



MASTER BUILDERS
A U S T R A L I A

Submission to the House of Representatives
Standing Committee on Employment, Education and Training

Inquiry into the perceptions and status of VET

February 2023



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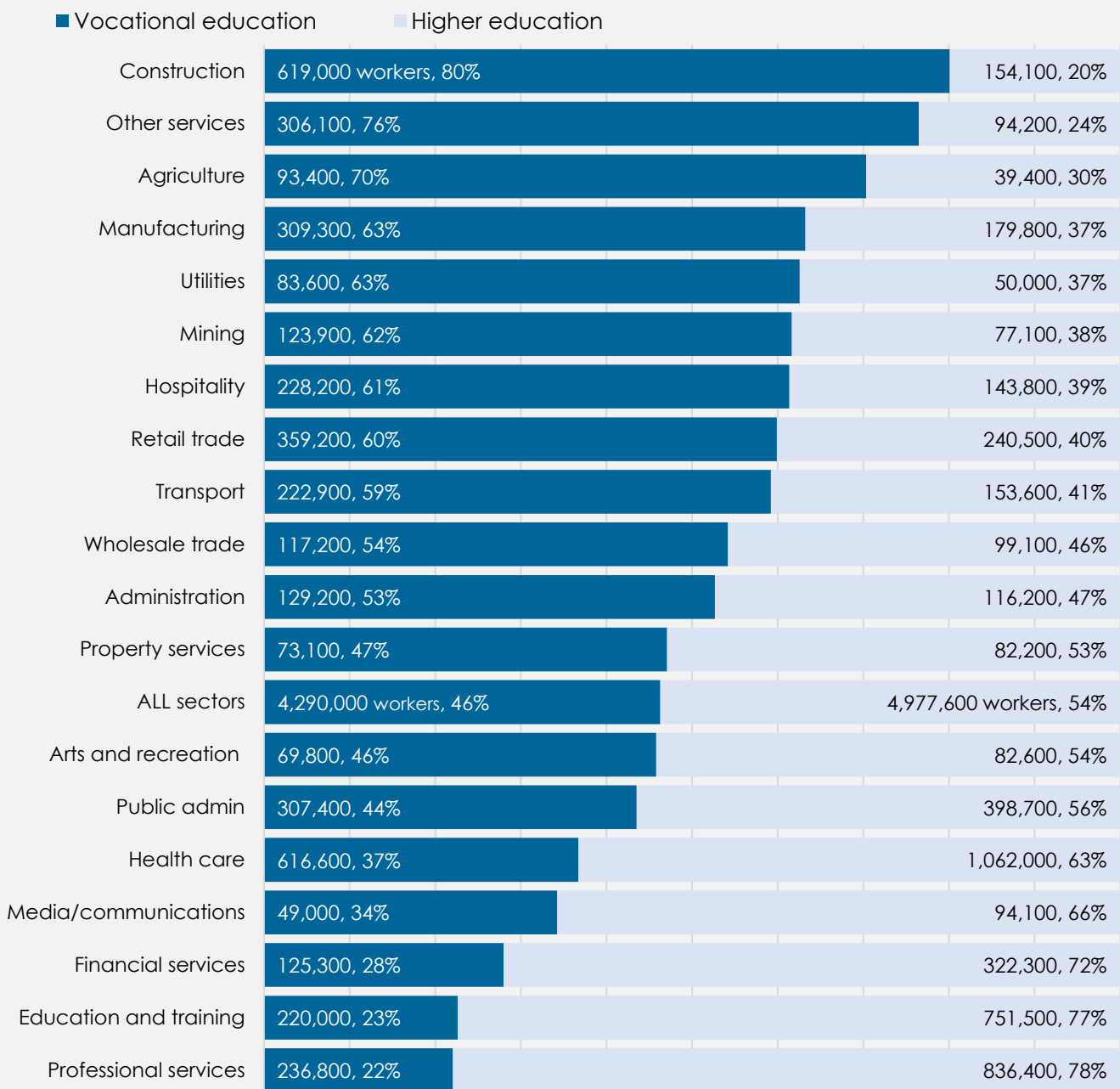
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Introduction

Master Builders Australia (Master Builders) welcomes the opportunity to contribute to the House of Representatives' Inquiry into the Perceptions and Status of Vocational Education and Training (VET).

VET is central to skills and knowledge development in the building and construction industry, more so than any other sector in Australia. A VET qualification is the highest level of education attained for over 600,000 building and construction workers. This is 54 per cent of the total workforce and 80 per cent of workers that have a post-school qualification.

