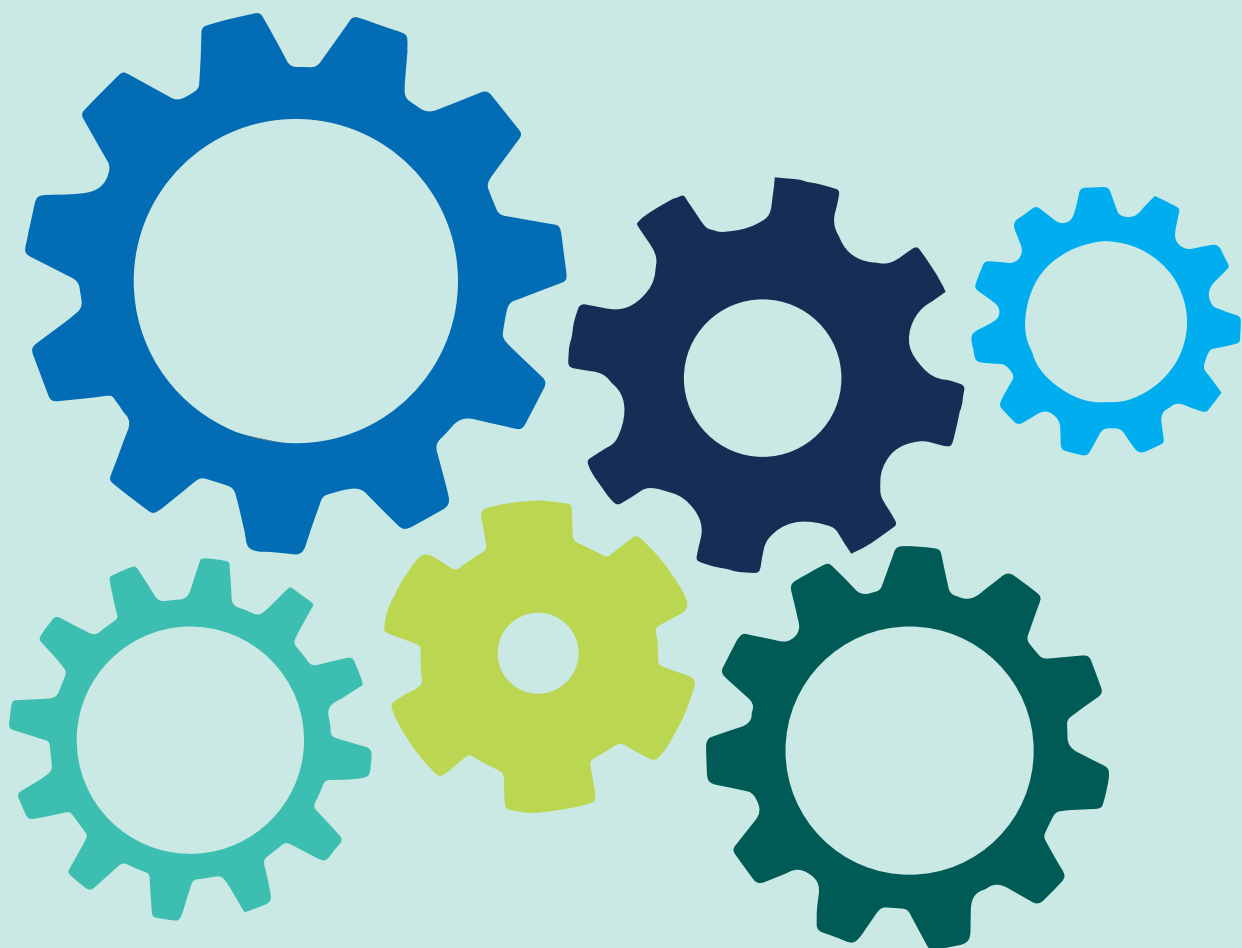


Strategic Review of the
**AUSTRALIAN APPRENTICESHIP
INCENTIVE SYSTEM**

Final Report 2024

Skills for tomorrow: Shaping the future of Australian apprenticeships





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Skills for tomorrow: Shaping the future of Australian apprenticeships
Strategic Review of the Australian Apprenticeship Incentive System 2024 Final Report

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Letter of transmittal

The Hon Andrew Giles MP
Minister for Skills and Training
Parliament House
Canberra ACT 2600

Dear Minister

Final Report – Strategic Review of the Australian Apprenticeship Incentive System

We are pleased to present the final report of our Strategic Review of the Australian Apprenticeship Incentive System.

To ensure Australia has enough skilled workers to meet the demands of the rapidly transforming economy, we need an incentive system that supports high-quality apprenticeships and is effective, efficient and aligned to the Australian Government's economic priorities and social equity objectives.

An effective incentive system will encourage commencements and, importantly, ensure they result in completed apprenticeships. An efficient system will ensure that targeted public expenditure translates into public value. A responsive system will provide supports for employers and apprentices where they are most needed. A high-quality system will encourage and recognise excellence, with quality employment and training delivered to apprentices in safe and respectful workplaces.

Our review draws on an extensive evidence base, including past reviews, research and input from over 145 public submissions as well as consultations with more than 600 people from across the apprenticeship system. Through this evidence we have identified that the apprenticeship system must be reformed to prepare for the workforce of the future and avoid missing the opportunity to contribute to the Government's broader economic and social equity objectives. We found that incentives could be better targeted to support additional commencements and completions and that there are opportunities to build on existing successes. We also found that action is needed to address the experiences of apprentices, including the cost-of-living pressures they face, the challenges of workplace culture and the specific experiences of particular cohorts.

We would like to thank everyone who has participated in the consultations and provided advice through our apprentice and industry reference groups. The insights, stories, data and information shared with us have been immensely important to understand the issues and have enabled a robust review of the incentive system.

We would also like to thank the team behind the review, in the Department of Employment and Workplace Relations, for providing us with the necessary support to consult, gather evidence and produce this report.

We make 34 recommendations to make real, lasting change to respond to a changing economy and prepare for the workforce of the future.

Thank you to the former Minister for Skills and Training for asking us to lead this important review. We look forward to the Government's response.



Dr Iain Ross AO FASSA



Ms Lisa Paul AO PSM

13 September 2024

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Acknowledgement of Country

We acknowledge the Traditional Owners and Custodians of Country throughout the lands on which we work and live. We acknowledge their continuing connection to land, waters and community. We pay our respects to them and their cultures, and Elders past, present and emerging.

We are grateful to work on these lands and strive to build respectful and meaningful relationships with First Nations communities. First Nations knowledge and cultural practices have shaped and continue to enrich our shared Australian heritage. We recognise the enduring contributions and wisdom of First Nations people and have sought to ensure their voices were heard in this review.

We recognise that First Nations cultures have a rich history of mentoring, with Elders playing a pivotal role in the education and development of younger community members. Mentoring is a cornerstone of effective apprenticeships, providing guidance and support and transferring skills from experienced practitioners to the next generation.

There is much to learn from this longstanding tradition of mentorship, and we believe that incorporating First Nations knowledge and approaches can contribute to more holistic and inclusive solutions to enhance the apprenticeship system and address the skill shortages in Australia.

About this report

This is the final report of the Strategic Review of the Australian Apprenticeship Incentive System. The findings and recommendations in this report are based on an extensive review of the evidence and comprehensive, national consultation.

Our report consists of 8 chapters, an Executive summary, Appendix and References.

Executive summary – outlines the purpose, approach, recommendations, next steps, timeline and consultation activities for the review, and context about the apprenticeship system.

1. **The challenge: meeting Australia's skills needs** – provides an overview of skill shortages and the role of apprenticeships in addressing them.
2. **Maximising the effectiveness and efficiency of the incentive system** – explores the impact of incentives, economic evaluations, past review findings, a summary of evidence and a framework for evidence-informed policy design.
3. **Raising awareness of apprenticeships and encouraging take up** – explores perceptions and promotion of apprenticeships, opportunities for early exposure and structural barriers to encouraging take up.
4. **Improving the experience for employers and apprentices to encourage completion** – explores the impact of workplace culture, employer responsibilities, both on-the-job and off-the-job training and learning, navigating apprenticeship supports and system complexities.
5. **Increasing apprenticeship participation and completion for priority cohorts** – explores the unique experiences and barriers faced by priority cohorts in the apprenticeship system. This includes women apprentices in male-dominated trades; First Nations apprentices; apprentices with disability; regional and remote apprentices; and culturally and linguistically diverse apprentices.
6. **Enabling broader vocational education and training system reforms** – explores challenges in the broader vocational education and training system related to apprenticeships, including recognition of prior learning, micro-credentials, harmonising apprenticeships between jurisdictions, qualification reform and accelerated apprenticeships.
7. **Supporting transitions into secure well-paid work and careers** – explores support for successful transitions from training to a career and the value of uncompleted apprenticeships.
8. **Improving data collection and analysis to respond to future challenges** – explores the importance of good data and evaluation, current data sources and challenges with apprenticeships data.

Appendix – includes the glossary, abbreviations and acronyms, review terms of reference, background and additional information on various topics, a summary of apprentice views, and a list of written submissions and stakeholders that participated in our consultations.

References – provides an alphabetised list of references used for the review.

A note about language

For the purpose of this report, 'apprenticeships' is used to mean both apprenticeships and traineeships and 'apprentices' is used to mean apprentices and trainees unless stated otherwise.

Executive summary

The Australian Apprenticeship Incentive System (incentive system) is a cornerstone of apprenticeships, providing financial support to apprentices and employers working in priority occupations facing skill shortages. Combined with a range of other non-financial services and supports, the incentive system is intended to encourage people to start an apprenticeship and see it through to completion. The aim is to ensure workers have the skills needed to meet Australia's economic priorities, while providing apprentices with secure work and career advancement.

The current incentive system is not in alignment with Australia's economic priorities and social equity objectives and is at risk of failing to meet the economy's critical skills needs. Commencements have been declining since 2012 and the rate at which apprentices complete their apprenticeship is also decreasing. Some apprentices face particular barriers in the apprenticeship system, which presents a significant risk to equity, as well as commencements and completions.

Without the necessary skilled workers, Australia will not be able to meet its economic priorities. It will not be possible to transform Australia's energy needs to achieve net zero, meet the care demands of an ageing population and those of people with disability, realise the potential of the Australian Government's Future Made in Australia agenda or meet the nation's defence and national security commitments.

Review purpose

We were tasked with considering how effective and efficient the current incentive system is in encouraging the take up and completion of apprenticeships, and how it aligns with Australia's skills needs and the Australian Government's economic priorities and social equity objectives. Incentives are the primary lever – the financial driver – for encouraging specific actions or behaviours. These issues are explored in the first half of the report.

We were also tasked with taking a holistic look at factors influencing apprenticeship outcomes, noting that incentives do not operate in isolation. Important factors raised during the review include:

- non-financial supports provided to apprentices and employers
- community attitudes towards apprenticeships
- workplace conditions and culture
- training quality and accessibility
- unique barriers faced by apprentices from diverse backgrounds
- transitions into the workforce
- systemic impediments such as data and complexity.

These factors are considered in the second half of the report.

We also considered issues raised during the review that relate to wider challenges in the vocational education and training (VET) system and identify areas for broader reform.

The full terms of reference for the review can be found in the Appendix.

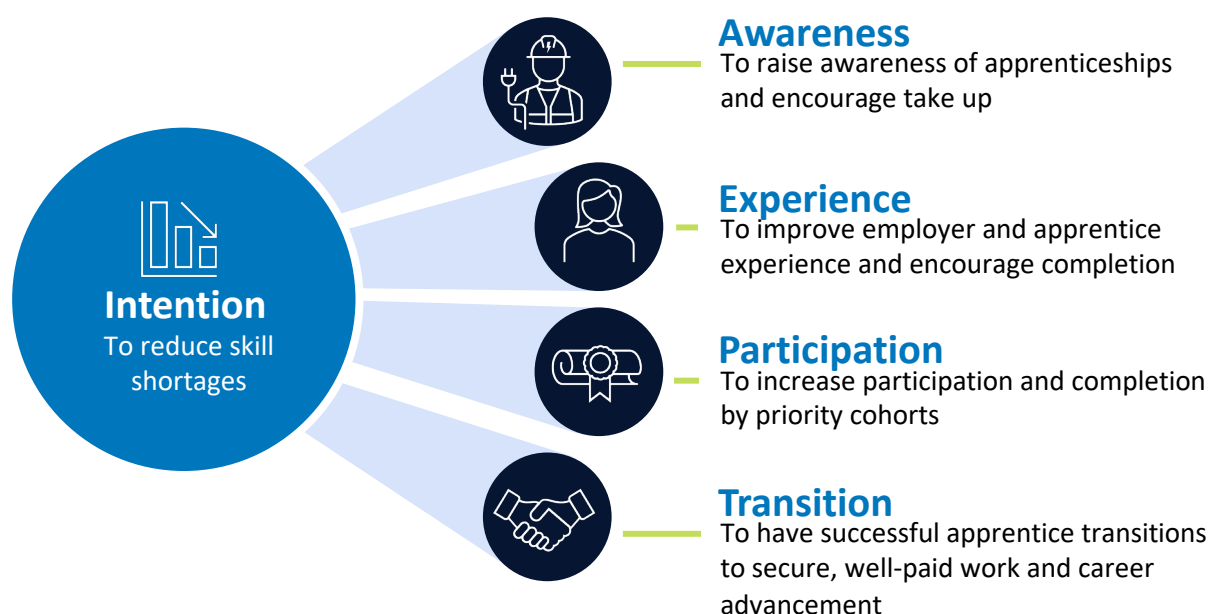
Our approach

Throughout this review, we have taken an evidence-informed approach to public policy, with a focus on ensuring the incentive system delivers public value. The review and recommendations are therefore informed by lessons learned from other reviews, evaluations of historical apprenticeship incentives programs and settings, data from across the apprenticeship system, and research literature.

We also undertook consultations with individuals and organisations from across the apprenticeship system, including state and territory governments, service providers, unions, business representatives, training organisations, advocacy groups, employers and apprentices.

At the heart of the review is the goal of reducing critical skill shortages across the Australian economy by providing greater alignment between the incentive system and Australia's economic priorities and social equity objectives. Four factors contribute to reducing skill shortages – awareness, experience, participation and transition. These factors formed the framework that underpinned our research and consultation to help guide our evidence-based recommendations.

Figure 1: The underpinning framework for the review



Key issues and necessary reforms

The review identified several key issues affecting the performance and outcomes of the current incentive system as summarised below.

Addressing economic priorities and social equity objectives

Australia continues to experience labour and skill shortages, particularly in trade-related occupations where an apprenticeship provides the main training pathway. We found that the current gateway to the incentive system – based on prioritising occupations primarily on the basis of skill shortages – is not fit for purpose. It is not appropriately aligned to meet the economic challenges ahead. We recommend reframing the gateway for incentives in a way that aligns with Australia's economic priorities and social equity objectives.

Targeting incentives where they are most efficient and effective

We heard that for many large businesses, decisions about apprentice intakes are based on business need rather than government incentives. Incentives could be better directed to supporting small and medium employers (SMEs) to take on more apprentices. These resources could also be put towards an innovation fund which supports projects to incentivise large businesses to create more high-quality apprenticeship opportunities within their supply chain and, more broadly, to enhance the diversity and success of apprentices.

All employers should retain access to the benefits of using an apprenticeship pathway, including access to training wages, structured industry-led qualifications to support skills development relevant to the role, and assistance from Apprentice Connect Australia Providers with sign-up and understanding roles and responsibilities.

Leveraging success in the apprenticeship system

Quality and excellence already exist in the apprenticeship system, and there are opportunities to leverage success and encourage innovation. We also acknowledge that the cost of taking on an apprentice is not the only barrier for SMEs. As such, we recommend a pilot leveraging high-performing group training organisations to equip SMEs who have not engaged an apprentice in the past 2 years to deliver a better apprenticeship experience for priority occupations and cohorts. Successful government strategies, such as procurement-connected policies that include targets for employing priority cohort apprentices for government projects, should also be amended and scaled to further increase commencements and completions.

We recommend developing a framework that details provider performance and quality in the apprenticeship system to inform government, apprentice and employer choices on selecting high-performing providers.

Addressing cost-of-living pressures

We also found action is needed to alleviate the challenge apprentices are facing in meeting their basic living expenses as well as the costs associated with work and training, such as equipment and travel. We recommend several opportunities to provide direct, targeted financial support for apprentices to ease cost-of-living pressures.

Changing attitudes towards apprenticeships

While there are many passionate advocates for the opportunities that apprenticeships offer, engrained attitudes in the wider community about the value and prestige of apprenticeships compared with university can deter prospective apprentices and employers. We recommend strategies aimed at better promoting apprenticeships and improving pathways into apprenticeships through work experience and pre-apprenticeship programs.

Developing safe, inclusive workplaces

We heard many positive views from apprentices about their experience and how integral workplace culture is to the success of an apprenticeship. But this experience was not universal. Apprentices expect varied work, good supervision and on-the-job training, and a safe workplace free from bullying and harassment.

Industry bodies should take a stronger role in changing workplace culture for the benefit of all apprentices, and we recommend that better employment practices are incentivised through recognition and reward, accreditation and the inclusion of cultural standards in government contracts.

We recommend that information sharing between regulators is improved to better assess risks and the suitability of potential employers of apprentices in providing appropriate workplaces and training environments. Where poor behaviour is detected, we recommend action is taken to provide the necessary training and support and, in the event poor behaviour is sustained, removal of incentives from these employers, rather than continue to reinforce failure.

Improving apprentice and employer services

Apprentices need help to better navigate support services and financial assistance, so they can access the right help at the right time when facing difficulties during their apprenticeship. Employers need help to better understand their responsibilities, navigate program guidelines, and claim incentive payments.

While apprentice support and mentoring services have recently been redesigned through the Apprentice Connect Australia Provider services which commenced on 1 July 2024, there are opportunities to better reach apprentices and employers and monitor performance of providers. We recommend an independent review of the apprenticeship support service delivery model and the performance of the Apprentice Connect Australia Providers be undertaken before the end of the initial 2-year contract period. In addition, we recommend maximising the use of the existing Apprenticeships Data Management System to communicate with apprentices and employers and undertaking a review of the system to identify opportunities for further improvement.

Supporting priority cohorts

We heard that issues faced by apprentices in the workplace and training environment can be more pronounced for women apprentices in male-dominated trades, First Nations apprentices, apprentices from culturally and linguistically diverse backgrounds, apprentices with disability and apprentices in regional and remote Australia. We have included strategies targeted at these priority cohorts in many recommendations throughout the report, for example, pilots for women and First Nations apprentices in the recommended innovation fund. We also recommend actions specific to priority cohorts such as modernising the Disability Australian Apprentice Wage Support Program, and funding First Nations-led organisations to improve cultural competency and delivery of training to First Nations apprentices.

Addressing broader challenges in the vocational education and training system

Some of the issues raised during the review related to wider challenges in the VET system. This includes recognition of prior learning, micro-credentials, harmonising apprenticeships between jurisdictions, and VET qualification reform.

We have identified an agenda for governments and key partners such as the Jobs and Skills Councils to take forward as areas of future reform.

Supporting transitions into careers

The other end of the apprenticeship lifecycle is also important to ensure the skills apprentices have gained contribute to their careers and a skilled workforce into the future. We recommend strategies to make it easier for apprentices to have their skills and knowledge recognised as they progress through their training and when pursuing further education.

Improving data gaps and information sharing

While we have drawn on a wealth of evidence in designing our recommendations, there remain gaps and limitations in apprenticeship data. Future evidence-based policy design will need access to timely, accurate and comprehensive data. Achieving this will require the cooperation of data custodians, including states and territories, as well as enhanced approaches to reporting apprenticeship completions, retentions and transitions.

Evaluating policy initiatives

Successful approaches must share outcomes and lessons across the system.

We recognise that program evaluation is fundamental to evidence-informed public policy development, program design and implementation. This is of relevance to several of our recommendations that propose pilots and other changes to the current incentive system.

A well-structured apprenticeship evaluation strategy is needed, based on the principles of being credible, useful, ethical and transparent. It is essential to have clearly defined objectives for specific initiatives including what success

will look like, what data will need to be collected to evaluate the initiative, and methodological design.


Review recommendations

Acting on our recommendations will help Australia build a robust and responsive apprenticeship system that meets the evolving needs of the changing economy. Our recommendations recognise the value of apprenticeships and their importance to apprentices and employers, prioritise ongoing evaluation and evidence-based decisions and, most importantly, put apprentices back into the heart of the apprenticeship system.

Our recommendations are numbered according to the chapter they relate to and include a timeframe for implementation which is indicated by the following legend:

		
Short-term within the next 6 to 9 months	Medium-term within 9 to 18 months	Long-term more than 18 months

Table 1: Review recommendations

Recommendations	
<div>2.1</div> <div></div>	<p>The Australian Government aligns incentives with its economic priorities and social equity objectives, informed by evidence-backed advice from Jobs and Skills Australia, the Australian Bureau of Statistics and the Department of Employment and Workplace Relations.</p> <p>The gateway to the incentive system is reframed using the following process:</p> <ul style="list-style-type: none">• The current employer incentive settings and eligibility remain in place until 1 July 2025.• The transition to an incentives gateway aligned with the Government’s economic priorities and social equity objectives is transparent, evidence-based and allows sufficient time to engage with stakeholders.• The Minister for Skills and Training determines the Government’s economic priorities and social equity objectives. This determination directs the work of Jobs and Skills Australia and the Department of Employment and Workplace Relations.• Jobs and Skills Australia, in collaboration with the Australian Bureau of Statistics, identifies national, state/territory and regional skill shortages that align with the Government’s economic priorities. The Department of Employment and Workplace Relations considers occupations beyond the current priority of Australian and New Zealand Standard Classification of Occupations Major Groups 3 and 4 to ensure they capture construction and construction-related occupations, as well as information and communications technology occupations at the vocational education and training-level that are in shortage. Jobs and Skills Australia quantifies the extent of shortage in each occupation.• The Department of Employment and Workplace Relations reviews the data provided by Jobs and Skills Australia to ensure it aligns with the Minister’s determination regarding national economic priorities and social equity objectives. The department takes into account the extent of non-compliance and the level of wage premium as it applies to an occupation in determining the appropriate gateway to the incentive system. Further, the department recommends the level of employer incentives and apprentice support payments having regard to the macro-economic environment.

Recommendations

- The following changes be made to employer incentives:
 - direct quarterly employer incentives to small and medium employers (those with fewer than 200 employees) engaging apprentices in priority occupations
 - remove employer incentives for large employers, noting these employers are less likely to hire an apprentice based on employer incentives
 - differentiate employer incentive amounts so that employers engaging apprentices in trade occupations receive a higher amount than non-trade occupations, noting trades generally have a longer apprenticeship duration
 - enable a bespoke solution for the care and support sector.
- Depending on the fiscal environment, incentives could be confined to particular occupations, if necessary, to ensure the greatest impact on economic priorities and social equity objectives, rather than providing a smaller incentive to a larger group, which may not be sufficient to change behaviour.

2.2



The Australian Government establishes an innovation fund to engage industry, states and territories in piloting innovative approaches that address key challenges in the apprenticeship system and build on best-practice initiatives identified through the review.

The fund is to have a strong focus on:

- Expanding successful programs delivered by large employers and group training organisations that provide mentoring and other workplace supports for apprentices.
- Supporting industry-led initiatives that increase the uptake and completion of apprenticeships for priority cohorts. For example, industry bodies could bring together employers, unions and experts through consortia models to establish industry-led mentoring for priority cohorts or address industry-specific pain points to drive cultural change.
- Supporting initiatives that can be repurposed and scaled-up to maximise impact.
- Ensuring independent evaluation of all fund initiatives and results are made public to enable learning and adoption of best-practice approaches across the apprenticeship system.

Initial pilot projects for the fund to leverage best-practice approaches identified by the review could include projects where:

- Large employers scale-up apprenticeships beyond their own business needs, for example by working with small and medium employer supply chains to deliver support services that improve workplace culture and apprentice experiences.
- Registered training organisations better meet training demand while reducing excessive travel time for apprentices to attend block training, for example, through 'pop-up' registered training organisations in regional areas.
- Industry bodies deliver work experience and pre-apprenticeships to high school students, with assistance provided for travel and course expenses, tools, clothing and safety equipment.
- Industry bodies, unions and group training organisations work together to attract more women into male-dominated trades through pre-apprenticeships and 'try a trade' programs, and to support successful completions for those participants who go on to do an apprenticeship in these trades, by working with their employers to establish safe workplaces and provide industry-specific mentoring.

Recommendations

- Industry bodies, unions and group training organisations work together to attract more people with disability, First Nations peoples and people from culturally and linguistically diverse backgrounds into apprenticeships in priority occupations.
- First Nations apprentices in priority occupations are provided with mentoring and flexible training models that meet students' life experiences and learning preferences, including to remain on Country and/or connected to community, to enable them to complete their apprenticeship.
- Co-locating services into a singular 'hub' location to enable complementary services to be readily and easily accessed by stakeholders in the training system, particularly in regional areas.

2.3



The Australian Government develops a transparent, user-focused framework that details the performance and quality of providers in the apprenticeship system, to inform government, apprentice and employer choices on selecting high-performing providers.

The framework is to:

- Include performance data and outcomes on Apprentice Connect Australia Providers, registered training organisations and group training organisations that deliver services to apprentices and employers.
- Assess provider performance holistically by considering success at:
 - achieving apprenticeship completions
 - delivering high-quality services/training to apprentices and employers, including a supportive work and training environment
 - working collaboratively with one another to provide joined-up services and reduce complexity for users.
- Align with existing provider performance frameworks, the revised Standards for Registered Training Organisations and Apprentice Connect Australia Provider contracts.
- Build on best-practice performance framework models identified in the review, such as the Workforce Australia Services Provider Performance Framework and the Global Apprenticeship Network Australia quality apprenticeship principles.
- Revise the National Standards for Group Training Organisations, in consultation with Jobs and Skills Councils, to ensure the standards are clear and outcome-focused.
- Inform eligibility for employer incentives and pilot programs (for group training organisations) and contract renewals for Apprentice Connect Australia Providers.
- Include regular public reporting on performance ratings to inform user choice.

2.4






The Australian Government, in consultation with states and territories and Jobs and Skills Councils, develops a model to recognise employers that exhibit good employment practices and provide a positive workplace culture to ensure the safety and inclusivity of apprentices.

The model is to consider the specific needs of priority cohorts and how best to support employers to create inclusive and culturally safe workplaces for apprentices. Options could include:

- An accreditation or 'preferred employer' model underpinned by organisations with good policies/practices to support apprentices and clear evidence of past performance.
- A model where prospective employers gain accreditation by undertaking a short course to be certified as an 'apprentice-ready' workplace, that could be developed in consultation with Jobs and Skills Councils.
- A model that leverages existing Australian Government policies and programs to require those bidding for government business to adopt a workplace 'culture standard'.

Recommendations

	Once developed, the model is to be used by the Australian Government to inform eligibility for employers to access the innovation fund and eligibility for 'high performing' group training organisations to access the group training organisation pilot programs (refer to Recommendations 2.5, 2.6 and 5.1). Note employer eligibility for incentives is outlined in Recommendations 2.1 and 4.1.
2.5 	<p>The Australian Government reframes its GTO Boost pilot program as follows:</p> <ul style="list-style-type: none"> • The pilot provides \$4,000 per year, pro-rata for shorter placements, for the first 2 years to offset the cost of group training organisation fees for small and medium employers for each apprentice, in addition to other incentives. • Group training organisations deliver supervisor training, coaching and ongoing capacity building to small and medium employers (who must commit to undertake the training), including in: <ul style="list-style-type: none"> – meeting employer obligations, such as Respect@Work – mentoring apprentices – delivering on-the-job training. • Group training organisations support apprentice mobility between small and medium employers where needed to avoid unsafe workplaces. • The pilot includes a 20% target for women taking up the apprenticeships. • The pilot is limited to small and medium employers who have not had an apprentice in the past 2 years and to apprentices in priority occupations in clean energy, construction and manufacturing sectors, and those group training organisations identified as 'high performing' through the performance framework in Recommendation 2.3.
2.6 	<p>The Australian Government uses a competitive process to appoint group training organisations in geographical regions with substantial renewable energy activities and requires all projects within that region to engage apprentices through that group training organisation.</p> <p>Funding provided under net zero special investment vehicles should take this cost into account.</p>
2.7 	<p>The Australian Government increases apprentice incentives to help address cost-of-living pressures for apprentices.</p> <p>The reformed payment settings for apprentice incentives are to:</p> <ul style="list-style-type: none"> • Direct quarterly payments to apprentices in priority occupations. • Increase the payment by \$600 to account for the effect of inflation since July 2022. • Index payments on an ongoing semi-annual basis in line with the Consumer Price Index, consistent with Youth Allowance. • Regularly review suitability of payment amounts to take account of economic circumstances.

Recommendations

2.8



Australian, state and territory governments ensure travel and accommodation supports for apprentices are helping to address cost-of-living pressures and enable apprentices in remote and regional areas to undertake training.

Specifically:

- The Australian Government increases the Living Away From Home Allowance rate by \$56.88 per week for first year apprentices, \$28.44 per week for second year apprentices and \$18.43 per week for third year apprentices to account for the effect of inflation since 2003, and then index payments on an ongoing semi-annual basis in line with the Consumer Price Index, consistent with Youth Allowance.
- State and territory governments review the travel and accommodation supports they provide to apprentices, and ensure these amounts meet the needs of apprentices based on actual costs of travel and accommodation.

2.9



Where not already available, state and territory governments introduce mechanisms to subsidise or reduce the cost of transport for apprentices in priority occupations throughout the life of their apprenticeship, such as:

- Discounts on the costs of vehicle registration.
- Concessions on the cost of public transport aligned with those available to tertiary students where possible.
- Rebate schemes for purchase of new or used battery electric or hybrid electric vehicles that provide a higher rebate for apprentices.

Such concessions, subsidies or rebates will provide practical, ongoing cost-of-living relief to apprentices.

2.10



The Australian Government amends the Disability Australian Apprentice Wage Support payment, to ensure it meets the policy intention of making workplaces accessible and inclusive for apprentices with disability.

Changes are to:

- Increase payment rates to \$216.07 per week, with ongoing semi-annual indexation in line with the Consumer Price Index, consistent with Youth Allowance.
- Remove the requirement for apprentices with permanent disability to provide evidence on their continued eligibility, in line with the National Disability Insurance Scheme's approach.
- Explore ways to more effectively complement other government support services, such as the National Disability Insurance Scheme and Disability Employment Services, to ensure supports are not duplicated and are as simple as possible for apprentices and employers to access.
- Ensure apprentices with disability are eligible for other incentive payments, in addition to their employers receiving the Disability Australian Apprentice Wage Support payment.

Recommendations

2.11



The Australian Government introduces a payment to support apprentices in high-priority trade occupations which are in shortage and with higher cost tools (for example, construction workers and electricians) to purchase tools and equipment necessary for their trade.

The payment settings are to:

- Provide a tax-free payment of up to \$5,000 per apprentice.
- Direct the payment to apprentices in key occupations of carpenters/joiners, electricians and plumbers, and apprentices in priority cohorts.
- Require repayment if an apprentice fails to complete their first year to ensure payments contribute to completions.

2.12



The Australian Government better leverages the potential of the Australian Skills Guarantee to increase apprenticeship commencements and completions for priority cohorts in industries that align with the Government's economic priorities and social equity objectives.

As part of the next annual review of the Australian Skills Guarantee, the Australian Government is to:

- Require that 2% of all labour hours spent on the procurement be undertaken by first or second year apprentices, to enhance additionality and guard against 'apprentice recycling' and poaching of apprentices from small and medium employers.
- Require that a supplier's performance against their Australian Skills Guarantee obligation be made public at the end of the contract.
- Expand the scope of Gender Equality Action Plans to resemble a 'cultural contract' through which employers take specific actions to address intersectional gender challenges and promote a gender-inclusive workplace culture specific to their industry. For example, employers could implement equal remuneration, flexible workplace policies, family violence policies, gender equality in leadership, and gender equality indicators and outcomes linked to their business strategy.

2.13



The Australian Government convenes a tripartite meeting to bring unions, employers, and the relevant agencies and ministers together to identify targeted strategies to address structural barriers to the use of apprenticeship pathways in the aged care and disability sectors.

2.14



The Minister for Employment and Workplace Relations refers findings of this review to the President of the Fair Work Commission to draw attention to, and support a review of, how modern awards can better facilitate wage progression and equitable remuneration of apprentices, including in relation to:

- Supporting consistent competency-based wage progression terms in modern award that cover apprentices.
- Addressing anomalies in pay rates to ensure junior apprentices turning 21 during the period of their apprenticeship can access the adult apprenticeship wage scale upon turning 21.

Recommendations

3.1



The Australian Government delivers a national campaign to raise awareness of apprenticeships as a valuable career pathway and increase apprenticeship take up.

The campaign is to be designed in consultation with state and territory governments and Jobs and Skills Councils and is to include:

- Clear and accessible information on the incentives and supports available for both apprentices and employers.
- Targeted messaging for key influencers on young peoples' career decisions, such as parents and teachers.
- Emphasis on the long-term benefits of apprenticeships such as future earning potential, career pathways, and the variety of roles, particularly for emerging industries with critical skills needs.

Jobs and Skills Councils to include actions in their workforce plans to promote apprenticeships to prospective apprentices and employers, aligned with the key messages of the campaign.

3.2



State and Territory Training Authorities celebrate apprentices' achievements and success with formal graduations, recognition and awards when providing completion certificates, to raise the prestige of apprenticeship qualifications and improve perceptions about their value.

3.3



Australian, state and territory governments provide clear and timely career information to people considering apprenticeships, to improve understanding of apprenticeship career pathways and support decisions based on accurate and unbiased information about apprenticeships.

As part of this:

- The Australian Government funds a new national careers information service which promotes greater awareness on the benefits of apprenticeship career pathways, using consumer facing web and social media content that resonates with target audiences and is supported by tailored outreach activities. Careers information showcases relatable individuals who have achieved success through an apprenticeship pathway.
- Information is developed in consultation with Jobs and Skills Councils and Jobs and Skills Australia to ensure it is informed by insights into and evidence on jobs in future demand. Information products are developed in consultation with a range of social partners and properly tested to take account of the diverse needs of prospective apprentices.
- State and territory governments pursue activities that will improve career information in schools. This includes leveraging commitments under relevant national agreements, where appropriate, and working collaboratively with state-based careers services and the Australian Government to improve school-based career advice on apprenticeships, starting in early high school.

Career information is nationally consistent and informed by advice from industry, with reference to the information published on the Your Career website, and includes:

- Details on future earning potential, enabling prospective apprentices to compare apprenticeships with other tertiary education and skills pathways.
- Information on how apprenticeship pathways provide training for a range of jobs within industry, including 'jobs of the future' in emerging and priority industries.

Recommendations

- Targeted resources to support teachers, parents and career guidance counsellors to broaden their students' horizons and raise their aspirations through a deeper understanding of apprenticeships – highlighting the support available including for women, First Nations people and people with disability.
- Targeted resources for teachers and organisations working with migrant communities, to break down misperceptions or lack of awareness of apprenticeships that prevent take up from prospective culturally and linguistically diverse apprentices.
- Continuation of regular reviews, updates and quality assurance of the Australian Apprenticeships and Your Career websites, to include case studies and incorporate industry and user feedback.

3.4



The Australian Government improves teacher understanding and ability to advise students on vocational education and training pathways by:

- Commissioning the development of a micro-credential for secondary school teachers to enable them to have informed career conversations with high school students about apprenticeship career pathways, as well as university pathways – and promoting them via the national campaign in Recommendation 3.1.
- Including the promotion of apprenticeship pathways in the Australian Curriculum, Assessment and Reporting Authority's next review of the Australian Curriculum: Work Studies.

3.5



State and territory governments be required under the Better Schools Funding Agreement, or other relevant national agreements, to enable better access to high-quality work experience, pre-apprenticeship and school-based apprenticeship programs, to ensure students gain early exposure and access to apprenticeship work environments, so they can make more informed career decisions.

This includes:

- Ensuring all schools promote and provide access to high-quality pre-apprenticeship and school-based apprenticeship programs for all interested high school students in priority occupations.
- Ensuring all schools provide work experience to each student starting from Year 9, which includes vocational education and training offerings.
- Consulting with Jobs and Skills Councils to identify strategies to improve the delivery and industry relevance of work experience and school-based apprenticeship offerings.
- Identifying strategies to increase take up of work experience, pre-apprenticeship and school-based apprenticeship programs by students in priority cohorts, particularly students with disability.
- Publishing information on state and territory performance of these activities.

Jobs and Skills Councils review qualifications and skills sets commonly undertaken as pre-apprenticeships, to ensure they:

- Offer pathways into multiple occupations upon finishing school, to maximise the application of skills gained during pre-apprenticeship programs towards further education and training.
- Include appropriate units to maximise credit transfer for those who continue into an apprenticeship so they can progress more quickly.

Recommendations

4.1

The Australian, and state and territory governments establish a robust monitoring and information sharing framework on apprenticeship employer performance through the Skills and Workforce Ministerial Council, to ensure poor performing employers do not benefit from incentives and apprentice placements.

As part of the framework:



- Prospective employers must meet a 'fit and proper person test', in jurisdictions where this is not already in place.



- State and Territory Training Authorities develop a form for employers to declare that they have not been found to have breached workplace health and safety laws or the *Fair Work Act 2009*. As a part of the declaration, employers must make a full and frank disclosure of any interaction they have had with relevant regulators.



- State and Territory Training Authorities develop and issue penalties to employers who provide misleading information.



- The Department of Employment and Workplace Relations develops procedures to manage reporting of grievances apprentices made to Apprentice Connect Australia Providers about their workplace or training experiences, which is already mandated under the current program guidelines, and refer these complaints to the appropriate regulator where necessary.



- State and territory governments make the required legislative or regulatory change to enable State and Territory Training Authorities to investigate employers identified as possibly engaging in apprentice 'churn' conduct and, if found to be doing so, remove access to incentives and suspend them from taking on apprentices.

To ensure the effectiveness of the framework:



- The Australian Government initiates processes to amend the *Fair Work Act 2009* and the *Work Health and Safety Act 2011* to explicitly require the Fair Work Ombudsman and state and territory work health and safety regulators to provide State and Territory Training Authorities and the Department of Employment and Workplace Relations with all relevant information on employer non-compliance with workplace laws, including but not limited to notices to produce documents or records, Fair Work Ombudsman notices, warnings, compliance notices, enforceable undertakings, assessment and/or contravention letters, advice or guidance provided around compliance, improvement or prohibition notices, infringement notices, details of authorisations that have been revoked, suspended or cancelled, and details of any litigation. The amendments should also allow publication of this information, where appropriate.



- State and Territory Training Authorities and vocational education and training regulators develop jurisdiction-level information sharing agreements to enable collaboration and a multi-regulator portal for apprentice-related complaints and enquiries (similar to that of the Victorian Registration and Qualifications Authority).



- The Department of Employment and Workplace Relations identifies employers who have a high turn-over of apprentices and share relevant data with State and Territory Training Authorities on employers who may be engaging in apprentice 'churn' to enable appropriate action.



- The Department of Employment and Workplace Relations introduces policies and procedures to suspend or remove eligibility for incentives from employers who have demonstrated non-compliance with workplace laws or have been confirmed as engaging in apprentice 'churn'.

Recommendations

4.2



Industry peaks and Jobs and Skills Councils take a stronger role in changing workplace culture in their industries, to improve inclusivity and safety for apprentices, particularly for priority cohorts.

For Jobs and Skills Councils, this includes:

- Identifying and reporting on workforce culture issues and strategies to address these issues through their workforce planning processes.
- Developing industry-specific training to improve supervisory and mentoring skills among employers.

For industry peaks, this focuses on targeted efforts to improve workplace culture issues prevalent to their industry and build on successful models, such as:

- Industry-led workforce standards (for example, the Construction Industry Taskforce culture standard).
- Industry-specific training and mentoring programs (by employer associations and unions).

4.3



Vocational education and training regulators target compliance monitoring to ensure the delivery of language, literacy and numeracy skills assessment and training to apprentices, as required in the Standards for Registered Training Organisations.

In particular, this should focus on the obligation to assess all prospective apprentices' language, literacy and numeracy proficiency to undertake the intended training, and provide advice to learners about the suitability of the training product for them.

Registered training organisations that are found through compliance monitoring to not provide suitable language, literacy and numeracy support are to be subject to compliance actions.

The Skills and Workforce Ministerial Council identifies and evaluates strategies to better coordinate Australian, state and territory government foundation skill programs delivered to apprentices, to remove duplication and improve coordination. These strategies are to include the information sharing agreements and portal proposed in Recommendation 4.1.

4.4



The Australian Government commissions an independent review of the design, efficacy and performance of the Apprentice Connect Australia Providers, the specialist providers for priority cohorts, and the apprenticeship support service delivery model, ahead of the end of the initial 2-year contract period.

The independent review is to determine whether the Apprentice Connect Australia Provider service delivery model is meeting expectations of service, noting feedback has identified apprentice and employer dissatisfaction with these services while they were delivered through the Australian Apprenticeship Support Network.

The independent review is to assess:

- Performance of Apprentice Connect Australia Providers and support services against initial contracts.
- Whether Apprentice Connect Australia Providers and support services are meeting user expectations and needs.
- Opportunities to streamline delivery of apprenticeship services between Apprentice Connect Australia Providers and group training organisations.
- Whether to amend the design of the services or restrict or expand the role of Apprentice Connect Australia Providers to address service delivery gaps or overlaps.
- Whether the current arrangements represent value for money.
- Whether the current system of externally contracted Apprentice Connect Australia Providers is the best model to provide support to apprentices and employers.

Recommendations

The independent review is to be designed in collaboration with the Australian Centre for Evaluation. The review is to align with the actions proposed in Recommendation 2.3 relating to a transparent, user-focused framework. The outcomes of this independent review are to be publicly available.

4.5



The Department of Employment and Workplace Relations maximises the existing capability of the Apprenticeships Data Management System to directly message apprentices and employers about the range of financial and non-financial supports available to them, to help apprentices better navigate available services to keep them engaged during their apprenticeship with timely and relevant information.

Direct messages are to:

- Include regular information on mental health resources, where to go to report workplace issues, and upcoming training/work experience opportunities.
- Complement information already shared with apprentices, for example by Apprentice Connect Australia Providers and the Fair Work Ombudsman, to minimise duplication.
- Consider the unique needs of priority cohorts and how best to reach them.
- Use plain English that is suitable for all apprentices.

Any future changes to this delivery are to be evaluated for effectiveness.

4.6



The Australian Government commissions an independent, user-centred review of how the Apprenticeships Data Management System can enhance delivery and navigation of the incentive system.

This is to respond to feedback that administrative burdens with the current system are reducing employer and apprentice engagement with apprenticeships.

The review is to examine:

- How the Apprenticeships Data Management System can more effectively interact with myGov, and to what extent user concerns with the Apprenticeships Data Management System relate to myGov access.
- Opportunities to bulk process claims for employers, balanced against strategies to support payment integrity.
- Opportunities to streamline documentary evidence requirements with other services.
- User experiences specific to the Disability Australian Apprentice Wage Support, in particular any accessibility challenges presented by smart phones and myGov ID.

Findings from the review are to be made public and any necessary changes are to be implemented in the next release of the Apprenticeships Data Management System following publication of the review results.

5.1



The Australian Government implements a pilot program to subsidise small and medium employers engaging women apprentices over the age of 21 in the first and second years of apprenticeships, in high-priority trade occupations in shortage with low proportions of women, for example construction workers and electricians.

This pilot leverages the user-focused framework for high-performing group training organisations and culture standards applied in relation to the Australian Skills Guarantee (see Recommendations 2.3, 2.4 and 2.12).

Recommendations

5.2



In consultation with the Coalition of the Peaks and other First Nations representative bodies, the Australian, state and territory governments establish formal partnership mechanisms between registered training organisations, Jobs and Skills Councils and First Nations organisations in line with the National Agreement on Closing the Gap, to ensure culturally competent training is delivered to First Nations apprentices.

This includes:

- Expanding Aboriginal Community Controlled registered training organisations and First Nations Owned registered training organisations to deliver training to First Nations apprentices and to work with other registered training organisations to train First Nations apprentices.
- Vocational education and training regulators, led by First Nations organisations, producing guidance materials on how to provide culturally appropriate training under the Standards for Registered Training Organisations Standards, including ways to provide flexibility to meet cultural obligations and assist those living on Country.
- Evaluating and sharing approaches registered training organisations use to provide culturally competent training to First Nations apprentices, to increase the knowledge base in the sector, with successful approaches that demonstrate improved apprenticeship outcomes to be scaled across all registered training organisations.

5.3



The Australian Government works with state and territory governments to expand the 'Ticket to Work' program to connect young people with disability to school-based apprenticeships nationally.

The program is to have a strong focus on:

- Providing pre-apprenticeship support to participants in Year 10 to develop workforce-ready skills.
- Transitioning work experience into a school-based apprenticeship.
- Leveraging existing networks such as Apprentice Connect Australia Providers to assist participants to engage with the apprenticeship system.

6.1



The Australian Government, vocational education and training regulators and Jobs and Skills Councils collectively support best practice in recognition of prior learning for apprentices, to fast-track apprentices where they can demonstrate competency.

This includes:

- Jobs and Skills Councils examining how recognition of prior learning is being applied in registered training organisations and in their training products and recommending to the Department of Employment and Workplace Relations industry-backed changes to the Standards for Registered Training Organisations to make the process for accessing recognition of prior learning simpler and more consistent for apprentices.
- Vocational education and training regulators refreshing guidance on how to apply recognition of prior learning under the Standards for Registered Training Organisations, to support registered training organisations to better meet their obligations relating to recognition of prior learning.
- Vocational education and training regulators ensuring registered training organisations meet their obligations in relation to recognition of prior learning under the revised Standards for Registered Training Organisations, through their compliance strategies.
- The Skills and Workforce Ministerial Council ensuring action is being taken and progress is monitored – this includes using information sharing agreements and portal proposed in Recommendation 4.1.

Recommendations	
6.2 	<p>Jobs and Skills Councils develop and structure apprenticeship qualifications so that apprentices can be fast-tracked to start working in their industry, where appropriate.</p> <p>This includes considering ways to support more efficient, competency-based progression of apprentices' training and enabling apprentices who demonstrate proficiency in certain skills to progress quickly through their apprenticeship.</p>
6.3 	<p>The Australian Government provides additional funding to Jobs and Skills Councils to appropriately resource their implementation of the review recommendations, with clear deliverables under their Grant Agreement linked to review recommendations.</p>
7.1 	<p>The Australian Government prioritises the implementation of a National Skills Passport, to support apprentices to connect to jobs and further training opportunities by promoting their qualifications, and to help businesses find more skilled workers.</p>
8.1 	<p>State and territory governments and the National Centre for Vocational Education and Research meet their shared obligations under the new Statement of Members' Expectations to ensure timely, high-quality data reporting on apprenticeships.</p> <p>State and territory governments provide comprehensive and quality data to the National Centre for Vocational Education and Research in a timely manner to facilitate its data publication and research activities.</p> <p>State and territory ministers report to the Skills and Workforce Ministerial Council biannually regarding efforts to improve data quality and timeliness.</p> <p>The National Centre for Vocational Education and Research:</p> <ul style="list-style-type: none"> • Adopts improved reporting on apprenticeship completion rates (including by sectors), retention, recommencements and transition of apprentices into related fields of work, including investigating opportunities to reduce data lag and reliance on estimations. • Actively identifies and resolves data issues and provide more timely outputs. • Works with senior officials from the Australian, state and territory governments to produce a more targeted research program aligned with the priorities of the Skills and Workforce Ministerial Council. <p>The Skills and Workforce Ministerial Council reviews the National Centre for Vocational Education and Research governance arrangements to meet the objectives outlined above.</p> <p>If there is no further improvement within 6 months after the review of governance arrangements, the Australian Government transfers responsibility for apprenticeship data reporting and research from the National Centre for Vocational Education and Research to a different entity.</p>
8.2 	<p>The Department of Employment and Workplace Relations and State and Territory Training Authorities ensure communication protocols provide vocational education and training regulators with routine access to apprenticeship data holdings, to enable better monitoring of compliance with the Standards for Registered Training Organisations, including their obligations for recognition of prior learning and language and literacy and numeracy skills assessment and training, as noted in Recommendations 4.3 and 6.1.</p>

Next steps

Implementing our recommendations is a shared responsibility between all the participants in the apprenticeship system.

Change must be managed carefully, with a particular focus on those most affected by the recommendations – apprentices and their employers. It is also important to recognise that the VET sector has many moving parts and an initiative in one area is likely to have a consequence or impact in another part of the system. For example, introducing a group training organisations pilot or another initiative to increase commencements may place pressure on registered training organisations, which may already be at capacity. Hence, it may be necessary to address that capacity constraint in conjunction with the new policy initiatives. Implementing policy changes requires a holistic approach.

Our roadmap at Figure 2 illustrates the implementation leads for each recommendation, identifies recommendations focused on specific priority cohorts, and indicates the anticipated sequencing of recommendations over the short-term (within the next 6 to 9 months), medium-term (9 to 18 months) and long-term (18+ months).

We look forward to the government's response to our report, and to seeing our recommendations translated into actions that will encourage take up and completion of apprenticeships, provide apprentices with skills needed for secure, well-paid work and career advancement, and address skill shortages to provide the skilled workers needed to meet the government's economic priorities and social equity objectives.

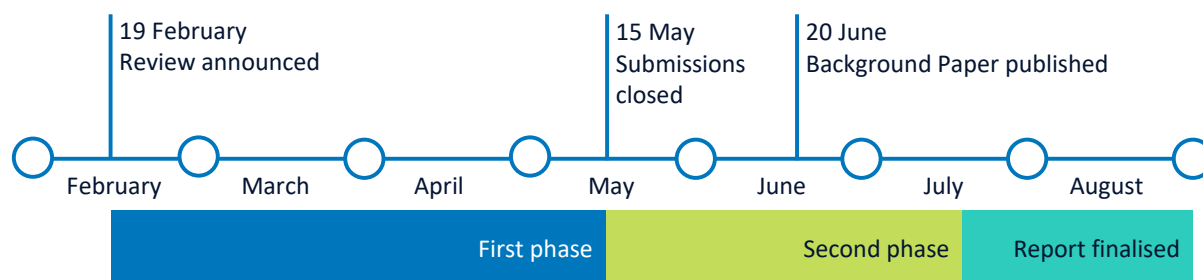
Figure 2: Recommendations and reform roadmap



Consultation

We conducted consultations in 2 phases between February and July 2024, meeting with over 600 people across 90 engagements, and hearing from people all over the country via written submissions.

Figure 3: Phases of consultation and engagement – listening and refining



The first phase of consultation focused on information gathering, to ensure the review was fundamentally evidence-based. We concentrated on listening to participants in the apprenticeship system, to help identify what is working and what needs to change.

Figure 4: Scope of consultation and engagement



We invited written submissions from the public between 19 February to 15 May 2024, which resulted in over 120 written submissions from stakeholders including government agencies, unions, employers, apprentices, researchers and training organisations.

During this first phase, we also held 67 face-to-face and online consultations around the country. This included 7 site visits with apprentices, employers and trainers, targeted roundtables and one-on-one meetings. In-person engagements were held in Adelaide, Brisbane, Canberra, Melbourne, Newcastle and Perth. These complemented our extensive online engagements with people joining us from metropolitan, regional and remote locations across the country. Discussions focused on gaining an understanding of people's firsthand experiences with the apprenticeship system – providing a range of insights, stories, research, data and supporting information that was critical to the review.

On 20 June 2024, we released a Background Paper and Provisional Reference List of relevant reviews, research papers, reports and other resources. The Background Paper outlined the scope of the review and overview of the current state of apprenticeships and the apprenticeship system. The Provisional Reference List publicly highlighted the range of resources that we had considered to date. We received a further 23 submissions, including responses to the paper. Some parties submitted additional reference material, reflected in the updated Research Reference List published alongside this report.

Submissions received are listed in the Appendix. We have taken these perspectives into account and addressed common themes and key points throughout this report.

The second phase of consultation tested whether we were correctly distilling the key themes and messages as the review progressed. We held 14 roundtable meetings to share what we learned from the first phase of consultations and through the written submissions. These roundtables provided an opportunity to test our ideas and refine our findings.

On 18 July 2024, we invited comment on a draft 'What we Heard' document to ensure we had accurately reflected views shared and contributions to the review.

All parties we consulted were provided with an opportunity to respond to 'What we Heard' if they felt their contribution had been misconstrued or there was a significant omission that would impact our findings. Relevant parties responded by the close of feedback on 30 July 2024.

The final version of 'What we Heard' takes account of the comments received and is available on the Department of Employment and Workplace Relations website.

We also established 2 reference groups to provide advice on best-practice supports for those in the apprenticeship system and policy options. A diverse group of 10 apprenticeship alumni participated in an Apprentice Reference Group, while 11 industry representatives and advisers formed an Industry Reference Group. We met with these reference groups throughout the review process to test and refine ideas in greater detail.

We further engaged with apprentices to ensure their lived experiences were reflected in the review. We funded 4 organisations to run apprentice roundtables on our behalf, reaching an additional 132 apprentices, and allowing us to hear directly from this key user group.

These activities provided additional insights on apprentice wages, training, workplace culture and key factors that can help apprentices commence and complete an apprenticeship. We also engaged with the Office for Youth's Youth Advisory Groups, gaining valuable insights from young people on making the transition between education and work, and their perceptions of vocational career pathways such as apprenticeships.

