



## SKILLS AND TRAINING FOR YOUNG PEOPLE

# Unlocking the potential of Australian apprenticeships

David Longley and Kira Clarke

April 2022

Despite being the most common form of employment-based training (EBT), Australian apprenticeships are not living up to their promise. Repeated funding increases and initiatives have failed to address declining participation and completion rates in Australian apprenticeship programs. They have also failed to widen and diversify the cohorts of learners engaged in apprenticeships. As the country emerges from the COVID-19 pandemic, with its impact on young people and the changes it has enforced on the world of work, an opportunity presents itself to address the weaknesses of the current system to improve its efficacy, suitability and reach.

## An opportunity to strengthen Australian EBT

- **Changes to labour markets necessitate changes to training systems.** The increased use of technology, the shift to a 'green' economy, increased worker precarity and the COVID-19 pandemic all influence how young people experience employment. However, Australian EBT systems have not kept pace.
- **A well-designed, work-based training system is a powerful tool**, which can provide substantial financial benefits to students, employers and the wider community. Well-constructed apprenticeships can provide students with soft skills and intangible benefits that they will carry through their careers.
- **Youth unemployment remains an important issue Australian policymakers must face.** After more than a decade, youth unemployment still sits above pre-GFC levels. This has been exacerbated by the COVID-19 pandemic, which had disproportionately severe impacts on young people aged 15–24.

## A new vision for EBT

- **Successful changes are being made to employment-based training internationally.** Globally, policymakers and educators are leveraging existing institutions and areas of expertise to create new systems of employment-based training. These approaches are built on the fundamental assumptions that:
  - **Leveraging place-based expertise will better meet the needs of educators, employers and students.** These needs vary based on geography, demographics, infrastructure and labour market demands. Programs which account for local difference, enlist local expertise and cater to local needs will provide better outcomes than those which are uniform and inflexible.
  - **Strong partnerships will produce more positive outcomes for stakeholders.** A system designed to facilitate collaboration between stakeholders will ensure that programs and procedures remain fit for purpose, agile and responsive to the demands of the labour market.

## The problem

The issue of youth unemployment in Australia remains unresolved. Youth unemployment rates have yet to return to rates before the global financial crisis. In addition to high unemployment rates, 18.2% of young people were underemployed prior to the COVID-19 pandemic. The pandemic intensified these issues, with youth unemployment peaking at 16% in the middle of 2020. However, this does not mean that the pandemic alone is responsible, nor that its end will resolve these problems. Young people's access to decent and sustainable work is impeded by a range of structural barriers. The COVID-19 pandemic exacerbated existing issues of educational inequality, limitations in training, and the precarity of work available to young people.

In leveraging skills and training to support labour market recovery of unemployed young people, governments around the world have recognised the potential of employment-based training (EBT). Apprenticeships and traineeships remain the best-known forms of EBT in the Australian labour market and training system.

Federal and state governments in Australia have dedicated billions of dollars to apprenticeships, in the form of subsidies, incentives, programs and capital works. The Commonwealth Government's recent \$2.7 billion expansion to the Boosting Apprenticeship Commencement Program and the \$1.2 billion increase to the Supporting Apprentices and Trainees wage subsidy in 2020 indicate the scale of its investment. Meanwhile, state budgets for 2021–22 announced over \$900 million for new apprenticeship initiatives and programs, in addition to those already in operation.<sup>1</sup>

This spending, focused on driving increased uptake by offering financial incentives to business, has yet to show success. By treating low uptake directly, without also considering the underlying and non-financial causes of low uptake, these solutions miss several additional causes. Similarly, recent attempts to 'harmonise and modernise' apprenticeships do not address the current weaknesses in the system, only standardise them. Despite these efforts of the state and

Commonwealth governments, EBT in Australia, in its current form, represents an increasingly inefficient and out-of-date use of taxpayer funds. To strengthen the role that EBT can play in enabling labour market access and sustained employment, innovations in EBT must address the key weaknesses of the Australian system, which relate to completion, diversity and mobility.

