Electrical Trades Union

Strategic Review of the Apprenticeship Incentive System

MAY 2024

Submission by the Electrical Trades Union (ETU)

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Contents

About the ETU

The Electrical Trades Union of Australia ('the ETU')[1] is the principal union for electrical and electrotechnology tradespeople and apprentices in Australia, representing well over sixty-thousand workers around the country. The electrical workers we represent will form the backbone of Australia's clean energy workforce across all sectors and stages of the transition. The ETU acknowledges the significant task ahead of building up a skilled workforce capable of delivering Australia's clean energy revolution, noting that there already exists a shortage of electrical tradespeople in every State and Territory across the country.

For over 120 years, ETU members have trained the next generation of electrical tradespeople, and the ETU is proud to be involved in the operation of nine registered training organisations around the country, seeing these institutions as a core part of training the next generation of electrical workers that will be critical in delivering our renewable energy future. The ETU has been a central advocate in the evolution of electrical apprenticeships, and their unique blending of on- and off-the-job education. We draw on this experience in our response to this consultation.

Acknowledgement

In the spirit of reconciliation, the ETU acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all First Nations peoples today.

Introduction

The ETU supports the government's ambition to decarbonise the economy and become a global leader in renewable energy. Achieving these objectives is nothing short of an Industrial Revolution, as our society and economy shifts from coal, oil, and gas to renewable electricity and storage. To deliver this transition, Jobs and Skills Australia has estimated that – on current trends – there will be a shortfall of 32,000 electricians by 2030, increasing to 117,000 by 2050: directly jeopardising Australia's net zero transformation. The electrification of everything needs electricians. We note, furthermore, that these estimates do not include the recent "Future Made in Australia" and "Renewable Energy Superpower" policy announcements, which will require further increases in the clean energy workforce.[2]

The ETU acknowledges the significant task ahead in developing a skilled workforce capable of delivering Australia's clean energy revolution, noting that there already exists a shortage of electrical tradespeople in every State and Territory. This challenge is made more complex when considering the necessary balance between:

- recruiting and training new apprentices – including previously underrepresented cohorts;
- ensuring apprentices have access to relevant training modules and are trained on contemporary electrical equipment;
- lifting completion rates; and

[1] Being a division of the CEPU, a trade union registered under the *Fair Work (Registered Organisations) Act 2009* (Cth).
[2] See JSA (2003), *The Clean Energy Generation,* p. 165. The 32,000 estimate is based on the 'central' scenario, with the Future Made in Australia requirements broadly corresponding to the 'high' scenario.

- ensuring that existing workers with high energy literacy and transferable skills in declining fossil fuel industries are provided the opportunity for a just transition into secure jobs in the clean energy sector.

Meeting these challenges requires substantial reforms to current financial and non-financial apprentice supports to ensure that government investment is both sufficient and effective in attracting significant numbers of new apprentices into the system and supporting them through to completion.

The ETU wholeheartedly welcomes this review as a timely intervention in improving apprentice experience, supporting industry, and ultimately facilitating Australia reaching Net Zero.

The central failing of the current approach to supporting apprentices – whether through financial incentives or support services – is its divorce from industry. Where 87% of an electrical apprenticeship is delivered "on-the-job", the persistent omission of the work-integrated learning from public policy calculus is misguided. In contrast to purely institutional learning, unions, workers, employers – that is to say, the people who support, work with, mentor, and pay apprentices – are intimately invested in the outcome of an apprentice's education. Rather than creating standalone programs and institutions, such as but by no means limited to the Australian Apprenticeship Support Servies system (the "AASSs"), government should be co-investing with industry partners into improved apprenticeship outcomes.

As detailed below, changes to the incentive system alone will not deliver the required commencements and completions to address existing, let alone predicted, shortages in the electrical workforce. There are critical, structural failings in the non-financial supports offered to apprentices – such as the AASSs – that are resulting in rates of apprentice completions remaining stubbornly low.

Apprentice experience is far from ubiquitous: with rates of pay, levels of support, and even relationship with the employer and RTO varying wildly. The current incentive regime, however, is largely a one size fits all model. This submission proposes a nuanced approach which recognises the differences arising in different employer and employee cohorts and how these interact with the incentives, how outcomes are monitored, and considers how industry sector, and sub-sector influences result in varying outcomes from the same incentive. We have attempted to outline some of these distinctions throughout and seek the opportunity to elaborate further as required.

This review presents an excellent opportunity for the Australian Government to put into practice the International Labour Organisation (ILO) Recommendation R208 on 'quality apprenticeships', which advised member countries to design incentive frameworks to ensure that apprenticeships:

- are well regulated, sustainable, sufficiently funded, inclusive and free from discrimination, violence and harassment and exploitation;
- promote gender equality and diversity;
- provide adequate remuneration or other financial compensation and social protection coverage; and
- lead to recognised qualifications and to enhance employment outcomes.[3]

[3] ILO Recommendation 208, "Recommendation concerning quality apprenticeships", 111th Conference Session, Geneva, 16 June 2023

If we are to meet the mission of reaching Net Zero and having a secure, sustainable, and affordable energy system we must significantly increase the number of apprentices starting *and completing* electrical apprentices. The solution is not just more money for apprenticeships, but better targeting of funds to ensure that more qualified apprentices are delivered for every dollar spent. The ETU's recommendations speak to the necessary reforms to the financial and non-financial supports offered to apprentices, and how these intersect with the broader reforms needed in the VET sector. As an affiliate of the ACTU, the ETU has contributed to and supports their submission to this inquiry.

