MASTER ELECTRICIANS AUSTRALIA

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Australia Skills Guarantee Procurement Connected Policy Consultation Working Draft

Exacerbating a problem it is designed to fix.

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17 October 2023

Master Electricians Australia (MEA) is the trade association representing electrical contractors recognised by industry, government and the community as the electrical industry's leading business partner, knowledge source and advocate. Our website is www.masterelectricians.com.au

Throughout this submission, MEA will highlight the various flaws we have identified throughout the guidelines and argue that gender quotas on their own are an ineffective measure towards improving skill shortages and gender diversity in construction. They run the risk of creating an expensive 'box-ticking' exercise without the foundational support of a skilled and diverse workforce.

Issues identified relate to financial burdens, loopholes, sustainability, small business protections and reporting.

MEA believe that streamlining VET courses into the secondary school curricular exposes all students (female and male) to a diverse range of trade careers creating impactful solutions for diversity and skills shortage improvement. This will curate a supportive environment that fosters structural and societal change towards perception of trades and female participation within the industry.

We will draw on NVCER statistics to highlight the trends which the guidelines are attempting to address is a retention issue as opposed to one of recruitment.–Imposing recruitment quotas for overarching and female apprentices could exacerbate a problem it is designed to fix. MEA argues that focusing on early exposure to diverse career options in VET, paired with enhanced competency and aptitude testing to promote integrated VET secondary school courses is the solution.

MEA believe the guidelines could become a resource draining, merit displacing requirement. Of particular concern to our members and the broader industry is the impact these guidelines will have on small businesses who sub-contract for bigger suppliers. These entities are likely to be at risk of not winning contracts due to suppliers focusing on working with businesses who can assist in achieving quotas that small businesses do not necessarily have the resources for.

Issues Identified

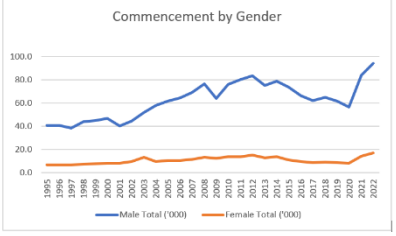
We believe the guidelines place an onerous burden on Government contract suppliers, focusing on fairness and equality above merit and productivity. MEA raises concern over several issues we have identified throughout the guidelines as listed below.

What if overarching apprentices, or specifically women apprentices, leave their career field during the government contract and cannot be easily replaced?

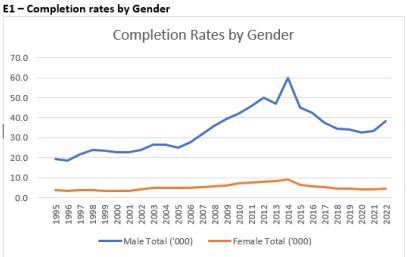
Is there an expectation that vacant roles remain so until replaced by someone who can assist with meeting quotas? This does not reflect the nature of the contracts, and keeping a role open for these purposes can cause cost and time constraints on a project. These quotas risk stifling workplace efficiency.

Female completion rates have been declining over the last decade (appendix E1), despite commencement rates increasing during the same period (appendix D2) highlighting a retention issue as opposed to a recruitment problem that will not be resolved through setting quotas.

D2 – Apprentice Commencement by Gender



E1 – Completion rates by Gender



This illustrates an unfair burden imposed on suppliers and their sub-contractors as the declining trend in retention is likely to make it harder throughout a project for suppliers to remain committed to achieving their targets. Please refer to our discussion under 'VET' for further discussion on how we believe to best improve female apprentice statistics in trades.

What protections are in place for small business contractors?

MEA believe these guidelines are likely to have significant negative impact on small businesses who often fulfil sub-contractor roles for big suppliers. We expect to see suppliers hiring subcontractors that assist towards providing both the overarching and female apprentice ratio to achieve their targets. Small contractors do not necessarily have enough staff to be of benefit to suppliers in achieving these quotas and therefore lose out on work.

Who is funding the following costs?

- compliance
- the design, implementation and maintenance of the reporting tool
- extra hours into reporting from the supplier

Please refer to our discussion below under 'Regulations' for further discussion.

What are the consequences for failing to comply with guidelines beyond the supplier being unlikely to win another Government construction contract[1]?

The guidelines do not imply any consequence for non-compliance beyond it being factored into future applications. What is to stop these guidelines from becoming sidelined? In our view, the guidelines lack any real compliance weight, with a chance they will eventually become a failed mission. As more suppliers fail to comply, the harder review and enforcement will be due to lack of resourcing.

What is to stop suppliers from purposely understating the estimated work hours required to complete the contract to drive down the denominator in the calculating percentage of actual apprentice hours worked?

By intentionally undervaluing the labour hours required to complete a task, the denominator in calculating the overarching apprentice target becomes smaller, thereby increasing the percentage of total reported apprentice hours.

The following calculation has been proposed in the guidelines:

Overarching *apprentice* target

$$\frac{Total\ reported\ apprentice\ hours}{Total\ estimated\ workforce\ hours} \times 100$$

MEA believes this is a loophole which not only enables suppliers to 'cheat' the quotas, but also risks them being awarded a contract based on a false estimation of hours which implies a quicker completion timeframe and reduced costs when in reality far more hours are required.

What is to stop apprentices identifying as a 'woman' on their working documents at the request of their employer?

