

# Modern Awards and Skill Development Through Apprenticeships and Traineeships

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## Abstract

*Vocational education and training (VET) and industrial relations systems are inherently linked. The Federal Government aims to increase the number of workers with VET qualifications but it is unclear how this policy is being supported through the industrial relations framework, in particular by the new system of modern awards. Research into training outcomes has shown that job-related factors are linked to completion rates among apprentices and trainees. An analysis of a cross-section of relevant modern awards reveals that award modernisation has had a small negative impact on the wage arrangements for apprenticeships. Modern awards continue to provide no recognition for some categories of workers who have undertaken VET qualifications through traineeships.*

## Keywords

*Apprentice wages; award-dependent occupations; initial vocational education and training; modern awards; returns on training; skill formation; traineeships; training reform; vocational qualifications.*

## Introduction

A central plank of the Rudd-Gillard Labor Government's Education Revolution is boosting participation in vocational education and training (VET). Halving the number of working age Australians without a post-school qualification (Bradley et al. 2008: xiv) will require a combination of initial vocational training for those entering the workforce and continuing vocational training for those already in the workforce (Skills Australia 2010). The apprenticeship model of initial vocational training, where a contract of training is combined with a contract of employment, has fared better in Australia than in other English-speaking countries. Apprentice numbers in the traditional trade callings, such as engineering, automotive, construction and electrical, declined in real and percentage terms in the 1990s but recovered in the first decade of this century (Toner 2003; NCVER 2010). Apprenticeships in these callings are today still typically indentured con-

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tracts lasting between three and four years full-time. On-the-job training and work experience are usually combined with off-the-job training at a Registered Training Organisation. Traineeships, an alternative form of work-based training, grew sharply in numbers and prominence during the 1990s (Cully and Curtain 2001a). Traineeships involve a shorter period of training, generally less than two years, and are geared mainly towards occupations in the growing service sector. Traineeships often, though not necessarily, place less emphasis on off-the-job training. Even if the apprenticeship and traineeship systems are working well, more will be required of them to achieve the Government's ambitious targets.

During the award restructuring process in the late 1980s, vocational training was at the centre of industrial relations policy but it has receded in the twenty years since. In the award modernisation proceedings recently concluded, training matters were relegated to the bottom of a very crowded agenda. This article investigates the place of initial vocational training in modern awards and questions what impact, if any, the coverage of training matters in modern awards is likely to have on skills acquisition. The article has three parts. The first part documents the place of training during award reforms over the last twenty years. The second part comprises a review of the training literature, conducted to determine what employment-related conditions are likely to support positive training outcomes. Principally, these are conditions relating to pay, allowances, reimbursements for training expenses, and working hours for apprentices and trainees and the recognition of qualifications gained through an apprenticeship or traineeship. In the third part, a selection of the main awards relevant to vocational training are analysed for how well these matters are dealt with. In relation to initial vocational training, the main issues appear to be consistency rather than any overarching pattern of deficiency in conditions. The lack of recognition given to qualifications in the service sectors of the economy, however, is a widespread deficiency in modern awards.

## **Training and Awards: from Award Restructuring to Award Modernisation**

On 1 January 2010, 122 modern awards commenced operation, replacing over 4,000 pre-reform awards and other instruments and ensuring awards will remain a cornerstone of industrial regulation in Australia (Minister for Employment, Education and Workplace Relations 2009). Award modernisation occurred twenty years after the award restructuring process. Australian unions, led by the (then) Australian Metal Workers Union, initiated training reform as part of the award restructuring process in the late 1980s. Under the 'metals restructuring model', inter-dependent changes were made to classification arrangements, initial and further vocational training, work organisation and wage determination (Buchanan 2002; Hampson 2004). Among the aims were to promote flexibility and teamwork and to develop joint pay scales linking manual and professional workers (Buchanan 2002). Classifications would be aligned to a single system of

nationally recognised qualifications spanning the VET and university sectors, a broad conception of skills would encompass generic as well as technical skills, and new processes for recognition of prior learning would promote recognition among experienced but unqualified workers (Ewer et al. 1991: 136). Competency-based training and assessment was the agreed means by which skills could be recognised across industries and levels of education (Hampson 2004: 77). A contemporary definition of competency-based training was:

A way of approaching (vocational) training that places primary emphasis on what a person can do as a result of the training (the outcome), and as such represents a shift away from an emphasis on the process involved in the training (the inputs). (Australian Chamber for Commerce and Industry 1992, in Guthrie 2009: 7)

Later, competency-based training and assessment would be criticised for encouraging a narrow conception of skill and for distorting training effort (Buchanan, Watson and Briggs 2004: 199) but the principle has remained at the core of the Australian VET qualifications framework.

Initial reform was achieved in the metals industry through a consensus between the union, employers and the government concerning the key changes (Buchanan 2002: 232) but training reform was never achieved on the scale originally envisioned by the union movement. The AMWU had intended to pursue a further claim of paid training leave, which would have given workers the means to take advantage of the broadened classification structures; however the union decided not to pursue the claim, but to focus instead on the introduction of enterprise bargaining (Brown 2006: 496; Hampson 2004: 80). Thus, training leave was not achieved in the metals sector. Furthermore, skill-based classifications were introduced into many awards but were not necessarily linked to formal, nationally recognised qualifications (Hampson 2004: 76).

