

**“A Shared Responsibility:  
Apprenticeship for the 21<sup>st</sup> Century”  
Expert Panel Report**

**Response by  
Australian Chamber Alliance Pty Ltd**

**Submitted to  
Department of Education, Employment and Workplace Relations**

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## Australian Chamber Alliance

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The Australian Chamber Alliance Pty Ltd (ACA) is a joint activity of the seven principal state and territory Chambers of Commerce and Industry<sup>1</sup>. ACA was established by the seven Chambers to better enable them to deliver national initiatives to members and clients on a consistent basis across the country. ACA also provides an opportunity for the Chambers to collaborate on matters of common interest and where appropriate, as is the case with this submission, make representation to Government collectively.

ACA member Chambers of Commerce and Industry have an unmatched presence across the Australian business community. ACA Chambers deliver services to over 100,000 members and clients nationally through over 40 offices, most of which are located in regional Australia. This local presence gives ACA member Chambers insight into the needs and aspirations of the broader business community, and because so many of our offices are located regionally, understanding of the needs and aspirations of the broader community. It is this unique insight which has informed this submission.

Most ACA members also own and operate large Australian Apprenticeships Centres (AAC) and now have over ten years' experience in the delivery of Apprenticeships Centre services. In that time the AAC's have provided services to over 250,000 employers and around 750,000 apprentices and trainees. That considerable experience also informs this submission.

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<sup>1</sup> The members of ACA are the Chamber of Commerce & Industry Queensland, New South Wales Business Chamber, Victorian Employers Chamber of Commerce and Industry, Tasmanian Chamber of Commerce and Industry, Business SA, Chamber of Commerce and Industry Western Australia, Northern Territory Chamber of Commerce and Industry.



## Expert Panel Recommendations

### 1. **Establish a National Custodian to oversee reform that will ensure Australia has a high quality Australian Apprenticeships system that:**

- **responds to the needs of the economy**
- **supports nationally consistent standards for employment and training of apprentices and trainees**
- **focuses on retention and completion of apprentices and trainees**
- **supports high quality skill development to ensure all apprentices and trainees have well rounded and highly respected skills required by the economy.**

**As a first step an independent taskforce should be established to work with the eight jurisdictions to align their systems and develop a framework and process for the establishment of the National Custodian. The taskforce would be led by an independent chair and have a representative from each state and territory government, a union and an employer group.**

ACA supports reform that will result in improved national consistency across all jurisdictions within a common framework to maintain quality. However, ACA is concerned that the imposition of additional or unwarranted bureaucracy will act as a further disincentive to employer participation in the training system. ACA believes that the establishment of another body, in an already complicated and crowded sector, may not result in greater levels of national consistency. Previous approaches to achieve national consistency have met resistance from states and territory authorities that are averse to relinquishing control of the apprenticeship and traineeship system.

However, in principle ACA would not be opposed to the establishment of a national body for the Australian Apprenticeship system that would perform a similar role to that of Safe Work Australia.

Regardless of whether a National Custodian and supporting taskforce is established, the most important consideration is to ensure the desired outcomes are achieved, namely moving Australia closer towards a system that offers greater national harmonisation, seamless service to employers, improves on the capacity to engage young people and disadvantaged groups, and is capable of flexibly meeting Australia's current and future skills and labor challenges and improves productivity. Greater national harmonisation of the Australian Apprenticeship system should be a priority for the Council of Australian Governments (COAG). State and territory governments should take a more proactive approach to addressing issues of inter-jurisdictional inconsistency.

From a regulatory viewpoint, the alignment of state jurisdictional requirements surrounding compliance, nominal duration, pastoral care and mentoring would create efficiencies. It would consolidate the seamless approach required to address existing complexities so often raised in this discussion.

ACA supports the Australian Chamber of Commerce and Industry (ACCI) proposal for the establishment of Apprenticeship Support Centres (ASCs) – a 'One-Stop-Shop' model which expands on

the current contractual responsibilities of Australian Apprenticeship Centres (AACs) to provide those functions listed above.<sup>2</sup>

It is noted that the National VET Regulator will regulate training provided by RTOs to apprentices and trainees, however it will not cover wider regulation of the apprenticeship and traineeship system. This will remain the role of individual state and territory jurisdictions via their own regulatory and legislative arrangements.