The guidelines define woman as:

[1] 'Australian Skills Guarantee Procurement Connected Policy Consultation Working Draft' *Department of Employment and Workplace Relations* <Skills Guarantee consultation draft PCP - 29 September 2023 (1).pdf> (20)

> ***Woman*** *is a person, who regardless of their sex assigned at birth, identifies as a woman irrespective of age"*

By definition of the guidelines, anyone can identify as a woman. Employers may reward apprentices to identify as female in paperwork to achieve both overarching and female targets in one person. There is nothing defining a woman under the guidelines by their physical appearance to prevent this from happening. This definition therefore puts female participation rates at further risk.

Reporting Requirements

Evidence will be necessary for reporting to have any real purpose. The obvious procedure for this is electronic submissions of approved timesheets. This within itself raises issues, namely

- Auditing of evidence provided. Leaving validity of evidence provided to be confirmed in annual financial audits by independent third parties is limited in effectiveness as it is not timely (i.e. audits are retrospective but compliance with these guidelines would require more immediate checks). How are the timesheets provided going to be validated against payroll in a timely manner?

- System compliance. Those with manual timesheets are going to have to invest significant costs into transitioning towards electronic reporting. Furthermore, many suppliers have internally designed electronic timesheet systems which are not necessarily compatible with exporting to a government server.

- Funding of compliance and review. The guidelines are going to require significant recruitment in government entities responsible for reviewing and enforcing regulation compliance. This comes at the cost of taxpayer dollars. Additionally, suppliers will need to spend significant time preparing reports. Government construction projects often pay workers by wage, therefore the more time spent on reporting, the more taxpayer money is going to be spent.

Vocational Education Training (VET)

While we applaud the Australian Government's efforts to resolve the skills shortage crisis and improve diversity in construction, we do not believe guidelines mandating equality quotas to be met are the answer. Targeting recruitment to increase the number of trade apprentices, and specifically women apprentices, is only effective when there is a skilled pool of labour available to satisfy these objectives. The way to increase apprenticeships in construction (both male and female) is through educational support at a secondary school level.

Throughout many submissions, MEA have strongly advocated that integrating VET training into the secondary school curriculum with an equal weighting to Australian Tertiary Admission Ranking (ATAR) rankings is one of the solutions to both gender diversity and skills shortages. The current schooling system moulds students to fit an academic structure, leaving behind those who are unwilling or unable to conform. Providing exposure and targeted training provides all students equal opportunities for future success by providing a supportive and encouraging environment.

The benefits of VET secondary school courses include better equipped personnel entering the workforce, enhanced aptitude and competency screening, heighted attraction and retention and greater diversity in the workplace through early exposure in a supportive environment. MEA sees this as ~~a~~ pivotal tool in supporting societal, structural and systemic change with regards to non-traditional cohorts entering trades. There are well established pathways in VET to attain

higher qualifications at Diploma and Advanced Diploma level, satisfying pre-requisites and RPL for Tertiary Degree qualifications.

From 2020, trade apprentice commencement and cancellation rates significantly spiked reaching record highs since 1963 (refer to appendices A and C). This highlights that recruitment of apprentices is not the problem, but rather the issue lies with retaining them. MEA argues this is largely as a result of inadequate aptitude and competency testing before employment. Setting recruitment quotas will not address skill shortage issues and even has the potential to exacerbate the problem. We believe that just imposing quotas without addressing aptitude and suitability of applicants will reinforce the current trend of students enrolling in the wrong courses/apprenticeships. This is why MEA emphasise the important role that VET in schools training has in rectifying this. It provides an opportunity for early exposure to a range of trades and allows for strong competency and aptitude screening. As a result, we would expect to see the trend in appendix A (commencement rates) and appendix B (completion rates) to continue rising while the trend in appendix C (cancellation rates) begin to decrease.

As shown in appendix in D3 and D4, the trend in commencement for different age groups are the same in both genders. The biggest contributing age group towards apprentice commencements are those under 19 years of age. However, we have recently seen males and females aged 25-44 starting to catch up, with significant spikes in commencement rates since 2020 (as per appendix D1). The current average age of commencing science, technology, electronic and math (STEM) trade is 24 years old, meaning that for an increasing number of citizens, there is a six-seven-year gap between finishing secondary school, and starting a well-paid career in a STEM occupation in areas of vital need for the Australian economy. MEA believes that focusing on training a younger and more diverse generation at the later stages of secondary schooling is the most effective use of Government spending on STEM initiatives and addresses both diversity in STEM and skills shortages.

The lack of gender diversity and the skills shortages does not lie within bias hiring procedures, rather the lack of access to VET pathways from a younger age to a wide and diverse cohort. Diversity grows from exposing and curating skills at a young age. Introducing VET courses into the secondary school curriculum provides an opportunity for all students, regardless of gender, to become skilled in STEM trades. This is where we can expect to see cultural change towards STEM diversity and relieved pressure on the labour demand shortages.

The guidelines could create an expensive ‘box-ticking’ exercise if enforced without the foundational support towards creating a pipeline of skilled and diverse trades people. These guidelines are at risk of putting public relations above merit thereby risking safety and competency not only in the workplace, but also in the quality of work provided. MEA is not suggesting prioritising recruitment of diverse labour means the quality will automatically deteriorate; instead we are highlighting that the recruitment process is at risk of becoming too heavily focused on who can be recruited as opposed to setting these cohorts up for the best chance at success by recruiting on aptitude and appropriate foundation skills first and foremost. Embedding awareness training of opportunities in the VET/STEM sector from secondary school, ensures that recruitment quotas become meaningful.