The extensive consultation has been critical in informing our review and subsequent recommendations in this final report.

These documents and submissions with permission to publish are available online at <https://www.dewr.gov.au/australian-apprenticeships/strategic-review-australian-apprenticeship-incentive-system>.

A full list of organisations consulted in the review and more detail on apprentice views can be found in the Appendix.

About the apprenticeship system

Apprenticeships – a pathway to skilled work

An Australian apprenticeship is a pathway to a nationally recognised qualification that allows anyone of working age to earn an income while they learn. Apprenticeships combine learning in the workplace (on-the-job) with structured learning (off-the-job) resulting in a VET qualification. In this way, apprenticeships provide a training and skills development opportunity as well as a workforce participation opportunity.

The Australian Government's definition of an Australian apprenticeship incorporates both apprenticeships and traineeships (DEWR 2024f):

- Apprenticeships are generally in a skilled trade and usually take 3 to 4 years to complete, for example, electricians, plumbers and hairdressers.
- Traineeships are generally in non-trade occupations (with some exceptions) and are often shorter, taking 1 to 2 years to complete. Traineeships are mainly in retail and many of the caring occupations including aged and disability carers, childcare workers, and enrolled nurses.

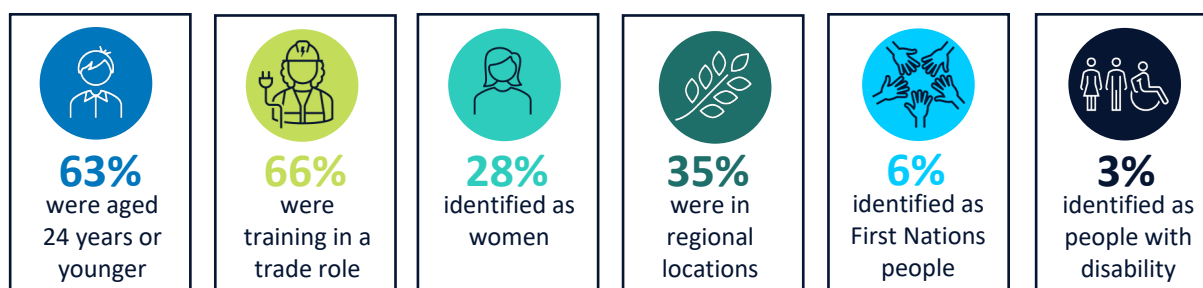
State and territory governments identify which qualifications are apprenticeships or traineeships under their own legislative frameworks, with the length and type varying significantly between jurisdictions.

Apprentices in training

As of 31 December 2023, there were around 343,600 apprentices in training (NCVER 2024b), of which:

- 63% were aged 24 years or younger
- 66% were training in a trade role and 34% were training in a non-trade role
- 72% identified as men and 28% identified as women
- 35% were in regional locations and 3% were in remote locations
- 6% identified as First Nations people
- 3% identified as people with disability.

Figure 5: Apprentices in training profile



The incentive system

The Australian Apprenticeships Incentive System commenced on 1 July 2022. It replaced the Australian Apprenticeships Incentive Program, which had been in place since 1998.

Phase 1 ran until 30 June 2024 and provided support via hiring incentives for employers of apprentices in non-priority occupations, wage subsidies for employers of apprentices in priority occupations and a direct payment to apprentices in priority occupations.

Phase 2 began on 1 July 2024 and provides financial support for priority occupations only, based on the Australian Apprenticeships Priority List, which is updated every January. The list is based on analysis of the occupations in current shortage and future demand over the next 5 years and, which are most likely to involve an apprenticeship entry pathway. Payments under the current incentive system are:

- Priority Hiring Incentive Employer Payment
- Australian Apprentice Training Support Payment
- New Energy Apprentice Support Payment (clean energy sector roles)
- Australian Apprenticeship Support Loans
- Living Away From Home Allowance
- Disability Australian Apprentice Wage Support.

Apprentices and employers who commenced or re-commenced before 30 June 2024 continue to receive support through grandfathering arrangements for the former Priority Wage Subsidy and Hiring Incentive.

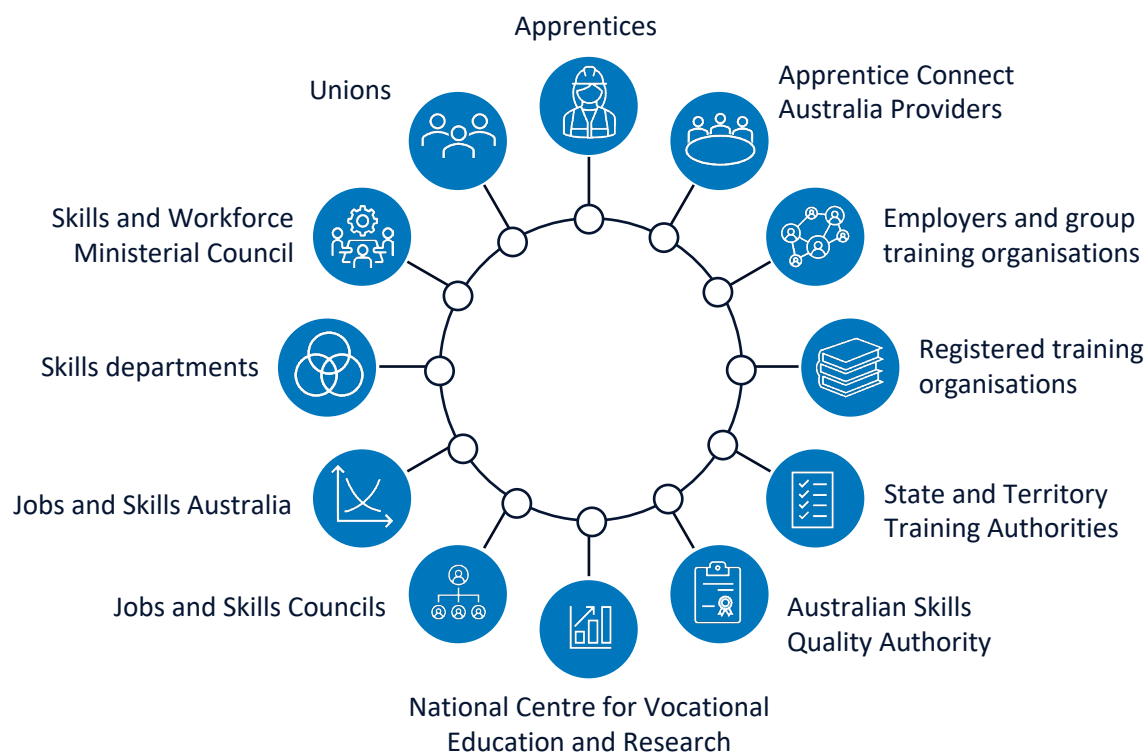
The introduction of the incentive system coincided with the end of the Boosting Apprenticeship Commencements (BAC) and Completing Apprenticeship Commencements (CAC) wage subsidies, which closed to new entrants on 30 June 2022. The BAC and CAC were designed to prevent a rapid decline in apprenticeships resulting from the COVID-19 pandemic, while the incentive system now focuses on increasing the uptake of apprenticeships in areas of skill shortage. The reduction in overall payments and the shift to a more targeted approach has resulted in commencements dropping to levels similar to before the BAC and CAC were introduced. The 2023 commencements of 170,370 remains above the low in 2019 of 151,220 (which was the lowest since 1997).

These trends and lessons from the BAC and CAC are described further in Chapter 2.

The wider apprenticeship system

Alongside apprentices and employers, many other parties are involved in the apprenticeship system.

Figure 6: Parties involved in the Australian apprenticeship system



More detail on the history and background of apprenticeships can be found in the Appendix.



The challenge: meeting Australia's skills needs

Transitioning to Net Zero, building more houses, caring for older Australians and teaching our youngest. Building a Future Made in Australia and ensuring Australian businesses are protected from cyber-attacks. Our vocational education and training tertiary sector is at the heart of it all.

The Hon Brendan O'Connor MP, former Minister for Skills and Training

Overview

Apprenticeships are the key mechanism for skill development for many trade and technical occupations. The aim is to ensure Australia has workers with the trade and technical skills needed to meet the nation's economic priorities and social equity objectives and to provide secure, well-paid work and career advancement. However, apprenticeship completion rates have been in steady decline over several years.

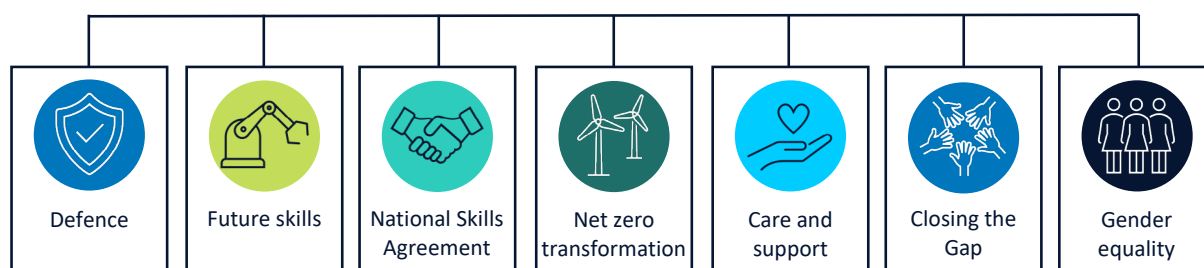
It is essential that investment in the incentive system is evidence-based, linked to economic priorities and social equity objectives, and focused on the skills needed now and into the future. In particular, the incentive system needs to assist workers to take up roles in priority industries like manufacturing, construction, care and support, digital technology, defence, and those industries that support the transition to a net zero economy. These industries are critical to Australia's economic and social progress.

Australia's national skill priorities

Key priorities

Virtually every major Australian Government reform depends on addressing skill shortages.

Figure 7: Key national skills and training priorities



Defence

The *Defence Strategic Workforce Plan 2021–2040* guides the workforce growth required to address the challenges outlined in the 2020 Defence Strategic Update (Defence 2021). This includes growing the permanent defence workforce by 18,500 in areas such as AUKUS (Australia, the United Kingdom, and the United States security partnership) nuclear-powered submarines and advanced capabilities, guided weapons, and national naval shipbuilding. The plan is being updated to deliver the 2024 National Defence Strategy.

Future skills

Working Future: The Australian Government's White Paper on Jobs and Opportunities, also called the Employment White Paper (Treasury 2023b), includes 5 objectives, one of which is to meet skills needs and build Australia's future workforce. This involves elevating vocational education and training (VET) pathways by improving the perception and attitudes around VET and increasing awareness of VET as a rewarding career pathway. The Employment White Paper also commits to sustaining essential care services and ensuring Australia's digital and technology capability.

National Skills Agreement

The National Skills Agreement (Commonwealth of Australia 2023) gives effect to National Cabinet's vision statement and guiding principles on longer-term VET reform. As part of the agreement, the Australian, state and territory governments have agreed shared national priorities that require focused effort to address critical skill and workforce shortages. The agreed national priorities are:

- gender equality
- Closing the Gap
- supporting the net zero transformation
- sustaining essential care services
- developing Australia's sovereign capability and food security
- ensuring Australia's digital and technology capability
- delivering housing supply
- delivering reforms to improve the regulation of VET qualifications and quality.

These priorities are subject to an annual review process and the governments may choose to amend the national priorities in future.

Net zero transformation

The Australian Government expects to finalise the National Energy Workforce Strategy with states and territories at the end of 2024. This will outline the skills and capabilities Australia will need for the clean energy transformation (DCCEEW 2024).

Care and support

The Australian Government is driving a significant reform agenda across the care and support economy to achieve a vision for the aged care, early childhood education and care, veterans' care and disability support sectors of quality care and support, with quality jobs (PMC 2024a).

Closing the Gap

The National Agreement on Closing the Gap (Closing the Gap 2020) is a commitment to fundamentally change the way that governments and First Nations peoples work together to accelerate improved outcomes. Achieving outcomes identified in the agreement will require a skilled workforce, including in the allied health, aged care, early childhood education and care, and disability support sectors.

Gender equality

As outlined in *Working for Women: A Strategy for Gender Equality* (PMC 2024b), reducing the gender segregation of industries and occupations is essential to closing the gender pay gap and improving economic equality. As noted in the strategy, structural change is needed to address industry gender segregation, particularly as a highly gendered workforce increases the risk of workforce shortages.

Skill shortages

Skill shortages and what causes them

Skill shortages are when employers are unable to fill or have considerable difficulty filling vacancies for an occupation, or significant specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and in reasonably accessible locations (JSA 2024c). The former Department of Education (2022) noted they are caused by many different factors, such as:

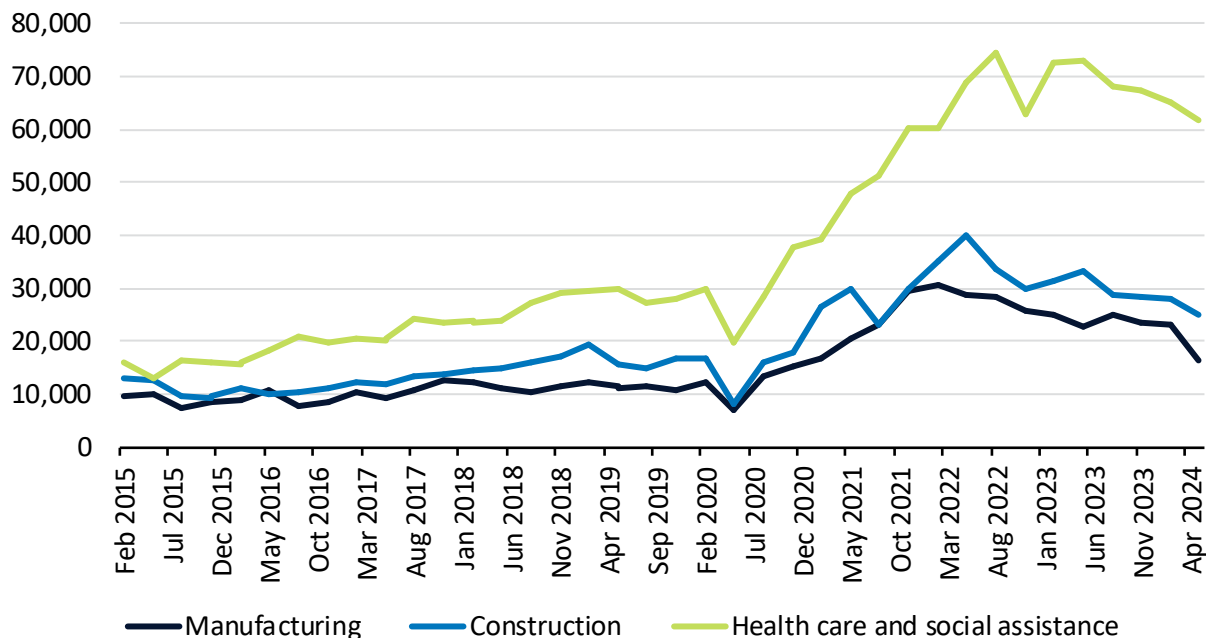
- people moving out of regional areas
- not enough training places for certain skilled occupations
- changes in technology
- large projects, such as construction, starting in one region.

Extent and impact of Australia's skill shortages

The Organisation for Economic Co-operation and Development (OECD) notes labour shortages have increased over the last 10 years, exacerbated by the COVID-19 pandemic, with indications of recovery only in some low-skill areas (OECD 2024).

According to the OECD, Australia experienced the second most severe labour shortages in the developed world in 2022. Job vacancies have grown significantly beyond their pre-pandemic levels. The Jobs and Skills Australia (JSA) Recruitment Experience and Outlook Survey reported 75% of employers surveyed had difficulty filling their vacancies (known as the recruitment difficulty rate) (JSA 2024ai). They also reported record recruitment rates. The labour market has shown some signs of easing, but job vacancies remain significantly above historical averages in several industries.

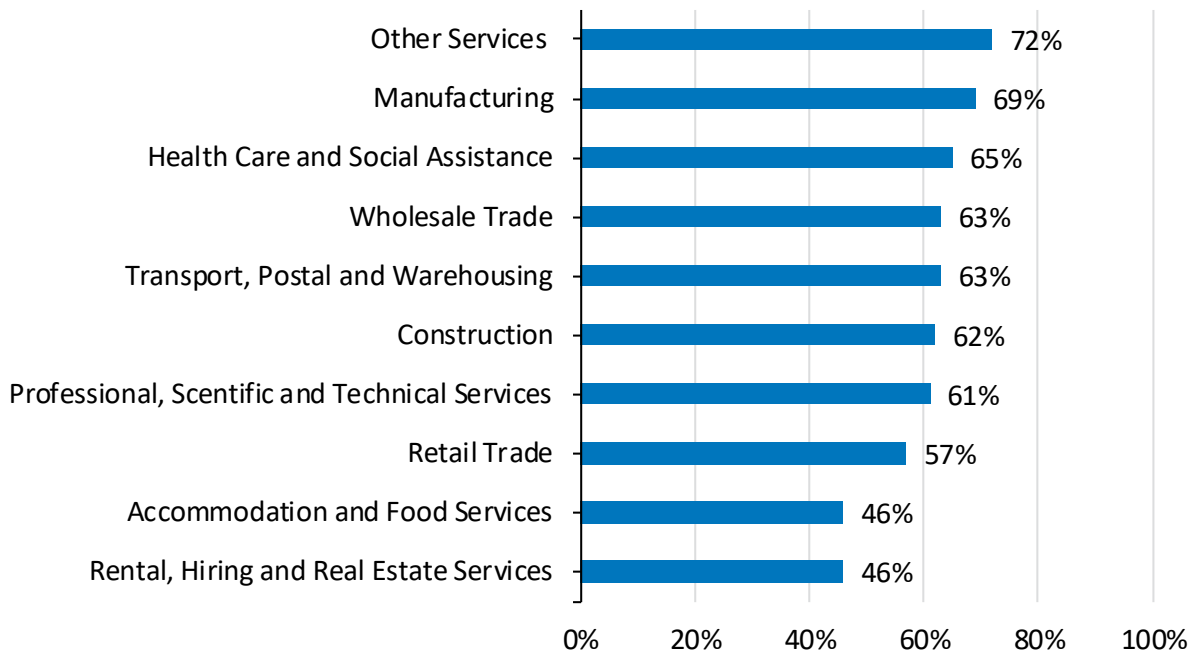
Figure 8: Job vacancies in key industries have risen since the COVID-19 pandemic



Source: Review analysis based on ABS data (ABS 2024c).

The proportion of employers who experienced difficulties filling their vacancies decreased in 2023, but more than 60% of employers from the Other Services, Manufacturing, Health Care and Social Assistance, Wholesale Trade, Transport, Postal and Warehousing, Construction, and Professional, Scientific and Technical Services industries continue to have difficulties filling vacancies.

Figure 9: Recruitment difficulty rates by selected industries



Source: JSA Recruitment Experiences and Outlook Survey, December 2023 (JSA 2024ai).

The Australian Apprenticeships Priority List and the Occupation Shortage List

Support for Australian apprentices is currently targeted towards occupations in critical demand for the Australian economy, as determined by the Australian Apprenticeships Priority List (Priority List). The Priority List includes eligible qualifications with an occupational outcome classified as either Technician and Trade Workers or Community and Personal Service Workers and assessed as being in national skill shortage.

Assessment for skill shortage is based on inclusion on the JSA Occupation Shortage List (OSL), formerly known as the Skills Priority List. The OSL provides a current assessment of the Australian labour market, including a detailed view of occupations in shortage and the anticipated future demand for occupations. The OSL is released annually as a point-in-time assessment of the labour market.

The OSL provides occupational ratings of either shortage, no shortage, or regional shortage for the 916 occupations of Skills Level 1 to 4 listed on the 2022 Australian and New Zealand Standard Classification of Occupations. However, the OSL does not quantify the degree of shortage.

The Priority List is explored in depth in Chapter 2.

Skill shortages and apprenticeships

Apprenticeships involve gaining national VET qualifications. JSA analysis of occupations in skill shortage with VET pathways indicates a mixed picture of how well vocational training is responding to creating a future supply of workers for occupations in shortage now and into the future (JSA 2023d).

Analysis from JSA (2023d) shows the concentration of VET qualified people across occupations listed as experiencing a shortage on its OSL is 39.8%. This is much higher than the VET concentration for occupations not experiencing a shortage, which is 33.2% – a statistically significant difference that amounts to approximately 360,000 VET qualified workers.

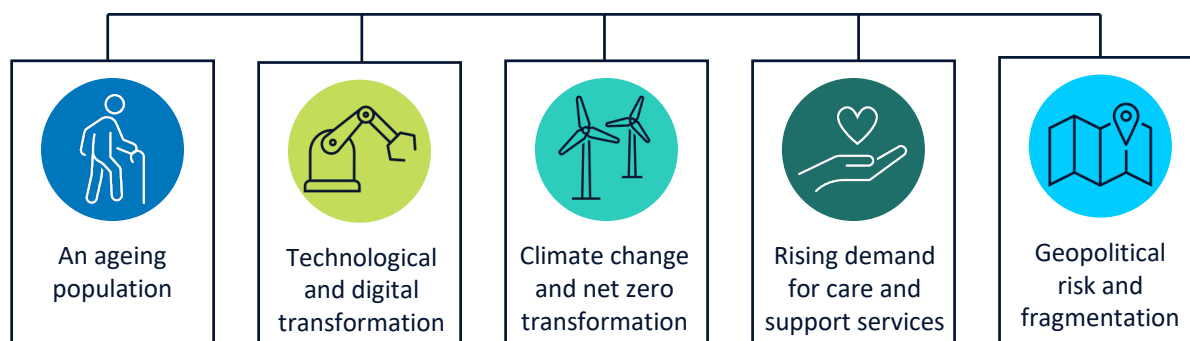
JSA notes that between December 2023 and March 2024, the fill rates for technician and trades workers remained below 50%, the lowest of all major group occupations (JSA 2024c). Additionally, fill rates for Skill Level 3 occupations (certificate III to IV) remained low at 49.4%, indicating shortages persist (JSA 2024c). Note, the Skill Level is defined by Australian and New Zealand Standard Classification of Occupations.

Over the next 10 years, more than 90% of new jobs expected to be created will require a post-secondary qualification and around 44% of all new jobs created will require a VET qualification (Standing Committee on Employment, Education and Training 2024).

Factors driving future skill needs

Australia's economy is undergoing a rapid transformation, with changing skill needs. *The Intergenerational Report 2023: Australia's future to 2063* identifies 5 forces shaping this transformation (Treasury 2023a). These are an ageing population, technological and digital transformation, climate change and net zero transformation, rising demand for care and support services, and geopolitical risk and fragmentation. The intergenerational report contends these will drive current and future skill needs in defence, clean energy, care and construction and in emerging occupations.

Figure 10: The 5 forces shaping skills transformation



Source: Treasury (2023a).

The intergenerational report notes the share of the workforce in Skill Level 1 occupations (generally requiring a bachelor's degree or higher qualification) increased from 15% in the mid-1960s to over 30% in 2023 (Treasury 2023a). JSA estimates 50% of new jobs will be Skill Level 1 occupations by 2026, and a further 40% of new jobs will require a VET qualification (certificate II through to advanced diploma) (Treasury 2023a). The challenge will be ensuring apprenticeship incentives are targeted to emerging priority industries to support this transition. As outlined below, more recent skilled employment projections continue to reflect the growing demand for jobs with a VET qualification.

Table 2: Jobs and Skills Australia projections of skilled employment through to 2028

Skill level	2023 employment level ('000)	Projected 2028 employment level ('000)	Change ('000)	Change (%)
Bachelor's degree or higher (Skill Level 1)	4,811.2	5,330.7	519.5	10.8
Advanced diploma or diploma (Skill Level 2)	1,719.9	1,813.1	93.2	5.4
Certificate IV or III (Skill Level 3)	2,049.0	2,124.4	75.4	3.7
Certificate III or II (Skill Level 4)	3,322.3	3,508.9	186.6	5.6
Certificate I or secondary education (Skill Level 5)	2,012.4	2,048.1	35.7	1.8
Total employment	13,914.9	14,825.3	910.4	6.5

Source: JSA (2024a).

New technologies such as artificial intelligence, automation and robotics change the nature of jobs and the skills required to perform them (World Bank 2019). We can be reasonably confident future jobs will require new skills, and many existing skills will become obsolete (ILO 2019).

The biggest skill shortages

While there are shortages across the Australian economy, their effects are concentrated in certain occupations and industries where skilled workers are critical, gender imbalances are exacerbated, or there are emerging skill needs.

Industries experiencing shortages

Construction

The building and construction sector continues to face long-term labour shortages, threatening Australia's ability to build essential infrastructure, particularly housing. The construction industry grew by only 5,000 jobs in the 12 months to February 2024 (ABS 2024d).

As JSA (2024d) has found, Australia's skill shortages remain acute for construction trade workers, with only 38% of advertised vacancies filled in the 2023 December quarter. Along with other male-dominated industries, construction is experiencing persistent challenges filling vacancies.

While women represent 14% of the construction industry workforce, very few women work in trade roles. Women tend to work in administrative, project management or traffic control roles. Occupation profiles from JSA (n.d.) show that women make up to 3% of plumbers, concreters, roof tilers, bricklayers and carpenters.

Australia is facing significant housing challenges. National Cabinet has agreed to a new national target to build 1.2 million new, well-located homes over 5 years, from 1 July 2024 (Treasury 2023a). This will require an increase in the skilled residential construction workforce.

The Housing Industry Association and Master Builders Australia both report acute shortages of skilled tradespeople to meet Australia's housing construction needs. In March 2024, BuildSkills Australia – the Jobs and Skills Council for the Building, Construction, Property and Water industries – asserted that to meet the National Housing Accord target, governments would need to deliver 60,000 new homes each quarter, which would require a workforce of 90,000 people more than current levels. BuildSkills Australia is developing a 2024 Workforce Plan for the built environment, which will identify key trends and assess the implications for jobs and skills in the sectors it represents. Further, Master Builders Australia (MBA 2023) estimates that to meet growth and replace workers who leave the industry, 486,000 workers need to enter the building and construction industry by the end of 2026.

Manufacturing

The Manufacturing Industry Skills Alliance has raised concerns about declining apprentice completion rates in the manufacturing sector. Supporting this sector by building capability within apprenticeships is critical to meeting economic security in the Australian Government's Future Made in Australia agenda.

Clean energy and net zero

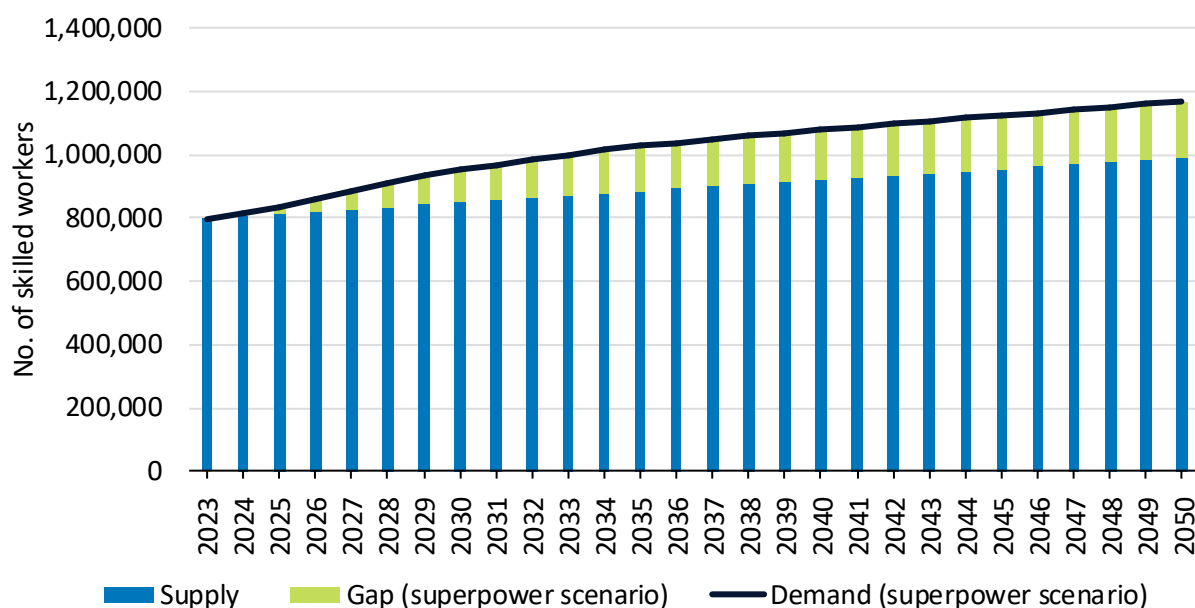
Reaching the Australian Government's net zero emissions target by 2050 will require transformation of the workforce. JSA likens the transition to a clean energy economy to the post-war industrial transformation and the digital transformation of the late 20th century, both of which saw the emergence of new jobs, qualifications, training pathways, technologies and industries (JSA 2023a).

Preliminary modelling from JSA suggests significant shortages are likely across VET qualified electrical, building and engineering trade roles, partly due to the construction required for transitioning to renewable energy and for the growth in new technologies and industries (JSA 2023a).

The JSA's clean energy 'superpower' scenario sees ambitious and coordinated government policy action that will give the national electricity system over 90% renewable energy by 2030 (JSA 2023a). The 16 critical technical and trade occupations in the clean energy superpower scenario are:

- air conditioning and refrigeration mechanics
- aircraft maintenance engineers
- architectural, building and surveying technicians
- automotive electricians
- chemical, gas, petroleum and power generation plant operators
- civil engineering draftspersons and technicians
- electrical distribution trades workers
- electrical engineering draftspersons and technicians
- electricians
- electronics trades workers
- metal fitters and machinists
- motor mechanics
- other building and engineering technicians
- plumbers
- structural steel and welding trades workers
- telecommunications trades workers.

Figure 11: Projected workforce gap across the 16 critical technical and trade occupations in a clean energy superpower scenario



Note: The assumptions underpinning the superpower scenario are more ambitious than the measures outlined within current government policies. Those assumptions include 3 times more investment in low-emission technologies, more renewable energy capacity to support the export of green manufacturing (including iron), and a larger critical minerals mining and processing industry.

Source: JSA (2023a).

As JSA (2023a) notes, it is very difficult (and likely misleading) to attempt to forecast skill shortages well into the future. The labour supply projections here are based on current trends and an indicator of where gaps may emerge.

Electricians likely to be biggest clean energy skill shortage

JSA’s report *The Clean Energy Generation: Workforce needs for a net zero economy* suggests there will likely be ongoing and severe shortages for several critical clean energy occupations. Electricians represent the largest single occupational gap observed and at risk of growing over time unless there is substantial change. JSA’s preliminary modelling suggests that Australia will need around 32,000 more electricians in the next 7 years, and the clean energy supply workforce will likely need to grow from approximately 53,000 workers currently to 85,000 by 2050. Critically, JSA (2023a) suggests this represents 27% more than the projected supply of apprentices.

The shortage is because labour supply for electricians is forecast to grow only slowly, due to relatively flat completions and a relatively older current workforce. This means there are likely to be growing supply gaps unless a significant increase in electrician completions from the VET system occurs, with those completions also transitioning into actual employment as electricians (JSA 2023a).

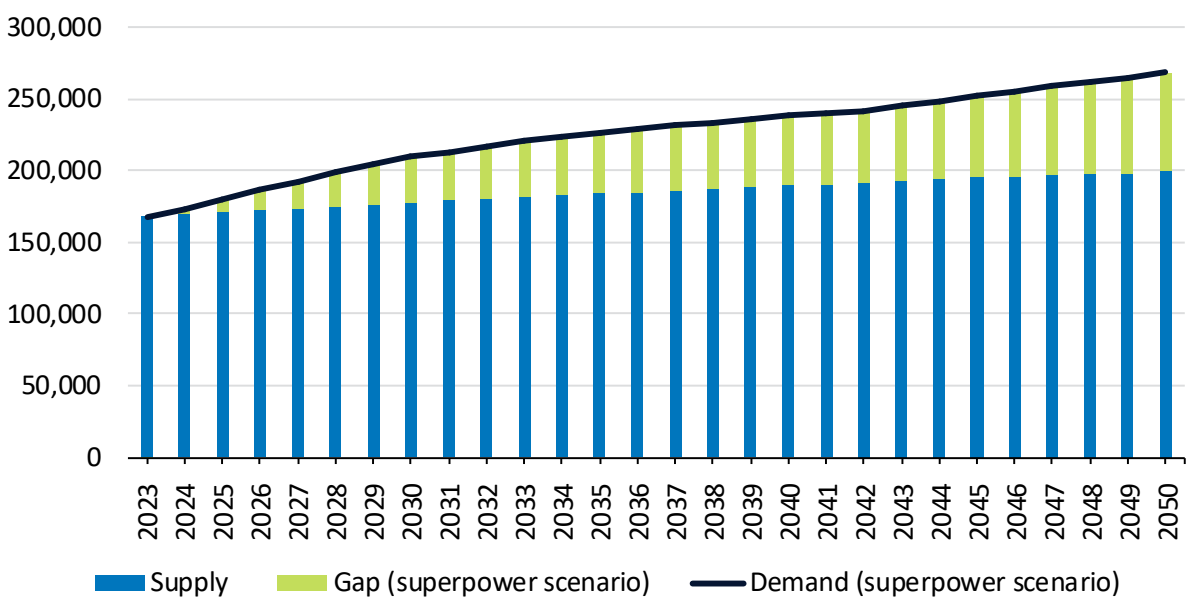
The current shortfall is also likely to be due to the incentive settings, the rate at which employers are engaging apprentices, the capacity of registered training organisations (RTOs), and availability of trainers.

In the 2024–25 Budget, the Australian Government announced a suite of measures intended to grow the clean energy workforce, including:

- a capital and equipment investment fund for facility upgrades to expand clean energy training capacity across wind, solar, pumped hydro, grid battery storage, electricity networks and hydrogen, as well as key electrical and construction trades
- support for small and medium businesses taking on clean energy, construction and manufacturing apprentices in a priority occupation through access to group training organisation (GTO) services, with up to \$1,500 in annual reimbursements over the life of an apprenticeship (initially run as a pilot program)
- funding to increase the VET teacher, trainer and assessor workforce for clean energy
- expanding the eligibility of the New Energy Apprenticeships Program to encourage more Australians to pursue a career in clean energy.

Opportunities to further leverage GTOs are discussed in Chapter 2.

Figure 12: Projected shortage of electricians in a clean energy superpower scenario



Note: The assumptions underpinning the superpower scenario are more ambitious than the measures outlined within current government policies. Those assumptions include 3 times more investment in low-emission technologies, more renewable energy capacity to support the export of green manufacturing (including iron), and a larger critical minerals mining and processing industry.

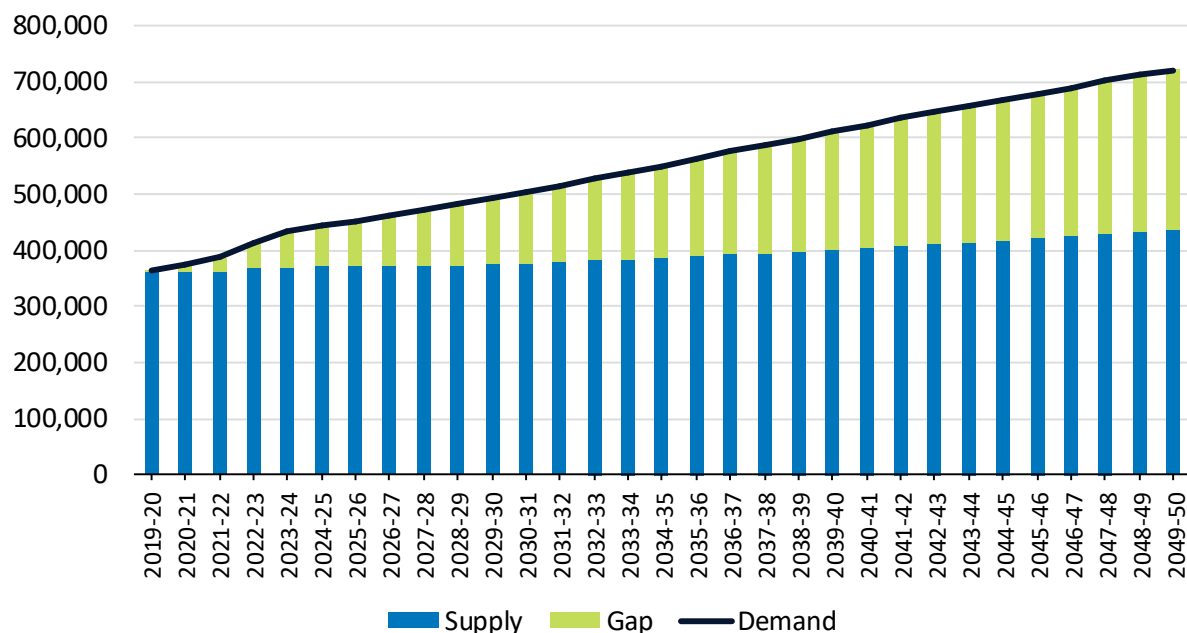
Source: JSA (2023a).

Care and support

Despite the recent growth in the number of workers, shortages remain throughout the care and support sector (JSA 2021). These shortages are projected to increase primarily for carers of aged people and people with a disability, including nursing support and personal care workers (PMC 2023a).

The gap between the supply and demand for the care and support workforce is expected to reach around 286,000 by 2049–50 (NDIS Review 2023).

Figure 13: Projected workforce shortage in care and support occupations



Note: Data is based on headcount.

Source: National Skills Commission (2021).

Disability care

The National Disability Services' submission to the review reported that its census of the disability sector workforce shows an 'undersupply of workers and higher turnover rates than the national average'. This has flow-on effects across the economy, requiring more workers to withdraw from the workforce to take on caring responsibilities.

The National Disability Insurance Scheme (NDIS) Review has also identified the need for a larger, more skilled workforce to meet the future demand for quality care. By June 2025, it is estimated that an additional 128,000 workers will be needed to meet the full demand of NDIS participants – from 325,000 workers in 2021–22 growing to 453,000 workers by June 2025. This is in addition to the need to replace the estimated 198,000 to 292,000 workers expected to leave the sector between July 2022 and June 2025 (NDIS Review 2023).

Childcare

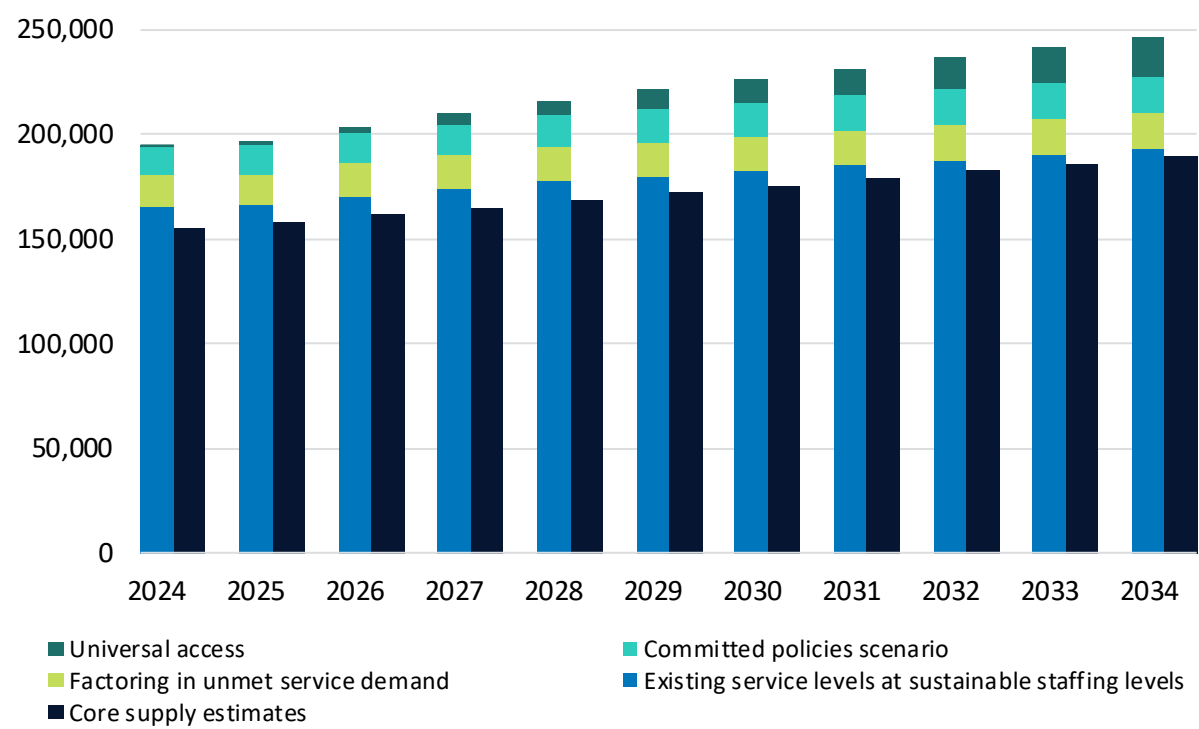
In addition to the challenges in meeting the demand for care and support services, the demand for skilled workers in the childcare sector remains high. Analysis informing the Australian Competition and Consumer Commission's 2023 Childcare Inquiry showed labour force shortages are affecting all childcare markets, in terms of both the supply of childcare services and the costs of these services (ACCC 2023).

The Australian Childcare Alliance submission to the review described the early childhood education and care sector as experiencing 'critical workforce shortages'.

Key factors contributing to shortages in the childcare workforce include less attractive pay and conditions relative to similar industries (particularly preschools and primary schools) and the need for staff to allocate (unpaid) personal time to study for required qualifications, which is also affected by current cost-of-living pressures. These issues can lead to burnout, with many staff leaving the industry and needing more time off due to illness (ACCC 2023). The government's decision in August 2024 to fund a 15% wage increase for early childhood education and care workers is expected to help retain early childhood educators, who are predominantly women, and attract new employees.

However, according to the JSA’s Early Childhood Education and Care Capacity Study, under current trends, the expected growth in the supply of childcare workers will not close the gap on current unmet demand, let alone respond to any expansion of service provision (JSA 2024b).

Figure 14: Supply and demand projections for childcare workers



Source: Commissioned Deloitte Access Economics modelling for JSA ECEC Capacity Study (JSA 2024b).

Aged care

Australia, like many OECD countries, has an increasingly ageing population. Currently 1 in 6 Australians are aged 65 or over, and this is projected to grow to close to 1 in 5 (20.7%) of the population by 2066 (AIHW 2024b). For industries experiencing shortage, this suggests that as skilled workers retire, there may not be enough new workers joining the industry to replace them. Growth in the over-65 population is increasing the demand for aged care services.

Table 3 shows that, compared with other caring apprenticeships, aged care has a relatively low take up of apprenticeships and traineeships. This may be due to aged care and disability sectors often using pathways requiring vocational training through an RTO rather than apprenticeship pathways. More needs to be done to increase the aged care workforce to meet the growing demand for aged care services, including ensuring apprenticeships and traineeships are more fit for purpose for these sectors.

Table 3: Comparison of completions of early childhood education and care, aged care and disability care courses

Qualification name	2019	2020	2021	2022	2023
Certificate III in Early Childhood Education and Care	3,035	2,950	3,185	4,080	2,980
Diploma of Early Childhood Education and Care	1,750	1,660	1,980	3,350	970
Certificate III in Individual Support	1,105	875	1,335	1,665	2,035
Certificate IV in Ageing Support	65	20	35	90	145
Certificate IV in Disability	150	125	145	220	515

Note: Figures above are rounded to the nearest 5 completions.
Source: Review analysis based on NCVER (2024b) data.

Defence

In response to a changing geopolitical climate, Australia's defence industry requires more workers to meet its skill needs and fill the roles necessary to deliver defence capability programs (Australian Government and Government of South Australia 2023).

Meeting the Australian Government's commitments under AUKUS (Australia, the United Kingdom, and the United States security partnership) will drive demand for engineering and operations workers from 2025 to 2040. The South Australian defence industry workforce is predicted to grow from its current level of around 3,500 direct jobs to more than 8,500 direct jobs in the 2040s. Naval shipbuilding and sustainment are key drivers of this workforce demand, with many of the skill sets required in trade and technician roles (Australian Government and Government of South Australia 2023).

Occupations and industries where priority cohorts are underrepresented

To meet Australia's current and future skills needs, the economic benefits of training and employment must be equally accessible and attractive to all Australians. Currently, women, people from culturally and linguistically diverse backgrounds, First Nations people and people with disability are underrepresented in many key occupations – and indeed the workforce in general. This represents a missed opportunity to harness the full potential of the Australian workforce and help address skill shortages.

The underrepresentation of priority cohorts in apprenticeships is discussed further in Chapter 5.

The role of apprenticeships in addressing critical skill shortages

To meet Australia's economic priorities and social equity objectives, the apprenticeship system must be more efficient and effective.

We found that apprenticeships are crucial to addressing critical skill shortages. Around 32% of skill shortages are in industries such as construction and care, which rely on vocational education and particularly apprenticeships to train their workforce (JSA 2023c).

The current skills gap crisis will only be overcome by a constant and increasing supply of highly trained workers... The need for skills delivered by the apprenticeship and traineeship system is stronger than ever.

— Business Council of Australia (submission)

Skill shortages are most acute in trade-related occupations, with shortages in nearly all trade occupations. JSA's 2023 OSL Key Findings Report indicated that half of all technicians and trades worker occupations were in shortage. For many of these occupations, shortages are longstanding, having been evident for most of the last decade. Notably, they are in occupations where an apprenticeship is the main training pathway, such as electrotechnology and telecommunications trades workers, where 73% of occupations are in shortage (JSA 2023c). Another critical issue for the review is the extent to which government intervenes through the incentive system to address skill shortages. In particular, whether all areas of skill shortage need to be supported with incentives, or whether a more focused approach is appropriate to target genuine areas of workforce need and those occupations that enable broader economic priorities and social equity objectives.

Opportunities to reform the gateway for the incentive system are considered in Chapter 2.

Governments, employers, unions, RTOs, GTOs, Jobs and Skills Councils and other stakeholders will need to play their part in rethinking how apprentices complete their apprenticeship. Jobs and Skills Councils are critical, as they bring together employers, unions and governments in a tripartite arrangement to find solutions to skills and workforce challenges in particular industries.

The Australian, state and territory governments will need to work collaboratively with industry in a system that is better integrated to encourage a diverse range of people into the workforce. For example, government and industry need to establish more effective partnerships to help women enter male-dominated industries, encourage workforce diversity, enable people with disability to take up an apprenticeship, and ensure First Nations people can gain core skills for jobs in emerging industries.

To do this, all levels of government must take steps to create a more cohesive training system across jurisdictions and reduce the administrative and regulatory burden on employers and apprentices.

Higher apprenticeships

Higher and degree level apprenticeships are one example of new models that are currently being trialled in Australia. The Australian Government has committed funding to 'turbocharge' up to 6 Technical and Further Education (TAFE) Centres of Excellence to support:

- expanding use of higher VET apprenticeships at the diploma and advanced diploma level
- exploring a new advanced technical qualification at Australian Qualifications Framework Level 7
- examining opportunities to pursue higher education degree apprenticeships.

Further information on higher apprenticeships is in the Appendix.

Without skilled workers, Australia will not be able to meet its clean energy targets to achieve commitments to net zero, meet the care demands of the ageing population, or safeguard the nation's economic prosperity, and will risk falling behind international peers.

The international context

Australia is not alone in grappling with skill shortages in key occupations. International labour markets remained tight in the first half of 2024. The International Labour Organization estimates the global unemployment rate had dropped to below pre-pandemic levels, while the latest World Economic Outlook report from the International Monetary Fund shows employment and participation rates rose to above pre-pandemic levels in the second half of 2023 (JSA 2024a). This is reflected in Australia, where the labour force participation rate at July 2024 was 66.8%, up from the average participation rate of 65.1% over 2020 and 2021 (ABS 2024c).

Global skill shortages remain high, particularly in the care sector and the manufacturing and construction industries. The International Labour Organization attributes these shortages to poor working conditions, skill mismatches, and slowing labour productivity (JSA 2024a). Continued skill imbalances are predicted between labour-rich countries and those with shrinking labour forces.

Many advanced economies are reporting similar shortages to Australia. For example:

- In the United Kingdom, a survey of employers shows persistent skill shortages across construction, information and communication, and manufacturing industries. Among all occupation groups, trades workers have the most persistent shortages (IFF Research 2023).
- The European Union reports ongoing shortages in manufacturing, construction, information and communication, and health care industries. These shortages are on the rise in all member states, and the European Commission has identified 42 occupations in shortage to be targeted by further investment in skills (European Commission 2024).
- In the United States, unemployment remains stable, but labour force participation has still not recovered to pre-pandemic levels (Ferguson and Hoover 2024). Shortages remain high in manufacturing. At current figures, the Associated Builders and Contractors trade association in the United States reports a surplus of construction workers but says that, to meet future demand, construction firms will need to add an additional 501,000 workers – significantly higher than the current pace of growth (Draffen 2024).

As part of efforts to address skill shortages, several countries have reformed their apprenticeship and vocational training systems. For example:

- In 2017, the United Kingdom introduced levies to fund apprenticeship training (Patrignani et al. 2021).
- In 2019, France centralised and standardised its training credit program to improve access to vocational training (Corazza and Filippucci 2022).
- From 2020 to 2022, Germany subsidised small and medium employers who were significantly affected by the COVID-19 pandemic to take on apprentices (Heusler and Senghaas 2024).

United Kingdom apprenticeship levies

In 2017, the United Kingdom introduced 3 types of levies to help fund apprenticeship training: the Apprenticeship Levy, which provides funding through a combination of subsidies for the employer; a levy that funds apprenticeships for large employers; and the Construction Industry Training Board Levy.

Employers with revenue of more than £3 million annually are taxed 0.5% under the Apprenticeship Levy, which is paid into an apprenticeship service account. The government then provides an additional 10% of funds into the account. Each apprentice is allocated to one of 30 funding bands, which range from £1,500 to £27,000. The funds in the apprenticeship service account must be spent on apprenticeship training and assessment.

For businesses with an annual revenue of less than £3 million, the government pays 95% of training costs up to the funding band maximum, while the employer pays the remaining 5%. The Apprenticeship Levy is paid by less than 2% of employers, however, 60% of all apprentices work for an employer who pays the levy.

The Construction Industry Training Board Levy applies to all employers who are 'engaged wholly or mainly in construction industry activities'. These funds are provided as grants to cover day-to-day training, courses, qualifications and apprentices. Recipients can receive £2,500 annually for attendance while completing an apprentice (payable every 13 weeks), then £3,500 at the successful completion of an apprenticeship. Apprentices who have to travel to attend colleges or training providers can have 80% of their accommodation costs reimbursed.

State-based apprenticeship levies in Australia

Similar to the Construction Industry Training Board Levy in the United Kingdom, Australian states and territories (excluding Victoria, New South Wales and the Northern Territory) have established training levies on construction projects. The levies vary across states, ranging from 0.1% to 0.25% of the total cost of projects over \$10,000, \$20,000, \$40,000 or \$150,000 depending on the jurisdiction. The levies are paid by either the head contractor or the person receiving benefit from the construction project.

Levy funds are directed to a range of activities, including pre-apprenticeship payments, grants to employers to support on-the-job apprentice training costs, tool vouchers, travel and accommodation allowances, payments directed at specific cohorts (for example, women, First Nations people and apprentices in regional or remote areas), short course upskilling, and pathways into education and training.

During consultation for the review, several parties recommended a levy on employers to provide essential training and development of employees. The Australian Chamber of Commerce and Industry suggested existing government initiatives like the Skilling Australians Fund levy be directed to funding more apprenticeships and traineeships. Others such as Energy Skills Australia and the Australian Education Union recommended employers pay a levy on top of their employee's wages for ongoing training and development of staff. The implementation of levies in Australia requires further, careful consideration. It should be the subject of a later review informed by an evaluation of the effectiveness of existing state-based levies in Australia and the United Kingdom.



Maximising the efficiency and effectiveness of the incentive system

Incentives drive behaviour, but not always in ways that align with the public policy objectives.

Overview

This chapter explores the current incentive system settings and what the evidence says about those settings, before moving to our framework for evidence-informed policy design and recommendations for future settings.

We know that almost half of all apprentices don't complete their training. This comes at longer-term costs to the economy in terms of skills availability, skills development, employment pathways and long-term earning capacity for the individual, and in terms of sunk costs, business inefficiency and continuity for the employer.

Individual apprenticeship completion rates vary across occupations, but overall are in a steady decline, and have been for more than a decade. Getting the best outcomes from the investment in apprenticeships is vital for apprentices and employers, as well as to ensure Australia has the skills our economy needs.

We were tasked with examining the effectiveness and efficiency of the incentive system, and the alignment between the incentive system and the Australian Government's broader economic priorities and social equity objectives.

Effectiveness speaks to the extent to which the incentive system produces the desired result – increased commencements and completion rates. *Efficiency* is primarily about the cost of delivery. The efficiency of incentives can be assessed by the extent to which they deliver the desired outcomes and at what cost. Does the incentive system offer a good return on the public investment? What is the public value proposition? The latter issues raise the question of the alignment between the incentive system and national economic priorities and social equity objectives.

Our approach

The primary goal of this review, as set out in the terms of reference, has been to ensure that apprenticeships address Australia's critical skills needs. The most critical of these needs are those that contribute to achieving the government's economic priorities and social equity objectives.