Highest qualification of workers with post-school education by industry, November 2022



Source: ABS, Employment and Work, Australia, May 2022. Released 10 November 2022

Ensuring the VET sector delivers high quality training that is occupation and industry relevant and valued by employers and the Australian population more broadly is critical to meeting current and future workforce needs in the building and construction industry.

Disappointingly, vocational education and vocational pathways are undervalued in Australia and on a downward trajectory when it comes to status and perception. This is despite vocational education leading to rewarding and well-paying occupations and careers that are essential to Australia's ongoing prosperity.

When children are young the roles they first explore do not discriminate based on the education pathway – a builder, a teacher, a chef, a doctor, a police officer, or a nurse. But for many, the systemic bias toward university is well and truly entrenched in senior high school. Greater emphasis is placed on attaining a high tertiary entrance score than exploring one's interests, motivators and aptitudes. This needs to change.

Our submission will address the terms of reference for the inquiry and make recommendations to improve the status and perception of the VET sector for the Committee's consideration.

Key recommendations

- 1. Remove the bias:** To enable current and future Australian students to pursue careers that they find motivating and rewarding, regardless of the educational pathway, Master Builders recommends addressing the entrenched bias toward university in our schools by improving the quality of careers education through a new federal, state and territory government National Partnership Agreement on Quality Careers Education that adequately funds and resources schools to deliver comprehensive, unbiased, and up-to-date careers education to secondary and senior secondary school students.
- 2. Address information gaps:** To level the playing field and address information gaps between higher education and vocational education Master Builders recommends data from the National Centre for Vocational Education Research (NCVER) on training quality, employment outcomes and user satisfaction of Registered Training Organisations (RTOs) be publicly available – similar to [ComparED](#) for universities. This will:
 - improve public awareness of high-quality training in the VET sector,
 - enable students and their advisers to make informed decisions about the most appropriate RTO for their training needs,
 - incentivise RTOs to strive for excellence, and
 - assist governments to make informed funding decisions that align with their policy priorities and jurisdictional needs.
- 3. National apprenticeship campaign:** To promote the value and potential of Australian apprenticeship pathways to young people, their parents and careers advisors Master Builders recommends the National Careers Institute work with industry to develop a coordinated national apprenticeship campaign.
- 4. Pre-commencement tools:** To give prospective apprentices the greatest opportunity to succeed Master Builders recommends developing a pre-commencement tool for use by Australian Apprenticeship Support Network providers, prospective apprentices, employers, and training providers to assess work-readiness and learning and development needs ahead of commencement. This tool would identify if prospective apprentices may benefit from a pre-vocational program or pre-apprenticeship and identify areas where additional support would likely enhance success. For example, assistance with foundation skills, reasonable adjustments for assessments, or mentoring.
- 5. National mentoring program:** To address dropout rates and ensure commencing apprentices are adequately supported Master Builders recommends establishing a government funded national mentoring program for apprentices (or improving the longevity of proven mentoring programs through ongoing or long-term funding) with care given to appropriately matching mentors and mentees, particularly for under-represented cohorts.
- 6. Adjust incentives:** The apprentice wage subsidy aims to increase apprentice commencements by offsetting some of the employer costs associated with hiring, training and supervising an apprentice. These costs are greatest in the first year of an apprenticeship, as such Master Builders recommends restructuring the apprentice wage subsidies to provide a 30 per cent subsidy in year 1. This restructure maximises the likelihood of achieving the intended policy outcome and does so for a comparable level of financial investment from the government. Master Builders supports progress payments for apprentices and identifies that a finishing bonus has the potential to lift completion rates, this payment could be funded by reallocating the second-year progress payments to the end of the apprenticeship.

Terms of Reference

The House of Representatives Standing Committee on Employment, Education and Training will inquire into and report on the perceptions and status of vocational education and training (VET), and Commonwealth supported information on VET available to students, and how they:

- impact education and training choices of students, particularly those who lack the necessary foundation skills, or experience other disadvantages; and
- impact employer views and practices in relation to engagement with VET.

The inquiry will focus on the Commonwealth Skills and Training portfolio and include consideration of:

1. information available to students about VET qualifications and related career pathways along a student's journey through secondary schools, vocational education, higher education, and work transitions, with a focus on how this combines with other sources of advice, including informal advice, to influence student choices, and how Commonwealth funded information for students about VET may be improved;
2. perceptions and status of the VET sector and how this may be impacting student enrolment choices, employer engagement, and recruitment and retention of the VET educator workforce, and how perceptions and status of the VET sector can be improved. International best practices in relation to VET perception and qualifications status should be examined;
3. successful partnerships between VET providers and employers that have demonstrably created career pathways and secure employment opportunities for students, considering the best practice elements of these successful partnerships, and how more partnering may be encouraged among VET providers and employers; and
4. Commonwealth programs which could influence the above, and intersections with state and territory, industry, and philanthropic efforts, including any structural barriers to improvement.

