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HOUSE OF REPRESENTATIVES

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Trade Support Loans Bill 2014

Second Reading

SPEECH

Monday, 23 June 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Neumann, Shayne, MP

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Mr NEUMANN (Blair) (16:17): I am pleased to support the Trade Support Loans Bill 2014. The budget coincides with the country shows that I do every year in my electorate. I have been to Kilcoy, Marburg, Toogoolawah, Esk, Lowood, Ipswich and, last week, Rosewood, and I can say that people are very anxious about the budget. They are very anxious about the changes that this government intends to make. They feel deceived by this government. I have spoken to pensioners, self-funded retirees, young mums, students as well as businesspeople who feel very much aggrieved at what they are experiencing. Last weekend, at the Rosewood Show, I spoke to people furious about the \$7 GP tax.

Mr Tony Smith: Mr Deputy Speaker, I rise on a point of order. The member does need to at least address the substance of the bill before the House. I thought he was beginning a preamble; it is turning into a treatise. There are many opportunities in the House for him to give his opinion and his experiences at all of his country shows—and we all in outer metropolitan and rural electorates go to those—but this is about the Trade Support Loans Bill and he has to at least make reference to it.

The DEPUTY SPEAKER (Hon. BC Scott): I thank the member for Casey and I remind the member for Blair to confine his remarks to the bill before the chamber.

Mr NEUMANN: If the member for Casey had seen my notes, the next sentence says that I had spoken with young people about their apprenticeships. So he got in a moment before I was about to turn to the substance of the bill, but I thank him for talking about my preamble and reminding my constituents of the many mobile offices I conducted in the last month or so.

These apprentices who have spoken to me are very concerned over what they are experiencing, but I also have spoken to many mums who have discovered that the Tools For Your Trade program has been cut, leaving their sons and daughters stranded in their apprenticeships. I received an email from an apprentice baker in my electorate and it is pretty typical of what my office have received and the feedback we have got in relation to the budget measures that are before the chamber today. It is an email from a guy called Adrian Lowe. This is what he writes in his email:

My name is Adrian Lowe. I'm 28 and an apprentice baker,

I have 3 children and a stay at home wife due to our youngest is a new born

My apprenticeship is up at the start of November which means I will not be getting any of the money promised to me for completion of the apprenticeship.

I am out of pocket almost \$2800 which would have helped if I cannot secure a new contract as a baker at my place of work

The money would have help pay bills in between jobs.

Not to mention I signed a contract with the government to complete my apprenticeship and they will help me to do so financially.

That is pretty typical of the response that I have received at the many mobile offices I referred to and that my office has received as well. We have been contacted by registered training organisations concerned about the impact the axing of the Tools For Your Trade program will have on their apprentices and also about the substance of the bill before the chamber.

The government proposes to provide trade support loans for Australian apprentices. These loans will be concessional and income contingent, with a lifetime limit of \$20,000, indexed from 2017. They are repayable

when the individual's income reaches a certain level, equivalent to the higher education loan repayment threshold. It is available to young apprentices aged 16 to 18 years. There is a discount to be applied to the loan upon the Australian apprentice successfully completing the apprenticeship. In my office, as I said at the beginning of my speech, we have seen anxiety as a result of the changes this government is bringing in. Apprentices in their second, third or fourth years of their apprenticeships had budgeted for their Tools For Your Trade payments that are not going to be paid. These apprentices often had instalment payments on a car or other types of commitments that they had made. They were struggling on low wages and were trying to educate themselves and get the kind of training and education they needed to enhance their skills, talents and abilities to get the job they wanted in the future—as a carpenter, an electrician, a plumber, et cetera.

There is concern and confusion from these apprentices, their families and the training organisations about Trade Support Loans. And I have spoken to people like Anita Dwyer, from Apprenticeships Queensland in my electorate. I spoke to her recently one Saturday—at the Ipswich Cup, to be honest with you—about the impact on her organisation and, particularly, on those apprentices that she deals with each and every day. Anita is currently the President of the Ipswich Chamber of Commerce as well, so she is well qualified to talk about the impact on apprentices of these budgeted changes.

Australian apprentices had no idea that the now Prime Minister intended to scrap the Tools For Your Trade program prior to the 2013 election. They might have heard a bit about his Trade Support Loans—a loan, a debt. And they might have seen him spruiking on the TV in his hardhat, his safety vest—the high-vis orange vest—about the loans, surrounded by apprentices. Oddly enough, he failed to mention these intended loans were to be the only income support that his government would offer apprentices.

On 26 August 2013 in *The Sydney Morning Herald* it was reported that the now Prime Minister visited a mechanical manufacturing firm in North Brisbane. And he was talking up his loan scheme. The Tools For Your Trade was not mentioned until the final link of the *Sydney Morning Herald* story, which says:

The coalition loans will be made available in addition to the commonwealth Tools For Your Trade incentive scheme, a spokesman for Mr Abbott later confirmed.

They were an optional extra. But now they are a substitute. So which was it? Before the election they said one thing; after the election they said another. That is pretty typical of this government—'no changes to pension', 'no cuts to education', 'no cuts to health'. It is typical of this government to say one thing before an election and do another thing afterwards. Either way, they believed they had a choice in relation to Trade Support Loans or, indeed, Tools For Your Trade.