As has been recorded by Buchanan (2002), Hampson (2004), and Brown (2006) among others, the training reform agenda stalled following the introduction of enterprise bargaining in the early 1990s. The passage of the *Workplace Relations Act* in 1996 further diminished the role of awards in stimulating training. The Act reduced the scope of federal awards to just 20 allowable award matters. Training was not formally listed among the allowable matters and although unions had some success in arguing that existing training clauses pertained to skill-based classifications of employees, which were permitted, efforts were mainly directed toward retaining existing conditions. When later in the life of the Howard Government, skill shortages became a political issue too acute to ignore, the government announced a series of initiatives that bypassed the industrial relations system. For example, rather than increase the low rates of pay for apprentices, especially for adults, the government introduced wage top-ups for some categories of apprentices, as well as extending to full-time apprentices and trainees eligibility for income support payments (Oliver 2008: 16).

During this period, initiatives in the spirit of the training reform agenda continued at the state and industry level, albeit on a much more modest scale. These included expanding the scope of competency-based progression for apprentices, moving away from the time-based model of apprenticeships and permitting apprentices to progress more quickly through the wage points as well as completing their apprenticeship sooner than the notional duration (Queensland Industrial Relations Commission 2003). Other reforms included introducing higher rates of pay for adult apprentices in some occupations (Australian Government 2006), and new Australian Qualifications Framework (AQF)-backed career paths for workers in child care and other social services, which were advanced under pay equity principles (Lyons and Smith 2008). These smaller-scale advances depended on a combination of factors, including agreement between unions and employer groups on measures that could increase the attractiveness of apprenticeships, state governments that recognised that a better skilled workforce would be the key to higher standards in social services, and state industrial relations commissions' greater discretion compared with their federal counterpart. In particular, the state commissions in Western Australia, South Australia and Queensland were able to make general orders to apply to apprentices otherwise covered under multiple awards.

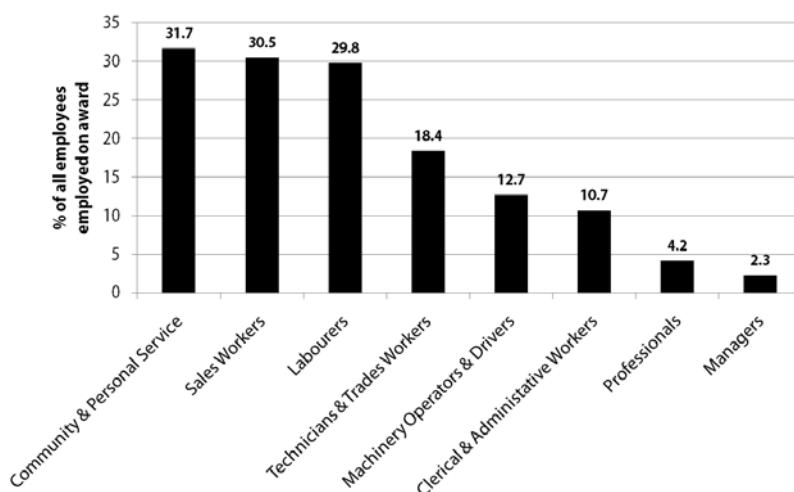
The Federal Government's success in convincing all states except Western Australia to hand over their remaining private sector award coverage closes off this possibility. Now that award modernisation is complete, federal awards again become the main focal point for the intersection between industrial relations and VET, for three reasons.

First, apprentices and trainees are commonly employed under awards. Even after *Work Choices* commenced, the majority of apprentices and trainees in New South Wales continued to be employed under state provisions, through National Agreements Preserving State Awards or NAPSAs (Oliver 2008: 61).

Second, although the proportion of workers employed directly under awards continues to decline, workers with jobs typically involving a qualification gained through an apprenticeship or traineeship are more award-reliant than more highly qualified workers. As Figure 1 shows, almost a third of community and personal services workers and sales workers are covered only by an award or pay scale. These are occupational categories which are mostly fed by VET-level qualifications. In contrast, professionals and managers, who usually require university-level qualifications, are the least likely to be covered by an award.

Third, following the commencement of the *Fair Work Act 2009*, an enterprise agreement may deviate from the terms included in the relevant award but must leave an employee 'better off overall' (*Fair Work Act 2009* s 186). Award provisions relating to training will therefore continue to be relevant to those apprentices, trainees and other employees covered by enterprise agreements. For these three reasons, award provisions remain central to the connection between industrial relations and VET, notwithstanding the potential for employer resistance and non-compliance.