(Mis)perceptions

Areas for consideration:

- information available to students about VET qualifications and related career pathways along a student's journey through secondary schools, vocational education, higher education, and work transitions, with a focus on how this combines with other sources of advice, including informal advice, to influence student choices, and how Commonwealth funded information for students about VET may be improved;
- perceptions and status of the VET sector and how this may be impacting student enrolment choices, employer engagement, and recruitment and retention of the VET educator workforce, and how perceptions and status of the VET sector can be improved. International best practices in relation to VET perception and qualifications status should be examined.

Levelling the playing field for tertiary education

To attract people to the full suite of occupations Australia needs now and into the future, work is needed to address the bias pushing young people toward university at the expense of VET. Critically, this includes improving the quality of careers education in secondary and senior secondary schools.

In the 2019 Expert Review of Australia's VET System, the Hon Steven Joyce noted:

“Vocational education has been steadily losing the battle for hearts and minds with the university sector. Fewer young people aspire to undertake vocational education courses. Many consider VET as less prestigious and only for students who are of low academic ability.” Steven Joyce¹

It is disappointing that the perception of VET in young minds compares poorly to university. Especially as this does not match the experience and outcomes for those who do follow a VET pathway. In the building and construction industry trade apprentices compare favourably to higher education graduates in terms of satisfaction, employment and income.

The VET system is poorly understood and many young people feel they are not provided with a deep understanding of post-school options and are instead pushed toward university, while only 10 per cent of young people report facing no pressure at all.²

The impact of the bias in schools toward university pathways is compounded by the views and perceptions of parents. For young people, their most trusted career advice is from their parents (56 per cent), followed by the internet (42 per cent), teachers (42 per cent) and career advisors (40 per cent).

¹ Joyce, 2019. *Strengthening Skills: expert review of Australia's vocational education and training system*

² Year13, 2017. *After the ATAR: Understanding how Gen Z transition into further education and employment*

The gap in unbiased and up-to-date careers education is contributing to the 43 per cent of young people who self-report having 'no idea' what they want to do when they leave school.³ A major constraint on the quality of careers education in schools is a lack of funding and resources.

The Career Industry Council of Australia report that half of schools with a student population over 1,000 have less than \$3 per student to spend on careers education.⁴ This is not acceptable.

Vocational and higher education are both integral parts of Australia's tertiary education system. But, they are not equally valued. To level the playing field we need to address the bias toward university, overcome misconceptions, and overhaul the quality, funding and availability of careers education in secondary and senior secondary schools.

Students need access to comprehensive, unbiased and up-to-date careers education in order to understand the options available and to choose the most appropriate pathways for their interests and aptitudes as they transition from school to work, further education and training.

Master Builders recommends the federal, state and territory governments enter into a new jointly funded National Partnership Agreement on Quality Careers Education to provide comprehensive, unbiased, and up-to-date careers education to secondary and senior secondary students.

Improving quality by improving information

In the 5-year Productivity Inquiry Interim Report, the Productivity Commission noted that "information to guide student choice has improved in higher education, but remains deficient in VET".⁵ This lack of information is a key barrier to lifting perceptions of the VET sector.

The current regulatory approach to the VET sector assesses RTOs against minimum standards but does not have a mechanism to identify and reward providers that exceed these standards. RTOs that are subject to a regulatory decision, for example a partial suspension of their scope of training, are publicly identified on myskills.gov.au with a link to the details of the decision on training.gov.au.

In addition to information on regulatory decisions, student choice between RTO providers is limited to a narrow range of indicators – primarily cost, duration, location, and delivery model. None of these indicators provide students with information on the quality of trainers or facilities, on student satisfaction or on student employment or salary outcomes.

³ Year13, 2017. *After the ATAR: Understanding how Gen Z transition into further education and employment*

⁴ Clarke, 2015. *Careers education must be for all, not just those going to university*

⁵ Productivity Commission, 2022. *5-year Productivity Inquiry: From learning to growth. Interim report*, pp. 79.

Improving access to information on VET training quality and outcomes at the RTO level will assist students and governments, and incentivise RTOs to strive for excellence:

- **Students** (and their advisers) will have the information they need to identify the strengths and weaknesses of particular RTOs and therefore to make more informed decisions about the training provider and course that best meetings their needs, aspirations and aptitudes.
- **RTO** performance will be more transparent, leading to greater accountability and an incentive to deliver higher quality training.
- **Governments** provide significant investment in RTOs to deliver VET training. Achieving value for this investment is critical. Improved information on RTO quality and training outcomes will assist governments to better align funding decisions with the measures of quality that align with their policy priorities and jurisdictional needs.