Recommendation 1: Apprenticeship support should be recognised as a co-investment with industry, with government partnering with Unions and Employers to deliver better outcomes.

Recommendation 2: As a founding member state of the International Labour Organisation (ILO), Australia must ensure that its system of financial and non-financial apprentice supports, including incentives, are consistent with ILO Recommendation 208 - Quality Apprenticeships.

Recommendations

Recommendation 1: Apprenticeship support should be viewed through the paradigm of industry co-investment, with Government partnering with Unions and Employers to deliver better outcomes.

Recommendation 2: As a founding member state of the International Labour Organisation (ILO), Australia must ensure that its system of financial and non-financial apprentice supports, including incentives, are consistent with ILO Recommendation 208 - Quality Apprenticeships.

Recommendation 3: Ensure that apprentice incentives are co-designed by industry and calibrated so as to disincentivise apprentice recycling and encourage completions.

Recommendation 4: Employers receiving apprentice incentive payments must be required to report on all apprentices who conclude their employment prior to the completion of their apprenticeship, including during their probationary period, verifying who initiated the conclusion – the employer or the apprentice. Any employer who has persistent and / or high non-completion rates should have their eligibility for accessing employer incentives reduced, removed and in some circumstances repaid.

Recommendation 5: All successful tenderers on government projects should be required to report on all apprentice cancellations. This is to allow the government to properly monitor and manage the risk of 'apprentice recycling', or of apprentice targets resulting in a perverse incentive for employers to employ apprentices for a short period of time to meet tender targets, without the intention of properly training those apprentices.

Recommendation 6: Government procurement apprentice and training targets must include separate targets for each year of the apprenticeship, to require employers to employ apprentices at every stage of their training.

Recommendation 7: Employer incentives should be better matched to an apprentice's progression and include payments that are linked to successful completion.

Recommendation 8: The committee should give consideration to how apprentice award rates of pay can be increased to reflect industry conditions. In the electrical sector, this would include apprentices being paid a relevant percentage of the tradesperson rate, in line with prevailing rates of pay in industry EBAs rather than the Award.

Recommendation 9: Similar to Services Australia payments, Apprentice Incentive payments should be indexed monthly.

Recommendation 10: The federal government should fund a pilot for an industry-led apprentice mentoring program which engages field officers with industry experience to oversee and mentor apprentices throughout their training. The pilot must include a funding stream for training of tradespeople in on-the-job apprentice training and mentoring skills.

Recommendation 11: Ensure incentive programs are linked to performance of employers with regard to provision of suitable PPE, bathrooms, and changerooms being available and suitable for women at all worksites.

Recommendation 12: Apply appropriately designed procurement targets for women apprentices as conditionality for incentive eligibility, with ongoing monitoring and enforcement.

Recommendation 13: Provide support for industry-led RTOs to provide dedicated pre-apprenticeship programs for women, including mentorship from women leaders in the industry.

Recommendation 14: Provide financial support to the industry-led apprentice mentoring programs, recognising that the model is designed to provide direct support to women apprentices through regular contact with women apprentices, mentoring, and monitoring of worksites to ensure compliance with workplace health and safety law regarding harassment and PPE.

Recommendation 15: Work with the First Nations Clean Energy Network (FNCEN) to ensure that the Apprentice Incentives System is consistent with the Aboriginal and Torres Strait Islander Best Practice Principles.

Recommendation 16: Undertake further reform of the National Energy Objective to ensure energy regulators can reasonably address issues of climate adaptation, climate resilience, workforce development and social licence.

Recommendation 17: Federal and state governments should invest directly in industry-led RTOs, so that they receive an equal share of funding with TAFE. This increase would recognise and reward industry-led RTOs for their significantly higher successful completion rates. This will drive up electrical apprentice completion rates even further across the sector, ensuring that as we grow, the VET workforce is used in the most efficient way possible.

Recommendation 18: Future reforms of the National Skills Agreement should specify equality of funding between industry-led, not-for-profit RTOs and TAFE.

Recommendation 19: The committee should consider how government procurement intersects with the incentives system to increase and diversify apprentice commencements and completions, particularly in occupations of critical priority.

Recommendation 20: Government should embed a common requirement for industry-led GTO utilisation across all the public finance, procurement mechanisms and planning and approval processes associated with energy projects means government can ensure workforce and apprentice requirements are applied consistently across regions.

Recommendation 21: Government should trial a project where a GTO is appointed to a REZ, with all relevant renewables project within that REZ being required to either engage apprentices

directly or engage apprentices through that GTO. Taking this step alone would improve certainty for a GTO to expand into that region and improve the facilitation of workers into apprenticeships.

Structuring Apprentice Incentives to Support Apprentices to Completion

The current incentive system can be divided into incentives that are paid to the employer to offset the cost of hiring and training an apprentice and incentives that are paid directly to the apprentice.

The current design of the Commonwealth apprentice incentives paid to employers, which decline over the course of the apprenticeship, is somewhat simplistic. It is structured to respond to the investment by the employer into training an apprentice being higher at the start of the apprenticeship, but declining as the employer presumably gains a higher return from apprentices who have gained more skills, experience and can competently perform a greater variety of tasks.

However, it is patently obvious that the current incentives system is not delivering value for money. As noted by the ACTU, 'frontloading' payments to employers may result in increases in commencements, but it has failed to increase completions. Average rates of completion in the electrical trades have remained stubbornly low, with significant exceptions in industry-led, not-for-profit GTO/RTO's.