Efforts to improve gender diversity in construction and to resolve the skills shortage should be supported, however, it is necessary to have balance between opportunity and outcome. There is a risk of over-investing in regulatory and compliance initiatives which heavily target underrepresented groups. This is money that would be more efficiently invested in targeting secondary school students that have proven aptitude for occupations.

Despite female trade apprentice commencement rates being relatively static throughout history (as per appendix D2), they have risen to a record high since the 2020 pandemic shutdowns. Conversely, female apprentice completion rates have started declining since 2014 (as per appendix E1) with no sign of improving. The fact that female commencement rates are rising while completion rates are declining indicates a core problem, which recruitment quotas will not fix. We believe that VET in secondary school not only provides early exposure to a wide variety of trades normalising female participation, but also allows for competency and aptitude screening. Through embedded secondary school programs, female apprentices (and other non-traditional cohorts) have a better chance of matching their interests and skills with the correct trade leading to greater commencement and completion rates, as well as addressing diversity.

MEA's position is for Government to prioritise the investment of precious public funding in a streamlined and integrated VET secondary school curriculum, with an equal weight to ATAR, to help address diversity in STEM careers, improve completions, and decrease skills shortages. This naturally creates a larger pool of skilled construction workers that are diverse compared to the guidelines which are pushing an artificial solution that lacks any foundational support to provide sustainable outcomes.

Investing in aptitude and competency at the school level will put many Australians on the first rung of the ladder of success in a rewarding career. All other initiatives and campaigns will potentially be limited in effectiveness and become a less effective use of precious taxpayer money.

Conclusion

MEA believe the proposed guidelines are an ineffective attempt at addressing the skills shortage crisis and increasing female participation. There seems to be too much of a focus on public relations which appears to prioritise equality and inclusiveness over actual skills which has the possibility of doing both male and females apprentices more harm than good if they are being recruited to meet targets as opposed to having the appropriate skills or competency for the job. This is likely to have a negative impact on completion rates, risk quality and safety, and jeopardise small business' ability to compete for jobs as sub-contractors on government projects.

The regulations have raised issues that have no obvious solution, namely –

- Declining trend in female completion rates (despite rising commencement rates) make it harder for suppliers to maintain quotas throughout a Government contract.
- Small businesses are less likely to win sub-contractor roles as suppliers look to larger sized entities that can assist in fulfilling quotas.
- Tax-payer money is going to be spent on reporting and compliance costs.
- Insufficient consequences for long term sustainability of the guidelines.
- Loopholes available to bolster the percentage of hours worked by apprentices, which could result in misleading information that could ultimately win them the contract.

The reporting requirements create further issues. Firstly, suppliers are going to be burdened with costs to implement electronic systems that enable exporting of timesheets to Government servers. Secondly, how are the timesheets provided going to be scrutinised? Leaving their validity to be traced back to payroll in annual financial audits is not timely enough. And finally, significant tax-payer money is going to be spent on compliance and review of the guidelines as more time and personnel resources will be necessary to perform these functions.

MEA strongly advocate that VET in secondary school education, with equivalent weighting to ATAR subjects, is the best move in a suite of solutions to Australia's skill shortage and trade-apprentice gender diversity problems. This exposes male, female, and diverse students to a variety of trades encouraging education towards a career in the industry, fostering a supportive environment where trade career is normalised. Secondary school VET courses enable more effective competency and aptitude screening which will be a key driver towards improving completion rates.

Female and male apprenticeships in trades have both seen an improving trend in commencement rates but retention/completion is the biggest issue. MEA stresses that initiatives such as the proposed guidelines can only be as effective as the available pool of workers. These guidelines do not increase the pool of workers available to recruit, but VET secondary school training potentially does, and this is where Government should focus its efforts and invest taxpayer money.

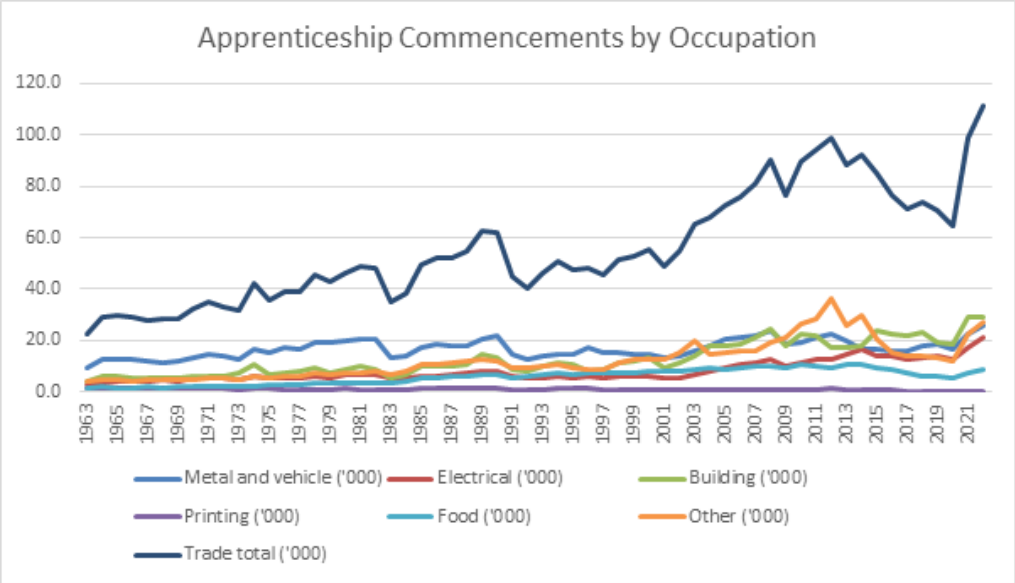
MEA looks forward to seeing the outcome of the proposed PCP guidelines and would like to participate in further discussions regarding their future.

