



'We will lose a generation': why Australia must fix apprenticeship and job training post-Covid

As the Coalition vows to reform vocational training, Labor warns that keeping trainees with their employers during the coronavirus crisis is vital

Daniel Hurst

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Lachlan Beel, 17, was just over a year into his four-year apprenticeship as an engineering machinist when he got some bad news.

His employer, which runs a machine shop and foundry in the Ipswich region of south-east Queensland, told him his apprenticeship was being cancelled because work had dried up amid the coronavirus crisis and it was likely to stay sluggish for at least six to 12 months.

Hearing the news from the HR rep last month was a blow because Lachlan had really enjoyed learning new skills and making friends at the work site. He had hoped the training would eventually pave the way for him and his brother to start their own motor reconditioning business - but now he has to try to find a new employer.

"I'm currently looking for another apprenticeship, but it's just really hard right now. No one's really employing - everyone's scared," he says.

“I don’t want to be too far between jobs - people look at you funny, wondering why you haven’t got a job yet.”

‘We will lose a generation’

Experts fear Lachlan’s case is just the tip of the iceberg. The number of new apprenticeships and traineeships is expected to decline by 30% within two years, according to research from the Mitchell Institute at Victoria University.

That equates to about 130,000 fewer new apprentices and trainees between the start of the pandemic and mid-2023. The number of currently enrolled apprentices and trainees is also tipped to go down.

The Mitchell Institute education policy fellow, Peter Hurley, says apprentices are highly affected by what’s happening in the wider economy, because employers are reluctant to commit to a three- or four-year placement at a time of economic uncertainty.

This trend could see young people drop out of the workforce or training system altogether and lead to skills shortages down the track.

“These are really quite disastrous, cascading effects,” Hurley says.

Labor’s education spokesperson, Tanya Plibersek, also worries about the implications. “The number of apprentices and trainees has been in decline for seven years, but without serious government action things are about to get a whole lot worse,” she says.

“If the government fails to intervene, apprentice and trainee numbers will fall off a cliff - we will lose a generation.”

The skills the nation needs

The concerns about apprentices come at a time when the government has vowed to reform the broader skills and training sector. Scott Morrison, in a National Press Club address last month, said the system was “clunky and unresponsive to skills demands”.

“We need to have this system more focused on what it’s actually supposed to do, and that is that someone who’s looking for training can get trained with skills that an employer might actually want,” the prime minister said.

The Australian Industry Group agrees. Its chief executive, Innes Willox, says developing skills to drive the post-Covid-19 recovery will be vital, but the vocational education and training (VET) system “already struggles to deliver the skills that the economy needs”.

Willox says while many of the training products are “fine”, the resources are too often out of date and inflexible. Training providers make selections that best suit their staffing profile and funding received, not the requirements of the local labour market.

“Employers are left feeling that their needs and those of the economy have not been met,” he says.

Plibersek contends the whole post-high school system needs fundamental reform. Australia’s training system, she says, has been neglected and undervalued for too long. And students are “paying more for qualifications that often fail to prepare them for good quality, secure jobs”.

Plibersek says the training system can only be excellent when the public provider, Tafe, is well funded, yet it has suffered from funding cuts over the past seven years.

Australia needs training courses that lay good foundations for long-term careers, not short-term, insecure jobs, she adds. “The best way to do that is to directly involve employers, unions and Tafe teachers, so people are being well trained for good jobs available in their local cities and towns.”

Lowest spending in more than a decade

Across the nation, the total reported spending on the VET sector is now at its lowest level in more than a decade, although the federal government is playing a bigger role than it did 10 years ago, according to a recent report by the Mitchell Institute.

“Good intentions and bad policy” is how Hurley describes the funding trends. Attempts to open up the sector 10 years ago were done in a flawed manner, he says, and then some states were accused of taking advantage of federal funding to reduce their own contributions.

Morrison has left the door open to increasing the \$1.5bn component funded by the federal government - with conditions. His interest, he says, is in “investment that goes somewhere”.

Likewise, the Productivity Commission suggests the \$6.1bn in VET funding provided by federal and state governments each year needs to be more focused on helping students get the training they need.

In a report published on Friday, it points to differences in the delivery of one of the most popular VET courses - the certificate 3 in individual support, which qualifies people to work in aged and disability care. This varies in cost around Australia, it says, with the standard subsidy differing by as much as \$3,700.

Jonathan Coppel, a productivity commissioner, says the pandemic driving Australia into recession only increases the urgency of tackling the “big reform questions” in vocational education.

“Now must be that moment,” he says.

‘Not business as usual’

The federal government says it is focusing on three key issues: the complexity of the VET system and its responsiveness to skills demands; the lack of clear information about industry skills needs; and improving the funding arrangements that are marred by inconsistencies and incoherence, with little accountability back to outcomes.

A spokesperson for Michaelia Cash, the minister for employment, skills, small and family business, says the government wants to renegotiate the National Agreement for Skills and Workforce Development because it “sees the federal government hand over \$1.5bn in untied funding each year with no oversight of how the money is spent, or what the efficient price for different training courses actually is”.

The National Skills Commission will provide the government with advice on funding and will also work on improving labour market forecasting, “helping us identify where the jobs of tomorrow will be, and how to train for them”.

But Hurley cautions against getting too prescriptive when it comes to the particular skills that are needed, saying we should also consider the rich learning experience that a student gains from training.

“It’s interesting when industry comes along and says things like we want job-ready graduates. I mean, I would expect that most students want to be job ready as well. That’s why they’re

doing a course.”

It is, by no means, the first time a government has vowed to better link the system to skills needs. But Cash insists this time it will be different.

“It’s clear that this time it is not business as usual, as Australia plots a course towards recovery from Covid-19,” the minister’s spokesperson says.

“There is a clear urgency here to make high-quality training accessible in a way that helps position Australians for the jobs that will emerge. The jobs that are created coming out of the Covid-19 crisis will not be the same as the jobs that were lost.”

The here and now

In the meantime, industry groups and the Labor party say there is a pressing need to keep apprentices and trainees with their employers as businesses weather the Covid-19 economic storm.

“We will need apprentices and trainees to help our economy recover,” says Plibersek, “and quality courses that set people up for successful careers including carpentry, plumbing, hairdressing, renewable energy, advanced manufacturing, aged care and disability care.”

The government says its \$1.3bn Supporting Apprentices and Trainees package announced in March will ensure up to 70,000 small businesses can keep around 117,000 apprentices and trainees across the country in work and training.

So far, about \$213m has been provided to support 46,600 apprentices, according to Cash’s office, excluding placements supported by the parallel jobkeeper scheme.

But the Ai Group has called for wage subsidies for apprentices and trainees to continue until the end of next year because of fears about a drop-off in numbers caused by the crisis.

It is urging the government to spend nearly \$4bn between October this year and December next year to subsidise the wages of apprentices and trainees with a contract of training, regardless of company size, number of employees, age, occupational groupings or geography. The proposal is timed to kick in from the expiry of the jobkeeper scheme.

But the benefits of such schemes have come under fresh scrutiny, with the Productivity Commission warning in its latest report that there is “little evidence that incentive payments to employers to train trade apprentices have been effective in increasing enrolments”.

Lachlan is just hoping for action to help apprentices like him. He says if the government could work with businesses to keep apprentices and trainees employed, there would not be as many people claiming unemployment benefits.

“It wouldn’t be just me - there’d be heaps of apprentices who have lost their job like me who would really like to finish their trade, and something from the government would be really helpful.”