In recognition of the critical role of apprenticeships and vocational education and training (VET) in supporting economic priorities and social equity objectives, Australian Government, state and territory skills ministers have agreed to a set of shared national priorities to be embedded in the VET system. These are set out in the National Skills Agreement, and include gender equality, Closing the Gap, supporting the net zero transformation, sustaining essential care services, and ensuring Australia's digital and technology transformation (Commonwealth of Australia 2023). The object of the National Skills Agreement (Commonwealth of Australia 2023:5) is to ensure that:

...the national VET system provides high-quality, responsive and accessible education and training to boost productivity, deliver national priorities and support Australians to obtain the skills and capabilities they need to prosper.

As outlined in Chapter 1, the Employment White Paper (Treasury 2023b) underscores the importance of a fair, inclusive and skilled workforce in driving productivity and job creation. As Australia transitions towards a net zero economy, new skill sets will be in high demand. The building and construction industry continues to face significant shortages, putting pressure on housing availability and exacerbating cost-of-living pressures. Digital transformation is occurring across all industries and demand for technology skills will continue to grow. Demand for nurses, aged care workers, early childhood workers and medical professionals is expected to grow significantly. The allied health and care sectors will also be important for meeting the Australian Government's Closing the Gap commitments. Addressing the specific challenges faced by women and First Nations people necessitates a more targeted approach to policymaking.

The Australian labour market is characterised by gender-segregated occupations. In 2023, women comprised 8.9% of the apprentice workforce in male-dominated trades (NCVER 2024b). Gender imbalance exists in several industries experiencing significant skill shortages. In 2023, around 54% of male-dominated trade occupations and around 40% of female-dominated occupations were in labour shortages (JSA 2023c).

As outlined by the Australian Government’s Working for Women Strategy (PMC 2024b), female-dominated industries, such as the care and support economy, often see lower pay and job insecurity, while male-dominated industries, like construction and mining, benefit from higher wages. To meet Australia’s current and future skills needs, we must ensure the economic benefits of training and employment are equally accessible and attractive to men and women.

The Australian Government has also committed to Closing the Gap by working in genuine partnership with First Nations people (Closing the Gap 2020). We heard calls for a greater commitment to engagement with First Nations stakeholders and for the inclusion of identified occupations such as First Nations health and education workers to be added to the Australian Apprenticeships Priority List (Priority List), noting they don’t meet eligibility under the current methodology due to limitations in how occupations are categorised. Reframing the Priority List is an opportunity to engage in shared decision-making to Close the Gap on First Nations peoples’ economic participation and engagement with further education.

The case for reform is made by the long-term trend in declining apprenticeship commencements in critical occupations, the low completion rates, which are costly, and a lack of alignment between incentives and Australia’s economic priorities and social equity objectives.

We have concluded that to fully realise the potential of the apprenticeship system, the incentive framework must evolve to ensure it is effectively targeted towards those occupations that directly support the Australian Government’s economic priorities and social equity objectives – towards a more productive, fairer economy.

In this chapter, we consider effectiveness of the incentive system by first examining certain aspects of the evidence in more detail, in particular: the results of an international literature review; apprenticeship commencements and completions over time; why business size matters, apprentice wages and the cost-of-living pressures on apprentices; and the employer experience.

To examine efficiency, we then consider various econometric evaluations of incentive programs, and whether the incentive system offers a good return on investment and represents a public value proposition that aligns with government objectives.

We then summarise the available evidence and turn to our framework for evidence-informed policy design and consider the following questions. What, based on the evidence, are the key features of an effective and efficient system? What delivers public value? We then consider what we have heard and examine various proposals to change the incentive system. We set out our recommendations for the future incentive system settings and the reasons for the changes we propose, as well as commenting on proposals we have decided not to recommend and why.

Figure 15: Our process for evidence-informed policy design



Current incentive system settings – and what the evidence tells us

Key features of the current incentive system

There are 3 key features of the current incentive system:

1. The Priority List, which is the 'gateway' to the incentive system.
2. Payments and non-financial supports for apprentices.
3. Payments for employers.

Reforms to the way incentives are targeted can build on recent efforts to optimise the apprenticeship system in a way which considers skill shortages, emerging sectors critical to Australia's future and improved outcomes for priority groups.

Initial settings and financial arrangements for the current incentive system were announced in the 2022–23 March Budget, as a phased 2-part system to maximise support during the initial years of the COVID-19 recovery:

- Phase 1 of the system, commenced from 1 July 2022 to 30 June 2024, targeted support towards apprentices and their employers in priority occupations, while providing a managed transition of support to employers in non-priority occupations. This included a wage subsidy for employers of apprentices in priority occupations, a hiring incentive for employers of apprentices in non-priority occupations, and a direct payment to apprentices in priority occupations.
- Phase 2 of the system, commenced from 1 July 2024, sharpened this focus by removing incentive payments to employers of apprentices in non-priority occupations and replacing the priority wage subsidy with a hiring incentive. Additionally, the support payment for apprentices was reduced.

As part of the 2024–25 Budget, the Australian Government announced that Phase 2 would be modified to address ongoing cost-of-living pressures. Until 30 June 2025, the hiring incentive available for employers of priority apprentices and the support payment for priority apprentices would be \$5,000.

Further information on the current incentive system settings and history of apprenticeships is in the Appendix.

Australian Apprenticeships Priority List

The Priority List defines the occupations and qualifications that are eligible for current apprenticeship incentive payments. The Priority List also forms a component of the eligibility assessment for Australian Government assistance under the Australian Apprenticeship Support Loan program.

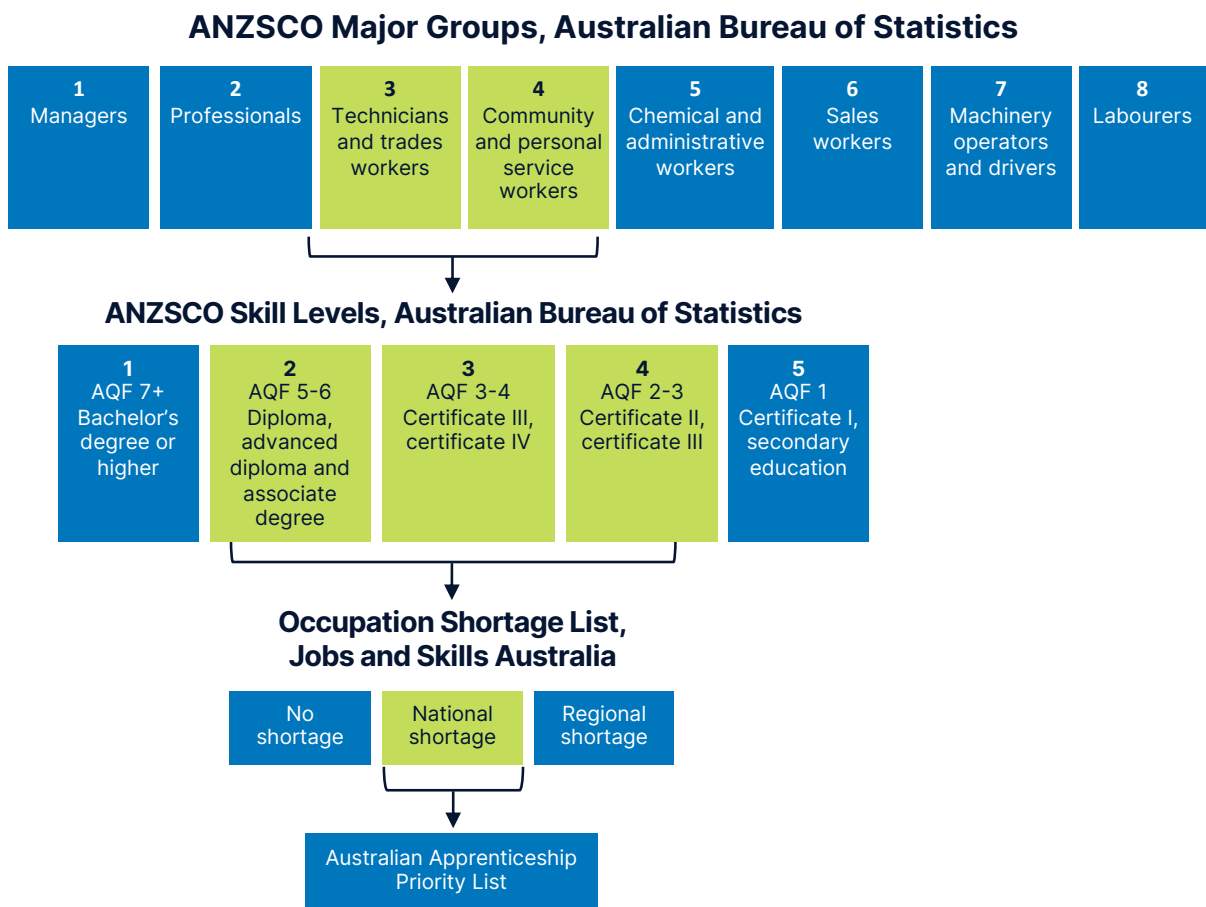
The Priority List is updated annually by Department of Employment and Workplace Relations (DEWR) based on a robust methodology that aims to capture VET-level occupations with genuine apprenticeship pathways that are facing national skill shortage. Furthermore, objectivity and a reliable evidence base are important factors in defining the methodology to ensure the Priority List cannot be subject to industry lobbying.

The current methodology for the Priority List identifies occupations that are:

- assessed by Jobs and Skills Australia (JSA) as being in national shortage
- classified by the Australian Bureau of Statistics (ABS) under Australian and New Zealand Standard Classification of Occupations (ANZSCO) as Major Group 3 – Technicians and trades workers, or Major Group 4 – Community and personal service workers
- classified as Skill Levels 2–4 (as defined by ANZSCO) which is limited to occupations requiring a qualification between an Australian Qualifications Framework certificate II and an advanced diploma or associate degree.

Several occupations in Major Groups 3 and 4 are at Skill Level 1 (for example, 411112 Intensive Care Ambulance Paramedic (Australia)/Ambulance Paramedic (New Zealand)) and Skill Level 5 (for example, 431211 Cafe Worker).

Figure 16: Development of the Australian Apprenticeships Priority List



To support the Australian Government’s net zero commitments, the Priority List also includes a subset of new energy occupations that attract higher incentives through the New Energy Apprenticeship Program (NEAP). The new energy occupations were established in 2022 and identified by DEWR in consultation with industry stakeholders and JSA’s Clean Energy Capacity Study (JSA 2023a). JSA is working with DEWR to refine the methodology to identify and classify new energy occupations.

What is the Occupation Shortage List?

The Occupation Shortage List (OSL), formerly known as the Skills Priority List, is produced by JSA and provides a detailed view of occupations in shortage across the Australian labour market. The OSL is a point-in-time assessment and updated annually, based on modelling, statistical analysis of labour market data and employer and stakeholder surveys, and additional engagements with various stakeholder groups.

These groups consist of peak bodies, professional associations, unions, education providers and regional representative bodies in the Australian labour market. Feedback is also sought from the Australian Government, state and territory governments, as well as Jobs and Skills Councils. The OSL is intended as a tool to inform, along with other sources, evidence-based policy development in the context of Australia’s workforce needs. The OSL provides the following information on more than 900 occupations based on the 2022 ANZSCO structure:

- National shortages (including shortage, regional shortage, metro shortage, no shortage).
- Jurisdictional state and territory shortages (including shortage, regional shortage, metro shortage, no shortage).

Stakeholder views on the Priority List and our proposed adjustments are discussed in more detail later in this chapter.

Payments and supports for apprentices

The Australian Government invests in apprenticeships through various financial and non-financial supports for apprentices and employers to foster the development of a skilled workforce.

Payments for apprentices are designed to encourage take up of apprenticeships in priority occupations, facilitate completions and retention, and assist apprentices with the cost of living, particularly in the early years when training wages are lowest. Under the incentive system, eligible apprentices currently have access to one of 2 payment options (they are mutually exclusive), depending on their occupation. These are the:

- **Australian Apprentice Training Support Payment** of up to \$5,000, which is paid in 4 instalments over 2 years, for eligible apprentices in occupations on the Priority List. It will reduce to \$3,000 over 2 years from 1 July 2025.
- **New Energy Apprentice Support Payment**, under the NEAP, of up to \$10,000 over 4 years, for eligible apprentices training in identified clean energy occupations on the Priority List, to encourage people to take up apprenticeships in the clean energy sector.

Complementary to these payments, from 2024–25, apprentices in occupations on the Priority List can access an interest-free **Australian Apprenticeship Support Loan** of up to \$25,643. The loan does not have to be repaid until the apprentice is earning above a minimum threshold of \$54,435 per year. Apprentices who successfully complete their apprenticeship also receive a 20% discount on their loan.

In addition, apprentices who are required to move away to complete their apprenticeship may be eligible for a **Living Away From Home Allowance**. This is a weekly payment that is highest in the early years of training while wages are lowest and reduces over the first 3 years of training (\$77.17 per week in the first year, \$38.59 in the second year and \$25 in the third year).

From 1 July 2024, a new model for **Australian Apprenticeship Support Services** through contracted Apprentice Connect Australia Providers (formerly Australian Apprenticeship Support Network) is intended to deliver strengthened support for apprentices who are at the highest risk of non-completion, including improved mentoring and pastoral care. This is supported by a new online platform intended to streamline program administration and enable providers to redirect resourcing from processing claims to higher-value support roles in the new model.

Payments for employers

Payments for employers are designed to assist with the cost of taking on, supervising and training an apprentice – especially in the early years when supervision requirements are high and apprentice productivity is lower – and to facilitate growth in priority areas.

From 1 July 2024, eligible employers have access to a **Priority Hiring Incentive** of up to \$5,000 paid over 2 instalments, with \$2,000 at 6 months and \$3,000 at 12 months.

Employers of apprentices in occupations not on the Priority List could previously claim a hiring incentive of up to \$3,500, paid in 2 instalments at 6 and 12 months after commencement. This incentive was removed from 1 July 2024, to shift support away from non-priority occupations.

Further, employers of apprentices who meet prescribed disability eligibility criteria may also claim **Disability Australian Apprentice Wage Support (DAAWS)** to encourage hiring of apprentices with disability who can then participate in open employment with suitable hiring, training and support. Under the DAAWS scheme, registered training organisations (RTOs) also have access to funding to provide tutorial, interpreter and mentor services for eligible apprentices who require additional assistance with their off-the-job training.

State and territory governments offer additional financial assistance, including tax rebates, direct payments, industry subsidies, training fee subsidies, and discounts or waivers on government services, as well as non-financial support services to apprentices and their employers, including targeted training for supervisors, and pre-apprenticeships.

2024–25 Budget announcements

The 2024–25 Budget also contained measures to support broader social and economic priorities through the incentive system.

As previously mentioned, the Budget contained payment changes for the incentive system for 2024–25. Employers taking on apprentices in priority areas will be eligible for an additional \$1,000 (\$5,000 in total) to help subsidise costs associated with employing an apprentice. Individual apprentices training in priority areas will be eligible for an additional \$2,000 (\$5,000 in total) to assist them to undertake and complete their training.

As part of the \$91 million Skilling the Clean Energy Workforce investment, adjustments were made to the eligibility of the NEAP, which provides apprentices in a priority occupation also identified as ‘new energy apprenticeships’ up to \$10,000 in incentives, as described above. These changes are intended to make it easier for apprentices to qualify, increasing the number of commencements in these occupations.

The Budget also provided for the establishment of a new measure to support small and medium employers (SMEs) take on clean energy, construction and manufacturing apprentices through access to group training organisation (GTO) services through annual reimbursements.

The measure recognises SMEs whose experience of apprenticeships is through a direct engagement relationship are typically less successful than SMEs whose experience is moderated through a GTO arrangement. The program’s policy objective is to make GTO arrangements more attractive for SMEs, particularly those engaging an apprentice for the first time, maximising the likelihood of a positive experience and the likelihood of the SME going on to engage further apprentices.

Later in this chapter we recommend the expansion of this initiative, with some modifications.

A further \$55.6 million was also announced for partnership projects to drive systemic structural and cultural change in training and work environments through the Building Women’s Careers program. Projects funded through this measure are intended to drive change to improve women’s access to flexible, safe and inclusive training and work opportunities in the key male-dominated industries and sectors of construction, manufacturing, clean energy and digital and technology.

Evidence-informed policy design

As outlined in the Executive Summary, we have adopted an evidence-informed, open and transparent process to examine and assess the current incentive system settings.

We met with over 600 people from across the country to hear their perspectives and evidence.

On 20 June 2024, we publicly released a Background Paper and informed over 900 interested parties by email. The Background Paper set out the key challenges facing the apprenticeship system and provided a summary of relevant research. It was accompanied by a provisional reference list – a bibliography of the reviews, research papers, reports and other resources we had considered to that date. The final reference list, updated with additional resources, will be available on DEWR’s website.

Any interested person was invited to comment on the Background Paper and provide any additional research or evidence in response to the Background Paper or the provisional reference list by 11 July 2024.

We received 10 responses to the Background Paper and have published those responses where we had explicit permission to do so.

Several of the comments raised in these responses are addressed in other chapters. For example, school to work transitions are discussed in Chapter 7. Some responses also identified that trade apprenticeships and traineeships have different experiences and the impact of incentives on each model is different, which we accept. We acknowledged these differences in our summary of the evidence later in this chapter.

Some stakeholders argued that the observations in the Background Paper relied too heavily on the Productivity Commission report (Productivity Commission 2020b) and the conclusion that incentives do not offer a good return on investment. They drew our attention to a range of studies to support the contention that incentives are critical to employers.

Our consideration of these studies is set out in the Appendix.

Some stakeholders also recommended a more comprehensive review of available research to inform our recommendations in respect of the incentive system. In response to that suggestion we commissioned an international literature review, a summary of which is in the Appendix.

Key aspects of the evidence on incentives

As mentioned earlier, the Background Paper provided a summary of relevant research and was accompanied by a provisional reference list. In this section we deal with certain aspects of the evidence in more detail.

This incorporates and supplements some of the material in the research summary contained in the Background Paper and covers the following topics:

- What an international literature review tells us
- Apprenticeship commencements and completions over time
- Why business size matters
- Apprentice wages and cost-of-living pressures
- Employer experience.

International evidence

We commissioned the Centre for International Economics (CIE) to conduct an international literature search and critical review of research and literature on policy interventions related to apprenticeship financial and non-financial supports. The literature review found that:

- actions that lower the financial costs for employers generally increase the number of apprentice commencements, although the responses varied by sector and with time
- employers' responses to financial incentives can differ depending on whether the business' focus is primarily on short-term profits or on the long-term skills of their workforce
- in contrast to direct financial incentives, non-financial incentives do not pose the same risk of creating windfalls for companies; however, they can still be costly labour market instruments that necessitate continuous evaluation of their efficiency and effectiveness.

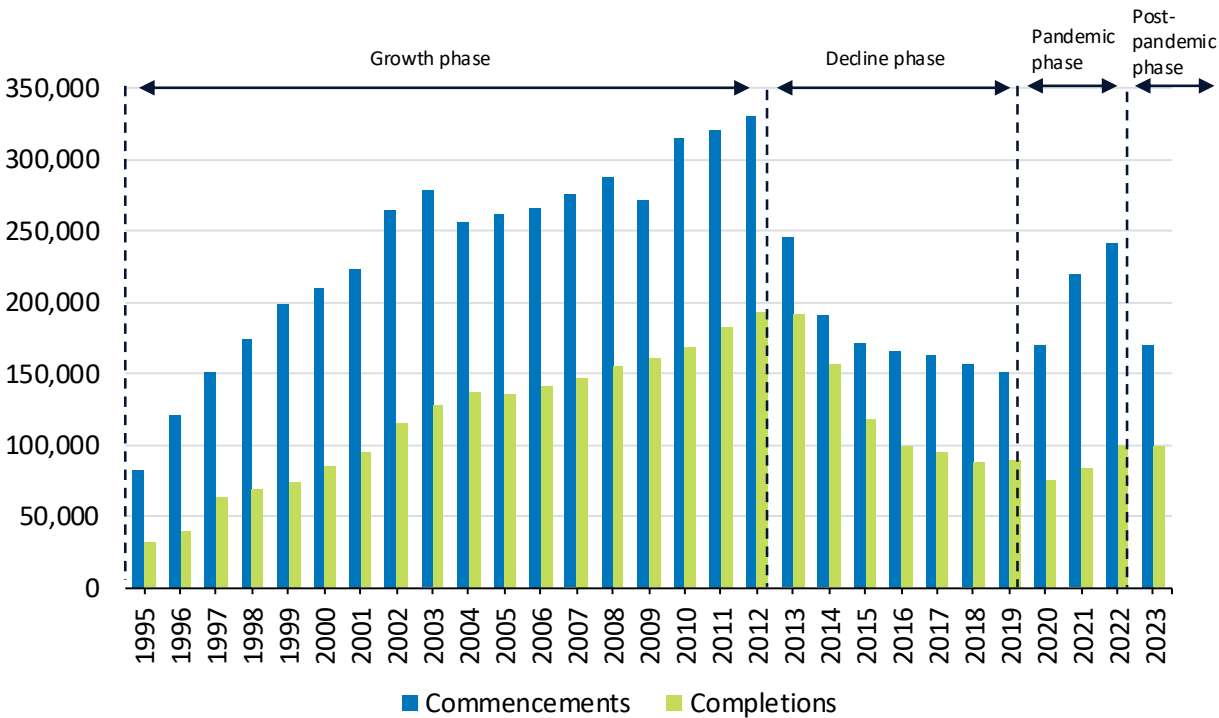
Further detail on the international literature review is available in the Appendix.

Apprenticeships commencements and completions

Commencements and completions over time

Apprenticeship commencements and completions are important measures of the apprenticeship system's ability and efficiency to train skilled workers. The trend in apprenticeship commencements and completions since the mid-1990s can be categorised into 4 phases, shown in Figure 17.

Figure 17: Historical apprenticeship commencements and completions



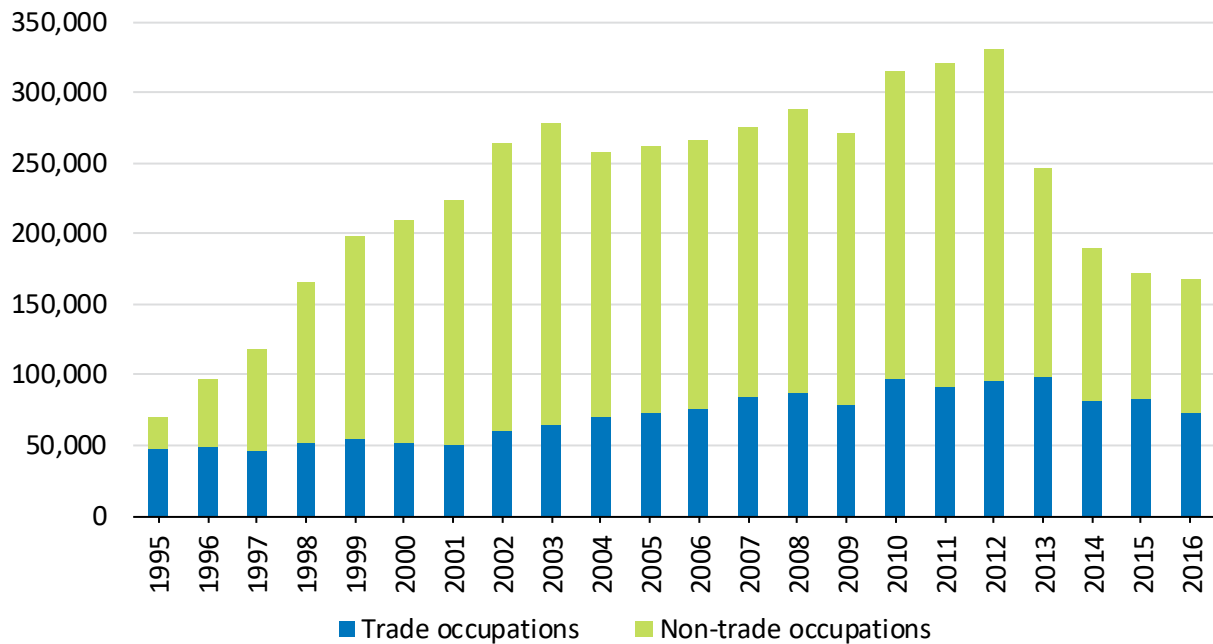
Source: Review analysis based on NCVER (2024b) apprentices and trainees data.

The first ‘growth’ phase from 1995 to 2012 saw apprenticeship commencements and completions increase steadily. Over this period apprenticeship commencements increased from around 83,000 to almost 331,000 (+297%) and apprenticeship completions increased from around 32,000 to around 194,000 (+513%). The increase in apprenticeship commencements and completions was due to 2 policy decisions. The first was the introduction of traineeships in 1985 to address growing youth unemployment by providing job and training opportunities to young people (mostly 16- and 17-year-olds) in occupations in the services sector not covered by the traditional trade-based apprenticeship system.

The second was a decision in 1998 when the Australian Government abolished the requirement that trainees had to have been employed for 3 months or less with the same employer to qualify for employer incentives, which had immediate effects on the number and age composition of trainees. This resulted in a significant increase in traineeship commencements from existing workers who are typically older. Between 1995 and 2012, the proportion of commencing trainees aged under 25 declined from over 80% to 44%. This reflected a substantial shift away from the age cohort the traineeship system was developed for and, as argued by Noonan and Pilcher (2017), was a significant distortion of the scheme’s original purpose.

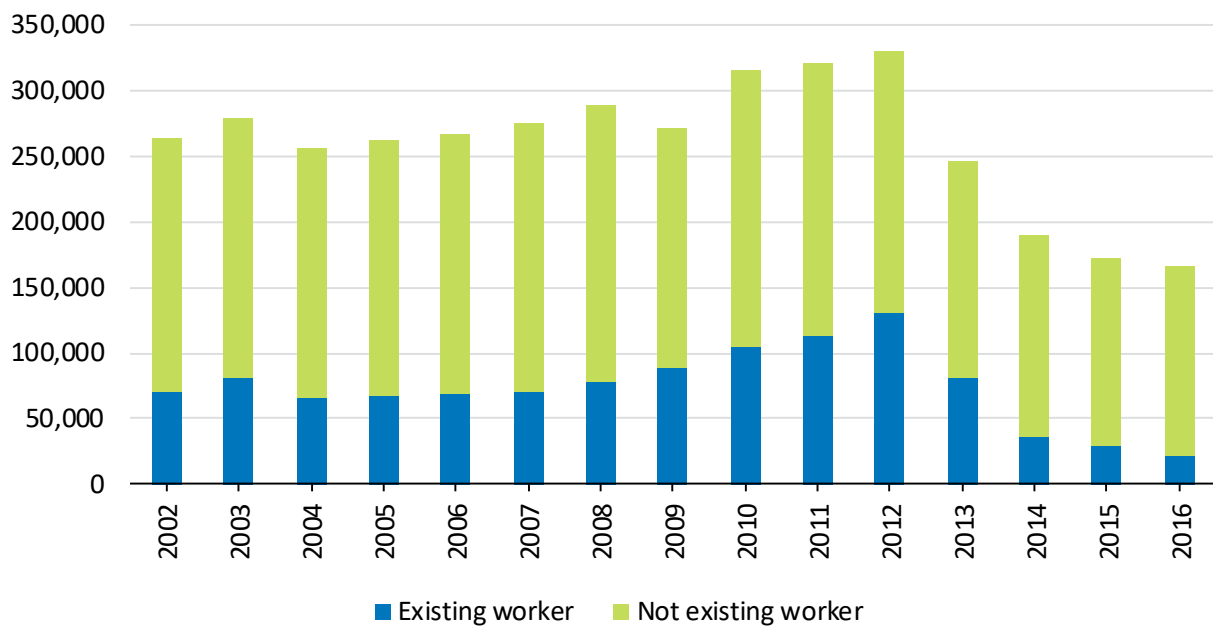
The second ‘decline’ phase started in 2012 and lasted to 2019. Both apprenticeship commencements and completions decline over this period. Commencements fell to around 151,000 (-54%) and completions fell to around 89,000 (-54%). This decline was a result of the Australian Government’s decisions to tighten the criteria for supporting existing worker apprenticeships and traineeships (and part-time and casual traineeships) by limiting employer incentives to occupations on the then National Skills in Demand List or in areas of skill shortage in response to concerns about the proliferation of existing worker traineeships (which represented 44% of all non-trade commencements in 2012).

Research from Noonan and Pilcher (2017) shows that the decline since 2012 has been principally driven by a fall in non-trade numbers following the change in employer incentives as show in Figure 18.

Figure 18: Trade versus non-trade commencements decline over time

Source: Noonan and Pilcher (2017).

Figure 19 highlights the contribution existing workers made to traineeship commencement figures from 2002 – showing the effect of the withdrawal of employer incentives for existing worker traineeships in non-priority areas, highlighting the level of dependence on government subsidies.

Figure 19: Non-trade commencements drop following the withdrawal of government incentives

Note: Data based on non-trade commencements – existing and non-existing workers.

Source: Noonan and Pilcher (2017).

The third 'pandemic' phase began in 2020 and lasted until 2022. During this period, the apprenticeship system was dominated by the Boosting Apprenticeship Commencements (BAC) and Completing Apprenticeships Commencements (CAC) programs, which were introduced to support businesses to take on new Australian apprentices during the COVID-19 pandemic. Over this period, commencements increased significantly to around 242,000 (+60%) in 2022. Completions also increased to around 101,000 (+12%) in the same period.

A summary of the Australian Centre for Evaluation's rapid evaluation of a COVID-era apprentice wage subsidy program can be found below for more details about the state of the apprenticeship system during this period.

The fourth 'post-pandemic' phase started in July 2022 after the CAC program was replaced by the current incentive system and government funding to the apprenticeship system reverted to a more 'normal' level. In 2023, commencements fell to around 170,000 (-13%) compared with the previous year. The number of completions also decreased slightly to 99,900 (-1%) from the previous year.

Historical data shows that the major trends in apprenticeship commencements and completions over the last 3 decades were primarily driven by shifts in incentive policy settings. This demonstrates the importance of incentives policies on apprenticeship commencement and completion numbers over time.

Incentives drive behaviour, but not always in ways that align with the public policy objective

Over the last 3 decades, incentive payments played a critical role in driving apprenticeship commencements and completions.

In relation to traineeships, Noonan and Pilcher (2017:6) argue that national apprenticeship data 'suggests that rather than making a contribution to the cost of the traineeship, the system depended almost entirely on the availability of government incentives'. Consequently, the reduction in employer incentives had a direct and significant effect on traineeship commencements (Noonan and Pilcher 2017:10):

It disrupted the business model of Apprenticeship Centres, RTOs and brokers specialising in marketing existing worker and part-time traineeships.

The fact that these types of traineeships were so sensitive to government subsidies suggests they were, for the most part, not valued by employers beyond the level of the government subsidy.

In extreme cases when the incentive payment is particularly large, and when the eligibility criteria allow, employers converted their existing workers to apprentices to take advantage of the incentive payment. This occurred at the start of BAC program (see details in the section below on the rapid evaluation of a COVID-era apprentice wage subsidy program). Noonan and Pilcher (2017:10–11) make the following findings based on their analysis of the data:

There is no evidence that funding accounts for the decline in trade apprenticeships.

The decisions taken to tighten eligibility for employer traineeship incentives in 2012 were soundly based, and in fact long overdue, particularly in relation to existing workers, which had significantly distorted the purpose and age profile of the traineeship system.

Using the artificial peak of commencements in 2012 is not a sound basis for future decisions on funding apprenticeships and traineeships, particularly as commencements increased significantly in 2012 before the implementation of the changes in the incentives regime. Genuine labour market needs rather than access to government incentives should drive growth in both systems.

Noonan and Pilcher (2017:15) conclude:

If we have learned anything about the VET system in recent years it is that government incentives should only be provided where there is a demonstrable public benefit, not to create a fully funded market in government subsidies.

Why business size matters

Businesses can be classified based on their number of employees. A common classification used by the ABS and DEWR defines small employers as those with 0 to 19 employees, medium employers as those with 20 to 199 employees, and large employers as those with 200 or more employees. We have adopted that classification framework for the purpose of this report.

Large employers represent around 5% of all businesses that hired an apprentice but, due to their size, they hired 38% of all apprentices who commenced in 2023. SMEs represent 95% of all businesses that hired an apprentice in 2023 but hired about 60% of all apprentices who commenced in the same year (review analysis based on unpublished DEWR apprentices and trainees data and NCVET 2024b apprentices and trainees data).

Completion rates vary by business size

Apprentices hired by large employers have on average higher completion rates than those hired by SMEs.

Table 4: Apprenticeship completion rate by employer size

Employer size	% of apprentices commenced in 2017	% of apprentices commenced in 2018	% of apprentices commenced in 2019
Small (1 to 19 employees)	55.1	55.3	53.3
Medium (20 to 199 employees)	56.8	56.2	53.7
Large (200+ employees)	58.8	59.8	56.9

Note: Figures above represent the apprenticeship completion rate of apprentices hired by direct employers and does not include apprentices hired by GTOs.

Source: Review analysis based on unpublished DEWR apprentices and trainees data as at August 2024.

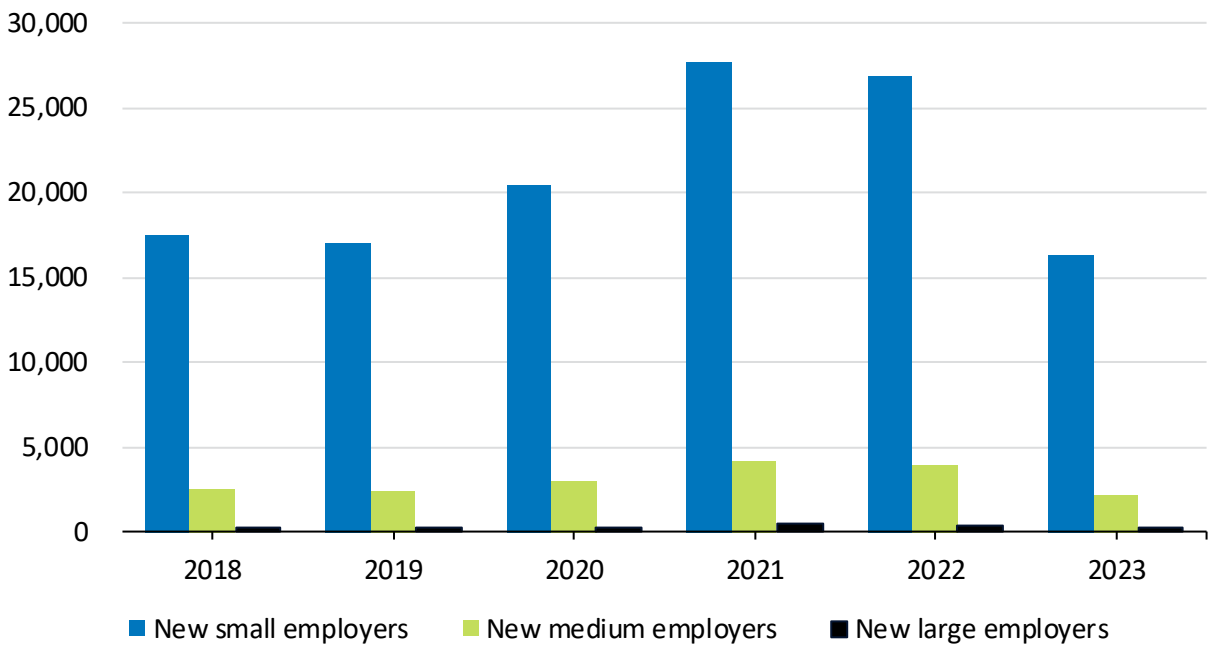
The impact of incentive varies by business size

Different sized businesses behave differently to incentive payments. Large employers are less influenced by the availability of incentive payments compared with smaller employers. This is reflected in the number of trade apprentices commencing with large employers since 2010, which has been more stable than the number of apprentices commencing with SMEs.

The difference in commencement volatility between large employers and SMEs is less pronounced for non-trade occupations.

The number of new employers entering the apprenticeship system also shows that large employers react differently to policy shifts. 'New employers' are employers who have not hired apprentices in the previous 5 years but then decide to take on an apprentice. Figure 20 shows most new employers are small employers.

Figure 20: New employers entering the apprentice system



Note: A new employer is defined in this analysis as businesses that commenced at least one apprentice in the year but have not commenced any apprentices in the 5 years prior.

Source: Review analysis based on unpublished DEWR apprentices and trainees data as at August 2024.

The commencement and new employer data above is consistent with findings from the Australian Centre for Evaluation (ACE), which shows the BAC program had a much larger impact on commencements in SMEs (ACE 2024:30):

Over the BAC period, the average number of apprenticeship commencements per quarter grew by 98% for small businesses (0–19 employees) and 95% for medium businesses (20–199 employees), significantly larger than 29% for large employers (over 200 employees). This resulted in small businesses eclipsing large businesses for having the largest number of commencements per quarter.

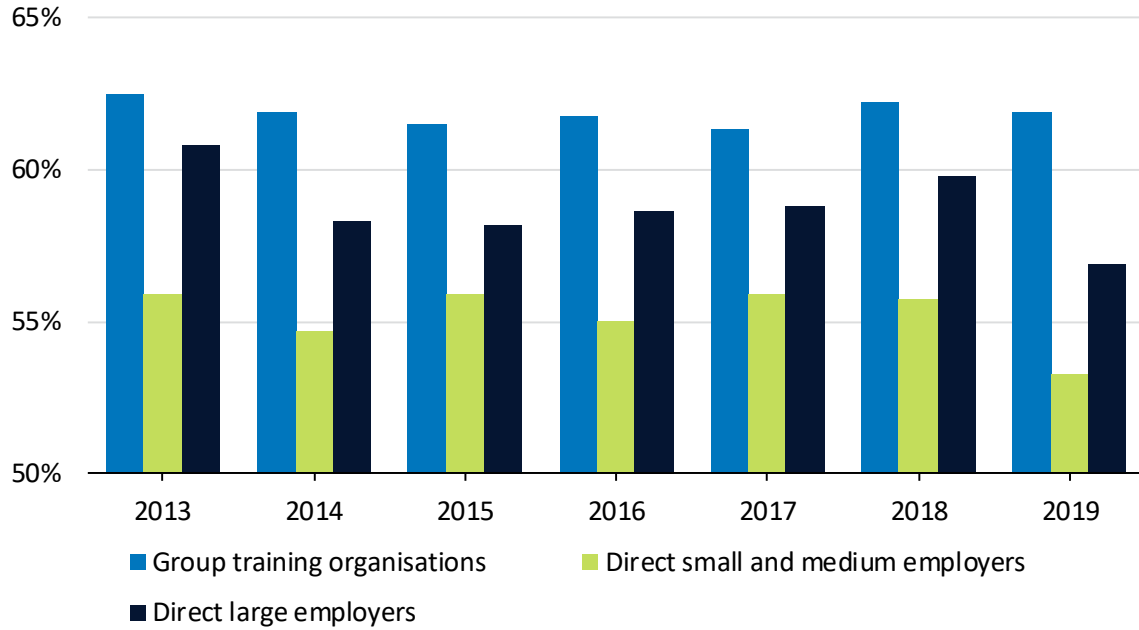
Further, the Business Council of Australia told us that, for large businesses, apprentice intake is based on business need rather than wage subsidy incentives. On that basis, the Business Council of Australia recommended wage subsidies for SMEs and grant funding for large businesses. It also noted that large businesses represent best practice in providing training and support to apprentices and government should consider project-specific grants to allow large businesses to expand these practices through their supply chain, rather than providing wage subsidies to these businesses.

Role of group training organisations

GTOs facilitate employment training arrangements by employing apprentices and placing them with host employers. They undertake the employer responsibility for the quality and continuity of apprentices’ employment and training.

GTOs assist host employers (particularly SMEs) by facilitating access to apprentices, without the administrative burden of direct employment. They can also benefit apprentices by creating additional employment and training opportunities, providing continuity of employment and improving quality and range of training available. Apprentices employed through GTOs tend to have completion rates 5 to 9 percentage points higher than those directly employed by SME host employers, and 2 to 5 percentage points higher than apprentices with large employers.

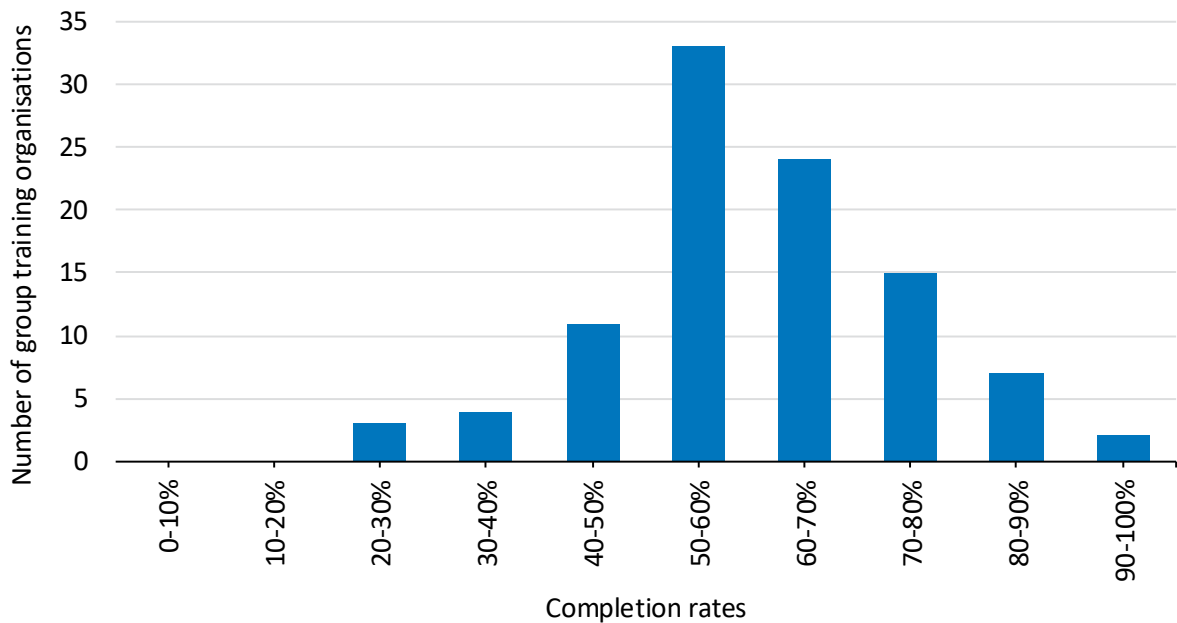
Figure 21: Average apprentice completion rate of group training organisations and direct employers



Source: Review analysis based on unpublished DEWR apprentices and trainees data as at August 2024.

DEWR data shows while GTOs on average have higher completion rates, particularly when compared with SMEs, there is a wide range of outcomes between individual providers. We examined the completion rate of apprentices who commenced with a GTO between 2015–16 to 2018–19 and found that in trade occupations, the apprenticeship completion rate for individual GTOs ranged from 21.6% to 98.1%. In non-trade occupations, the apprenticeship completion rate ranged from 10.3% to 89%. Some variation in the completion rate is due to differences in occupation and apprentice characteristics, but these factors do not fully explain the extent of the variation. This suggests that not all GTOs provide the same level and quality of service.

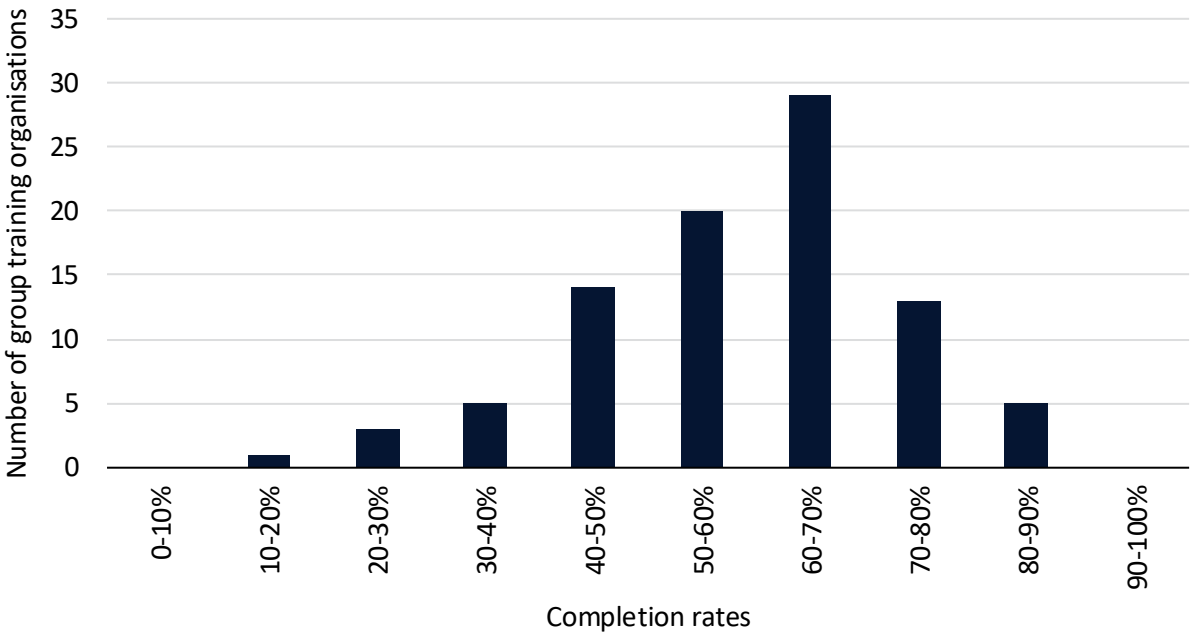
Figure 22: Distribution of trade completion rates in group training organisations



Note: Figures above are calculated based on unpublished apprenticeship program data for apprentices who commenced with a GTO between 2015–16 to 2018–19. Completion rates of 32 GTOs with 5 or fewer commencements across the 4 years have been excluded from this analysis.

Source: Review analysis based on unpublished DEWR apprentices and trainees data as at May 2024.

Figure 23: Distribution of non-trade completion rates in group training organisations



Note: Figures above are calculated based on unpublished apprenticeship program data for apprentices who commenced with a GTO between 2015–16 to 2018–19. Completion rates of 32 GTOs with 5 or fewer commencements across the 4 years have been excluded from this analysis.

Source: Review analysis based on unpublished DEWR apprentices and trainees data as at May 2024.

Later in this chapter we discuss the development of a performance framework for GTOs.

Apprentice wages and cost-of-living pressures

Cost-of-living pressures

It was generally acknowledged by all stakeholders that cost-of-living pressures were making apprenticeships less attractive for individuals and reducing retention and completions. The tight labour market also made other employment options more attractive.

We heard from a range of interested parties about the financial pressures facing apprentices. The Pharmacy Guild of Australia noted that apprentices may be required ‘to have a second job to meet cost-of-living expenses’. The Electrical Trades Union expressed similar views, noting that ‘apprentice members are now frequently reporting to the [Electrical Trades Union] that they are taking on a second job or doing more overtime than they would prefer, just to meet basic living expenses’.

We heard that many apprentices are currently struggling with meeting the cost of living, which can make the cost-benefit calculation of training wages more pronounced.

The lack of money is difficult. You need more incentives [and a] better wage.

Apprentice, via Australian Industry Group (focus group)

Pay is low, I'm lucky to have support from my family but others are affected.

Apprentice, via Australian Industry Group (focus group)

It would help me if I received more on the money side of things. It has been really tight and difficult. I haven't been able to do most of the things I've wanted to do.

Apprentice, via Australian Industry Group (focus group)

A liveable wage [would assist me to thrive in my apprenticeship]. The only way I'm existing is through my savings.

Apprentice, via Australian Industry Group (focus group)

I wouldn't have started my trade if I wasn't living with my parents.

Apprentice, via Australian Council of Trade Unions (focus group)

...everyone needs a car, you've got to pay for phone bills... You sort of realise that on a first-year wage, that even second and third year, if you weren't living at home, I don't know how people do that.

Apprentice, via Australian Council of Trade Unions (focus group)

Apprentice wages

Low wages can impact on apprentices' living conditions, ability to attend trade school and job sites, satisfaction, and ultimately attrition (Productivity Commission 2020b).

McDowell et al. (2011) note that the profile of apprentices has changed over time – the average starting age has long ceased to be 14 or 15 and is now 17 or 18, following completion of Year 12. They argue that the low level of pay extends 'the period of dependence for young people on parents and family, at a time when many of their peers are entering the unskilled workforce and earning considerably more on junior wages' (McDowell et al. 2011:88).

Financial strain associated with undertaking an apprenticeship was particularly pronounced for older apprentices and women, who are more likely to have family or caring responsibilities.

Addressing issues associated with low wages is complicated. While increasing training wages may increase the potential supply of apprentices and aid retention and completion, it also raises employers' costs, which may reduce the demand for apprentices.

The international evidence suggests actions that increase the financial costs to employers (for example, apprentice wage increases) can have negative impacts on commencements, but the results are mixed. The CIE international literature review found that the effect of minimum wages on firm-financed training ranged from negative to mixed to no effect (CIE 2024).

In the Australian context, Deloitte Access Economics (2020) notes that following changes to the modern award wage rates that came into effect for apprentices in 2014, carpenters/joiners and plumbers had *increases* in commencements at a time that coincided with the increased rate of pay in 2014.

While training wages are not the main reason why apprentices do not complete their training, they are likely to be a significant factor.

However, low wages may be a more important barrier to *entering* an apprenticeship (Misko and Wibrow 2020). This is a particular constraint for longer apprenticeships, some of which can take up to 4 years. Further, some young people may pay particular attention to short-term considerations, such as jobs that pay better immediately after leaving school. For example, an apprentice mechanic earns a lower average wage than a casual hospitality worker or labourer, and an apprentice chef earns less than a casual kitchen hand. Similarly, workers aged over 21 who are looking to make a career change can be deterred by the prospect of earning low apprentice wages for up to 4 years and the lack of flexible learning options (Deloitte Access Economics 2012).

Apprentices told us that with training wages relatively low and unable to compete with entry level jobs, there was temptation to leave their training for a higher-paid, lower-skilled job for the short-term financial stability.

When you've just finished in school you're told alright you want to be an apprentice [you'll be paid] \$13 or \$14 an hour or you can go work at Coles for \$25 or \$30 an hour.

Former apprentice, via Apprentice Reference Group (consultation)

Yeah, Aldi pay \$30 an hour, so it's about how we reward kids for hard work.

Apprentice, via Australian Council of Trade Unions (focus group)

The pay hasn't kept up... the young guys coming through, how can they justify doing that when the reward at the end of that isn't necessarily amazing either, unless you're going off to the mines. Coming from a construction background, we have a problem with hiring kids that want to do this in the first place, and then they can make no more than 15 bucks an hour. You can make more than that at McDonalds.

Apprentice, via Australian Council of Trade Unions (focus group)

For an apprentice in an unlicensed program, they are likely to move across to a job with a higher pay, usually outside of the industry, as the rates of pay for apprentices are very low.

Australian Hairdressing Council (submission)

They often elect to move into a different role where they are paid full-time wages immediately. For example, in construction, labourers are paid a higher wage which can stop people from moving into apprenticeships.

Workforce Australia Local Jobs Barwon (submission)

This is consistent with information provided by the National Australian Apprenticeships Association in its submission, which states that job switching by apprentices has increased from 6.4% to 13.7% over the past year and that low pay was 'the biggest single reason for non-completion'. The Association said 'cost-of-living pressures and a tight labour market are almost certainly drivers of these trends'.

Wage premiums on completion

The training wage is part of a complex dynamic between training wages, future wages and wages in alternative employment. Apprentice pay represents an opportunity cost in undertaking an apprenticeship as the training wage is lower than alternative employment.

The opportunity cost is balanced against the future premium that a qualified tradesperson receives relative to an unskilled worker (Nechvoglod et al. 2009). The benefit to the apprentice is very sensitive to the premium attached to being a qualified tradesperson and the alternative to the apprenticeship.

Nechvoglod et al. (2009:25) observe:

For a young person the pay-back period is short, and the apprenticeship appears to be a good investment. For an older person apprentice wages in the first and second year are low compared with the wage in an unskilled job. Therefore, the critical factor is the wage margin obtained by qualified tradespeople. Unless this is considerable, undertaking an apprenticeship is a poor investment for an older person.

The wage premium represents the amount of additional income (premium) a worker receives for becoming qualified in their occupation. In other words, it is the additional income a worker is expected to receive from working in their occupation after successfully completing their apprenticeship or traineeship. Wage premiums vary extensively between industries and occupations and tend to be higher for apprenticeships than traineeships.

Karmel and Mlotkowski (2011:34) found that for trade apprentices, the wage premium upon completion is more likely to affect completion rates than the training wage. For trainees, the training wage matters more:

... completion rates decrease with increases in the difference between wages in alternative employment and training wages.

