

Feature Essay: New Apprenticeships and Young People

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Introduction

Between June 1995 and June 2000, the number of New Apprentices increased over fourfold from 64,000 to 275,000 apprentices and trainees in training.¹ The following analysis uses administrative data on the age and occupations of New Apprenticeship commencements to identify two key trends in the programs: first, the age groups served and second, the skill levels of the entry level training. However, the publicly available information on a number of aspects of the performance and effectiveness of New Apprenticeships is limited or non-existent. There is a strong case for government to provide much more detailed performance information on outcomes for New Apprentices, similar to that now provided for the vocational education and training sector.

What are New Apprenticeships?

New Apprenticeships are employment-based, entry-level, structured training arrangements based on a contract of training between an employer and an employee, with the employee engaged under special employment conditions. Federal and state governments provide incentives for employers to take on New Apprentices and in turn the employer agrees to release the New Apprentice for formal training delivered usually delivered off the job. Government funds the off-the-job formal training component.

While 'New Apprenticeships' is the generic term the Commonwealth Government has given to both apprenticeships and traineeships, some States and Territories still use the terms 'apprentices' and 'trainees'. These differences reflect different administrative arrangements from the past: apprenticeships were regarded as the responsibility of State and Territory governments and traineeships were created and funded by the Commonwealth government. The Commonwealth has sought to streamline administrative procedures to make it easier to promote apprenticeships and traineeships as one generic product and for employers to take on New Apprentices.

The Commonwealth Government's website indicates that New Apprenticeships are specifically aimed at young people.

New Apprenticeships combine practical work with structured training to give young people a nationally recognised qualification and the experience they need to get the job they want.²

¹ NCVER, 2000, Australian Apprentice and Trainee Statistics – April to June Quarter.

² "Introducing New Apprentices" <http://www.newapprenticeships.gov.au/employer/intronacs.htm>

Declining youth share

The most significant change in the profile of New Apprentices is the decline in the share of the places held by young people. People aged 19 years and under accounted for only 37 per cent of all commencements at June 2000 compared with 71 per cent of apprentices and traineeship commencements at June 1995. Nearly a third of commencements (32 per cent) in the year to June 2000 are aged 25 years and over (see Table 1). In March 2000, 10 per cent of all commencements went to persons aged 45 years and over, compared with only a 0.5 per cent share in June 1995.

Table 1: Age profile of New Apprentice commencements, 1999 and 2000

Age group	June 30 1999 per cent	June 30 2000 per cent
19 & under	37.3	36.7
20-24 yrs	31.5	31.3
25 plus yrs	31.2	32.0
Total	100.0	100.0
N	254.78	275.64

Source: NCVER Australian Apprentice and Trainee Statistics – April to June Quarter, 2000, Volume 6, No 2, Table 1.

Young people aged 19 years and under have increased their take up of New Apprenticeships in absolute terms from 42,000 to 72,000 commencements over the five-year period to 30 June 1999, a 70 per cent increase (see Table 2). However, other age groups have increased their numbers at much faster rates. The primary reason for the decline in 'youth share' over this period is the extension of access to New Apprenticeships to other age groups.

Table 2: Apprentice and Trainee Commencements 1994/95 & 1998/99 by broad age group and percentage change

Age group	1994/95	1998/99	Percent change
19 yrs & under	42,431	72,094	69.9
20 to 24 yrs	13,037	43,179	231.2
25 to 44 yrs	4,171	59,580	1328.4
45 yrs & over	316	20,103	6261.7
Total	59,955	194,956	225.2

Source: NCVER Apprentice & Trainee Statistics collection 23 (March Quarter 2000)

The continuing importance of New Apprenticeships in maintaining employment options for young people is shown by an increase in the proportion of New Apprenticeship (non-student)

teenagers in full-time employment from 18 to 28 per cent since June 1994. Over the same period the participation rate for young adult non-full-time students aged 20 to 24 years in New Apprenticeships has increased from 2 to 6 per cent.³

Changing nature of New Apprenticeships

It is not possible to distinguish between apprentices and trainees at a national level because the administrative data available at this level now treats them as a combined category. However, data on apprentices and trainees are available separately for Victoria (see Table 3). While two-thirds of commencing apprentices in Victoria in 1999 are aged 19 years and under, only 28 per cent of trainees are in the same age group. While 93 per cent of commencing apprentices are aged 24 years and under, only 57 per cent of trainees are in the same age group. The older age profile of trainees is partly the result of the high proportion of existing employees (26 per cent) among the commencing trainees in 1999. These existing employees who became trainees had an average age of 35.8 years at commencement.⁴

Table 3: Apprentice and trainee commencements by age group, Victoria, 1999.

