



CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

▼ *Positive Futures: Apprenticeships and Traineeships in Queensland*
Jobs Queensland

February 2017

Introduction

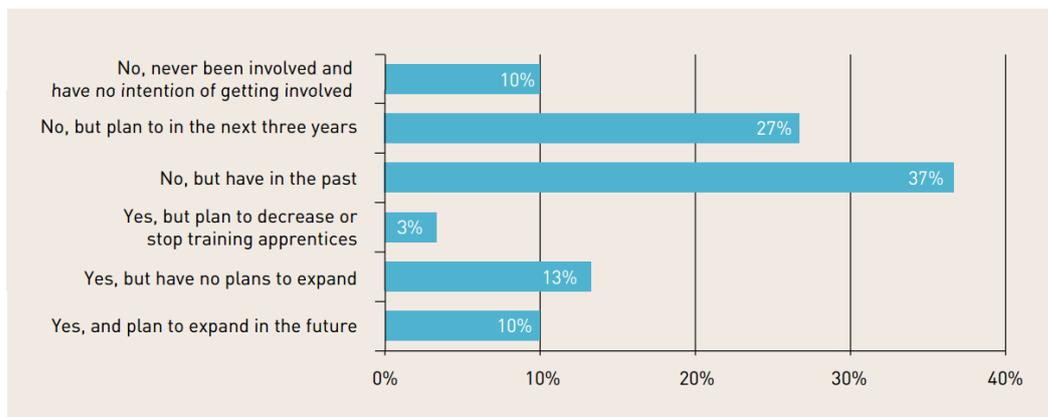
1. The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback to Jobs Queensland on the *Positive Futures: Apprenticeships and Traineeships in Queensland* discussion paper.
2. We thank Jobs Queensland for their continual close engagement with CCIQ and look forward to our ongoing partnership with the Jobs Queensland Board. This submission therefore supplements the advice given to Jobs Queensland and the government through CCIQ's representative on the Board.
3. Apprentices and trainees have long been a part of Queensland's employment structure and many businesses have taken part in developing highly skilled workers through these programs. In doing so, businesses have helped in lowering the unemployment rate and transitioning youths into learning a trade for life.
4. With apprenticeship and traineeship numbers declining over the past few years particularly for non-trade apprenticeships, measures must begin looking at how to attract new students into the programs as well as make it easier for small businesses to employ new apprentices and trainees.
5. In Queensland and particularly in our regional areas, there is a growing risk of long-term generational unemployment as young people are experiencing a compound issue of finding it hard to find employment as well as getting into quality training such as an apprenticeship.
6. CCIQ believes that policies in relation to apprenticeships need to focus on making it easier for small businesses to hire an apprentice or trainee. The current 50 per cent payroll tax rebate on the wages of all apprentices and trainees, as well as increased apprentice opportunities on major government projects, are examples of solid policies implemented by the current government that goes some way to achieving this.
7. The changing nature of work is also becoming a contributing factor to the decline in apprenticeships and high youth unemployment rates. Traditional industries that employ apprentices such as construction are now requiring people with a higher level of skills, meaning there is a higher barrier to employment. Furthermore, automation is affecting a number of jobs which would have been considered entry-level and suitable for younger employees.
8. Softened economic conditions also means small businesses are experiencing flat profits. Compounded by the downturn in the mining sector, which means qualified technicians are preferring job security over chasing larger salaries in the mining sector, the number of new job openings are therefore lower in those related industries.
9. However, there must remain a focus on the bigger picture when looking at our apprenticeship system: slowing economic activity reduces the rate of creation of new jobs. At any point in time, the young, who are making the transition from education to work, account for a disproportionate share of job seekers. Therefore, they are also most affected by the declining availability of jobs.
10. The best way for a government to reduce youth unemployment is to keep economic growth as high as possible. Once the rate of economic growth becomes sufficient to generate a higher rate of job creation, it is young job seekers and subsequently apprentices who will

benefit most. Being the largest share of job searchers, they will expectantly get the largest share of the new jobs.

Business Views

11. Mentoring of an apprentice or trainee in the workplace is one of the most valuable and effective development opportunities an organisation can offer their employees, particularly those entering the workforce. The guidance and support of a highly-experienced mentor can lead to engaged workers and improved performance of the organisation.
12. In 2016, CCIQ in partnership with CQUniversity undertook a research piece on workforce development and planning which revealed employer views, issues and expectations of Queensland's education and training system. This included a look at the apprenticeship and traineeship model and how businesses have responded to the current environment.
13. On one particular survey question, CCIQ sought to find out employer willingness to take on an apprentice. The results showed 90 per cent of businesses are in fact open to employing an apprentice or trainee, i.e. have done so in the past, currently employ them or are willing to in the future. Only ten per cent of businesses have never been involved and have no intention of getting involved.