It is critical that the Independent Taskforce has a strong industry voice and is led by industry. ACA believes that the National Custodian will then be able to adequately respond to the needs of the economy, employers and prospective Australian Apprentices. One employer representative on the taskforce is simply not adequate. A broad range of industry engagement will provide better outcomes. State and Territory governments will have an important role in transitioning to a truly national system, however the shape and function of the national system should be determined by industry. Both the National Custodian and taskforce should be led and driven by industry, through direct membership and formalised industry advisory arrangements. The custodian should focus on the efficiencies to be gained, the quality of programs and effectiveness of initiatives.

**2. Enhance the quality and effectiveness of the Australian Apprenticeships system by clarifying the roles and consolidating the number of stakeholders in the system, ensuring that services are provided by the most appropriate provider, duplication of service delivery is reduced and administrative processes are streamlined. The National Custodian would ultimately be tasked with this role and will require Australian and state and territory governments – in consultation with industry, unions and other key stakeholders – to work together. In the interim the independent taskforce would progress this work.**

As stated above, a national apprenticeship system should serve to eradicate much of the inconsistency and duplication across the eight jurisdictions and streamline funding mechanisms and incentives which can differ greatly between jurisdictions.

Competitive tender processes should be considered carefully so as not to remove the infrastructure built up through AAC's as effective delivery vehicles since 1998.

This recommendation is broadly consistent with ACCI's One-Stop-Shop model for apprenticeship services and support; however the issue of industry leadership is critical. ACA is concerned that a lack of industry leadership will result in a supply driven system that does not serve the needs of employers or provide quality employment opportunities for individuals wishing to pursue an Australian Apprenticeship. It is critical that industry is strongly represented on the Taskforce.

Throughout the ACA network it's clear that the quality and availability of training and services in regional areas is a significant concern to businesses, particularly in regional and remote areas. In clarifying roles and consolidating stakeholders within the apprenticeships system, consideration must be given to the potential impact on the accessibility of apprenticeships services for all businesses, and targeted indigenous and other disadvantaged groups.

**3. Establish a formal accreditation process for the pre-qualification and training of all employers of apprentices and trainees to ensure a nationally consistent minimum standard of high quality employment and training is provided. In addition establish an Excellence in Employment Scheme**

<sup>2</sup> Australian Chamber of Commerce and Industry (2010). *A Reformed Australian Apprenticeship Model*

***to recognise and reward those employers who have consistently demonstrated their commitment to excellence in training apprentices and trainees.***

ACA supports training for employers and workplace supervisors as a means of improving the quality of training delivery in the workplace. However, ACA warns that the introduction of additional bureaucratic processes, including requirements for registration and pre-qualification, could serve as a disincentive to employers commencing Australian Apprenticeships. A variant of this recommendation currently in place in South Australia, requires employers to be pre-qualified. The results from this program have been mixed. The positive aspect of the program is that it has assisted employers in understanding their responsibilities, however due to inadequate promotion there are examples of employers entering into employment relationships before approval is granted, thereby risking fines of several thousand dollars. Further, there are currently delays of approximately six weeks between application and approval of employers, leading to frustration and deferment of apprenticeships. There is also a belief that STA consultants do not understand the VET system in terms of qualifications and often provide inaccurate advice to employers.

If regulators were to effectively manage by exception reviews could be conducted based on higher churn rates. This would deal with the marginal employers not doing the right thing rather than slow the productivity of the system down.

Federal and State Governments should work with industry and employers to develop initiatives that encourage the up skilling of workplace supervisors. ACA supports the provision of professional development for Australian Apprentice supervisors to equip them with the skills to coach, mentor and assess in the workplace. However, the requirement for pre-qualification and training of employers before being able to take on an Australian Apprentice has the potential to impact negatively on employer engagement. It is not necessary for supervisors or employers to hold formal training and assessment qualifications to provide high quality workplace training. There is no 'one size fits all' model for good apprenticeship supervision. Some ACA Australian Apprenticeship Centres have recently developed training and education packages for employers to provide guidance on this topic under the Kickstart mentoring program. These packages can be readily adapted under a future delivery mechanism to provide employers with the techniques and tools to provide greater support to their apprentices and trainees. It is expected that this, in turn, will have a positive effect on completion rates through a greater understanding of, and earlier intervention into issues that can impact apprentice disengagement. Better recruitment and selection is also a key element in better retention rates.

ACA agrees that employers who have consistently demonstrated their commitment to excellence in training apprentices and trainees should be recognised and rewarded.

