

16 January 2023

Department of Employment and Workplace Relations

Via: [AustralianApprenticeshipPolicy@dewr.gov.au](mailto:AustralianApprenticeshipPolicy@dewr.gov.au)



Dear Secretary,

The Victorian Trades Hall Council (VTHC) welcomes the opportunity to make a submission on Australian Apprenticeship Services and Supports. VTHC commends the Albanese Labor Government for taking the first steps to ensure apprenticeships deliver meaningful training and good jobs to apprentices after years of inaction by the former Coalition Government.

VTHC was founded in 1856 and is the peak body for unions in Victoria. VTHC represents 41 affiliated unions and over 500,000 Victorian union members. These workers, including apprentices, are members of unions that reach into every industry across Victoria in both the public and private sectors. Since winning the Eight Hour Day in 1856, VTHC has had a long history of fighting for and defending the rights of apprentices to safe and fair work. This advocacy is most recently evidenced in the Andrews Labor Government's establishment of Apprenticeships Victoria, commitments to create opportunities for apprentices in the Victorian Big Build, as well as the election commitment to establish an Apprenticeships Taskforce.

Through consultation with affiliated unions, VTHC makes recommendations in the attached submission which increase apprenticeship completion rates, encourage diversity and relieve skills shortages. Exploitation of apprentices at work, including rampant wage theft, bullying, harassment and unsafe workplace practices, is at the heart of low apprenticeship completion rates. Apprentices want to achieve qualifications to secure well-paid skilled work, but this will continue to be impossible if employers are not accountable for their responsibilities to their apprentices.

If you have any questions, please contact Politics and Research Lead, Tiarne Crowther, at [tcrowther@vthc.org.au](mailto:tcrowther@vthc.org.au).

Sincerely

A handwritten signature in black ink, appearing to read "A Threlfall", is written over a circular stamp that is partially visible.

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# **Victorian Trades Hall Council Submission on Australian Apprenticeship Services and Supports**

## **Introduction**

Victorian apprenticeship completion rates are below the national average. Only 52% of Victorian apprentices complete their apprenticeship because of exploitation at work.<sup>1</sup> Wage theft, bullying, harassment, poor supervision and training, low wages and unsafe workplace practices are the core problems behind low apprenticeship completion rates.

Two thirds of Victorian apprentices and trainees are under the age of 25.<sup>2</sup> An apprenticeship is often their first job, and they may be the only apprentice at the workplace. There is an inherent power imbalance between a young worker and their employer, and this makes a young worker vulnerable to exploitation by their employer. Employers are not accountable for mistreating apprentices due to the lack of regulation of apprenticeships.

Apprentices and trainees represent the future of Australia's workforce. They are critical in building a future that benefits all Australian people, whether that is in public infrastructure construction or the delivery of crucial services. Meaningful training, job security, fair wages and safe workplaces free of bullying and harassment will create a positive apprenticeship experience. Unionised workplaces are safer and more conducive to learning.

In addition to what is proposed in this document, VTHC's submission should be read in conjunction with the analysis and recommendations put forward by the Australian Council of Trade Unions (ACTU). In this submission, VTHC makes recommendations that will bring an end to apprentice and trainee exploitation. VTHC's submission speaks to apprentice and trainee wages, training contracts, employer accountability, AASNs and union-affiliated services and programs.

## **1. Increasing apprentice completion rates**

### **1.1 Apprenticeship Wages**

Low wages are a significant barrier to apprenticeship completion. Apprentice wages must be increased to a liveable wage. The cost of paying rent and putting food on the table is high and becoming even more expensive for many households, and it is especially difficult for apprentices to pay for basic living expenses when they only receive a portion of the adult minimum rate in their Award.

The current minimum wage in Australia is \$21.38 per hour. However, an adult apprentice in cooking under the Hospitality (General Award) earns only \$18.48 an hour for the first year of their apprenticeship. This equates to only \$702.08 a week. Junior apprenticeship wages are particularly low. A junior cooking apprentice receives only \$12.70 an hour (or \$482.68 a week) for the first year. The picture is even worse for apprentices in female-dominated industries - a hairdressing apprentice who has not completed year 12 earns only \$11.55 an hour (or \$438.80 a week) for the first year.