As we detail in the following two sections, incentives directed to employers do not deal with many of the barriers that employers and (more critically) apprentices face in the first and second years of an apprenticeship. Together, these factors often lead to negative outcomes for apprentices and those employers who genuinely invest in the first and second-year apprentices.

The manifestation of these negative outcomes includes apprentice 'recycling' and the poaching of third year apprentices by companies who refuse to invest in training first and second year apprentices.

Apprentice "Recycling": Apprentices Employed as Temporary "Trade Assistants"

> "I was recycled as a first year... as soon as the first year becomes a second year, they give them the flick and hire another one. This has not only happened to me; it's happened to a number of my friends at my trade school and a number of fellow workmates... it's just a massive failure from the AASNs."
>
> Regan Agar, Former Electrical Apprentice in Residential Construction

Apprentice incentives that are paid directly to the employer, such as the Priority Wage Subsidy, are concentrated in the first years of the apprenticeship. This creates a perverse incentive for unscrupulous employers to engage in 'apprentice recycling'. This term was coined by electrical apprentices to describe the practice whereby a significant cohort of employers are taking on apprentices in their first 12 months and treating them as 'trades assistants' without making any effort to:

- provide proper on-the-job-training;
- enrol them in their block training; or
- provide them with mentoring or support in developing their trade skills.

At the end of the first 12 months, or less frequently at 24 months, when incentive payments decrease or cease, the employer replaces the apprentice with a new apprentice. This often coincides with the original apprentice starting to ask questions about why they are not

attending formal training and why they are not being provided the opportunity to learn electrical work on the job, with the employer then moving quickly to 'get rid of the problem'.

In many cases, apprentices may struggle to find ongoing employment to enable them to complete their apprenticeship as, despite having completed twelve months work in the industry, they lack any real progress in foundational energy skills, are twelve months behind in both training and profiling requirements of the apprenticeship and are unable to demonstrate they have obtained the experience or competency level expected of a second-year apprentice.

For example, the ETU WA branch reported multiple instances of apprentices being treated as glorified trades assistants in the Northwest resource sector. In one example, an apprentice had worked for the employer for almost three years but had only completed a year of his apprenticeship because the private, for-profit GTO he was employed by would suspend him stating that they had no relevant work or that they had no one to supervise his training. He was then sent out on projects to work as a labourer, while still being paid an apprentice wage. The AASN failed to check on the legitimacy of these suspensions. When the apprentice was made aware that he had the right to refuse a suspension by the union, his training contract was terminated by the employer. In another example, an apprentice spent three years pulling cables and putting together cable trays and was not rotated into projects where he could get experience in terminating, testing or commissioning, rendering him unable to complete his apprenticeship or receive his Certificate III.

Apprentice wages are widely set as a percentage of the tradesperson or C10" rate. These employers typically calculate this percentage on the relevant award, currently $27.73 per hour and not the *actual* rate paid to qualified electricians, with a median rate of $53 per hour. These apprentices are working well below the minimum wage despite deriving no education or career benefit.

In this scenario, absent any real monitoring, compliance, and enforcement framework or, more importantly, program to drive the workplace empowerment of apprentices[4], the frontloading of incentives acts as an incentive to unscrupulous employers to 'recycle' apprentices as cheap labour. The critical issue here is not just the frontloading of the incentives, but the failure to put in place meaningful obligations or structures to ensure that apprentices are properly trained, or any system for putting those incentives at risk of being reduced or recalled for employer underperformance.

The ILO's *Quality Apprenticeships Recommendation, 2023 - Recommendation 208* states that member countries must develop "robust monitoring mechanisms" including data collection on completion rates "in consultation with representative employers and workers' organizations" (i.e. trade unions).

In light of this recommendation, and regular instances of apprentice recycling, the Australian Government must put in place a robust framework for employers wanting to qualify for apprentice incentives. This must include a monitoring and enforcement framework to ensure that all employers are properly delivering on their obligations under the training contract with apprentices, and the incentives system delivers value for money through increased commencements and completions.

Recommendation 3: Ensure that apprentice incentives are co-designed by industry and calibrated so as to disincentivise apprentice recycling and encourage completions.

[4] For example, unionisation.

Recommendation 4: Employers receiving apprentice incentive payments must be required to report on all apprentices who conclude their employment prior to the completion of their apprenticeship, including during their probationary period, verifying who initiated the conclusion – the employer or the apprentice. Any employer who has persistent and / or high non-completion rates should have their eligibility for accessing employer incentives reduced, removed and in some circumstances repaid.

Recommendation 5: All successful tenderers on government projects should be required to report on all apprentice cancellations. This is to allow the government to properly monitor and manage the risk of 'apprentice recycling', or of apprentice targets resulting in a perverse incentive for employers to employ apprentices for a short period of time to meet tender targets, without the intention of properly training those apprentices.

Large Employers Poaching Skilled Apprentices and Failing to Invest in Training First and Second Year Apprentices

There are many employers who do support industry and apprentices, paying wages for apprentices based on a percentage of the tradespersons rate of pay rather than the award rate of pay, ensuring proper supervision and mentoring and committing to meet apprentice targets via their industrial instrument and / or through their contractual obligations. Rather than being rewarded, however, these employers are punished by:

- being forced to compete with the poor performing companies outlined in the section above;
- experiencing the long delays in apprentices being able to attend their initial blocks of formal training; and
- an incentive design and amount not reflecting the reality of the energy sector, resulting in them being too low and incapable of offsetting these risks and costs.

With the barriers outlined above are associated with first and even second year apprentices, the ETU has observed a situation in which large contractors to government (which typically pay higher wages) often avoid employing early apprentices, instead relying on other parts of the sector to initiate the training of these workers.