## Completion rates remain low

Apprenticeships as a model of training continue to underperform across several key metrics. Most important is rates of completion, which are low and continuing to decline. NCVER statistics show that of those who commenced their apprenticeship in 2016 (the most recent year for which comprehensive completion data is available), only 56.1% completed their course. This was a decline of 1.5 percentage points from the previous year. By comparison, completion rates sit above 70% in Britain's Anglophone model, and at around 75% in the dual-system model of Germany. Of those Australian students who do not complete their apprenticeship, or have their apprenticeship cancelled by an employer, 33% do so in their first year.

Participation rates are also low. Though 40% of young Australians take part in some form of vocational education and training (VET) program, only 9.1% of those aged 15–19 are enrolled in apprenticeships and traineeships. An even smaller percentage of those aged 20–25 (7.1%) commence apprenticeships.

## Enrolments do not represent Australia's diversity

Enrolment in apprenticeships is also unbalanced. The current apprenticeship landscape represents neither the diversity of career options available to young people, nor the diversity of Australian young people themselves. The proportion of young men enrolled in apprenticeships (11.4%) is more than twice as high as the proportion of young women (4.2%). Australian apprenticeships are also disproportionately focused on 'traditional' fields, with 64.4% of apprentices and trainees enrolled in training for trades occupations.

<sup>1</sup> Calculated by the authors' analysis of state budgets, taken from NCVER (National Centre for Vocational Education Research) 2021, Commonwealth, state and territory budgets, VET Knowledge Bank, NCVER, Adelaide, <<https://www.voced.edu.au/vet-knowledge-bank-governance-budgets>>.

This mismatch is compounded by the new challenges workers are facing across the globe, as economies and workplaces continue to change. The increasing automation and technological focus of workplaces means that traditional careers are in decline, while growth occurs in industries that Australian VET systems are not yet fully equipped to address. [CEDEFOP research](#) has noted that this rapid change, along with continued globalisation and the uncertainty of exactly what the transition to a 'green' economy looks like, necessitates a VET system that is adaptable and responsive.

## EBT qualifications do not enable mobility

The extension to individuals' working lives, and the [continuing decline of employee tenure](#), requires a training system that provides strong foundations while enabling worker mobility. Internationally and in Australia, there is substantial discussion of the need for a responsive and flexible workforce; but what does this mean for young people beginning their working lives?

Too often 'mobility' has become a synonym for disposability. Systems which aim to enhance mobility and flexibility without enabling workers to build meaningful careers risk becoming exploitative, and often result in the 'churn' that perpetuates inequality. The current reality for workers is that [mobility is more often horizontal than it is vertical, with most mobility occurring within the same 'stream' that a worker is already in](#). In an ideal world, workers should be able to move based on their own career aspirations and capabilities, rather than being repeatedly forced into changes without advancement.

As well as enabling workers to pursue meaningful careers, autonomous mobility is in the interest of business and industry. Building a system which promotes autonomous mobility will lead to the flexibility and responsiveness business and industry are seeking. [OECD research](#) has demonstrated that two of the biggest barriers to worker mobility are low skill levels, and highly specific training. Apprenticeship training in Australia utilises occupationally narrow training products that indirectly produce the former and directly produce the latter of these barriers. Prospective students are unwilling to lock

themselves into long, specific apprenticeships in a sector which they have not experienced. Those already in the workforce are also less willing to move if doing so would mean a significant wage drop. This is often the case when a focus on narrow skill-sets leaves workers without strong foundational capabilities, and in need of dedicated 're-skilling'. At the same time, employers feel that the narrow courses on offer do not align with their varying needs, and are discouraged from accepting apprentices due to [the difficulty in identifying appropriate programs amid the myriad options](#).

