



Support for Trade Apprentices

Julia Gillard and Labor
Let's move Australia forward



TRADES APPRENTICE INCOME BONUS

The Gillard Labor Government will support 200,000 trade apprentices over four years in skills shortage occupations to stay in their training and get a quality job by providing a Trades Apprentice Income Bonus.

From 1 January 2011 trade apprentices will receive up to an additional \$1,700 tax exempt bonus as they reach milestones in their training.

The Trades Apprentice Income Bonus means that trade apprentices will receive a \$5,500 tax exempt bonus over the course of their training that they can use to purchase tools, service their ute, pay for registration and insurance, and meet other expenses.

The Trades Apprentice Income Bonus will be paid on top of the existing Tools For Your Trade payments. This means, as trade apprentices like carpenters, bricklayers and motor mechanics reach milestones each year they will get an additional:

- \$200 - bringing the 12 month payment to \$1,000.
- \$200 - bringing the 24 month payment to \$1,000.
- \$500 - bringing the 36 month payment to \$1,200.
- \$800 - bringing the completion bonus to \$1,500.

An additional 50,000 apprentices are expected to start and stick with their apprenticeship by 2014 as a result of this program.

The Gillard Labor Government will also support apprentices through high quality mentoring services to support them in finishing their trade apprenticeship.

Why we need to support Trade Apprentices

Trade apprenticeships are the backbone of skills training in Australia.

At the height of the global recession, trade apprenticeship commencements declined by about 19 per cent. The Federal Labor Government acted swiftly and tackled this decline and the serious implications it has for the economy – with the result that commencements have returned to pre-recession levels within two years.

While more young Australians are now getting a start in the trades, it is also vital that more apprentices continue in training and obtain their qualification. The National Centre for Vocational Education and Research estimates that around half of people who start an apprenticeship don't complete their qualification.¹

A major study of six key trade training sectors conducted for Group Training Australia found that the low relative earnings of apprentices are likely to lead to continuing difficulties in recruitment and poor rates of completion.

This represents a major cost for those apprentices and for the economy – up to a third of trade apprentices who drop out are likely to be unemployed a year later.² Around 28,000 apprentices are lost to their trades each year as a result of not completing their training.³

Every additional year that young people stay in training delivers an economic benefit. The OECD estimates that a one year increase in the workforce's average number of years of education can add 3-6 per cent to GDP and increase annual economic growth by as much as 1 per cent.⁴

For most apprentices there is a trade off between the training and skills acquired and the pay levels that they are willing to work for. Easing the cost of living pressures faced by apprentices is likely to improve their prospects of remaining in training.

The Gillard Labor Government is investing in a skilled Australia, providing strong incentives for apprentices to gain the skills and experience they need for the future.

What this means for Apprentices

The Trades Apprentice Income Bonus will deliver a 44 per cent boost to the current Tools For Your Trade payments and enable trade apprentices on the National Skills Needs List to claim a \$5,500 tax free benefit over the course of their training.

Around 200,000 apprentices will receive the Trades Apprentice Income Bonus as they reach key milestones in their qualification. The bonus payments are intended to provide an additional incentive to ensure apprentices continue with their qualification.

As the economy recovers, it will be tempting for young people to drop out of their apprenticeship in favour of higher paid but low skill work, like driving a truck on a mining site. However, research shows having a qualification, like an apprenticeship, will give a young person greater earning capacity in the longer term.⁵

By supporting young people to gain their trade qualification, the Gillard Labor Government will be helping them establish a lifelong career in Australia's growth industries.

Up to 40,000 apprentices will also benefit from mentoring by an experienced tradesperson to ensure they have the support they need to stay motivated and continue with their apprenticeship. Apprentices will access mentoring support through their Group Training Organisation or through their local Australian Apprenticeships Centre.

¹ NCVET, Experimental Completion and Attrition Rates for Latest Commencing Apprentices and Trainees 2010

² NCVET, Australian Vocational Education and Training Statistics, Apprentice & Trainee Destinations, 2009

³ NCVET, Experimental Completion and Attrition Rates for Latest Commencing Apprentices and Trainees 2010

⁴ OECD, Education at a Glance, 2004

⁵ OECD, Education at a Glance, 2004

The benefits of mentoring will continue after apprentices complete their training, with mentors such as experienced tradespeople and others with industry experience helping apprentices seek long-term employment.

What Trade Apprentice Mentoring will provide

The quality of training and workplace supervision available to apprentices is also a significant factor influencing attrition levels.

To help address this, the Gillard Labor Government will provide a \$20 million investment for Trade Apprentice Mentoring in 2011-12.

Under this program, up to 40,000 apprentices will receive targeted mentoring and assistance, to ensure that they stay motivated and have the support they need all the way through their training.

