



# The Skills Guarantee – Fact sheet

## Overview

The Australian Skills Guarantee (Skills Guarantee) will introduce new national targets for apprentices, trainees, paid cadets, and women on eligible Commonwealth-funded major projects. From 1 July 2024, targets will apply to new Commonwealth tender processes for building and construction and maintenance services (construction) and information and communications technology (ICT) procurements with a total contract value of \$10 million or more.

This factsheet provides an overview of the Australian Skills Guarantee (Skills Guarantee) Procurement Connected Policy (PCP) and should be read with the Skills Guarantee PCP.

## Skills Guarantee Procurement Connected Policy

The Skills Guarantee PCP is the key mechanism to implement the Skills Guarantee. The Skills Guarantee PCP provides high-level instructions for parties engaging in relevant Australian Government-funded projects.

## Procurements captured

From 1 July 2024, relevant entities will need to include Skills Guarantee requirements for procurements which constitute major construction or major ICT projects:

- **Major construction projects** are those procurements with an estimated individual value of \$10 million and above (GST inclusive). United Nations Standard Products and Services Codes (UNSPSCs) that fall within the scope of construction services for the Skills Guarantee are specified in **Appendix C** of the Skills Guarantee PCP.
- **Major ICT projects** are those procurements with an estimated individual value of \$10 million and above (GST inclusive) in the UNSPSCs specified in **Appendix D** of the Skills Guarantee PCP.

There will also be additional requirements for flagship construction projects:

- **Flagship construction projects** are those procurements with an estimated individual value of \$100 million and above (GST inclusive). UNSPSCs that fall within the scope of construction services for the Skills Guarantee are specified in **Appendix C**.

Relevant entities (contracting Government agencies) are required to select a UNSPSC for planned procurements, approaches to market, and contract notices. The UNSPSC chosen by an entity (which is posted on AusTender) determines if the procurement is in scope of the Skills Guarantee, provided

the procurement also meets the eligibility requirements detailed in **Section 3** of the Skills Guarantee PCP.

## Targets

	Overarching apprentice/ trainee target	Targets for women
<b>Major construction projects</b>  Total contract value \$10 million or more	Requires a minimum of 10% of all labour hours spent on the project be undertaken by apprentices/trainees.	<ul style="list-style-type: none"> <li>Overarching apprentice/trainee target for women initially requires a minimum of 6%* of all apprentice/trainee labour hours to be undertaken by women.</li> <li>Trade-specific apprentice/trainee target for women initially requires a minimum of 4%* of trade apprentice/trainee labour hours to be undertaken by women.</li> </ul>
<b>Flagship construction projects</b>  Total contract value \$100 million or more	Requires a minimum of 10% of all labour hours spent on the project be undertaken by apprentices/trainees.	<ul style="list-style-type: none"> <li>Flagship construction projects will be required to set more ambitious targets for women.</li> <li>They will also be required to prepare Gender Equality Action Plans outlining how targets will be achieved.</li> </ul>
<b>Major ICT projects</b>  Total contract value \$10 million or more	Targets will be negotiated with suppliers on a project-by-project basis. Targets will be based on workforce information provided by suppliers during the tender process. The agreed targets will achieve a genuine and meaningful increase in the proportion of apprentices, trainees and paid cadets engaged in the workforce.	

\*Targets listed for 1 July 2024 to 30 June 2025. Targets for women will increase each year.

## Targets for women increase each year

Targets apply	Overarching apprentice/trainee target for women	Trade-specific apprentice/trainee target for women
1 July 2024 to 30 June 2025	6.0%	4.0%
1 July 2025 to 30 June 2026	7.0%	5.0%
1 July 2026 to 30 June 2027	8.0%	6.0%
1 July 2027 to 30 June 2028	9.0%	7.0%
1 July 2028 to 30 June 2029	10.0%	8.0%
1 July 2029 to 30 June 2030	11.0%	9.0%
1 July 2030 onwards	12.0%	10.0%

## Reporting

Suppliers must at minimum report *quarterly* to the relevant entity (contracting agency) on their progress against targets.

Relevant entities will be required to report to the Department of Employment and Workplace Relations (DEWR) every *6 months* on the progress of all contracts with Skills Guarantee targets.

The reporting provisions of the PCP have been designed to support annual reviews of the Skills Guarantee targets and financial thresholds. Reporting data will also be used in annual reviews to assess the overall success of eligible projects in meeting Skills Guarantee targets and assess the appropriateness of targets and thresholds.

## Consultation has informed the policy's design

To inform the policy's design, DEWR has engaged with Commonwealth agencies as well as representatives from industry, unions, employers, peak bodies, state and territory governments, women's organisations and academics.

In late 2022, DEWR engaged with over 100 organisations and professionals on the design and implementation of the Skills Guarantee. Consultation included a discussion paper on key policy elements and a series of targeted meetings. Understanding the perspectives of those engaged in government-funded projects, from the organisations tendering for contracts through to those delivering works on the ground, was critical to the development of the key policy settings for the Skills Guarantee.

During 2023, DEWR consulted across Government and conducted 2 rounds of public consultation on the PCP. DEWR revised the PCP in line with feedback from stakeholders following each round of public consultation to ensure they are practical, user-friendly and support implementation.

## Other Skills Guarantee implementation approaches

While the Skills Guarantee PCP will only apply to direct Commonwealth procurements in construction and ICT, the Government is also seeking to apply the Skills Guarantee to:

- the National Housing Accord (managed by Treasury)
- the 2032 Olympic and Paralympic Games (managed by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts)
- the Federation Funding Agreement Schedule on land transport infrastructure (managed by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts).

## Need more information?

- Visit the Skills Guarantee website: [www.dewr.gov.au/australian-skills-guarantee](http://www.dewr.gov.au/australian-skills-guarantee)
- Read the Australian Skills Guarantee Procurement Connected Policy
- Email: [ASG@dewr.gov.au](mailto:ASG@dewr.gov.au)