Occupations typically associated with traineeships have little or no wage premium upon completion of the qualification, leading Cully (2008:272–274) to contend that:

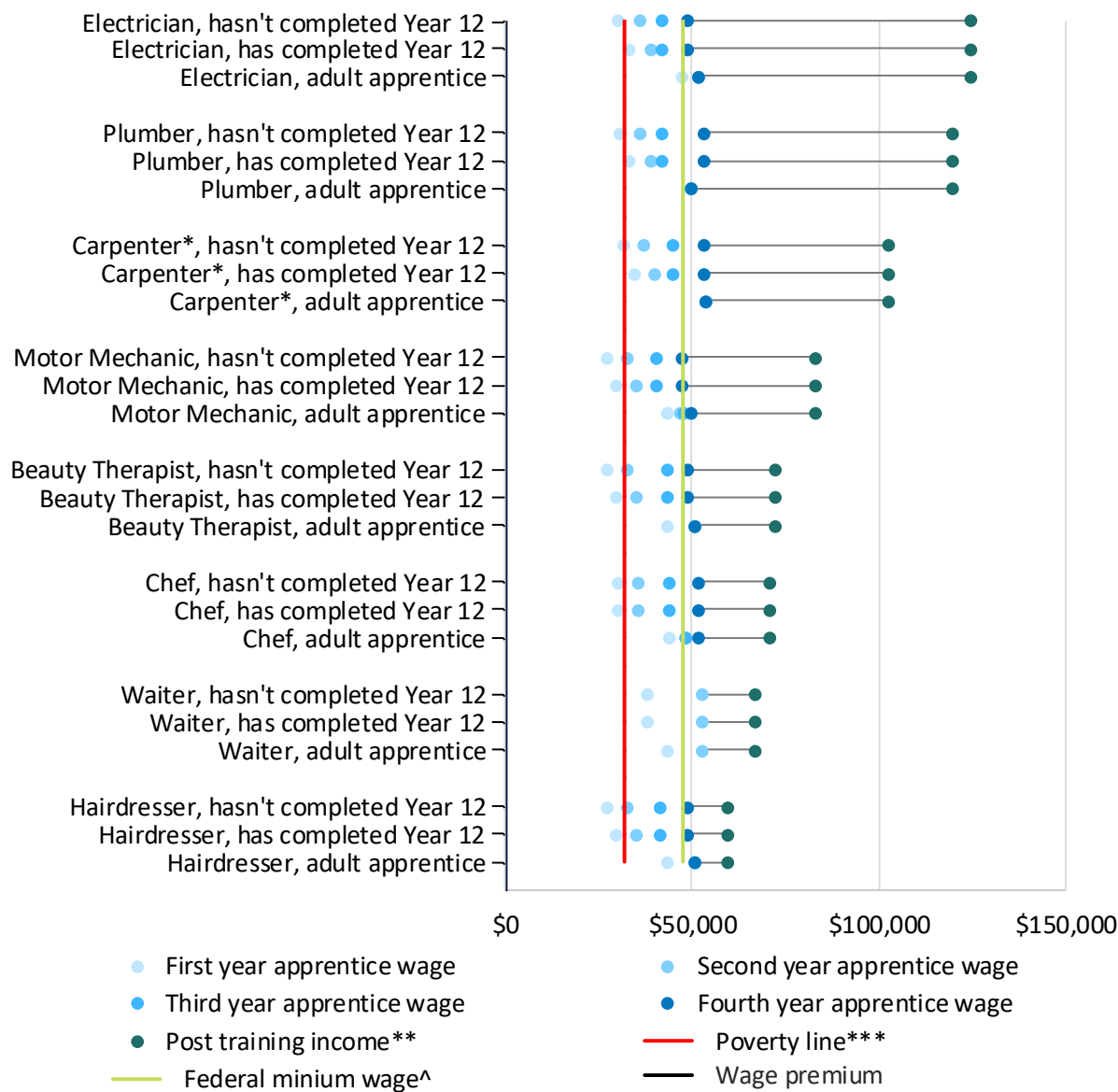
By inference, this means that those who have completed a traineeship qualification are no more productive than an unqualified worker. This does not imply, however, that the possession of such a qualification does not provide the individual with skills, just that they are not utilised effectively. It suggests that the necessary skills for the job can be learned on the job, as evidenced by a positive association between experience and wages.

The Productivity Commission (2020b:361) reached a similar conclusion, observing that the ‘acute sensitivity of traineeship to employer incentives suggests that the training itself had little real or perceived value for most employers’.

Wage premiums also vary between trade apprenticeships. The average wage premium is around \$19,000 (+37%) per year for an individual completing a chef apprenticeship and around \$9,000 to \$11,000 (+17–23%) per year for an individual completing a hairdressing apprenticeship, depending on the individual's age during training.

In contrast, the wage premium for an electrician apprenticeship is around \$73,000 (+142%) to \$76,000 (+158%), and the wage premium for a plumber apprenticeship is around \$67,000 (+126%) to \$70,000 (+141%).

Figure 24: Wage premium of apprentices and trainees in selected occupations



Notes: Apprenticeship wages above are based on the minimum wages from various modern awards and the national minimum wage prescribed by the Fair Work Commission. *Based on minimum apprentice wages for residential construction carpenters. **Post training income is calculated from the average weekly ordinary time cash earnings of full-time non-managerial employees reported by the ABS (January 2024 release). The number of weeks in a year is assumed to be 52 weeks for this calculation. ***Figure is the annualised weekly poverty line for a single adult in the workforce described in the March Quarter 2024 release of the 'Poverty Lines: Australia' report by the Melbourne Institute. The poverty lines represent the disposable income required to support the basic needs (including housing) of a single person in the workforce.

Source: Review analysis based on data from the ABS (2024b), Fair Work Commission and Melbourne Institute (2024).

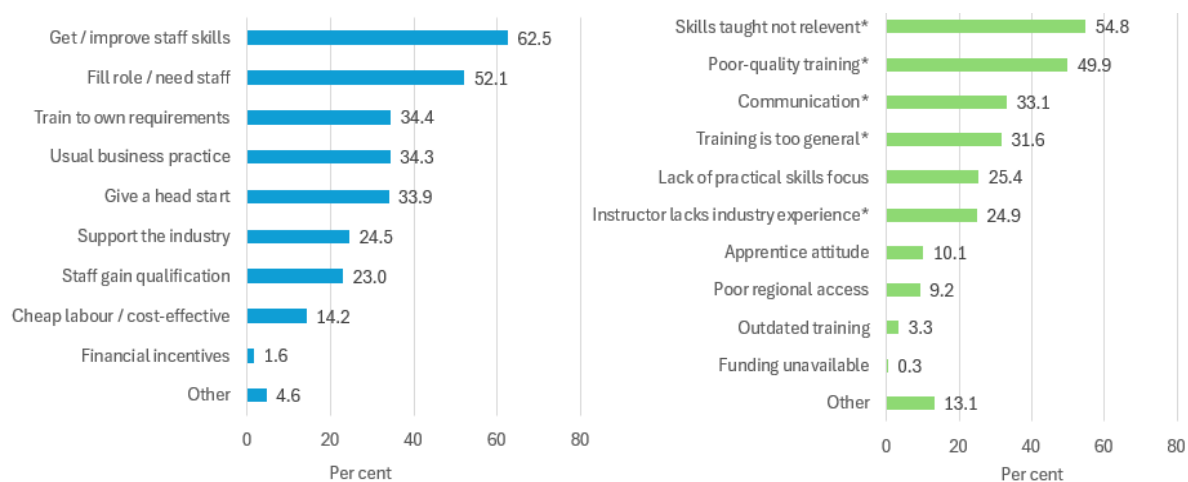
Historically, occupations with low wage premiums are more sensitive to the availability of incentive payments. This is because in these occupations, incentive payments represent a larger share of the total value employers derive from their apprentice.

The employer experience

Employers view apprenticeships as an opportunity to hire a relatively unskilled employee at a significant wage discount, and to train them to be increasingly skilled and productive. They report that the top reasons for employing apprentices are to obtain skilled staff, upskill existing staff, fill a specific role, or train to their own requirements. Many employers also report that they employ apprentices to give young people a head start and to support their industry (Productivity Commission 2020b).

Figure 25 shows the results of an employer survey on the reasons for employing apprentices, and the main reason for employer dissatisfaction with apprentices.

Figure 25: Reasons for employing apprentices and for dissatisfaction



Note: *The estimate has a margin of error greater than or equal to 25% and should be used with caution. Figures in the left chart represent percentage of all employers with apprentices. Figures in the right chart represent percentage of employers dissatisfied with apprentices. Chart created by National Centre for Vocational Education Research (NCVER).

Source: NCVER (2023a).

In small businesses, employing apprentices can be more challenging as the businesses often do not have dedicated human resources staff or experience in navigating the apprenticeship system, are less likely to have a sophisticated recruitment system, are less likely to attract the best apprentices, and do not have the economies of scale to reduce the cost of training across their workforce (Kuczera 2017).

The extent to which government subsidies and other financial incentives provided to employers are effective is contested.

Supervision costs are often the most expensive costs for employers, aside from training wages, with higher upfront costs that decline over time as the apprentice requires less supervision. Nechvoglod et al. (2009) found that trade apprenticeships involve a substantial financial commitment from employers, particularly for supervision.

They also concluded that the effect of government incentives on employers' decisions to train trade apprentices was minimal, as they do not represent a significant portion of the costs incurred.

The relative costs to the employer are higher if an apprentice does not complete their apprenticeship or changes employers. In such cases, the employer misses out on the apprentice's greater productivity in the latter years of the apprenticeship.

The Productivity Commission (2020b:361, 363), in its report from the Review of the National Agreement for Skills and Workforce Development, cited findings that:

Employer incentives, as designed, are widely seen to have little effect on the decisions made by employers of trade apprentices, largely because they are modest relative to the cost of hiring and training...

Overall, modest employer incentives provided to all employers are only likely to change the behaviour of a small number at the margin...

Therefore, unless they make a sufficiently large proportion of employer costs or return on investment, employer incentives are not likely to be effective at achieving additionality.

The Productivity Commission (2020b) also favoured the removal of employer completion incentive payments, noting that employers have strong incentives to avoid non-completions because their apprentices are likely to become more productive over time.

The Productivity Commission (2020b:364) concluded:

Overall, given their limited effectiveness relative to scale, employer incentives do not appear to offer a good return on investment. Increasing the size of incentives is unlikely to be prudent. Further, it is important to recognise that employers benefit from engaging in apprenticeships and need to have 'skin in the game'.

The importance of incentive size is shown by the pattern of traineeship commencements. The number of traineeship commencements reached a peak of about 235,000 in 2012 but fell by almost 65% by 2019. This sharp fall has been linked to changes in employer incentives. As the Productivity Commission (2020b) observed, this suggests that employers did not place much value on the actual training. Prior to the 2012 policy change, incentives made up a significant portion of trainee wages – in some cases, up to 20% – because incentive payments were unrelated to duration and traineeships are generally of a shorter duration than trade apprenticeships (Karmel and Rice 2011).

Impact of the macro-economic environment on apprenticeships

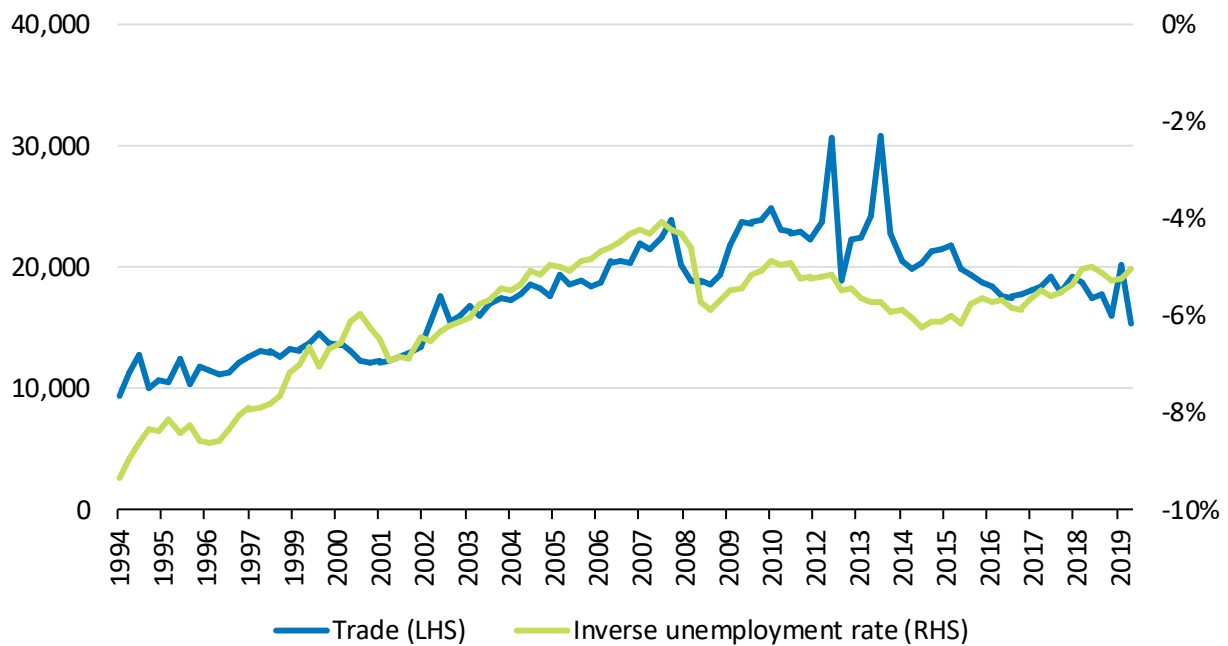
The conventional wisdom is that apprenticeship numbers are linked with the economic cycle, largely because apprentices are concentrated in industries where employment itself is cyclical (Kapuscinski 2001; Toner 2003; Karmel and Mlotkowski 2010).

In considering incentive settings it is important to understand the extent that apprenticeship commencements are driven by the business cycle. The research suggests that during a downturn, weak demand from employers tends to be a constraint on apprenticeship commencements.

The macro-economic environment has different effects on trade compared with non-trade apprenticeship commencements. Non-trade apprenticeships have generally been seen as *more* sensitive to policy changes but less sensitive to the business cycle than trade apprenticeships. Trade apprenticeship commencements are *more* responsive to the business cycle.

While previous studies have noted the responsiveness of apprenticeship commencements to the business cycle, this section seeks to quantify that effect to improve understanding of the drivers of apprenticeship commencements by estimating the responsiveness of apprenticeship commencements to the business cycle.

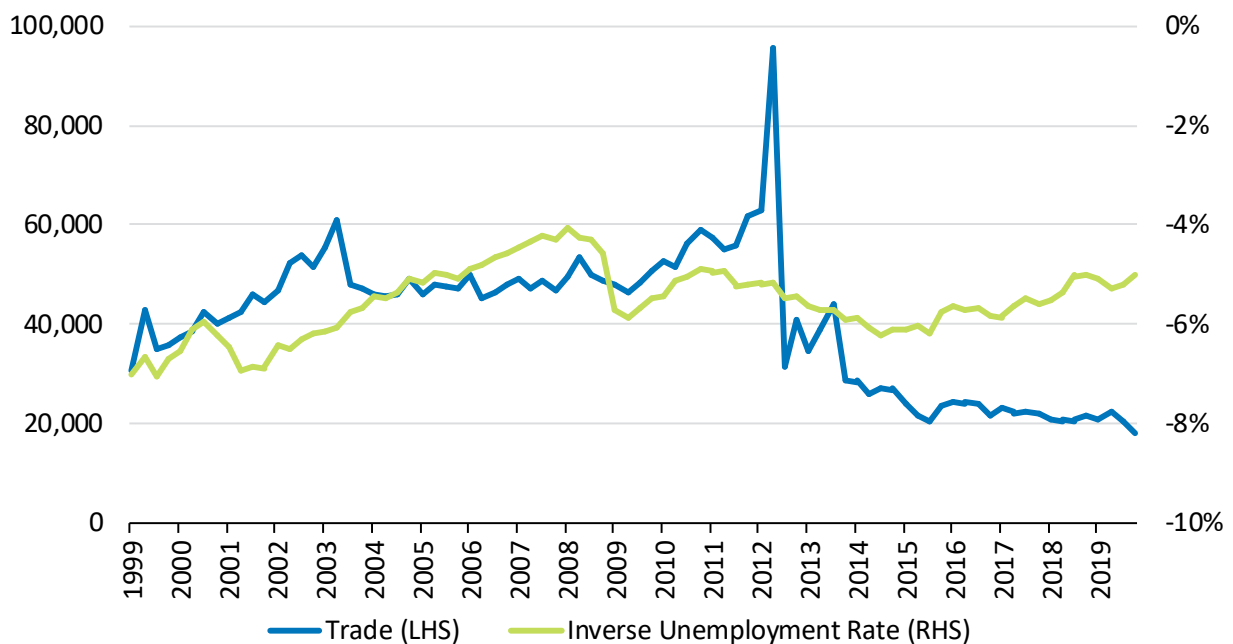
Trade commencements appear to have a strong relationship with the unemployment rate, as shown in Figure 26.

Figure 26: Trade-based apprenticeship commencements and inverse unemployment rate

Note: LHS = Left hand side of chart. RHS = Right hand side of chart. Data based on Australian Trade commencements.

Source: Review analysis based on NCVER (2024b) apprentice and trainees data and ABS Labour Force data (ABS 2024d) data.

Non-trade commencements display little relationship with the unemployment rate, as shown in Figure 27. The sharp fall in commencements followed the policy changes in 2012–13.

Figure 27: Non-trade based apprenticeship commencements and inverse unemployment rate

Note: LHS = Left hand side of chart. RHS = Right hand side of chart. Data based on Australian non-trade commencements

Source: Review analysis based on (NCVER 2024b) and ABS (2024d) data.

The cyclical response of apprenticeships between occupations

Most commencements in trade-related occupations have an inverse relationship with the unemployment rate at the occupation level. However, building and construction related occupations demonstrate greater responsiveness to the business cycle (fluctuations in the economy over a period), reflecting the highly cyclical nature of the building and construction sector. Non-trade occupations tend to have a mixed but generally lower or statistically insignificant response to the business cycle.

These results are consistent with the findings from Karmel and Misko (2009). They considered the impact the global financial crisis had on apprentices (using historical observations and theoretical considerations) and concluded that the economic downturn was more seriously impacting trade apprentices. Similarly, Deloitte Access Economics found an inverse relationship between the general unemployment rate and trade apprentices, and no relationship for non-trade apprentices through its analysis of Training and Youth Information Management System data from 2005 to 2019 (Deloitte Access Economics 2020).

The same study also assessed the impact of macro-economic conditions on commencements using NCVER data from 2003 to 2020 (Deloitte Access Economics 2020). The study found no consistent significant relationship between macro-economic conditions and total commencements (trade and non-trade combined). However, this assessment did find a weak pro-cyclical relationship between total commencements and employment growth.

Karmel and Mlotkowski (2008) found that metal, vehicle, electrical and building apprenticeship numbers are particularly sensitive to labour market conditions.

In summary we found:

- The business cycle plays an important role in a firm's decision to take on a new apprentice. Firms are more willing to take on an apprentice when labour demand is strong and alternative hiring options are limited.
- A one percentage point increase in the unemployment rate is estimated to reduce trade commencements by around 15% (in levels around 13,000 annually) and non-trade commencements by around 3% (in levels around 2,800 annually).
- Non-trade apprenticeship commencements have a very limited response to the business cycle.
- While the trades' responsiveness to the business cycle is large relative to annual apprenticeship commencement numbers, it is small relative to the size of the youth labour market and trade employment.

Econometric evaluations on incentives

We considered a range of other evidence regarding the effectiveness and efficiency of the incentive system, starting with the econometric evaluations.

The Deloitte evaluations of previous incentive programs

From 2012 to 2020, Deloitte Access Economics conducted various econometric evaluations of various aspects of the incentive system. We note at the outset that frequent changes to policy settings make it difficult to evaluate the impact of measures because of interaction with potentially confounding factors. The following summary is an expanded version of a table in the ACE rapid evaluation of a COVID-era apprentice wage subsidy program, discussed later in this chapter.

Australian Apprenticeships Incentives Program

Program: Standard payments made to employers, typically \$1,500 at commencement and \$2,500 at completion. Several special and additional payments persisted over varying lengths since the program's inception.

Eligibility: All apprentices and trainees.

Timing: Commenced in 1998 as the New Apprenticeships Incentives Program and was renamed to the Australian Apprenticeship Incentives Program (AAIP) in 2006.

Deloitte Access Economics (2020; 2012) found:

- Commencements had declined over the decade (from a peak of around 330,000 in 2010–11 to around 155,000 in 2018–19), largely due to the withdrawal of incentives for existing workers in occupations not on the National Skills Needs List in 2012–13.
- The drivers of commencements over 2010 to 2020 appeared to be specific to individual occupations and state and territory economic and policy changes.
- Trade-based apprenticeship commencements did not grow with population and employment growth, as they were largely stable over 2013–14 to 2018–19.
- The implicit training subsidies arising from the AAIIP were much higher for non-trade-based traineeships than trade-based apprenticeships because non-trade-based traineeships were of a much shorter duration.
- Evidence of the effect of incentives on completion rates was mixed.
- Financial incentives had a positive effect on commencement rates and the value of the incentive was positively related to the effect of the incentive.
- Support mechanisms for the apprentice, trainee and the employer, such as mentoring, pastoral care and quality training provision, were critical to the successful completion of the apprenticeship.

In essence, 2 primary conclusions could be drawn from the econometric analysis of commencements:

- **Money matters.** None of the analysed incentives were proven to have a negative effect on commencements. All the incentives offering more than \$1,000 in the first year proved to have a significant, positive effect on commencements.
- **Timing matters.** Drawing from evidence revealed in the Apprentice Kickstart Bonus and Apprentice Kickstart Extension analysis, an incentive that affects people under the age of 20 had a much larger effect around summer than at other times of the year. This is likely because the supply of potential apprentices is highest in summer when the traditional school year finishes.

On the other hand, the findings on retention and completion analysis suggest that for the most part these incentives were ineffective, as they were associated with an increase in the probability of cancelling an apprenticeship, and a decrease in the probability of completing an apprenticeship. A notable exception to this was the Living Away From Home Allowance.

Australian Apprenticeship Wage Subsidy

Program: The Australian Apprenticeship Wage Subsidy (AAWS) was introduced as a trial measure to test the use of wage subsidies to support increased rural and regional employer participation in the apprenticeship system. The wage subsidy was calibrated to 75% of the award wage in the first year, 50% in the second year and 25% for the third year (and no subsidy in the fourth year).

Eligibility: Only apprentices in occupations aligned to the National Skills Needs List were eligible. Eligibility was restricted to employers without any existing apprentices and limited to a single AAWS-subsidised apprentice.

Timing: Introduced as a trial measure in 2 phases over 2019.

Cost: Overall, \$120 million in wage subsidies allocated and supported 2,715 new apprenticeships in 2,715 employers.

Deloitte Access Economics (2022a) found:

- It was difficult to accurately assess the effect of the AAWS and to disentangle any effects relative to the larger and more broad reaching COVID-19 related programs (Supporting Apprentices and Trainees (SAT), BAC, CAC and JobKeeper).
- These 2,715 apprenticeship commencements represented 13% of all rural and regional apprenticeship commencements in skills need occupations in 2019.

- Total rural and regional apprentice commencements increased by 1.3% (523) over 2019. From 2015 to 2018, the number of commencements fluctuated around 41,000 but overall declined by 0.3% on average year-on-year.
- A total of 42% of AAWS employers had never had an apprentice, while the other 58% had some previous experience with apprenticeships.
- Over half of all AAWS employers hired an additional apprentice following the commencement of their initial AAWS apprentice.
- AAWS employers favoured the higher initial subsidy quarterly payment schedule. AAWS apprentices had greater retention rates. As at December 2021, 57% of AAWS apprentices had either completed or were continuing their apprenticeship, compared with 41% of non-AAWS apprentices that commenced at the same time in the occupations aligned to the National Skills Needs List in regional and remote areas.
- Total participation by rural and regional employers increased by 2.0% (760) over 2019, after average year-on-year declines of 0.6% from 2015 to 2018.
- Consultations with AAWS employers found that for employers who had never participated before, the trial provided them with the experience, confidence and knowledge to continue engaging with apprentice workers.
- For those employers with previous experience, the trial predominately provided the financial support needed to overcome cost barriers to hiring a new apprentice.
- Employers noted that the subsidy was important for retaining their apprentices during the pandemic and the period of economic uncertainty.

Supporting Apprentices and Trainees

Program: To support SMEs to retain existing apprentices and trainees, as well as re-hire displaced apprentices as during the COVID-19 pandemic.

Eligibility and timing: SAT was available for apprentices employed between 1 January 2020 and 31 March 2021 and was valued at 50% of apprentice wages to a maximum of \$7,000 per quarter per apprentice.

Cost: Overall, \$1.9 billion in wage subsidies was provided to nearly 75,000 employers supporting over 150,000 apprentices.

Deloitte Access Economics (2022b) found:

- The number of employers participating in apprenticeships was maintained, and in fact increased over 2020 (by 3.9%) and 2021 (by 16.1%), after year-on-year declines over the previous 5 years.
- Total apprentice volumes and continuing apprentice volumes were maintained, and in fact increased over 2020 (by 4%) and 2021 (by 20%). This was driven by higher apprentice retention rates overall and for SAT apprentices.
- The majority of surveyed employers (58%) reported that SAT was highly important for supporting the ongoing employment of existing apprentices.
- Over three-quarters of surveyed employers (77%) stated that SAT was of 'high importance' or 'moderate importance' in keeping their business operating through the pandemic. Employers noted that the regular cashflows were particularly important during a period of significant uncertainty.

Rapid evaluation of COVID-era apprentice wage subsidy programs

ACE undertook a 'rapid evaluation' of the BAC and CAC as an input to our review. The evaluation questions, data, methods and results are set out in the ACE report (2024).

The BAC and CAC programs were time-limited policy interventions to support businesses to take on new apprentices during the COVID-19 pandemic. The programs were open to employers who commenced an apprentice in the 7 quarters between 5 October 2020 and 30 June 2022.

The BAC program provided a wage subsidy for the first year of an apprenticeship, covering both:

- 50% of an apprentice's gross wage for the 12-month period from the date of commencement or recommencement
- up to a maximum of \$7,000 per eligible apprentice per quarter (which equates to \$28,000 for the 12-month period).

The CAC program provided a tapered wage subsidy amount over the second and third year of the BAC and CAC apprenticeship, covering:

- 10% of an Australian Apprentice's gross wage for the period from 12 to 24 months from the date of commencement; up to a maximum of \$1,500 per quarter (which equates to \$6,000 for the 12-month period)
- 5% of an Australian Apprentice's gross wage for the period from 24 to 36 months from the date of commencement; up to a maximum of \$750 per quarter (which equates to \$3,000 for the 12-month period).

Eligibility for BAC payments continued until 30 June 2023 (that is, 12 months from 30 June 2022), with eligibility for CAC payments continuing until June 2025 (that is, 36 months from 30 June 2022).

The data for commencements and cancellation rates used by ACE are based on econometric modelling that attempts to estimate what would have happened in the absence of the BAC and CAC programs. As the ACE report notes, this modelling would not have captured all factors that influence the commencement or completion decisions of employers and apprentices, but the authors expressed confidence that 'the model gives a good approximation, and the remaining "bias" in our estimates is small' (ACE 2024:10).

The central conclusions of the ACE report are that the BAC and CAC program achieved their intended outcome of increasing commencements, but did so at a significant cost, and had a negative impact on cancellation rates for non-trade occupations. The main findings are summarised below.

Total BAC effect on commencements

The BAC program caused an increase in commencements compared with the number of commencements expected without BAC. Overall, there were about 191,000 (95% confidence interval between 154,000 and 222,000) additional commencements under the BAC program. This represents an increase of about 70% on the level of commencements that modelling suggests would have occurred in the absence of the BAC (ACE 2024: 7, 8). There were:

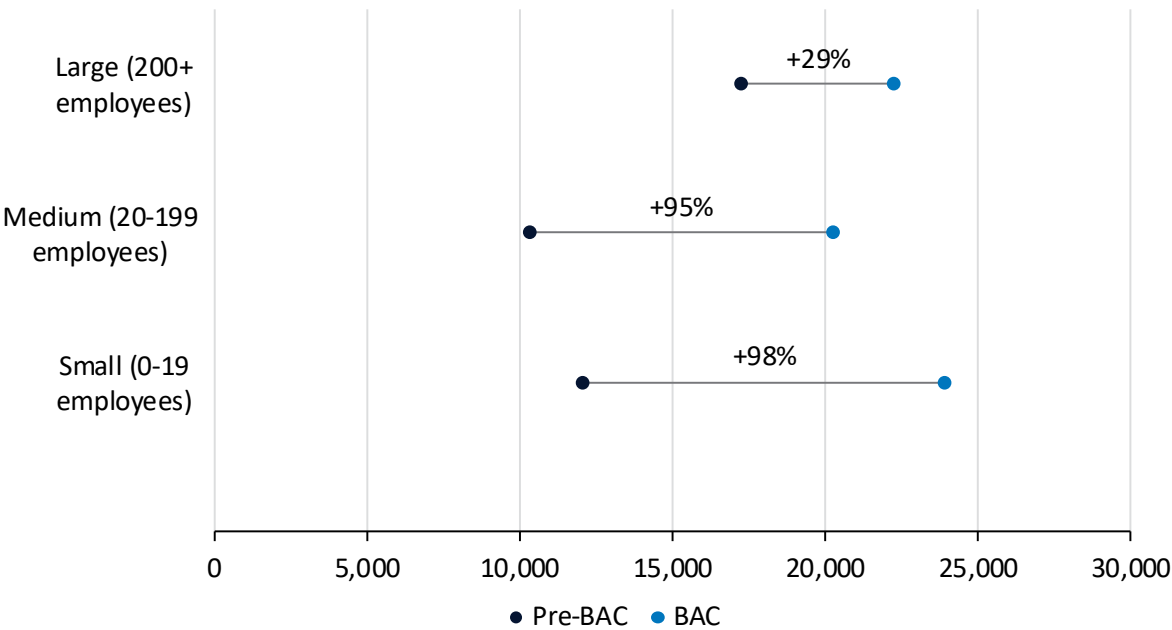
- 199,000 commencements during the BAC period – this represented an increase of about 77,000, or 63% compared with what would have been expected in the absence of the program (95% confidence interval of 60,000 to 92,000)
- 267,000 commencements during the BAC period – this represented an increase of 114,000, or 75%, compared with what would have been expected in the absence of the program (95% confidence interval of 94,000 to 131,000).

The number of employers who hired apprentices for the first time rose during the BAC period. The rise in commencements during the BAC period was driven by small, new employers – those who had not commenced an apprenticeship in the previous 12 months.

The ACE analysis uses Treasury definitions of employer size that aligns with ours (that is, large employers are businesses with 200+ employees, medium size employers are businesses with 20 to 199 employees, and small employers are businesses with 0 to 19 employees).

As shown in Figure 28 large employers were relatively less responsive under the BAC program and did not increase their apprenticeship hiring by as much as SMEs. We return to the relative lack of responsiveness of large employers, later in the chapter.

Figure 28: Impact of Boosting Apprenticeship Commencements on commencements



Note: BAC = Boosting Apprenticeship Commencements. CAC = Completing Apprenticeship Commencements. Data is the average apprenticeship commencements per quarter.

Source: ACE (2024).

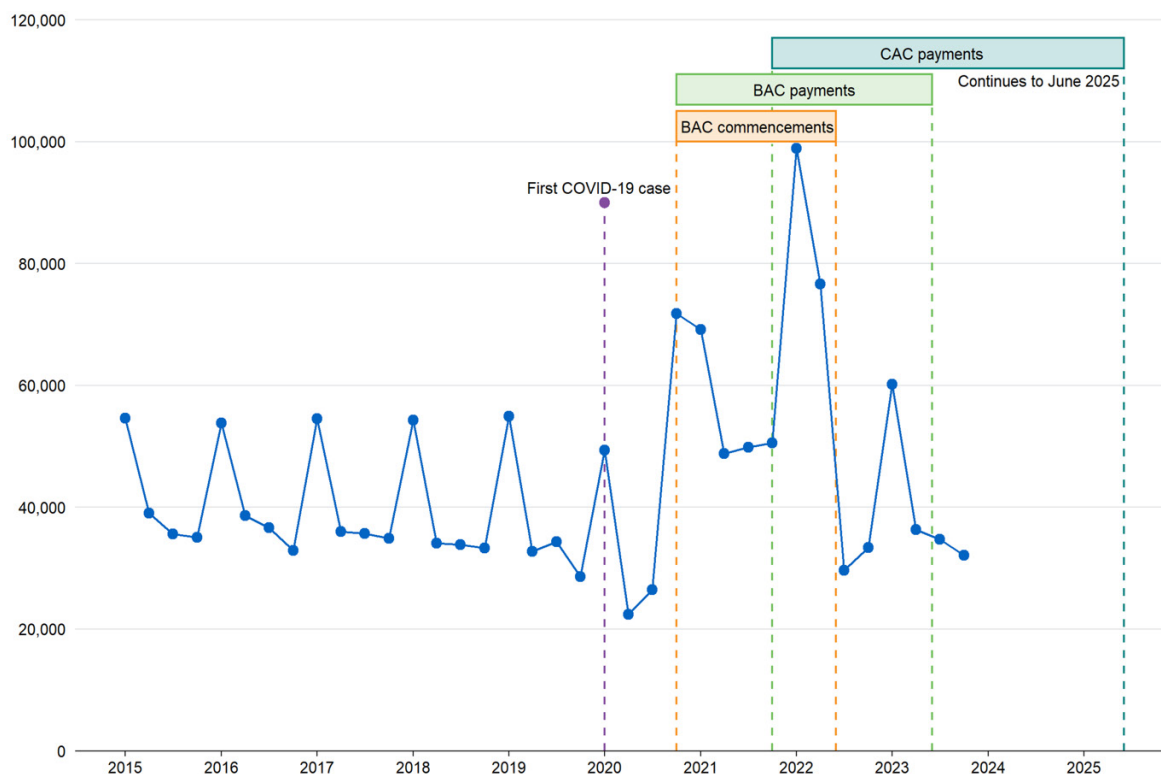
Commencements also varied by industry sector and occupation. Employers in Construction – the largest employer industry – commenced 66% more apprentices during the BAC period, increasing from about 8,000 per quarter to 13,000 per quarter. Employers in the next largest industries during the BAC period, Accommodation and Food Services and Administrative and Support Services, had increases of 92% and 37% respectively (ACE 2024:9).

The large non-trade occupations had strong commencement growth throughout the BAC period: general clerks (+150%), salespersons (+123%) and hospitality workers (+110%).

The apparent increase for child carers (+12%) was not statistically significant, meaning this difference may have been chance variation rather than an effect of the BAC program (ACE 2024:34).

In terms of the alignment with Australia’s economic priorities, it is notable that the top 40 largest increases in commencements between pre-BAC and during-BAC were dominated by non-priority occupations (ACE 2024:16).

Priority occupations represented a lower share of overall commencements during BAC, as such occupations are predominantly trade-based, and the BAC program had a larger impact on non-trade commencements than trade commencements (ACE 2024:15).

Figure 29: Number of apprenticeship commencements by quarter

Note: BAC = Boosting Apprenticeship Commencements. CAC = Completing Apprenticeship Commencements. Chart created by ACE.
Source: ACE (2024).

The ACE report also examines the demographic characteristics of BAC/CAC apprentices and trainees in order to understand whether the program supported key priority cohorts, including gender, age, disability, culturally and linguistically diverse status and First Nations people.

It found that (ACE 2024:17):

The share of commencements was similar to pre-BAC levels for gender, people with a disability, and people from culturally and linguistically diverse backgrounds... Commencements were more likely to be aged 21 years or older than previously... The BAC program was associated with a large increase in the number of First Nations people undertaking an apprenticeship, it was also associated with a lower share of commencements being First Nations people than either before or after the BAC program.

The ACE report suggests that the older age profile of BAC/CAC apprentices is likely driven by 3 things. First, the BAC wage subsidy reduced the additional cost of an older apprenticeship. Second, in non-trade occupations, the BAC program led to a substantial increase in workers undertaking an apprenticeship with their existing employer (in some cases, this may have reflected 'sharp practice', as discussed in a later section of this report). Finally, the increase in older apprenticeships may have been partly due to broader impacts of the pandemic, rather than the BAC program. Specifically, the pandemic led to substantial disruption in the labour market that may have caused older workers to look for further qualifications (ACE 2024:17).

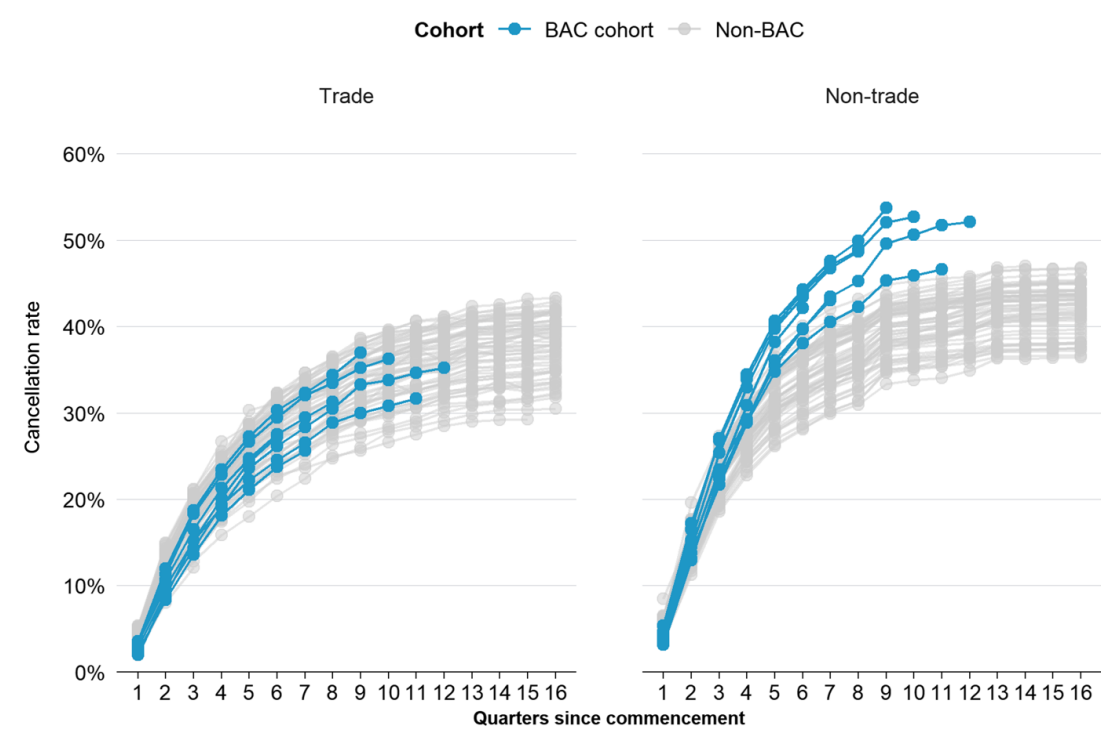
BAC program effect on cancellations and completions

Cancellations were higher for non-trade commencements during BAC, particularly for occupations with high growth during the period such as office and practice managers; chief executive, general managers; general clerks; and logistics clerks (ACE 2024:13). The ACE pointed to 'sharp practices' as a potential reason for the higher cancellations among non-trade commencements, but also noted that other factors such as the tight labour market could have played a role (ACE 2024:24).

For trade commencements, the cancellation rates for BAC cohorts were within the historical range, with between 25% and 30% of apprenticeships cancelled 6 quarters (18 months) after commencement.

The patterns in cancellations for non-trade commencements is less consistent with historical ranges. At 6 quarters after commencement, cancellation rates for all-but-one of the BAC cohorts were higher than previous cohorts, as shown in Figure 30.

Figure 30: Cancellation rate for non-trades is less consistent than trades



Note: BAC = Boosting Apprenticeship Commencements. Chart created by ACE.
Source: ACE (2024).

The ACE report also models whether any of the 4 million individual commencements led to a cancelled apprenticeship 18-months later, noting that the results provide the average marginal effect of commencing an apprenticeship under the BAC program.

On average, and controlling for compositional changes and labour market conditions, trade commencements were 0.7% less likely to be cancelled during the BAC program. On the other hand, non-trade commencements were about 7% more likely to be cancelled. This is significant, especially given the baseline 6-quarter cancellation rate of 30% to 40% for non-trades (ACE 2024:13).

BAC and CAC cost

The programs came at a significant cost. While the BAC and CAC programs were successful in increasing commencements, they did so at a cost of over \$7.5 billion (ACE 2024:21).

ACE calculates the overall cost of each ‘additional’ commencement and completion by dividing the overall cost of the program by the number of ‘additional’ commencements modelled above, and finds that program cost approximately \$40,000 per additional commencement, with a range of \$30,000 to \$50,000 per additional commencement (ACE 2024:22). For context, the incentives paid to an employer of an apprentice undertaking an electrical qualification who commenced prior to COVID-19 was around \$4,000.

ACE calculates the cost of ‘additional’ completions by taking completion rates for the most recently available completion rate data from the NCVER (2024b) (for both trades and non-trades) and adjusting upward or downward based on how the cancellation rates for the BAC/CAC apprentices differed from previous apprentices at the 18-month mark. ACE notes that this is a conservative estimate as it is possible BAC/CAC apprentices will have higher cancellation rates beyond the 18 months mark than non-BAC/CAC apprentices, however, the differences are not expected to be large. This completion rate was then multiplied by the number of commencements to find the total number of additional ‘completions’ due to the BAC/CAC program. ACE finds the cost of an additional apprentice completion under the BAC/CAC to be approximately \$80,000, with a range of \$60,000 to \$90,000 (ACE 2024:22).

Sharp practice in non-trades occupations

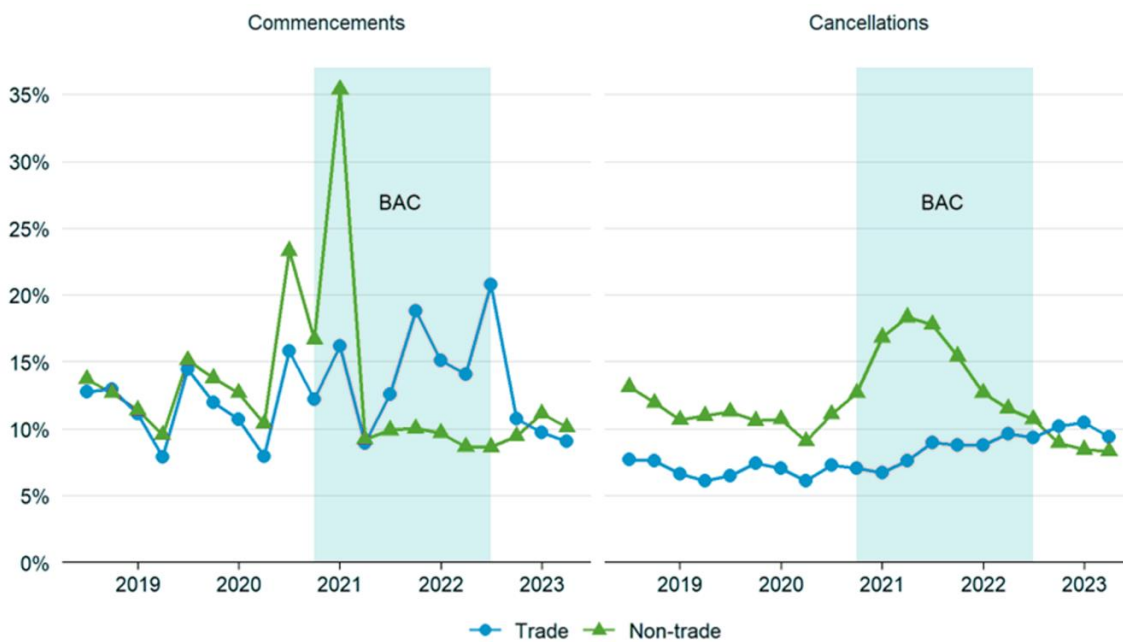
The sharp practice in the BAC program identified in the ACE report involved businesses converting existing workers to an apprenticeship for the purpose of receiving the wage subsidy, rather than for the purpose of training (ACE 2024:24, 28).

In extreme cases, existing workers were not informed they were being commenced in a qualification.

...[the program was] one of the key drivers of the higher cancellation rates for non-trade occupations as employees who were not actually interested in training cancelled their training once their employers had received the wage subsidy.

Figure 31 shows how the share of commencements comprising existing workers was elevated during the BAC program, particularly for non-trades during the early years of the program. This resulted in an increase in the share of non-trade cancellations just after the BAC period.

Figure 31: Share of commencements and cancellations relating to existing workers



Note: BAC = Boosting Apprenticeship Commencements. Chart created by ACE.
Source: ACE (2024).

Sharp practice was almost entirely an issue in non-trades rather than trades, for several reasons (ACE 2024:25):

- Trades training is usually undertaken in-person at a Technical and Further Education (TAFE) or other training provider, which requires an employee to be paid to attend classes off-site often for one day per week. This meant that shifting existing workers onto a trade apprenticeship, while keeping their job roles and responsibilities the same, would be difficult or impossible. By contrast, there is greater flexibility in how non-trades training is delivered (for example, remotely or online rather than in-person).
- In non-trades occupations, like hospitality and office administration (both of which experienced large increases in commencements), there was a greater likelihood of an existing worker being available to commence a qualification than was the case for trades-based industries like, for example, carpentry and plumbing.
- The bulk of trades training is delivered by state government funded TAFEs, whereas a significant share of non-trades training is delivered by for-profit RTOs. The latter may have had a stronger incentive to participate in sharp practices.

Summary of the evidence on incentives

Apprenticeships and traineeships respond differently to the business cycle and incentives

It is important to think about apprenticeships at a disaggregated level because trade-based apprenticeships and traineeships respond differently to the business cycle and to incentives.

Business cycle

Trade apprenticeship commencements are responsive to the business cycle and most have an inverse relationship with the occupational unemployment rate. Building and construction related occupations are more responsive, reflecting the highly cyclical nature of the sector; hairdressers and food trades occupations are slightly less responsive (Atkinson and Stanwick 2016; Karmel and Misko 2009; Kapuscinski 2001; Toner 2003; Karmel and Mlotkowski 2008).

Non-trade commencements (traineeships) display little relationship with the unemployment rate and are largely unresponsive to the business cycle.

Incentives

Actions that lower the financial costs for employers generally increase the number of apprentice commencements, although the responses vary by sector and with time.

Trade-based apprenticeships and traineeships respond differently to incentives. Incentives associated with trainees can be thought of as implicit wages subsidies, which in some cases are very substantial. This is because of the interaction between junior and adult wages rates, the duration of the traineeship and the wage incentives. The effectiveness of incentive payments depends on the costs and benefits for employers. Apprentices with longer qualifications and higher training wages require higher employer incentives to induce additional commencements (Deloitte Access Economics 2020). Trade apprenticeships are generally longer than traineeships (4 years versus 2 years). Traineeships are relatively short in duration, which means that the incentives form a higher proportion relative to the wage than is the case for trade apprenticeships. The existing hiring incentive is up to \$5,000 paid in 2 instalments: \$2,000 at 6 months; and \$3,000 at 12 months. As the incentive payment is a fixed sum unrelated to duration, the shorter the duration of the apprenticeship the greater the subsidy.

Nechvoglod et al. (2009) found that the effect of government incentives on employers' decisions to train trade apprentices was minimal because they do not represent a significant portion of the costs incurred.

Findings from the Productivity Commission (2020b) highlight that incentives are not a good return on investment because some employers of non-trade apprentices value the incentive more than the training itself, and modest incentives only changed the behaviour of a small number of employers.

A reduction in employer incentives has a direct and significant effect on traineeship commencements.

Cully (2008) points out that employers will be attracted to trainees relative to other labour because of the high level of wage subsidy associated with them, and that in a downturn, employers may well prefer the subsidised trainees to other employees for whom they have to pay a full wage and hence traineeship numbers may well hold up during the downturn (Karmel and Misko 2009).

Not all businesses are the same and react in the same way to incentive payments

Employer size

As noted, apprentices hired by large employers have higher completion rates than those hired by SMEs (review analysis based on unpublished DEWR apprentices and trainees data as at August 2024). Larger firms can provide a better experience for apprentices, resulting in lower chances of unemployment in the long term (CIE 2024).

Factors contributing to the apprentice experience include whether the employer has dedicated human resource functions and invests in apprentice support infrastructures, which larger employers are more likely to do.

Smaller employers on the other hand, may not have enough capacity to provide a high-quality training environment and support for their apprentices because of resource constraints and lack of mentoring expertise (Bednarz 2014; Dickie et al. 2011; O'Dwyer and Korbel 2019).

Different sized businesses are also found to behave differently to incentive payments. The Business Council of Australia told us in its submission that for large businesses, apprentice intake is based on business need and is less influenced by the availability of incentives compared with smaller employers. This is reflected in the number of trade apprentices commencing with large employers since 2010, which has been more stable than the number of apprentices commencing with SMEs.

The ACE evaluation showed the BAC program had a much larger impact on commencements in SMEs, with commencements growing by 98% for small businesses of up to 19 employees and 95% for medium businesses of up to 199 employees, compared with 29% for large businesses of over 200 employees.

Employers who had never employed apprentices before respond positively to targeted incentives (Winterbotham et al. 2020). In the Australian context the majority of 'new employers' are small employers and the rise in commencements during the BAC period was driven by small, new employers.

On average 40% of smaller employers, 21% of medium-sized employers and 11% of large employers are new employers.

Around 51% of new small employers, 67% of new medium-sized employers and 70% of new large employers hired more apprentices in subsequent years.

New employers have a lower completion rate than the average of all similar-sized employers, but new employers who hire more apprentices in subsequent years appear to have a similar or higher completion rate than the average of all similar-sized employers.

Group training organisations versus direct employers

Whether the hiring business is a direct employer or a GTO also makes a difference to the training outcome of apprentices.

GTOs facilitate employment training arrangements by employing apprentices and placing them with host employers. They undertake the employer responsibility for the quality and continuity of apprentices' employment and training. GTOs also play a role in providing necessary supports for apprentices. These include peer support and mentorship, supports which are known to be important for apprentices' wellbeing and mental health (Buchanan et al. 2016) as well as their satisfaction with their training experience (Snell and Hart 2008).

Apprentices employed through GTOs have higher completion rates than those directly employed by host businesses, particularly when compared to apprentices employed by small or medium-sized host employers.

However, not all GTOs provide the same quality of service. Identifying high-performing GTOs and directing program funding based on performance will lift completion rates.

Broad, homogenous employer incentives are not cost effective

International evidence shows that universal financial incentives have little impact as they only make a difference at the margins (OECD 2018). Incentives are typically more effective at increasing existing engagement (the 'intrinsic' margin), as opposed to encouraging new employers to engage in apprenticeships (the 'extrinsic' margin). Achieving additionality can be difficult and some participants did not 'need' the incentive to undertake the activity (Deloitte Access Economics 2022a).

While broad, homogenous incentives may increase commencements, employer incentives are ineffective in increasing completions and are associated with an increase in the probability of cancelling an apprenticeship/traineeship, and a decrease in the probability of completing an apprenticeship/traineeship (Deloitte Access Economics 2020).

The Productivity Commission (2020b) favoured the removal of employer completion incentive payments, noting that employers have strong incentives to avoid non-completions because their apprentices are likely to become more productive over time.

Findings from the ACE report on the BAC/CAC program provide further evidence that broad-based programs can improve commencements, but not completions. Broadbased programs are expensive and are not cost-effective.

Broad, homogenous employer incentives carry a greater risk of sharp practices.

Findings from the ACE also suggest a broad-based incentive program such as the BAC/CAC are more at risk of sharp practices (ACE 2024:30).

The CIE international literature review (2024:5) concluded that flexible, targeted incentives have greater impact:

Experience from other jurisdictions shows that financial incentives must be carefully designed to ensure they create additionality rather than windfalls for companies or apprentices. Conversely, evidence indicates that well-designed and targeted policies, such as those aimed at the care sector, can lead to robust and persistent changes.

Non-financial incentives

Non-financial incentives are measures designed to promote apprenticeships without direct financial transactions. They include public procurement programs, mentorship programs and measures that aid the transition from school into apprenticeships.

In contrast to direct financial incentives, non-financial incentives do not pose the same risk of sharp practice.

Procurement incentives can effectively incentivise firms, particularly smaller ones, to create additional training positions without compromising the quality of apprenticeships (CIE 2024).

Procurement incentives are explored further in this chapter below, and other non-financial incentives including mentoring and supports from school into apprenticeships are discussed further in Chapters 3 to 5.

Timing issues

Payment to employers

Employers generally favour quarterly payments as they balance the benefits of timely cash inflow with the administrative costs associated with completing a claims process. Other time-based payments, such as monthly or 6-monthly payments, are not viewed as favourably as quarterly payments, because they require too much additional administrative work as each period would need to be claimed separately. Conversely, a longer period of half-yearly payments does not provide a frequent enough flow of cash (Deloitte Access Economics 2022a).

Changes to the timing of commencement payments from 3 to 6 months after commencement modestly reduced drop-out rates early on in an apprenticeship but did not improve overall completion rates (Deloitte Access Economics 2020). Drop-outs appear to have been delayed until after the receipt of the commencement payment (Deloitte Access Economics 2020). There was some evidence that this change caused a reduction in commencements among SMEs (Deloitte Access Economics 2020).

Regular payments paid at the beginning of an apprenticeship are more attractive to employers; but this should be balanced against the administrative burden on businesses to maximise the effectiveness of incentives.

Timing of policy implementation

An incentive that affects people under the age of 20 has a much larger effect around summer than at other times of the year because the supply of potential apprentices is highest in summer when the traditional school year finishes (Deloitte Access Economics 2020).

Payments to apprentices

Some young people pay particular attention to short-term considerations, such as jobs that pay better immediately after leaving school. For example, a labourer earns more than an apprentice mechanic and a casual kitchen hand earns more than an apprentice chef. Similarly, workers over 21 considering changing careers can be deterred by low apprentice wages and the lack of flexible learning options (Deloitte Access Economics 2020).