Age	Apprentices	Trainees
19 and under	68.4	27.8
20–24	24.6	28.8
25–44	6.8	34.3
45 and over	0.2	9.1
Total	100	100
N	11,859	33,963

Source: Derived from *Trends in Apprenticeships and Traineeships in Victoria, 1995–1999*, Appendix 6, Review of the Quality of Training in Victoria’s Apprenticeship and Traineeship System, Attachment 5, A38

Another factor that may help to explain the change in the age profile of New Apprenticeship commencements is the effect of the new employment services arrangements in the form of Job Network. A feature of the new arrangements is the cashing out of labour market programs such as wage subsidies and the placement of onus on the employment service provider to fund an appropriate form of assistance. In the absence of other dedicated labour market funding, employment service providers in the Job Network may be using the Traineeship element of the New Apprenticeship program as a disguised form of wage subsidy for the “hard to employ” from older age groups. However, there is no public acknowledgment that this has happened and it is not reflected in the program’s objectives. New Apprenticeships should be an important avenue into full-time work for young people, and this should be one of the key criteria on which the performance of the program should be assessed.

The available evidence suggests that many New Apprenticeships are being taken up by older existing employees and the “hard to employ” from older age groups. The New Apprenticeship system could be in danger of being viewed by employers as a government subsidised training development opportunity to reduce their own commitment to training or alternatively, as a wage subsidy to take on and retrain workers over the age of 25. Its original

³ ABS Labour Force Survey, various years, Tables 11 and Table 12.

⁴ *Trends in Apprenticeships and Traineeships in Victoria, 1995–1999*, Appendix 6, Review of the Quality of Training in Victoria’s Apprenticeship and Traineeship System, p A25.

primary objective to provide entry level employment-based skills training for young people appears to be receding in importance.

Decline in skill levels

The skill levels of New Apprenticeships appear to have declined in recent years with places are now concentrated in lower skilled occupations compared with five years previously. In 1995, nearly two-thirds of entry-level training (65 per cent) was trade-based. However, five years later in 1999 the trades only accounted just over a quarter of all those in entry training previously (see Table 3). To some extent this reflects a broader shift in the Australian economy away from traditional trade-based industries towards the service-based sectors. Another partial explanation may be the increasing acceptance of New Apprenticeships in non-traditional areas. However, it is important to note that most placements in 1999 are at skill levels lower than that of the trades equivalent.

Table 3: Occupational profile of apprentices & trainees, 1995 and 1999, per cent.

Occupation	1995	1999
1. Managers & Administrators	1.2	1.1
2. Professionals	0.2	0.7
3. Associate Professionals	2.6	3.6
4. Trades and related workers	64.6	27.3
5. Advanced Clerical & Service Workers	0.1	0.0
6. Intermediate Clerical Sales & Service Workers	19.1	27.1
7. Intermediate Production & Transport Workers	1.4	5.4
8. Elementary Clerical Sales & Service Workers	5.7	20.4
9. Labourers & Related Workers	5.1	14.4
Total	100.0	100.0

Source: NCVET Australian Apprentice and Trainee Statistics – January to March Quarter, 2000

The skill profile of New Apprentice commencements in 1999 is now at the low end of the formal skill spectrum (Skill Levels IV and V) compared with 1995 (see Table 4). Lower-skilled occupations account for two-thirds of all placements in 1999 (67 per cent) compared with just below a third in 1995. These lower-skilled jobs are over represented in the New Apprentice skill profile as jobs at these skill levels in the workforce at large account for only half of all jobs.

Table 4: Comparison of the skill profile of New Apprenticeship placements in 1995, 1999 and with all employees 1999, per cent.