With the median cost of housing now at \$508 a week nationally, apprenticeship wages are practically impossible to live on when considering only the most basic living expenses. This

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<sup>1</sup> McKell Institute (2022), 'Working, learning: better supporting Victorian apprentices on the job', McKell Institute, accessed: <<https://mckellinstitute.org.au/wp-content/uploads/2022/09/Working-learning-report-final.pdf>>, p. 10.

<sup>2</sup> Ibid, p. 6.

does not take into account expenses such as tools and transport necessary for the job. As a result, apprentices experience extreme financial hardship despite working and learning full time.

With inflation currently over 7%, cost of living pressures has become a serious concern for workers in Australia. Nationally, the average grocery bill for a one-person household in Australia is \$155 per week,<sup>3</sup> on top of housing costs. Even if a junior apprentice worked 38 hours every week in their first year, they would still be unable to raise enough money to cover the national median rent, let alone groceries, tools, car registration or petrol. It is wrong to assume that young workers can fall back on their parents for financial stability or housing, as this is not the case for many young working people. A full-time wage in any industry and at any level must be enough for a worker to live on. To improve apprenticeship completion rates, apprentice wages must increase to ensure apprentices can afford to pay for living expenses in the years they work towards a qualification.

In New Zealand, 16- and 17-year-old employees earn a starting out minimum wage that is 80% of the adult minimum wage, which then increases to the full adult rate after six months of continuous employment. This aspect of the New Zealand model ensures that when apprentices are paid a starting out rate, they are paid closer to the adult minimum wage, and it is for a shorter period of time. A similar model could be introduced in Australia as an interim measure to abolishing apprentice rates. This may include options for the Federal Government to top up apprentice wages during the transition.

Abolishing apprentice wages will weed out employers who are not invested in training the next generation of tradespeople in their industry. VTHC recognises the vital importance of apprenticeships and the meaningful qualifications that they bring to workers. Qualified tradespeople and service workers are at the centre of a functioning society and economy. Apprenticeships lead to good, secure and well-paid jobs that allow workers to build a future for themselves. Without serious action on increasing apprentice wages, workers are disincentivised from commencing apprenticeships and gaining the skills that will benefit their communities and our nation more broadly.

VTHC recommends that the Albanese Labor Government take steps towards abolishing apprenticeship and trainee wages, to ensure that workers, no matter their age or year of training, are paid a living wage. The timing of wage subsidies further creates perverse incentives for employers to hire apprentices in the early years of their apprenticeship and dismiss them when they approach qualification because they are no longer cheap labour. Some workers are terminated from their employment just when they reach the third or fourth year of their apprenticeship and are closer to the qualified Award pay rate. Other workers are terminated from their employment within 12 months of commencing their apprenticeship. They are prevented from challenging their dismissal as they do not meet the qualifying period under the *Fair Work Act 2009 (Cth)* enabling employers to take advantage of wage subsidies and churn through apprentices.

*Recommendation 1: Abolish apprenticeship and trainee wages, including junior apprentice and trainee wages.*

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<sup>3</sup> Bradney-George, A. (2022), 'The average cost of groceries per month', Finder, accessed: <<https://www.finder.com.au/average-grocery-bill>>

*Recommendation 2: Change the timing of wage subsidies to prevent perverse employer incentives that lead to termination of apprentices and trainees when they progress to higher wages.*

## **1.2 Training contracts**

Training contracts are foundational to the apprenticeship formalising the relationship between the apprentice, the employer and training institution. They should also be an important part of protecting apprentices' workplace rights and outlining employer responsibilities. However, training contracts are not fit for purpose as they fail to outline rights and responsibilities. They are often so vague that enforcement is impossible, especially under the general protections provisions in the *Fair Work Act 2009 (Cth)*.

Training contracts interact with minimum standards and conditions set out in the relevant Award. Awards generally state that apprentices can only be paid as an apprentice if they are signed up under a training contract. However, training contracts provide little guidance as to an employer's supervision and training responsibilities and occupational health and safety obligations.

Apprentices are frequently working unsupervised or are required to undertake work that has little relevance to their trade. Apprentices are being put in extremely unsafe situations, with little experience, working on projects without the appropriate qualifications. They are also pressured to meet deadlines and fulfil jobs by working unpaid overtime and excessive hours without breaks. This poor workplace experience is causing workers to leave their apprenticeship early. It is wrong to suggest that off-the-job training or the high standard applied to assessments is a genuine factor in low completion rates, as is suggested in the discussion paper.