In other words, the employers who choose to continue to invest in the industry, by employing first and second year apprentices find that their apprentices are 'poached' once those apprentices have caught up on the backlog and delays in initial training and have become skilled and competent enough to deliver higher returns to a prospective employer. Over the long term, this disincentivises employers from taking on and properly investing in apprentices in their initial years.

The ETU has long advocated for apprentice ratios to be mandated in all government procurement and projects funded through special investment vehicles, to ensure that tenderers in receipt of government funding are investing in growing the VET workforce. The ETU routinely negotiates apprentice ratio clauses into the industrial instruments with employers. In electrical contracting, however, there is still an absence of such clauses due to the prohibitions under the former Building Code applied by the previous government. It remains an ongoing task to reintroduce these provisions across the country. Given the operation of the Building Code, it is perhaps no surprise that there are worsening skills shortages in the construction sector.

The solution is not to remove apprentice targets, but to reform these targets to incentivise the employment of first and second-year apprentices. Current apprenticeship targets establish a ratio of the total number of apprentices per qualified employee required to tender for a project,

but do not specify separate targets for apprentices at different stages of training (i.e. in their first, second, third and final years).

Recommendation 6: Government procurement apprentice and training targets must include separate targets for each year of the apprenticeship, to require employers to employ apprentices at every stage of their training.

Support for Apprentices who are Completing Out of Time

Some apprentices have also reported that there is no support for them when they are unable to complete their apprenticeship on schedule. Because most of the incentives are based on time schedules rather than the actual apprentice's progression through the apprenticeship, employers often penalise apprentices who find themselves in a position of being unable to complete different stages of the apprenticeship on time (including due to illness, lack of appropriate access to VET training and support and family responsibilities). This is particularly an issue where TAFE does not offer sufficient access to catch up classes, where there are delays to delivery of off the job training modules or where employers have failed to provide apprentices with the necessary exposure to the range and variety of work required to achieve competency.

Recommendation 7: Employer incentives should be better matched to an apprentice's progression and include payments that are linked to successful completion.

Cost-of-Living: Apprentices can't Afford to Undertake Apprenticeships

> "As a mature aged apprentice on a third-year apprentice wage, I personally struggle with keeping up with the cost of living whilst supporting a family with children. Overtime is optional and encouraged to be completed within reason to support your host employer... this is no longer an option, but a requirement to keep my head above water. This significantly reduces the time available to spend with family and friends."
>
> Leah Friedl, Mature-Age Apprentice

Apprentices are struggling with the cost of living, and not receiving enough financial support to finish their apprenticeship. Award rates of pay are inadequate, and assume a school aged apprentice, living at home with limited expenses. Rates for mature aged apprentices have historically been set higher, recognising that older apprentices, typically have higher responsibilities and costs.

The ETU has observed significant changes in the industry, with most apprentices now commencing at a different stage of life. Many are older, no longer dependent on their parents, and are often starting families of their own. This is particularly the case for women, many of whom start the trade as mature aged apprentices, after having children.

Increases to the rate of incentives paid directly to apprentices will never be sufficient to address cost-of-living issues. Attention must be paid to how apprentice wages are set. For example, the market rate for electricians sits far beyond the award rate and you would be hard pressed to find a single electrician in Australia working for the award minimum, yet electrical apprentices have their wages set at percentage of the award rate and a significant number of employers only pay this amount, despite paying the tradespeople significantly above award. Setting apprentice rates at the relevant percentage of the prevailing wage rates paid to tradespeople in the industry for a fully qualified worker would create a more just outcome than relying on a rate almost nobody uses once fully qualified.

A 2022 Essential Media survey (see appendix 1) of electrical apprentices found that:

- 40% of apprentices did not thinking their wage was sufficient to cover 'bare necessities'.
- Of the apprentices who considered quitting, 30% cited cost-of-living and/or insufficient wages, compared to just 4% who cited disliking the work.

Just 25% of respondents were paid at award rates, with the remaining 75% of respondents paid according to an enterprise agreement. Significantly, 76% of respondents who were paid in accordance with an enterprise agreement felt that their wages were adequate, compared to just 30% of those who are paid at award rates.

Since this survey was conducted, the cost-of-living crisis has only worsened. The number of technicians and trade workers that hold multiple jobs has increased 22% in the past two years.[5] Apprentice members are now frequently reporting to the ETU that they are taking on a second job or doing more overtime than they would prefer, just to meet basic living expenses.

While the ETU acknowledges that incentive payments alone are not enough to address increases in the cost of living, there is no transparency over the formula or considerations that were applied in setting the incentive rates or the reasoning behind ongoing indexation settings. This leads to significant uncertainty. Payments should be indexed regularly, as is the case with

[5] Australian Bureau of Statistics. "Multiple Job-holders." ABS, December 2023

payments from Services Australia, and structured in a way which gives certainty to apprentices and employers over the duration of an apprenticeship, reflective of the changing economic circumstances that also evolve over the course of training.

Aggravating this situation has been the failure of the past two minimum wage outcomes to take into account the impact on apprentices. As the apprentice wage rate is based on a percentage of a tradespersons award wage, they were simply overlooked in the minimum uplift decisions for low paid workers. This has resulted in apprentices pay rates falling further and further behind the minimum wage.