Ongoing cost-of-living concerns tend to be more salient than the upfront costs in the decision-making process of apprentices. Ongoing payments are likely to be more attractive than lump sum payments for apprentices, especially in the case of commencement incentives when those lump sum payments are made with a delay (Deloitte Access Economics 2020).

Completion rates

There was broad consensus among stakeholders that completion rates are an important indicator of the efficiency of the apprenticeship system. There was also general agreement that apprentice productivity increases over time and the cost of supervision and on-the-job training decreases over time.

There are significant costs associated with non-completion – for employers, apprentices and the public. Not all these costs are wasted, because some non-completing apprentices develop sufficient skills to transition to employment in their chosen career. But in licensed trades, completion is essential.

Lifting completion rates will substantially contribute to meeting Australia's future skill needs.

As apprentices usually have more than one reason for not completing, a multi-factor approach is needed to improve completion. No single solution will address the problem.

About 80% of cancellations are initiated by the apprentice (Cully and Curtain 2001) and apprenticeship drop-out rates tend to be higher at the beginning (Deloitte Access Economics 2020). Workplace issues, such as poor working conditions, harassment and lack of support, have an immediate impact and are likely drivers of the high proportion of non-completions in the first 6 to 9 months (Bednarz 2014; Snell and Hart 2008). The fact that most terminations take place during an early stage of the apprenticeship also suggests problems with matching apprentices and employers (Stalder and Schmid 2006).

The Productivity Commission (2020b:346) considered that there was a good in-principle case for screening apprentices to increase their prospects for completion:

Screening can improve completion rates by ensuring better matching of prospective apprentices and employers, as well as by identifying any need for support services. State and Territory governments should consider screening candidates before their apprenticeships commence (where this does not already occur). Screening could be extended to other VET students if found to be cost effective.

As provided in the National Australian Apprenticeships Association submission, survey data has revealed that 88% of apprentices were already with employers before an Australian Apprenticeship Support Network provider (now replaced by Apprentice Connect Australia Providers) was asked to sign them up.

The extent to which the apprentice regards their employment experience as representing a 'fair deal' is central to completion.

Interpersonal conflict with supervisors and co-workers, problematic or difficult working conditions contribute to non-completions. This includes poor, unsafe or dangerous workplace practices and conditions, bullying, hours being cut or unreasonably extended, call-ins at short notice, pressure to work extra shifts, lack of appropriate supervision and work that is 'boring' and not engendering a sense of accomplishment (Snell and Hart 2008).

A positive workplace experience improves retention and completion. Strong relationships and good supervision support apprentices to complete their training. Employers who mentor apprentices in a positive way are more likely to retain them (Dickie et al. 2011). Adequate workplace support for apprentices and trainees plays an important role in ensuring successful completion rates, particularly during the first 4 to 12 months when the apprentice or trainee is most at risk of dropping out (Skills Australia 2010; Clarke and Lamb 2009; Karmel and Oliver 2011).

The factors that contribute to a positive or negative apprenticeship experience are explored in greater detail in Chapter 4.

Completion rates vary according to demographics, employer size and occupation, with some sectors having particularly low (or high) completion rates. For example, completion rates for women are lower than for men in male-dominated trades, but higher than for men overall. Priority cohorts also have lower completions rates than their comparison groups, with the exception of apprentices from regional or remote areas who have a higher completion rate than apprentices from major cities.

The unique experiences of apprentices from priority cohorts are explored further in Chapter 5.

Education level is an important determinant on the likelihood of completion (Ainley et al. 2010). Completion rates for adult apprentices have been steadily increasing, while they have been falling for younger apprentices. Apprentices aged over 25 are also more likely to be undertaking training at a higher level and more likely to complete in 2 years or fewer (Hargreaves et al. 2017).

For trade apprentices, the wage premium on completion is more likely to affect completion rates than the training wage. For trainees, the training wage matters more.

Certain aspects of the training experience enhance retention and completion rates, including (Harris et al. 2001):

- a high level of integration between the training program and the on-the-job environment, and linkages between different levels of qualifications providing a career or learning pathway
- trainers seen to be experienced, efficient and supportive
- all parties (apprentices/trainees, managers/supervisors, teachers/trainers) recognising and valuing the skills and knowledge developed during the training contract
- apprentices and trainees being supported to develop persistence over the duration of training.

Within trade apprenticeships, several groups typically have lower completion rates, including those aged below 19 years, people with disability, First Nations people, school-based apprentices, and those who had only completed Year 9 or below (Productivity Commission 2020b).

At-risk learners need additional services and support, including language, literacy and numeracy support and pastoral care, to maximise completions (Polesel et al. 2004).

Completion rates decrease when the labour market improved due to apprentices having other opportunities (Karmel and Misko 2009).

Apprentice wages and cost-of-living pressures

Stakeholders across business and unions acknowledged that cost-of-living pressures are making it difficult to attract apprentices and retain them to completion.

Apprentice pay represents an opportunity cost for individuals in undertaking an apprenticeship as the training wage is lower than alternative employment. The opportunity costs are balanced against the future premium that a qualified tradesperson receives relative to an unskilled worker (Nechvoglod et al. 2009). The trade-offs are highlighted in periods of economic downturn where individuals face significant, immediate cost-of-living pressures and when the labour market is tight.

Karmel and Mlotkowski (2011:34) found that for trade apprentices, the wage premium on completion is more likely to affect completion rates than the training wage. For trainees, the training wage matters more:

... completion rates decrease with increases in the difference between wages in alternative employment and training wages.

Employer experiences

Employers gain significant benefits from employing apprentices, including the ability to hire relatively unskilled employees at a wage discount and drive their training to benefit from the increased skills and productivity as they progress (Productivity Commission 2020b).

Employers utilise apprenticeships to obtain skilled staff, upskill existing staff, fill a specific role, or train to their own requirements.

As with apprentices, employers must weigh up the relative costs such as balancing the wage discount with the costs of supervision. The relative costs to the employer are higher if an apprentice does not complete their apprenticeship or changes employers. In such cases, the employer misses out on the apprentice's greater productivity in the latter years of the apprenticeship.

Priority cohorts

Effective targeting of priority cohorts requires a combination of financial incentives, penalties and supportive measures to maximise benefits (CIE 2024).

Women in male-dominated trades

The participation of women in male-dominated trade occupations is low, with women making up just 8.9% of apprentices in training these trades as at December 2023 (NCVER 2024b). Completion rates for this cohort (51.0%) also tend to be lower than those for men (57.7%) (2019 commencing cohort based on unpublished DEWR apprentices and trainees data as at August 2024).

Girls and women are less likely to be supported by teachers and families to pursue these trades (Fitzsimmons et al. 2018; Srikanthan 2022). For those who do, the workplace or training experience is often a barrier to continuing. Around 14% of women report poor working conditions as the main reason for discontinuing their apprenticeship compared with only 7% of men (NCVER 2019). Women in trade occupations are almost twice as likely to observe bullying (46%) as men (24%) (NCVER 2019). Workplace sexual harassment continues to be an unacceptable feature of Australian workplaces. Between 2017 and 2022, 41% of women and 26% of men experienced sexual harassment at work (AHRC 2022). Male-dominated workplaces have been found to have higher rates of sexual harassment (Treasury 2023b).

For adult women apprentices, the lack of flexibility in training and work hours can be a deterrent, particularly for those with family and caring responsibilities. Male-dominated workplaces have smaller proportions of part-time employees, and the industries in which these trades are found, such as construction, tend to lack flexibility in training and work hours (JSA 2022). These can be significant barriers to women apprentices' participation in male-dominated trades.

The experiences of women in male-dominated trades are discussed further in Chapter 5.

First Nations apprentices

While First Nations people have high participation rates in apprenticeships relative to the proportion of First Nations people in the general population, completion rates are lower than the overall apprentice population. Specific challenges to entry and completion for First Nations apprentices include access to culturally appropriate training (including a lack of First Nations trainers in VET), cultural safety in the workplace, and availability of culturally appropriate wrap-around services.

It is essential that First Nations owned and led RTOs are strengthened to be able to deliver support and partner with mainstream training and employers to improve cultural safety.

The experiences of First Nations apprentices are discussed further in Chapter 5.

Apprentices with disability

Apprenticeships and VET more broadly have been shown to be effective pathways to employment for young people with disability. Yet only around 3% of apprentices in training reported to have disability (analysis based on NCVER 2024b) compared with 13.9% of the 15 and 24 aged population and 3.8% of all employed persons reporting to have disability (ABS 2024a). Apprentices with disability often face low expectations and struggle to be matched with the right employer (DEWR 2023b), and can face social exclusion, harassment and bullying, which can prevent their continuing in their apprenticeship (Demanuele 2022; Cocks and Thoresen 2013).

The experiences of apprentices with disability are discussed further in Chapter 5.

Apprentices located in regional and remote Australia

Students located in regional and remote Australia boast high participation and completion rates in relation to other parts of the country. This is despite encountering various barriers associated with their geographic location such as distance and difficulty of travel to worksites or training, limited local pathways and job opportunities and training not matched to local needs. High location-based costs can also affect the viability of training, particularly in 'thin markets', where training is expensive (Productivity Commission 2020b).

The experiences of apprentices located in regional and remote Australia are discussed further in Chapter 5.

A framework for evidence-informed policy design: delivering public value

As mentioned earlier, we were tasked with examining the effectiveness and efficiency of the incentive system. The objective is to inform future public policy development based on an assessment of the available evidence.

This section sets out a framework for an evidence-informed approach to the design of the incentive system. It draws on the summary of the evidence, the research literature and views of parties involved in the system.

Key propositions

A flexible incentive system

It is important to think about apprenticeships at a disaggregated level because trade-based apprenticeships and traineeships respond differently to the business cycle and to incentive settings.

Trade apprenticeships are particularly responsive to changes in the business cycle; metal, electrical and building apprenticeship numbers are particularly sensitive to labour market conditions.

Non-trade apprenticeship commencements have a very limited response to the business cycle, instead responding to the availability of incentives.

Employer incentives for trade apprenticeships should ‘flex’ up if the unemployment rate increases and ‘flex’ down when labour demand is strong.

The effectiveness of incentive payments depends on the costs and benefits faced by employers. Implicit wage subsidies are higher for traineeships than trade-based apprenticeships because the contract of training is shorter. If the incentive payment is a fixed sum unrelated to duration, the shorter the duration the higher the subsidy.

Trade-based apprenticeships are usually longer than traineeships (4 years versus 2 years). Differential settings are required to reflect these distinctions.

Incentive payments to employers to take on trade apprentices are more likely to create additionality during periods of economic downturn, where employment constraints are more on the demand (employer) side than the supply (apprentice) side.

Employer incentive payments for trade apprenticeships should generally be higher than the incentives for traineeships, reflecting the duration of the apprenticeship. We note that the care and support sector may require a different response, which is discussed later in this chapter.

A tight labour market and cost-of-living pressures create a supply-side barrier, adversely affecting apprenticeship commencements and completions.

Apprenticeship support should ‘flex’ up in a tighter labour market with rising cost-of-living pressures and ‘flex’ down as cost-of-living pressures ease and the labour market softens.

The differences in the characteristics and behaviours of large employers as opposed to SMEs means providing employers of different sizes with the same incentives is not efficient and a more targeted approach is warranted.

Large employers are less receptive to incentives.

‘New employers’ respond positively to incentives. The majority of ‘new employers’ are small employers. New employers have lower completion rates than the average of all similar sized employers. However, new employers who have more apprentices in subsequent years have similar or higher completion rates than the average of all similar sized employers. About 51% of new small employers hired more apprentices in subsequent years.

New small employers are receptive to incentives.

A targeted incentive system

Broad and homogenous incentives are largely ineffective. They are associated with an increase in the probability of cancelling an apprenticeship, a decrease in the probability of completing an apprenticeship, a lack of alignment with priority skills, and sharp practice.

Broad and homogenous incentives are less effective than targeted incentives.

The more commencements are inflated, the lower the completion rate can be expected to fall, as more individuals will be unsuitable. This likely reflects that artificially enticing individuals into apprenticeships results in less optimal matching of individuals with fields of study/occupations, where the incentive is the enticement for the marginal individual rather than the idea of the training.

Employer incentives to improve completions are inefficient, as employers already have an incentive to retain apprentices in the latter years of their training when they are more productive.

Broad-based incentives do not align with economic priorities. The ACE report found that priority occupations represented a lower share of overall commencements during the BAC (ACE 2024:15).

Priority cohorts – women in male-dominated trades, First Nations apprentices, apprentices with disability, apprentices in regional and remote locations, and culturally and linguistically diverse apprentices – face particular barriers to entry and completion.

The broader inclusion of priority cohorts in education and training will lead to a fairer and more inclusive society. Equity objectives provide a further basis for government intervention through the use of targeted incentives.

The importance of the workplace experience

Apprentices who cancel their apprenticeships commonly give reasons relating to the employment experience. The fact that most terminations take place during an early stage of the apprenticeship (Deloitte Access Economics 2020) suggests matching/recruitment problems.

Matching matters.

The extent to which the apprentice regards their employment experience as representing a ‘fair deal’ is central to completion. Apprentices expect varied work, good supervision and on-the-job training, a good boss, and a safe, contemporary workplace free from bullying.

Workplace issues, such as poor working conditions, harassment and lack of support, have an immediate impact and are likely drivers of the high proportion of non-completions in the first 12 months of an apprenticeship (Bednarz 2014; Snell and Hart 2008).

Incentives need to be supported by a positive workplace experience.

A positive workplace experience improves retention and completion. Strong relationships and good supervision support apprentices to complete their training. Employers who mentor apprentices in a positive way are more likely to retain them.

Adequate workplace support for apprentices plays an important role in ensuring successful completion rates particularly during the first 4 to 12 months when the apprentice is most at risk of dropping out.

Timing matters

Timing of incentive payments can affect drop-out rates.

Changes to the timing of commencement payments to employers from 3 to 6 months after commencement modestly reduced drop-out rates early on in an apprenticeship but did not improve overall completion rates. Drop-outs appear to have been delayed until after the receipt of the commencement payment (Deloitte Access Economics 2020).

Timing of payments to apprentices can influence retention.

Ongoing cost-of-living concerns tend to be more important than the upfront costs in the decision-making process of apprentices. Ongoing payments may be more attractive than lump sum payments for apprentices, especially in the case of commencement incentives when those lump sum payments are made with a delay (Deloitte Access Economics 2020).

Timing of policy implementation may optimise the impact of incentives.

An incentive that affects people under the age of 20 has a much larger effect in summer than at other times of the year. This is likely to be because the supply of potential apprentices is highest in summer when the traditional school year finishes (Deloitte Access Economics 2020).

Recognising and leveraging success (and not reinforcing failure)

During our consultations, there was general support for the suggestion that the incentive system should recognise success and not reinforce failure. Entities that contribute to higher completion rates and high-quality apprenticeships should get incentives and other forms of recognition.

The Business Council of Australia told us in its submission that the incentive system should leverage the success of large businesses and GTOs to deliver apprenticeships that have a 90% completion rate.

The Australian Industry Group also proposed incentivising larger successful companies to take on apprentices in addition to their own needs, arguing that such an initiative ‘could improve commencement numbers and improve the completion rate’.

The Australian Council of Trade Unions raised another dimension to recognising success: not reinforcing failure. It proposed that eligibility for future incentives include consideration of an employer’s previous successes and failures. In particular:

- employers who engage in churn behaviour should be prevented from accessing future incentives
- employers in the bottom quartile of apprentice completion rates in their industry should be strongly considered for denial of future incentives
- incentives should be restricted to employers who meet their legal obligations under their training contract and the relevant industry award.

There is broad support for making greater use of high performing GTOs.

Apprentices employed through GTOs tend to have completion rates 5 to 8 percentage points higher than those directly employed by SMEs, and 3 to 5 percentage points higher than large employers.

Maximising public value and minimising risk**Future programs should be designed to deter or prevent ‘sharp practice’ and promote public value.**

It is important that incentives generate public value. The acute sensitivity of some traineeships to employer incentives suggests that the training itself ‘had little real or perceived value for most employers’ (Productivity Commission 2020b). Government incentives should only be provided where there is a demonstrable public benefit, not to create a fully funded market in government subsidies (Noonan and Pilcher 2017).

There are risks associated with a rapid substantial increase in incentives.

The rapid and large increase in payments from the BAC program led to a surge in apprenticeship commencements and created a number of challenges for service providers, RTOs and regulators. This led to delays in apprenticeship sign-up, payments and training. It also reduced the regulators’ ability to effectively monitor the system, which gave more opportunity to unscrupulous third-party brokers to advertise and facilitate sharp practice (ACE 2024:29).

Wage premiums matter.

Continuing to provide incentive payments to occupations with low wage completion premiums and where the workplace environment is poor appears inconsistent with the proposition that government incentives only be provided where there is a demonstrable public benefit. Better training outcomes and greater productivity may be generated by redirecting incentive payments to occupations with higher wage premiums and where employers place greater value in the training of their apprentices.

Capping access can create perverse outcomes.

Capping the number of places can result in several perverse outcomes by creating an urgency for employers to participate or risk missing out on the program, as demonstrated in the ACE report. This can cause some employers to take on apprentices they have no capacity to train. The rush of sign-up activity can also overwhelm administrators and support services, resulting in processing delays. These delays further complicate administration of the program by creating uncertainty about when the cap is reached, and which applicants would miss out.

As the ACE report (2024:31 and 43) finds:

While the cap was intended to limit the overall financial commitment, it inadvertently created several issues that should be considered when designing future public policies ... the cap created a rush of businesses trying to get their employees onto the program before the limit was reached...

Clarify the program's objective from the beginning.

Setting clear program objectives that align with the government's intention and agenda is important to guide program design and establish guardrails for program implementation. Future programs should specify how the program is expected to contribute to a skilled workforce.

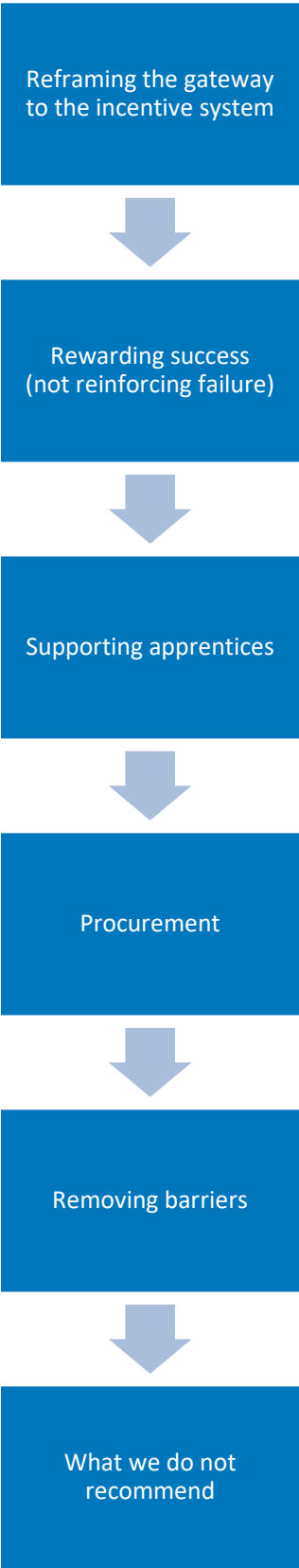
Future policy design will benefit from more robust (ongoing) monitoring and evaluation of the effects of current policy.

We elaborate on the importance of evaluation in Chapter 8.

Future incentive system settings

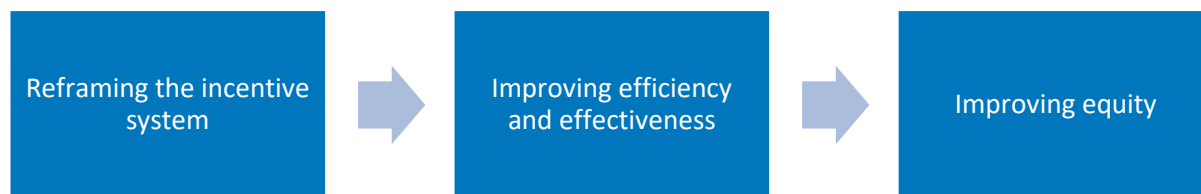
As we have mentioned, our review adopted an evidence-informed, open and transparent process. We have summarised the evidence relevant to the incentive system and have set out a framework for evidence-informed policy design. We now propose to apply those findings and that policy design framework to our consideration of the various proposals for changes to the incentive system.

Figure 32: The approach for reframing the incentive system



The need to reframe the gateway to the incentive system

Figure 33: Reframing the incentive system



Our terms of reference required that we:

- explore alignment between the incentive system and priorities in the 2023 Employment White Paper and government's broader economic objectives
- consider the effectiveness and efficiency of the incentive system against the objective of encouraging apprenticeship commencements and completions.

At the heart of these terms of reference is the question of who gets what? This raises the question about the form of the gateway to the incentive system. The central issue is about access – which groups are eligible to receive incentives.

Those who participated in the consultations or who made submissions were sharply divided about the 'gateway' to the incentive system and, in particular:

- Incentives: Who gets them? How much? What type of incentive?
- The appropriate focus of the incentive system, and in particular, what type of incentive?

At a broad, conceptual level, there are 4 schools of thought about the 'scope' of the incentive system:

- incentives should be targeted to skill shortages
- incentives are ineffective and the market will adjust
- incentives should be available to all sectors and occupations
- incentives should align with economic priorities and social equity objectives.

Skills based priority list

We turn first to our consideration of the current skills-based Priority List.

The current methodology for the Priority List is explained in detail earlier in this chapter.

What we heard from consultations

Submissions to the review argued that the Priority List does not effectively meet Australia's current and emerging skills needs. A range of opportunities were identified to better target the Priority List to meet the diverse needs of regions and an evolving labour market. Others called for changes to the way the list is constructed, arguing that it is too cumbersome and not able to react quickly enough to tackle critical short-term shortages. Some employer groups called for the list to be abandoned and for incentives to be provided to all employers and apprentices – we will return to that proposal shortly.

Lack of transparency

Some stakeholders told us there is limited transparency over how the Priority List is updated and maintained.

Occupations not in national shortage

Stakeholders highlighted examples in consultations where the Priority List's focus on national shortage/demand status misses occupations that need apprentices, such as those of state/territory-specific or regional-specific skill priorities.

It was suggested that the national focus of the Priority List means that some apprentices and employers in occupations facing regional or local shortages are not eligible for incentives. The Victorian Chamber of Commerce and Industry argued that 'skill shortage lists do not accurately reflect needs at a local level or the barriers associated with regional specific costs'.

Lack of flexibility

It was suggested the Priority List is not always flexible enough to address emerging skill shortages in occupations that might only be small in numbers yet are critical for a particular industry (such as beekeeping) or occupations that are not in shortage but are critical for the broader economy (such as digital occupations). Similarly, certain occupations may be in shortage but are not listed on the Priority List due to their ANZSCO classification (such as some construction occupations).

Civil Apprenticeships and Careers and the Civil Contractors Federation Australia raised a specific concern about the omission of critical civil trade qualifications from the Priority List and called for the inclusion of the Certificate III Civil Construction R1130920 and Plant Operations R1130820.

The Civil Contractors Federation Australia said that 'a deficit in future civil skills training incentives has been longstanding and is a considerable risk for the Commonwealth's \$120 billion Infrastructure Investment Program spend'.

We can see a Certificate III in Civil Construction (R1130930) with 23–29 units of competency that creates roads, bridges, tunnels, pipes that has minimum incentivisation to the employer and the employee to create future communities and create vital economic and housing enabling infrastructure. We see other Australian Apprenticeship Priority List occupations such as Crocodile Husbandry, Watchmakers and Sign Writers incentivised, but the Civil Construction sector building the nation's infrastructure do not receive similar support.

Civil Contractors Federation Australia (submission)

Industry Skills Australia noted that most transport and logistics occupations are not included in ANZSCO Major Group 3 or 4 and are ineligible for incentives despite experiencing shortages. They called for the Priority List to include occupations experiencing shortage, irrespective of which ANZSCO major group they belong to. They also called for the Certificate IV in Training and Assessment to be included in the Priority List.

Expansion of the priority list could enable employers in the construction industry to access the Incentive Scheme and the skills they need. It is often difficult to identify the specific qualification that aligns with a skill shortage, and we would support consideration of how the construction industry as a whole could be eligible for the Incentive Scheme.

Australian Constructors Association (submission)

First Nations organisations made it clear they want to see the Priority List better aligned to the National Agreement on Closing the Gap.

While HLT40212 Certificate IV in Aboriginal and/or Torres Strait Islander Primary Health Care (previously HLT40113) is included in the Priority List, there is in fact very limited uptake of this qualification by industry. It is delivered by only 2 RTOs in the country.

NACCHO recommends that all qualifications in the Aboriginal and Torres Strait Islander Primary Health Care training package be added to the Priority List. At a minimum, the industry preferred qualifications in the training package should be included... In addition, all qualifications in the Indigenous Environmental Health training package should be included in the Priority List to support actions to address the determinants of health.

National Aboriginal Community Controlled Health Organisation (submission)

Access to incentive payments is also undermined by inconsistencies in how allied health assistance is considered within skills priority designations ... Ensuring that the Certificate III and Certificate IV in Allied Health Assistance are consistently featured in skills priority and needs lists is essential.

Indigenous Allied Health Australia (submission)

Considerations in updating the Priority List methodology

Volatility of shortage ratings

JSA has previously advised that the Priority List is highly sensitive to any annual changes in occupation ratings in the OSL. This would especially be the case if the rating of an occupation changes from one year to the next, based on changes in data quality and methodology, including changes in economic conditions. This potential volatility may affect business activities, planning and recruitment, especially when considering that an apprenticeship in an occupation may take more than one year to finish. Also, businesses may not have enough time to adjust and adapt to changes in OSL ratings. To reduce volatility, incentives are grandfathered for the entire length of an apprenticeship, even if the occupation is removed from the list part-way through the apprentice's journey.

ANZSCO Major Groups and emerging occupations

As raised by stakeholders, while ANZSCO Major Group 3 (Trades and technicians) and Major Group 4 (Care and support workers) capture most VET occupations with an apprenticeship pathway, a few exceptions are excluded from the incentive system. This is due to limitations as a result of the ANZSCO 2022 structure developed by the ABS (for example, labourers, transport workers and VET-level ICT occupations). To address this issue:

- Consideration could be put to utilising ANZSCO Sub-Major Groups which would provide much greater flexibility in defining eligible occupations groups, as it uses a higher level of granularity.
- The ABS is currently undertaking public consultations to inform the release of an updated ANZSCO structure in December 2024. This includes several construction and civil related occupations moving into Major Groups 3 and 4 from other major groups. While it will take some time for labour market data and analysis using the new structure to flow through to tools like the OSL (due to the new structure first needing to be adopted by the ABS for surveys like the 2026 Census), mapping the 2022 and 2024 ANZSCO structures would allow the Priority List to consider occupations that would not otherwise meet eligibility criteria.

Other suggestions

Other ideas from stakeholder submissions suggested the Priority List could be enhanced to improve its effectiveness in identifying current and emerging skills needs. The changes could:

- consider future demand rather than just current skill shortages when determining eligibility for inclusion on the Priority List
- consider supplementary occupations, rather than solely technical roles, to better facilitate Australia's new energy transition
- set a minimum period for an occupation to be listed on the Priority List, and an expiry warning when an occupation is being removed to allow for better business planning.

Our view on the Priority List as the incentive system gateway

The current skills-based Priority List gateway is not fit for purpose. As detailed earlier, it is not appropriately aligned to the skills needed to meet the economic challenges ahead. Further, the current incentives gateway is predicated on the assumption that because a particular occupation is deemed to be in shortage, a government incentive payment is warranted. A cursory examination of the occupations currently on the Priority List challenges that assumption. The current Priority List includes the following occupations:

- picture framer
- tour guide
- travel consultant
- horse trainer
- flight attendant
- gymnastics coach or instructor
- swimming coach or instructor.

What is the public value proposition for providing incentive payments to encourage employers to engage apprentice picture framers, flight attendants or gymnastics instructors? There is no obvious alignment with national economic priorities and social equity objectives. Without government intervention, we would expect these skill shortages to be resolved through the normal operation of the labour market.

The inclusion of cooks, chefs and hairdressers on the Priority List is, arguably, less contentious as they have had long-standing apprenticeship pathways. But is that sufficient justification, of itself, to warrant an incentive payment?

As mentioned earlier, wage premiums (the additional income a worker is expected to receive after completing their apprenticeship or traineeship) vary extensively between industries and occupations and tend to be higher for trade apprenticeships than for non-trade apprenticeships or traineeships.

The average wage premium for completing a chef apprenticeship is around \$19,000 per year. In contrast the average wage premium for an electrical apprenticeship is around \$73,000 to \$76,000 per year.

Some occupations with low wage premiums upon training completion also have low levels of compliance with workplace laws. The hospitality sector has one of the highest and most persistent levels of non-compliance with workplace laws, as demonstrated by the various Fair Work Ombudsman (FWO) initiatives in the sector over time (see Appendix (Additional information – Fair Work Ombudsman investigations)).

Workplace bullying and harassment are also more frequently observed by apprentices in some occupations with low wage premiums. According to the 2019 Apprenticeship and Traineeship Experience and Destination survey, around 48% of hairdressers and around 44% of food trade workers (including cooks and chefs) observed bullying. A quarter (25%) of apprentices across all occupations observed bullying (NCVER 2019).

Continuing to provide incentive payments to occupations with low wage completion premiums and where the workplace environment is poor is inconsistent with the proposition that government incentives only be provided where there is a demonstrable public benefit. Better training outcomes and greater productivity may be generated by redirecting incentive payments to occupations and/or employers with higher wage premiums, and where apprentices are paid in compliance with workplace laws and are better protected from bullying and harassment in the workplace.

Withdrawal of incentive payments and other consequences for non-compliance are discussed in Chapter 4.

No incentives (market-based)

Another option is to remove all incentives, on the basis that they are ineffective, and the market will adjust and resolve skill shortages without government interventions.

A joint submission from the University of Melbourne and Life Course Centre suggested that incentive payments may have limited effectiveness in encouraging employers to hire more apprentices, especially where there is already a strong demand for apprentices. In particular, it argued that targeting incentive payments in 'skill needs' areas was inefficient because 'employers in skill needs areas are already highly incentivised to hire apprentices and trainees to meet the high demand for their goods and services'. The submission argued that offering incentive payments to such employers is 'rewarding them for doing something that they would have done anyway'. The submission also suggested that increasing apprenticeship opportunities outside of 'skill needs' areas can lead to better employment outcomes.

We do not propose to spend time on the last proposition. Demand for these industries may have been evolving differently over the period examined in the joint submission (2006 to 2018), which could account for the observed patterns. Further, examining the employment outcomes a few years later may give different results.

As Karmel and Rice (2011:14) observed: 'assessing the impact of apprenticeships and traineeship pathways is a complex task'.

As a general proposition we accept that the market may well adjust and resolve skill shortages without government intervention, but the central problem is the speed of that adjustment. Economic inefficiency and cost will accrue during the adjustment period. In these circumstances, government intervention to incentivise the acquisition of particular skills is a reasonable policy response, to the extent that the incentives can close the skills gap in the market more quickly and the cost of that intervention is less than the economic inefficiency that would have accrued without any intervention.

Calculating economic inefficiency resulting from a market failure in this context is largely a theoretical question that depends on contestable assumptions. However, we do know with reasonable certainty that protracted skill shortages will compromise key government priorities. A market failure in this context will put at risk the likelihood of successfully transitioning to a net zero economy, delivering critical infrastructure, boosting housing stock, transforming the manufacturing industry, and meeting the skill needs of the care sectors. Such risks create the public policy imperative for intervention.

Broad-based incentives for all

At the other end of the spectrum is the option of providing incentives for all apprentices.

The submissions and consultations revealed an important difference in emphasis about who should receive the most support from the incentive system – the employer or the apprentice. Employer associations generally placed greater emphasis on employer incentives, whereas unions argued that the best way to increase commencements, retention and completion is to put more emphasis on incentives directed at the apprentice.

The Australian Chamber of Commerce and Industry, the Australian Industry Group and the Victorian Chamber of Commerce and Industry called for incentives to be extended to all employers and apprentices.

The joint submission from the Australian Hotels Association and Accommodation Australia also said that all apprenticeships should receive incentives, but if 'there is to be targeting, then growth industries such as hospitality should go on the priority list for support'. The joint submission also called for the reintroduction of employer incentives for Certificate II traineeships in hospitality.

Employer associations told us that incentives 'work' and that the eligibility, quantum and type of incentives should be expanded. Indeed, MEGT Australia went further in its submission and said that 'wage subsidies work to boost both commencement and completion rates' and went so far as to argue that the BAC and SAT initiatives 'exemplify the power of clear, straightforward subsidies in increasing uptake and completions'. This proposition is at odds with the findings of the ACE evaluation insofar as it ignores the substantial cost, the extent of sharp practices and the decline in the completion rate.

Various proposals were advanced to expand the quantum and scope of the incentive system; these are detailed in 'What we Heard' and we need not repeat the detail of all those proposals here.

The Australian Chamber of Commerce and Industry proposed a 5-year 'job creation incentive program', which attracted the most support from other employer associations, including the Australian Retailers Association, Motor Trades Association of Australia and the Victorian Chamber of Commerce and Industry.

The Australian Chamber of Commerce and Industry's proposal contains the following key elements:

- Standard base-level wage subsidy payments to all employers of apprentices of 'up to \$2,000 per quarter across the first 2 years'. For employers of trainees, the payment would be 'up to \$2,000 per quarter across the first 18 months of their program'. The quantum of incentive payments be based on a percentage of the apprentices/trainees wage, as determined in the review (capped at \$2,000 per quarter). For costing purposes, the Australian Chamber of Commerce and Industry agreed to the use of the wage percentage which applied in stage 1 of the current incentive program, that is 10% of the wage paid to the apprentice.
- Targeted incentives for employers in those areas that have been deemed in shortage by JSA of an additional payment of up to \$2,000 above the standard base payment.
- Completion payment of \$2,500 once the apprentice or trainee completes their qualification, payable to the employer.
- An additional amount of total up to \$3,000 quarterly payable across the first 2 years to employers of adult apprentices.
- A payment of \$5,000 to be paid directly to the apprentice/trainee across quarterly instalments up to 24 months, followed by a \$2,500 completion payment.
- An additional \$1,500 payment above the standard base payment payable to the apprentice/trainee whose occupation is on the Priority List.

For comparative purposes, it is worth repeating the key elements of the current incentive system (from 1 July 2024):

- The Priority Hiring Incentive provides up to \$5,000 for eligible priority occupation employers of apprentices undertaking an apprenticeship towards an occupation listed on the Priority List, paid over 2 instalments of \$2,000 at 6 months and \$3,000 at 12 months.
- The Australian Apprentice Training Support Payment provides up to \$5,000 for eligible apprentices in an occupation listed on the Priority List paid over 4 instalments, \$1,750 at 6 and 12 months and \$750 at 18 and 24 months. The New Energy Apprentice Support Payment to eligible apprentices, of up to \$10,000 for a full-time apprenticeship, \$2,000 at 6, 12, 24 and 36 months and on completion.

In their joint submission, the Australian Hotels Association and Accommodation Australia argue that the extent of public investment they propose (that is a broad-based incentive system) is justified because:

- apprenticeship models of training and work-integrated learning are proven to be a high-quality mechanism of skills acquisition and in turn productivity improvement
- the model delivers higher employment outcomes than a student undertaking independent VET learning
- apprenticeships have a high international standing, and a long history that garners respect
- traineeships are an excellent mechanism for school to work transition, providing secure employment as well as a post-school qualification
- traineeship models are ideal for disadvantaged groups including long-term unemployed and people with disability, as they incorporate support structures beyond the workplace
- apprenticeships reinforce important connections between workplaces and the training system and encourage the participation and completion of post-school qualifications.

In its submission, the Australian Retailers Association also proposed amending the incentive system to provide incentives to all employers of apprentices and argued that such a change would achieve several key outcomes, including but not limited to:

- providing employers with the financial capabilities to engage new apprentices and trainees

- enabling employers to offset, rather than incur costs associated with supporting apprentices and trainees through the beginning until the end of their training program
- encouraging employers to on-board apprentices and trainees studying for occupations that are facing skill shortages
- motivating employers to stay committed to the apprentice/trainee's completion of the training program
- encouraging employers to on-board adult apprentices and support them through to the completion of their training program.

The Australian Chamber of Commerce and Industry's proposal is substantially broader and set at a higher level than the current settings.

DEWR estimates the indicative cost of the Australian Chamber of Commerce and Industry's proposal for one year of commencements could exceed \$8 billion. In comparison, an estimated \$700 million is required to fund payments to priority occupation employers and apprentices under the current incentive settings for one year of commencements in 2024–25.

To place the annual cost of the Australian Chamber of Commerce and Industry's proposal into a broader perspective, the total spent on apprenticeships by the Australian, state and territory governments in 2022 was \$5.1 billion, and the total spent on all of vocational education (including apprenticeships) by these governments in the same year was \$10.7 billion (NCVER 2023b).

Further, the Australian Chamber of Commerce and Industry's proposal would cost more in one year than the total cost of the BAC and CAC programs (estimated at over \$7.5 billion). To provide some context, the Australian Industry Group's submission acknowledged that 'the BAC was a generous program suited to the time and is now no longer required'. BuildSkills Australia described the BAC and CAC wage subsidies as 'financially unsustainable'; a proposition with which we agree.

In addition to being fiscally unsustainable, broad-based incentive systems are neither efficient nor effective. The experience of the policy changes between 1995 and 2012, the BAC and CAC evaluation and the international literature, support the view that broad-based incentive programs of the type advocated by the Australian Chamber of Commerce and Industry and others:

- are likely to increase commencements (at a substantial cost for each additional commencement), but at a lower completion rate
- will be associated with sharp practices and abuse
- will see increased commencements in non-priority occupations, such that the \$8 billion in public investment will not effectively target the skills needed to meet the government's economic priorities.

A substantial increase in incentives is likely to generate a surge in commencements and create challenges from service providers, RTOs and regulators. In the past this has led to delays in apprenticeship sign-ups, payments and training, and has reduced the ability of regulators to monitor sharp practices.

In short, the Australian Chamber of Commerce and Industry's proposal does not provide a public benefit commensurate with the substantial cost involved. We do not support the proposal.

The way forward: a new incentive system gateway

For the reasons set out below we favour a reframing of the incentive system gateway to align access to incentives with national economic priorities and social equity objectives and exclude certain employers where the provision of incentives does not provide clear public value.

Incentives aligned with national economic priorities and social equity objectives

As noted earlier in this chapter, our terms of reference required us to consider alignment between the incentive system and priorities in the 2023 Employment White Paper and the government's broader economic objectives. This included exploring opportunities to consider levers and initiatives beyond the incentive system to encourage employers to take on more apprentices or to provide underrepresented groups with more experience in the workplace at a pre-apprentice or apprentice level, particularly in critical and emerging occupations.

The Employment White Paper (Treasury 2023b) outlines 5 key priorities for the Australian labour market:

- **Delivering sustained and inclusive full employment:** Ensuring everyone has the opportunity to participate in the workforce.
- **Promoting job security and strong, sustainable wage growth:** Creating stable jobs with fair pay and conditions.
- **Reigniting productivity growth:** Increasing efficiency and innovation in the economy.
- **Filling skills needs and building our future workforce:** Addressing skill shortages and preparing workers for future jobs.
- **Overcoming barriers to employment and broadening opportunity:** Supporting disadvantaged groups to enter and succeed in the workforce.

Regarding filling skills needs and building our future workforce (Treasury 2023b), the Employment White Paper acknowledges the growing skills gap and the need to align education and training with the evolving job market. Key focus areas include:

- **Identifying high-demand skills:** The paper emphasises the importance of pinpointing skills that are currently in short supply and will be essential for future economic growth.
- **Addressing skill shortages:** The paper outlines strategies to overcome skill shortages, including:
 - investing in VET
 - enhancing university programs to align with industry needs
 - promoting apprenticeships and traineeships
 - facilitating lifelong learning and upskilling opportunities.
- **Building a future-ready workforce:** The paper recognises the rapid pace of technological change and the need to equip workers with the skills necessary to thrive in the digital economy. This includes:
 - developing digital literacy skills
 - fostering innovation and entrepreneurship
 - supporting workers in transitioning to new roles and industries.

The Employment White Paper (Treasury 2023b) does not provide an exhaustive list of priority occupations but does highlight several key sectors experiencing skill shortages:

- **Technology:** This includes roles in software development, cybersecurity, data analytics, and artificial intelligence, as well as enabling roles in telecommunications. While many IT occupations typically require a higher education qualification, there are a number of occupations with an apprenticeship pathway that are on the Priority List.
- **Healthcare:** Demand for nurses, aged care workers, and medical professionals is expected to grow significantly. VET-level care occupations in shortage are already included on the Priority List.
- **Construction:** The building and construction industry faces shortages in skilled tradespeople. Construction related trades in shortage are already included on the Priority List.
- **Education and training:** There is a need for qualified teachers and trainers across various disciplines. Similar to IT, most education and training occupations don't have an apprenticeship pathway.
- **Clean energy:** As Australia transitions to a low-carbon economy, there will be increasing demand for workers in renewable energy, energy efficiency and related fields. VET-level clean energy occupations are already included on the Priority List and have access to higher incentive payments through NEAP.

As outlined in Chapter 1, Australia's skills needs are changing with the changing economy (Treasury 2023a). This is being driven by factors including the ageing population, digital transformation, net zero goals, rising demand for care and support services and geopolitical risk. For example:

- In its report, *The Clean Energy Generation: Workforce needs for a net zero economy* (JSA 2023a), JSA likens the transition to a clean energy economy to both the post-war industrial transformation and the digital transformation of the late 20th century, each of which saw the emergence of new jobs, qualifications, training pathways, technologies and industries.
- Reaching the Australian Government's net zero emissions target by 2050 will require a transformation of the workforce. For example, JSA's modelling in its clean energy workforce capacity study indicates that Australia will likely need around 32,000 more electricians by 2030 and around 85,000 more by 2050. Critically, this represents 27% more than the projected supply of apprentices (JSA 2023a).
- Despite the recent growth in the number of workers, shortages remain throughout the care and support sector (JSA 2021). These shortages are projected to increase primarily for carers of aged people and people with a disability, including nursing support and personal care workers (PMC 2023a).
- The gap between the supply and demand for the care and support workforce is expected to reach around 286,000 by 2049–50 (NDIS Review 2023). According to the JSA's Early Childhood Education and Care Capacity Study, under current trends, the expected growth in the supply of childcare workers will not close the gap on current unmet demand, let alone respond to any expansion of service provision (JSA 2024b).
- The National Disability Insurance Scheme Review identified the need for a larger, more skilled workforce to meet the future demand for quality care. The challenge of creating a larger, more skilled workforce is compounded by the fact that, each year, 17% to 25% of support workers leave their job (NDIS Review 2023).
- Australia is also facing significant housing challenges, and delivering on the Australian Government's commitment to address housing needs will also require a skilled workforce. National Cabinet has agreed to an ambitious new national target to build 1.2 million new, well-located homes over 5 years, from 1 July 2024 (Treasury n.d.).
- The Housing Industry Association and Master Builders Australia reported in their submissions an acute shortage of skilled tradespeople to meet Australia's housing construction needs. Master Builders Australia state in its submission that BuildSkills Australia has identified the need for 90,000 extra skilled tradespeople to deliver the National Housing Accord, and it has recently been consulting on its first national workforce plan for the built environment. Further, Master Builders Australia (MBA 2023) estimates that to meet growth and replace workers who leave the industry, 486,000 workers need to enter the building and construction industry by the end of 2026.
- The Manufacturing Industry Skills Alliance (2024) has highlighted the importance of strong VET to support a competitive manufacturing sector. It has raised concerns about decreasing apprentice completion rates across manufacturing and is undertaking a project to better understand the drivers of this and to develop strategies to increase the pipeline of apprentices.
- Finally, in response to changing geopolitics, Australia will need new and different skills in the defence sector (Australian Government and Government of South Australia 2023). Meeting the Australian Government's commitments under AUKUS (Australia, the United Kingdom, and the United States security partnership), including establishing a sovereign nuclear-powered submarine capability, will drive demand for engineering and operations workers from 2025 out to 2040. The South Australian defence industry workforce is predicted to grow from its current level of around 3,500 direct jobs to more than 8,500 direct jobs in the 2040s.

The concept of an incentives gateway aligned with national economic priorities received some support from parties interested in the review. As mentioned earlier, BuildSkills Australia acknowledged in its submission that the BAC and CAC wage subsidies were 'financially unsustainable' and proposed that the costs of an incentives framework can be contained by limiting eligibility.

As a first principle, eligibility for any scheme should be shaped around a strategic view of the long-term needs of the national economy and the labour market. Rather than adopting a universal scheme that treats all occupations and industries equally, subsidies should be differently applied according to an assessment of the long-term trends and objectives of the national economy.

Build Skills Australia (submission)

We agree with BuildSkills Australia.

As mentioned, we were tasked with examining the *effectiveness* and *efficiency* of the incentive system and its alignment with the government’s broader economic priorities and social equity objectives.

There are several ways in which access to incentives can be more clearly aligned to national economic priorities and social equity objectives.

For illustration purposes we set out below the impact of restricting eligibility to occupations and subgroups of direct relevance to the following economic priorities: care and support; manufacturing; construction; and the transition to net zero.

Such an alignment would reduce the number of occupations currently eligible for incentives under the Priority List from 120 to 89, with a consequent reduction in the number of expected apprenticeship commencements (from 97,511 to 83,755 (-14%)).

Aligning the Priority List with the identified economic priorities (care and support, manufacturing, construction and transition to net zero) would result in the removal of the following occupations from the incentive system:

- | | |
|------------------------------------------|-----------------------------------------------|
| • 351111-baker | • 394112-cabinet maker |
| • 351112-pastrycook | • 394113-furniture maker |
| • 351211-butcher or smallgoods maker | • 394211-furniture finisher |
| • 351311-chef | • 394212-picture framer |
| • 351411-cook | • 394213-wood machinist |
| • 361112-horse trainer | • 399111-boat builder and repairer |
| • 361311-veterinary nurse | • 399112-shipwright |
| • 362411-nurseryperson | • 399513-light technician |
| • 362511-arborist | • 399516-sound technician |
| • 362512-tree worker | • 399914-optical mechanic |
| • 362711-landscape gardener | • 399918-fire protection equipment technician |
| • 362712-irrigation technician | • 442217-security officer |
| • 363214-senior piggery stockperson | • 451111-beauty therapist |
| • 391111-hairdresser | • 451412-tour guide |
| • 392111-print finisher | • 451612-travel consultant |
| • 392112-screen printer | • 451711-flight attendant |
| • 392211-graphic pre-press trades worker | • 452312-gymnastics coach or instructor |
| • 393311-upholsterer | • 452315-swimming coach or instructor. |

It needs to be borne in mind that removal from the Priority List, and hence from accessing incentive payments, does **not** mean that employers who engage apprentices in these occupations would receive no support. These employers would retain access to existing benefits of using an apprenticeship pathway, including access to training wages, structured industry-led qualifications to support skills development relevant to the role, and assistance from Apprentice Connect Australia Providers with sign up and understanding roles and responsibilities. Further, the extension of Fee-Free TAFE to a range of apprenticeship occupations represents a saving to the employers concerned as they would otherwise be obliged to pay the cost of that training.

The example set out above only captures some of the economic priorities and does not address social equity objectives. Other economic priorities included are outlined below.



The **Defence Strategic Review**, which sets the agenda for ambitious, but necessary, reform to Defence's posture and structure. It includes specific directions to Defence with immediate effect, while establishing a methodical and comprehensive process for long-term and sustainable implementation (Defence 2023).



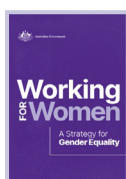
The **Data and Digital Government Strategy**, which sets the vision for the Australian Government's use of data and digital technologies to 2030. The Strategy puts people and business at the centre of the government's data and digital transformation. It is accompanied by an Implementation Plan which outlines the actions the Government will take to achieve the strategy's 2030 vision.



The **Future Made in Australia** agenda, which is targeted to address the major structural and strategic challenges that the Australian economy faces. Government support is needed to crowd-in the necessary private investment to scale up priority industries that will help the Australian economy navigate and prosper through these challenges.

As for social equity objectives, the terms of reference required us to consider the effectiveness of the incentive system in encouraging the take up and completion of apprenticeships by women and people who face additional barriers to undertaking training (including people in rural, regional and remote areas and First Nations peoples).

This aspect of the review required a consideration of the following priorities:



Working for Women: A Strategy for Gender Equality, which outlines the Australian Government's vision for gender equality – an Australia where people are safe, treated with respect, have choices, and have access to resources and equal outcomes no matter their gender.



The **National Agreement on Closing the Gap**, which seeks to enable Aboriginal and Torres Strait Islander people and governments to work together to overcome the inequality experienced by Aboriginal and Torres Strait Islander people and achieve life outcomes equal to all Australians.



Australia's Disability Strategy 2021-2031, which is Australia's national disability policy framework, driving action at all levels of government to improve the lives of people with disability.

In short, the gateway to the incentive system needs to be reframed to take account of a constellation of national economic priorities and social equity objectives.

Figure 34: A constellation of national economic priorities and social equity objectives



The characterisation of a particular objective as economic or social equity is not intended to suggest some sort of binary categorisation. There is a clear intersection between a number of these objectives. As the Australian Government's strategy for gender equality, Working for Women, states, 'equality cannot be achieved while there is still a high gender pay gap and women experience higher levels of poverty' (PMC 2024b).

The 2023 Intergenerational Report (Treasury 2023a:72) further reinforces the importance of expanding participation:

Reducing barriers to participation and lifting opportunities for these groups can increase overall participation, contribute to a more inclusive workforce that makes the most of diverse skills and experiences, and support more Australians to fulfil their potential.

Extending access to incentives to align with the full range of economic priorities and social equity objectives may result in some of the occupations (particularly in respect of high performing employers) set out in the list of occupations above remaining eligible for incentives and supports.

Shortly we will return to the steps required to realise the objective of reframing the incentive system gateway such that it aligns with the government's economic priorities and social equity objectives.

Removing incentives where they do not deliver public value

We now turn to consider the issue of employer access to the incentive system. Under current settings, once an occupation is on the Priority List, any employer employing an apprentice in that occupation/qualification is eligible for a hiring incentive and the apprentice is entitled to a training support payment (and other forms of support). We propose 2 further limitations on access.

Excluding employers who engage in poor practices

In Chapter 4 we examine the measures in place to protect apprentices and recommend changes to prevent employers who fail to comply with workplace laws from engaging apprentices and/or receiving incentives. However, we are also aware that practices within the system that may be lawful but also constitute sharp practice should be actively discouraged.

During our consultations we heard of ‘apprentice recycling’ or ‘churn’, where employers take on an apprentice for the first year and receive the benefit of the hiring incentive, then dismiss the apprentice and commence another apprentice to begin the process again. We were told that apprentices subjected to this practice receive minimal on-the-job training, are often not released for off-the-job training and are used to simply provide a form of cheap labour. We recommend that DEWR monitor the extent of ‘apprentice recycling’ and exclude employers from the incentive system if they engage in a pattern of apprentice recycling behaviour.

Focusing incentives on SMEs and excluding large employers

The second limitation concerns the engagement of large businesses (those with more than 200 employees) with the incentive system.

The evidence set out earlier in this chapter supports the proposition that large businesses are less responsive to incentives than SMEs. As noted earlier in this chapter, the Business Council of Australia told us in its submission that for large businesses, apprentice intake is based on business need rather than wage subsidy incentives and it recommended confining wage subsidies to SMEs.

All of this suggests that providing incentives to large businesses involves a significant amount of ‘dead weighting’ or, to put it another way, the incentives are paid to businesses who would have employed an apprentice without the incentive.

Large businesses represent best practice in providing training and support to apprentices. The higher completion rate performance of large businesses raises the question of how best to leverage their success.

The Business Council of Australia argued in its submission that the government should consider project-specific grants to allow large businesses to expand best practice through their supply chains, rather than providing wage subsidies to these businesses.

Consistent with the proposal advanced by the Business Council of Australia, we recommend that large businesses (those with more than 200 employees) not be eligible for incentive payments. Instead, large businesses would have priority access to an innovation fund to obtain grants for programs that promote apprenticeships commencements and completions.

Innovation fund

The overarching purpose of the proposed Innovation Fund is to improve the effectiveness and efficiency of the apprenticeship system. We provided the opportunity for jurisdictions to contribute their views on the potential utility of an innovation fund.

Projects funded through the Innovation Fund would be required to be independently evaluated and the evaluation outcomes to be made public so they can be shared across the system to inform future evidence-informed policy and to enable other organisations to adopt the lessons learned.

As described below, the types of initiatives that could be supported by such a fund broadly fall into 4 categories.

Leveraging success

The Innovation Fund would provide an opportunity to build on what we know works. In particular, it would provide a means of leveraging the success of large businesses in delivering a high-quality apprenticeship experience with high completion rates. This could include funding a range of initiatives, for example:

- Expanding the business’s apprentice intake beyond its own needs (to provide additional commencements). In the United Kingdom, typical models involve a host employer (a large employer) and a home employer (typically a SME) in the host employers’ sector and/or supply chain (Lewis 2017). This has benefits for each party: the apprentice benefits from access to a high-quality apprenticeship experience and supports from the host employer; the host employer benefits from well-trained staff in its supply chains and contributions to the costs of its own training programs; and the home employer benefits from access to the host employers’ facilities and support.
- Offering gender and diversity training to businesses within their supply chains (beyond the large business’s direct workforce).