***4. Establish structured support for employers to provide high quality employment and workforce development experiences for eligible apprentices and trainees. The focus of Australian Government support should be on assisting employers to provide high quality on-the-job and off-the-job training through support services such as mentoring and pastoral care.***

ACA strongly believes in the importance of structured support for employers. On-the-job training, mentoring and pastoral care services are recognised as important factors influencing apprentice completion rates. Additional support services would be welcome by business and are particularly important for small and medium sized enterprises.

ACA does not agree support services should be limited to 'eligible' apprenticeships and traineeships as this will not improve completion rates in 'non-eligible' apprenticeships. High quality support services, including pastoral care and mentoring, should be made available to all employers, apprentices and trainees.

ACA believes that a 'One-Stop-Shop' in the form of expanded AAC functions can effectively deliver these services to employers. The recent Kickstart Mentoring program has provided a good case study of how the existing AAC model can be quickly adapted to provide additional services to stakeholders in a timely and efficient manner. The AAC structure provides significant agility for Government to adapt to changing needs and efficiently implement reforms with minimal disruption and maximum cost effectiveness. The infrastructure built up over the 13 years of the program is an asset that should not be undervalued.

It should be noted that the reported 48% completion rate is impacted by the probation period for apprenticeships and traineeships and incentives are deliberately held back until after this period is complete. To address higher churn in this early period, effective recruitment, selection and induction methods are critical.

**5. Redirect current Australian Government employer incentives to provide structured support services to eligible apprentices and trainees and their employers in occupations that are priorities for the Australian economy. While a wide range of occupations should be trained through apprenticeship and traineeship pathways, Australian Government support should focus on occupations that have tangible and enduring value for the economy – both in the traditional trades and the newer forms of apprenticeships and traineeships, such as community services, health services and information technology.**

ACA supports current government assistance (in the form of incentives and user choice funding) for apprenticeships and existing worker traineeships. ACA believes this funding should be 'across the board' to allow for all eligible members of the workforce to engage with the training system.

ACA does not support redirecting incentives to "priority occupations" that could be perceived as high value contributors to the economy at the expense of other occupations at the risk of creating a pendulum effect in the skills base and marginalising disadvantaged groups who benefit most from access to lower level qualification. This would effectively remove incentives for training in niche areas and traineeships in sectors like retail and hospitality which are entry level stepping stones for marginalised and disadvantaged groups, including young people, indigenous Australians and mature aged workers. It would also serve to stifle emerging skills areas by starving them of incentives to train, creating future skills shortages. ACA believes therefore, that incentives should be in place for all apprenticeships and traineeships, not just those currently determined as "high value" to the economy in the Report.

ACA does however see merit in aligning incentives to the nominal duration of the Apprenticeships with greater amounts of incentives for longer qualifications.

As mentioned above, funding for lower level traineeship qualifications provides opportunities for disadvantaged groups and provide an entry point to training and skills development. The redirection of incentives towards occupations that are perceived to be of higher value also raises equity issues for young workers in the service sector who will be denied further development opportunities and training. ACA feels that this is at odds with the objectives of the National VET Equity Advisory Council's *Equity Blueprint 2010*.

The argument has been made that large hospitality and retail employers would be training their staff regardless of whether government incentives are made available. These employers would indeed continue to train staff; however the removal of the incentive is likely to result in unaccredited training being conducted in-house.

This is supported by Smith et al. (2009)<sup>3</sup> who found that:

For individuals, traineeships were found to improve the status of occupations by making explicit the knowledge and skills involved, through the award of a qualification. This formal recognition of the job role and the certification of the performance standards achieved by trainees offer the possibility of advancement, both within and outside the industry. More broadly, traineeships create more worthwhile jobs through multiskilling; for example, full-time jobs can be created from previously part-time jobs that utilised restricted skill sets. This in turn enhances the industry as a career choice.

The current growth in the economy demonstrates that business recovery is well underway, though it is still fragile with an appreciating Australian dollar. Despite the strong overall growth, the retail, tourism and hospitality sectors are still struggling. Retail, tourism and hospitality sectors are a critical point of entry into the labour market for young people, disadvantaged groups, and women returning to the workforce.

Provided that the economy does not suffer further external shocks, it is expected that employment growth will be strong in these sectors, as well as business services more broadly. To reduce or remove incentives for Certificate II level Australian Apprenticeships will have a direct negative impact on the ability of these sectors to sustain employment growth:

1. Certificate II level Australian Apprenticeships are critical for at risk and low skilled young Australians to enter the labour market. Reducing or eliminating funding for qualifications in these sectors will undermine the employment and skills development prospects of thousands of Australians.
2. Reducing or eliminating funding for Certificate II level Australian Apprenticeships will undermine planned skills development through pathway progression.