The existing financial incentives for apprentices are insufficient to cover basic costs, particularly the cost of travel, and do not support apprentices for the full duration of their apprenticeship. The Australian Apprentice Training Support Payment cuts off after two years, and the Living Away from Home Allowance (LAFHA) after three years. Furthermore, LAFHA for apprentices is far lower than the Commonwealth Rent Assistance paid to students on Austudy/Abstudy. In the first year it is 18% lower, in the second year it is 59% lower, and in the third year it is 73% lower.[6][7]

In 2022, the majority of apprentices spent between $50 and $99 on petrol each week, with 34 per cent traveling more than 200 kilometres to and from work.[8] This exacerbates the financial pressures that apprentices face and should be taken into account when the considering the financial supports that are available to apprentices, and what can be done to lift apprentice wages overall. In doing so, recommendations should be consistent with ILO Recommendation R208, section 16 (a), which requires that it ensures apprentices receive:

> ... receive adequate remuneration or other financial compensation, which may be increased at different stages of the apprenticeship to reflect the progressive acquisition of occupational competencies.

Recommendation 8: Consideration to how apprentice award rates of pay can be increased to reflect industry conditions. In the electrical sector, this would include apprentices being paid a relevant percentage of the tradesperson rate, in line with prevailing rates of pay in industry EBAs rather than the Award.

Recommendation 9: Similar to Services Australia payments, apprentice incentive payments should be indexed monthly.

[6] Services Australia, "How much you can get", March 2024
[7] Department of Employment and Workplace Relations, "Australian Apprenticeships Incentive System", June 2022
[8] ETU, "New research exposes electrical apprenticeship mentoring and support crisis", August 2022

Apprentice Mentoring Is Broken

Mentoring and supporting energy apprentices is critical to driving up completion rates and bringing people from diverse backgrounds into the industry. However, the current mentoring system is not fit for purpose and requires a complete overhaul.

Firstly, the current incentive system fails to support the people who actually train and mentor apprentices for the majority of their apprenticeships. Approximately 13% of an apprentice's training is actually in the classroom environment, meaning that 87% of an apprentices training occurs in the workplace and is predominantly delivered by a tradesperson. The current incentive regime is blind to the important role those tradespeople perform and provides no requirement to reward this work or for employers to ensure those tradespeople are provided any additional training to make sure that on-the-job training is as effective as possible. It is assumed that this role is performed by 'someone else', presumably the apprentice support network providers.

Currently, the federal government contracts Australian Apprenticeship Support Network (AASN) providers to, notionally, provide "personalised advice and support services from pre-commencement to completion".[9] However, they have largely failed to deliver a meaningful increase in apprenticeship completion rates, as they have no ties to industry and no trade experience, so when an apprentice contacts them for support, the staff have neither lived experience nor legitimacy to assist.

Unfortunately, rather than getting tailored mentoring and support, apprentices end up speaking to call centres with inexperienced support providers. That is, if they can even identify who their AASN is.

A 2022 Essential Media survey found that half of electrical apprentices reported having received no support at any stage in their apprenticeship and only 11% of electrical apprentices reported having been provided with mentoring or advice on electives from their AASN provider.[10] Critically, two-thirds of electrical apprentices could not name their AASN. To put it bluntly, if an apprentice can't name their mentor, it's because – in reality – they don't have a mentor.

While the government has taken steps to reform the apprentice support services, these reforms do little to address the inherent conflict of interest in the AASN relationship. Namely, that AASN's are reliant on employers for their business and are therefore reluctant to support apprentices who are having trouble with their employer. The ETU has many examples - as illustrated by the case study below – where this lack of support often leads to apprentices resigning from their apprenticeships.

The government needs to take urgent action to reform the apprentice mentoring system in order to increase successful apprenticeship outcomes and fulfill its commitment to ILO recommendation R208, section 25 (o) which recommends that governments:

> ... create an enabling environment for promoting quality apprenticeships, including by developing, supporting and encouraging the inclusion of mentorships in apprenticeship programmes.

[9] CITB, "Where can I get support throughout my apprenticeship?", n.d.
[10] Essential Media (2022)

Case Study

The ETU recently provided to support to a 16-year-old apprentice in their first eight months of their apprenticeship, who was issued with a written warning for failing to properly advise a supervisor that they were not attending work due to illness. While the apprentice had told another apprentice of their absence, they failed to tell their supervisor until later that day.

While the company argued that the apprentice showed continual dishonest behaviour, they could only point to a single example in the written warning and subsequent meeting to discuss the warning.

The apprentice was stood down without pay pending further disciplinary action: a patently disproportionate response to the incident, particularly considering the age of the apprentice and that they were only 8 months into an apprenticeship that they started after leaving high school. The action was also illegal under the provisions of the training contract.

At the meeting called by the employer to discuss the warning, the AASN attended but advised that they were there as an "independent mediator". It was unclear why the AASN, notionally assigned to the *apprentice*, needed to be "independent." Despite their declared independence at the meeting, and their formal role to provide apprentice support, the AASN sat on the same side as the employer and reiterated the employer's concerns but failed to support the apprentice to raise concerns with the employer about being stood down.

The apprentice was ultimately reinstated, as the employer had no legal grounds on which to terminate the training contract. However, he resigned shortly after returning to work as he was being bullied by the employer and was not receiving support from his AASN to resolve the situation.

Since then, the ETU has discovered an underpayment that should have been picked up by the AASN. The apprentice was employed for six weeks without a training contract. When the training contract was signed, the start date was not backdated to the start of his employment so that it could be counted as part of the apprenticeship. As such, the apprentice should have been paid at rate of a trades assistant – resulting in an underpayment. This issue should have been picked up in ordinary due diligence performed by the AASN.

