



Submission

to the

Strategic Review of the Australian Apprenticeships Incentive System

from the

Federal Council

of the

Isolated Children's Parents' Association of Australia Inc.

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The Isolated Children’s Parents’ Association of Australia, ICPA (Aust), welcomes the opportunity to contribute to the Strategic Review of the Australian Apprenticeship Incentive System focusing on the needs of rural and remote students in relation to alterations in the incentive supports within the apprenticeship system that can encourage take-up and completion of apprenticeships and traineeships.

ICPA (Aust) is a voluntary, apolitical, national parent organisation, which advocates on behalf of our members for equity of access to an appropriate education for all geographically isolated children and students, from early childhood through to tertiary and training. The majority of member families of the Association reside in geographically isolated areas of Australia, and all share a common goal of achieving equitable access to education for their children and the provision of services required to achieve this. Students whose family home is in rural and remote Australia, often live great distances from their nearest employer and post-school training providers.

ICPA (Aust) believes engaging in Australia’s workforce through Australian Apprenticeships should be an option for any young Australians who have the ability, ambition and motivation to succeed in these vocations, regardless of their socio-economic status or geographic location. However, for many students living in rural and remote areas, it is proving difficult to undertake apprenticeship and training opportunities.

Access to further education, qualifications and credentials can be life-changing for an individual and their families. There is also potential for rural and remote young people to stay in, or return to a rural setting post training, growing their skillset in small communities, thereby enhancing economic and social sustainability in rural and remote Australia. In reference to the *Australian Apprenticeship Services and Supports Discussion Paper*, Regional and Remote Apprentices in Training equated to 36.7% of the total, as of 31 March 2022. This is a significant representation which needs to be harnessed by appropriate support services with a view to increasing the completion rates for this cohort.

For the majority of students living in rural and remote areas, it is necessary to relocate to larger centres to access off-the-job training centres and businesses with the capacity to provide on-the-job training throughout an apprenticeship. This can be a barrier for rural and remote students commencing or indeed completing an apprenticeship. The incentives and provisions for apprentices and trainees, such as the Commonwealth Living Away from Home Allowance (LAFHA) do not reflect the real cost of living and the gap between financial assistance and the actual cost borne by rural and remote Australian Apprentices living away from home is substantial and continues to widen.

ICPA (Aust) valued the opportunities given by the Apprenticeships Review Team to meet with Reviewer Ms Lisa Paul AO PSM to discuss the unique needs of our members, firstly in a discussion meeting and then within a roundtable of rural and remote focused stakeholders.

ICPA (Aust) represents rural and remote families across Australia and witnesses the disparity between rural and urban supports within apprenticeships and other study forms undertaken in the post-school pathway space. Our members’ children who undertake apprenticeships do so in one of two ways as outlined in Table 1.



Table 1 - Australian Apprentice delivery modes, within the ICPA (Aust) membership.

| Australian Apprentice from a Rural and Remote location* | Type A Off-the-Job Training | Type B Off-the-Job Training | Considerations |
|---|--|--|--|
| <p>Group 1 On-the-Job Training Secure an apprenticeship with an employer in a rural and remote location. NB – reported in NCVET as rural apprentices due to the on-the-job training location.</p> | <p>Local delivery - (near the employer's location and apprentice's home or residence) – face to face, – a visiting RTO or – online from another location but completed at work or at home.</p> | <p>-Require travel more than 90km for day or block training in another location. -Accommodation may also be required.</p> | <p>-Still able to live at home, in a known and supported environment.</p> |
| <p>Group 2 On-the-Job Training In order to secure an apprenticeship, the apprentice needs to relocate to a larger regional or metropolitan area, that is too far to commute from home. NB – Not reported in NCVET as rural apprentices due to the on-the-job training location.</p> | <p>Relocated delivery (near the employers' location) – face to face, – a visiting RTO or – online from another location but completed at work or at home.</p> | <p>-Require travel more than 90km for day or block training in another location. -Accommodation may also be required.</p> | <p>-Relocation costs. -Ineligible for Tertiary Access Payment (TAP) -Excluded from the Relocation Scholarship even if apprentice is eligible for dependent Youth Allowance. -The only relocation assistance available is when an apprentice must 'relocate' to another employer to continue an apprenticeship.</p> |

**Both of these apprentices are rural and remote but only one is recorded by NCVET as such, and as a result we are concerned there is a disparity between the financial and non-financial supports available to both the employer and the apprentice as a result.*

Rural and remote apprentices within our membership families frequently experience significant disadvantage and barriers in their efforts to pursue and complete apprenticeships and their Trade Certification. To help to alleviate these barriers ICPA (Aust) makes the following recommendations.