**Figure 1: Proportion of employees employed on award or pay scale only by occupational category, 2008**



Source: ABS (2008) *Employee Earnings & Hours August 2008*, Cat. No. 6306.0

### *The Link Between Working Arrangements and Training Outcomes*

Whereas current and recent government policies attempt to downplay or deny the relevance of industrial relations to questions of skills, the varieties of capitalism literature (e.g. Culpepper and Finegold 1999; Hall and Soskice 2001; Thelen, 2004; Culpepper and Thelen 2008) sees the interplay between skills formation institutions and labour market institutions as essential to understanding differences among social-economic systems. In each system, the training system and the labour market form an interlocking network of social institutions (Culpepper and Finegold 1999: 19) to the advantage of certain employer strategies over others. For example, in countries with few employment protections, workers have an incentive to acquire general skills that make them attractive to as broad a range of firms and occupations as possible (Culpepper and Thelen 2008: 24). Alternatively, where labour law creates high job security, firms are encouraged to develop the human capital of their existing workers. Logic dictates that as policies overlap they should be complementary. Government efforts to promote the acquisition of skills are liable to fail if they do not take into account how their policies intersect with employer skills strategies. For example, South Korea has invested heavily in VET. However, in the deeply segmented South Korean labour market, wage systems for permanent workers continue to be based on seniority while wages for irregular workers are wholly subject to market forces (Bosch and Charest 2008: 442). Consequently little or no recognition is given to qualifications in pay systems and career structures and vocational graduates struggle to compete with university graduates, who monopolise the best jobs in the primary labour market.

The actions of employers and employer associations shape to a great extent what happens in industrial relations and so it is with training. Pivotal moments occur when employers seek out cross-class compromises with state agencies and trade unions (Culpepper and Thelen 2008: 41). Central to the success of the training reform process was the involvement and leadership of the Metal Trades Industry Association (now the Australian Industry Group). The conviction shared by employers, unions and the government was that a stronger skills base was central to maintaining a manufacturing industry that could compete locally and internationally on quality. More recently employers in the child care industry have agreed to higher qualification levels among employees to improve standards of care, reassured by offers of support from government. This has been the exception rather than the rule and during the award modernisation process employers were preoccupied mostly with the issues traditionally core to the Australian industrial relations system: wages, award coverage, flexibility and union rights (Hearn Mackinnon 2009).

Empirical research in Australia has also demonstrated a clear connection between industrial relations arrangements and skills outcomes. Studies, both quantitative and qualitative, have consistently shown that problems with the workplace or the working conditions are the most common reasons for not completing an apprenticeship or a traineeship (Callan 2001; Cully and Curtain 2001b; Grey 1999). Taking all reasons into consideration, 48 per cent of former apprentices and 58 per cent of former trainees left for what Cully and Curtain (2001b) termed 'job-related' reasons.

### *Wage Rates for Apprentices and Trainees*

The impact of apprentice and trainee wages on apprentice and trainee numbers is difficult to calculate and open to debate. It is clear that apprentices and trainees earn less than they would in alternative employment, but there is no consistent evidence that this has a negative impact on the number of Australians commencing and completing an apprenticeship or traineeship. Recent research by Karmel and Mlotkowski (2010) found that the difference between apprentice wages and wages in alternative employment did not affect the likelihood of completing an apprenticeship in the traditional trade occupations. What matters more for the likelihood of completion among these apprentices is the difference between the wage on completion and the wage in alternative employment. There was no wage impact on the likelihood of females in non-trade occupations completing their training, but the difference between trainee wages and wages in alternative employment did affect the likelihood of male trainees in non-trade occupations completing their training. Moreover, apprenticeship and traineeship wages are widely known to be low and this is acting as a barrier to attracting new entrants into training. In a survey of apprentices, nearly half (49 per cent) said that they would not recommend an apprenticeship to friends or relatives because of the low level of pay. Nearly one in ten students reported that their key reason for not planning to pursue an apprenticeship was the inadequate pay (Misko, Nguyen and Saunders 2007: 54, 45). Bittman et al. (2007) undertook an in-depth analysis of the wage rates and living standards of apprentices. They found that first and

second year apprentices being paid at the award rate receive less than school leavers receiving junior rates and that the living standards of first year apprentices are barely above that of the unemployed.

Award rates of pay are only minima and employers are free to pay higher rates if they wish. Studies have shown that many apprentices receive above-award pay, especially during skill shortages (Australian Chamber of Commerce and Industry 2005; Toner 2005). However, apprentices are less likely than ordinary employees to benefit from above-award payments or receive shop rates contained in collective agreements. Bittman et al. (2007) estimate that the average above-award payment for an apprentice is 9 per cent, a third of the 29.1 per cent above award margin received by the typical tradesperson. Qualitative research found that when employers paid apprentice and trainee rates in excess of the minimum award rate, completion rates increased (Snell and Hart 2007: 37). An alternative means of increasing apprentice's pay is to provide for competency-based wage progression. This arrangement allows apprentices to move more quickly onto the next wage point, but protects the employer's interest somewhat by ensuring this only happens when required competence standards are met.

### *Rates of Pay for Adult Apprentices and Trainees*

Low wage rates are a particular barrier to attracting and retaining older apprentices and trainees. The pay rates for adult apprentices have been of concern since at least the introduction of skills-based classifications into awards but the issue has become more urgent as the number of apprentices and trainees aged 25 and over has increased markedly over the last ten years. Driven by diverse factors such as labour market restructuring, increasing labour market participation rates, and an increasing desire of workers to change careers, more than four in ten people (41.9 per cent) commencing an apprenticeship or traineeship in 2009 were aged 25 and over (NCVER 2010: 17). However, older entrants are much more likely to be undertaking a traineeship and older entrants remain under-represented in apprenticeships in the traditional trades.