AASN's are Failing to Inform Apprentices of Available Incentives

AASNs are responsible for providing apprentices with information about available incentives. However, ETU members report that AASNs are regularly failing to provide them with this information, with apprentices often discovering available financial supports only after they have commenced their apprenticeship, typically by word-of-mouth from other apprentices or recently qualified tradespeople.

This means that apprentices are missing out on available financial supports, exacerbating the cost-of-living pressures described above, and increasing the likelihood that they will fail to complete their apprenticeship.

This represents a complete failure from the AASNs. The government must undertake urgent reforms of the system to meet ILO Recommendation 208, section 25 (k), to increase "awareness of apprentices' rights, entitlements and protections".

"[The AASN] only made minimal contact, mostly in the form of text … When I asked what kinds of support they could offer, they only read back their mission statement… I had no ongoing relationships then I had to explain my work situation every time - despite my site, and employer being the same the whole of my apprenticeship… At the start of 2024, I found out about the AATSP for the first time and had already completed my CAPSTONE… It was only because the government extended the time to claim, that I could claim for the two previous pay periods. I would have missed out had I not chased it up personally. It was good to finally get the payment, but it would have been more financially useful in a cost-of-living crisis to have gotten it earlier, and to have it paid at proper intervals throughout my apprenticeship, instead of as a total at the end. I'm unaware of what other supports I missed out on throughout my apprenticeship."

Zahn Anthony, ETU Apprentice of the Year 2023

The Solution: An Industry-led AASN

Industry mentoring represents the best – and perhaps only – option to deliver the workforce our country needs to build its energy future.

The ETU has developed a proposal for an industry-led pilot to provide electrical apprentices with support from trained workers in their own industry and provide employers with greater confidence to invest in apprentices. This proposal - extracted from a forthcoming detailed report – would be implemented by a joint venture of industry partners,[11] building on their existing capacity.

The pilot will provide field officers to offer focussed and well-informed mentoring to every new apprentices. These field officers will:

- Come from the same trade as the apprentices they are assigned,
- Oversee the apprentices they are assigned to through the entire course of their training package where possible,
- Maintain an annual minimum number of in-person site visits to each assigned apprentice,
- Be kept to manageable apprentice-to-field officer ratios, and
- Be on the same sites every day and develop relationships with apprentice cohorts.

Mentoring services will be available for the entire length of an apprenticeship, however, will be heavily focussed in the first two years of the apprenticeships (when apprentices are at greatest risk of withdrawing). In the first instance, mentoring will be available for new entrants to those enrolled in second year and will progress with this cohort for the remainder of their apprenticeship.

This solution is practical, balanced, and consistent with ILO recommendation R208, section 25 (i), to support "intermediaries that coordinate, support or assist in the provision of apprenticeships".

Recommendation 10: The federal government should fund a pilot industry-led apprentice mentoring program which engages field officers with industry experience to oversee and mentor apprentices throughout their training. The pilot must include a funding stream for training of tradespeople in on-the-job apprentice training and mentoring skills.

[11] Including the Electrical Trades Union, National Electrical and Communication Association (NECA) and Master Electricians Australia.

Encouraging more Women into the Electrical Trades

"Informally, in my workplace I've been lucky enough to have a good group of tradesmen who have taken me under their wing and treated me like a sister. They have been genuine and willing to share their skills and knowledge. When you're shown what good work and good work practices look like, you want to rise to that standard and make them proud of your work as well. A good mentoring program should be built around someone going with you through the whole apprenticeship, they should know you personally and be more than just a phone number to text or call when something comes up. A good mentor is one that sets a good example as a role model for what it is to be a professional tradesperson across all aspects of the job."

Zahn Anthony, ETU Apprentice of the Year 2023

Women make up just 2% of the electrical workforce, a percentage that has remained stubbornly low for years. In recent years, the number of women enrolled as electrical apprentices and trainees has risen to 5.25%.[12] This has occurred through targeted programs, developed by the ETU working together with employers and informed by the experiences and advice of ETU women.

Our research and our members' experiences make clear that changes to the incentives system and associated non-financial services and supports alone are not sufficient to increase women's participation in the electrical trades. There are several systemic cultural and practical barriers for women in the workforce which desperately need to be addressed.

A 2022 Essential Media survey (see appendix 1) of electrical apprentices found that:

- 23% of female apprentices considered quitting due to work and culture, and women are 53% more likely to consider quitting due to culture than men.
- Men are 50% more likely to have regular contact with their AASN than women, and women are 10% more likely to have never received any support from their AASN.
- 40% of women in electrical trades don't have access to gendered amenities at work, and only half report consistent access to sanitary bins.

When women are supported and mentored through their apprenticeship, over 90% go on to long term employment in the sector.

ETU Victoria's training facility, The Centre for U, has successfully run the Women in Apprenticeships Victoria Electrical (WAVE) program in collaboration with Holmesglen Institute, Victorian Trades Hall Council, Australian Women in Solar Energy, and the Victorian Department of Education and Training.

WAVE seeks to attract women to targeted information events, recruit them into women-only pre-apprenticeships, and support them with mentoring through the first year of an electrical apprenticeship. The WAVE project won a Gold Industry Collaboration Award at the Australian Training Awards in 2023.

[12] Standing Committee on Employment, Education and Training, "Shared vision, equal pathways", February 2024.

The ETU has had nearly 50 women complete pre apprenticeships since the WAVE program started in 2021, and over 91% of women that start WAVE and complete the pre-apprenticeship move into successful apprenticeships.[13]

Similarly, initiatives in QLD between the ETU and Energy Queensland have seen the percentage of women in annual apprentice intakes in the electricity supply industry rise above the 5.2% average, with the 2024 intake sitting close to 50%.