Recommendations

1. Extend employer incentives to ensure Apprenticeship positions are available for rural and remote Australian Apprentices.

ICPA (Aust) would welcome the continuation of the current Priority Wage Subsidy for Priority List occupations, particularly for first and second-year apprentices. Furthermore, an extension of the Wage Subsidy to Australian Apprentices who are not on the Priority List but are in rural and remote locations would see more employers offering apprenticeships. (See Appendix 'A' - Case Study 5)

2. Maintain Australian Apprentice Training Supports Payment.

Priority List occupation apprentices currently receive AATSP (Australian Apprentice Training Support Payment), which has been flagged by government to be reduced from \$5,000 over 2 years to \$3,000 over 2 years in the forthcoming financial year, yet their wages and cost of living have not altered in an advantageous way. (See Appendix 'A' - Case Study 5)



3. Training and ongoing support to employers.

Many rural and remote employers who offer an apprenticeship are doing so as a Small to Medium Business (SMB). With the newly released Apprenticeships Data Management System (ADMS) reporting system (to track and record the apprentice's progress that then triggers incentive payments), training and support for all staff within a business is required. Often the Manager, Training Supervisor and Business Administration Officer are all one person in a micro rural business. Our members report that often employers are not receiving incentives because they have not known how to apply or are not suitably trained or supported in the system to apply. These experiences are discouraging them from taking on an apprentice in the future.

4. (a) Increase to the Commonwealth Living Away from Home Allowance (LAFHA) to better reflect and adequately assist with living costs for Australian Apprentices .

(b) The indexation of the LAFHA to the CPI to ensure the Allowance keeps pace with the rising cost of living.

Eligibility criteria for LAFHA is based on the recognition that an apprentice has moved away from their parental or legal guardian's home for the first time to access an apprenticeship opportunity and is only available for those who are ineligible for Youth Allowance, ABSTUDY or Austudy payments. The allowance is not indexed to the CPI and has not increased, as ICPA (Aust) understands, since its inception.

LAFHA is available to eligible full and part-time Apprentice and Australian School-based Apprentices during the first three years of training at a rate of:

- \$77.17 per week for the first 12 months
- \$36.59 per week for the second 12 months
- \$25.00 per week for the third 12 months

For a full-time apprentice who has moved away from home to access a full-time apprenticeship, costs include food, rent, fuel, utilities, clothing and much more. While ICPA (Aust) is extremely appreciative of this allowance, it does not adequately provide meaningful support for the cost of living in the current economic climate.

While ICPA (Aust) recognises and appreciates that Trade Support Loans are available to eligible apprentices to assist with everyday costs while completing an apprenticeship, it is often not ideal for a young person to enter into a loan arrangement to help cover the costs of living.

5. Review and create guidelines that provide a national increase in travel and accommodation schemes across Australia for required Vocational Training and Assessment participation by Australian Apprentices.

Rural and remote apprentices, as outlined in Table 1, have mandated attendance for scheduled training and assessment to complete their off-the-job component of an Australian Apprenticeship. Due to the sparse nature of training facilities and services across Australia this frequently involves travel and at times accommodation. State bodies provide remuneration after the travel has occurred. The variance in rates for travel and accommodation is staggering and the out-of-pocket expense for apprentices and their employers, if they can provide a vehicle, is substantial and is frequently seen as a barrier to the acceptance of an apprenticeship. With the current ATO rate for use of a private vehicle for business travel at 85c per km (that allows for fuel and running costs of a vehicle) it seems to be questionable that training staff would be compensated at the ATO rate whilst apprentices across the country are receiving between 35% -53% of that rate to attend the same block or day sessions. (See Table 2 Appendix 'B' for further details)