Further, information on quality at the RTO level will provide greater assurance to industry and governments, paving the way for less prescriptive, more flexible, and more responsive training products that are better able to meet current and emerging training and skills needs.

Additionally, publicly available information on RTOs and training outcomes will assist to shift the dial of perception in favour of the VET sector by showing that VET graduates achieve comparable levels of satisfaction and employment outcomes as university graduates.

In the higher education sector, the ComparED (www.compared.edu.au) website draws on the Quality Indicators for Learning and Teaching (QILT) database to provide public information by institution and qualification on student experience, skills development and employment outcomes. This resource also enables comparison between institutions and with the national average.

Similar information for the VET sector is collected by the National Centre for Vocational Education and Research (NCVER). This includes a range of measures covering student satisfaction, skills development, and employment outcomes. However, this information is not published at the RTO level. This can and should change.

Master Builders recommends information on training quality and outcomes be made publicly available at the RTO and qualification level to ensure students and their advisers can make informed decisions, to incentivise RTOs to strive for excellence, to inform government funding decisions, and to improve perceptions of the VET sector. Initially this should draw on existing data from the NCVER and over time could be expanded to include data from the Australian Skills Quality Authority, the Unique Student Identifier database and other sources.

Work integrated learning

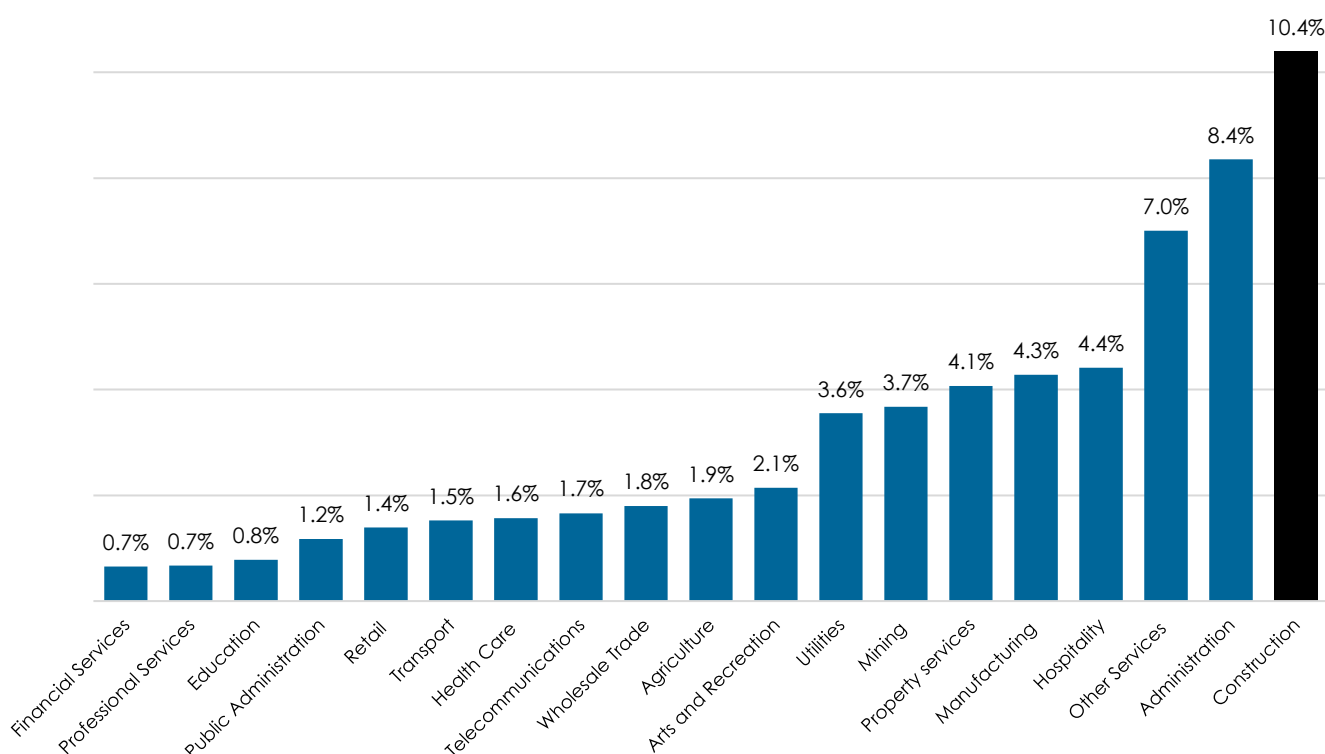
Areas for consideration:

- *successful partnerships between VET providers and employers that have demonstrably created career pathways and secure employment opportunities for students, considering the best practice elements of these successful partnerships, and how more partnering may be encouraged among VET providers and employers.*

Work integrated learning pathways – including apprenticeships, traineeships and cadetships – are critical to ensuring the building and construction industry has a pipeline of skilled workers. Master Builders is a strong advocate of these pathways and ensuring they are inclusive and fit for purpose now and into the future.