## The case for strong apprenticeships

Do these weaknesses mean that apprenticeships and similar EBT models should be scrapped? The short answer is no, as it would also be a mistake to ignore the strong apprenticeship infrastructure that already exists in Australia. However, current EBT in Australia represents an inefficient and poorly directed use of government funds. Its failings are not a result of work-based learning itself, but rather a failing of the systems which currently guide its design and implementation.

The physical and intellectual infrastructure of the Australian system is world-leading. The reach of the TAFE system provides both urban centres and regional areas with cutting-edge facilities and high levels of educational expertise, tailored to local needs and environments. There is also a strong cultural infrastructure. Australian employers, politicians, educators and jobseekers all possess a working knowledge of the aims and structure of apprenticeships. An entirely new educational model would necessitate considerable awareness-raising. Governments have also shown a willingness to invest in apprenticeships. This speaks to a belief in their potential which would be much harder to achieve with a completely new model.

A restructured Australian apprenticeship system, leveraging this existing infrastructure, could be a very strong force for skills education and labour market security. Countries with large, well-functioning apprenticeship systems generally have [lower overall levels of youth unemployment](#).

The financial benefits of undertaking an apprenticeship are well supported. Though apprentices are often paid lower wages than full-time workers, they are likely to have higher incomes than other young people engaged in full-time study. This is beneficial in the short-term for those who have to support themselves while studying, but the larger financial benefits for apprentices come in the form of future earnings. Students who complete apprenticeships show higher incomes across their careers than those with similar qualifications but no apprenticeship.

In addition to higher wages, those undertaking apprenticeships benefit from greater job security and career longevity. Research from the ILO has identified that apprentices achieve better job matches, shorter periods of unemployment and longer job tenure than those with similar VET qualifications but no EBT. Reviews of dangerous industries in the United States (such as construction) found that apprenticeship training reduces a worker's chances of job interruption through injury or long-term unemployment.

Apprenticeships also provide additional, unquantifiable, benefits to young people. In a local context, employment-based training as part of a VET program provides students with a better understanding of Australian workplace culture and their own occupational identity. This carries a positive long-term influence on future direction, self-worth, self-efficacy and employer perceptions.

EBT systems are also well placed to address the needs of the contemporary employment landscape. Surveys across the United States and Australia found that employers in growth industries, and particularly in technology, media and communications, placed higher emphasis on industry experience than academic achievement when hiring graduates. While employers in Australian growth industries have largely ignored the VET sector to this point, their preference for workplace experience in graduates represents strong potential for EBT models.

It is not only apprentices themselves who see the benefits of a robust and efficient EBT system. Improvements to apprenticeships will facilitate increased retention of apprentices as employees. Though apprenticeships represent a net financial cost for employers in the early-to-middle stages of a program, the cost-benefit begins to turn

in favour of the employer as an apprentice nears completion. Improved completion rates translate into increased return on investment for businesses.

A strong apprenticeship system also leads to 'social returns' in the form of reduced government expenditure on social welfare programs and active labour market policies, and increased revenue from taxation. Research from both the United States and United Kingdom has demonstrated that apprenticeship schemes with high completion rates lead to significant economic returns on public investment over an individual's career, with estimates ranging from 10% to 33% return on investment.

## Place and partnership

How then can we change apprenticeship systems to address their current weaknesses, and maximise their potential? Recent international innovations provide a blueprint for the first steps. Changes to the methodology that guides the design, structure and implementation of apprenticeship programs have demonstrated success in addressing weaknesses similar to those of the current Australian system. Organisational principles centred on 'place and partnership' have achieved efficient, inclusive and adaptable systems which align with the needs of employers and industry.