Training contracts must be standardised and include detailed and meaningful rights and obligations in relation to supervision, and a clear definition of appropriate supervision in accordance with occupational health and safety legislation. Training contracts must make clear it is the employer's obligation to pay an apprentice's TAFE fees. Training contracts must also specify the type of work associated with the training.

*Recommendation 3: Set out apprentice and trainee rights and employer obligations in training contracts, enforceable by regulatory bodies, including the right of apprentices and trainees to supervision and perform work associated with their training.*

## **1.3 Employer accountability**

Workers are leaving their apprenticeships and traineeships because of mistreatment at work, including wage theft, bullying, harassment, unfair termination of employment and unsafe workplace practices. Employers are not held accountable as there is a lack of regulation of apprenticeships and low knowledge of workplace rights.

The power dynamic that exists between an apprentice and an employer is embedded in the current apprenticeships system. An apprentice must rely on the employer for work and relevant training, the employer chooses the TAFE or registered training organisation where the apprentice studies for their qualification, and the employer pays low wages to the

apprentice. On top of this, the apprentice is new to the industry and often much younger than the employer, creating an additional expectation of deference to the employer.

In Victoria, employers can sign a statutory declaration declaring themselves to be a fit and proper person to engage an apprentice. Submitting such statutory declarations to the Victorian Registration and Qualifications Authority (VRQA) means that employers are automatically exempted from site verification checks by authorised officers. In 2013, the former Victorian Liberal Government, outsourced the regulatory functions of the VRQA to a Queensland provider, BUSY Group Ltd.<sup>4</sup> The workplace visit rate in 2018-19 was around three visits per working day across all authorised officers – this equates to only 1.2% sites visited that year for the 63,700 apprentices in training.<sup>5</sup> Furthermore, the VRQA did not revoke any employer approvals in 2020-21.<sup>6</sup> Yet, systemic exploitation of apprentices is occurring across Victoria in a significant number of workplaces.<sup>7</sup> As the McKell Institute cites, a 2019 evaluation survey of the VRQA's performance found that 78% of apprentices and 62% of employers were not aware of the VRQA and what it does.<sup>8</sup>

To improve regulation and increase completion rates, VTHC recommends that employers who have mistreated an apprentice are prohibited from taking on another apprentice by establishing a public apprenticeship employer register. To ensure that an employer fully understands their obligations and responsibilities to apprentices, employers receiving publicly funded wage subsidies must be required to undertake mandatory workplace training. This should be run by unions and the Young Workers Centre (which is based at Victorian Trades Hall). VTHC also recommends that employers who mistreat apprentices must pay back any wage subsidies they received from the Government.

*Recommendation 4: Hold apprenticeship employers accountable with an employer register, and blacklist employers who have exploited apprentices, including but not limited to committing wage theft or failing to release apprentices to attend trade school.*

*Recommendation 5: Employers must undertake mandatory workplace training before they employ an apprentice or trainee and receive wage subsidies and attend refresher training throughout the apprenticeship or traineeship.*

*Recommendation 6: Employers must pay back wage subsidies to the Government if they exploit their apprentices or trainees.*

## **2. Encouraging diversity**

### **2.1 Case Studies: Women Onsite and Job Ready programs**

People from marginalised and excluded communities face additional challenges to commencing and completing an apprenticeship. First Nations, migrant and refugee communities, people with disabilities, LGBTIQ+ people and women all face considerable

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<sup>4</sup> McKell Institute (2022), 'Working, learning: better supporting Victorian apprentices on the job', McKell Institute, accessed: <<https://mckellinstitute.org.au/wp-content/uploads/2022/09/Working-learning-report-final.pdf>>, p. 20.

<sup>5</sup> Ibid, p. 20.

<sup>6</sup> McKell Institute (2022), 'Working, learning: better supporting Victorian apprentices on the job', McKell Institute, accessed: <https://mckellinstitute.org.au/wp-content/uploads/2022/09/Working-learning-report-final.pdf>, p. 19.

<sup>7</sup> Ibid, p. 19.

<sup>8</sup> Ibid, p. 17.

financial and social barriers that can only be addressed with targeted support. Below are two case study examples of programs delivered through the trade union movement that show how this could be delivered.

The Women Onsite (WO) program was run through the Victorian Trades Hall Council and supported women in overcoming barriers to entry into historically male dominated trades and industries. It provided women with material support and specialised guidance to find and complete a pre-apprenticeship and get into a trade apprenticeship.