The ETU has written numerous submissions to government about the important and positive role that gender targets have in boosting boost women's participation in the electrical trades and other VET careers.[14] However targets need to be properly calibrated to ensure that they are met by employing and training women in high-skill pathways and not only those positions that may be easiest to fill for the sake of ticking a box.[15]

The government needs to take urgent action to improve accessibility for women, in order to fulfill its commitment to ILO recommendation R208, sections 21 and 22 which call on governments to:

- Take appropriate measures to promote gender equality and balance in all aspects of apprenticeships, including in access to apprenticeships.
- Take effective measures to prevent and eliminate any discrimination, violence and harassment and exploitation against apprentices and provide access to appropriate and effective remedies.

Recommendation 11: Ensure incentive programs are linked to performance of employers with regard to provision of suitable PPE, bathrooms, and changerooms being available and suitable for women at all worksites.

Recommendation 12: Apply appropriately designed procurement targets for women apprentices as conditionality for incentive eligibility, with ongoing monitoring and enforcement.

Recommendation 13: Provide support for industry-led RTOs to provide dedicated pre-apprenticeship programs for women, including mentorship from women leaders in the industry.

Recommendation 14: Provide financial support to the industry-led apprentice mentoring programs, recognising that the model is designed to provide direct support to women apprentices through regular contact with women apprentices, mentoring, and monitoring of worksites to ensure compliance with workplace health and safety law regarding harassment and PPE.

[13] The Centre for U, "WAVE success rate over 84%", February 2023
[14] ETU, "Nowhere to Go", August 2021
[15] ETU, "Submission to the Australian Skills Guarantee Discussion Paper", December 2022

Encouraging more First Nations People into the Electrical Trades

The Australian Government identified in section 15 of its submission report to ILO recommendation R208, its commitment to providing "priority support" for First Nations apprentices.[16] The ETU has been involved in several programs which support this commitment, including through the Positive Power Mob Program and the First Nations Clean Energy Network (FNCEN). The government should learn from these programs and work with the FNCEN to ensure that the apprentice incentives system is consistent with the Aboriginal and Torres Strait Islander Best Practice Principles.

Positive Power Mob Program

The QLD/NT Branch of the ETU worked in conjunction with the power industry to develop the Positive Power Mob program from 2008 through to 2012. The program was developed in partnership with Qld Aboriginal and Torres Strait Island communities to identify opportunities for participants to engage in an 18 week work ready pre-vocational program to assist in securing apprenticeships and other technical serviceperson roles within the Southeast Queensland power company Energex Pty Ltd.

Over the life of the program, 30 First Nations workers secured vital work skills, knowledge, and experience with over half of all participants securing electrical apprenticeships in the electrical industry. Each intake only experienced 2 or 3 non-completions, most of which were due to candidates securing other employment during the program. The program was disbanded following a change of government and Energex were no longer able to participate.

First Nations Clean Energy Network (FNCEN)

The ETU participated in establishing and supporting the work of the First Nations Clean Energy Network (FNCEN). The FNCEN is a network of First Nations people, community organisations, land councils, unions, academics, industry groups, technical advisors, legal experts, renewables companies and others, working in partnership to ensure that First Nations communities share in the benefits of the clean energy boom.

The FNCEN has developed Principles and Guidelines for the development of renewable energy, to ensure that country is protected and to make sure First Nations communities share the benefits of Australia's clean energy boom. The principles and guidelines should also be followed by clean energy companies and the governments that regulate projects. The ten principles cover such things as ensuring projects provide economic and social benefits, mutual respect, clear communication, cultural and environmental considerations, land care, and employment opportunities.

Recommendation 15: Work with the First Nations Clean Energy Network to ensure that the apprentice incentives system is consistent with the Aboriginal and Torres Strait Islander Best Practice Principles.

[16] Department of Employment and Workplace Relations, "Submission Report on ILO Instruments: Convention 191, Recommendation 207, and Recommendation 208", December 2023

Other Issues

There are several other issues that are beyond the scope of the terms of reference of this inquiry, but that have significant impacts on apprentice commencements and completions. In addition to reviewing the operation of financial and non-financial supports offered to apprentices, the committee should consider how these issues intersect with the issues described in the terms of reference and contribute to lower commencement and completion rates across industry.

Regulation of the Energy Sector must Incentivise Apprenticeships

In the energy sector, regulatory frameworks act as a significant disincentive for employers to take on apprentices. For example, in the National Electricity Market, spending on training is often treated by the economic regulators as an 'inefficient' use of money (in that it is not directly linked to the provision of services) and can result in a business which invests in training receiving lower ratings from the regulator. These ratings are critical to the business' prospects of receiving adequate funding decisions in their regulatory determinations and are unlikely to be outweighed by whatever incentives the government may offer to provide apprentice positions. Clearly, this is an unacceptable situation – these rules actively disincentivise employers from taking on apprentices and from fulfilling their responsibility to contribute to the training of the workforce on which the entire industry relies.

Project Energy Connect
Project Energy Connect is Australia's largest energy transmission project, building a new 900km transmission line to connect the power grids of New South Wales and Victoria. TransGrid and ElectraNet have hired zero apprentices for this project. Green Light Contractors Pty Ltd was instead engaged to hire "up to" 100 trainees completing a Certificate II, which involves training in "basic operational knowledge" of "mainly routine work" with "limited complexity". There appears to be no commitment to use the opportunity to train a domestic workforce to an advanced standard. When asked if they had made any attempts to recruit women into trade roles or apprenticeships, the ETU was told the work was "unsuitable" for women because it was "too physical", and women don't do well at heights.