### *Allowances Payable to Apprentices and Trainees*

Allowances are an important supplement to apprentices' and trainees' low wages. In the Melbourne construction industry, allowances increase the first year apprentice income by up to 50 per cent (Bittman et al. 2007). Although the mandatory allowance amounts for most other awards are not nearly as high, they nonetheless help apprentices to meet non-optional costs such as course fees and tools. The low level of pay, made worse by unpaid overtime, had a particularly negative impact on retention among apprentices and trainees in aircraft maintenance, agriculture and horticulture, cooks, metal fabrication, hairdressing, office management, and retail (Harris et al. 2001: 225). An added strain on already low wage rates is course fees. Often employers assist by paying or reimbursing training fees. The study of Gippsland apprentices and trainees found that other payments by employers, 'such as living away from home allowances and tool subsidies, were seen as important but largely insufficient to prevent apprentices/trainees from leaving for financial reasons' (Snell and Hart 2007: 37). The costs



associated with the training component certainly make it more difficult for many on apprentice and trainee wages.

### *Working Hours for Apprentices and Trainees*

Apprentices and trainees experience particular difficulties with working hours. For example, Snell and Hart (2007: 78–79) describe apprentices and trainees being denied leave, and being rostered on to long hours without breaks. Harris et al. (2001) found that problems with hours particularly affected retention among agriculture and horticulture, hospitality, and hairdressing apprentices and trainees. Even though their training contract clearly establishes a right to attend off-the-job training, apprentices and trainees may easily be intimidated by the unequal power relationship (Schofield 2001: 245). TAFE teachers reported regular absences in off-the-job training of up to 50 per cent of students undertaking baking apprenticeships in Victoria. It became clear that the young people were being prevented from attending by employers claiming there was too much work to do (Buchanan, Evesson and Briggs 2002). Trainees and apprentices who were not provided with time off for off-the-job training were more likely to feel exploited (Harris et al. 2001: 228). In Callan's (2001) survey of completers and non-completers, the relationship between access to time off to attend off-the-job training and completion rates appear quite strong. Those who had completed an apprenticeship or a traineeship were twice as likely as non-completers to say that they had been given time off from work to attend training (Callan 2001: 22).

### *Recognition of Qualifications in Classifications*

Award regulation remains pertinent once the apprentice or trainee has completed training. As the research by Karmel and Mlotkowski (2010) shows, apprentices and trainees take into account the rewards that are likely once they complete their training as well as the level of pay during their training. Likewise, the level of pay for qualified tradespeople is a factor in young people's decision to take up an apprenticeship (Misko et al. 2007). As can be seen in Figure 1, workers in occupations typically requiring VET-level qualifications are more likely to be award reliant. This highlights the importance of AQF qualifications being embedded in skills-based classification structures in awards, to emphasise the reward for completing an apprenticeship or traineeship.

The studies consistently identify that positive outcomes for initial vocational training are associated with a combination of training-related and job-related factors. These factors have been summarised in Figure 2 under three broad headings:



remuneration, other working conditions, and training-related factors. Using this framework, it is possible to assess awards and other employment instruments for how broadly they promote initial and further vocational training.

**Figure 2: Summary of working conditions likely to promote initial vocational training**

◇ **Remuneration**

- Relative and absolute level of wages
- Competency-based wage progression
- Separate pay rates for adult apprentices
- Inclusion of allowances, overtime rates and penalty rates
- Reimbursement of training costs

◇ **Other working conditions**

- Time off for training
- Regulation of hours

◇ **Recognition of AQF qualifications in job classifications**

## Method

A content analysis was conducted to assess how extensively conditions that support initial and further vocational training are addressed in modern awards. Only a selection of modern awards was analysed. There are 122 modern awards. Of these, some will cover only a small proportion of workers while others will cover predominantly professional workers, for whom vocational training is less relevant. For convenience, only a selection of the main modern awards covering workers undertaking initial and further vocational training was made. Table 1 ranks apprentice and trainee commencements in the twelve months to 31 December 2010 by occupational categories, grouped into trade and non-trade occupations (NCVER 2010). The top eleven categories have been presented. The eleventh was included because hairdressing is significant as the sole female-dominated traditional trade apprenticeship. The sixteen awards are the main awards covering the notional occupations of more than three quarters of those commencing a traineeship or apprenticeship in Australia. To the extent that other awards may cover apprentices and trainees, they comprise a much smaller proportion and in any extent are often based on the main award for the occupation. For example, the Sugar Industry Award 2010 provides for apprentices, but its terms largely resemble those in the Manufacturing and Associated Industries and Occupations Award 2010.