While varying in the details of their implementation, these innovations work from the fundamental principle that EBT programs must leverage local leadership to facilitate connections between employers, educators and other stakeholders. The key point of difference between the place-and-partnership methodology and traditional structures is the collaboration between local educators and local employers/industry, facilitated by a local enabling organisation. Stakeholders work together in a new way: co-designing qualifications and curriculum to suit the place-specific needs of employers and industry, and monitoring the maintenance of shared goals and outcomes. This requires clearly defined roles to be filled by each stakeholder, and formal methods of ongoing communication and collaboration. This stands in opposition to a top-down, prescriptive system of design and implementation, which is rigid in both its scope

and its execution. Place and partnership is an approach to EBT which has been [advocated by the International Labour Organization \(ILO\)](#), [by CEDEFOP](#), and [by the OECD](#). A place-based approach shifts the locus of program justification, design, implementation, and administration to the ground level. It utilises the power of local expertise to ensure that the concerns of the educator, student and employer are all addressed.

The place-and-partnership approach has successfully addressed problems of completion and placement while simultaneously catering to a variety of student needs. Programs that are designed locally, and with local needs in mind, can account for diversity in a manner that centralised programs cannot. Much success has so far come in the decentralised and varied training and employment landscapes of the United States. Catering to the needs of specific regional industries, programs supporting students in regional Colorado have seen [placement rates of 70%](#), while programs in the heart of Illinois' industrial north-east boast [placement rates of 75% and above](#), and in some cases [retention rates exceeding 85%](#). The approach also allows for solutions which include a region's most disadvantaged groups. Urban Alliance's internship program, targeting disenfranchised youth in urban centres in the eastern United States, has seen [almost 80% of alumni go into work or further study](#) within twelve months of completion.

As well as proving successful in targeted application, this approach has been implemented on a national scale. One of the most thoroughly evaluated place-based initiatives is Ireland's [Career Traineeship Pilot](#). Rather than taking a top-down approach to accreditation and training, the pilot program creates partnerships between education providers, local employers and industry. This partnership is facilitated by local education boards, which bring all parties together to adapt training methodologies and curriculum to meet the specific needs of local employers and industry. The successes are significant. Rolled out in eight varied sites across Ireland, the program saw a completion rate of 70%, with 98% of those completing the program gaining employment after graduation. In a testament to the program's popularity with employers, 72% of trainees who completed it found employment with their host organisation.

Its popularity with industry and employers is also a key strength to this approach, and demonstrates its potential as an alternative to subsidies and financial incentives. The partnership approach engages stakeholders and maintains enthusiasm for the project. [A 2017 study](#) across multiple countries found that employers are less likely to engage apprentices when they feel they are acting alone. Conversely, they are more likely to take on learners when coordinating with other businesses in the sector, seeing apprenticeship as a collective investment in the industry. Place-based programs in the United States and the European Union saw high levels of industry and employer buy-in when they were included in decision making and evaluation processes.

The forging of partnerships also led to the meeting and exceeding of expectations of multiple stakeholders. The evaluation of the Career Traineeship Pilot noted that despite the time and effort involved in the collaborative process, feedback on the final outcomes was universally positive from both employers and educators. This was particularly the case when communication between educators and industry was maintained throughout the training. This is encouraging when viewed from Australia, where industry and employers increasingly feel that VET is not meeting their needs.

Finally, the inclusive partnerships of the place-based approach have allowed education providers to better meet the diversity of local industries, a key weakness of the current Australian system. International programs have been successfully rolled out in traditional areas such as [manufacturing](#), but also in [hospitality, marketing and IT](#), and [healthcare, education and real estate](#).

## A model for practice

What then do these models look like translated to address the specific weaknesses of the Australian system? In addition to its potential as a solution to the problems of completion and diversity, a place-and-partnership approach addresses the structural weakness of occupational narrowness within the current apprenticeship model. Concerns about occupational narrowness within the Australian training system, raised by employers and training system stakeholders for several decades, have intensified amidst the

latest economic shock brought on by the COVID-19 pandemic. The recent announcement of the forthcoming establishment of nine broad Industry Clusters demonstrates the Commonwealth Government's awareness of the need to better align skills within broad industry groupings.