The need and use of training and assessment travel reimbursement schemes could also be reduced if there was an option of accessing off-the-job training in blocks, and online if appropriate or possible, in lieu of one-day-a-week days off-the- job training. (See Appendix 'A' - Case Study 1 and 2)



6. Creation of an Access Payment for Australian Apprentices– Australian Apprenticeship Access Payment

Australian Apprentices relocating to undertake their trade and training face the same relocation and set up costs (travel, bond/rent, uniforms) as students relocating to undertake tertiary study. Apprentices are also doing modules of study within a workplace or Registered Training Organisation (RTO) in order to complete their trade qualification. In similarity with tertiary students, Australian Apprentices are generally recent school leavers who are moving vast distances from the family home for the first time with very little financial security. To make apprenticeships more attractive and increase retention rates, it is imperative that apprentices are well supported financially with relocation costs. This is particularly important in the initial stages of their apprenticeship as the established Tertiary Access Payment (TAP) scheme recognises for Tertiary students. (See Appendix 'A' - Case Study 5)

7. Eligibility to the Relocation Scholarship for VET students and Australian Apprentices who receive dependent Youth Allowance.

Tertiary students who are eligible for Youth Allowance as a dependent, or ABSTUDY recipients, are eligible for the Relocation Scholarship, which is an adjunct payment to dependent Youth Allowance. However, access to this Relocation Scholarship is not extended to Apprenticeship or Vocational Education Training (VET) students even if they do receive Youth Allowance as a dependent.

For many rural and remote students and young people who, due to geographical isolation, must relocate from home to undertake an Australian Apprenticeship, traineeship and/or Certificates and Diploma level courses, the cost of relocation is beyond their financial means.

The high up-front costs of relocating from the family home, which could extend for periods of up to four years depending on the chosen pathway, is exorbitant and includes:

- accommodation costs (rental bond and ongoing rent)
 - connection of utilities e.g. power and water
 - equipping the home with basic living commodities necessary to maintain a reasonable standard of living.
- These inordinate and unsubsidised costs are compounded by the fact that these young people are often leaving home for the first time to relocate to centres which can be hundreds, if not thousands of kilometres away from family.

Improved financial assistance to support rural and remote students and young people moving away from home to embark on an apprenticeship can only strengthen the sector and increase the number of young people returning to their communities armed with skills and qualifications that can meet the needs of businesses and industries.

8. Increase to the discount of Trade Support Loans on completion from 20% to 30% for rural and remote based Australian Apprentices.

Alterations to acknowledge the financial challenges faced by rural and remote apprentice could directly assist with the attraction and retention of apprentices in rural and remote areas, and directly influence the completion rates. This addition would offset the additional costs rural and remote based apprentices incur by undertaking an Australian Apprenticeship.

9. Australian Apprenticeship Support Service (AASS) providers must ensure rural and remote Australian Apprentices are fully supported by each provider and are recognised as a Service Specialisation.

Recognition that 'rural and remote' are a separate specialisation group is required to ensure appropriate assistance is provided so those most in need have equity of access to post school qualifications. ICPA (Aust) appreciates that this has been somewhat addressed in the recent review of non-financial support for apprentices - *Australian Apprentices in Remote Australia*, along with Women in Male Dominated Trades, First Nation Australian Apprentices, Australian Apprentices with Disability are listed as the Four Key Client



Groups to be supported by the Department of Employment and Workplace Relations contracted AASS's. Although it contains positive changes the latest contract for AASS's has fallen sort of placing Rural and Remote Australian Apprentice as a Service Specialisation, as it has for the other three Key Client Groups. (section 2.3 of Request for Tenders for AASS 2024-6 document page 29)

Under the new contract commencing July 2024, AASS's will no longer be the provider of the full non-financial support system for Australian Apprentices as was previously the case. Within the new structure our understanding is that if an AASS has not received the contract for specialist areas of support, who is supporting these apprentices who require the specialist support but sit within the geographic area the AASS has been contracted to cover? Should an apprentice require specialist support, it is concerning that if their AASS is not contracted to offer this support they may either not receive the identified supports or will have to navigate contact and assistance from a second AASS.