**Table 1: Most common traineeships and apprenticeships commenced by occupation, 12 months to 31 December 2009, and applicable modern awards**

Occupational Category	'000s	Main applicable award(s)
<b>Trade occupations</b>	<b>71.5</b>	
Automotive and engineering trades	16.8	<i>Manufacturing &amp; Associated Industries &amp; Occupations Award 2010</i> (Manufacturing) <i>Vehicle Manufacturing, Repair, Services and Retail Award 2010</i> (Vehicle)
Construction trades	17.2	<i>Building &amp; Construction General On-site Award 2010</i> (Construction) <i>Plumbing and Fire Sprinklers Award 2010</i> (Plumbing)
Electrotechnology and telecommunications trades	9.5	<i>Electrical, Electronic and Communications Contracting Award 2010</i> (Electrical); <i>Telecommunications Service Industry Award 2010</i> (Telecommunications)
Food trades	9.8	<i>Restaurant Industry Award 2010</i> (Restaurant), <i>Hospitality Industry (General) Award 2010</i> (Hospitality)
Hairdressers	5.4	<i>Hair &amp; Beauty Industry Award 2010</i> (Hair & Beauty)
Other trade occupations	12.8	
<b>Non-trade occupations</b>	<b>199.9</b>	
Clerical	56.4	<i>Clerks — Private Sector Award 2010</i> (Clerical), Telecommunications
Sales workers	40.2	<i>General Retail Industry Award 2010</i> (Retail)
Machinery operators and drivers	24.9	<i>Road Transport and Distribution Award 2010</i> (Road Transport), <i>Storage Services &amp; Wholesale Award 2010</i> (Storage & Wholesale)
Hospitality workers	19.7	Restaurant, Hospitality
Carers and aides	12.2	<i>Children's Services Award 2010</i> (Child care), <i>Aged Care Award 2010</i> (Aged Care)
Factory process workers	8.8	<i>Food, Beverages and Tobacco (Manufacturing) Industry Award 2010</i> (Food Manufacturing); Manufacturing
Other non-trade occupations	37.7	
<b>Total</b>	<b>271.4</b>	

Source: NCVET (2010), Table 4 & Table 5, own analysis of modern awards

Listed alongside each occupational category is the main applicable modern award(s). Note that non-trade occupations are generally covered by traineeships, and therefore in the main covered by the Trainee Wage Schedule, which has been attached to modern awards. However, the substantive award has also been listed as there are exceptions (notably in manufacturing and construction) and also because the main awards are relevant to the recognition of qualifications and the promotion of further vocational training by existing workers. For ease of future reference, an abbreviated name has been inserted after the longer award names.

Therefore the analysis comprises sixteen awards and the national training wage schedule. The selected awards were analysed using a coding framework developed from Table 1. Award provisions were checked against the list of employment conditions. The results are as follows.

### *Wage Rates for Apprentices and Trainees*

Modern awards establish a national minimum wage rate for each classification, once transitional provisions have expired. Classifications, including for apprentices and trainees, generally have steps within them based on experience and prior qualifications. Table 2 summarises the lowest and highest apprentice and trainee wage rates contained in each modern award. While the award rates of pay are only minima, they do represent a floor and are a basis of comparing apprentice and trainee rates of pay to pay rates in alternative forms of employment.

**Table 2: Wage rates for selected apprentices and trainees**

Award	First Year (\$)	Fourth Year (\$)	As % of minimum wage		Adult rates
			First year %	Fourth year %	
<b>Apprentices</b>					
Construction	\$353.40	\$655.50	62%	115%	Yes
Electrical	\$303.13	\$602.19	53%	106%	Yes**
Hair & beauty <sup>a</sup>	\$307.26	\$605.88	54%	106%	No
Hospitality	\$372.58	\$638.02	65%	112%	No
Manufacturing <sup>b</sup>	\$284.88	\$596.90	50%	105%	Yes
Plumbing	\$297.00	\$667.66	52%	117%	Yes
Restaurants	\$373.14	\$638.58	65%	112%	No
Vehicle (Repair, Services & Retail)	\$283.54	\$588.80	50%	103%	Yes
Vehicle (Manufacturing)	\$284.94	\$590.20	50%	104%	Yes
<b>Trainees</b>					
	<b>Year 10 School leaver</b>	<b>Year 10, 5 years since left school</b>			
Wage Level A	256.00	521.00	45%	91%	Yes*
Wage Level B	256.00	503.00	45%	88%	Yes*
Wage Level C	256.00	458.00	45%	80%	Yes*

*Notes:*

*Remuneration rates include tool allowance and industry allowance where applicable. Rates do not include proficiency pay.*

*a) The rate of pay for a hairdresser in the first three months of an apprenticeship is \$240.90 and \$307.26 for the remainder of the first year.*

*b) The Manufacturing and Vehicle rates of pay assume a Year 10 school level or lower. Higher rates apply for apprentices who have completed Year 11 or Year 12.*

*\* The training wage schedule uses a formula based on highest qualification and years since leaving school, which operates as a de facto adult trainee rate.*

*\*\*Transitional provisions applying only to adult apprentices in Queensland and expiring 31 December 2014.*

*Source: Author's own calculations*

When comparing the apprentice and trainee wage rates to the minimum wage, it should be remembered that apprentice and trainee rates take into account time spent in training, whether on or off-the-job, and not in productive labour. This is explicit in the case of trainees. Trainees employed under the National Training Wage Schedule spend 20 per cent of ordinary hours in approved training. However, part-time trainees are not paid for the hours they are in training, and so their hourly rate is increased by 20 per cent to take this into account. For apprentices, the wage adjustment for time spent in training is less direct and varies from occupation to occupation. However, the wage ratios for apprentice pay reflect the lower productivity of apprentices relative to qualified tradespeople and in most cases account for time spent by apprentices in off-the-job training as well as their lower levels of competence performing tasks on-the-job. Apprentices and trainees are also frequently under 21 and would therefore otherwise be subject to junior wage rates.