Appendix A – Trend in Trainee Commencements from 1963 - 2022

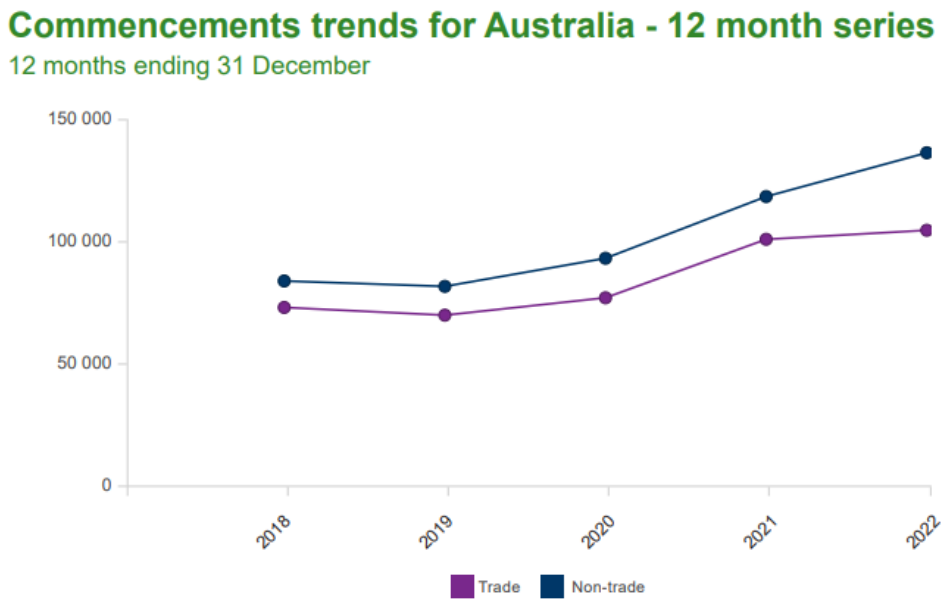
MEA has obtained the following data from the National Centre for Vocational Education and Training (NCVER), "the national body responsible for collecting, managing, analysing and communicating research and statistics on the Asutrlian VET sector"[2].

A1 – Apprentice Commencements by Trade Occupation

*Note – MEA created the A1 graph derived from statistics provided by NCVER[3].



A2 - Apprentice Commencements From 2018 - 2022[4]



[2] 'Getting to know NCVER' *NCVER* < Historical time series of apprenticeships and traineeships in Australia from 1963 to 2022 (Getting-to-know-NCVER-2020_0920.pdf)> (2)
[3] 'Historical time series of apprenticeships and traineeships in Australia from 1963 to 2022' *NCVER* < Historical time series of apprenticeships and traineeships in Australia from 1963 to 2022 (ncver.edu.au)>
[4] 'Apprentices and trainees 2022 December quarter' *NCVER* <Apprentices and trainees 2022: December quarter - Australia (ncver.edu.au)> (18)

A3 – Commencements time series for trade occupations, Australia – 12 month series[5]

Commencements time series for trade occupations, Australia - 12 month series

12 months ending 31 December

Trade occupations	12 months ending 31 December					% change	
	2018	2019	2020	2021	2022	2018-2022	2021-2022
Automotive and Engineering Trades Workers	18 050	18 030	18 415	23 150	25 225	39.7	9.0
Construction Trades Workers	21 665	19 265	21 950	28 810	28 145	29.9	-2.3
Electrotechnology and Telecommunications Trades Workers	13 860	13 535	14 085	18 215	20 450	47.5	12.3
Engineering, ICT and Science Technicians	2 270	2 540	3 480	7 590	7 360	224.3	-3.0
Food Trades Workers	5 910	5 895	5 830	7 050	7 800	32.0	10.6
Other Technicians and Trades Workers	7 445	6 700	8 585	9 820	9 935	33.5	1.2
Skilled Animal, Agricultural and Horticultural Workers	3 670	3 750	4 480	6 110	5 530	50.6	-9.5
Total	**72 870**	**69 710**	**76 825**	**100 750**	**104 450**	**43.3**	**3.7**