Supports and incentives currently focus heavily on the employer and the RTO rather than the individual apprentice. More direct financial and non-financial support for rural and remote apprentices is essential to ensure their unique needs are met. The current AASN Code of Conduct and the Australian Apprentice Incentive System Program Guidelines outline a myriad of support which are to be provided to the apprentice, however, anecdotal feedback from member families indicates that this support is not consistently provided. Improved delivery of pastoral care, support and advice to the apprentice must be instigated from the AASS providers with more regular check-ins to ensure rural and remote students successfully progress through their apprenticeship with the unique support they often require.

Clear and concise information is required outlining the role of the AASS providers, key contacts (the who and how of the contact process) and essential human resource and course information. At the time of sign-up there is an abundance of forms required to be completed from the place of employment (e.g., Superannuation, Tax File Number declaration), the RTO and financial assistance applications. Initiatives such as an 'Australian Apprentice Welcome Pack' could be implemented to provide the apprentice (and parent/guardian) with information pertaining to wages, pay rates, holidays, how and when to submit a leave request, allowances available, who to call if you need assistance etc and a calendar of off-the-job training blocks/days and information on roles.

Rural and remote apprentices should be allocated an AASN/AASS provider staff member who they can develop a rapport with and who is their first point of contact. Contact from the AASN/AASS personnel should be regular and frequent to monitor wellbeing, progress, identification of anomalies in work environment and answer any questions from the apprentice to ensure this all occurs in a timely manner.

AASN/AASS providers need to support apprentices to know their rights within the workplace regarding conditions, pay, leave and entitlements to ensure rural and remote apprentice are valued and work conditions are fair. Often, when contractual or pay issues are raised with the provider by the apprentice, the advice is for the young person to contact Fair Work or take it up with the employer. Both courses of action could leave the apprentice very vulnerable without third party representation due to a lack of experience and knowledge of these types of issues. Some of these apprentices are still under the age of eighteen.

Furthermore, there is a need for AASN/AASS providers to offer increased assistance to address conflicts at work. ICPA (Aust) has received feedback from members/apprentices that the common advice from support services is to deal directly with the employer/superior in relation to issues including conflicts at work and safety concerns. Young apprentices are often not comfortable or confident enough to have this conversation with a superior and need guidance, support and often third- party representation. (See Appendix 'A' - Case Study 4).



10. Clarification of the variances of a rural and remote Australian Apprentices due to their frequent need to relocate.

As outlined in Table 1, many rural and remote students can undertake an apprenticeship without the AASS, Employer and RTO knowing they have relocated away from family and supports. The process of relocating away from family and community support, often for the first time, can lead to well-being and mental health challenges. These young people need to set up a place of residence, live independently including undertaking activities such as shopping and housework for the first time while commencing a new occupation, all without the physical and close emotional support of their families. Coupled with this, the huge relocation and on-going living costs and the fact that apprentices receive very low wages, often with minimal financial assistance, frequently means that sport and recreation are sacrificed. It is crucial that support services are aware of these underlying tribulations.

The AASS providers should also engage employers in specific training and resources to increase their understanding of the needs and barriers of rural and remote apprentices, which may not be experienced as keenly by their metro-based peers. This information could be incorporated into the follow-up plan of the apprentice throughout the course by the employer to ensure the wellbeing of the student is being monitored. For example, when holiday leave requests for time off around popular holidays like Christmas or Easter are submitted, apprentices can be overlooked and the leave can instead be given to the qualified personnel as they often have families. It is also more economical for apprentices to be rostered on over holiday periods. For rural and remote apprentices, this can mean they are not able to return to their homes for Christmas with their families as the public holidays do not provide enough time for travel. This increases the sense of isolation. These challenges are all contributing factors to the low completion rates of rural and remote apprentices (see Appendix 'A' - Case Study 3, 5 and 6).

Once again, ICPA (Aust) appreciates the opportunity to contribute to this discussion, Appendix A contains case studies from our members. We would be happy to provide any further information that is required.