The rates of pay for trainees are lower than for apprentices and in all cases are below the minimum wage. Wage rates for trainees are determined by a combination of the trainee's highest school level, the number of years since the trainee left school and the qualification the trainee is working toward. Most qualifications are paid at Wage Level A, the highest level. However, there are some variations by industry. For example, most agricultural and horticultural qualifications are paid at Wage Level C. The lowest apprentice rates are paid to hairdressing apprentices. Surprisingly given their reputation for poor wages, the Hospitality and Restaurant Awards actually have relatively high apprentice wage rates. Although all the apprentice rates are based on the same tradesperson rate (currently \$663.10 per week), variation arises because the apprenticeships have different ratios, different rates of tool allowance are payable under different awards, and because construction, electrical and plumbing apprentices are also eligible for other allowances.

### *Rates of Pay for Adult Apprentices and Trainees*

Of the awards covering apprentices, the Manufacturing Hospitality, Plumbing and Vehicle Awards contain higher wage rates for adult apprentices. Prior to the award modernisation process, only the federal manufacturing awards contained separate rates of pay for adult apprentices, but adult rates of pay were more common in state awards and the South Australian and Western Australian Commissions had issued general orders to introduce adult rates for apprentices (Australian Government 2006: 319–325). The Electrical Award has a transitional provision that preserves higher rates for adult apprentices. These separate adult rates will disappear once the transitional provisions expire unless the modern awards are amended in the meantime.

### *Competency-based Wage Progression*

Of the eleven awards examined here that included apprenticeships, only two — the Manufacturing and Vehicle Awards — included a specific right to competency-based progression. The Construction Award contains a transitional provision permitting competency-based progression, but only where it was already provided

for under the predecessor pre-reform award, state award or Notional Agreement Preserving a State Award (NAPSA), the federal instrument created as part of the *Work Choices* reforms. This provision will expire on 31 December 2014.

### *Allowances and Reimbursements for Apprentices and Trainees*

A tool allowance is generally payable under all the awards covering apprentices. No tool allowance is provided for in the National Training Wage Schedule. Under the Construction, Electrical and Plumbing Awards, apprentices are explicitly entitled to additional industry and/or special allowances, further increasing pay. Five awards — the Construction, Electrical, Manufacturing, Plumbing, and Vehicle Awards — provide for reimbursement of training expenses for apprentices (subject to satisfactory progress).

### *Overtime Pay*

Under the National Training Wage schedule, trainees who work overtime are entitled to be paid at ordinary rates. Apprentices employed under the Construction, Electrical, Manufacturing, Plumbing and Vehicle Awards are entitled to the same overtime payments and penalty rates as ordinary workers. The remaining awards are silent.

### *Other Working Conditions*

All awards except the and Health and Beauty Award permit the trainee or apprentice to refuse overtime where it would require them to miss training or prevent them from completing their training. In addition, the Construction, Electrical, Manufacturing and Plumbing Awards and the National Training Wage Schedule explicitly state that trainees/apprentices are permitted to attend off-the-job training without loss of continuity or wages. In practice, though, this replicates provisions contained in standard training contracts, which are lodged with each state's training authority.

### *Recognition of AQF Classifications*

Modern awards continue to vary in how qualifications are linked to classifications. Four patterns were evident. In the first pattern, employees holding particular relevant qualifications (or qualification levels) were pegged to particular classifications. This pattern represented the strongest connection between qualifications and classifications. In the Manufacturing Award, the Construction Award, the Electrical Award, the Hair and Beauty Award, and the Children Services Award, workers with a relevant AQF qualification are entitled to appointment to the corresponding classification. Under the Restaurant and Hospitality Awards, workers with a relevant Certificate III or higher qualification must be appointed to at least a Level 4 classification; food and beverage employees require a relevant Certificate II qualification to be appointed to Level 3. The Manufacturing Award ties all points of its classification scale to all levels of the AQF, from Certificate I to postgraduate qualifications. The other awards refer to a more specific range of qualifications and levels. For example, in the Aged Care Award, the only

fixed relationship between qualification and classification is that Personal Care Workers (Aged care employee Level 4) are required to hold a Certificate III qualification. An example of the general pattern, from the Child Care Award, is included in the Appendix.

The next pattern also establishes a nexus between particular classifications and particular qualifications or qualification levels but accords employers a greater degree of discretion, by focusing more on the role than the individual. In the Telecommunications Award 2010, all classifications in all streams align with AQF qualification level, 'when employed to perform the functions in the role definition and taking into account the indicative tasks.' The call centre stream in the Clerical Award adopts the same approach. An example has been included in the Appendix.