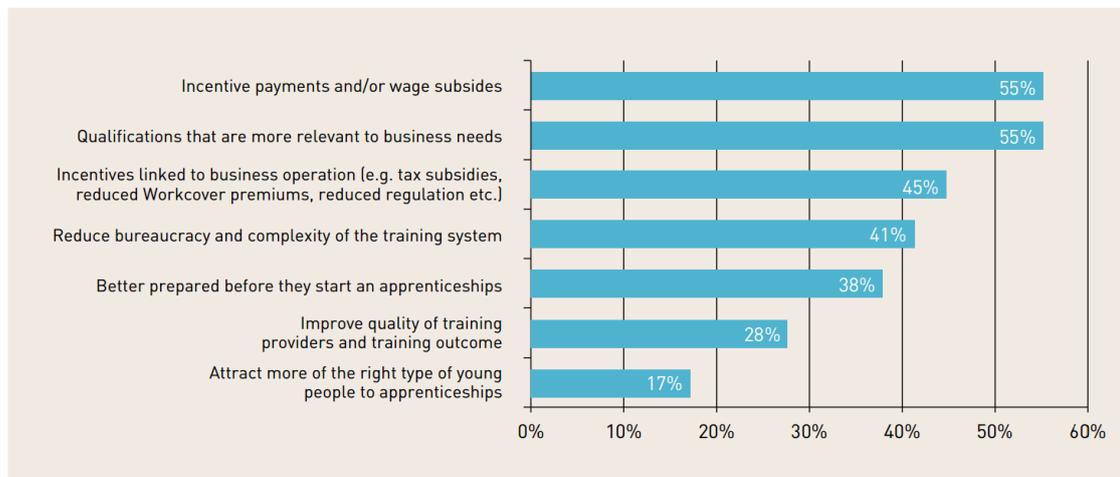
FIGURE 15: ARE YOU CURRENTLY PARTICIPATING IN APPRENTICESHIP OR TRAINEESHIP TRAINING SCHEMES?



Source: CCIQ Workforce, Education and Training Survey 2016

14. This shows that the potential number of businesses engaging in the apprenticeship system could be much higher than it current stands. More than likely, the case is that businesses will be looking to favourable hiring conditions before making the decision to take on an apprentice or a trainee.
15. Findings of the CCIQ survey also found that more than 50 per cent of businesses have indicated subsidies as well as more relevant qualifications would be the best incentive for them to get more involved in apprenticeships and traineeships.

FIGURE 16: WHICH OF THE FOLLOWING WOULD ENCOURAGE YOUR ORGANISATION TO GET MORE INVOLVED IN APPRENTICESHIPS/TRAINEESHIPS?



Source: CCIQ Workforce, Education and Training Survey 2016

16. As such, it would be strongly recommended that the State Government reintroduce and provide substantial funding to a similar program to the “Queensland Apprenticeship Pledge”. CCIQ notes the success of the Pledge and have received good feedback from businesses on the program, particularly in that it was highly relatable to industry.
17. It is understood that the current funding, the School to Trade Pathway, is only available for current school students. Apprenticeship funding should be made available to employers taking on those who no longer have school-commitments which has been cited as an employer barrier for taking on an apprentice. Employers believe taking on a school student is difficult logistically, for example, their apprentices cannot drive yet and would generally require parents to assist with transport.
18. Furthermore, this would assist older workers who become apprentices (workers who may have missed out on an apprenticeship when younger), and are either changing their occupation or need formal qualifications to improve their employability.

Other incentives and recommendations

19. Government play a vital role in de-risking businesses when they take on apprentices or trainees through attractive incentives, reduced red tape and additional support for the apprentices and trainees.
20. This includes looking at lifting the threshold of the Payroll Tax which, as one of the most burdensome taxes upon business, is a direct tax on employment and job creation. Unlike other taxes in which businesses need to pay, the Payroll Tax is levied without any regard to a firm’s capacity to pay.
21. Many businesses have held off on taking on more workers to avoid the burden and complexity of the Payroll Tax, which therefore means it acts as a cap on employment. CCIQ estimates that if the Government lifts the payroll tax to \$1.6 million, approximately 20,000 SMEs would benefit and about 4000 new jobs would be generated.

"I could never understand why we, as employers, are penalised for employing people. I have reduced our staff numbers by half due to this unfair tax and would not wish to go over the threshold again, so therefore, not employing any more staff. Payroll tax does play a large part in employer's decision making in regards to whether to expand or not. I do not understand why governments do not seem to realise/understand the impact that this tax does have on job creation."