The MCTEE Taskforce recommended that any review of incentives consider immediate re-prioritisation of incentives to stimulate trade apprenticeship commencement, retention and completion and that payments should:

- be linked to the training effort and associated costs involved
- promote and respond to industry, economy and workforce priorities
- reflect state and territory skill needs
- maximise successful completions
- promote quality on and off-the-job training

All these points reinforce the value of a broad-based incentive regime, to meet both critical skill needs, as well as general workforce development goals.

<sup>3</sup> Smith, E., Comyn, P., Kemmis, R. & Smith, A. (2009). *High-quality traineeships: Identifying what works*. National Centre for Vocational Education Research

The base rate of Commonwealth Incentives has not increased in the decade it has been in place, and has been eroded by inflation over that period. As a consequence, industry has been increasing its real expenditure on the training of Australian Apprentices, in both apprenticeships and traineeships, against the background of diminishing Government financial support.

ACA would like to highlight additional findings from Smith et al. (2009)<sup>4</sup>. This research was designed to evaluate and comment on the general value and suitability of Australian traineeships. The following findings were reported:

- there was no evidence in the study to show that traineeships provided an unwarranted shift of costs from the employer to the public purse. The systematic and broad-based nature of traineeship programs exceeded by far the combination of haphazard on-the-job training and assorted short courses, which were all that existed before traineeships were introduced in some of the industry areas in the study.
- the research generally showed that traineeships were used by industries and enterprises as skill-development strategies and were not labour market programs, although in a few cases the primary focus was a labour market one— usually to assist disadvantaged groups such as young Aboriginal people and the long-term unemployed into work. The research showed that traineeships are in many instances performing a dual role and therefore adding double value to the economy.
- the research showed clearly that the traineeship programs studied contained a great deal of skill development and underpinning knowledge. As the development of qualifications in many of these industry areas is comparatively recent, the codification of the body of knowledge is less developed than in industry areas with longer established qualifications and this is probably what has led to perceptions of lower levels.

The research emphasises that traineeships provide the opportunity for large numbers of workers to gain nationally recognised qualifications. In addition, traineeships offer the possibility of both lateral and upward mobility in employment and they contribute to employers' efforts to lift quality and productivity. ACA acknowledges that there may be scope to refine the structure of incentive payments associated with traineeships to facilitate improved outcomes, however is opposed to redirecting incentives to "priority occupations". ACA recognises the economic value of higher skills but also recognises the pathways to achieve these is varied.

**6. Reinforce the need for a shared responsibility for the Australian Apprenticeships system by establishing an Employer Contribution Scheme in which employer contributions will be matched by the Australian Government. Employers who meet defined benchmarks for training and support of eligible apprentices and trainees would have their contribution rebated, either in part or in full.**

ACA agrees with the Federal Government position and does not support the reintroduction of an Employer Contribution Scheme as such a scheme is will discourage businesses from further engagement in training.

<sup>4</sup> Smith, E., Comyn, P., Kemmis, R. & Smith, A. (2009). *High-quality traineeships: Identifying what works*. National Centre for Vocational Education Research

**7. Facilitate a cooperative and flexible approach by governments and industry bodies to allow for the continuation of both training and employment of apprentices and trainees during periods of economic downturn. Early intervention should be a key element of this approach. Support for a range of measures to be in place until economic recovery occurs could include:**

- **reduction of work hours offset by additional training**
- **increased off-the-job training**
- **placement with other employers within the industry**
- **increased mentoring and support.**

ACA supports this recommendation.

The Apprenticeship Kickstart Program proved to be an effective response to the impacts of the economic downturn in 2008/09 and provided much needed support for new apprentices and employers. Out of work apprentices could be offered accelerated block training during periods of downturn so as to not lose the skills from industry.

**8. Formally regulate the quality of VET in Schools within the VET system to enhance the consistency and quality of training across all jurisdictions and to recognise the potential of VET in Schools as a pathway into an apprenticeship or traineeship.**

ACA believes that existing problems with VET in Schools provision will not be addressed by introducing further regulatory arrangements. As pointed out in NSW Business Chamber's *Australian Apprenticeship Reform 2010* paper<sup>5</sup>, there are issues concerning program depth, program breadth and program outcomes. The regulation of Registered Training Organisations that provide VET in Schools courses should be sufficient to address quality issues and the introduction of the National VET Regulator should address issues of national consistency.