The third group of awards makes reference to AQF qualifications but also makes clear that they are indicative only of the skill level required. Falling into this category is the General Retail Industry Award. Below is an excerpt from the Retail Award, which makes reference to general and specific AQF qualifications. In the final and smallest category, awards make no reference at all to AQF qualifications. The only awards in this category are the Road Transport Award and the Storage and Wholesale Award. Table 3 below summarises the pattern for each of the selected awards.

**Table 3: Relationship between AQF qualifications and classifications in modern awards**

Award Name	Qualifications referred to in classifications
Aged Care	Determinative (Personal care worker only)
Child Care	Determinative
Clerical	Determinative, subject to skills required to be exercised (Call centre stream only)
Construction	Determinative
Electrical	Determinative
Food Manufacturing	Determinative
Retail	Indicative, subject to skills required to be exercised.
Hair & Beauty	Determinative
Hospitality	Determinative (trade certificate or Certificate III or higher)
Manufacturing	Determinative
Plumbing	Determinative
Restaurant	Determinative (trade certificate or Certificate III or higher)
Road Transport	No reference to AQF
Storage & Wholesale	No reference to AQF
Telecommunications	Determinative, subject to skills required to be exercised
Vehicle	Determinative
National Training Wage Schedule	NA

## Discussion

The analysis of modern award provisions highlights two areas of concern: lack of consistency in the treatment of apprentice remuneration and variable recognition of qualifications achieved through apprenticeships and traineeships. It would seem that the other matters dealt with in modern awards and considered here, namely hours of work and access to training, are more likely to support positive outcomes for apprentices and trainees. Any problems with these matters experienced by apprentices and trainee are more likely the result of poor employer behaviour and low award compliance. Leaving to one side the level of apprentice wages, the variation between different awards, once the different ratios and allowances are taken into account, is striking and may be difficult to justify on productivity, let alone equity, grounds. The starting rate for hairdressing apprentices is the most extreme example. Consistency is also an issue in relation to higher pay for adult apprentices. Most adult apprentices would receive adult rates, but there would seem little reason why an adult electrical apprentice in Queensland should receive a higher rate of pay while an adult electrical apprentice in Victoria should not. The training wage schedule uses a different formula based on highest qualification and years since completing school, but as can be seen from Table 2, these are all below the minimum wage.

State and federal governments agreed in 2009 to 'facilitate arrangements for effective implementation of competency-based progression and completion for apprentices' (COAG 2009). However, modern awards as made in 2010 undermine this agreement by enshrining time-based wage progression and in the case of some awards (notably the Electrical Award) through a provision fixing the duration of an apprenticeship at four years. Queensland was the jurisdiction that had made the most progress toward instituting competency-based progression. As part of the transitional arrangements, an exception was made so that if an award-based transitional instrument sets a competency-based training arrangement, or relates exclusively to the provision of tool for an apprentice, then it will continue to apply to existing as well as new apprentices (see Fair Work Australia 2010: 17). At this point in time, however, there are no national arrangements in place in the modern awards relating to apprentices considered here, with the exception of the Manufacturing Award and the Vehicle Award.

Most apprentices would be eligible for reimbursement of training expenses. Among the awards that do not provide for reimbursement are the Restaurant Award, the Hospitality Award, and the Hair and Beauty Award. These awards cover apprenticeships that have the lowest completion rates among the trade occupations — the food trades and hairdressing (NCVER 2010: 12). The training wage schedule is also silent regarding reimbursement of training costs.

There are two sets of awards with strong links between AQF qualifications and classification structures. Each AQF qualification level, from Certificate I to postgraduate qualifications, continues to correspond to a particular point in the Manufacturing Award. This much of the original training reform legacy remains. Other awards representing traditional trades workers or covering workers represented by the Australian Manufacturing Workers Union (e.g., the Food Manufacturing Award) also have determinative frameworks. The strong



connections between classifications and qualifications in the Child Care Award and the Aged Care Award are mostly a consequence of regulations in these industries that mandate ratios of staff holding particular qualifications. These developments have improved the career structure for child care and aged care workers but there are no other obvious occupational categories of VET-relevant workers in the social services where this approach might be replicated. Achieving a qualification-linked classification structure without regulatory factors is more difficult, but was achieved for call centre workers in the clerical and telecommunications awards (Hampson, Junor and Barnes 2009).

This leaves those awards that had no, or comparatively weak, connections between AQF qualifications and classifications. Machinery operators and drivers were found to be the only occupational category that did not contain any award reference to AQF qualifications. The provisions in the main retail award referring to AQF qualifications are indicative only, providing the employer with considerable discretion.