	New Apprentices 1995	New Apprentices 1999	All employees
Skill Level I	1.4	1.8	24.3
Skill Level II	2.6	3.6	10.0
Skill Level III	64.7	27.3	16.2
Skill Level IV	20.5	32.5	27.7
Skill Level V	10.8	34.8	21.8
Total	100.0	100.0	100.0

Source: NCVER, March quarter, 2000

In terms of New Apprenticeships and the Australian Qualifications Framework (AQF), the proportion of Level II Certificates increased between 1995 and 1999 from just over a quarter to a third. New Apprenticeships in 1999 are still heavily concentrated at the Certificate II and III levels with only a small proportion of certificates (4 per cent) at Level IV and above (see Table 5). These data suggest that some New Apprenticeships may not be a strong foundation for career advancement but merely a means of access to a job that may have limited possibilities. Further investigation, using a longitudinal survey, is required to find out the career path of people with Level II certificates in these occupations.

Table 5: New Apprenticeship commencements by AQF level, 1995 and 1999, per cent*

	Cert I	Cert II	Cert III	Cert IV	Diploma	Adv Diploma	Unknown	Total
1995	1.8	25.8	71.1	0.4	0.0	0.0	0.8	100.0
1999	0.1	33.2	63.1	3.5	0.1	0.0	0.0	100.0

* the unknowns for 1995 (9.2 per cent) have been allocated according to the distribution of certificates for each occupation level. Source: NCVER, March quarter, 2000

Young people and access to training opportunities

Employed young people in Australia are more likely to be dissatisfied than other age groups with their access to training opportunities. A recent survey of 8,000 employees conducted for Morgan and Banks found that 60 per cent of young people aged 19 to 24 years stated that lack of employer-provided training is limiting their career. The proportion of young people who were dissatisfied with their access to opportunities to train through their employment was much higher than for the other age groups surveyed (see Table 7).⁵

⁵ Morgan & Banks, 2000, *No Train, No Gain: Access To Quality Training May Reduce Staff Turnover By Two-Thirds*, Press Release, 16 October. Data supplied by Morgan & Banks.

Table 7: Do you feel that lack of employer-provided training is limiting your career?

Age group	Yes	No	Total
19-24 yrs	60.3	39.7	100
25-34 yrs	42.9	57.1	100
35-44 yrs	35.9	64.1	100
45-54 yrs	29.2	70.9	100
55+ yrs	21.7	78.3	100

Source: Survey for Morgan & Banks, October, 2000.

The survey results presented in Table 7 suggests young people view access to training opportunities through work as an important fringe benefit. Young people's degree of commitment to their employer and hence their decision to stay rather than to change jobs is likely to depend in no small part on this. A regular independent survey is needed to gauge the extent to which employers provide access to training and display the attributes of being a good employer. This should be seen as an important tool to encourage investment in skills development on a continuing basis.

Non completions

No regular information is published on New Apprentice non-completions, and previously published data is limited in its scope and analysis.⁶ A study analysing the level of non-completion of apprentices commencing between July 1994 and June 1996 estimated an attrition rate of between 20 and 30 per cent for the apprentice intakes studied.

A DETYA study of traineeship non-completion notes that for 1996 (the recent full year for which information was available for the study), the attrition rate was 44 per cent. Trainees with low levels of educational attainment and those who were unemployed prior to commencing a traineeship were most at risk of failing to complete their traineeship. However, non-completion rates for those who had completed Year 12 qualifications or who had had little or no prior unemployment were still around a third (35 to 36 per cent).⁷ Fifty-five per cent of non-completers left their traineeship voluntarily, mainly because of perceptions by former trainees that wages were too low, actual training was not provided and poor workplace relations. Regular and up-to-date analysis of New Apprentice non-completions compared to young people's job retention overall is needed to assess the effectiveness of and opportunities to improve the program.

Need for better measurable outcomes

Young job seekers are still regarded by many employers as unattractive compared to jobseekers who are older, and therefore, seen as more experienced. Clearly a combination of formal training and the acquisition of work-tested skills are basic assets 'at risk' young people need to compete with other age groups in the labour market. Merely providing incentives to employers to take on young people and to provide some training opportunities may not be enough to help them in the medium term. Early school leavers able to gain work but provided

⁶ DETYA, 2000, *Attrition in Apprenticeships An analysis of apprentices commencing between July 1994 and June 1996*. Available at www.detya.gov.au

⁷ DETYA, 1999, *Traineeship Non-completion*. Available at www.detya.gov.au

with only limited access to training are not likely to escape from a cycle of insecure work and unemployment. Young people's job retention and job quality (measured through wage levels) need also be part of any performance assessment of how they are faring in the labour market.