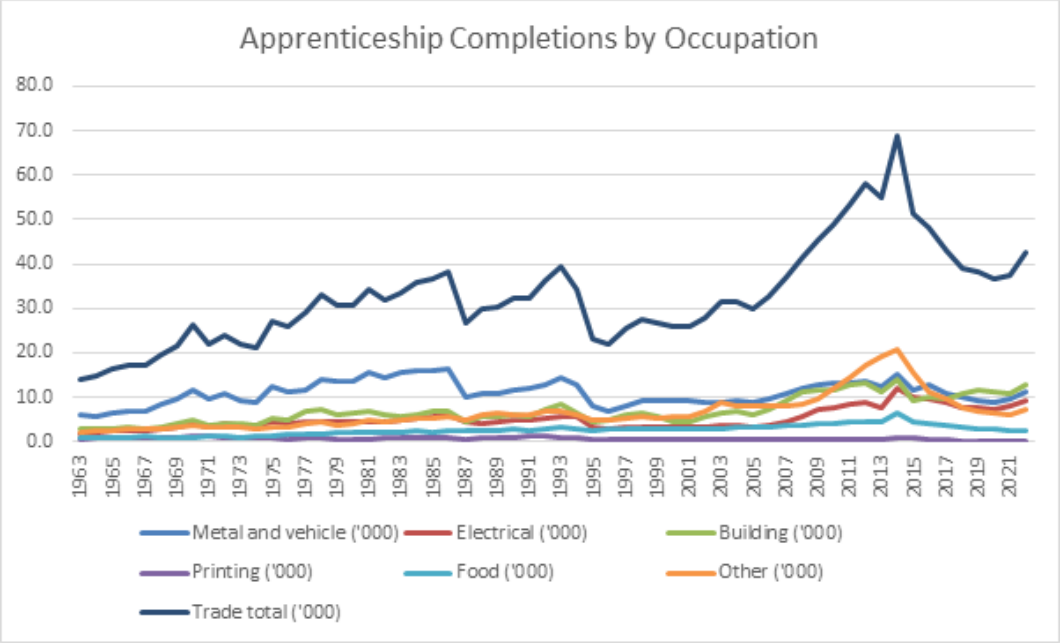
[5] (n4), 19

Appendix B – Trend in Apprenticeship Completions from 1963 - 2022

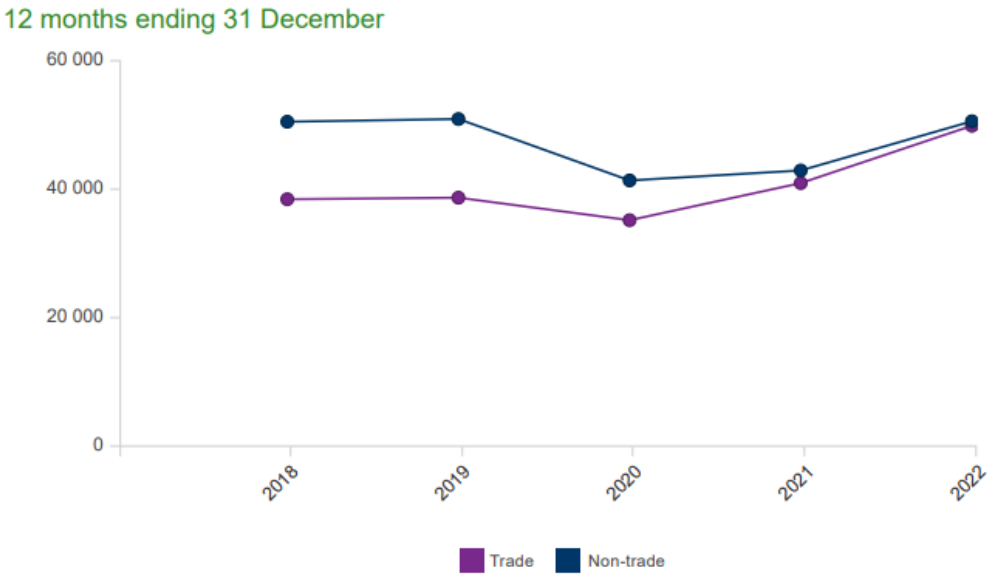
MEA has obtained the following data from the National Centre for Vocational Education and Training (NCVER), "the national body responsible for collecting, managing, analysing and communicating research and statistics on the Asutrlian VET sector"[6].

B1 - Apprentice Completions by Trade Occupation

*Note – MEA created the B1 graph derived from statistics provided by NCVER[7].



B2 – Completions trends for Australia – 12 month series[8]



[6] (n2)
[7] (n3)
[8] (n4), 24

B3 – Completions time series for trade occupations, Australia – 12 month series[9]

12 months ending 31 December

Trade occupations	12 months ending 31 December					% change	
	2018	2019	2020	2021	2022	2018-2022	2021-2022
Automotive and Engineering Trades Workers	9 385	9 250	9 075	10 745	12 960	38.1	20.6
Construction Trades Workers	11 035	11 860	10 360	12 245	14 655	32.8	19.7
Electrotechnology and Telecommunications Trades Workers	7 700	7 420	7 395	8 560	10 975	42.6	28.2
Engineering, ICT and Science Technicians	1 515	1 300	1 305	1 425	2 150	42.0	50.7
Food Trades Workers	3 195	2 950	2 210	2 500	2 555	-20.1	2.3
Other Technicians and Trades Workers	3 945	3 995	3 115	3 440	4 160	5.5	21.1
Skilled Animal, Agricultural and Horticultural Workers	1 535	1 775	1 580	1 905	2 290	48.9	20.0
Total	**38 310**	**38 550**	**35 045**	**40 820**	**49 750**	**29.9**	**21.9**