- Sharing support services with smaller businesses within their broader supply chain.
- Piloting flexible apprentice programs to support adult apprentices and diverse cohorts.
- Expanding apprentice mentoring programs to apprentices in local SMEs.
- Partnering with local GTOs and leading industry employers to offer work experience opportunities for prospective apprentices.

Leveraging success need not be limited to large businesses. Scaling up existing successful initiatives run by industry bodies, RTOs and GTOs would also fall within the remit of the Innovation Fund. An example of an initiative that may attract funding is the Master Builders Newcastle scholarship program which provides work placement opportunities for Year 10 and 11 students with its GTO's host employers. The program helps students gain valuable on-the-job experience in carpentry, electrical or plumbing through mentoring and with some financial assistance. Many students who complete the program go on to complete apprenticeships.

Capacity building

Several parties drew our attention to capacity constraints within RTOs, which limited their ability to train additional apprentices in priority skills sectors. The National Electrical and Communications Association gave an example of a 'pop-up' RTO model it had implemented on the New South Wales South Coast, hiring and fitting out a local community hall for 2 days a week to deliver training for the Certificate III in Electrotechnology – Electrician. This model reduces the need for apprentices to travel up to 5 hours and acquire accommodation to attend block training every 3 weeks. The National Electrical and Communications Association states that this model has supported the employment of an additional 40 electrical apprentices in the South Coast region in the last 12 months. Similar models could receive funding through the Innovation Fund.

Priority cohorts

Building the capacity of RTOs to provide more culturally competent training to First Nations apprentices is a core issue raised during consultations in relation to increasing participation of this priority cohort. Guenther et al. (2017) found that First Nations students were more successful when taught by local trainers, in their own language, on Country. In line with this, the Joyce Review (Joyce 2019) recommended the Australian Government support the development of more quality Indigenous-owned-and-led RTOs. However, we also heard in consultations that the sector is small and faces challenges in its capacity to provide services to more apprentices due to funding constraints.

In terms of women apprentices, industry bodies, unions and GTOs should work together to attract more women into male-dominated trades through pre-apprenticeships and 'try a trade' programs, and to support successful completions for participants who go on to do an apprenticeship in these trades by working with their employers to establish safe workplaces and provide industry-specific mentoring.

We also heard that the higher wage rates for adult apprentices is a barrier for prospective apprentices over 21 in securing a position over a junior apprentice. A pilot project to provide a subsidy towards that gap for women in male-dominated trades should be trialled to address this barrier discouraging employers from hiring adult apprentices.

Informing policy

As set out in 'What we Heard', there were mixed views about Apprentice Connect Australia Providers. We address these issues in more detail in Chapter 4. The role of these providers will be reviewed in 2 years. To inform that review and to provide a broader evidence base for future policy options, alternative models could be piloted and evaluated through the Innovation Fund.

One area which is particularly contested is the role of providers in supporting and mentoring apprentices.

The Motor Trades Association of Australia described the former Australian Apprenticeship Support Network (AASN) structure as 'complex and confusing for stakeholders' and said that, in its current form, the structure 'is unable to provide enough flexibility to meet the needs of every industry'. The Motor Trades Association of Australia said stakeholders believed that the former AASN network is 'not working to its optimal level and that there exists a striking disconnect between apprentices and the network'.

The Australian Council of Trade Unions said in its submission that the current system of apprentice support is ‘a near-total failure’ and noted the conflict for former AASNs in attempting to advocate for employees when employers select the AASN, not the apprentice. While the Australian Council of Trade Unions welcomed the reforms introduced in the latest round of support provider contracts, ‘they will likely prove to be too conservative’ and ‘the lack of industry and on-the-job knowledge of many AASNs will likely remain an issue that will prevent the model from effectively supporting apprentices.’

The Electrical Trades Union of Australia said former AASNs failed to deliver meaningful increases in completion rates, and that the central failing of the current approach to supporting apprentices – whether through financial incentives or support services – is its divorce from industry.

Employer associations and unions supported industry-led apprentice/employer mentoring programs. The Australian Council of Trade Unions argued that a new system of support for apprentices should replace the Apprentice Connect Australia Providers with the following attributes:

- Industry-led – mentorship and support should have a direct connectivity with workers and the workplace.
- Supported tripartism – unions and employers should be supported by the new system to support and mentor apprentices and to assist those that are employing them.
- Connections to the industrial system.
- A holistic, wrap-around, case management approach to support provision.

The Australian Hotels Association, Accommodation Australia, Motor Trades Association of Australia, National Electrical and Communications Association, and state government submissions also supported industry-based mentoring.

Apprenticeship support should be recognised as a co-investment with industry, with government partnering with unions and employers to deliver better outcomes.

Electrical Trades Union of Australia (submission)

The proposed Innovation Fund would provide an opportunity to support industry-led apprentice/employer mentoring programs and provide a broader evidence base for the assessment of future policy options.

Transitioning to the new incentive system

To maintain confidence in the incentive system it is vital that the transition to the new gateway is transparent, evidence-based and allows sufficient time to engage with all stakeholders. It will also require input from the JSA and ABS.

Measuring the skills gap in areas of economic priority into the future is complex and requires evidence-based projections of workforce supply and demand. JSA plays an important role by providing data, analysis and insights into the current, emerging and future skills and workforce needs of the Australian economy.

We requested JSA provide projections of skilled workers required to meet Australia’s workforce demand in priority occupations, and the number of skilled workers the economy is currently projected to provide in these occupations. In response, JSA provided the projected demand and supply of skilled workers by occupation from 2023 to 2050 for the clean energy sector and the care sector. These projections are drawn from the recent Clean Energy Capacity Study, the Care Workforce Labour Market Study and the Early Childhood Education and Care Capacity study.

However, in the time available, JSA could not provide any workforce supply and demand projections on the construction sector because the sector has not been the subject of a capacity study. Instead, JSA provided occupational mobility data which, it noted, cover construction occupations. However, the occupational mobility data cannot be used to determine whether there is a skills gap in the construction sector and whether the gap is likely to grow over the coming decades.

JSA also provided projected employment levels for 67 priority occupations, including several construction occupations, from 2023 to 2028. However, these employment projections do not reflect unmet demand for skilled workers. To better inform the extent of the skills gap in Australia, it would be more useful if JSA projected the demand and supply of skilled workers for the 67 priority occupations going forward, like the projections produced for the clean energy, care workforce and early childhood education and care capacity studies.

The transition to the new incentive system must be transparent, evidence-based and allow sufficient time to engage with stakeholders. Given the time required the current employer hiring incentive settings and eligibility criteria should remain in place until 1 July 2025.

Under the new gateway, access to incentives will depend upon alignment with government economic priorities and social equity objectives. Further, incentives should only be provided where there is demonstrable public benefit. Apprenticeships with low wage completion premiums and poor working environments should be carefully scrutinised to determine whether they should be eligible for incentives or, alternatively, incentives could be restricted to high performing employers.

The level of employer incentives and apprentice support payment should be set having regard to the macro-economic environment:

- Trade apprenticeships are particularly responsive to changes in the business cycle, especially metal, electrical and building apprenticeships. To be effective trade apprenticeships incentives will need to 'flex up' when the unemployment rate rises.
- Employer incentives for trade apprenticeships should generally be higher than the incentives for traineeships, reflecting the duration of the apprenticeship.

In terms of the design of the new incentive gateway:

- Direct quarterly employer incentives to SMEs (those with fewer than 200 employees) engaging apprentices in priority occupations.
- Remove employer incentives for large employers, noting these employers are less likely to hire an apprentice based on hiring incentives.
- Enable a bespoke solution for the care and support sector.

Depending on the fiscal environment, incentives could be targeted at the areas of most substantial skill shortages – numbers matter. But the absolute number of skilled workers required in a particular occupation isn't everything.

Incentives may be justifiable for some occupations with small numbers which are critical to a number of industries (for example apiarists), or which are important to tourism in particular regions (for example lost trades with historical or social significance). Norway's approach to managing this has been to allocate a higher level of support to employers in 'small crafts' with historical and social significance (Kuczera 2017).

Reframing the gateway to the incentive system: proposed reform directions

Recommendations

2.1



The Australian Government aligns incentives with its economic priorities and social equity objectives, informed by evidence-backed advice from JSA, the ABS and DEWR.

The gateway to the incentive system is reframed using the following process:

- The current employer incentive settings and eligibility remain in place until 1 July 2025.
- The transition to an incentives gateway aligned with the government's economic priorities and social equity objectives is transparent, evidence-based and allows sufficient time to engage with stakeholders.
- The Minister for Skills and Training determines the government's economic priorities and social equity objectives. This determination directs the work of JSA and DEWR.
- JSA, in collaboration with the ABS, identifies national, state/territory and regional skill shortages that align with the government's economic priorities. DEWR considers occupations beyond the current priority of Australian and New Zealand Standard Classification of Occupations Major Groups 3 and 4 to ensure they capture construction and construction-related occupations, as well as ICT occupations at the VET level that are in shortage. JSA quantifies the extent of shortage in each occupation.
- DEWR reviews the data provided by JSA to ensure it aligns with the Minister's determination regarding national economic priorities and social equity objectives. The department takes into account the extent of non-compliance and the level of wage premium as it applies to an occupation in determining the appropriate gateway to the incentive system. Further, the department recommends the level of employer incentives and apprentice support payments having regard to the macro-economic environment.
- The following changes be made to employer incentives:
 - Direct quarterly employer incentives to SMEs (those with fewer than 200 employees) engaging apprentices in priority occupations.
 - Remove employer incentives for large employers, noting these employers are less likely to hire an apprentice based on employer incentives.
 - Differentiate employer incentive amounts so that employers engaging apprentices in trade occupations receive a higher amount than non-trade occupations, noting trades generally have a longer apprenticeship duration.
 - Enable a bespoke solution for the care and support sector.
- Depending on the fiscal environment, incentives could be confined to particular occupations, if necessary, to ensure the greatest impact on economic priorities and social equity objectives, rather than providing a smaller incentive to a larger group, which may not be sufficient to change behaviour.

Recommendations

2.2



The Australian Government establishes an innovation fund to engage industry, states and territories in piloting innovative approaches that address key challenges in the apprenticeship system and build on best-practice initiatives identified through the review.

The fund is to have a strong focus on:

- Expanding successful programs delivered by large employers and GTOs that provide mentoring and other workplace supports for apprentices.
- Supporting industry-led initiatives that increase the uptake and completion of apprenticeships for priority cohorts. For example, industry bodies could bring together employers, unions and experts through consortia models to establish industry-led mentoring for priority cohorts or address industry-specific pain points to drive cultural change.
- Supporting initiatives that can be repurposed and scaled-up to maximise impact.
- Ensuring independent evaluation of all fund initiatives and results are made public to enable learning and adoption of best-practice approaches across the apprenticeship system.

Initial pilot projects for the fund to leverage best-practice approaches identified by the review could include projects where:

- Large employers scale-up apprenticeships beyond their own business needs, for example by working with SME supply chains to deliver support services that improve workplace culture and apprentice experiences.
- RTOs better meet training demand while reducing excessive travel time for apprentices to attend block training, for example, through 'pop-up' RTOs in regional areas.
- Industry bodies deliver work experience and pre-apprenticeships to high school students, with assistance provided for travel and course expenses, tools, clothing and safety equipment.
- Industry bodies, unions and GTOs work together to attract more women into male-dominated trades through pre-apprenticeships and 'try a trade' programs, and to support successful completions for those participants who go on to do an apprenticeship in these trades, by working with their employers to establish safe workplaces and provide industry-specific mentoring.
- Industry bodies, unions and GTOs work together to attract more people with disability, First Nations peoples and people from culturally and linguistically diverse backgrounds into apprenticeships in priority occupations.
- First Nations apprentices in priority occupations are provided with mentoring and flexible training models that meet students' life experiences and learning preferences, including to remain on Country and/or connected to community, to enable them to complete their apprenticeship.
- Co-locating services into a singular 'hub' location to enable complementary services to be readily and easily accessed by stakeholders in the training system, particularly in regional areas.

Rewarding success (not reinforcing failure)

As set out in 'A framework for evidence-informed policy design: delivering public value', there was general support for the proposition that the incentive system should recognise success and not reinforce failure. Entities that contribute to high completion rates and high-quality apprenticeships should get incentives and other forms of recognition.

We deal elsewhere with not reinforcing failure (see Chapter 4). In this section, we deal further with the development of a performance matrix – to identify what success looks like – and then recommend 2 initiatives to leverage the success of high performing GTOs.

There was broad support for making greater use of high performing GTOs.

Performance matrix

Performance frameworks are used elsewhere in the Commonwealth to evaluate the performance of service providers. For example, provider performance is currently assessed using the Workforce Australia Employment Services Provider Performance Framework. An overview of that framework is set out in the Appendix.

In their submission, BuildSkills Australia called for 'a robust and independent' process to support the ongoing review of the apprentice incentive scheme, including consultation with industry, peak bodies and apprentices:

As part of this process, clear benchmarks and key performance indicators should be developed to ensure incentives are increasing the pipeline of qualified labour where it is needed most, is providing value for money, and remains fit for purpose.

BuildSkills Australia

We agree with BuildSkills Australia and support the development of a transparent, user-focused performance framework for key providers in the apprenticeship system – RTOs, GTOs, Apprentice Connect Australia Providers and employers.

Registered training organisations

All regulatory decisions made by VET regulators are published directly to the national training register against the relevant RTO's profile. This information is also easily available to students and employers using the provider search tool on the Your Career website. Where applicable, a red warning will appear next to the provider's name in the search results and users are linked to further information on the national register.

However, it is difficult for prospective apprentices and their employers to access robust information on the performance of an RTO above the baseline of compliance with the Standards for Registered Training Organisations. The Australian Skills Quality Authority advised us that transparency of the performance of the sector, and of individual providers is on its forward agenda.

Group training organisations

GTOs are responsible for the quality and progression of training for apprentices they employ. This includes inducting apprentices into the training system, connecting them with their RTO and ensuring they understand how to access additional support for training as required.

It is also the role of GTOs to manage the additional care and support necessary to enable the successful completion of a training contract. This involves providing resources and advice as well as procuring special equipment to meet access and equity requirements, including for people from culturally and linguistically diverse backgrounds (DEWR n.d.).

In their submission, the peak body for GTOs, the National Apprentice Employment Network, recommended that 'any extension of support through group training should apply [only to] ... GTOs registered against the National Standards for Group Training Organisations'.

The National Standards for Group Training Organisations promote national consistency and quality for GTOs and were endorsed by the predecessor to the Skills and Workforce Ministerial Council when last reviewed in 2017. State and Territory Training Authorities (STAs) are responsible for registering GTOs in their jurisdiction, including checking their compliance with the National Standards.

Apprentice Connect Australia Providers

With the implementation of the new provider model for support to apprentices and their employers comes the need to establish a robust framework for monitoring performance. This will be critical not only to assessing the effectiveness of the model and enabling responsive management by DEWR, but will also inform future policy settings for non-financial supports.

DEWR is developing key performance indicators for the new model, centred on quality of services and programs delivered, actions taken to promote services and programs, apprentice commencements and completions, feedback from DEWR and engagement with schools.

Employers

The Business Council of Australia proposed a new accreditation system incorporating the quality apprenticeships employer accreditation model developed by the Global Apprenticeship Network Australia, in addition to the commitment to undertake supervision and mentoring training, and offer pastoral support, including for diverse cohorts (including women in male-dominated industries) and adult apprentices.

Global Apprenticeship Network Australia accreditation model

Global Apprenticeship Network (GAN) Australia is a not-for-profit network of companies, associations and international organisations that promote quality apprenticeships worldwide. GAN coordinates closely with the International Labor Organization and the Organisation of Economic Co-Operation and Development. It is introducing an accreditation system that will offer Australian businesses and apprentices a mark of quality for communicating with one another and outwardly.

Accreditation principles

The Quality Apprenticeships employer accreditation is based on International Labor Organization standards, reflecting best practice endorsed by 187 countries. GAN Australia has introduced the accreditation to allow businesses to become certified employers of choice. For a business to be accredited, it must show commitment to the following accreditation principles:

- Supporting employment – uses apprenticeships as a means of creating entry level pathways and supports apprentices from the start of their employment.
- Equality and diversity – apprenticeships are non-discriminatory and used to increase workforce diversity, and apprenticeship vacancies are promoted to a broad audience.
- Wages and conditions – processes support apprentices to understand their workplace rights and ensure that all apprenticeship conditions are met.
- Health and safety – safety and health are prioritised for a workplace that supports employee physical and psychosocial wellbeing.
- Staff development – learning and development of apprentices is ensured through supervision and mentoring by appropriate and trained staff.

Assessment

Every application will be assessed by the Quality Apprenticeships accreditation partner. The assessor will be looking for:

- a majority of positive responses throughout the application, and within each accreditation section
- evidence of actions, policies and processes through text responses, evidence uploads, and in the data provided in the organisation details section
- a correct response to all mandatory questions, and evidence supporting your answer.

The assessor may also conduct checks on publicly available information related to the organisation that is relevant for accreditation, such as regulatory decisions against the business.

Example

Question: Of your apprentices who have commenced in the past 5 years, what percentage are still in training or have completed?

Response options: List, select one: 0–20%, 21–40%, 41–60%, 61–80%, 81–100%

What we are looking for: To identify how many of your apprentices are continuing their training or have completed their training. If your response is lower than expected, you will be asked for information about why your apprentices typically withdraw or cancel their apprenticeship or leave your business.

Accreditation

On approval of accreditation the applicant will receive:

- a certificate of accreditation
- the accreditation seal
- an accreditation brand guide with additional information on promoting your accreditation.

Accredited employers may be listed on the Quality Apprenticeships website and promoted across Quality Apprenticeships communication channels.

Leveraging success

GTO Boost and the New Energy Apprenticeships Program

GTO Boost

In the 2024–25 Budget, the Australian Government established a GTO Boost pilot program, commencing 1 January 2025, which will provide a payment to reimburse part of the fees that GTOs typically charge to SMEs.

By reducing GTO costs, the pilot program's policy objective is to make GTO arrangements more attractive for SMEs engaging an apprentice for the first time, maximising the likelihood of a positive experience, and the likelihood of the SME going on to engage further apprentices.

As currently framed, the measure will:

- support SMEs that host an apprentice in priority clean energy, construction and manufacturing occupations, with a preference for first time employers of apprentices
- provide \$1,500 per year over the life of the placement (up to 4 years), with no part payments where the apprentice leaves the placement within a 12-month period
- provide 800 reimbursed placements over 2 years (400 places available from 1 January 2025, with a further 400 places from 1 July 2025).

The evidence clearly supports the essential structure of the pilot. In particular:

- small and micro businesses often lack the resources to provide comprehensive apprentice mentoring and support resulting in lower completion rates than medium and large businesses
- new employers are responsive to incentives.

Small and medium businesses make up the majority of employers taking on apprentices for the first time. We also heard that first time employers face barriers in taking on and supporting apprentices, such as understanding their responsibilities and how they intersect with the training system.

Our consultations also found broad support for making greater use of high-performing GTOs. For example, the National Electrical and Communications Association argued that greater use of GTOs will increase retention and completion rates of trade apprentices because:

- small and micro businesses often lack the infrastructure and resources for comprehensive mentoring and support, while GTOs provide assistance to both apprentices and host employers which translates to improved completion rates
- GTOs employ robust recruitment practices, ensuring apprentices are appropriately matched with host employers
- GTOs provide job security
- GTOs ensure well-rounded training and full compliance with work health and safety (WHS) obligations.

However, we recognise that the cost of using GTOs can be a significant barrier for cost-sensitive SMEs.

While the structure of the pilot's design is sound, we think that the level of support is insufficient to adequately address the barriers to SMEs engaging an apprentice through a GTO.

GTO fees are generally around \$5,000 to \$7,000 per year and a subsidy of \$1,500 is unlikely to be sufficient to overcome the cost disincentive for an SME. We recommend the funding provided be increased to \$4,000, and pro-rated for shorter placements, to offset the likely annual costs, and that the payment for the first 2 years, which would provide early support for SMEs and apprentices when they need it most and when other apprentice training and supervision costs are also at their highest.

We also recommend that the pilot be confined to 'new employers', that is employers who have not employed an apprentice within the past 2 years and that they commit to participating in training (provided by their GTO) in relation to on-the-job training, mentoring apprentices and Respect@Work.

Further, we consider that more needs to be done to attract priority cohorts to take up New Energy Apprenticeships, including specific action to attract more women into the sector. At present, women make up only 6.2% of New Energy Apprentices.

Group training organisations in renewable energy projects

The Electrical Trades Union of Australia told us that GTOs could also be used to address low rates of apprenticeships in the renewables sector by employing an apprentice for their full training duration and placing them with a range of projects. This would resolve the challenges with the time-limited nature of most renewables projects and their ability to offer a range of on-the-job experiences. At present the rates of apprenticeships in the renewables sector is particularly low because of:

- the remoteness of the projects
- the time-limited nature of the construction phase, which is usually shorter than the length of an apprenticeship
- individual projects not being able to offer the range of on-the-job experience required to complete an apprenticeship.

GTOs accounted for 12% of all electrical apprentices in training in 2023, including 20% of all women electrical apprentices. The GTO model enables employers to gain access to a reliable source of apprentices, removing much of the administrative and regulatory burden from host employers.

The Electrical Trades Union of Australia proposed implementing trial projects in which a GTO is appointed to a renewable energy zone, whereby all relevant projects within the zone would be required to engage apprentices directly or through that GTO, to provide certainty for GTO expansion into the region. We endorse that proposal.

Rewarding success (not reinforcing failure): proposed reform directions

Recommendations

2.3



The Australian Government develops a transparent, user-focused framework that details the performance and quality of providers in the apprenticeship system, to inform government, apprentice and employer choices on selecting high-performing providers.

The framework is to:

- Include performance data and outcomes on Apprentice Connect Australia Providers, RTOs and GTOs that deliver services to apprentices and employers.
- Assess provider performance holistically by considering success at:
 - achieving apprenticeship completions
 - delivering high-quality services/training to apprentices and employers, including a supportive work and training environment
 - working collaboratively with one another to provide joined-up services and reduce complexity for users.
- Align with existing provider performance frameworks, the revised Standards for Registered Training Organisations and Apprentice Connect Australia Provider contracts.
- Build on best-practice performance framework models identified in the review, such as the Workforce Australia Services Provider Performance Framework and the Global Apprenticeship Network Australia quality apprenticeship principles.
- Revise the National Standards for Group Training Organisations, in consultation with Jobs and Skills Councils, to ensure the standards are clear and outcome-focused.
- Inform eligibility for employer incentives and pilot programs (for GTOs) and contract renewals for Apprentice Connect Australia Providers.
- Include regular public reporting on performance ratings to inform user choice.

Recommendations

2.4



The Australian Government, in consultation with states and territories and Jobs and Skills Councils, develops a model to recognise employers that exhibit good employment practices and provide a positive workplace culture to ensure the safety and inclusivity of apprentices.

The model is to consider the specific needs of priority cohorts and how best to support employers to create inclusive and culturally safe workplaces for apprentices. Options could include:

- An accreditation or 'preferred employer' model underpinned by organisations with good policies/practices to support apprentices and clear evidence of past performance.
- A model where prospective employers gain accreditation by undertaking a short course to be certified as an 'apprentice-ready' workplace, that could be developed in consultation with Jobs and Skills Councils.
- A model that leverages existing Australian Government policies and programs to require those bidding for government business to adopt a workplace 'culture standard'.

Once developed, the model is to be used by the Australian Government to inform eligibility for employers to access the innovation fund and eligibility for 'high performing' GTOs to access the GTO pilot programs (refer to Recommendations 2.5, 2.6 and 5.1). Note employer eligibility for incentives is outlined in Recommendations 2.1 and 4.1.

2.5



The Australian Government reframes its GTO Boost pilot program as follows:

- The pilot provides \$4,000 per year, pro-rata for shorter placements, for the first 2 years to offset the cost of GTO fees for SMEs for each apprentice, in addition to other incentives.
- GTOs deliver supervisor training, coaching and ongoing capacity building to SMEs (who must commit to undertake the training), including in:
 - meeting employer obligations, such as Respect@Work
 - mentoring apprentices
 - delivering on-the-job training.
- GTOs supporting apprentice mobility between SMEs where needed to avoid unsafe workplaces.
- The pilot includes a 20% target for women taking up the apprenticeships.
- The pilot is limited to SMEs who have not had an apprentice in the past 2 years and to apprentices in priority occupations in clean energy, construction and manufacturing sectors, and those GTOs identified as 'high performing' through the performance framework in Recommendation 2.3.

2.6



The Australian Government uses a competitive process to appoint GTOs in geographical regions with substantial renewable energy activities and requires all projects within that region to engage apprentices through that GTO.

Funding provided under net zero special investment vehicles should take this cost into account.

Supporting apprentices

As mentioned earlier, it was generally acknowledged by all interested parties, that cost-of-living pressures are making apprenticeships less attractive for individuals and are having an adverse impact on retention and completions. The tight labour market is also making other employment options more attractive, putting pressure on apprenticeship commencements. In this section we set out our recommendations to support apprentices in dealing with cost-of-living pressures.

Index support payments

The Australian Apprentice Training Support Payment (AATSP) provides eligible apprentices with up to \$5,000 across 2 years to assist with their training. The payment has not been indexed since its introduction on 1 July 2022.

Indexation is the process of adjusting the value of government programs for changes in the level of price, living costs or wages. In general, indexation aims to maintain the relative value or level of policy settings over time (reference). Indexation is particularly important for support and incentive programs because without it, the real value of any payment provided by the program is eroded by inflation and the program becomes less effective over time.

Had the AATSP been indexed semi-annually based on increases in the Consumer Price Index (CPI), consistent with the indexation of Youth Allowance payments, the value of the payment would have been \$5,600 as at 1 July 2024, or some 12% higher than its current level.

Similarly, the New Energy Support payment of up to \$10,000 for eligible apprentices has also not been indexed. If this payment had been indexed in line with increases in the CPI, the payment would be \$10,805 as at 1 July 2024.

Given that the purpose of these payments is to assist apprentices with cost-of-living pressures, it makes sense that they should be indexed to the CPI.

To ensure apprentice support payments keep pace with actual costs faced by apprentices, we recommend all apprentice support payments be indexed in line with practices for indexing Youth Allowance payments.

Living Away From Home Allowance

The Living Away From Home Allowance (LAFHA) is intended to facilitate access to apprenticeships. An apprenticeship may not be available in a particular area, and someone who lives at home with a parent or guardian may need to relocate to commence and complete their apprenticeship. LAFHA aims to support such individuals to meet the increased living costs associated with moving away from home for the first time to take up an apprenticeship. LAFHA is designed as a labour mobility measure.

Apprentices eligible for LAFHA receive \$77.17 per week in their first year of training, \$38.59 per week in their second year of training and \$25 per week in their third year of training. Over a 3-year apprenticeship, the value of LAFHA is \$7,319.26.

The LAFHA payment rates have not been adjusted since 2003 (though the third-year payment came into effect in 2005). Consequently, there has been a substantial erosion of the real value of support being provided. Eligible apprentices appear to be more attracted to Youth Allowance given the higher levels of support for younger apprentices and, potentially, more familiarity with Centrelink claiming processes.

The payment rates under the LAFHA would be 74% higher had they been indexed to CPI from September 2003 to March 2024.

The Isolated Children and Parents Association has requested in its submission the levels of LAFHA be reviewed. Farmers, being asset rich but cash poor, often fail means testing for other forms of income support and rely on LAFHA for their children moving away for an apprenticeship. The Isolated Children and Parents Association also advise that the eligibility rules for the Tertiary Access Payment (Services Australia n.d.) assisting higher education students relocating from regional areas should be reviewed to include apprentices.

Travel and accommodation

We heard that travel and accommodation costs are a significant barrier for regional and remote apprentices to successfully engage with their training. The travel or accommodation costs associated with accessing off-the-job training (for example, block release) is primarily the responsibility of states and territories, however, the support provided varies significantly across jurisdictions.

Table 5: State and territory supports (predominantly to attend off-the-job training)

State	Travel support (compiled August 2024)
ACT	<ul style="list-style-type: none"> A contribution towards travel and accommodation costs to assist eligible apprentices attend off-the-job training interstate, where training is not available in the ACT (ACT Government n.d.-a).
NSW	<ul style="list-style-type: none"> Transport concession cards for apprentices or new entrant trainees registered with the New South Wales (NSW) Department of Education who are in an active apprenticeship or traineeship. Vehicle registration rebate – a \$100 rebate for first- and second-year apprentices registered with the NSW Department of Education. Vocational Training Assistance Scheme – provides financial assistance for apprentices or new entrant trainees who are required to travel more than a 120 km round trip to attend day or block release training with their RTO. Continuing Apprentices and Trainees Placement Service – if required to relocate to continue an apprenticeship, apprentices and trainees may be eligible for up to \$2,500 in assistance (NSW Government n.d.).
NT	<ul style="list-style-type: none"> The Apprentice and Trainee Travel and Accommodation Subsidy Scheme – subsidised funding for eligible apprentices/trainees required to travel intrastate/interstate to undertake off-the-job training. Eligible apprentices can claim a road subsidy of 50 cents per kilometre for journeys over 50 km one-way, a bus fare for one-way journeys of 50 km to 1,000 km and an airfare subsidy based on discounted airfares published by travel providers (NT Government n.d.-a).
Qld	<ul style="list-style-type: none"> Travel and accommodation subsidy – provides financial assistance to eligible Queensland apprentices and trainees for travel expenses incurred by attending off-the-job training at the closest RTO that offers the required qualification, and travel incurred is a minimum of 100 km return from their usual place of residence (Queensland Government n.d.).
SA	<ul style="list-style-type: none"> Travel and Accommodation Allowance – businesses in rural or regional South Australia can access allowances for travel and accommodation associated with hiring an apprentice or trainee. This includes costs incurred by employers when apprentices or trainees are required to travel more than 150 km from home (round trip) to attend training, and an accommodation allowance of \$60 per day for intrastate and \$110 per day for pre-approved training delivered in other states (Skills SA n.d.-a).
Tas	<ul style="list-style-type: none"> Travel and accommodation allowances – any apprentice or trainee who is required to travel further than 21 km from their home either in Tasmania or interstate to attend training at their nominated RTO can apply for this allowance. Specific rates apply for accommodation and travel distance (Skills Tasmania n.d.).
Vic	<ul style="list-style-type: none"> Vehicle registration discount – Trade Apprentices in Victoria are entitled to a 100% discount off the cost of the registration of their vehicle. The vehicle must be used for work purposes (i.e. transporting tools to and from work) or regularly used to get to or from work between 8.30pm and 5.30am (VicRoads n.d.).
WA	<ul style="list-style-type: none"> Travel and Accommodation Allowance – available to apprentices that need to travel more than 70 km (round trip) to attend their off-the-job training (Western Australian Government 2024).

A number of submissions to the review argued for changes to travel and accommodation allowances.

It is unlikely that an allowance of \$55–\$60 per night will cover even 50% of a night's accommodation. This impact increases significantly once the fact that the off-the-job training block, where an apprentice or trainee may be required to travel significant distances to attend training, may be up to two weeks. An apprentice may be out of pocket more than \$550 for each training block which is a substantial amount for any apprentice.

The kilometre allowance rates also differ by state and territory. If the apprentice or trainee has a smaller economical vehicle the allowance rates may cover the cost of fuel but would not cover the cost of wear and tear on the vehicle. Apprentices and trainees will still have their usual weekly accommodation costs to outlay before paying for any additional costs to attend their training at TAFE. With both accommodation and kilometre allowances insufficient to cover the true cost of attending off-the-job training consideration should be given to encouraging state and territory governments to raise their allowances.

Australian Education Union (submission)

[There needs to be] a nationally consistent scheme to reimburse travel costs to attend training with a round trip more than 100km from where an apprentice or trainee lives, plus an adequate reimbursement of accommodation costs to attend block release training.

National Australian Apprenticeships Association (submission)

For apprentices living in regional, rural and remote areas, distance and travelling have a significant impact when they need to attend in-person training days ... some prospective apprentices will decide to relocate for the duration of their apprenticeship. However, this can be a difficult and expensive option. Despite facing similar financial costs to tertiary students in relocating as part of their VET or higher education pathway, apprentices are not currently eligible to receive the Tertiary Access Payment (TAP).

Regional Education Commissioner (submission)

It is the responsibility of the states and territories to ensure the supports they provide reflect apprentices' actual costs for travel and accommodation. Without such support, apprentices who would otherwise complete their training and join the skilled workforce may drop out of their apprenticeship. According to NCVET data (2024a), personal reasons (which includes problems with travelling/transport) were the main reason apprentices discontinued their training.

We heard stories of apprentices having little choice but to sleep in their cars or share motel rooms with multiple apprentices, placing them in potentially unsafe situations simply to participate in their training. Given the investment from the government and employers in apprentices' training, it is critical that the cost of travelling to attend that training is not prohibitive. General incentives to apprentices won't effectively target the specific cohort affected, however the current approaches, which have inconsistent eligibility criteria, format and value, are not adequately addressing the barriers apprentices face.

Disability Australian Apprentice Wage Support

The Disability Australian Apprentice Wage Support (DAAWS) program provides wage support for employers to assist with employing apprentices with disability, as well as off-the-job tutorial, mentor and interpreter assistance.

For eligible employers, DAAWS pays \$104.30 per week in arrears to the employer for 12 months. To support apprentices experiencing difficulties with the off-the-job component of their apprenticeship, DAAWS also provides up to a maximum of \$5,500 per year for tutorial, mentoring and interpreter services to RTOs.

DAAWS payment rates have not been updated since the payment was introduced in 1998 and consequently there has been a substantial erosion in the real value of the support provided. If the DAAWS payment rates were indexed by the CPI, it would increase to \$216.07 per week for employers, which is more than twice the current rate.

DAAWS has a low claim rate by employers, with only 5,845 apprentices signed up to the program as of May 2024 (unpublished DEWR apprentices and trainees data as at May). This is less than half of the 11,355 apprentices with disability in training in the apprenticeship system.

The Australian Apprenticeship Incentive System Guidelines state that to extend DAAWS beyond the first year, employers of apprentices with a permanent disability must either have their apprentice undertake a medical assessment, provide a letter detailing the progress of the apprentice, or have the employer submit a new form (DEWR 2024a).

We consider that it could be offensive for someone who has been assessed as having a permanent disability to be asked to undertake another medical assessment a year later to prove their disability again (DEWR 2024a).

The Australian Education Union said in its submission that apprentices should be able to use a pre-existing medical assessment as evidence in support of eligibility for DAAWS.

This proposal is consistent with an earlier report of the Melbourne Apprenticeships Disability Network (Demanuele 2022:3) which advocated for simplified application processes for apprentices 'who have already met proof of disability requirements for the National Disability Insurance Scheme, Disability Employment Services, Disability Support Pension, state and federal education departments or other government disability programs'.

Eligibility for and navigation of the DAAWS program is explored in more detail in Chapter 5.

Tools for Your Trade

The Tools for Your Trade program was introduced in 2006 to support apprentices by providing financial assistance to help cover the costs of essential tools and equipment required for their apprenticeship.

Initially, the program provided a voucher to eligible apprentices for the purchase of tools and equipment valued at \$800. From 2010, it was replaced with a cash payment of \$3,800, rising to \$5,500 in 2011 to reflect the increased costs associated with purchasing tools. These payments were distributed at different stages of the apprenticeship, to help apprentices acquire tools and essential items as they progressed through their training.

Public concerns that Tools for Your Trade payments were being misused to buy non-work-related goods, administrative challenges, and mixed data on its efficacy led to the replacement of the program in 2014 by the Trade Support Loans program (now known as the Australian Apprenticeship Support Loan). Under Trade Support Loans, apprentices undertaking a Certificate III or IV in an area of skill shortage could borrow an income-contingent loan of up to \$20,000. Upon successful completion of the apprenticeship, apprentices received a 20% discount on their Trade Support Loan amount.

Under the current Australian Apprenticeship Support Loan, apprentices completing an apprenticeship listed on the Priority List can access an interest-free loan of up to \$25,643 (2024–25). The loan does not have to be repaid until the apprentice is earning above a minimum threshold (\$54,435 per year). Apprentices who successfully complete their apprenticeship also received a 20% discount on their loan.

The Australian Apprenticeship Support Loan is available to all apprentices undertaking a qualification listed on the Priority List and doesn't specifically account for apprentices who are required to purchase occupation-specific tools and equipment. We heard through consultations that apprentice carpenters, electricians and plumbers face significant additional costs to obtain the tools required for their jobs compared to other apprentices.

MEGT Australia's submission identified the previous Tools for Your Trade program \$5,500 tax-free allowance for apprentices as being 'integral to the decision to take on an apprenticeship'. Energy Skills Australia was also supportive of this type of incentive in its submission.




The Housing Industry Association told us in its submission that apprentices in construction trades need to acquire the necessary tools, and it called for 'a program that assists new apprentices obtain the necessary tools of trade'.

As an alternative to raising the tax-free threshold for new-entrant apprentices, the National Australian Apprenticeships Association submission called for restoration of a 'tools for the trade \$5,500 allowance' as a tax-free grant to new-entrant apprentices.

We do not recommend changes to the tax-free threshold, for reasons discussed later in this chapter.

The top 3 construction trade apprenticeships in terms of commencements and projected shortfalls are electricians, carpenters and joiners (these 2 occupations are covered under the same ANZSCO occupation group, 3312), and plumbers. As a first step, we proposed that the tools for the trade initiative be confined to apprentices in these occupations. The initiative can then be evaluated and, if appropriate, extended to other occupations.

Supporting apprentices: proposed reform directions

Recommendations	
2.7 	<p>The Australian Government increases apprentice incentives to help address cost-of-living pressures for apprentices.</p> <p>The reformed payment settings for apprentice incentives are to:</p> <ul style="list-style-type: none"> • Direct quarterly payments to apprentices in priority occupations. • Increase the payment by \$600 to account for the effect of inflation since July 2022. • Index payments on an ongoing semi-annual basis in line with the CPI, consistent with Youth Allowance. • Regularly review suitability of payment amounts to take account of economic circumstances.
2.8 	<p>Australian, state and territory governments ensure travel and accommodation supports for apprentices are helping to address cost-of-living pressures and enable apprentices in remote and regional areas to undertake training.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • The Australian Government increases the Living Away From Home Allowance rate by \$56.88 per week for first year apprentices, \$28.44 per week for second year apprentices and \$18.43 per week for third year apprentices to account for the effect of inflation since 2003, and then index payments on an ongoing semi-annual basis in line with the CPI, consistent with Youth Allowance. • State and territory governments review the travel and accommodation supports they provide to apprentices, and ensure these amounts meet the needs of apprentices based on actual costs of travel and accommodation.
2.9 	<p>Where not already available, state and territory governments introduce mechanisms to subsidise or reduce the cost of transport for apprentices in priority occupations throughout the life of their apprenticeship, such as:</p> <ul style="list-style-type: none"> • Discounts on the costs of vehicle registration. • Concessions on the cost of public transport aligned with those available to tertiary students where possible. • Rebate schemes for purchase of new or used battery electric or hybrid electric vehicles that provide a higher rebate for apprentices. <p>Such concessions, subsidies or rebates will provide practical, ongoing cost-of-living relief to apprentices.</p>

Recommendations

2.10



The Australian Government amends the Disability Australian Apprentice Wage Support payment, to ensure it meets the policy intention of making workplaces accessible and inclusive for apprentices with disability.

Changes are to:

- Increase payment rates to \$216.07 per week, with ongoing semi-annual indexation in line with the CPI, consistent with Youth Allowance.
- Remove the requirement for apprentices with permanent disability to provide evidence on their continued eligibility, in line with the National Disability Insurance Scheme's approach.
- Explore ways to more effectively complement other government support services, such as the National Disability Insurance Scheme and Disability Employment Services, to ensure supports are not duplicated and are as simple as possible for apprentices and employers to access.
- Ensure apprentices with disability are eligible for other incentive payments, in addition to their employers receiving the Disability Australian Apprentice Wage Support payment.

2.11



The Australian Government introduces a payment to support apprentices in high-priority trade occupations which are in shortage and with higher cost tools (for example, construction workers and electricians) to purchase tools and equipment necessary for their trade.

The payment settings are to:

- Provide a tax-free payment of up to \$5,000 per apprentice.
- Direct the payment to apprentices in key occupations of carpenters/joiners, electricians and plumbers, and apprentices in priority cohorts.
- Require repayment if an apprentice fails to complete their first year to ensure payments contribute to completions.

Procurement

State governments and unions told us that government procurement policies should require threshold levels of apprentice employment, especially from priority cohorts and in respect of first- and second- year apprentices.

Commonwealth procurement

The purchase of goods and services by the Commonwealth is governed by the Commonwealth Procurement Rules (CPRs) under the *Public Governance, Performance and Accountability Act 2013* (Department of Finance 2024). The CPRs are the keystone of the Commonwealth Procurement Framework and assist government and business through advice and support.

Australian Government procurement policies are one of the 'levers' to encourage employers to take on more apprentices.

Division 1 of the CPRs sets out the rules which apply to all procurement:

- achieving value for money (the 'core rule')
- encouraging competition
- efficient, effective, economical and ethical procurement
- accountability and transparency
- risk management.

Division 2 of the CPR lists the rules that apply when the expected value of the procurement is at or above \$80,000 for general procurement by a non-corporate Commonwealth agency, \$400,000 for procurement of construction services by a prescribed corporate Commonwealth agency, or \$7.5 million for the procurement of construction services by a non-corporate Commonwealth agency. These principles include:

- the condition in which a limited tender may be undertaken
- minimum timeframes for procurement
- consideration of the broader benefits to the Australian economy for procurement with the expected value of above \$4 million.

The CPR was updated from 1 July 2022 to target 20% of procurements by value to be sourced from SMEs, explicitly encourage entities to approach multiple suppliers when procuring from a panel arrangement, and consider the disaggregation of large projects into smaller packages to maximise competition where appropriate.

Indigenous Procurement Policy

Introduced in 2015, the Indigenous Procurement Policy (IPP) aims to stimulate Indigenous entrepreneurship, business and economic development, providing First Nations people with more opportunities to participate in the economy (NIAA 2020). The IPP is intended to significantly increase the rate of purchasing from Indigenous businesses through:

- Annual targets for the volume and value of contracts to be awarded to Indigenous businesses by the Commonwealth and each Portfolio.
- The Mandatory Set Aside (NIAA n.d.) which requires Indigenous businesses be given an opportunity to demonstrate value for money before a general approach to market. The Mandatory Set Aside applies to procurements to be delivered in remote Australia and for all other procurements wholly delivered in Australia valued between \$80,000 and \$200,000 (GST inclusive).
- Indigenous employment and business participation targets which apply to contracts wholly delivered in Australia valued at \$7.5 million or more in 19 industries.

The Department of the Prime Minister and Cabinet undertook a review of the IPP following 3 years of operation (PMC 2019). This found the implementation of the IPP had a positive effect in respect to providing opportunities for Indigenous businesses to access Commonwealth contracts but cautioned that there is a risk of unintended consequences because of perceived externalities (such as 'black cladding' when a business unfairly uses policies not intended for them, like the IPP, to access markets). The Department of the Prime Minister and Cabinet review observed that there is still much work to be done to improve the policy settings and the outcomes for First Nations people and communities.

Black cladding – including the practice of non-Indigenous companies either creating a business structure where the shareholding percentage is technically enough to qualify as an Indigenous business or attempting to misrepresent themselves as Indigenous businesses in a bid to win contracts under the IPP – is still perceived to be an issue within the industry. This can take the form of establishing shadow businesses with Indigenous owners and limited or even no staff to win the work then subcontract out the actual work to the non-Indigenous parent organisation to deliver.

Despite this, government procurement is a proven, effective lever for changing the hiring behaviour of employers (Holdsworth et al. 2020; Leiser and Wolter 2013). The success of the IPP demonstrates how whole-of-government policy can drive business and employment outcomes and promote greater diversity in the workforce (PMC 2019).

The Australian Skills Guarantee

The Australian Skills Guarantee (ASG) introduced national targets for apprentices, trainees, paid cadets and women on eligible Australian Government-funded major projects on 1 July 2024. Targets apply to direct Australian Government procurements in building, construction and maintenance construction, and ICT, with an estimated individual value of \$10 million or more. As outlined in Table 6, different targets apply, depending on the value and type of the contract.

Table 6: Targets for women in the Australian Skills Guarantee

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

Note: Targets increase each financial year. Targets have applied to Australian Government tender processes from 1 July 2024.

Source: DEWR (2024b).

Targets are a common approach taken around the world to address the workforce underrepresentation of marginalised groups. For example, targets have been used in Brazil (de Araújo et al. 2021), Chile (Duryea et al. 2023), Hungary (Krekó and Telegdy 2022) and Japan (Mori and Sakamoto 2018) to encourage the hiring of people with disability with overall positive effects. Targets have also been used in India to support the hiring of marginalised castes and tribes targeting employment levels that match the share of the population those groups make up (Prakash 2020). International approaches tend to focus on the whole of the economy and are a mixture of fines and taxes (De Araújo et al. 2021; Duryea et al. 2023; Krekó and Telegdy 2022; and Mori and Sakamoto 2018) and incentives (Mori and Sakamoto 2018).

Non-compliance and reporting

At present relevant entities are required to undertake 6-monthly assessments and a final (end-contract) assessment for contracts with ASG targets. There are 4 streams of non-compliance: minor, moderate, major and extreme. Actions to address non-compliance range from applying an educative approach, through to stronger compliance measures, depending on the severity of the non-compliance.

In undertaking assessments relevant entities should consider the circumstances contributing to non-compliance to determine the appropriate action.

There is no requirement for financial penalties to be imposed under the ASG. However, this does not preclude relevant entities from imposing financial penalties for non-compliance where these have been agreed under the relevant contract.

A supplier's compliance history with the ASG is available for relevant entities to view after a project has been completed. If a supplier demonstrates extreme non-compliance, this will be taken into consideration in the assessment of future procurement activities.

Relevant entities are required to monitor supplier performance based on their quarterly reporting. When required, relevant entities will need to address non-compliance with suppliers. It is expected that relevant entities will have in place mechanisms to discuss performance with suppliers. Suppliers are required to report at the end of every quarter and financial year, as well as the end of the contract. Suppliers must record, track and report information on behalf of their sub-contractors as well.

At present a supplier's performance with the ASG is not made public. A supplier's overall performance against the ASG will be available for relevant entities to consider in value for money assessments in future approaches to market.

We propose that a supplier's performance against the ASG be made publicly available at the end of the contract.

Increase the percentage of labour hours to be undertaken by apprentices

The current 10% target does not differentiate between trade and non-trade apprenticeships and nor does it specify whether the apprentice is a first, second, third or fourth year apprentice. During our consultations we heard that an unintended consequence of some state procurement policies for large infrastructure projects was that the project 'poached' third and fourth year apprentices from surrounding SMEs; thereby denying those businesses the use of their most productive apprentices and not contributing any additionality in terms of the numbers of apprentices in training.

Government procurement apprentice and training targets must include separate targets for each year of the apprenticeship, to require employers to employ apprentices at every stage of their training.

Electrical Trades Union of Australia (submission)

To address this issue, we propose that 20% of the 10% target (that is, 2% of all labour hours spent on the procurement) be undertaken by first and second year trade apprentices. If we do not specify the apprenticeship cohort, the ASG will not create the additionality required to meet the government's economic priorities and social equity objectives.

Cultural contracts in Australian Government procurement and investments

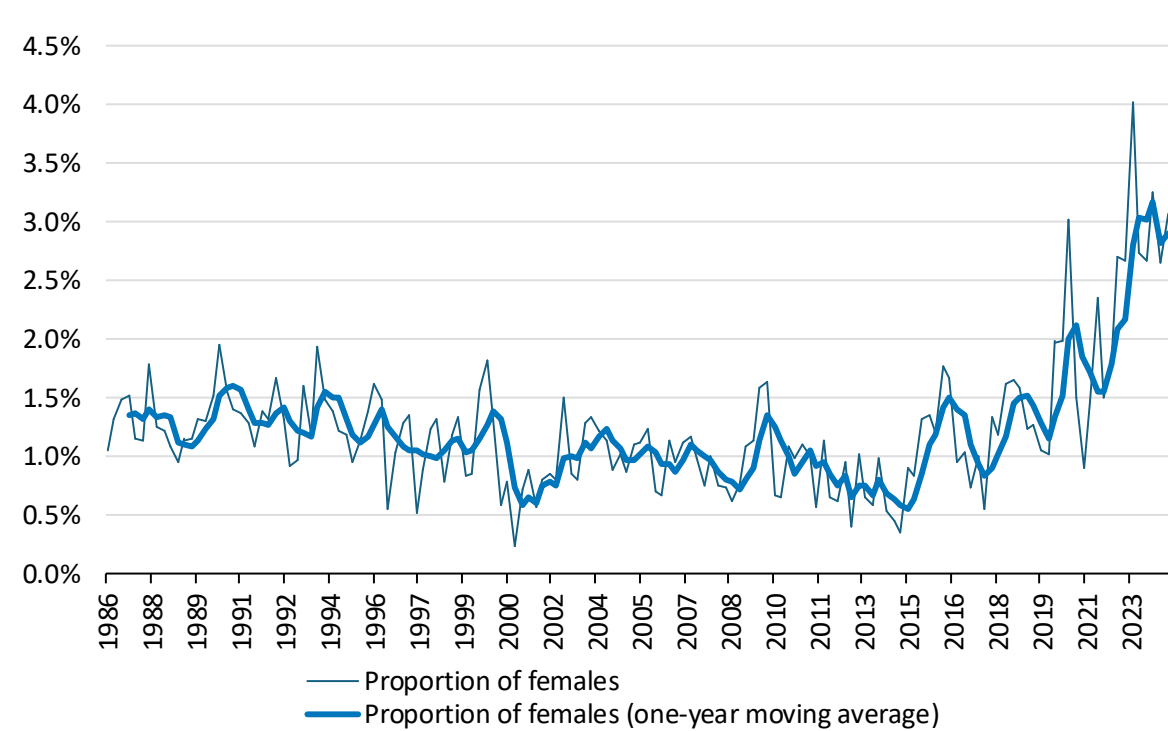
As noted by BuildSkills Australia in its supplementary submission of 10 May 2024, construction is the most male-dominated workforce in Australia, particularly in the trade workforce.

The challenges for women in the sector are well understood... The culture is gradually changing. There is now a greater understanding of the need to diversify the construction workforce. All levels of government are now actively seeking to address the barriers to female participation... Many industry organisations are also driving positive change... These efforts have had a demonstrable impact in recent years.

BuildSkills Australia (submission)

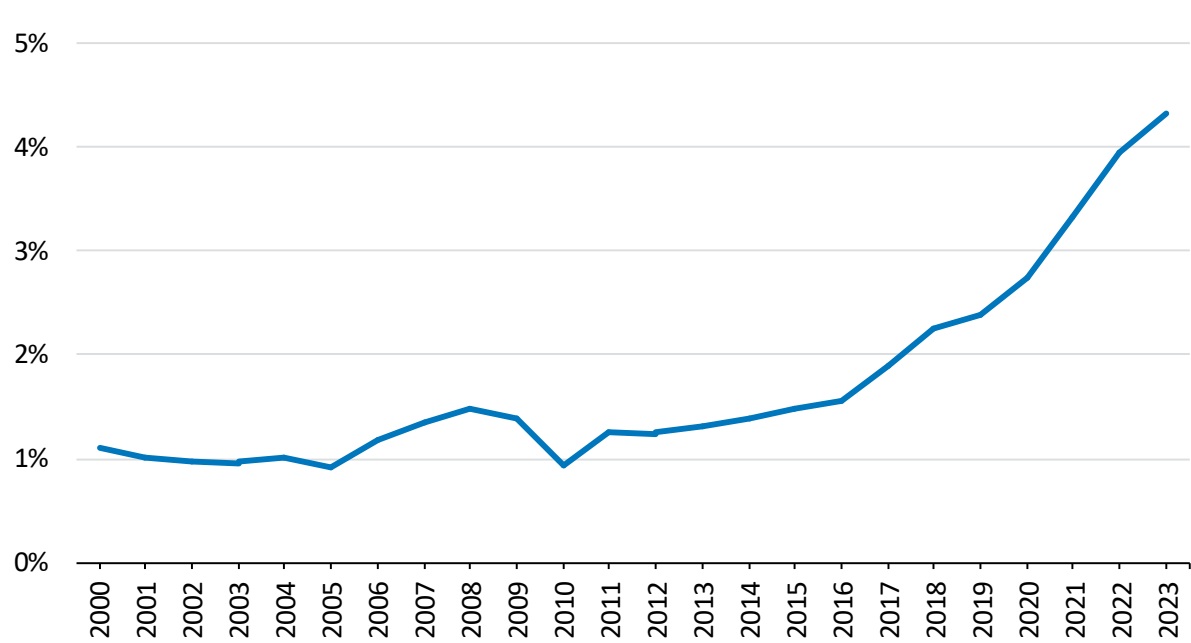
Between 1986 and 2015, the proportion of women employed as Construction Trade Workers fluctuated between 0.2% and 1.9%. Since 2015, the proportion of women employed as Construction Trade Workers has increased steadily and peaked at 4% in the March quarter of 2023, dropping back to 3.1% in May 2024.

Figure 35: Women’s share of employment in construction trade



Source: Review analysis based on ABS (2024d) data.

Figure 36: Women’s share of apprentice commencements in construction trades



Source: Review analysis based on NCVER (2024b) apprentices and trainees data.