Apprenticeship and traineeship pathways are well established and operate successfully in the construction industry. On 30 June 2022, 124,400 apprentices and trainees in-training were employed in the building and construction industry. This equates to 10.4 per cent of the nearly 1.2 million people employed in the sector at the time⁶ and is a higher proportion of the workforce than any other industry sector.

Proportion of workforce employed as an apprentice or trainee



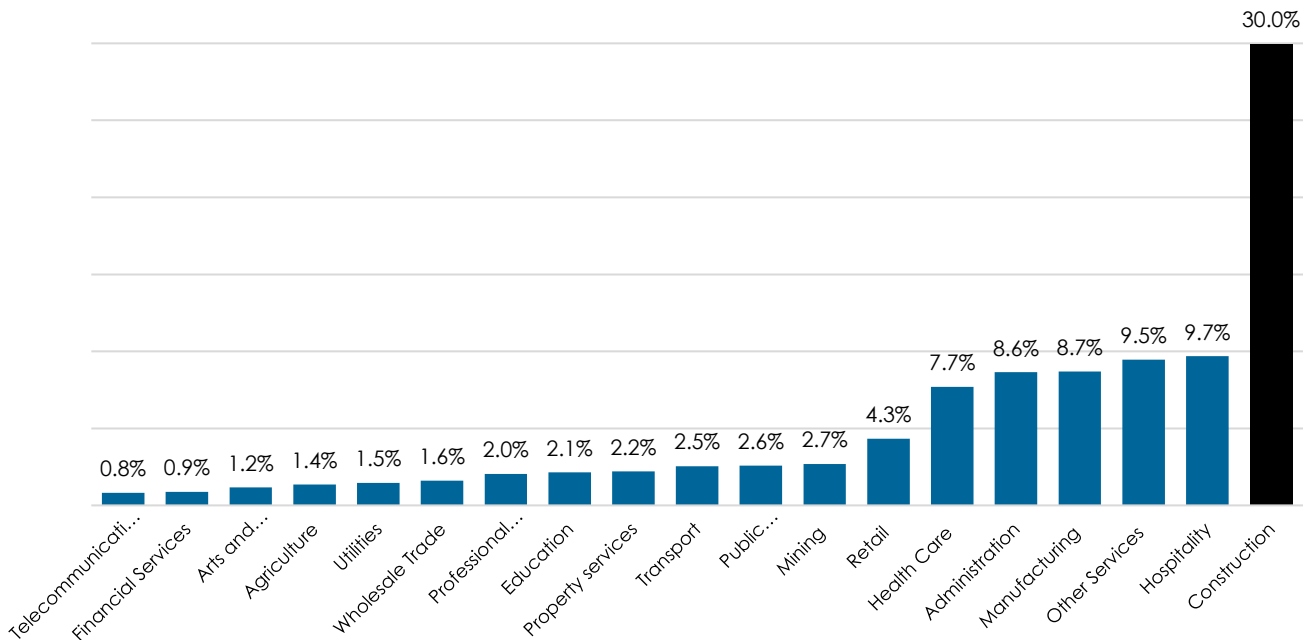
Source: ABS, Labour Force Detailed, November 2022 (Workforce size at May 2022)

Source: NCVET Apprentices and Trainees, June 2022 (Apprentices in training on 30 June 2022)

⁶ ABS, 2022. Labour Force, Australia, Detailed, November 2022. NCVET, 2022. Apprentices and Trainees, June 2022

The building and construction industry employs significantly more apprentices and trainees than any other industry sector. As of June 2022, three in 10 apprentices and trainees in-training in Australia were employed in construction.⁷

Distribution of apprentices and trainees in-training on 30 June 2022 by industry sector



Source: NCVER, 2022. Apprentices and Trainees, June 2022

Reframing the apprenticeship story

The perception that an apprenticeship means low wages and undesirable work is far too common, and it isn't true. This perception puts people off apprenticeship pathways. Young men and women need to know the truth about apprenticeships.

