

Thursday, 22 August 2013

Apprentice pay rise a win for skills and the economy

A pay rise for apprentices awarded by the Fair Work Commission will see more people complete vocational training and boost the skill level of the Australian workforce, the ACTU said today.

The Commission has awarded significant pay rises to first and second year apprentices as well as people who start apprenticeships as adults. It will apply to apprentices across all industries including construction, manufacturing and hairdressing and in many cases deliver pay rises of \$70 to \$100 per week.

“This is a great outcome for current and future apprentices and for the broader economy,” said ACTU Secretary Dave Oliver.

“Almost half of people who embark on apprenticeships don’t complete them, with the very low wages a major factor contributing to drop-outs.

“Current wages see apprentices barely able to meet living costs; they are considerably less than other job options and barely more than the Newstart allowance.

“There is also little recognition of the needs of adult apprentices. Today’s decision is a real step forward.”

The pay rise will see pay rates for first years rise to 55% of the relevant Award rate from as little as 35% in some industries. People starting apprenticeships over the age of 21 will be entitled to 80% of the rate for a tradesperson.

Giving apprentices a wage they can live on is a social justice issue, but also critical for the economy, said Mr Oliver.

“Boosting the skill level in the Australian workforce is critical to driving productivity and preventing future skills shortages.

“To boost skill levels, we need to increase participation and completion rates in vocational education and training.

“Raising apprentice pay is an important part of the solution.”

Apprenticeship commencement numbers have been falling since June 2012 for three quarters in a row. On top of that, apprenticeship completion rates are at only 50-55%. Meanwhile numbers of 457 visas in skilled trades categories have risen.

“Today’s significant win on pay for apprentices is a great reflection of the contribution unions make to the lives of working people.

“We acknowledge the support of the Federal Labor Government for the apprentice pay rise. We call on Tony Abbott to rule out any cuts to Australia’s apprenticeship system in order to pay for his expensive Paid Parental Leave scheme.”

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Key points from today's decision:

- Minimum pay rates for first and second year apprentices will be increased. For first years it will rise to 55% of the qualified tradesperson's Award rate and for second years it will increase from 55% to 65% of the rate. The current rates vary but are as low as 35% of the Award for first years in some industries.
- Third and fourth year apprentices will be paid as they currently are in modern Awards (in most cases they are 75 and 88% of the tradesperson's rate.)
- The ACTU had sought a rate of 60% of the Award for first years.
- Special rates for adults will be introduced to a number of Awards to recognise their skills, experience and needs. The minimum rate for a first year adult apprentice will be 80% of the tradesperson's rate, rising to the level of the adult minimum wage for a second year adult apprentice. The second year adult apprentice is in line with the claim by the ACTU.
- Where an adult has worked for an employer before commencing an apprenticeship, they will maintain their pay level.
- The pay rises will be phased in over the next 18 months, with the full increase to apply to new apprentices starting in January 2014.
- Under the new pay rates an apprentice hairdresser starting out would receive an extra \$144.84 per week; a first year electrician will see their pay go up from \$289.68 to \$398.31 – an increase of \$108.63; and a first year carpenter would be better off by \$72.42 per week.

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