Between 2000 and 2010, the proportion of women commencing an apprenticeship in construction trade workers occupations has fluctuated between 0.9% and 1.5%. Since 2010, the proportion of commencements for women construction trade workers apprenticeships has increased steadily and was at a historical high of 4.3% in 2023.

As BuildSkills notes:

While these trends are promising, they are coming off extremely low bases. International research suggests a 'critical mass' of around 40% is needed to embed real change. The current trajectory of change, steep as it is, would not achieve this level of gender diversity within this Century.

It is therefore important to maintain the momentum and, as the entry point to the trades, apprenticeships are a high-leverage channel. The Australian Skills Guarantee's focus on female participation is an important example in this regard.

BuildSkills Australia (submission)

The ASG requires all tender responses to an approach to market for flagship construction processes to include a Gender Equality Action Plan (GEAP). Potential suppliers for major construction projects and major ICT projects are encouraged to submit a GEAP (DEWR 2024b). The scope of the GEAP should expand to apply to all ASG procurements as it matures, noting the ASG commenced on 1 July 2024.

The GEAP needs to outline actions potential suppliers will implement to ensure ASG targets are achieved and sustained if their tender is successful. The GEAP is considered the first step towards embedding an inclusive workplace culture, particularly in the construction industry. While ASG targets for women are designed to encourage employers to employ more women on major projects, the GEAP encourages suppliers to think critically about how they can improve their policies to better recruit and retain women. For example, the GEAP may outline strategies that deliver more equitable, safe and respectful workplaces free from harassment such as a supplier committing to ensuring there are suitable facilities for women, flexible working hours and regular feedback opportunities for women over the life of the procurement (DEWR 2024b).

We proposed that the scope of the GEAP be expanded to resemble a 'cultural contract' through which employers take specific actions to address intersectional gender challenges and promote a gender-inclusive workplace culture specific to their industry. For example, employers could implement equal remuneration, flexible workplace policies, family violence policies, gender equality in leadership, and gender equality indicators and outcomes linked to their business strategy.

Expanding the reach of the Australian Skills Guarantee

The ASG already applies to the Housing Accord and Defence, ICT and construction procurements.

The ASG does not apply to net zero special investment vehicles or the National Infrastructure Fund. While these are not direct procurements, they could incorporate some of the features of the ASG through community service obligations (net zero) and the Future Made in Australia community benefit principles.

A Future Made in Australia: community benefit principles

As part of the Future Made in Australia agenda (Treasury 2024), the Australian Government introduced a Future Made in Australia Bill which sets out ‘community benefit principles’ that will be applied to public and private investments in priority areas. These principles will ensure local employees and businesses receive the benefit from investment in their community.

The community benefit principles are:

- Promote safe and secure jobs that are well paid and have good conditions.
- Develop more skilled and inclusive workforces, including by investing in training and skills development and broadening opportunities for workforce participation.
- Engage collaboratively with and achieve positive outcomes for local communities, such as First Nations communities and communities directly affected by the transition to net zero.
- Strengthen domestic industrial capabilities including through stronger local supply chains.
- Demonstrate transparency and compliance in relation to the management of tax affairs, including benefits received under Future Made in Australia supports.

The community benefit principles will be applied when designing policies or considering investment decisions that are intended to promote private investment in industries aligned with Australia’s national interests. Decision-makers will be responsible for applying the principles and ensuring appropriate enforcement for all Future Made in Australia support, including Future Made in Australia plans. Details around the requirements to satisfy the principles are subject to consultation.

Procurement: proposed reform directions

Recommendations	
<div>2.12</div> <div></div>	<p>The Australian Government better leverages the potential of the ASG to increase apprenticeship commencements and completions for priority cohorts in industries that align with the government’s economic priorities and social equity objectives.</p> <p>As part of the next annual review of the ASG, the Australian Government is to:</p> <ul style="list-style-type: none">• Require that 2% of all labour hours spent on the procurement be undertaken by first or second year apprentices, to enhance additionality and guard against ‘apprentice recycling’ and poaching of apprentices from SMEs.• Require that a supplier’s performance against their ASG obligation be made public at the end of the contract.• Expand the scope of GEAPs to resemble a ‘cultural contract’ through which employers take specific actions to address intersectional gender challenges and promote a gender-inclusive workplace culture specific to their industry. For example, employers could implement equal remuneration, flexible workplace policies, family violence policies, gender equality in leadership, and gender equality indicators and outcomes linked to their business strategy.

Removing barriers to effectiveness

Complexity of administration and support

During our consultations we heard repeatedly that the apprenticeship system is complex and difficult to navigate for both apprentices and employers. Some complexity is unavoidable due to the nature of apprenticeships involving engagement with both the employment and VET systems which both come with their own inherent requirements.

However, the involvement of multiple parties in providing supports to apprentices has created confusion for users of the system and duplication in some areas. We heard several times that apprentice support was a 'cluttered space'. Supports range from administrative matters like training requirements and information about incentives, to mentoring and mental health support. The Productivity Commission (2020b:354) found that apprentice supports 'present a stronger return on investment than employer incentives' but that there was a need to better coordinate the delivery of supports.

We heard that language, literacy, numeracy and digital skill delivery is a particularly confused and cluttered space, with many bodies providing assessments and only some able to provide support. We found there was a lack of accountability for ultimately ensuring an apprentice receives the support they need to succeed in their apprenticeships.

Navigating apprentice supports is discussed in greater detail in Chapter 4.

We heard from employer organisations that identifying and applying for incentives is difficult, especially for SMEs. The Pharmacy Guild of Australia called for 'a 1-page occupation/industry-specific Commonwealth/state/territory-specific summary of available incentives for each qualification available for that occupation'. We also heard that employers had difficulty with claiming incentives through the Apprenticeships Data Management System and that providing the required information was time consuming.

Apprenticeships Data Management System is discussed in greater detail in Chapter 4.

Inadequate data collection and information sharing

Sustained evidence-informed policymaking will require improvements to data collection and information sharing. We need better data collection to understand and respond to apprentices' journeys from commencement to completion and beyond. It is essential that data and information are shared appropriately to enable informed decision-making across the system.

Currently multiple parties collect data on apprentices throughout their training, but this data is not routinely shared, except where required. The lack of connected data is a barrier for policymakers to draw on a holistic understanding of apprentices' choices and experiences when making long-term policy decisions. The significant reporting lag of NCVET data adds another level of uncertainty when assessing the impact of past policy decisions. A lack of effective sharing also prevents timely interventions to support apprentices when issues arise, potentially preventing non-completion.

Currently, the... provider, the RTO, employer and/or GTO, and governments all collect data about Australian apprentices and employers. Without sharing information between providers, duplicate data is required and there is no way to leverage information to benefit the end users.

Apprentice Employment Network (submission)

Improving data collection and analysis is explored further in Chapter 8.

Information sharing is also a key enabler of effective regulation, which is critical to avoiding the risk of harm to apprentices and to early intervention. We heard that Australian Skills Quality Authority does not have routine access to apprenticeship data from DEWR or STAs, limiting its visibility of RTO training delivery and ability to include delivery to apprentices in its assessment of risk for planning compliance activities. We also heard that STAs do not have access to adequate information about employers' compliance with workplace laws to effectively determine an employer's suitability to take on an apprentice. This information is also not available to those assessing employers' claims for incentives.

Information sharing about employee non-compliance is addressed in Chapter 4.

Structural issues in some industries

We heard that in the aged care and disability support sectors, funding arrangements make it impractical for employers to offer on-the-job training to apprentices. Government funding is set based on the basic cost of delivering care, without allowances for shadowing and supervision. Employers are discouraged from taking on apprentices as they are not funded to fulfil their training requirements. Additionally, the certificates III and IV in these sectors require students to undertake at least 120 work placement hours, which are commonly unpaid. This provides employers with access to students in training without needing to commit to a full traineeship or impact their profit margins.

The Australian Council of Trade Unions, Australian Services Union and Health Services Union told us about these issues in detail.

In the disability care industry and the NDIS, most care is funded on a 1:1 basis – a worker is funded a set amount to provide care to a client and the money cannot be used for any other purpose. This funding [model] usually provides funding only to cover the cost of the single worker providing that service and is based on the economic cost of providing that service. While this model is effective at ensuring people with disability receive the care they need, it effectively prevents the use of a traineeship model as there is no additional funding available for the apprentice. The disability sector is also fundamentally immature – meaning many employers in the sector lack the experience or sophistication to successfully operate a traineeship program.

Aged care presents similar issues – funding is often 1:1 and providers lack the ability to fund apprentice positions or to backfill for supervisory staff. These realities are exacerbated by the fact that there are no minimum qualifications to work in these industries – meaning that many workers feel the low pay of a traineeship, which often lacks a significant pay outcome on completion, is not worth it when they can start work at full pay immediately. It is our view that employers in these industries, who are largely government funded, should have an obligation to train staff through traineeships, but that this obligation should be accompanied by specific funding to facilitate that training.

Australian Council of Trade Unions (submission)

Government should review the NDIS pricing model, especially in terms of the amount of paid training time and supervision and consider how it can better fund and incentivise the uptake of traineeships in the disability sector. Government must fund paid placements for students completing courses in the community and disability sector.

Australian Services Union (submission)

Trainees require supervision from a well-qualified worker. That often means taking a worker off the roster to coach the trainee. These backfilling costs are additional and borne by the employer... Alternatively, instead of taking a support worker off the roster to work as a trainer, a provider could ask a supervisor to train the trainee. However, supervision levels are already stretched across aged care and the NDIS.

Health Services Union (submission)

The Health Services Union argued in its submission that the Commonwealth should provide additional incentive support to apprentices and employers to prioritise care and support traineeships – at a similar level to that provided under the New Energy Apprenticeships Program (\$10,000 for apprentices and \$15,000 for employers). The Health Services Union described this as ‘targeted funding to fill the gaps in wrap around supports left by consumer-directed care systems’.

The success of apprenticeships in the care and support sectors is dependent on a range of intersecting issues including:

- regulatory framework
- funding arrangements
- classification structure and wage rates set in the relevant modern awards.

The modern awards in the care and support sector are currently under review as part of the Fair Work Commission (FWC) pay equity initiative.

These structural issues have resulted in low take up and completion of apprenticeships in these sectors despite critical skill shortages.

These issues also impact on the level of incentives required in order to support an increase in the number of apprenticeships in the care and support sector. To illustrate this point, if the funding arrangements are not amended to provide further support for supervision and training then it is likely that the level of apprenticeship incentive payments to employers will need to be higher. Similarly, the level of apprentice support payments may vary depending on the outcome of the current review by the FWC.

We do not have sufficient data or information to express an informed view about the level and type of apprenticeships incentives which are appropriate for the care and support sector. We are also conscious that we did not hear from many employers in the sector during the review consultation process.

Industry-led reforms are required to address these barriers, which should be led by Jobs and Skills Councils.

Some modern award anomalies

Modern awards (and the National Employment Standards) set the minimum terms and conditions for employment for apprentices and trainees. We wish to draw attention to 2 features of the modern award provisions dealing with apprenticeships which require attention. In practice, these anomalies present a disincentive to take up an apprenticeship for individuals nearing the age of 21 or who believe they are likely to gain competency in a shorter period.

The first concern competency-based wage progression (CBWP) for apprentices.

In 2013, the Modern Awards Review 2012 – Apprentices Trainees and Juniors decision considered, among other things, applications by the Australian Manufacturing Workers' Union and the Construction, Forestry and Maritime Employees Union to insert CBWP provisions for apprentices into 5 modern awards, modelled on the CBWP provisions in the *Manufacturing and Associated Industries and Occupations Award 2010* (FWC 2013).

The CBWP consists of 2 elements:

- The criteria for competency-based completion.
- A table which provides for progression through the wage rates for each year or stage of the apprenticeship based upon achievement of the relevant proportion of the total competencies required for the relevant qualification.

The Fair Work Commission Full Bench noted that only 9 modern awards provided for some form of CBWP for apprentices' wages and extended this to a further 5 modern awards which were the subject of the Australian Manufacturing Workers' Union/Construction, Forestry and Maritime Employees Union application and decided that consideration be given to its introduction into other awards.

In the 4-yearly review of modern awards – Apprentice Conditions decision (FWC 2014), a Full Bench considered application by the Australian Council of Trade Unions to vary 37 modern awards to include the conditions of employment determined by the Full Bench in Modern Awards Review decision.

The relevant conditions were:

- Payment by employers of apprentices' excess travel costs for attendance at block release training at a distant location requiring an overnight stay, except where the apprentice could attend a closer RTO.
- Reimbursement by employers for the cost of training fees and prescribed textbooks within 6 months of commencement of an apprenticeship, unless there is unsatisfactory progress.
- Providing that an apprentice is entitled to be released from work to attend off-the-job training and assessment, that the time spent by apprentices in off-the-job training and assessment is to be regarded as time worked for the purposes of wages, working conditions and leave entitlements, and that all other conditions of employment specified in the award should apply to apprentices – along the lines of existing clauses in the National Training Wage Schedule.
- Provisions to ensure that, except in an emergency, apprentices cannot be required to work overtime or shiftwork if doing so would interfere with their attendance at training.
- Deleting any clauses which purport to exclude apprentices from some National Employment Standards provisions (for example, notice of termination).

The 37 awards were varied, and these conditions are now consistent across awards with apprentice provisions.

The Australian Council of Trade Unions application did not seek to include CBWP as a common clause across awards. However, the Full Bench granted an application by the Australian Meat Industry Council to insert CBWP provisions into the *Meat Industry Award 2010*.

As a consequence of these decisions 49 modern awards cover apprentices and of those awards:

- all of them contain adult apprentice rates
- all of them provide paid time off to attend training as part of an apprenticeship
- 48 of the 49 awards provide wage protection for current employees who become adult apprentices with the same employer (the Higher Education – General Staff Award is the exception)
- only 13 of the 49 awards contain CBWP for apprentices.

The Productivity Commission (2020b:357) identified that a policy barrier to increasing the uptake of competency-based progression was the fact that some modern awards only allowed time-based progression, noting that this 'can deter prospective apprentices who are experienced and believe that they could receive higher training wages sooner'. The Productivity Commission (2020b) also proposed that the 'FWC should extend [competency-based wage progression] for apprentice wages to other modern awards with apprentice entitlements in trade occupations'.

The duration of an apprenticeship can be reduced through competency-based progression. This allows apprentices to complete their apprenticeship quicker if they can demonstrate they have the requisite competency/skills ahead of the usual time-based system. We agree with the observation by the Productivity Commission and support the extension of CBWP to all modern awards that cover apprentices.

The second feature of the modern award apprenticeships provisions which warrants examination was raised by the South Australian Skills Commissioner.

In its submission to the review, the South Australian Skills Commissioner said it was an anomaly that 'for an apprentice who turns 21 years of age during their apprenticeships, they will continue to be paid at the junior rate, noting that if the same apprentice terminates and recommences, an employer must pay the adult rate'.

Unlike adult apprentices, who commence at 21 years or older and are therefore entitled to the higher adult apprenticeship rates of pay, these junior apprentices turning 21 during the period of their apprenticeship earn significantly less, as they remain tied to the junior apprenticeship wage scale.

This scenario particularly disadvantages and potentially discourages the commencement of apprenticeships by eligible candidates who are 18, 19 or 20 years old.

The following example is of an apprentice electrician covered by the *Electrical, Electronic and Communications Contracting Award 2020* who has completed Year 12 and commences their apprenticeship after they have turned 19. This apprentice would turn 21 during their second or third year.

Currently this apprentice would be classified as a junior apprentice and earn a minimum of \$742.29 per week in their second year and \$797.67 per week in their third year.

However, if this apprentice had turned 21 years old before commencing their apprenticeship, they would be entitled to \$908.44 per week as a first-year adult apprentice.

Further, a second or third year adult apprentice with comparable competency and training is paid \$991.77 per week.

In our view this issue requires further examination.

Removing barriers to effectiveness: proposed reform directions

Recommendations	
2.13 	<p>The Australian Government convenes a tripartite meeting to bring unions, employers, and the relevant agencies and ministers together to identify targeted strategies to address structural barriers to the use of apprenticeship pathways in the aged care and disability sectors.</p>
2.14 	<p>The Minister for Employment and Workplace Relations refers findings of this review to the President of the Fair Work Commission to draw attention to, and support a review of, how modern awards can better facilitate wage progression and equitable remuneration of apprentices, including in relation to:</p> <ul style="list-style-type: none"> Supporting consistent competency-based wage progression terms in modern awards that cover apprentices. Addressing anomalies in pay rates to ensure junior apprentices turning 21 during the period of their apprenticeship can access the adult apprenticeship wage scale upon turning 21.

What we do not recommend

Changes to the tax-free threshold

The National Australian Apprenticeships Association said the best way to ‘permanently address the disposable income issue would be to raise the tax-free threshold for new entrant apprentices to the next bracket’ – \$45,000 – which ‘would provide benefits estimated to be \$1,830 for first years, \$2,462 for second years, \$3,095 for third years, and \$4,043 for fourth years based on average ordinary time earnings’.

The New South Wales Government raised a similar proposal in its submission, albeit in a somewhat cursory way.

Increasing the tax-free threshold for apprentices and trainees in areas of skill shortages could be considered to encourage retention and completion rates.

New South Wales Government (submission)

The proposal represents a significant change to Australia’s tax system and raises a range of policy and administrative issues.

Australia has a comprehensive tax system where all taxpayers benefit from the tax-free threshold regardless of income source or occupation. Providing an increased tax-free threshold for apprentices would lead to a range of inequities and distortions, in particular:

- It would diminish the progressivity of the tax system for apprentices.
- It would lead to inequities between other low-paid professions and give rise to calls for similar arrangements in other industries.
- The proposal would be distortive and may result in unintended effects. For instance, apprentices may be incentivised to prolong or take up further apprenticeships as they could face a reduction in after-tax pay upon completing their apprenticeship.

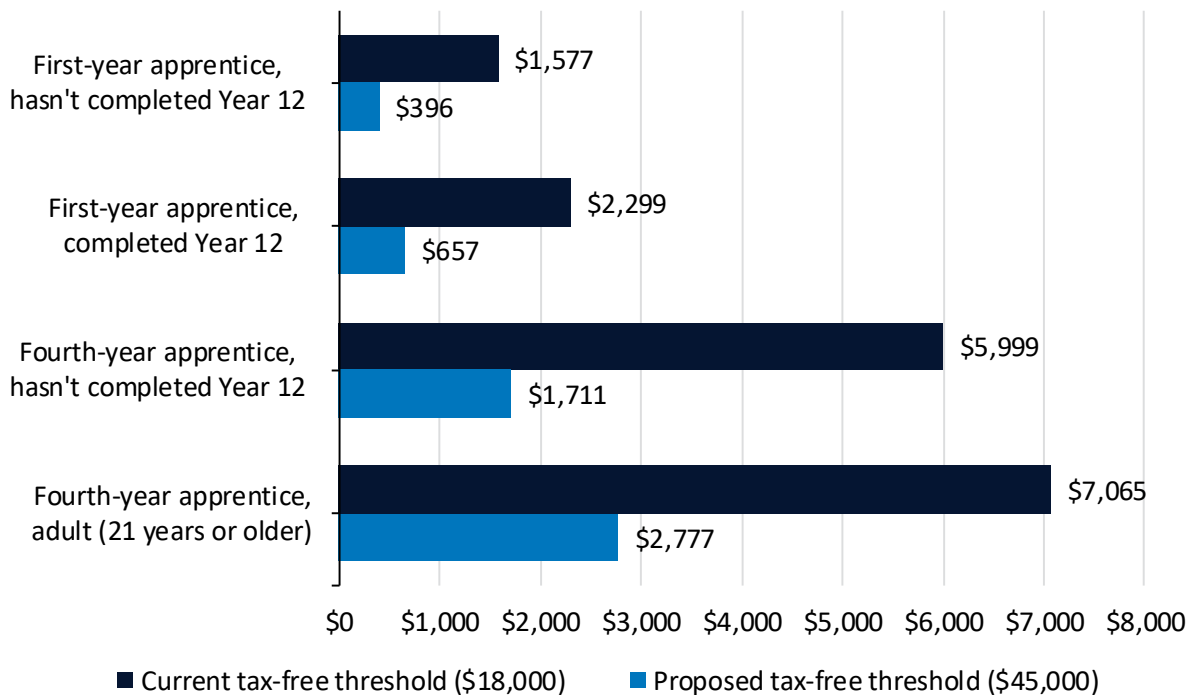
The scenarios below illustrate some of these inequities and distortions. They show that higher income apprentices would benefit most from the proposed change to the tax-free threshold, decreasing the progressivity of the current tax system.

The scenarios also show that the National Australian Apprenticeships Association’s proposal would create disparity *within* trade cohorts, by benefiting higher income apprentices. It would also create disparity *between* trade cohorts, by benefiting higher paid trades, such as carpenters, the most.

Apprentice tax-free threshold changes – scenarios

The benefit of lifting the tax-free threshold for apprentices from \$18,200 to \$45,000 increases as the apprentices progress through their training. This tax benefit increases with the increase in their wage, but caps at \$4,288 per year under National Australian Apprenticeships Association’s proposal. Figure 37 below shows the amount of tax paid by electrician apprentices receiving award rates under the current and proposed tax-free threshold.

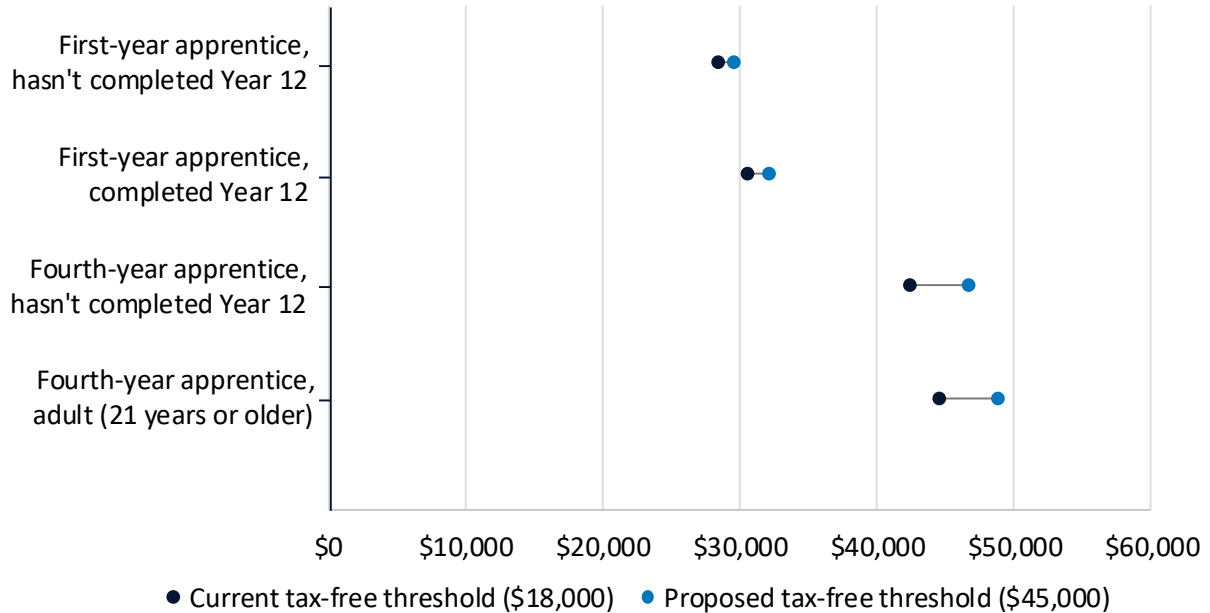
Figure 37: Tax paid by electrician apprentices under the current and proposed tax-free threshold



Source: Review analysis based on the award wages of electrician apprentices (FWC 2020b).

Figure 38 shows the change in take-home pay of first and fourth year electrician apprentices receiving the award rate from lifting the tax-free threshold to \$45,000.

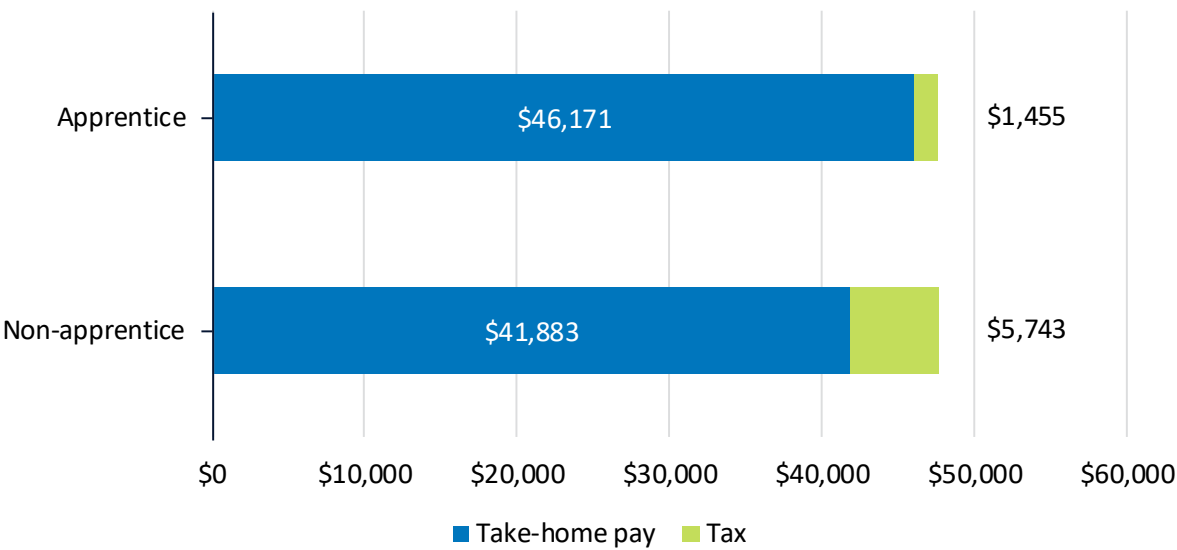
Figure 38: Impact of lifting the tax-free threshold on take home pay of electrician apprentices



Source: Review analysis based on the modern award wages of electrician apprentices (FWC 2020b).

While the National Australian Apprenticeships Association's proposal in its submission would increase the take-home pay of some apprentices, it would also embed disparity in the wider population because different tax treatment is based solely on an individual's status as an apprentice. This leads to perverse outcomes whereby a low-income individual would be subject to the current tax-free threshold (and therefore higher tax liability) even if they were earning equivalent to or less than an apprentice. For example, a non-apprentice individual earning national minimum wage (\$47,626 in 2024) would pay \$4,288 more tax than an apprentice earning the same amount.

Figure 39: Comparison of take-home pay and tax for apprentices with higher tax-free threshold and non-apprentices



Source: Review analysis based on the minimum wage in 2024 of \$47,626 (FWC 2024).

Finally, once an individual completes their apprenticeship, they would be subject to a steep increase in taxation. This may result in an increase in pay as you go withholding which would result in a qualified tradesperson potentially receiving less in their take-home pay than when they were an apprentice. It is difficult to see how such an unintended consequence would benefit this cohort in the long-term.

The proposal also gives rise to a range of integrity and administrative risks.

Australia has a self-assessment system, and the Australian Taxation Office does not collect the information required to target support to specific occupations. As such, it would be administratively difficult to ensure that support is limited to income attributable to employment as an apprentice.

Further:

- The increased tax-free threshold would incentivise other taxpayers to report their income as being derived from an apprenticeship.
- Consideration would also need to be given on how to treat other income earned by apprentices (for example, from a second job or other sources) and linkages with other parts of the tax system (for example, deductions and offsets).
- It is likely that these issues would result in additional regulatory requirements for employers and apprentices and the Australian Taxation Office, increasing compliance costs and adding to the complexity of the tax system.

The proposal advanced by the National Australian Apprenticeships Association is inequitable, inefficient and would give rise to a range of integrity and administrative risks. There are more targeted and effective means of providing financial support to apprentices. We reject the proposal to raise the tax-free threshold for apprentices.

Retention bonuses

Some participants proposed that the incentive system incorporate a 'retention' bonus. The entitlement to such a bonus would crystallise some time after the apprenticeship has been completed. The retention bonus would be payable if the completed apprentice remains with their employer for a specified period *after* they have completed their qualification.

The Master Builders Australia submission proposed a \$2,500 12-month, post-qualification bonus for both the employer and the apprentice:

Government should consider a post-qualification employment bonus. An issue that regularly arises – and can make employers hesitant – is that many apprentices move on to other businesses once they have been signed off for qualification. While this is absolutely their right and should not in any way be hindered, for an employer who has spent 4 years training that person not only in their trade but also their business practices, this can be disappointing.

Master Builders Australia (submission)

In consultations, the Future Skills Organisation raised a similar issue, arguing that apprentices were moving to a different employer once they had completed their apprenticeship, and retention could be improved by providing financial and non-financial incentives for the employer and/or employee. To illustrate its point the Future Skills Organisation suggested providing:

- a \$1,000 incentive if an apprentice stays 12 months beyond the end of the apprenticeship period
- more support systems such as further training and mentoring to continue skills development.

We see no public value in the provision of a taxpayer-funded retention bonus to encourage an apprentice to remain with their employer after they complete their apprenticeship. If an employer wants to retain an employee after they have completed their apprenticeship, then they have the option of enhancing their employment offer, for example, through higher pay, flexible working arrangements or support for further skills development. In short, the retention of employees is a matter best left to the operation of a competitive labour market.

Changes to modern awards

Several submissions called for changes to modern awards.

Master Builders Australia told us that the terms of the principal award and the enterprise agreements in the construction sector have led to 'commonly held perceptions of inflexibility, rigid employment arrangements and no capacity for individual worker choices, needs or preferences to be adequately considered or even entertained'. It said the common perception of inflexibility 'creates a significant disincentive to many considering careers in building and construction', and on that basis contended that 'all modern awards enable flexible work arrangements and practices that are otherwise a barrier to, or a disincentive for entry for apprentices'.

The Australian Council of Trade Unions, and union submissions generally, argued that apprentice pay rates are too low and act as a disincentive to undertake an apprenticeship for many workers and students.

The Australian Council of Trade Unions proposed 3 specific actions:

- Eliminate junior rates of pay for apprentices.
- Consider what action is needed from government to facilitate a broader increase for apprentices, including utilising prevailing industry wages as a base for apprenticeship wage calculation. Any options should be the subject of consultation with relevant industry stakeholders.
- Introduce measures to cut the costs faced by apprentices, such as providing health care card access for apprentices.

The Electrical Trades Union of Australia called for an increase in apprentice wages – to reflect a percentage of the prevailing rates of pay of a tradesperson in industry, rather than the minimum rate in the relevant award, and to be more sustainable.

The Australian Manufacturing Workers' Union said differentiated rates of pay for apprentices should be removed, but that a 'more immediate intervention to provide relief to apprentices would be a direct payment to apprentice workers that will close the gap between their rate and the [National Minimum Wage]'.

Several employer bodies opposed a general increase in apprentice wages as a response to cost-of-living pressures.

Apprentice and trainee pay rates are lower than full-time rates because they are a training wage. Their wages are set at a rate that takes into account their lower productivity in the early stages, the extra time an employer takes to train them, and the time they need to spend away from work to attend classes... The wages are a balance between what is appropriate for an apprentice and what is cost effective for an employer who is investing in their training.

Australian Industry Group (submission)

This review is not the appropriate forum for assessing the relative merits of these proposals and, in any event, the Australian Government cannot make decisions or direct changes to modern awards.

The appropriate course for addressing the issues raised before would be by an application to vary the relevant modern award. This would provide an opportunity for all interested parties to be heard in the appropriate forum. Under section 158 of the *Fair Work Act 2009*, interested parties may make an application to vary a modern award.

Out of scope

Procurement targets for local government

The Australian Services Union's submission called for 15% of each local government's workforce to be composed of directly engaged apprentices. The Commonwealth has no capacity to direct local government procurement policies, hence this issue is outside the scope of the review.

Skilled migration

While skilled migration can provide partial relief for Australia's skill shortages, we are aware of concerns with the current settings.

Master Builders Australia's *The Future of the Workforce: Skilled Migrants in Building and Construction* (MBA 2024b:4) paper considers the current visa and recognition processes for skilled migrants to be 'cumbersome, costly, slow and, in some cases, completely unnecessary'. Master Builders Australia advocates for the current process for skilled migrants to be simpler, more cost-effective and quicker, and argues skilled migration should be used to alleviate shortages until domestic apprenticeship completions increase.

The Australian Hotels Association and Accommodation Australia's submission to the review raised shortcomings with the Skilling Australians Fund (SAF) levy and flow-on effects on employers, stating:

The imposition of the SAF levy on skilled migration in 2017 has been a huge burden on businesses and has comprehensively and non-transparently under-delivered on training outcomes. Initially, the SAF levy funded a partnership agreement on apprenticeships with the State and Territory Governments which, due to its structure and settings, did not demonstrably deliver any additional apprenticeships (with perhaps the exception of South Australia), and to which two states did not even sign up given the uncertainty over the levy proceeds. Since then, there has been no transparency over the proceeds of the levy.

Australian Hotels Association and Accommodation Australia (submission)

The recent Review of the Migration System conducted a thorough examination of Australia's migration system and highlighted the importance of skilled migration in meeting Australia's economic growth, including filling skills gaps, supporting labour force participation and contributing to productivity growth (Department of Home Affairs 2023).

We recognise skilled migration has a role to play in addressing skill shortages, especially where Australian workers are unavailable. But a practical consequence of the limited time allocated to the review and the inherent complexity of skills migration means that the issue is beyond the scope of this review.



Raising awareness of apprenticeships and encouraging take up

In school they don't offer [apprenticeship pathways] to you. It's awful. However, once you find your way outside of school, it's the best thing ever. People need to know more about it.

Third year diesel mechanic apprentice, Queensland, via Australian Manufacturing Workers' Union (submission)

Overview

This chapter outlines our findings and recommendations on raising awareness and encouraging take up of apprenticeships.

We found that a person's decision to start an apprenticeship is influenced by many factors. Young people may be influenced by parents, teachers, friends or others in the community who undervalue or don't understand apprenticeship pathways and opportunities. More timely and accurate information about the career opportunities apprenticeships can offer is needed to counteract these perceptions.

Young people also need early exposure to the workplace through work experience, school-based apprenticeships and pre-apprenticeship programs to decide if an apprenticeship is right for them on leaving school.

Other factors that act as barriers to people taking up apprenticeships include an employer's willingness to take on apprentices and the prospect of low wages. Efforts to raise awareness need to include clear and targeted information about the benefits of apprenticeships for both employers and apprentices.

Perceptions and promotion of apprenticeships

We heard that negative perceptions persist within the community about apprenticeships. These perceptions can be based on outdated views and socio-cultural biases, as well as a lack of current information about the career opportunities offered by apprenticeships.

We also heard that apprenticeship pathways are poorly understood and promoted. Apprentices and industry consistently told us that young people are often not given timely, accurate or adequate information about apprenticeship pathways and future career options.

Apprenticeships are often undervalued compared with university

We found that many people still viewed university as the best option for young people who can meet the academic requirements. The recent House of Representatives Inquiry into the Perceptions and Status of Vocational Education and Training (VET Inquiry) found that apprenticeships and vocational education and training (VET) more broadly are often perceived as 'less intellectually demanding and inferior to university, and as leading to lower-paid, more physically demanding, and less stimulating employment' (Standing Committee on Employment, Education and Training 2024:xxxiii).

Other reviews have also identified negative views about apprenticeships as a barrier to people taking them up (McDowell et al. 2011; Laundry et al. 2016; OECD 2018; BIT 2020). Media narratives and policy decisions further 'reinforce the belief that university education is necessary for personal and professional success' (Standing Committee on Employment, Education and Training 2024:xxxiii).

Historically, there has been a tendency by schools to promote university pathways to both parents and students. Student [Australian Tertiary Admission Rank] scores can be associated with a school's perceived success and linked to university entrance. This inadvertently promotes to parents and students that only university pathways are rewarding.

Motor Trades Association of Australia (submission)

Research by the Behavioural Insights Team (BIT 2020) identified that the biggest influence on young people's decisions about their post-school pathway is what they believe to be the 'normal' or default option. The research found young people generally seek out information that reinforces existing beliefs and career preferences. As a result, young people with negative attitudes towards apprenticeship pathways are less likely to seek out and consider impartial information about them (BIT 2020).

In Australian schools, and certainly in many households, university is seen as the gold standard for future success. Alternative pathways such as apprenticeships are often less valued.

BuildSkills Australia (submission)

Some people told us that government education policy expanding access to university has affected perceptions of the value of apprenticeships compared with university. In its submission, the Visual Media Association stated that universities are 'drawing away potential candidates from entering our industry, and particularly in trade-based roles'. The Visual Media Association claims its industry 'is not isolated in this outcome'.

A National Centre for Vocational Education Research (NCVER) report (Waugh et al. 2024:3) found:

More young people are selecting university study but there remains a significant pool of young people who may be attracted to apprenticeships through targeted career education and improved matching of career aspirations to study pathways.

Case study: An apprenticeship opens doors and opportunities

Problem solving and leadership skills, plus a new-found self-confidence, have been the unexpected but rewarding benefits of choosing plumbing as a career for 23-year-old Harry Baker. Newly licensed after a 4-year apprenticeship, Harry is taking on his first supervisory role on a government project.

It is an impressive achievement for someone who was uncertain of a career path after finishing school. Harry worked in a series of jobs including courier driving before a chat with his best mate, who was a plumbing apprentice, sparked his interest. He was inspired to apply for a pre-vocational training course with Trainee & Apprentice Placement Service Inc., which gave him a foundation of basic knowledge of the trade before he started his apprenticeship.

Then an apprenticeship with Urban Planning and Gas kickstarted his career. The 4-year certificate III program provided him with the skills to qualify as a licensed plumber and gas fitter.

'The apprenticeship was fantastic. I got to work closely with great tradespeople – I developed invaluable relationships with them, and they took the time to show me the ropes. I really appreciated the support,' he said. 'I worked on a vast array of jobs from maintenance to residential, but now mainly focus on construction.'

During his apprenticeship, Harry built up his skill set with the technical aspects of plumbing such as drainage, copper pipe work and storm water and, importantly, honed his interpersonal skills including communication and leading teams.



Image: Harry Baker working on site with Urban Planning and Gas.

‘You’re dealing with builders, and other trades, so you must work together in a team environment,’ he said. ‘As time goes on and you finish your apprenticeship, you gain greater confidence in your skills and ability. I’ve become more confident in myself, and it really has opened many doors and opportunities for me.’

Harry was recently tasked with responsibility for overseeing a government construction project.

‘It’s always been a goal of mine [to be a foreman],’ he said. ‘I look up to the people who taught me and now to supervise a job is a proud achievement for me. It meant a lot to have the support from my bosses and a close network around me – they believed I could do it.’

Reflecting on his apprenticeship, Harry said it was a fantastic launchpad to a future with numerous possibilities. It has equipped him with a well-rounded skill set including new leadership capabilities and is nurturing an interest in business management.

‘I’m still learning and gaining experience every day, but I would really like to continue to be a foreman and run jobs. However, down the track, I’d like to have my own business and complete further training,’ he said.

Case study supplied by South Australian Skills Commission.

Stereotypes persist about who does apprenticeships

Gender stereotypes

Social and cultural expectations and misconceptions about women’s capabilities to perform in certain trades can deter women from considering trade occupations as an attractive career (Bridges et al. 2022).

Gender inequity in male-dominated trades persists due to deeply entrenched systemic barriers that impede women’s entry, retention, and completion of training pathways. The pervasive stereotypes and biases that discourage women from pursuing these fields create an unwelcoming culture perpetuating their underrepresentation.

Empowered Women in Trades, National Association of Women in Construction, Tradeswomen Australia, and Women in Adult and Vocational Education (submission)

Men dominate trade occupations like electricians, plumbers, bricklayers, carpenters and joiners in the apprenticeship system, while women apprentices are concentrated in occupations such as child carers, hairdressers, general clerks, sales assistants and personal carers (review analysis based on unpublished Department of Employment and Workplace Relations (DEWR) apprentices and trainees data as at March 2024).

Once women enter apprenticeships where they are underrepresented, workplace culture, bullying and sexual harassment can contribute to non-completion. In 2018, 51% of women working in the construction industry reported having experienced sexual harassment (AHRC 2018). As highlighted elsewhere in this report, this contributes to skill shortages and inhibits women’s economic security and safety at work.

Gender segregation in the workforce and challenges for women in male-dominated trades are explored in Chapter 5.

Case study: Sparking change for women in the electrical industry

The National Electrical and Communications Association has many initiatives to attract and retain female apprentices, such as offering alternative pathways, removing barriers and improving perceptions of electrical apprenticeships. It offers a range of information and support opportunities, including alternative pathways for entry into the trade, all of which assist to attract and increase long-term women's participation in the electrical industry. In turn, this fosters a more diverse, inclusive and safe workplace for all workers.

Collectively referred to as 'Women in Power', National Electrical and Communications Association initiatives are aimed at encouraging women to consider a trade career in the electrical industry. They include school visits, toolbox talks, engagement events, mentoring support and pre-apprenticeship programs.

The flagship of the initiatives is the Women in Power certificate II pre-apprenticeship program. It provides women with the entry-level practical skills, theoretical knowledge and personal confidence to compete on an even playing field for electrical apprenticeship positions.

The National Electrical and Communications Association finds that young women take up this opportunity as it offers a supportive, collegiate environment in which they can experience work and study in the electrical industry. Half of the graduates from these programs then take up and succeed in an electrical apprenticeship.



Image: National Electrical and Communications Association apprentice climbing the apprentice ladder.

At the apprenticeship level, the National Electrical and Communications Association is committed to improving workplace and learning environments. It does this by ensuring:

- female apprentices have access to a dedicated woman field officer
- wherever possible there are 2 or more women in every technical class
- their registered training organisations (RTOs) employ trainers who are women and are themselves qualified electricians with extensive industry experience
- all women apprentices are encouraged to engage with other tradeswomen and support networks across the broader industry.

At the national policy and strategic level, the National Electrical and Communications Association, in consultation and cooperation with employers, apprentices, RTOs and group training organisations (GTOs), has also developed and is committed to implementing the Women in Electrical Trades Roadmap.

While the National Electrical and Communications Association's approach is unable to resolve the lack of women in the electrical trades nationally, it is paving the way to significantly increase women's participation in the industry. The approach recognises that if industry misses out on applications from women, it is missing out on half the available talent.

Case study supplied by National Electrical and Communications Association.

Cultural stereotypes

We also heard of views within some migrant communities favouring university pathways over vocational training. In its submission, the Ethnic Communities Council of Western Australia explained that migrant and minority backgrounds can shape career preferences, with '[m]any ethnic communities [continuing] to harbour cultural stigmas and misconceptions about apprenticeships'. Cultural background further shapes young peoples' preferences, influencing their perceived and actual career development barriers (Cardoso and Marques 2008; Cardoso and Moreira 2009).

Since 2007, NCVER has found that young migrants and first-generation Australians are less likely to undertake an apprenticeship than a university degree (Waugh et al. 2024). A larger proportion of skilled migrants than Australian-born citizens have completed a bachelor's degree or higher-level qualification (Homel and Ryan 2014). As university-educated parents generally tend to hold higher educational aspirations for their children, children of these skilled migrants are more likely to go to university than undertake an apprenticeship (Homel and Ryan 2014; Waugh et al. 2024).

Growing up in a traditional Lebanese household, the prospect of pursuing a trade was never encouraged or discussed. My parents' expectations were crystal clear: I had to attend university and earn a degree, preferably in a prestigious field such as medicine or law... Apprenticeships were regarded as a second-class option for those who were unable to succeed academically. There was a clear stigma associated with vocational training in my community.

Fatima, via Ethnic Communities Council of Western Australia (submission)

Key influences on career decisions

We heard that young people generally receive career information from a limited range of sources, particularly family, friends and career advisers. Parents and teachers have a significant influence on young people leaving school and starting their careers. However, they often do not have current information about the full range of career options offered by apprenticeships, what apprenticeships might involve, or how to access them.

The role of parents, peers and socioeconomic factors

Choosing a career can be a difficult and stressful time for many teenagers and young adults, as it has strong ties to identity and wellbeing. Parents can help to evaluate different options and provide guidance to assist their child's career choice – playing an important role in ensuring their child is confident in making their decision (Cheung 2024).

A study by Koçak et al. (2021) found that gaining support from family is significant in determining employment pathways. Parents can influence their child's career pathway through certain behaviours such as expressing values and attitudes towards certain post-school qualifications and occupations. Parents have been found to use their own experiences to recommend educational pathways and shape expectations of occupations and industries (Barnes et al. 2020).

In particular, a young person's choices of career pathways are significantly influenced by their parent's area of study, line of work, and views on post-secondary pathways (BIT 2020; Gore et al. 2017).

My parents moved to Australia with the hope of providing their children with better educational opportunities. However, their perception of 'better' was limited to traditional academic fields such as medicine, engineering and law. Vocational training was frequently overlooked or disregarded as an option. I remember being interested in pursuing an apprenticeship in the automotive industry, but my parents were adamantly opposed to it.

Rajesh, via Ethnic Communities Council of Western Australia (submission)

Due to strong parental influence, young people are more likely to pursue a career if they have a parent in a similar profession (Gore et al. 2017). Of note, women who are employed in the construction industry tend to come from families (or have partners) where parents or siblings are also qualified tradespeople (MBA 2024a).

One study found that 79% of parents believe a university pathway is preferable to a VET pathway (Wyman et al. 2017). Another study found 32% of parents thought university was the better career option for their child, compared with 6% of parents who believed an apprenticeship was the better option (Shipley and Stubley 2018).

We have found that while parents are critical to young people's decisions, it is a significant challenge to inform parents of the benefits of an apprenticeship, particularly if they have never engaged with the apprenticeship system.

Once a young adult moves away from their parents and begins living independently, their parents' influence decreases as they have more autonomy over their life choices (Cheung 2024). This may also be partly due to young adults having more exposure to the workplace, through a part-time or full-time job, or receiving advice from their friends who have also been exposed to the workforce.

In addition to parents' perceptions of apprenticeships, socioeconomic factors also play a prominent role in determining an individual's career pathway. Those in the lowest quartile of socioeconomic status were 4 times more likely to become a technician and trade worker compared with those in the highest quartile, at 20.3% and 4.8% respectively (Polesel et al. 2017).

The role of schools

Schools also have a fundamental role in providing information about apprenticeships to young people through career counsellors and tertiary preparation for school leavers. The VET Inquiry found compelling evidence supporting the need for schools to do more to promote apprenticeships to students (Standing Committee on Employment, Education and Training 2024). This includes providing relevant, accessible and consistent information on apprenticeship pathways, while also promoting them as equal to university and other post-school options.

Despite a significant amount of information being available online, the VET Inquiry (Standing Committee on Employment, Education and Training 2024:47) found that:

...information is often fragmented across jurisdictions, is not always consistent, and in some cases is neither current nor relevant. Information is also duplicated across multiple sources.

A lack of consistent and reliable information on apprenticeships and VET was also identified in the earlier Joyce Review (Joyce 2019:84), which found that:

When prospective students are unable to find the information they need, they are less likely to make good choices about post-secondary study options, including which course and which provider.

In contrast, information about university courses is often more accessible and career advisors generally place greater emphasis on university pathways (Education Council 2020).

There is evidence that schools mainly promote apprenticeships to low-achieving students. For example, Misko et al. (2007:27) note that a lack of encouragement from teachers and counsellors can act as a potential barrier to greater interest in trade apprenticeships among school students and that teachers were more likely to suggest apprenticeships to students who were 'performing not so well or not so well at all'.

This misconception appears to persist, despite industry groups telling us that many apprenticeships require students to have a high level of literacy and numeracy. This could impact on the number of people commencing an apprenticeship but also means that, without correct information and appropriate support where needed, some people who are advised to enter an apprenticeship may be set up to fail.

Often the mathematical and problem-solving skills required for many trade apprenticeships is underestimated. Literacy is important in all roles and many candidates will need additional development in this area.

National Apprentice Employment Network (submission)

We heard that all students need access to information about the diversity of education and job options available to them to enable them to make informed career decisions aligned with their strengths and interests, regardless of their academic aptitude.

According to the Organisation for Economic Co-operation and Development (2018:13):

Essential to effective guidance is giving young people the chance to find out for themselves, through activities such as career talks and job shadowing, what it is like to follow different occupational and learning pathways, including apprenticeships.

The International Labour Organization (ILO 2022) has noted there is an onus on schools to guide careers from a young age, broaden student ambitions, and ensure regular meetings with independent, well-trained career guidance professionals.

It was generally agreed during review consultations that schools need to promote apprenticeship pathways at a much earlier age, and not leave it to the final years of high school. Incorporating the promotion of apprenticeship pathways into the national curriculum work studies syllabus would ensure all students get appropriate information at the right time. The Australian Curriculum, Assessment and Reporting Authority (ACARA) has developed the national curriculum and has responsibility for continuing to refine it.

Starting apprenticeship careers advice in late Primary School (Years 5 and 6) rather than high school helps students and parents understand the value of apprenticeships and trade careers.

Business Council of Australia (submission)

We were told schools need to provide flexible learning pathways for high school students who may be interested in either vocational or higher education study, so they don't feel locked into a choice between either an apprenticeship or a university trajectory at Year 10.

The VET Inquiry found it is broadly recognised that 'quality, structured careers education is crucial to informed decision-making about post-school pathways' (Standing Committee on Employment, Education and Training 2024:xxxiv). However, it also found significant discrepancies in the quality of careers information provided to students, which varies considerably between schools, with reports of some students receiving only 45 minutes of careers education annually (Standing Committee on Employment, Education and Training 2024).

We heard the discrepancies in quality career information are often because teachers do not always understand VET pathways and cannot advise students about apprenticeships.

Most careers advisers are former teachers, who are university educated. Some may have a VET qualification but few have an in-depth understanding of the building and construction industry.

Master Builders Australia (submission)

The University of South Australia's Master of Teaching (Secondary) (UniSA 2024) offers a minor learning area in Integrated Teaching and Vocational Education, providing an example of how information about VET can be better integrated into teaching degrees. The elective in this minor provides a working understanding of VET, equips new teachers to deliver better career information about VET pathways, and supports better quality VET in schools.

Employer perceptions of apprentices affect hiring decisions

As an employment relationship, apprenticeships have 2 parties – the apprentice and the employer. Therefore, the take up of apprentices is not just influenced by perceptions of prospective apprentices, but also prospective employers.

The Productivity Commission (2020b) found many employers report taking on young apprentices to give them a head start, and to support their industry. This reflects what we heard during the review. For example, submissions from MM College and the Australian Childcare Alliance said employers are motivated to ensure a supply of skilled workers in their respective industries.

As explained in Chapter 2, other reasons for employing apprentices include improving staff skills, to fill a role or because they need staff, and training to employer requirements. Reasons for employer dissatisfaction included irrelevant skills training, poor-quality training and communication issues.

The costs and benefits for employers taking on apprentices are explored in greater detail in Chapter 2.

Opportunities to reframe perceptions of apprenticeships

We acknowledge that changing deeply engrained societal perceptions about the value of apprenticeships cannot be achieved quickly.

The VET Inquiry (Standing Committee on Employment, Education and Training 2024:xxxiv, 43) recommended improving promotion of apprenticeships, especially through schools:

The Commonwealth, States, and Territories should collaborate on large-scale promotional campaigns, diffused through multiple channels at national, state, and local levels. These should highlight the value of VET careers and the different pathways into the sector and target various cohorts.

In addition to promoting opportunities offered by the VET sector generally, measures should be implemented to promote the value of apprenticeships and traineeships. These measures could emphasise the advantages of apprenticeships such as direct connections with employers, high employment outcomes, and the potential to 'earn while you learn'. Initiatives could also highlight personal stories of success.

The call for national promotion to change the perception of apprenticeships and consequently boost uptake was echoed by many organisations, through both the consultation and submission processes for this review. Key government entities such as the National Careers Institute (NCI) also play a role in the promotion of apprenticeship pathways.

Recommendation 2 of the VET Inquiry referenced the need to enhance the functions of the NCI to ensure it operates as a single trusted source of information on education, training and careers (Standing Committee on Employment, Education and Training 2024). Additional suggestions included that the NCI should:

- identify and address future skills needs and actively promote careers that respond to those needs, in collaboration with Jobs and Skills Australia (JSA), NCVER, and the Jobs and Skills Councils
- ensure school careers educators, Technical and Further Education (TAFEs) and employment service providers are aware of the NCI and its available resources.

National Careers Institute initiatives

The Your Career website (www.yourcareer.gov.au) is an NCI platform that provides a single-entry point for consumers in the VET sector, as well as the higher education system. It promotes apprenticeship pathways in several ways.

Prospective learners can view an occupation, see relevant data such as workforce demand, wages, qualifications required and apprenticeship availability. They can also use the website to compare RTOs in their local area, while being connected to the Australian Apprenticeships website (www.apprenticeships.gov.au) for specific apprenticeship information.

The NCI is progressing a Career Pathway Project with Jobs and Skills Councils to provide meaningful career progression options for all user cohorts. This will include licensing, qualification and training pathways centralised on a single authoritative website to allow users to compare career pathways. The NCI is considering how this work can be expanded to include apprenticeship pathways for new and emerging occupations.

More broadly, the NCI supports the quality of career advice, including in schools, through the Australian Blueprint for Careers Development which assists careers practitioners to design, implement and review career development learning.

Importantly, as detailed below, we heard some consistent messages that should be highlighted when promoting apprenticeships to make them more appealing to young people. These include the strong future earning potential and career opportunities, the opportunity to 'learn while you earn', and the additional supports available to apprentices.