VET in Schools provision can be improved to better meet the needs of young people who enter the labour market and vocational education and training after they leave school by:

- Creating strategies to expand the number and capacity of senior colleges
- Establishing a better balance between general education and VET
- Creating clearer pathways from upper secondary-level vocational education to the VET sector's diploma and degree level courses
- Establishing requirements for the achievement of minimum standards in literacy and numeracy
- Providing balance between compulsory and optional studies
- Setting requirements for career planning and personal development
- Developing an alternative certificate for those students that do not intend to enter university
- Improving adequacy of existing career information, advice and guidance for students
- Improving adequacy of funding arrangements across schools, TAFE and other VET providers

In order to strengthen pathways from VET in Schools to full apprenticeships and traineeships, VET in Schools programs should have a strong work based component to prepare young people for the world of work. In addition, students undertaking VET in Schools should be taught and tested against standards established by industry.

<sup>5</sup> NSW Business Chamber (2010). *Australian Apprenticeship Reform*

**9. Increase national consistency in preparatory training by directing the National Quality Council to develop definitions for pre-apprenticeship and pre-vocational training.**

ACA supports the development of clearer definitions for pre-apprenticeships and pre-vocational training. It is critical that pre-apprenticeships provide young people with an opportunity to experience what it means to undertake a full apprenticeship before they make the decision to undertake this transition. Likewise, it is important that pre-vocational training provides students with adequate levels of basic literacy and numeracy to enable them to participate in higher level VET courses or seek full time employment.

Pre-apprenticeship and pre-vocational training that results in increased wage expectations from the apprentice or trainee would be unlikely to benefit the employer or the apprentice. Pre-apprenticeships and pre-vocational training should be developed in consultation with industry and identified as a valuable pathway into an Australian Apprenticeship.

**10. Provide additional support for apprentices and trainees who face specific challenges, such as:**

- **Indigenous Australians**
- **disability**
- **located in regional or remote Australia**
- **having poor language, literacy and numeracy skills.**

***Australian Government support will be provided to these apprentices, trainees and their employers to assist in overcoming barriers to participation and completion of their apprenticeship or traineeship. Support will be through the provision of tailored structured support services and the continuation of some current Australian Government employer incentives.***

ACA has previously advocated for additional support for apprentices and trainees who face specific challenges. Employers should be encouraged to offer opportunities to disadvantaged job seekers and be provided with support in the form of incentives and the provision of any additional support for these employees as necessary. Job Network Providers and Registered Training Organisations would need to work with employers to ensure that jobseekers have both the required skills and a work ready attitude to ensure smooth transitions into the workforce. Support for incentives in all qualification levels should apply to these groups.

**11. Implement a strategy to raise the status of apprenticeships and traineeships including promotion as a valued career choice for both males and females. This should be led by the Australian Government, in consultation with state and territory governments, industry bodies and unions. The National Custodian, when established will lead the ongoing effort to raise the status of apprentices and trainees.**

ACA supports this recommendation and recognises the challenges relating to the perceived status of apprenticeships and traineeships. It is important that a strategy to raise the status of apprenticeships and traineeships is developed and implemented by industry. Industry Associations are well placed to provide information about the career paths and benefits associated with apprenticeships and traineeships. Also, part of the current AAC remit is to promote Australian Apprenticeships and traineeships, and longitudinal studies undertaken following the establishment of Australian Apprenticeship Support Service program have shown a marked increase in Australian Apprenticeships growth. Through their structure, AACs have the ability and agility to take on a greater role in

promoting apprenticeships and traineeships as valued career options. The infrastructure to achieve this is already in place, so an expanded promotional role can be accomplished efficiently and cost effectively.

There is a risk that the identification of a limited number of Australian Apprenticeships as priority occupations for the economy could lead to a reduction in the perceived value of 'non-eligible' apprenticeships as a career choice. Furthermore, the push toward higher level qualifications from the Government in recent times has served to undermine the value of Certificate I and II qualifications, which provide valuable pathways for many disadvantaged individuals. These issues will require consideration during the development and implementation of the strategy.

The strategy will need to identify ways to dispel some of the misconceptions relating to apprenticeships and traineeships as valid, long term career or professional options, including earnings potential

***12. Promote a culture of competency based progression in apprenticeships and traineeships, in partnership with industry bodies and employers. Additionally, a greater acceptance and achievement of competency-based wage and training progression should be supported by all stakeholders.***

ACA supports competency based progression and agrees that competency based progression can be valuable to building the stock of the nation's skills where progression in a particular industry sector is driven by and aligned to the particular needs and requirements of that industry. Broadly speaking, competency should be understood as a proxy for work value, competency based progression should be on the basis of the acquisition of usable skill sets.