Trade Apprentice Mentoring will include the provision of tailored support on work related issues, which may include teamwork, time management, coping with stress, mediation and other challenges that apprentices might face in the workplace. Mentoring support may also be available for out of work challenges such as budgeting and living away from home.

The funding round for the Trade Apprentice Mentoring will be available to Australian Apprenticeships Centres, Group Training Organisations, and other organisations.

What this means for Employers and Industry

Employers and industry will benefit from increased retention and rates of completion by Australian Apprentices, providing a more skilled and motivated workforce.

Providing structured mentoring to trade apprentices will also mean that employers will benefit from apprentices being better supported and having a greater understanding of what is expected of them in the workplace.

By encouraging around 50,000 apprentices to commence and complete their qualification, this measure will also help address skill shortages in areas like building and construction, engineering, and electro-technology, which are critical to ensuring productivity is maintained and enhanced.

Ben is 18 years old and had to move out of home for the first time to take up his carpentry apprenticeship. He was finding his new job and living out of home a little challenging. Ben was considering throwing in his apprenticeship and moving back home but he's a few months away from receiving his 12 month milestone Trade Apprentice Income Bonus which is now worth \$1,000 and he decides to stick with it.

Ben's Australian Apprenticeships Centre connects him a mentor, Ashley, a highly experienced local tradesman. They catch up and Ben enjoys sharing his experiences with Ashley and is able to ask questions he doesn't feel comfortable asking at work, like general questions about the industry and how all the other tradespeople fit together on the jobsite. Ben's feeling more confident at work. Ashley checks in with Ben regularly via SMS and they stay in touch, if Ben's had a bad day he knows he can call Ashley for advice.

Ben reaches his 12 month milestone bonus and spends some of his bonus on a new tool box for his ute and uses the rest to buy some new furniture for his flat. He's feeling sure that he's made the right decision to stick with his apprenticeship.

How the Trades Apprentice Income Bonus will work

The Trades Apprentice Income Bonus will be administered through Australian Apprenticeships Centres, which manage the current Tools For Your Trade payments.

Current recipients of the Tools For Your Trade payments are eligible for the Trades Apprentice Income Bonus.

Australian Trade Apprentices who commence on or after 1 January 2009 and who are undertaking a Certificate III or IV qualification leading to a trade occupation listed on the National Skills Needs List will be eligible.

Apprentices will be eligible for the payments as they reach 12, 24 and 36 month milestones, as well as a final payment upon completion. The 3 month milestone Tools For Your Trade payment remains the same. Australian Apprentices will receive those payments where the relevant milestone point (12, 24, 36 months or successful completion) falls on or after 1 January 2011.

Financial Implications (\$m, underlying cash balance)

2010-11	2011-12	2012-13	2013-14	Total
26.7	81.0	108.7	137.7	354.3 ⁶

The cost of these initiatives will be met by a redirection from unallocated funding in the Productivity Places Program over the forward estimates.

Labor's record

The Gillard Labor Government has made a massive investment in vocation education to boost the skill levels of all Australians. We have increased VET funding by 67 per cent over the current four year period (2008-09 to 2011-12) compared to the previous four year period (2004-05 to 2007-08).

At the height of the global recession, trade apprenticeship commencements declined by about 19 per cent. The Gillard Labor Government has ensured that commencements have returned to pre-recession levels within two years.

The Securing Australian Apprentices initiative of the Gillard Labor Government assisted more than 30,000 businesses in national skills shortage sectors continue to train apprentices, enabling more than 52,000 apprentices to remain in work or complete their training.

Federal Labor's Apprentice Kickstart assisted Australia's employers to take on more than 24,000 young trade apprentices in areas of skills shortages over the 2009-10 summer period. Apprentice Kickstart Mentoring is also assisting 20,000 of these apprentices to access high quality mentoring and training support to continue with their training.

Apprentice Kickstart Extension is an investment of a further \$80 million to support small and medium-sized employers and Group Training Organisations to take on 22,500 young trade apprentices in national skill shortage occupations over the period 12 May 2010 to 12 November 2010.

⁶ Totals may not sum due to rounding

A new national regulator for vocational education will reduce red tape, build a stronger national training system, and bring a new and much needed focus on high standards and quality delivery.

Labor's investment in skills and training will ensure we have the skills we need to keep the economy strong.

THE COALITION RECORD

As a former Cabinet Minister, Tony Abbott was part of the Coalition Government that:

- ✘ Failed to invest in Skills and training – showing poor judgment despite warnings about the need for Skilled Labor from the Governor of the Reserve Bank.

If elected Prime Minister, Tony Abbott has already made clear that he would end the Trades Training Centre program, cutting \$968 million and ensuring that over 1,800 secondary schools and 1.2 million students would miss out on the chance to use a Trades Training Centre and become one of the trades apprentices our economy needs.

AUTHORISED N.MARTIN for the ALP, 5/9 Sydney Ave. Barton ACT.