Appendix A

Case Studies from ICPA members

Case 1 - NSW

Bourke NSW to Dubbo NSW is 360km each way, and it hosts our closest delivery of Electrotechnology for Refrigeration Mechanics. In 2020 an Electrotechnology School Based Apprentice and Trainee student was offered Tamworth NSW (560km each way) or Broken Hill NSW (617km each way) for one day a week off-the-job training, by TAFE as the RTO.

Case Study 2 – Western Australia

Block training sessions for rural students in the city can cause accommodation and supervision issues. Pre-Apprenticeships that are conducted at TAFE's are often required before entry into a full-time apprenticeship. A Motor Mechanic Pre-Apprenticeship (six months) is offered at the Geraldton TAFE and is run on a Monday, Tuesday and Wednesday. Accommodation is provided on site but is paid at the rate for a full week board. Work Placement is a mandatory requirement of the course but is done in two blocks, one at the end of each term. As most of the students that attend this course are from areas outside of the Geraldton townsite, would it be more practical to organise the work experience to occur on a Thursday and Friday to utilise the full week.

Case 3 – Western Australia

My son is in his first year of a Heavy Diesel apprenticeship in Perth 450 kilometres from his families' rural farming property. He loves his job and is eager to complete it so that he can return to a rural environment where his skills will be in high demand. He started his apprenticeship in January 2022, worked all of Easter on double pay to try and get ahead with his mounting bills that an apprentice wage struggles to cover. A keen sportsman, he has forgone his hockey team due to the high club fees and the games being held at different times over a weekend.

My son has had two weeks off all year and often works Saturdays. His day commences at 5am, a half hour commute to his workplace to start work at 6am. He does 7.5 hours on ordinary pay and then tops this up with 3 more hours of extra time to finish at 4:30pm, home at 5pm.

He has asked for time off over Christmas; however, this has not been forthcoming as he was told by his employer that he did not get his leave request in early enough.

Is it that he is a cheaper and probably more capable and compliant employee to keep at the workshop over the Christmas break? A day off on Christmas Day does not allow him to travel home for Christmas. This arrangement is not a fair outcome for a young first year apprentice from a geographically isolated part of Australia.

Case Study 4 – Western Australia

My son met with a representative from Apprenticeships Australia at his commencement meeting and enquired about any allowances that he may be able to access. He has met with this person once more this year and has not had any follow-up on his enquiries. This meeting happened at his workplace. He does have the email of this representative so he can contact her but will not as he says she is just there to make sure he is at work and tick that box off in her folder.

A phone call today to enquire about any allowances for apprentices put me in contact with a lady from an AASN. I was told this support service looks after all apprentices in WA but are based in Queensland. She would not talk to me as it was 5pm Qld time and I should call back tomorrow. So, this would be problematic for any students in WA, just simply because of time zone differences.



I have been on hold to Services Australia Apprentice hotline 133633 for 28 minutes...”Use this number if you need help with payments and services for Australian Apprenticeships”... A more dedicated hotline for rural and remote apprentices would be good as she needed a lot of assistance to even get to the Living Away from Home Allowance understanding.

Case Study 5 – New South Wales

My son lives in remote NSW 125km from Bourke in far western NSW. Upon completion of his HSC last year he decided to apply for apprenticeships. He applied for an apprenticeship based in Wollongong where he had a successful first interview. He was not given a second interview and upon enquiring as to how to improve for his next application he was told that he was a very strong candidate, but they were concerned about his ability to relocate so far from home due to affordability, as the opportunity was 947km away from home.

He successfully gained an apprenticeship in Dubbo which is 500km from our home. He would not have been able to do this financially except that we have a small block of land 20km from Dubbo that has a relocatable basic building on it where he can live. There are no services connected (power or town water). He spends \$120 per week on fuel for a generator to get power and by the time he pays \$100 for fuel for his ute to go to work and food for the week, there is very little left over. Due to low rainfall, 2 weeks ago he ran out of rain water and we had to get a truck in, to resupply water (a cost of \$450 which we paid for as he could not afford to).