2018 research by Year 13 reports:

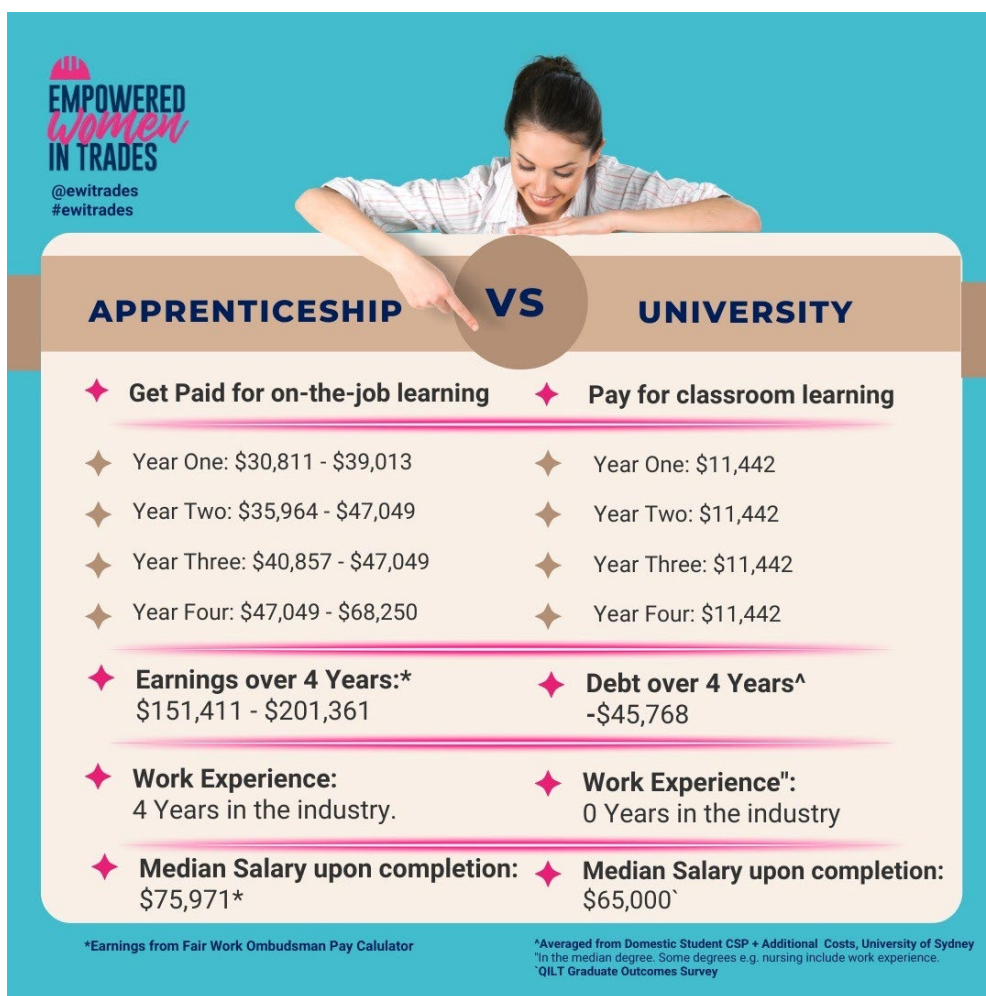
Australian apprentices have the potential to graduate from training nearly \$150,000 financially ahead of university students when accounting for apprentice earnings and university debt.

64 per cent of young people said knowing this would make them consider an apprenticeship pathway more seriously.⁸

With university fees and apprentice wages rising, the financial gap is widening. More recently, analysis by Empowered Women in Trades estimated trade apprentices could leave their apprenticeship between \$197,000 and \$247,000 financially ahead of their university friends and be entering into jobs with a starting salary that is nearly \$11,000 higher.

⁷ NCVER, 2022. Apprentices and Trainees, June 2022

⁸ Year13, 2018. After the ATAR II: Understanding how Gen Z make decisions about their future



<https://www.facebook.com/photo/?fbid=212847611301869&set=pcb.212847657968531>

The combination of work and study allows apprentices, trainees and cadets to reap the benefits of formal training while gaining practical on the job experience and earning a wage. Students also report higher satisfaction and improved employment outcomes.^{9,10,11}

- 88.9 per cent of trade apprentices are satisfied with their apprenticeship, compared to 80.1 per cent satisfaction with training for university graduates, dropping to 74.4 per cent for engineering and 74.5 per cent for architecture and built environment fields of study.
- 91.5 percent of trade apprentices are employed on completion, 92.0 percent in occupations relevant to their training and 94.6 per cent report their trade skills as directly relevant to their work. By comparison, 72.2 per cent of university graduates gain full-time employment, of which 28.3 per cent report they are not fully using their skills or education in their employment.
- VET graduates of construction and plumbing qualifications have average starting wages of \$65,000, while starting wages for university bachelor undergraduates average \$62,600.