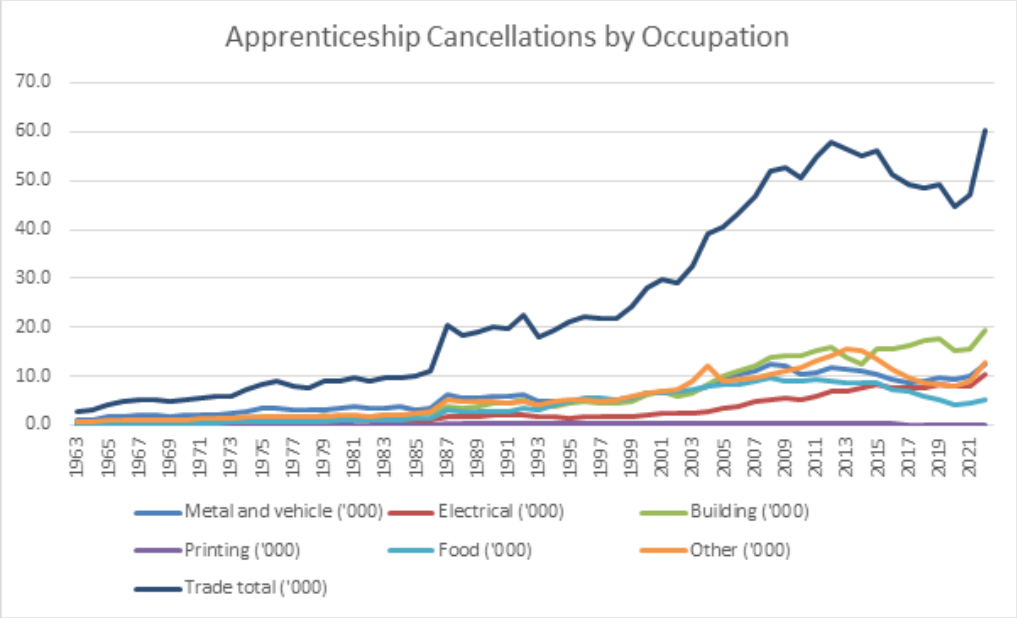
[9] (n4), 25

Appendix C – Trend in Apprentice Cancellations from 1963 - 2022

MEA has obtained the following data from the National Centre for Vocational Education and Training (NCVER), "the national body responsible for collecting, managing, analysing and communicating research and statistics on the Asutrlian VET sector"[10].

C1 - Apprentice Cancellations by Trade Occupation

*Note – MEA created C1 graph derived from statistics provided by NCVER[11].



C2 - Apprentice Cancellations by Trade Occupation[12]

[10] (n2)
[11] (n3)
[12] (n4), 21.

C3 - Apprentice Cancellations and Withdrawals time series for trade occupations, Australia – 12 month series[13].

12 months ending 31 December

Trade occupations	12 months ending 31 December					% change	
	2018	2019	2020	2021	2022	2018-2022	2021-2022
Automotive and Engineering Trades Workers	9 140	9 880	9 040	11 500	12 740	39.4	10.8
Construction Trades Workers	17 575	17 240	14 025	17 910	18 955	7.9	5.8
Electrotechnology and Telecommunications Trades Workers	8 105	8 585	7 160	9 420	10 715	32.2	13.8
Engineering, ICT and Science Technicians	840	825	845	2 200	3 350	299.6	52.2
Food Trades Workers	5 285	4 920	3 930	4 910	5 000	-5.4	1.8
Other Technicians and Trades Workers	5 595	5 575	4 700	6 215	7 075	26.5	13.8
Skilled Animal, Agricultural and Horticultural Workers	2 115	2 120	1 865	3 095	3 160	49.5	2.0
Total	**48 650**	**49 145**	**41 570**	**55 250**	**60 995**	**25.4**	**10.4**