Through its place-based enabling organisation role within the National Youth Employment Body (NYEB), the Brotherhood of St. Laurence (BSL) has observed first-hand how collaborative co-design allows education providers and industry representatives to build and test occupationally broad, foundational capability pathways.

A place-based approach allows local employers and industry to have a direct say in the creation of curriculum which builds foundational capabilities of students, thereby building a platform for mobility within industries without locking young people into a career path they have never experienced. Building an educational structure that enables intra-industry mobility without limiting worker autonomy can be best realised with a place-and-partnership approach that is responsive to the local employment, training and social ecosystem.

In practice, the goal of enabling a breadth of skill development can be best realised by shifting from the traditional long-form approach to apprenticeships, to a staged approach to EBT. Changing the design and delivery of programs can allow students to build foundational breadth without forcing unnecessary skills-siloing prior to meaningful industry experience.

An approach that BSL has been developing through collaboratively co-designed trials in several regions across Australia is a 'stackable' or 'latticed' approach. Applied to EBT, this involves an initial 'immersion' program of 6-12 months, in which students are exposed to diverse workplaces across the sector in their local area and gain the foundational building blocks. This approach enables the design and delivery to be responsive to the needs of business while leveraging the successes of 'taster' programs which empower students to make informed choices regarding their futures. This foundational stage is then followed by a one to two-year, industry-broad qualification, which further integrates essential workplace experience with a strong capability base, and will equip learners with transversal capabilities. This allows graduates to pursue a

career within the industry, while also providing them with a platform to further specialisation, all without locking the doors to lateral mobility. This potential further specialisation represents the final layer of the latticed approach, where highly specific skillsets (still developed within the principles of place and partnership) will be taught to students who have by then made informed, autonomous choices regarding their future.

## Ways forward

In line with BSL's ongoing commitment to operating at the nexus of research, policy and practice, and to trialling innovative solutions to youth unemployment, the organisation's Social Policy and Research Centre (SPARC) has been undertaking extensive consultations with stakeholders from the agriculture, transport and logistics, and aged care sectors. This process has seen one-on-one interviews and group workshops with over 130 educators, employers, industry bodies, academics, community organisations and government representatives. Contributors overwhelmingly identified the lack of collaboration between stakeholders and the lack of locally focused solutions as the two major stumbling blocks to successful education and training of young people. Many contributors also noted that a closer alignment between vocational education and the needs of industry and employers would result in better opportunities for career growth among young people.

These findings align with SPARC's wider research, and are guiding BSL's next steps in addressing the ongoing problem of youth unemployment. Emerging from these consultations is a desire among key industry and training partners to leverage these new connections to achieve meaningful systemic change. BSL is collaborating with these groups, bringing together local knowledge and expertise, and trialling place-based solutions to workforce shortages, youth unemployment and community engagement. These programs will demonstrate the efficacy of place-based methodology to address issues of completion and diversity in Australia, and test the effectiveness of an approach to education and certification which builds the skills for occupational breadth. The learnings from these projects will guide the development of scalable and transferable frameworks for EBT initiatives.

The final success of any scale-up of such innovations relies on buy-in from state and federal governments and policy makers within policy reform environments authorising meaningful structural change. Systemic change within vocational education cannot take place without an enabling environment, one shaped by those with the power to enact and sustain it. Responding to the complexity of the challenges facing vocational education will require bravery from governments and those leading policy reforms. The old solutions have proved inadequate. Now is the moment for new approaches, new partnerships, and a new commitment to change.

---

Published in April 2022 by

Brotherhood of St. Laurence  
67 Brunswick Street  
Fitzroy, Victoria 3065  
Australia

ABN 24 603 467 024  
ARBN 100 042 822

Phone: (03) 9483 1183  
Web: [www.bsl.org.au](http://www.bsl.org.au)



Brotherhood of St Laurence  
Let's make change that lasts

Social Policy and Research Centre

**SKILLS AND TRAINING FOR YOUNG PEOPLE**

# **Unlocking the potential of Australian apprenticeships**