⁹ NCVER, 2020. *Apprentice and trainee experience and destinations – time series 2008, 2010 and 2019*; and

¹⁰ NCVER, 2020. *VET student outcomes 2019*

¹¹ QILT, 2020. *2019 Graduate outcome survey*

The challenge in the current employment environment isn't the number of apprentice jobs available. It is attracting people to do an apprenticeship. To help young people, their parents and advisers to understand the value and potential of an apprenticeship pathway the journey needs a rebrand:

- from low pay to **earn while you learn;**
- from non-academic to **challenging and inspiring;** and
- from dead end to **the beginning of a lifetime of opportunities.**

Master Builders recommends the National Careers Institute work with industry to develop a coordinated national campaign to dispel the myths and promote the value and potential of apprenticeship pathways to young people, their parents and career advisors.

Strong foundations are the building blocks to completion

There is no denying that lifting apprentice completion rates is a desired goal. In practice there are two key components to this:

1. Getting the right people in.
2. Helping these people to succeed.

There also needs to be an acknowledgement that the system is not failing if a person who starts an apprenticeship identifies it isn't for them and drops out early to pursue a pathway better suited to their individual needs and interests.

Having said that to increase success more can and should be done to help prospective apprentices to understand their chosen pathway and to be work-ready before they sign on. Similarly, more action is needed to ensure commencing apprentices have access to the support mechanism they need.

The Department of Employment and Workplace Relations is currently reviewing Australian Apprenticeship Services and Supports. [Master Builders Australia's submission](#) to this review focuses on helping apprentices succeed through selecting the right pathway, identifying individual needs, and ensuring commencing apprentices are effectively supported. A summary of the key points is below and we encourage the Committee to read the full submission.

Lifting completion rates: Selecting the right pathway

Understanding the options Discussed in the earlier sections of this submission, students need access to comprehensive, unbiased and up to date careers education that enables them to explore career pathways that align with their interests, motivators and abilities.

Testing the waters Opportunities to explore potential career pathways – for example work experience or try-a-trade days – can assist prospective apprentices in cementing their understanding of an industry and occupation, and to develop realistic expectations of the work involved before committing to a four-year training contract.

Being work ready Employers in the construction industry look for apprentice candidates with broadly similar attributes, these include:

- motivation and interest in the industry;
- work ethic and an understanding of what it means to work;
- communication and basic social skills;
- a good attitude to safety;
- a willingness to observe, learn and follow directions;
- realistic expectations of the physicality, type and hours of work; and
- a driver's licence (or being on the way to getting one).

Prospective apprentices that are not yet work-ready may benefit from a pre-vocational program or a pre-apprenticeship.

Master Builders recommends the development of an apprentice work-readiness assessment tool.

Checking the fit People come to apprenticeship and other education pathways with differing levels of experience, knowledge and aptitude.

Just as every apprentice is unique, so is each construction trade. Some trades have a higher level of physicality than others, similarly some require more complicated maths, or greater safety awareness, or more communication skills.

Helping prospective apprentices to understand their own abilities and limitations may assist them to choose a pathway that suits their interests and their aptitudes.

Lifting completion rates: Helping apprentices succeed

Master Builders recommends development of an apprentice support assessment tool to assist apprentices, their employers, training providers and support networks to identify areas where additional support would be beneficial to maximising the likelihood of success.

Training support Building on *Checking the fit*, above, identifying an apprentice's base knowledge and aptitude, learning style, and development needs at the outset will assist the apprentice, employer and training provider to identify training supports that will enhance the apprentice's likelihood of success. For example, assistance with foundation skills, modifications for neuro diversity, or reasonable adjustments for assessments.

Employment support A successful apprentice-employer relationship requires a good fit for both parties. Assisting both apprentices and employers to understand what they are looking for in one another will improve the fit and likely reduce attrition.

A key work relationship for every apprentice is with their supervisor. While their supervisor likely excels at their trade, that doesn't guarantee they have the skills or knowledge needed to support or train an apprentice. The challenge is getting employers and supervisors to identify and address their limitations. Work is needed to explore approaches that will facilitate this outcome.

Mentoring and pastoral care Pastoral care is a core element of the Group Training Organisation (GTO) model and likely one of the main reasons that GTOs have higher completion rates than small employers.

Having external support, such as a mentor or a GTO field officer, can assist an apprentice to build their confidence, address issues earlier, and seek guidance and support when needed.

Master Builders recommends a government funded national mentoring program for apprentices (or improving the longevity of proven mentoring programs through ongoing funding), with care given to appropriately matching mentors and mentees, particularly for under-represented cohorts.

Commonwealth programs

Areas for consideration:

- Commonwealth programs which could influence access to career and pathway information, perceptions of VET, and RTO-employer relationships; and intersections with state and territory, industry, and philanthropic efforts, including any structural barriers to improvement.