The quality and integrity of the training process and credibility of the occupational outcome must be maintained in order to prevent competency based progression undermining the perceived value of Australian Apprenticeships.

Currently different industries are at different stages of progress towards competency based progression. Future movement to competency based progression should be determined by the industry participants.

It is particularly important that employers are made aware of and understand competency based progression. This should be reflected in the agreed training contract. Employers should be responsible for ultimate sign-off of competency with support from the relevant RTO. Recent anecdotal evidence suggests that RTOs have been signing off on competency without adequate consultation with employers. These sorts of practices will need to be eliminated in the wider implementation of competency based progression.

Competency based progression relies on an assumption that RTOs are sufficiently flexible to accommodate the needs of enterprises and Australian Apprentices. The flexibility and accessibility of training providers is an ongoing concern for the business community, particularly where there is a perceived and real disparity in the quality and availability of education and training between metropolitan and regional areas. Employers and individuals in regional areas have limited choice of provider, timing of delivery and course options. Limitations in the availability and flexibility of training providers must be addressed to ensure that all employers and Australian Apprentices can utilise competency based progression.

**13. Improve the implementation of Recognition of Prior Learning and Recognition of Current Competence and support provisions for such recognition in modern awards to ensure that flexibility and mobility are supported.**

ACA believes that it is inappropriate for training and qualification recognition, such as Recognition of Prior Learning (RPL) and Recognition of Current Competency (RCC), to be inserted into industrial instruments. RPL is one way to have current skills and knowledge assessed by a registered training organisation (RTO) to see if they meet current industry standards. RPL assessment is used in the training system to recognise existing skills and knowledge to avoid unnecessary study and save on training cost. RPL should not be used as a means of inflating wage levels. Employers will recognise skills and knowledge that are relevant to their business and will negotiate wages accordingly.

**14. Support a review of apprenticeship and traineeship provisions, wages and conditions by Fair Work Australia, considering:**

- **the removal of barriers to competency based wage progression in modern awards**
- **apprentice and trainee award pay compared to going rates of pay**
- **age, diversity and circumstances of commencing apprentices and trainees**
- **allowances (travel, tools, clothing, course fees)**
- **cost to apprentices and trainees of participation in an Australian Apprenticeship**
- **part-time and school-based arrangements**
- **recognition of pre-apprenticeship and pre-vocational programs**
- **supervision ratios for apprentices and trainees.**

ACA is open to an appropriately conducted review of training arrangements but that review should not be predicated on the premise that wages have a significant impact on completion rates. ACA notes that a recent research publication by NCVER, focusing on the impact of wages on the probability of completing an apprenticeship or traineeship, concludes that training wages should not be the focus of attention in increasing completion rates.<sup>6</sup> While a reasons (amongst others) cited by apprentices as being a contributing factor for leaving a trade is the salary. This is not dissimilar with the response rate in industry for all employee satisfaction surveys. Very few people say they are happy with their pay regardless of levels of pay. ACA also notes that 63.8% of apprentices and 79.9% of trainees are paid above award wage level.<sup>7</sup>

Importantly, the training system should determine how training should be delivered for different sets of skills required by different industries. Industrial instruments should prescribe the appropriate conditions for work, a fair and relevant minimum safety net (having regard to powers and constraints under the Fair Work Act), not the other way around.

It is clear to ACA that the undertaking to review apprenticeships and training arrangements may result in significant reform of modern awards. It would not be appropriate to make sweeping amendments to the award system without first seeking employer input into what training arrangements are best suited to any given industry. Safety net conditions should consider the varying arrangements that apply in different industries and as such ACA cautions

<sup>6</sup> Karmel, T. & Mlotkowski, P. (2010). *The impact of wages on the probability of completing an apprenticeship or traineeship*. National Centre for Vocational Education Research.

<sup>7</sup> NCVER (2010). *Report 3, The apprenticeship and traineeship system's relations with the regulatory environment*.

against the insertion of a standardised schedule into all modern awards and wholesale amendment to existing wages and allowances.

The proper response to the review of matters which impact on completion rates is for there to be proper discussion and development of appropriate industry responses. It may be that in some - perhaps most - this will lead to the need to review provisions for one or more classes of training arrangements within the relevant modern award or awards. Such variations could come before Fair Work Australia during a statutory review. It may also be that, depending on the nature and extent of variation required, such an application might also satisfy 157(1) of the Fair Work Act.




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