Recommendation 16: Undertake further reform of the National Energy Objective to ensure energy regulators can reasonably address issues of climate adaptation, climate resilience, workforce development and social licence.

Industry-led RTOs Deliver more Qualified Electrical Workers for Every Dollar Spent

The ETU is currently involved in the operation of nine not-for-profit RTOs around Australia, some independently and some through partnerships with our industry employer associations. These industry-led RTOs have significantly higher apprentice completion rates than TAFE or for-profit RTOs, averaging over 92% apprentice completion rates. This compares with completion rates of barely 58% across the broader sector.

This difference is even more stark considering that industry-led RTOs often have significantly lower resourcing capacity than their TAFE peers, due to receiving a smaller share of funding.

In other words, industry-led, not-for-profit RTOs are delivering more qualified electrical workers for every dollar spent and every trainer hour worked.

Recommendation 17: Federal and state governments should invest directly in industry-led RTOs, so that they receive an equal share of funding with TAFE. This increase would recognise and reward industry-led RTOs for their significantly higher successful completion rates. This will

drive up electrical apprentice completion rates even further across the sector, ensuring that as we grow, the VET workforce is used in the most efficient way possible.

Recommendation 18: Future reforms of the National Skills Agreement should specify equality of funding between industry-led, not-for-profit RTOs and TAFE.

Government Procurement and Apprentice Ratios

The ETU has long advocated for apprentice ratios to be mandated in all government procurement and projects funded through special investment vehicles, to ensure that tenderers in receipt of government funding are investing in growing the VET workforce. The ETU routinely negotiates apprentice ratio clauses into the industrial instruments that are negotiated with employers. It is worth noting that under the Building Code applied by the previous Government, these provisions in industrial instruments in the building sector were effectively outlawed which was a major contributor to the ongoing skills shortage.

In Queensland, where the government has made commitments to increase apprentice commencements and completions on government projects, and the diversity of the apprentice intake, the ETU has seen significant increases in the number of apprentices commencing each year, and a substantial diversification of the intake – with women making up approximately 50% of first year apprentices on some projects.

Recommendation 19: The committee should consider how government procurement intersects with the incentives system to increase and diversify apprentice commencements and completions, particularly in occupations of critical priority.

Group Trainer Organisations (GTOs) as Solution to Apprenticeships in Project-Based and Itinerant Work

The construction of grid-scale renewable generation occurs within Renewable Energy Zones ("REZs"), areas mandated by State and Territory governments to be the focus for renewable energy infrastructure. Rates of apprenticeships in renewables sector are particularly low, with the sector arguing that the low rates of apprenticeships are due to:

- the remoteness of the projects;
- projects' time-limited construction phase, which is typically significantly shorter than the length of an apprenticeship; and
- individual projects not offering the full scope of on-the-job experience required to complete an electrical apprenticeship.

With the exception of the remoteness of the projects, these factors are not unique to the renewables sector, however. In particularly, no construction job is a 'job for life', with workers made redundant at the end of each project. In the metro and resources sector, this problem has been addressed with the use of Group Training Organisations (GTOs). GTOs are akin to labour hire for apprentices, insofar as they are the direct employer of an apprentice and are responsible for ensuring that apprentices gain the full gamut of on-the-job experiences required to complete their apprenticeship.

The ETU and NECA are involved in the operation of nine RTO-GTOs. Industry-led GTOs are experts in managing apprenticeships, ensuring host employers are supported to meet all their obligations and that apprentices are more readily equipped to work in the industry of their host employer, have access to high quality supports and have significantly higher completion rates. By combining RTO and GTO functions, these organisations offer apprentices better wrap-

around supports and greater range of experience than any RTO or small to medium employer can provide.

This leads to completion rates that are significantly higher than the 58% average across the training sector as a whole, delivering a better rate of return on government investment than the broader training sector:

- PEER (being an industry RTO & GTO based in Adelaide, founded by the ETU & NECA) has a completion rate of 92%, with 98% subsequently employed in industry;
- Electrogroup (being an industry RTO & GTO based in Adelaide, founded by the ETU & Master Electricians Australia) has a completion rate over 90%.

Investing in industry-led not-for-profit RTOs/GTOs results in a much higher return on investment for every dollar of government money spent.

Introducing conditions that require projects to utilise preferred industry-led, not-for-profit Group Training Organisations (GTOs) will promote an environment where the challenge for employers to deliver a variety of work, tenure and delivery of mentoring, supervision and oversight can be managed over the course of multiple projects.

Employers will also benefit from access to a reliable source of high-quality apprentices in all stages of apprenticeship ready to acquire the necessary skills for each project phase. Such a model also ensures apprentices gain the diversity of experience, on the job learning and access to professional mentoring and apprentices support services.

The ETU notes the recently announced support in the 24/25 federal budget for small and medium businesses taking on clean energy, construction, and manufacturing apprentices through access to Group Training Organisation services, with up to $1,500 in annual reimbursements over the life of an apprenticeship. This success of this support should be monitored and potentially expanded to all GTOs operating in REZs.

Recommendation 20: Government should embed a common requirement for industry-led GTO utilisation across all the public finance, procurement mechanisms and planning and approval processes associated with energy projects means government can ensure workforce and apprentice requirements are applied consistently across regions.

Recommendation 21: Government should trial a project where a GTO is appointed to a REZ, with all relevant renewables project within that REZ being required to either engage apprentices directly or engage apprentices through that GTO. Taking this step alone would improve certainty for a GTO to expand into that region and improve the facilitation of workers into apprenticeships.