Jobs and Skills Australia (JSA)

- The JSA is an expansion of the National Skills Commission with the full scope of functions to be determined. We see JSA as having an important role in improving workforce analysis and forecasting, as well as skills identification.
- In Master Builders' recent submission to the Department of Employment and Workplace Relations consultation on JSA we recommended a formal advisory role for Jobs and Skills Councils within the JSA structure to ensure industry engagement and buy-in.

National Careers Institute (NCI)

- The NCI is a federal government initiative providing reliable and accurate careers information, resources and support. While supportive of its intent, Master Builders notes that each state and territory, and some regions have their own equivalent initiatives resulting in inconsistencies as well as duplicated efforts and resources.
- Better value for time, effort and money could be achieved if the federal, state and territory governments pooled their careers resources in a single entity. This would also benefit users, such as students, job seekers, and career educators, by providing a single, consistent and trusted source of government information and resources on career pathways and occupations.

National Centre for Vocational Education Research (NCVER)

- The NCVER is the key data and research entity for the VET sector in Australia. The NCVER will be a critical partner in the release of data on training quality and outcomes at the RTO level – which discussed earlier will improve student decision making, incentive RTOs to lift the quality of training, and assist governments to make informed funding decisions for training delivery.

Australian Apprenticeships Incentive System (AAIS)

- The AAIS supports apprentices and their employers by providing financial and non-financial support to increase commencements and completions. This includes wage subsidies, hiring incentives, disability wage support, apprentice training support payments, and living away from home payments.

- One of the most successful initiatives under the AAIS was Boosting Apprenticeship Commencements. This initiative provided a 12-month 50 per cent wage subsidy (up to \$7000 per quarter) to employers who hired an apprentice between October 2020 and June 2022. By making it less costly to employ an apprentice, the program allowed for more new entrants to be drawn into the industry. In the construction industry commencements rose by around 80 per cent. More workers in construction means more homes, community and commercial buildings, and civil infrastructure can be built.
- The purpose of the wage subsidy is to encourage employers to hire apprentices by off-setting some of the costs associated with their employment (e.g. training, equipment and supervision). It is in the first year of an apprenticeship that costs are highest for the employer, despite lower wages, due to recruitment and onboarding, supervisory oversight, and lower productivity.
- We are grateful that the current wage subsidies for apprentices (10 per cent in year one, 10 per cent in year two, and five per cent in year three) were continued in the most recent federal budget. However, restructuring the initiative to provide a 30 per cent wage subsidy in year 1 and no subsidy in subsequent years will likely provide greater incentive to employers to hire an apprentice, thereby making a more significant contribution to the intended policy objective for a comparable level of financial investment by government.
- In the current labour market employers are reporting apprentices leaving in their third and fourth year to chase the immediate money available in other industries, mining in particular. A completion incentive payment for apprentices has the potential to tip the balance in favour of finishing and we encourage the Government to implement this through the AAIS program. Given the current fiscal constraints this bonus could be funded by reallocating the 18 and 24 month progress payments to the end of the apprenticeship.

Australian Apprenticeship Support Network (AASN) providers

- AASNs are contracted by the Federal Government to provide advice and assistance on apprenticeships and traineeships, including signing-up, incentives, opportunities, rights and responsibilities of employers, and other related matters.
- The Department of Employment and Workplace Relations is currently reviewing the AASN framework and broader support available for apprentices. [In our submission to this review](#), Master Builders made a number of recommendations relating to AASNs. These included:
 - Reviewing the funding model to better incentivise AASNs to help prospective apprentices to identify the apprenticeship pathway that best aligns with their interests, abilities and aptitudes, and in doing so to also identify if additional learning or other support may be of benefit to the apprentice.

- Developing a national digital sign-up platform to improve the efficiency of apprentice training contract execution and to free up AASN resources to provide better support to apprentices in the initial months of their journey.
- Contracting AASNs to touch base with all apprentices and their employer/supervisor between weeks four and ten of employment commencement to identify early issues, assist to open communication channels, and refer support services as appropriate.

Contact

Master Builders Australia (Master Builders) welcomes the opportunity to contribute to the House of Representatives Inquiry into the Perceptions and Status of Vocational Education and Training (VET).

If the Committee has any questions or would like to further discuss any of the points raised in this submission please contact:

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Master Builders Australia

Master Builders Australia (Master Builders) is the nation's peak building and construction industry association. Master Builders' members are the Master Builder state and territory associations.

Over 130 years, the movement has grown to over 32,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only industry association that represents all three sectors of the industry – residential, commercial, and engineering/civil construction.

