During the pandemic, on-site visits were suspended and replaced with virtual and phone visits, however following consultation the use of phone visits will continue along with the recommencement of on-site visits.

Apprenticeships Victoria was created in March 2021, as a division of the Department of Education and Training, and its aim is to oversee and coordinate the employment and training of apprentices and trainees across all industry sectors and areas of the state. Apprenticeships Victoria engages Apprenticeship Support Officers to help apprentices and employers with the apprenticeship system. Twenty-eight Apprenticeship Support Officers are located across Victoria and offer a free and confidential support and advice service with the workplace, training or personal issues that can affect apprenticeships.

It is unclear the overlap between the role of the Apprenticeship Support Officers and the Victorian Apprenticeship Field Services officers, who are contracted by the VRQA to 'check in with apprentices and trainees to see how their apprenticeship or traineeship is progressing'<sup>29</sup> and exercise powers under the Education and Training Reform Act.

Support services are also often provided through TAFE and other vocational education and training providers.

The Commonwealth also funds the Australian Apprenticeship Support Network, which is an entry point into the apprenticeship system and provides information and advice to apprentices and employers on a range of matters including training delivery, incentives, and other support. As part of this network, the Commonwealth funds Apprenticeship Support Australia to provide apprentices with advice and support, and this is delivered through employer organisations such as local Chambers of Commerce and Industry.

The Australian Skills Quality Agency is a national body that regulates registered training organisations in states other than Victoria and Western Australia, although it has some role in certain provider regulation in these states (e.g. online providers).

As mentioned earlier, apprenticeships are work and learning, and apprentices have the same workplace rights as other employees. Therefore, employment and workplace regulation also have a role to play in supporting apprentices during their training contracts.

Pay and conditions are established by the Fair Work Act, under the National Employment Standards and in awards or agreements. The Fair Work Ombudsman can assist apprentices with issues around pay and conditions.

The recently established Wage Inspectorate Victoria also has powers under state law to educate businesses and workers about their rights and obligations, to investigate wage theft and prosecute offenders, and to respond to reports and tip-offs about wage theft.

WorkSafe has an important role to play in ensuring a safe workplace for all workers, including apprentices, and in preventing unsafe practices and prosecuting employers who engage in them.

This is a wide range of agencies with clearly overlapping roles that need to be effectively working together to reduce overlaps and ensure apprentices are receiving the training they need in a safe, and productive working environment.

## Complex systems can be hard to navigate

System complexity has been an issue cited by many as an issue with the apprenticeship system (see Productivity Commission 2020; Stanwick 2021). Indeed, there are many different government agencies with a range of regulatory and support mechanisms. Add to this the wide range of stakeholder interests and those with a stake in the system are numerous.

For apprentices, the system must seem overly complex and without a clear place for them to go when they have an issue to raise. Much of the support effort is on training pathways, mentoring and advice, and engaging employers, and it is without doubt that these are critical elements to a successful apprenticeship training system. However, issues raised by apprentices need to be listened to as well. This is especially the case with issues such as unsafe workplaces, or wage theft, or unpaid TAFE fees, all cited by the Young Workers Centre as being issues for Victorian apprentices, but rarely highlighted in the bulk of research, evaluations and other reports produced on this topic.

In their acquittal report of the 2019 evaluation, the VRQA noted that it had ‘commenced discussions with WorkSafe about joint communication strategies to increase awareness of the VRQA, employers’ obligations and apprentices/trainee’s rights.’ (DET 2020). This is to be welcome, but clearly more needs to be done.

Much of the policy debate and discussion on ways to improve, for example, is focused on interstate harmonisation, on reducing barriers to supply, reducing rigidity, and simplifying hiring processes for employers (see PC 2020). There appears to be little investigation in these types of analyses about the workplace experiences of actual apprentices, and further work in this area should ensure that their voices are heard and their issues in the workplace are taken into consideration, given the evidence about the role of employment-related issues in non-completion.

## State regulatory and support services should be reformed

Given the array of bodies that are active in the apprenticeship, traineeship and broader vocational education and training landscape, it is not surprising that there are low levels of awareness by apprentices about particular regulatory bodies, notably the VRQA.

The State Government should examine the performance and effectiveness of the range of bodies it funds to support apprentices, and how they engage with other agencies who perform similar roles, or who have roles in generally supporting Victorian workplaces to ensure that they are safe or that employer obligations are met. This investigation should look at reform options to reduce duplication of effort, reprioritise this into the most effective methods of support, and make it clearer who apprentices should turn to for help.

Given the low levels of awareness of its role, the very low levels of engagement by apprentices with its complaints mechanisms, and the organisation’s approach to determining employer suitability to be approved to take on apprentices, the regulatory powers exercised by the VRQA in relation to apprentices should be moved to another statutory or agency. This should include a strengthening of field services currently outsourced by the VRQA, and an alignment of these activities with other in field support services provided by the State Government. In doing so, and in shaping the future landscape of apprenticeship support in Victoria, the State Government should continue to make sure that the voices of apprentices are at the table, and listened to.

## Employers must be more accountable for experience of apprentices

It is clear from a wide body of research and feedback from apprentices themselves that employment-related factors play a significant role in the non-completion of a training contract. Therefore, the policy measures being used by governments and industry to make apprenticeships a more attractive skills pathway, and to lift apprenticeship completion rates, must include action taken to fix the on-the-job experience of apprentices.

When an apprentice experiences on-site bullying and harassment, intimidation, or is subjected to dangerous conditions, they are less likely to finish their apprenticeship.

When an apprentice is underpaid, or has unpaid TAFE fees or superannuation, they are less likely to finish their apprenticeship.

When an apprentice receives little or no on-the-job training their engagement is as cheap labour rather than workers requiring skill development, they are less likely to finish their apprenticeship.

Exploitation is not conducive to learning, and employers need to be held accountable when these issues exist in the workplace.

Victorian Government agencies exist with responsibilities and powers to ensure a safe workplace for all Victorian workers – WorkSafe – and to make sure that workplace entitlements are properly paid and to prosecute offending employers – the Wage Inspectorate Victoria. The VRQA as the current apprenticeship regulator must be working with these agencies to hold employers accountable for the conditions apprentices work under. In discharging its functions to apprentices, the VRQA (or successor agency) should use jointly developed suitability risk assessment for approving employers engaging apprentices, and monitor their compliance, use shared intelligence about exploitative and unsafe work practices, and have a zero tolerance for bullying, abuse, or non-payment of pay wages or other entitlements.

The regulatory system for determining employer suitability to engage an apprentice relies heavily on self-assessment and employer declarations to the VRQA. This system could be strengthened with more checks done to verify that there have been no prior issues of unsafe work practices, or wage theft, by a particular employer in the past, or with the rest of their workforce, before they are approved to engage an apprentice. The revocation of employer approvals must occur where suitability is called into question by things like unsafe workplaces, or the underpayment of wages and entitlements.

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