Young people are not served by the dual messages of the New Apprenticeships program. On the one hand, the program is viewed as part of Australia's skill formation process, with the aim in particular of addressing skill shortages.⁸ On the other hand, New Apprenticeships are seen by government as a vehicle to "improve employment prospects for young people through a range of school to work pathways".⁹ These tensions between skill formation and labour market objectives are also reflected in program funding and administration.

Conflicting labour market and skill formation objectives for New Apprenticeships means that Federal and State Governments often judge success differently. From the labour market program perspective of the Commonwealth, take-up and retention statistics are the relevant measures used to assess performance.¹⁰ However, for State governments with their more direct responsibility for the publicly funded vocational educational and training system, meeting the skill needs of employers is likely to be a more important measure of performance.

From the perspective of young people, greater clarity from governments about the objectives of New Apprenticeships is required. This clarity should include information in the form of performance measures related to its objectives. The following performance indicators are proposed:

- the participation rate of young people in New Apprenticeships (as a proportion of non-student full-time jobs held by 15 to 19 and 20 to 24 year olds);
- the access of 20 to 24 year old non-students to full-time employment compared to other age groups;
- AQF certificate level of New Apprenticeship commencements by occupation compared with occupations rated by extent to which skill shortages experienced;
- The employment destinations and wage levels of New Apprenticeship graduates by age and occupation;
- New Apprentice graduate satisfaction levels with the employment and training arrangements;
- Up-to-date information on non-completion rates by occupation and employment size of workplace and employing enterprise; and
- The type and extent of access to training opportunities for different age groups provided by employers and how is changing from year to year.

The best way to collect information and monitor program effectiveness is to focus on young people themselves and other parties involved such as employers and parents. It is also important for young people, coping with a sometimes hostile labour market, that there be consistent performance indicators for all forms of government-funded assistance available to

⁸ Dr Kemp, Media Release *Skills Shortages In Traditional Trades Can Be Reversed* -National Skills Forum K055 Friday 28 April 2000

⁹ DETYA, 2000, *Agency Budget Statements* - DETYA - Section 2 - Outcome 2.

¹⁰ DETYA, 1999, *Annual Report 1998-99*, Programme 3: Vocational Education and Training, Performance Information, Sub-programme 3.1: Industry Training Support

young people from the end of compulsory school age. Armed with this knowledge, they can make well-informed decisions about what post compulsory school pathway to pursue in terms of its relative effectiveness.

Conclusion

The size of the 'at risk' group of teenagers of young people aged 15 to 19 years has declined over the last decade or more in line with improved economic conditions. In similar fashion, the proportion of young adults aged 20 to 24 years that could be considered as being 'at risk' in the labour market has improved. However, in both instances, it fair to claim that these improvements are not dramatic, especially compared to other age groups in the labour market. A significant group of young people 'at risk' can be identified from both point in time and longitudinal data. Young people remain at the back of the hiring queue.

The supplementary report on training and young people confirms this trend. Nearly a third of New Apprenticeships, traditionally a primary entry level point into the workforce for young people, are now taken up by people aged 25 years and over, many of whom are existing employees. The proportion of young people aged 15 to 19 in New Apprenticeships has decreased from 71 per cent in 1994/95 to 37 per cent of the total number in 1998/99.

The education levels of young people have also improved over time. However, in 1999, the threshold education level specified by Australian governments was not attained by nearly a fifth of 19 year olds. International comparisons also show that Australia, in terms of this basic educational coverage, is performing poorly.

Labour markets are increasingly differentiated by skills and the risk of unemployment is unequally distributed among skill groups. This suggests that education attainment and young people's chances of gaining employment are intimately linked. Young people in most OECD countries who have not completed upper secondary education are more vulnerable to unemployment. Early school leavers are particularly vulnerable. Many of these young people are caught in a low income cycle of intermittent work and unemployment.

Australia's pathways from school to work should be judged by how well they address the needs of young people most vulnerable in the labour market. Extending this analysis to a regional level would enable the development of 'risk profiles' for young people which could be used to assess the effectiveness of local institutions such as schools, employment services providers and, not least, the response of young people themselves to available opportunities.¹¹

¹¹ One example of such a "risk" profile in relation to the school to work transition has been developed by the Boston Consulting Group. See Boston Consulting Group, 2000, "Early intervention to reduce long-term unemployment", *BCA Papers*, Vol 2, No 1, April <http://www.bca.com.au>