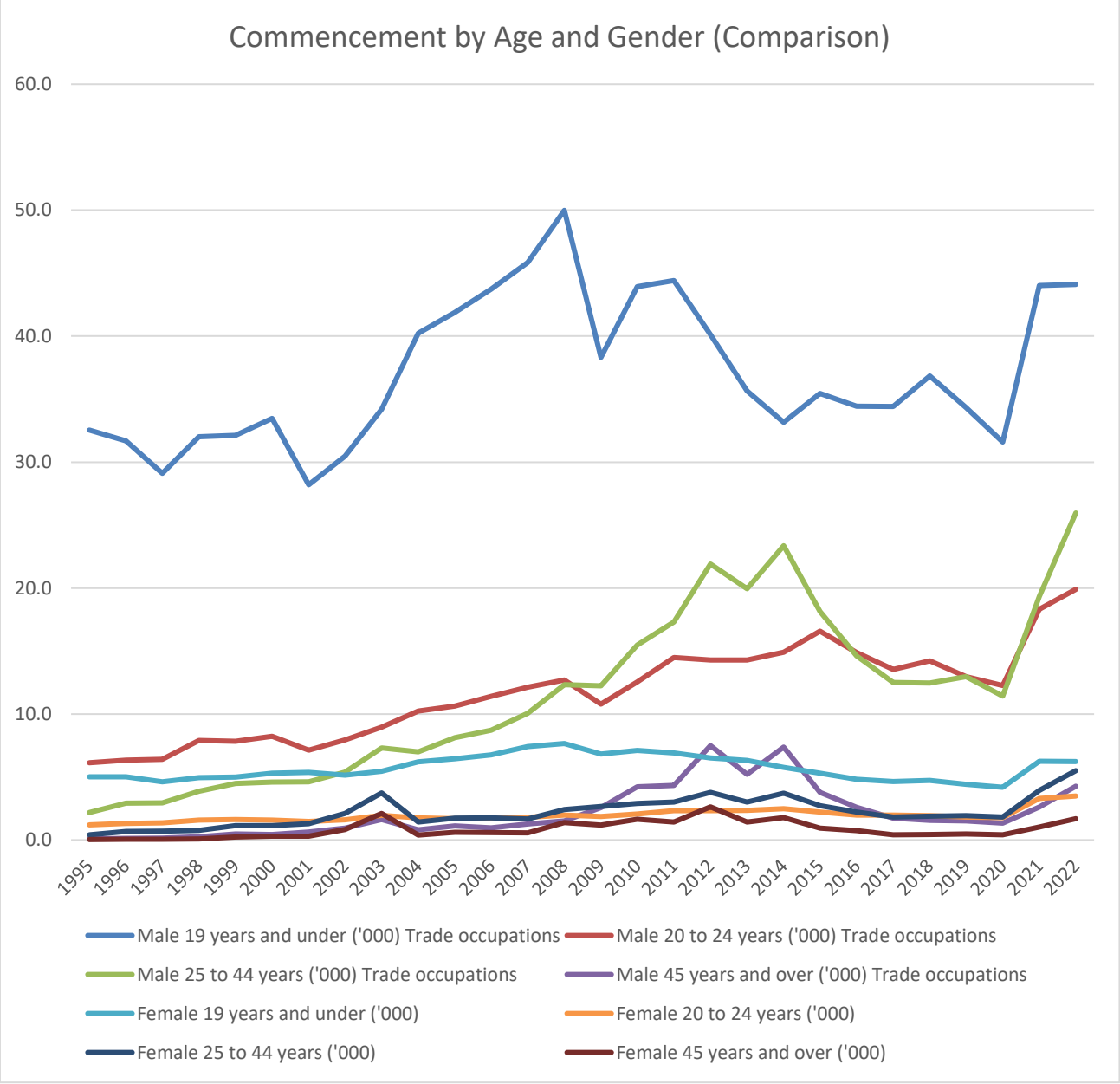
[13] (n4), 22.

Appendix D – Trend in Apprentice Commencement by Age and Gender 1963 - 2021

MEA has obtained the following data from the National Centre for Vocational Education and Training (NCVER), “the national body responsible for collecting, managing, analysing and communicating research and statistics on the Asutrlian VET sector”[14].

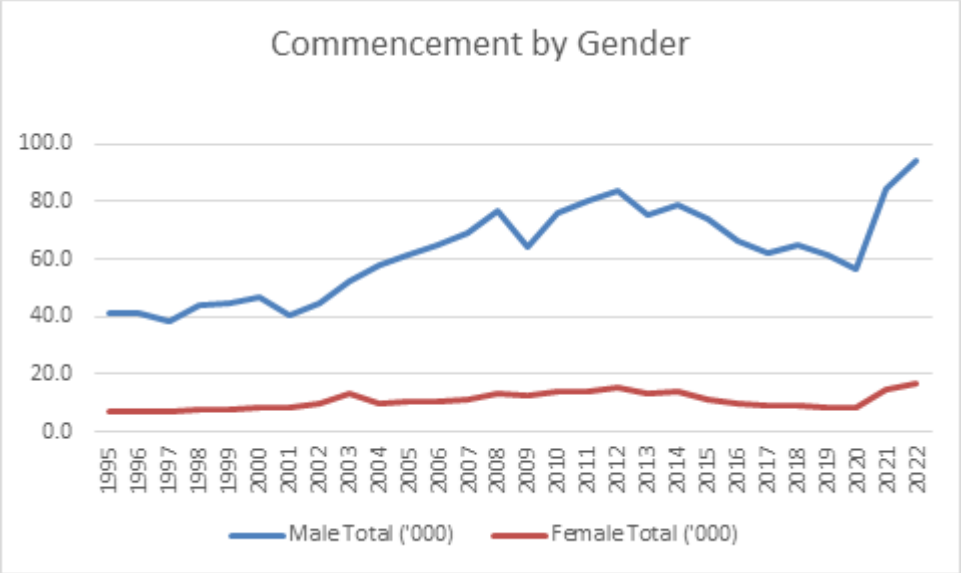
We have created the below graphs form data derived from statistics provided by NCVER[15].