The analysis of classification scales is consistent with research showing that completing an apprenticeship and some traineeships results in a significant wage premium but a traineeship in some occupations is likely to confer no wage benefit. The connections between vocational qualifications and the Australian labour market have been described as weak (Cooney and Long 2010: 52), with the wage premium for a trade-level qualification (Certificate III or IV) for a non-school completer similar to the benefit of completing school (Cully 2005: 46). Karmel and Mlotkowski (2010) found that the biggest gap between expected wage on completion of a traineeship and the expected wage in alternative employment was for males undertaking sales traineeships, females undertaking sales traineeships and males undertaking machinery operators and drivers traineeships. The research presented here provides one explanation for Karmel and Mlotkowski's finding and neatly supports Bosch and Charest's (2008) contention that for VET to be worthwhile, it must be embedded in labour market institutions.

Award classifications cannot guarantee that workers have their qualifications recognised and, as with all matters covered by awards, enforcement is an important issue. With the exception of the Construction, Hospitality, and Manufacturing Awards, the awards do not establish any process for querying or challenging a decision to classify a worker at a particular level. However, while this is a weakness in the classification structures, it does not render them irrelevant. Many enterprise agreements incorporate the classification structures at the same time as incorporating processes to challenge a classification. Even where a classification structure may be difficult to enforce, it establishes a normative framework for employers to work within. A separate issue with qualifications is references to qualifications that do not exist or which have been superseded. For example, the Construction Award refers to Associate Diploma and Advanced Certificate qualifications, which are not part of the AQF. Periodic reviews of training packages can cause qualifications to be renamed or discontinued, and

new ones introduced. Some award texts attempt to overcome this by referring to a particular qualification ‘... or equivalent’, but this does not remove the ambiguity. In 2010, the Australian Qualifications Framework Council will finalise a review into the AQF that may recommend a wholesale change to the framework. If this occurs, it may necessitate a thorough revision of references to AQF qualifications in awards or even prompt a discussion on how awards can better link to the AQF. This could be timed to coincide with the review of modern awards scheduled for 2012, or the periodic reviews legislated to occur every two years.

## Conclusions and Implications

Two outcomes are clear from the analysis of modern awards presented here. First, award modernisation has set back the gains made in some state awards toward implementing competency-based progression for apprentices and trainees and higher rates of pay for adult apprentices.

Second, the growth of traineeships and VET qualifications has been accompanied by little appropriate recognition in award classifications, except where this has coincided with licensing requirements as in the child care and aged care industries. The majority of traineeship and qualification completions are not in these areas but in private service sector industries like hospitality, sales and clerical as well as road transport and warehousing and distribution.

This indicates potential avenues to increase training levels. It also reveals the difficulties likely to be faced by industries and unions that are not able to leverage the public demands for greater quality in social services. These difficulties apply particularly in manufacturing and distribution, and to a lesser extent retail and hospitality. Large numbers of workers continue to undertake traineeships in retail, clerical, and storage and warehousing but these qualifications are mostly unrecognised in awards. There is no institutionalised mechanism for ensuring that these workers, largely award-reliant, are rewarded for their skill development. This finding reinforces the conclusions of earlier studies into traineeships; namely that they function more as a labour market program than a training program and do not provide workers with a viable career path (Cully and Curtain 2001a).

The Government may satisfy employer demands to provide more skilled labour to these industries in the short term, but if there are not changes to the employment conditions of these apprentices, trainees and employees, they will leave their jobs and the training effort will be wasted. If this occurs, the employer response may be to call on governments to redouble their investment in subsidising training, but this will only exacerbate the vicious circle. What is missing at present is complementarity (Culpepper and Thelen 2008: 24) between training and industrial relations policies. If the Federal Government is to maximise its investment in VET, it must ensure that the value it places on increased qualification levels is reflected in the labour market. Modern awards remain the most appropriate vehicle to advance this objective.

## Appendix: Excerpts From Modern Awards — Classification Definitions

### Pattern 1 — Determinative

#### B.1.4 Children's Services Employee Level 3

This is an employee who has completed AQF Certificate III in Children's Services or an equivalent qualification or, alternatively, this employee will possess, in the opinion of the employer, sufficient knowledge or experience to perform the duties at this level. An employee appointed at this level will also undertake the same duties and perform the same tasks as a Children's Services Employee Level 2.

*(Children's Services Award 2010, ¶ B.1.4)*

### Pattern 2 — Determinative, subject to skills exercised

#### Customer Contact Officer Level 2

##### (c) Qualifications

An employee who holds a Certificate III in Telecommunications (Customer Contact) or equivalent would be classified at this level when employed to perform the functions in the role definition and taking into account the indicative tasks

*(Telecommunications Service Industry Award 2010, ¶ B.2.3)*

### Pattern 3 — Indicative, subject to skills exercised

#### Retail Employee Level 4

A.4.3 Indicative job titles which are usually within the definition of a Retail Employee 4 include:

- An employee who is required to utilise the skills of a trades qualified person for the majority of the time in a week. This includes: Butcher, Baker, Pastry Cook, Florist,
- An employee who has completed an appropriate trades course or holds an appropriate Certificate III and is required to use their qualifications in the course of their work,
- A Qualified Auto Parts and Accessories Salesperson,
- A Window Dresser (Cert III or equivalent experience),
- A Boot / Shoe Repairer (Cert III),
- A Shiftwork Supervisor, ...

*(General Retail Award 2010, A.4.3)*

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