The program incorporated the following elements:

- A website that normalises the stories of women in trades
- Try a Trade and Industry Days where girls/women have the opportunity to try their hand at using tools under the guidance of experienced tradeswomen and/or ask questions about potential careers in particular trades
- In partnership with TAFE's and RTO's, women only pre apprenticeships
- The provision of tools and other material support to the women participants
- The provision of soft skills and job readiness for women participants (resume preparation and participant understandings of workplace rights, cultures, and expectations, foundational skills, the ability of participants to make informed career decisions)
- Respectful Workplace training provided to women participants, TAFEs and RTOs as well as employers to create safe and respectful working environments for women
- Linking participants into trade unions to ensure they are supported through their pre-apprenticeship and apprenticeship.

WO was coordinated through a steering committee made up of employers, unions and relevant government departments. This holistic approach proved to be extremely effective in helping women build careers in male-dominated industries. Through the Women Onsite project, 41 women started apprenticeships in electrical trades, 17 in carpentry, 1 in cabinetmaking, 5 in the automotive industry, 1 in plumbing, 1 in landscaping and 1 in painting.

The Job Readiness (JR) program ran in tandem with the WO program. JR provided support to First Nations peoples and migrants and refugees into traineeships and apprenticeships. JR incorporated elements of the WO program by supporting participants to develop soft skills and working with employers to ensure that workplaces were culturally safe. Various modules prepared participants for work, including sessions around workplace rights. These services were delivered through Trades Hall in collaboration with community cultural organisations to ensure that the service provided was culturally safe. As a result of the JR program, 59 participants secured ongoing employment. A social impacts evaluation of the project found that for every \$1 invested in the participants there was \$3.70 of economic value to the community and \$472,000 of value was created to government.

It is our view that these programs demonstrate the importance of providing targeted support to marginalised and excluded people, not just incentivising employers. Victorian Trades Hall Council was uniquely placed to deliver the program through our relationships with employer bodies, employers, education providers and community organisations. We recommend rolling a similar approach out nationally through the trade union movement.

As the discussion paper notes, statistics around the participation of culturally and linguistically diverse (CALD) apprentices are insufficiently captured. Therefore, further

research needs to be conducted in consultation with trade unions and migrant worker services, such as the Migrant Workers Centre in Melbourne, to get a fuller picture of the participation of CALD apprentices and how they have experienced apprenticeships, as well as barriers faced by CALD populations in enrolling in and completing apprenticeships.

*Recommendation 7: Expand funding for union-led initiatives, including Women Onsite run by VTHC, to increase the recruitment, retention and advancement of women, First Nations people, culturally and linguistically diverse people, people with disabilities and neurodiverse people in apprenticeships or traineeships.*

*Recommendation 8: Invest in research to capture better data around culturally and linguistically diverse apprentices and trainees, and the barriers they face in enrolling in or completing an apprenticeship or traineeship, in consultation with trade unions and union-affiliated organisations such as the Migrant Workers Centre.*

## **2.2 Working Women's Centre**

The discussion paper notes that women apprentices in trades drop out at a higher rate than that of male apprentices. Women trade apprentices experience the same challenges as other apprentices. However, various studies have shown that these are compounded by their experience of discrimination and gendered violence in the workplace. These issues are compounded for First Nations women, LGBRIQ+ women, CALD women and women with disabilities.

We note that the Respect@Work Report recommended the establishment of Working Women's Centres to assist women to address issues of workplace discrimination, sexual harassment and gendered violence. These should be modelled on the Young Workers Centre model, combining industrial advice/assistance, educational outreach and community advocacy

The trade union movement is uniquely placed to deliver on this model. Our experience in workplace and community education and the provision of industrial services and our long-term history of advocacy for working women mean we can ensure that Working Women's Centres are an effective vehicle for meaningful change. And our ongoing relationships with community organisations, legal centres, women's services and government mean we can facilitate collaboration across the key stakeholders. In Victoria, a Working Women's Centre should be located at Victorian Trades Hall, alongside the Young Workers Centre, the Migrant Workers Centre and the Women Onsite project – all of which already provide assistance and support to women workers from different backgrounds and all stages of life.