He has also had the costs of buying tools for his apprenticeship and has spent over \$2500 in the first 3 months on them. He does not have Internet and has limited mobile service where he is located. We have helped through buying household appliances and furnishings to make his situation more comfortable, however cannot afford to support him more than this due to still having twins in Year 8 away at boarding school that we are paying for.

There is no way he could have afforded to relocate to Dubbo and rent commercially and still have enough money to buy the basics.

He luckily has a very good employer who helped him get to medical treatment last week when he was sick and also paid for his medication that he needed.

He has met with his ASSN but has had no information about applying for LAFHA despite them being told of his home address. He has only been informed of Apprentice Training Support Payments.

Case Study 6 – Queensland

Nick is 18 and commenced an apprenticeship soon after he completed his Year 12 boarding school education. He relocated to his place of employment, 500 km from his family property. He moved into a rental property with two other people. His one-third of the rent was \$120 per week. He also had to contribute one-third of the rental bond (his share was \$480) along with two weeks rent in advance. The house was unfurnished so Nick, with some help from his parents, purchased his share of white goods, furniture and general basic household appliances/utensils along with sprinklers, hoses and a lawnmower. Nick's weekly expenses included rent, electricity, internet/telephone, food, fuel, clothing and general expenses.

Nick didn't qualify for Dependent Youth Allowance as his gross wage was \$513 per week which was over the income threshold to receive YA. Nick did get the Living Away from Home Allowance (LAFHA) which paid him \$77.17 for the first year of his apprenticeship, and then \$38.59 in the second year and \$25.00 in the



third year. Nick's parents helped out as best they could, however the cost of living was extremely high and Nick's net wage was \$476.00 per week.

As the first year of Nick's apprenticeship went by, he was becoming more and more isolated. He was working extremely long hours trying to make money from overtime. Because of this he was not participating in sport and his social life was very limited. He was also not eating properly as he was getting home from work very late. His mood became quite low.

When COVID-19 hit, Nick's hours were cut back from 38 to 30 as the company he worked for split the shifts, so they had two teams of mechanics to reduce the risk of infection. Nick therefore couldn't do any overtime. Therefore his \$513 gross wage for 38 hours per week dropped to a gross of \$80 per day for a 6-hour day.

Because Nick's employer (a large trucking company) was classified as an essential service, and trucks were still moving the company didn't qualify for the Job Keeper payment given their income hadn't dropped by the specified amount. Therefore, Nick received no income supplement from his employer even though his hours were dramatically reduced.

Nick was still ineligible for Youth Allowance because even though his income had dropped his parents' income was still too high due to their business. Nick therefore couldn't receive the Coronavirus Supplement as it was only available for those receiving Social Service payments such as ABSTUDY and Youth Allowance. The supplement was not payable to LAFHA recipients.

Nick's parents did all they could to subsidise Nick's living expenses, however even with their help the impact of very little income and no reduction in living expenses was great. Unlike his fellow apprentices in his workplace, he did not have the option to move home to save on expenses during the pandemic.

One year into the apprenticeship, Nick gave notice to his employer and returned home to the family property. He is now doing station work on the land. He simply could not afford to live on such a low wage with such high living expenses, even after the COVID-19 lockdown when things returned to some normality. Nick quit his apprenticeship with less money in his bank account than what he started with even though he was living as frugally as possible.



Appendix B

Table 2

Australian Apprentice Travel Assistance for Training and Assessment as of May 2024.

| Location and Scheme Name | Travel Rates per Kilometre | Accommodation Rates per Night |
|---|--|-------------------------------|
| South Australia Travel and Accommodation Allowance (TAA) | 30c | \$60 |
| Queensland Travel and Accommodation Allowance (TAA) | 32c | \$55 |
| New South Wales Vocational Training Assistance Scheme (V TAS) | 33c | \$56 |
| Western Australia Travel and accommodation Allowance (TAA) | 40c | \$100 |
| Tasmania Travel and Accommodation Allowance (TAA) | 41-45c *zone variation within the state | \$55 |
| Northern Territory Apprenticeship travel and accommodation subsidy scheme (ATASS) | 50c | \$100 |