– Queensland business owner

22. Reducing red tape has consistently been a priority for small business. Many business owners believe the processes for hiring an apprentice have become too complex and/or time consuming, and will avoid it altogether.
23. Government needs to continually improve the efficiency of regulation, both by removing unnecessary and duplicative areas of compliance and make it easier for businesses to spend time growing their business and employing more people when that can occur.
24. State Governments can also work closer with their regional and local governments. In light of younger people leaving Queensland's regional areas to find employment, State Government funding can target local council areas with high youth unemployment. The State Government could provide grants to the Council for every position (filled by an apprentice/employee under 25 years old) for newly-funded local infrastructure projects. Local infrastructure projects could also be heavily subsidised if Councils pledge and employ a 25% youth workforce/apprentices.
25. Infrastructure projects typically have longer timespans which means longer employment periods for employees. Furthermore, infrastructure projects have evident flow-on economic benefits which in turns creates more jobs directly and indirectly.
26. Local governments are empowered through the process and are assisted in keeping their own regions and communities prosperous. The strategy would provide a "cities" focus to investment by supporting the infrastructure and the skills development of the workforce.
27. CCIQ has received feedback over the years from businesses who say one of the biggest contributing factors to the decline in apprenticeship numbers was when the pay rates for first and second year apprentices increased.
28. Many businesses have said the rates for apprentices, particularly those in their final years, were close to wages of those who have had years of experience, e.g. comparable pay rates of an apprentice chef and a sous chef. The potential financial risk, after such changes, of taking on a first-year apprentice was also cited as a reason for low business take up. These changes are still having effect to this day.
29. Furthermore, since 2011 a number of changes were made to federal and state incentives for both businesses and apprentices, and there will undoubtedly be barriers in getting businesses to re-consider putting on an apprentice.
30. However, it is equally as important that the Government also focus on industry specific strategies to bolster apprenticeship numbers. As an example, targeting non-trade industries such as hospitality and retail, where there are high employment volume traineeships, would be seen as a good investment.

31. Finally, it is recommended that subsidies and incentive programs have a longer lifespan and greater consistency as businesses are finding it hard to plan long-term when rules and regulations are changing so constantly. Changes in government, although inevitable, has historically disrupted businesses and more can be done to ensure continuity.

Addressing the cultural issues

32. Families and schools in recent times have moved to the opinion that university is the best and most viable option for young people to eventually get a job. However, higher education for every type of learner creates pressure, confusion then ultimately a high dropout rate from university in the first few months. Unfortunately, trades are often wrongly looked upon as the lesser option.
33. Recently, university student completion data released by the Federal Government revealed the university dropout rate is worsening with around one in three students failing to complete their studies within six years of enrolment. Three Queensland universities featured in the “worst universities by completion rate (based on 2009 cohort)”.
34. Group Training Australia is among the many stakeholders that have expressed concern that young school-leavers and their families are overlooking apprenticeships and traineeships in favour of going to university. Earlier NCVET research found the likelihood of undertaking an apprenticeship is influenced by an inclination to go to university.
35. Germany has long been the case study for an apprenticeship system that works, and much of it has to do with perception and the recognition of vocational training as vital to their economy. Approximately 60 per cent of German high school graduates choose vocational training over further academic education, and 90 per cent of apprentices successfully complete their training.
36. Furthermore, German businesses that take on an apprentice are committed to training their younger employees and ultimately offering them a job, with about half of the apprentices staying on in the company once training is complete.
37. Queensland Government programs targeting the senior years of school should be designed to educate students on growth industries and the skills needed for jobs in the new economy. Apprenticeships have historically, and will remain, a major part of this. Such program could include an industry partnership which allows for employers to attend the workshops/lectures and provide year 10-12 students with “real-world” information.
38. Industry partnerships could also open the opportunity for participating employers to enable senior students to gain work experience and therefore expose them to a variety of industries before they make critical career decisions. This will also introduce the concept of innovation and entrepreneurship to students as business owners share their stories and experiences about starting up their own businesses.

Further enquiries

39. CCIQ is in the process of currently establishing an Apprenticeship and Traineeship Subcommittee to fall under our long-serving Workforce Skills and Productivity Committee. We welcome any future involvement the State Government would like with this expert group and can further discuss opportunities.
40. We thank Jobs Queensland for the opportunity to provide comment and continuing our support in developing Queensland's future workforce. Please contact Catherine Pham, Policy Advisor, at cpham@cciq.com.au for matters relating to this submission.