D1 – Commencement by Age and Gender

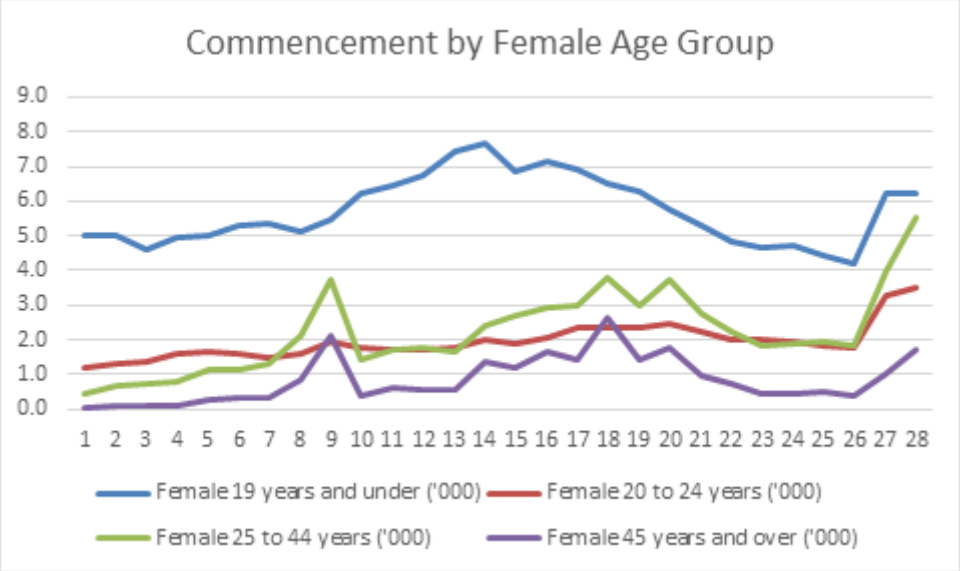


[14] (n2)
[15] (n3)

D2 – Apprentice Commencement by Gender[16]

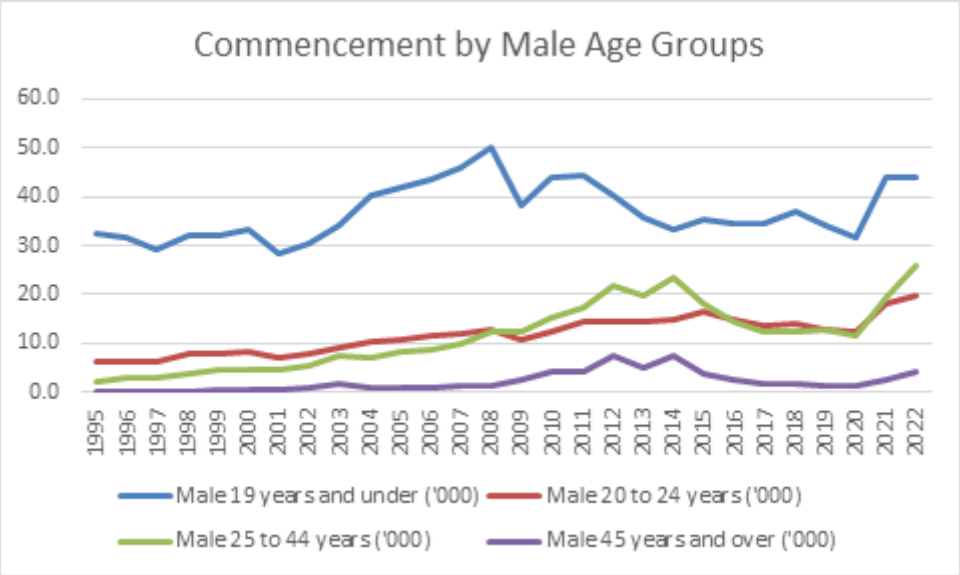


D3 – Apprentice Commencement by Female Age Groups[17]



[16] (n2)
[17] (n3)

D4 – Apprentice Commencement by Male Age Groups[18]



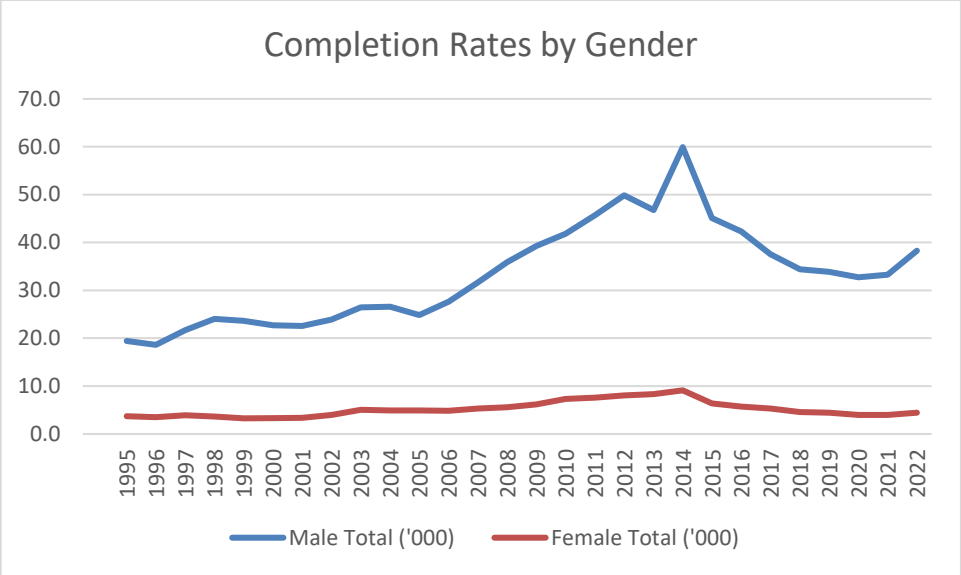
[18] (n2)

Appendix E – Trend in Apprentice Completion by Gender 1963 - 2021

MEA has obtained the following data from the National Centre for Vocational Education and Training (NCVER), “the national body responsible for collecting, managing, analysing and communicating research and statistics on the Asutrlian VET sector”.

E1 – Completion rates by Gender

We have created the below graphs form data derived from statistics provided by NCVER[19]



[19] (n2)