

15 May 2024

The Honourable Justice Iain Ross AO and Ms Lisa Paul AO
Strategic Review of the Australian Apprenticeship Incentive System

50 Marcus Clarke St
Canberra ACT 2601

By email: ApprenticeshipsReview@dewr.gov.au

Dear Justice Ross and Ms Paul,

Strategic review of the Australian Apprenticeships Incentive System matter

The SDA firstly submits that the Australian Apprenticeships Incentive System (Incentive System) is broken – as employers get the incentive and apprentices aren't getting decent work. The economic growth benefits are not realized for the investment made by government.

Decent work is UN Sustainable Development Goal No. 8, was defined by the International Labour Organization (ILO) and has been included in major human rights declarations, UN Resolutions and outcome documents from major conferences.¹ Decent work delivers to workers a safe environment, a wage you can live on, stable, predictable and secure hours of work, supportive workplace conditions such as leave (e.g. parental), and a regular and consistent income.

- A case example is fast food². In fast food, the employment outcome is too often dominated by low pay and insecure work and the qualification provided by the traineeship is not required if one wishes to progress to more senior roles in the industry.³ Using both the retail and hospitality training packages for employment under three awards depending on their

¹ Article 23 of the Universal Declaration of Human Rights (1948), the World Summit for Social Development (1995), World Summit Outcome Document (2005), the high level segment of ECOSOC (2006), the Second United Nations Decade for the Eradication of Poverty (2008-2017), Conference on Sustainable Development (2011) and in the UN's 2030 Agenda for Sustainable Development (2015).

² See "Grill'd claimed the subsidy – worth up to \$28,000 a year per employee – for 4130 trainees under the program, according to documents obtained by AFR Weekend under freedom of information laws. Of those, 1360 completed their certificate, 2455 dropped out and 320 are still going." <https://www.afr.com/politics/federal/taxpayer-bill-for-grill-d-hamburger-university-hits-28-3m-20230908-p5e33y>

³ The Fair Work Commission described retail workers (along with hospitality workers) as "more likely to be female, younger (under 25 years), work part-time hours, be employed on a casual basis and be award reliant than employees in other industries. Employees in these industries are also more likely to be low paid." ([2017] FWFCW 1001 PN 80) The Commission was also "satisfied that a substantial proportion of Fast Food industry employees are 'low paid'; are more likely to reside in lower income households and are more likely to experience financial difficulties." ([2017] FWFCW 1001 PN 1356) Average weekly earnings in the retail trade are \$1,200 per week (ABS, "6302.0 - Average Weekly Earnings, Australia) but for Award reliant retail workers the full time adult rate is \$940 per week. Many award reliant retail workers earn less than this as they work part-time or casual hours.

circumstances⁴, these fast food workers are vulnerable to exploitation by employers for financial gain under the current settings – including one-size fits all definitions - in the incentives programs.

- Another example is hairdressing. Completion rates in hairdressing are low⁵, and many workers not completing resulting in their employer getting an incentive and the workers not getting the benefit of higher pay and conditions as outlined in the award (See ma000005 Hair and Beauty Industry Award 2020). Another barrier to hairdressing is the low rate of pay (\$13.09 per hour) and poor support provided for apprentices (from business owners⁶ and AASNs who should notice and prevent such transgressions).

Secondly, the SDA views apprenticeships and traineeships as different and that an alternative solution should be found for environments where the setting suited to occupationally orientated traditional trades are failing workers. As retail, warehousing and fast food are increasingly dominated by automation, digitalisation with the use of AI, the role of the training system should be to support decent work for those who are impacted by this transition. In noting this, the SDA draws your attention to the following research:

- Lipton, B., Vromen, A., Rutledge-Prior, S., Good, L., Cooper, R., Foley, M. (2023) *Technology and skills in the future of retail work: A summary of findings* (Available at <https://ses.library.usyd.edu.au/handle/2123/29372>)
- Podkalicka, A. and Andrejevic, M. (Forthcoming) *Workers in Transition: Automating Retail* (Unpublished, details available at <https://autoworkproject.org/sale-and-service/>)

Please also find attached some information about the SDA (Attachment 1) and the Principles underpinning SDA policy positions (Attachment 2).