*Recommendation 9: The Federal Government should fund Working Women's Centres in every state and territory based at the respective Trades and Labour Councils.*

*Recommendation 10: The Federal Government should fund a Working Women's Centre based at the Victorian Trades Hall Council.*

## **3. Servicing the needs of apprentices**



### **3.1 Navigating the apprenticeship system**

Trade unions are best placed to provide advice and representation to apprentices and trainees, which is why it is so important for all apprentices and trainees to connect with their relevant trade union during their training. Apprentices find the apprenticeship system difficult to navigate. When apprentices seek assistance, government organisations often defer to each other, unable to resolve the issue for the apprentice. Clearer lines of responsibility for government bodies that interact with the apprenticeships system must be urgently established.

*Recommendation 11: Establish clear lines of responsibility for government bodies that regulate or support the apprenticeships and traineeship system and how they interact, including lines of communication and data sharing.*

The Young Workers Centre (YWC) provides advice and representation to workers under the age of 30. The YWC also delivers workplace rights education and training to apprenticeship support officers employed by Apprenticeships Victoria. This training identifies employment issues and referral processes and should be expanded nationally to optimise the level and quality of assistance provided by AASNs to apprentices.

The Australian Council of Trade Unions' (ACTU) makes detailed analysis of the shortcomings of the AASN system in its submission to this review, including AASNs' failure to lift apprenticeship completion rates. As such, VTHC also supports the ACTU's recommendations to replace AASNs with an industry-led, tripartite support system.

*Recommendation 12: Additional resourcing to expand the delivery of workplace rights training by the Young Workers Centre to AASNs across Australia.*

### **3.2 Young Workers Centre (YWC)**

The YWC is a one-stop-shop for young workers in Victoria who want to learn more about their rights at work or who need assistance in resolving workplace issues. The team of lawyers, organisers, educators and researchers seek to empower young workers with the knowledge and skills needed to end workplace exploitation and insecurity. This important work has set young workers up for the rest of their careers with a better understanding of their workplace rights and entitlements. The YWC is a crucial service and resource for apprentices as they navigate the complex apprenticeship system and encounter unlawful workplace practices.

Without the YWC, many young workers would not be able to access legal representation, advice or support for their workplace issue. Since its inception in 2016, the YWC has recovered over \$2 million for young workers, including apprentices, for wage theft and financial compensation for unfair termination of employment, discrimination and sexual harassment matters. In 2022, the YWC has provided legal assistance to over 400 workers and there has been a 77% increase in the number of apprentices seeking help.

Since 2016, the YWC has delivered workplace rights training to over 40,000 senior secondary school students. In 2022, the YWC has delivered 191 WorkSafe-approved modules to secondary school students covering the following topics:

- Your rights at work

- Bullying and discrimination
- Occupational health and safety; and
- Apprentice readiness.

VTHC supports the submission made by the YWC, recommending additional resourcing to expand its programs and services. Moreover, the YWC should be resourced to assist other state trades and labour councils establish similar models to ensure that young workers and apprentices across Australia can access such a service.

*Recommendation 13: Increase funding for union-led initiatives to assist apprentices and trainees to understand and defend their workplace rights, including services such as the Young Workers Centre.*

## **Conclusion**

Addressing the employment problems within apprenticeships must be the first priority for the Albanese Labor Government in its efforts to rebuild apprenticeships after a decade of neglect by the former Coalition Government. Whether it is wages stolen from already very low pay rates, or being abused by bosses, or being made to do work that is unsafe or unsupervised, apprentices are leaving their apprenticeships because of horrific workplace experiences. Unions have already led the way in delivering services and programs that provide practical assistance to apprentices. Unions continue to be best placed to assist apprentices commencing an apprenticeship, protecting their rights and securing good, well-paid jobs with their qualifications. VTHC commends the Albanese Labor Government's recognition that unions need to be deeply and continually consulted on changes to the apprenticeship system.

## **List of Recommendations**

*Recommendation 1: Abolish apprenticeship and trainee wages, including junior apprentice and trainee wages.*

*Recommendation 2: Change the timing of wage subsidies to prevent perverse employer incentives that lead to termination of apprentices and trainees when they progress to higher wages.*

*Recommendation 3: Set out apprentice and trainee rights and employer obligations in training contracts, enforceable by regulatory bodies, including the right of apprentices and trainees to supervision and perform work associated with their training.*

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*Recommendation 9: The Federal Government should fund Working Women's Centres in every state and territory based at the respective Trades and Labour Councils.*

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