Apprentices, like so many others, have been hit by this government's budget. They learnt the truth on budget night. And it would have come as a real shock to a lot of people, as it did in my electorate of Blair. The Prime Minister cut \$2 billion from apprenticeship support payments and investments in skills training targeted at apprentices. The Tools For Your Trade program was cut. We have seen \$1 billion taken out. On top of that—as I mentioned earlier today in a 90-second speech—we saw \$950 million stripped away from trade training centres. I have about four in my electorate and they are terrific with the work that they do. They get young people prepared for apprenticeships and prepared for the workforce—real-life experience, partnering with industry and with organisations like Apprenticeships Queensland. And earlier today I mentioned we had the Ipswich Region Trade Training Centre, and that Apprenticeships Queensland is partnering with Ipswich State High, Bundamba State Secondary College, Lowood State High, Bremer State High and Rosewood State High. That is the kind of thing that makes a difference—genuine partnership with schools, with providers, with apprentices.

What this government has done is actually to trash its credibility across this space. Apprentices in later years of their apprenticeships, or those about to complete, will now miss out on these expected payments. They had thought they were going to get them. The comprehensive range of targeted vocational programs for assisting apprentices to find, keep and thrive in their apprenticeships will be cut. Those opposite did not have the fortitude and integrity to actually tell apprentices before the election what was going to happen. So, many of them would have voted thinking that they had options, and they did not. That is the reality.

We have seen, of course, the minister make some interesting comments about apprentices wasting their money. In fact, the Minister for Industry, Mr Macfarlane, actually gave short shrift to any complaints in relation to this. And he said in Fairfax Media on 17 May this year:

We've got evidence that they—

referring to apprentices—

were spending the money on tattoos and mag wheels for their cars, and birthday parties.

It is not often a minister feels he can so arrogantly denigrate those whom his legislation will now adversely affect. It is extraordinary that that is the case.

In contrast, by the way, was the minister's statement in the second reading speech:

Some of us see a skill and a trade as equal and as important as a degree at university, and we as a government will do everything we can to ensure that those opportunities are made available.

Is the minister suggesting that all apprentices were wasting their Tools For Your Trade support payments? Does he really think that the Tools For Your Trade was propping up the tattoo industry? Is that his real perspective? He might have a different opinion if he spoke to the apprentices in my electorate in South-East Queensland who contacted me. He should not insult young people in this way.

One of the justifications for this government scrapping the Tools For Your Trade is its belief that apprentices were wasting their payments perhaps on tattoos, mag wheels, parties or something else. We designed the Tools For Your Trade program when we were in government to provide initial payments to assist apprentices with significant costs—tools, uniforms and vehicles—at the start of an apprenticeship which might present a deterrence to them commencing. The minister complained on 17 May 2014 that they certainly did not have receipts for their tools. Perhaps the minister can direct us to the section in the Trade Support Loans Bill which requires a receipt for the purchase of apprenticeship-related items in exchange for a Trade Support Loan payment. I bet he cannot. Surely the minister has prohibited tattoos, mag wheels and party products in the legislation. He has not. He cannot because there are no such restrictions or requirements in relation to the bill.

The government's main argument for the introduction is this will improve completion rates of apprenticeships. But, in fact, that is not the case. We all agree that apprenticeship completion rates are too low. But they do not understand that the 2010 Apprenticeships for the 21st Century Expert Panel provided a detailed report in relation to this issue, and talked about the challenges and the complexities in relation to it.

The expert panel reported considerable qualitative research that identified four recurrent issues contributing to non-completion: workplace or employer issues, lack of support, low wages and not liking the work. The panel identified problems with the workplace or employer as a cause of 'a significant proportion of attrition in apprenticeships and traineeships'.

Mr Baldwin interjecting—

Mr NEUMANN: That is what the expert panel said. On page 24, if the interjector wants to read it, it says that workplace and employer issues were wide-ranging including 'excessive unpaid overtime, too few hours, not being allowed to take breaks, or not being paid correctly are common concerns'. It went on:

Personal safety concerns through both workplace bullying and unsafe work practices are also relatively common.

The panel reported, on page 35, research suggesting that workplace or employer issues are 'of critical importance in the early stages of an apprenticeship or traineeship as they often have an immediate effect'. This lack of support inside and outside the workplace is consistent with the non-completion rate research. Although wages were another factor that the expert financial panel identified, even after the 2013 Fair Work Commission decision that dramatically raised apprenticeship wages—those opposite did not like it at all—apprentices remained fairly relatively low-paid workers.

The expert panel identified considerable debate about the extent of their impact. While low wages play some role in the decision not to complete, it is rarely the prime reason. Where wages were a reason for non-completion it was often due to a concern about wages anticipated when the apprenticeship was completed rather than the wages during the apprenticeship itself.

Finally, not liking the work was another reason for non-completion. The expert panel reported that many of these issues involved a lack of understanding by the apprentice as to what their apprenticeship entailed and the expectation of the employer.

The expert panel identified many issues, but those opposite ignored the advice. They do not like experts, whether they are scientists or climate scientists—or anything to do with innovation and research. They do not like experts and they ignored the expert panel in relation to this. There is no evidence at all that the half billion dollars that they are spending across this area will make a difference.

We targeted programs in the Australian Apprenticeship Mentoring Program and the Australian Apprenticeships Access Program. Those on the other side of the chamber have cut funding. There is a whole range of funding that they cut, including \$2 billion in the skills program, over \$1 billion directly supporting apprentices and a whole plethora of organisations. Those on the other side of the chamber should hang their heads in shame in relation to these matters.