Yours faithfully,



Gerard Dwyer
National Secretary-Treasurer

⁴ Fast Food Industry Award [MA000003]; ; General Retail Industry Award 2020 [MA000004]; and Miscellaneous Award [MA000104]

⁵ See: [Apprentice and trainee completion rates down in 2022](https://www.ncver.edu.au/news-and-events/media-releases/apprentice-and-trainee-completion-rates-down-in-2022) (<https://www.ncver.edu.au/news-and-events/media-releases/apprentice-and-trainee-completion-rates-down-in-2022>) and “One in every two trade apprentices drop out before completing their course, with those in unregulated sectors, such as chefs and hairdressers, far more likely to abandon their vocation than they are to finish.” <https://www.afr.com/work-and-careers/education/dismal-apprentice-dropout-rate-compounds-skills-crisis-20220815-p5b9w2>

⁶ <https://www.adelaidenow.com.au/news/south-australia/sa-businesses-owners-fined-870000-in-2021-for-wage-theft-and-denial-of-entitlements/news-story/c2073c13d44541f17d3beb366517ba46>

Attachment 1: About the SDA

The Shop, Distributive and Allied Employees' Association (the SDA) is one of Australia's largest trade unions with over 200,000 members. Our members work in retail, warehousing, fast food, hairdressing, beauty, pharmacy, online retailing, and modelling.

The majority of SDA members are women (60%), under 35 years (57%), and low-income. Retail and food services are two of the three lowest industries for median weekly earnings.

The SDA has a long history of advocating on behalf of members. We do this through enterprise bargaining; making submissions regarding Awards and the NES to provide a relevant safety net; and through numerous submissions made to parliamentary and government inquiries and other important reviews.

The SDA has 10 policy principles that guide our engagement in these reviews. For a list of these, see Attachment 2.

Attachment 2: Principles underpinning SDA policy positions

SDA policy is driven by providing value to our members whose work is regulated by an industrial system that has been reformed, but had failed them for decades.

Australians need to be supported by an economic system that has working people at its centre. Our predecessors built an industrial system which provided the foundations for shared prosperity. It is now our responsibility to utilise the reformed industrial framework for the current and future generations. Decades of concerted attacks on our industrial relations system saw inequality grow, and economic and political power has further concentrated in the hands of a few.

The world of work has changed and will keep changing. There is an unprecedented intersection between work and care. Income and gender inequality have combined to increase disadvantage. Predictable, secure hours of work that provide a living wage are at the centre of decent work. But there has been growth in insecure work, digitalisation is now a matter of course, safety concerns have persisted, and automated, digital and generative technologies must be shaped to enhance, not undermine, decent work.

We believe that fundamental not incremental change is needed. In contributing to policy, we seek to drive a new system that acknowledges the change that has occurred and will be fit for purpose in the emerging world of work.

The SDA engages in topics that help drive this agenda and we are guided by ten principles that we believe will create value for our members.

Those principles are:

1. Address Inequality & Enshrine Fairness

Minimum expectations must be set and adhered to.

2. Equity & Empowerment

All workers must be supported to progress so that no-one is left behind.

3. Mobility & Security

A socially successful economy must provide opportunity for all, regardless of their background. Systems must be built in a way that support success and adaptation in a rapidly changing world of work.

4. Delivering Prosperity & Growth For All

A foundation for prosperity and economic growth must be achieved.

5. Protection in Work & Beyond

Workplaces and the community must be healthy and safe for all workers and their families during and beyond their working lives.

6. Workers Capital & Superannuation

Workers capital and superannuation must be an industrial right for all workers and treated as deferred earnings designed for dignity and justice in retirement.

7. A Strong Independent Umpire

A strong, independent, cost effective and accessible industrial umpire and regulator must be central to the future system of work in Australia.

8. Protection & Support for Our Future

Protecting and supporting our future requires a strong and vibrant retail industry and supply chain providing decent work and jobs with fair and just remuneration and contributing to the economy including through skilled workers.

9. Work & Community

Work is a fundamental human activity that provides for personal, social and economic development. Work as it operates in community must build and protect a balance between life at work and life so that workers can contribute to society through the wider community.

10. Institutional Support for Collective Agents

Institutional support must provide for collective agents (registered organisations) in all industries so that they are recognised, enshrined and explicitly supported as central to the effective functioning of the system.

Details of specific policy positions can be discussed by contacting the SDA National Office.