Strong future earning potential and career opportunities

Many people (around 41% in 2023) undertake a trade apprenticeship because they want to work in that type of job (NCVER 2024a). However, industry representatives told us that more of an emphasis is needed on future earning potential, long-term career pathways, and the variety of roles that can be pursued via an apprenticeship. We heard how the long-term benefits of apprenticeship pathways need to be highlighted, particularly for new and emerging industries with critical skills needs, such as clean energy sector apprenticeships.

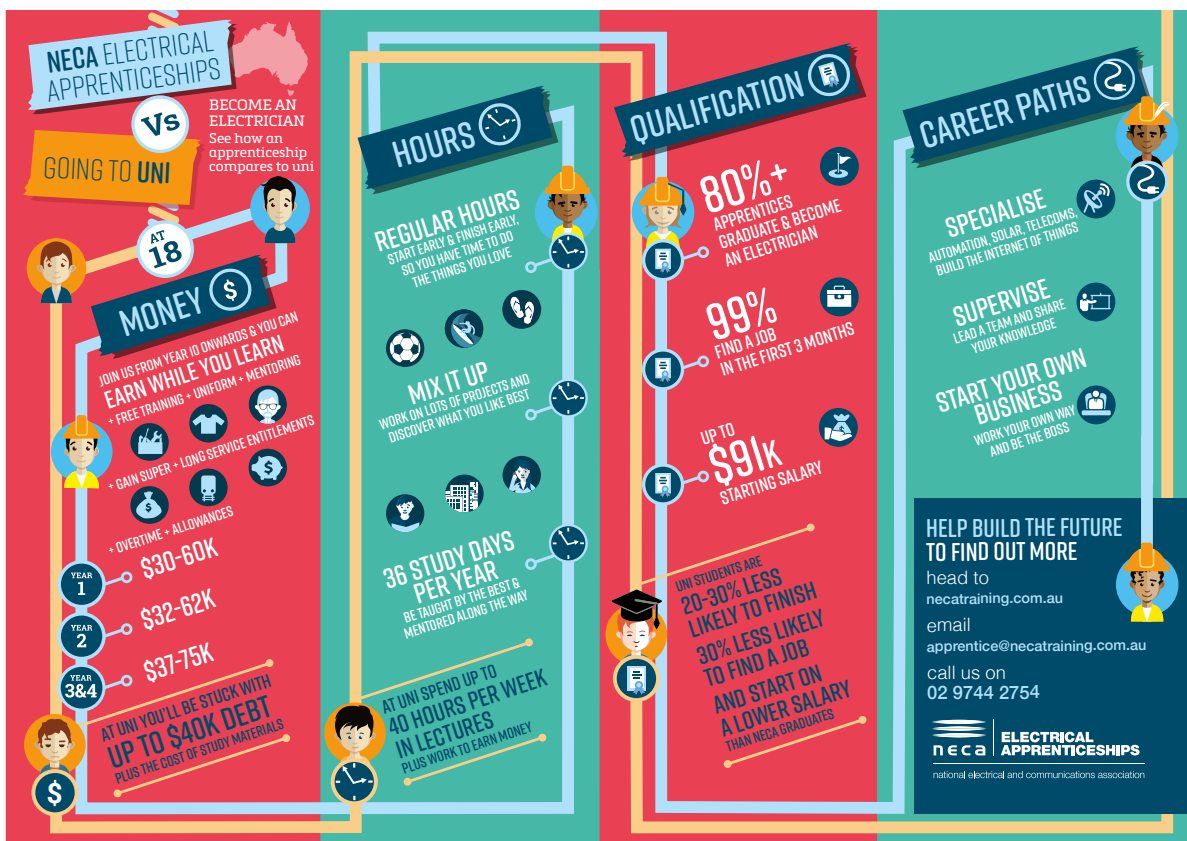
Several apprentices said they had undertaken an apprenticeship in an industry they were already employed in after seeing a significant difference in how apprentices progressed in their careers compared with non-apprentices. For some, the main reason for an apprenticeship was the guarantee of a job at the end – many apprentices had already experienced insecure work in their industry or in other positions and wanted job security.

I was doing labouring as a trade assistant and I got tired of being consistently undervalued at a cost level and a skills level, not being giving progression. So, after three years doing that, I committed to an apprenticeship to end up with trade qualifications to make myself more financially secure, set myself up.

Trade apprentice, via Australian Council of Trade Unions (focus group)

Industry also has a role to play in promoting apprenticeships and attracting new apprentices to fill skills needs. The electrician apprenticeships flyer by the National Electrical and Communications Association is one example of an industry approach to promoting the earning potential and career paths of apprenticeships.

Figure 40: National Electrical and Communications Association electrical apprenticeships flyer



Source: Provided by the National Electrical and Communications Association.

Schools and government campaigns need to highlight apprenticeship and Tafe courses as a high earning pathway out of school with lots of employment opportunities and lower debt. There needs to be a rehaul of how these pathways are advertised to the younger generation.

Queensland Farmers Federation (submission)

Learn while you earn

As apprentices are formally employed, they have the benefit of steady work and do not need to find part-time work that fits around a study schedule. Typically, full-time university students in Australia work around 15 hours a week, although there is evidence that this is increasing (Smith unpublished).

The apprenticeship experience is enjoyable for many apprentices. The *Apprentice and trainee outcomes 2023* report released by NCVER (2024a) found that around 81% of apprentices were satisfied with the skills acquired on the job during their apprenticeship.

While the result of a university education is a degree, the goal of apprenticeships is to attain specific vocational workplace competencies and qualification or licence. Apprentices told us they liked the structure of being able to apply what was learned in the classroom to their work. They found the experience deeply rewarding.

Apprentice experiences and satisfaction with training are explored in more detail in Chapter 4.

Additional support for apprentices

University students may receive more income support than apprentices because apprentices are paid by their employers while they work and train and therefore become ineligible for these payments. Apprentice training costs are usually paid by their employer, so they do not start their career with a training debt. During our consultations, apprentices appreciated the value of not accruing debt while they complete their apprenticeships. In contrast, university students are responsible for paying for their fees. Students may defer payment through the Higher Education Loan Program including through HECS-HELP or FEE-HELP. These loans attract no interest, but the amount owed is indexed, and many university students graduate with a debt with repayments contingent on income.

However, the types of government support provided to apprentices compared with other students are complex and differ by individual circumstances. Some payments are available to both groups (such as Youth Allowance and the Low Income Health Care Card) but others are more specifically targeted, which can lead to university students and apprentices receiving different levels of financial assistance.

There are several specific financial supports to help apprentices. These are listed on the Australian Apprenticeships website but could be better communicated so prospective apprentices can more easily consider the range of available support in their decision-making. This includes:

- Australian Apprenticeship Support Loans
- Australian Apprentice Training Support Payment and New Energy Apprentice Support Payment
- support through Apprentice Connect Australia Providers
- Living Away From Home Allowance
- Disability Australian Apprenticeship Wage Support.

Financial supports for apprentices are explored in detail in Chapter 2.

Celebrating successful apprenticeships

One way to improve the negative perception of apprenticeships (compared with university) is to elevate the prestige associated with completing a VET qualification through ceremonial recognition. While there are some existing awards for outstanding apprentices, a formal celebration on completion, or something similar, could be made available to all apprentices.

Offering a university-style graduation ceremony at the completion of an apprenticeship could provide a greater sense of achievement for both the apprentice and their family.

For example, TAFE Queensland offers a graduation ceremony to eligible students that allows completers to reflect on their achievements and celebrate their success in gaining a qualification. Baking Industry Training Australia also offers a graduation ceremony for completing apprentices and presents high-performing apprentices with awards such as the Overall Baking Industry Training Australia Apprentice of the Year, School-based Apprentice of the Year, Baking Apprentice of the Year, Cake and Pastry Apprentice of the Year, and Bread Baking Apprentice of the Year.

Perceptions and promotion of apprenticeships: proposed reform directions

Recommendations

3.1



The Australian Government delivers a national campaign to raise awareness of apprenticeships as a valuable career pathway and increase apprenticeship take up.

The campaign is to be designed in consultation with state and territory governments and Jobs and Skills Councils and is to include:

- Clear and accessible information on the incentives and supports available for both apprentices and employers.
- Targeted messaging for key influencers on young peoples' career decisions, such as parents and teachers.
- Emphasis on the long-term benefits of apprenticeships such as future earning potential, career pathways, and the variety of roles, particularly for emerging industries with critical skills needs.

Jobs and Skills Councils to include actions in their workforce plans to promote apprenticeships to prospective apprentices and employers, aligned with the key messages of the campaign.

3.2



State and Territory Training Authorities celebrate apprentices' achievements and success with formal graduations, recognition and awards when providing completion certificates, to raise the prestige of apprenticeship qualifications and improve perceptions about their value.


3.3



Australian, state and territory governments provide clear and timely career information to people considering apprenticeships, to improve understanding of apprenticeship career pathways and support decisions based on accurate and unbiased information about apprenticeships.

As part of this:

- The Australian Government funds a new national careers information service which promotes greater awareness on the benefits of apprenticeship career pathways, using consumer facing web and social media content that resonates with target audiences and is supported by tailored outreach activities. Careers information showcases relatable individuals who have achieved success through an apprenticeship pathway.
- Information is developed in consultation with Jobs and Skills Councils and JSA to ensure it is informed by insights into and evidence on jobs in future demand. Information products are developed in consultation with a range of social partners and properly tested to take account of the diverse needs of prospective apprentices.
- State and territory governments pursue activities that will improve career information in schools. This includes leveraging commitments under relevant national agreements, where appropriate, and working collaboratively with state-based careers services and the Australian Government to improve school-based career advice on apprenticeships, starting in early high school.

Recommendations	
	<p>Career information is nationally consistent and informed by advice from industry, with reference to the information published on the Your Career website, and includes:</p> <ul style="list-style-type: none">• Details on future earning potential, enabling prospective apprentices to compare apprenticeships with other tertiary education and skills pathways.• Information on how apprenticeship pathways provide training for a range of jobs within industry, including ‘jobs of the future’ in emerging and priority industries.• Targeted resources to support teachers, parents and career guidance counsellors to broaden their students’ horizons and raise their aspirations through a deeper understanding of apprenticeships – highlighting the support available including for women, First Nations people and people with disability.• Targeted resources for teachers and organisations working with migrant communities, to break down misperceptions or lack of awareness of apprenticeships that prevent take up from prospective culturally and linguistically diverse apprentices.• Continuation of regular reviews, updates and quality assurance of the Australian Apprenticeships and Your Career websites, to include case studies and incorporate industry and user feedback.
<div>3.4</div> <div></div>	<p>The Australian Government improves teacher understanding and ability to advise students on VET pathways by:</p> <ul style="list-style-type: none">• Commissioning the development of a micro-credential for secondary school teachers to enable them to have informed career conversations with high school students about apprenticeship career pathways, as well as university pathways – and promoting them via the national campaign in Recommendation 3.1.• Including the promotion of apprenticeship pathways in the Australian Curriculum, Assessment and Reporting Authority’s next review of the Australian Curriculum: Work Studies.

Gaining early exposure to apprenticeships

We found young people need more exposure to apprenticeships through work experience and pre-apprenticeship programs, and the option to start early with quality school-based apprenticeships.

Work experience programs

Work experience refers to a short-term placement with an employer to provide the participant with exposure to working life and an insight into a particular industry (Queensland DESBT 2024a). There are many benefits to participating in work experience including:

- increasing awareness of the demands and expectations of a particular industry
- making informed career choices through exploring potential options
- developing maturity, confidence and autonomy in the workplace
- linking classroom theory with employment and real-world examples.

Going through work experience was a real eye-opener, showing me exactly what I wanted to do.

Jack, apprentice, via Master Builders Australia (submission)

In the 2018 Inquiry into Career Advice Activities in Victorian Schools, the Victorian Economic, Education, Jobs and Skills Committee found that exposure to the workplace plays a critical role in career development for students. Young people who had done work experience found it useful in discovering what they like and what they do not like in the workplace. The inquiry also found that it helped to identify strengths, weaknesses and areas of interest before making a commitment to a particular career.

A survey response to the committee's inquiry (VEEJSC 2018:82) said work experience is:

...a brief experience of adult employment. Game changer for many. Broadens perspectives, inspires or sometimes alarms or horrifies.

In particular, we heard that apprentices are not always clear on what they are signing up to in terms of working conditions and the physicality of some roles. Employers and industry reported that a low understanding of what the job entails can lead to a lack of preparedness and a mismatch of expectations for apprentices. We heard there is not always good matching between the interests and aptitudes of apprentices and the reality of work in their sector. This contributes to the high rate of apprenticeship non-completion, particularly in the initial few months, and suggests issues with people being appropriately matched to an apprenticeship.

Providing students with opportunities for work experience not only provides them with an insight into the industry, but also enables development of connections and networks between prospective apprentices and employers, that may transition into formal employment later. A study by the Inner Northern Youth Employment Taskforce (2020) found the more contact a student has with employers while enrolled in school (such as through work experience, work placements and part-time work), the greater the likelihood they will subsequently gain employment.

The reason we put so much energy into the recruitment process and work experience is so we can manage expectations early and ensure we are taking on apprentices who fully understand what they're signing up to. This really helps with our retention and completion rates.

Matthew, apprenticeship program manager, via Master Builders Australia (submission)

In our consultations, several employer groups discussed the benefits of work experience programs, and the Australian Chamber of Commerce and Industry and Master Builders Australia also raised this in their submissions. Workforce Australia Local Jobs Barwon and the Brotherhood of St. Laurence referred to apprentice 'taster' programs as an opportunity for individuals to pursue potential career options without having to commit to a full qualification or apprenticeship program. Taster programs are short-term courses designed to give real-world experience in a particular career or industry to help broaden understanding of the workplace expectations.

Trade Taster Program (Queensland)

The Trade Taster Program allows Year 10 students to experience what training in an industry involves, without having to commit to a full apprenticeship or qualification. Tailored, school-focused training is delivered to students one day per week over a 5 to 9-week period and is aligned to fit into their regular school term. During the Trade Taster Program, students complete nationally recognised units of competency relating to one or more areas of interest. The program covers agriculture, community services, health care, trades (such as engineering, plumbing and carpentry), hairdressing and cookery.

To qualify for this program, students must be in Year 10, and be studying maths and English at a Year 10 level. The Trade Taster Program is fully funded by the Queensland Government and can provide students with a pathway if they want to continue their training through a pre-apprenticeship course or school-based apprenticeship.

Despite the identified benefits, the National Electrical and Communications Association noted in its submission that young people are receiving fewer opportunities for structured work experience in schools.

The National Career Development Strategy Research Project (Urbis 2011:30) also found:

Young people are receiving less of the career development they find most useful (e.g. 'hands on' activities such as work experience/work placement and visits to workplaces) and more of the career development they find less useful (e.g. interview with a career practitioner).

Case study: Work experience leads to the right career in auto-electrics



Image: Abby-Rose learning the ropes of the trade.

Knowing she wanted a trade career, Abby-Rose tried work experience in different fields before settling on auto-electrics. Through Mas National (a GTO) and her employer, Abby-Rose started a school-based apprenticeship studying a Certificate III in Automotive Electrical Technology with CQUniversity. Abby-Rose values teamwork and communication, and is also keen to inspire younger generations, including young women looking to enter the industry.

'I always knew I wanted a career that was hands-on, a trade, but I didn't know exactly what one until I did work experience,' Abby-Rose said. 'I had a go at carpentry, mechanics, diesel fitting and refrigeration mechanics, and ultimately discovered auto-electrics was the career for me.'

'I love helping dad on the farm and choosing this trade means I can continue this and contribute even more. I love my apprenticeship and working on auto-electrics – an area that's leading the way in advancements to cars and machinery. I get to work on everything from quad bikes to harvesters; everything has electrical components these days.'

'Work experience is what set me up for success; it helped me see what it was really like to work in different trades and meant I could choose the right path – which turned out to be the start of an amazing career in auto-electrics. I'm proud to be able to fix things that not everyone can; it's such a great feeling and motivates me to do and learn more every day.'

Case study supplied by Queensland Skills Strategy.

Challenges and opportunities for work experience programs

The administrative process and legal requirements associated with work experience can be a barrier to schools offering such programs (VEEJSC 2018). For example, in Victoria, before a student under the age of 15 can begin their work experience, the employer must obtain a Child Employment Permit, Working with Children's Check, and a Work Experience Arrangement Form.

While acknowledging the need for such legal requirements, some employers find the compliance process can discourage them from offering a work experience position to a student. Further, employers have reported they find it difficult to navigate the limitations on what students can do once their work experience starts, due to the potential risks involved in employing a student.

School career counsellors have also indicated the administrative process to comply with work experience requirements can be difficult to manage due to the amount of paperwork, data entry and coordination (VEEJSC 2018).

Gateway to Industry Schools (Queensland)

We heard that the Gateway to Industry Schools program run by the Queensland Government's Department of Employment, Small Business and Training is a best-practice example for coordinating consistent and strategic engagement between schools and industry.

This program involves 12 industry sectors that deliver school engagement activities in line with their industry's key skills and workforce priorities – advanced manufacturing, aerospace, agribusiness, building and construction, community services, health, hydrogen, information and communication technology, minerals and energy, renewable energy, screen and media, and tourism and hospitality (Queensland DESBT 2024b).

Industry organisations choose how the industry-specific projects operate and the type and level of engagement with participating schools. The Hydrogen Industry Workforce and the Clean Energy Workforce are more recent additions, which aim to support existing and future apprentices.

The Advanced Manufacturing Gateway to Industry Schools project offers programs in school from prep (Kindergarten) to Year 6 in the 'Inspire program' and up to Years 11 to 12 in the 'active program'.

We were told of the need for work experience and 'try-a-trade' programs to occur in realistic workplace settings and scenarios. Schools and employers must ensure the work experience is relevant to the aspirations of the participant and enable students to do more than rudimentary tasks. These factors can act as a barrier and discourage both the school and employer from providing students with exposure to the workplace. Engagement with industry and GTOs is essential to design and facilitate quality work experience.

Many school-based 'try-a-trade' programs operate in artificial settings without real structured workplace learning. This often results in students forming unrealistic expectations of their suitability for a trade pathway.

BuildSkills Australia (submission)

In its submission, the Australian Chamber of Commerce and Industry highlighted the Australian Industry Trade College as an example of an innovative program that integrates real-world experience with education. The Australian Industry Trade College offers courses that combine vocational training with high school education to provide students with an overview of what a potential apprenticeship pathway may look like. Students select a particular industry and complete work experience in several trades within that industry. Mentors and industry partners assist students in helping to decide their career pathways based on their training and experience. Around 49% of apprentices in Queensland are aged 19 years and under, which is the second highest proportion of apprentices 19 and under across the states and territories (NCVER 2024b).

See Chapter 4 for further information on the Australian Industry Trade College model.

The Inner Northern Youth Employment Taskforce (2020) indicated work experience arrangements do not take full opportunity of the potential of the programs available. For example, the governing instrument in Victoria (Ministerial Order 1413 – Work Experience Arrangements) specifies that a school student may be in a work experience arrangement for a maximum of 40 days per school year, and 10 days during any school term. However, a taskforce survey found that 82% of respondents completed 5 days or less of work experience. The taskforce recommended schools make greater use of the flexibility in the work experience policy to provide opportunities that are longer and more varied.

Pre-apprenticeship programs

While there is no agreed definition of a pre-apprenticeship, they can be understood as programs ‘that are intended to provide students exposure to trade related occupations and/or facilitate entry into these occupations’ (Toner and Lloyd 2012:8).

Pre-apprenticeship programs are mainly classroom-based and can provide work experience without requiring a formal training contract with an employer. Programs are often undertaken as a certificate I or II, or as unaccredited training, usually over 3 to 6 months. Pre-apprenticeships can be recognised as prior learning for some apprenticeships, but this is not a universal practice (Productivity Commission 2020b). We heard accounts from apprentices who had completed a pre-apprenticeship qualification before commencing the relevant apprenticeship pathway but did not have this learning recognised for their apprenticeship. This meant they were forced to either repeat the off-the-job training in their first year or not receive off-the-job training in their first year, rather than be accelerated in their progression.

Pre-apprenticeship programs are crucial in preparing prospective apprentices for successful matches with employers, thereby improving completion rates. These programs serve as a testing ground for individuals to explore various trades before committing to an apprenticeship, offering simulated or real work experiences, essential occupational health and safety training, and [foundation] skills development.

Australian Chamber of Commerce and Industry (submission)

There are 2 main reasons for undertaking a pre-apprenticeship. The first relates to supply, where potential apprentices are prepared for experiences in their prospective industry through exposure to workplace expectations in that specific occupation. The second reason relates to demand, as pre-apprenticeships increase employer confidence in employing apprentices (Dumbrell and Smith 2007).

The Productivity Commission (2020b) found that pre-apprenticeships can increase the supply of apprentices and meet the demands of employers and industry. Pre-apprenticeships were found to set up individuals with skills to succeed in securing and undertaking an apprenticeship while also signalling to employers that the apprentice will likely be more productive at commencement.

Pre-apprenticeships are extremely important for providing a short career ‘taster’ course and assessing compatibility to ensure participants are matched to a suitable career pathway and employer.

South Australia Skills Commission (submission)

As well as helping to build resilience and hands-on experience and workplace skills, pre-apprenticeships also flag what is missing to assist with gaining foundation language, literacy, numeracy and digital skills. The 2019 NCVER Apprentice and Trainee Experience and Destination Survey shows around 75% of apprentices who had completed a pre-apprenticeship course also successfully completed their apprenticeship.

This is compared to 71% of apprentices who completed their apprenticeship without completing a pre-apprenticeship course (NCVER 2019).

We heard from those involved (such as Australian Chamber of Commerce and Industry, National Apprentice Employment Network, and the Plumbing Industry Climate Action Centre) that industry must play a role in encouraging women to take up apprenticeships by developing initiatives that encourage women to participate in specific sectors.

The Electrical Trades Union of Australia's submission named The Centre for U's Women in Apprenticeships Victoria Electrical program as an example of attracting women into pre-apprenticeship programs. This program recruits for women-only pre-apprenticeships, offering exposure to the electrical industry and assisting with the transition into an apprenticeship, with dedicated support and mentoring. The Electrical Trades Union of Australia has collaborated with Holmesglen Institute, Victorian Trades Hall Council, Australian Women in Solar Energy, and the Victorian Department of Education and Training to implement the initiative. In 2023, 94% of participants completed the program, and 77% started an electrical apprenticeship on completion (Australian Training Awards 2023). The program was recognised at the 2023 Australian Training Awards, receiving a Gold Industry Collaboration Award.

I had not considered trades as a career option to me before, especially having gone to an all-girls school where it was never discussed. It was only after leaving university [and] doing a pre-apprenticeship offered free by the [Victorian] Government, that I even considered going into the trades.

Apprentice, via Tradeswomen Australia (focus group)

We investigated how international jurisdictions implement pre-apprenticeship programs to compare against approaches in Australia. Pre-apprenticeships in Germany are referred to as a basic vocational training year and are available to young people who have finished lower secondary school in preparation for VET, but who have been unsuccessful in finding an apprenticeship with an employer (OECD 2023). Nearly 10% of upper secondary VET students are enrolled in these programs and it is the equivalent to the first year in the dual system, which is a training approach that incorporates on-the-job training and VET (OECD 2023). In Norway, the Apprenticeship Candidate Program supports learners without the prerequisites for an apprenticeship by developing skills needed in the workplace, with a focus on students who underperform academically (OECD 2023). Pre-apprenticeships in France are aimed at providing young people with skills needed to participate in an apprenticeship (OECD 2023).

Challenges and opportunities for pre-apprenticeship programs

Evidence supporting the influence of pre-apprenticeships on commencements or completions is limited, and the available research reports mixed results. Karmel and Oliver (2011) found that pre-apprenticeships may increase the likelihood of apprenticeship completion in some occupations (construction, food and electrotechnology trades), but may reduce the likelihood of completion for others (hairdressers, automotive and engineering trades). They also found that pre-apprenticeships had no significant effect on apprentice satisfaction. Research by Powers (2020), however, suggested pre-apprenticeships can have a negative impact on the long-term employment of apprentices, finding that licensed apprentices who had completed a pre-apprenticeship course were estimated to have slightly higher intentions of leaving their occupation.

However, we heard consistently that pre-apprenticeships are valued as a way of preparing people for apprenticeships, by giving them the chance to better understand what work in an industry is really like.

We also heard that pre-apprenticeships can have similar issues to work experience and school-based apprenticeship programs, regarding inconsistent access and quality. The Brotherhood of St. Laurence's written submission recommended pre-apprenticeships be strengthened and become a formalised component of the apprenticeship system, including through more consistent recognition and access, particularly in priority occupations, and recommended exploring this as a mandatory pathway for people who did not complete Year 12.

The Australian Industry Group's submission highlighted that while pre-apprenticeships courses are offered in schools and at TAFE, not all students are provided access and options can be limited (such as more carpentry courses being offered compared with mechanical engineering).

The Apprenticeship Employment Network submission highlighted a multi-industry pre-apprenticeship pilot program that provides students with the opportunity to try 3 to 4 different industries to identify their area of interest and re-orient their career pathway accordingly. Through participating in this pre-apprenticeship program, 55% of participants changed their career pathway. While this pilot program finished in 2019, it highlighted the benefit of structuring pre-apprenticeship programs across multiple industries.

The National Electrical and Communications Association also noted the importance of active industry involvement in delivering pre-apprenticeship programs to maximise success.

Experience indicates that where strong relationships exist between the secondary school sector and Industry RTOs delivering pre-apprenticeship programs, very successful pathways from school to trade apprenticeships can be achieved.

National Electrical and Communications Association (submission)

School-based apprenticeships

A school-based apprenticeship provides an opportunity for students in Years 10 to 12 to start an apprenticeship while continuing to be enrolled full-time in school and working toward their secondary school certificate.

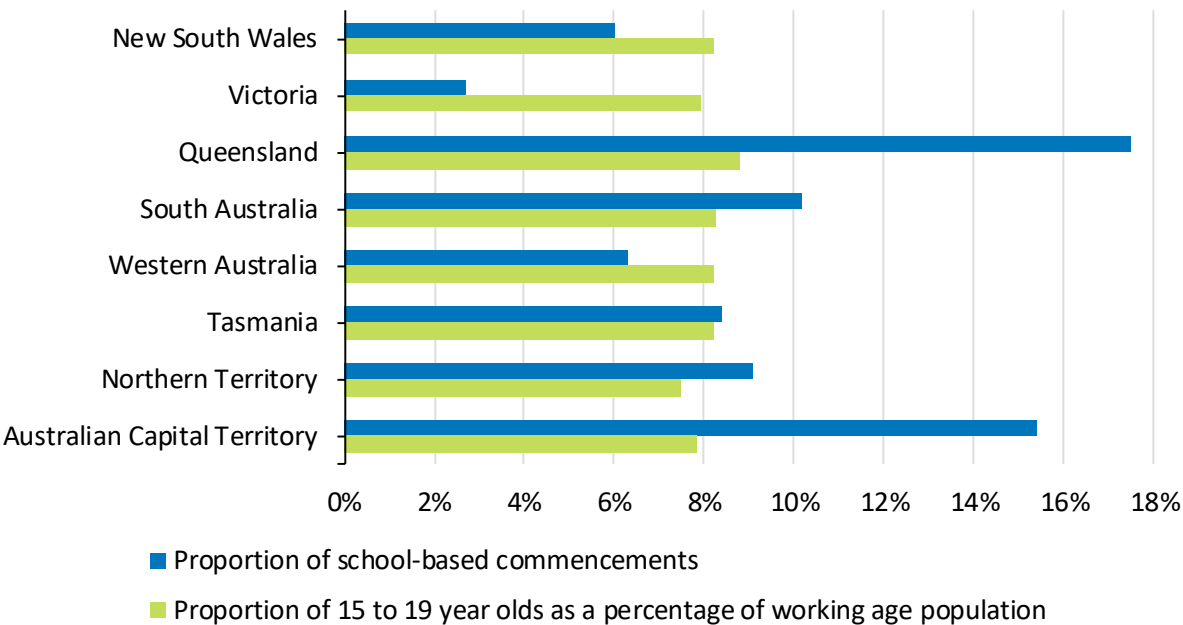
School based apprenticeships and traineeships should be a normal part of career options presented by all [careers] advisors.

National Apprentice Employment Network (submission)

School-based apprentices and trainees represent a small proportion of secondary school students engaged in VET studies, with only 6% of all apprentices in training coming through this pathway in 2023 (NCVER 2024b). They are also concentrated in non-trade and non-priority occupations (NCVER 2024b). Priority cohorts such as women, First Nations people, people with disability, and people from regional and remote areas are more likely to be in training with a school-based program (based on review analysis based on NCVER 2024b).

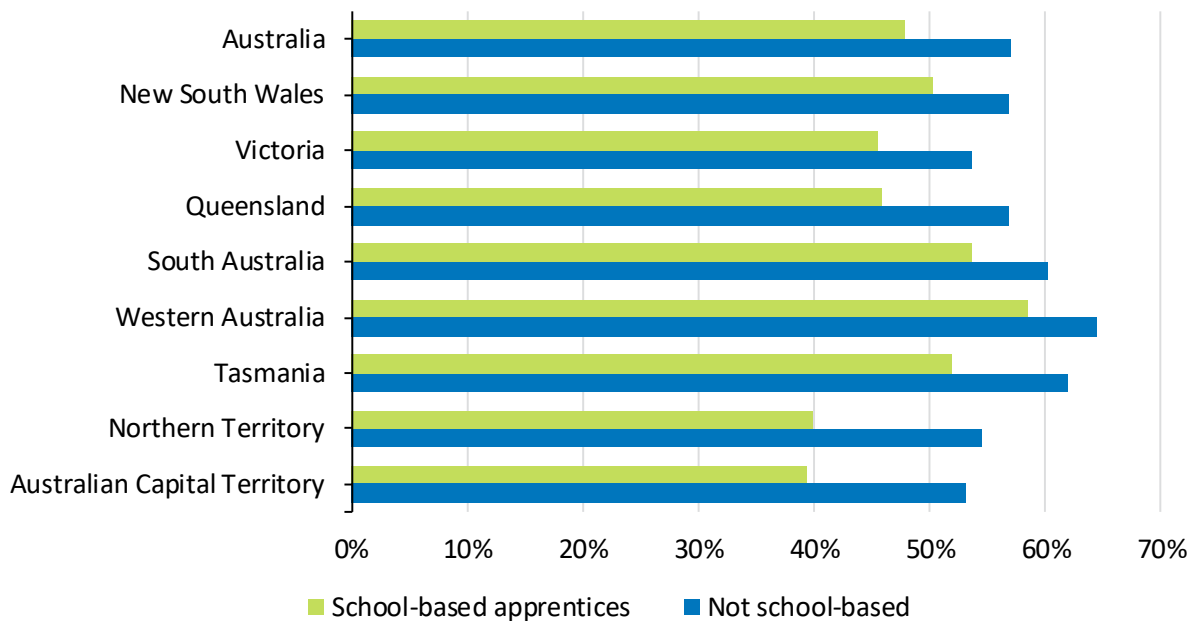
Figure 41 shows school-based apprenticeships appear to be used differently across jurisdictions, with large differences between the proportions of young people starting school-based apprenticeships between states and territories. For example, compared to other states and territories, Queensland and the Australian Capital Territory have a comparatively higher proportion of school-based apprentices.

Figure 41: Proportion of school-based apprentice commencements and school leavers



Source: Review analysis based on NCVER 2024b apprentices and trainees data and population projections from Centre for Population (2023).

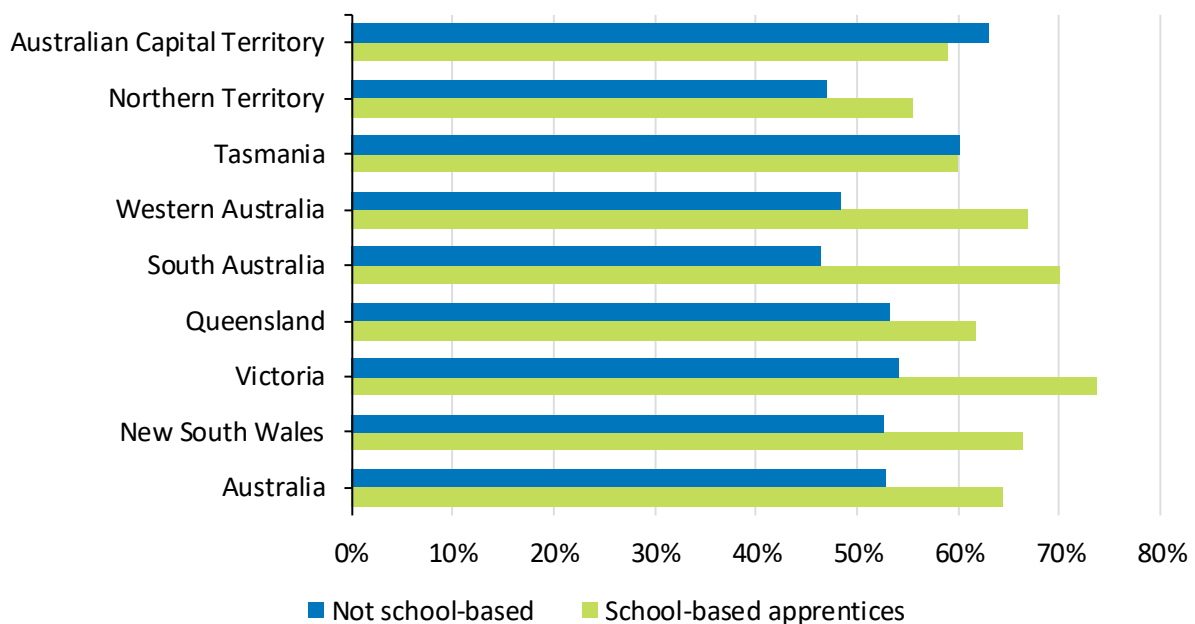
However, consistent with the relationship between commencements and completion rates across apprenticeships, these jurisdictions also have lower completion rates for school-based trade apprentices. Figure 42 shows school-based apprenticeships generally have lower completion rates for those undertaking trade apprenticeships than non-school-based training.

Figure 42: Completion rates for trade apprentices by school-based status

Note: Figures above are for apprentices who commenced in 2019.

Source: Review analysis based on unpublished DEWR apprentices and trainees data as at August 2024.

In contrast to lower completion rates for school-based apprentices doing trade apprenticeships, school-based apprentices undertaking a non-trade apprenticeship generally experience higher completions than non-school-based apprentices.

Figure 43: Completion rates for non-trade apprentices by school-based status

Note: Figures above are for apprentices who commenced in 2019.

Source: Review analysis based on unpublished DEWR apprentices and trainees data as at August 2024.

Challenges and opportunities for school-based apprenticeships

The Joyce Review (Joyce 2019) found contradictory evidence on the value of school-based apprenticeships. It heard that some employers were reluctant to employ school leavers with a certificate III, as they did not believe that students had the required skills and competencies at the certificate III level.

Similarly, some employers were disinclined to hire an apprentice with a low-level VET certificate (such as a certificate II obtained through a pre-apprenticeship program) because they feared industrial relations arrangements might require higher pay than for a school leaver without such qualifications. The Joyce Review heard that some school leavers found themselves less employable because of their school-level VET certificate. However, according to the New South Wales (NSW) Business Chamber's Workforce Skills Survey (2019), 9% of businesses reported employing a school-based apprentice.

In many instances, schools find it difficult to provide adequate release for work placements because of challenges associated with school timetables, and they often lack the resources to establish and source an apprenticeship for a student (Education Council 2020). Further barriers to school-based apprenticeships include difficulties engaging with employers, insufficient information, inadequate supervision arrangements, job requirements not aligning with the age of apprentices, or restrictions on the amount of time school students can be in the workplace (Education Council 2020).

These problems were echoed through submissions, with a submission from Independent Schools Australia referencing 'access and affordability issues' and how, according to some parents, school-based apprenticeships place 'an added burden on students, and several schools report that courses are too administration heavy and costly to offer'.

We consider it is important to focus on improving the quality of school-based apprenticeships and ensuring young people completing them are well-prepared for the workforce. Some apprentices suggested it should be mandatory for schools to support students doing a school-based apprenticeship when requested. Other groups suggested there needs to be greater support for students, apprentices and businesses to enable school-based apprenticeships.

We heard examples of jurisdictional approaches that aim to improve access, employer perceptions and alignment with skills needs.

For example, the ACT Government's Head Start program (administered by the ACT Education Directorate) is piloting tailored school-based apprenticeship and traineeship programs that match students' job interests with local businesses in need of skilled workers. The initiative enables students to develop industry skills and increase their future employment prospects, while obtaining their ACT Senior Secondary Certificate via a personalised learning pathway. Additionally, the program includes a supported recruitment approach, pre-vocational training, a pathway plan supporting flexible school, work and training arrangements, and a dedicated mentoring team that includes a career coach, industry coordinator, social worker and apprentice mentor (ACT Government n.d.-b).

The Head Start program in Victoria supports students in secondary schools in years 10 to 12 to participate in school-based apprenticeships and traineeships. Head Start teams are employed in Victorian government schools based in 12 hubs across Victoria. The program provides wrap-around support that connects all aspects of a student's school-based apprenticeship, including pathway planning, mentoring, training through TAFEs and Skills First providers, a secondary school certificate, and a training wage via completion or significant progress toward a qualification (Victorian Government n.d.).

Mobile commercial kitchen cooking with gas at schools

A mobile commercial kitchen shared between 5 high schools in Central West Queensland is allowing Year 10 to 12 students to work towards their Certificate II in Hospitality.

Also known as the Big Red Truck, the Outback College of Hospitality Trade Training Centre is a purpose-built truck with a commercial kitchen, marquee and seating for 300 that can train 20 students at a time. The truck rotates around the 5 high schools each school term, with the 5 schools contributing to the running costs of the truck, and a dedicated teacher travelling with the truck.

The Queensland Minister for Education highlighted in 2021 that the truck will help ‘budding chefs, caterers and bar managers get a real taste of what it’s like to work in an industrial-standard workplace’. The truck is also available for hire for catering and community events, which provides students with additional opportunities to practise their skills.

The training delivered through the Big Red Truck and the Department of Education is not only keeping students in local high schools, but also providing pathways to jobs in the local tourism sector, particularly in cafes and restaurants in the region.

Gaining early exposure to apprenticeships: proposed reform directions**Recommendations****3.5**

State and territory governments be required under the Better Schools Funding Agreement, or other relevant national agreements, to enable better access to high-quality work experience, pre-apprenticeship and school-based apprenticeship programs, to ensure students gain early exposure and access to apprenticeship work environments, so they can make more informed career decisions.

This includes:

- Ensuring all schools promote and provide access to high-quality pre-apprenticeship and school-based apprenticeship programs for all interested high school students in priority occupations.
- Ensuring all schools provide work experience to each student starting from Year 9, which includes VET offerings.
- Consulting with Jobs and Skills Councils to identify strategies to improve the delivery and industry relevance of work experience and school-based apprenticeship offerings.
- Identifying strategies to increase take up of work experience, pre-apprenticeship and school-based apprenticeship programs by students in priority cohorts, particularly students with disability.
- Publishing information on state and territory performance of these activities.

Jobs and Skills Councils review qualifications and skill sets commonly undertaken as pre-apprenticeships, to ensure they:

- Offer pathways into multiple occupations upon finishing school, to maximise the application of skills gained during pre-apprenticeship programs towards further education and training.
- Include appropriate units to maximise credit transfer for those who continue into an apprenticeship so they can progress more quickly.

Structural barriers to encouraging take up

There are structural barriers that create challenges for people considering apprenticeships, both prospective apprentices and employers. These include intrinsic components of the apprenticeship model like low wages, and relate to various areas of system complexity and costs.

Low training wages can make apprenticeships unattractive

We heard that low training wages contribute to community perceptions of the value of apprenticeships, and a belief that long-term earnings are lower in comparison to that of university graduates. We also heard that young people are aware of the low training wages, which can discourage them from starting an apprenticeship, with previous research supporting these findings (McDowell et al. 2011; BIT 2020).

For me, 100% wage was a factor. Especially getting paid around \$10 an hour. This is going to sound ridiculous, but it's true – I had to catch a 2-hour bus from where I live to the workplace and back for a 3-hour shift. What I needed to factor in was making \$30 for 7 hours of my time... And because I'm still in school, I can't really work that many hours anyway.

Member of the Department of Education's Youth Advisory Group (consultation)

...a lot of people would love to make [the care industry] their career, but the wage is not sustainable... you go from apprentice wages to still making under what a Hungry Jacks worker makes...

Health care and social assistance apprentice, via Strategic Review Apprentice Reference Group (consultation)

We heard wages discourage adults from apprenticeships, noting they often have dependents and larger financial commitments such as rent or a mortgage (also Deloitte Access Economics 2012).

There may be opportunities to provide greater financial incentives to apprentices, as well as emphasising the benefits and future earning potential of apprenticeships as a personal investment, to offset the prospect of low training wages.

Apprentice wages are also discussed in Chapter 2.

Administrative complexity can deter employers from engaging an apprentice

The *Issues in Apprenticeships and Traineeships* report (Stanwick et al. 2021) found that the VET system is difficult to navigate. This was echoed by employers and business peak bodies that told us the apprenticeship system is overly complex, especially for small and medium employers (SMEs) that lack the capacity to easily navigate the administrative requirements of engaging an apprentice. The NSW VET Review – Interim Report (Bruniges et al. 2023) also linked the complexity of the administrative requirements of the apprenticeship system with being a barrier to commencing an apprenticeship. Apprentice Connect Australia Providers are responsible for assisting employers to navigate the system.

Further discussion of the Apprentice Connect Australia Providers' role is in Chapter 4.

Given the complexity of rules and the significant difficulty to clearly identify eligibility, many small and medium businesses find the experience of registering a traineeship/apprenticeship and enrolling in training to be 'too hard'.

The Pharmacy Guild of Australia (submission)

The Australian Childcare Alliance told us in its submission that early childhood education and care employers describe the application process to receive incentives as complex, time consuming, and often riddled with delays. This can create a difficult environment for both the apprentice and employer as they try to remain engaged while waiting through the required administrative period.

Structural barriers to encouraging take up: proposed reform directions

The issues of training wages and complexity in the apprenticeship system are explored in greater detail in Chapters 2 and 4. The recommendations in those chapters address these issues, specifically:

- Recommendation 2.7: Apprentice incentives for priority occupations help address cost-of-living pressures for apprentices.
- Recommendation 2.8: Australian, state and territory governments ensure travel and accommodation supports for apprentices are helping to address cost-of-living pressures and enable apprentices in remote and regional areas to undertake training.
- Recommendation 2.9: State and territory governments introduce mechanisms to subsidise or reduce the cost of transport for apprentices in priority occupations.
- Recommendation 2.10: The Disability Australian Apprentice Wage Support payment is amended to increase the payment rate.
- Recommendation 2.11: A new payment be introduced to support apprentices in key occupations to purchase tools and equipment.
- Recommendation 4.4: An independent review is undertaken to examine the design, efficacy and performance of Apprentice Connect Australia Providers.
- Recommendation 4.5: The capability of the Apprenticeships Data Management System (ADMS) is maximised to directly message apprentices about the range of supports available to them.
- Recommendation 4.6: An independent review is undertaken to examine how the ADMS can enhance delivery and navigation of the incentive system.



Improving the experience for employers and apprentices to encourage completion

Taking a holistic viewpoint in the apprenticeship space involves considering the apprentice or trainee's development not just in terms of technical skills, but also in terms of their overall wellbeing and future prospects. This approach recognises that apprentices are individuals with unique backgrounds, experiences and needs. It involves providing support that extends beyond the workplace, encompassing factors such as mental health, social integration, and personal development.

Apprenticeship Employment Network South Australia (submission)

Overview

This chapter outlines our findings and recommendations about the experiences of both apprentices and their employers during an apprenticeship.

A positive workplace culture plays a critical role in ensuring an apprentice completes their apprenticeship.

This must be paired with high-quality training both inside and outside of the workplace. Apprentices need vocational education and training (VET) where they develop knowledge and skills that are relevant to their workplace and the broader industry.

Apprentices also need high-quality mentoring and easy-to-navigate support services, so they can access the right help at the right time if facing difficulties during their apprenticeship.

For employers, their experiences in hiring and training an apprentice, including their access to external support, can influence whether they are likely to do so again in the future.

Workplace culture

Workplace culture refers to the shared values and beliefs within an organisation, or the unwritten rules for how things are done. While workplace culture can be defined by the collective views and actions of all employees, it is often set by supervisors and managers and then filters throughout the organisational structure.

A positive workplace culture helps to establish a set of social norms that enable employees and employers to build healthy working relationships. While each workplace has a unique environment, common examples that reflect a positive culture include:

- a shared commitment to diversity, equality, safety and respect at work
- shared ethical standards and ambitions (including effective and fair workplace dispute management processes)
- transparent accountability
- an inclusive and supportive environment
- zero tolerance for harassment, disrespectful behaviours, unsafe work practices and discrimination (Respect@Work n.d.-b).

Dickie et al. (2011) argue that the extent to which the apprentice regards their employment experience as representing a 'fair deal' is central to completion. To be considered a 'fair deal', apprentices expect varied work; good supervision and on-the-job training; a good boss; and a safe, contemporary workplace free from bullying. The authors suggest that if an apprentice does not think they are receiving a fair deal, then other factors start to matter more: not liking the work and pursuing other opportunities are secondary issues to the relationship with the employer (Dickie et al. 2011:13):

Apprentices will put up with a lot, including low wages, if what they get in return is fair ... If they don't get a fair deal, then any aspect of the apprenticeship – like pay, repetitive work or a lack of workmates – can become a source of dissatisfaction and restlessness and impact on their commitment and likelihood of completion.

In relation to young trades apprentices, the authors found that a sense of fairness 'is the tipping factor in commitment' (Dickie et al. 2011:26). If apprentices perceived the deal to be fair, they were more willing to trade off some of their current disadvantages, such as low pay, low status or repetitive work, for the long-term advantages they believed would be delivered by a valuable trade qualification, like higher wages. The psychological contract in apprenticeships is also discussed in Walker et al. (2012).

In most cases, the issues describing poor workplace culture are psychosocial risks. Psychosocial risks may cause both psychological and physical harm. Work health and safety (WHS) laws impose legal duties on employers and organisations to prevent such harm (Safe Work Australia 2022).

Previous reviews of the apprenticeship system have called out poor workplace culture as a key factor negatively influencing completion rates for apprentices, particularly when compounded by other factors such as low wages (Dickie et al. 2011). Nearly three-quarters of apprenticeships end due to workplace related issues, with apprentices ending the arrangement in 80% of cases (Productivity Commission 2020b).

The National Centre for Vocational Education Research (NCVER) publishes the annual Apprentice and trainee outcomes report, which includes information on reasons given by apprentices for non-completion. In the latest report, the most cited reasons for non-completion of an apprenticeship were: not getting along with colleagues; poor working conditions; and work dissatisfaction, with low pay exacerbating the negative workplace experience (NCVER 2024a).

Indicators of a poor workplace culture include low staff retention, disengaged employees, excessive amounts of stress, higher rates of injury and an unhealthy work-life balance. Where poor workplace culture is not appropriately addressed, it can transition into a ‘toxic’ workplace leaving employees feeling fearful and unsafe which may result in physical and psychological injury (Standing Committee on Education and Employment 2012; Victorian Trades Hall Council 2020). It has been estimated that inaction in addressing poor workplace culture costs the Australian economy approximately \$8 billion each year (Crook and Tessler 2021).

As well as protecting against workplace hazards, a positive workplace plays a role in whether someone will remain working in a particular industry (NCVER 2024a). Conversely, a workplace with poor culture increases the likelihood someone will seek another job or leave the industry entirely.

Likewise, workplace culture can be a major influence on whether apprenticeships succeed, including whether an apprentice completes their apprenticeship and stays in their industry, once qualified. It can also influence a qualified employee’s relationship with other apprentices, including how they act out their own experiences in their treatment and supervision of apprentices.

Workplace culture has an impact on apprenticeship success

A positive on-the-job experience helps apprentices develop their skills, guides their understanding of the workforce and plays an important role in ensuring successful apprenticeship completions (Skills Australia 2010; Clarke and Lamb 2009; Karmel and Oliver 2011). Social inclusion and integration into the workplace are vital, as are developing and using a wide range of skills and knowledge, working reasonable hours, working in physically safe conditions, and having satisfactory interpersonal work relationships – particularly with the ‘boss’ (Western Australian State Training Board 2017; Jobs Queensland 2016; Bednarz 2014). These factors are particularly crucial in the first 12 months of an apprenticeship, when an apprentice is most at risk of early exit (Bednarz 2014; Snell and Hart 2008).

During our consultations with apprentices, many were positive about their workplace and found it to be a good environment. We heard the relationship between an apprentice and their employer is integral to this.

It has exceeded my expectations of what is possible – the support from my employer/company is great and I want to be here.

Apprentice, via Australian Industry Group (focus group)

The company is good – they have policies and procedures in place to support people if they need it... for example around mental health.

Apprentice, via Australian Industry Group (focus group)

But positive experiences are not universal. One anonymous submission referred to an apprentice’s perspective about being told to ‘suck it up’ by their boss when experiencing issues, with the apprentice noting this would not be acceptable in an office workplace environment.

I'm not really supported at work as apprentices are considered the bottom of the barrel. The company just ticks the boxes on having apprentices and female apprentices.

Apprentice, via Australian Industry Group (focus group)

Employers play a key role in shaping an apprentice's experience. Working conditions are an important influence on completion rates. Factors such as bullying and exploitation are reported as common reasons for non-completion.

BuildSkills Australia (submission)

The McKell Institute (2022) in Victoria identified poor employer practices and workplace cultures affecting apprenticeships as including:

- being subject to bullying, harassment, intimidation and dangerous conditions
- being underpaid, or having unpaid Technical and Further Education (TAFE) fees or superannuation
- receiving little or no on-the-job training and being used as cheap labour.

Further, the Fair Work Ombudsman reported in its submission that in 2022–23:

- over 6% of all compliance notices issued by the Fair Work Ombudsman related to alleged breaches of workplace laws involving apprentices
- approximately 11% of all litigations commenced by the Fair Work Ombudsman related to alleged breaches of workplace laws involving apprentices
- approximately 7% of all anonymous reports received related to apprentices.

This is despite apprentices accounting for only approximately 2% to 3% of the Australian workforce in that year. This data points to a significant issue of non-compliance by some employers in respect of apprentices.

Our consultation with apprentices provided anecdotal support for this proposition. Workplace exploitation and underpayment, inadequate formal and informal reward and recognition, lack of respect from employers, and negative workplace culture were all raised during our consultations as significant factors leading to non-completion of apprenticeships. Some apprentices shared experiences of how being undervalued in the workplace affected their mental health and motivation to continue their training.

Apprentices and unions, such as the Australian Manufacturing Workers Union as well as other stakeholder organisations, such as Regional Development Australia, told us about instances where apprentices were being used as a temporary, cheap form of labour, with no training or only training in what the employer needed of them.

Too many [employers] are using apprenticeships as cheap labour, no intention to keep or train. They don't go to TAFE frequently (but TAFE get paid). This is giving the trades a bad name.

Regional Development Australia Murraylands and Riverland and Bowhill Engineering (submission)

We also heard that even though modern awards generally require employers to pay for training fees, apprentices reported needing to chase employers to pay for their course fees and, in some cases, have given up and paid for fees themselves.

More employers must take responsibility for fully supporting their apprentices and paying the apprentice's course fees is one way employers could show that support and contribute to growing and upskilling their workforce. Employers should not be off-loading responsibility to their apprentices or requiring their apprentices to pay for apprenticeship course fees.

Australian Education Union (submission)

Where there is little to no reward and recognition, unfair negative treatment, limited development opportunities or no recognition of apprentices' skills (evidenced by constant micromanaging) this can become a psychological hazard (Safe Work Australia n.d.-b). Jobs and Skills Australia (JSA 2023c) reported that factors such as lack of co-ordinated support and limited employer cultural competence potentially contribute to low completions.

I do not regret doing my apprenticeship, but there's no doubt that it was harrowing at times, and I often questioned whether I could have longevity, not because of the work, but the environment and culture.

Apprentice, via Tradeswomen Australia (focus group)

Wage theft

Despite the low wages of apprentices, the deliberate under-payment of apprentice wages and entitlements – commonly referred to as wage theft – is an issue. In 2017, the Fair Work Ombudsman undertook a National Apprenticeship Compliance Monitoring Campaign (FWO 2017) during which it checked the payments of 2,266 apprentices and found that 32% of employers were not paying their apprentices correctly.

In Victoria, the Young Workers Centre (2023a) reports that in 2022–23, 77% of their ongoing clients were apprentices and wage theft was the most common type of enquiry it deals with. In 2023, the Young Workers Centre (2023b) assisted an electrical apprentice in recovering \$16,000 in unpaid wages and superannuation. In its submission to the review, the Fair Work Ombudsman provided similar case studies concerning workers who were underpaid.

Legal action recovers outstanding payment for young apprentice

In July 2022, a Fair Work Ombudsman inspector issued a compliance notice to a residential building business, after forming a reasonable belief the company had failed to reimburse a young apprentice bricklayer for training fees and underpaid their minimum apprentice rates, as required under the *Building and Construction General On-site Award 2010* and *Building and Construction General On-site Award 2020*.

The compliance notice required the employer to calculate the outstanding amount owed to the worker and backpay the worker. The worker was aged between 18 and 20 at the time of the contraventions.

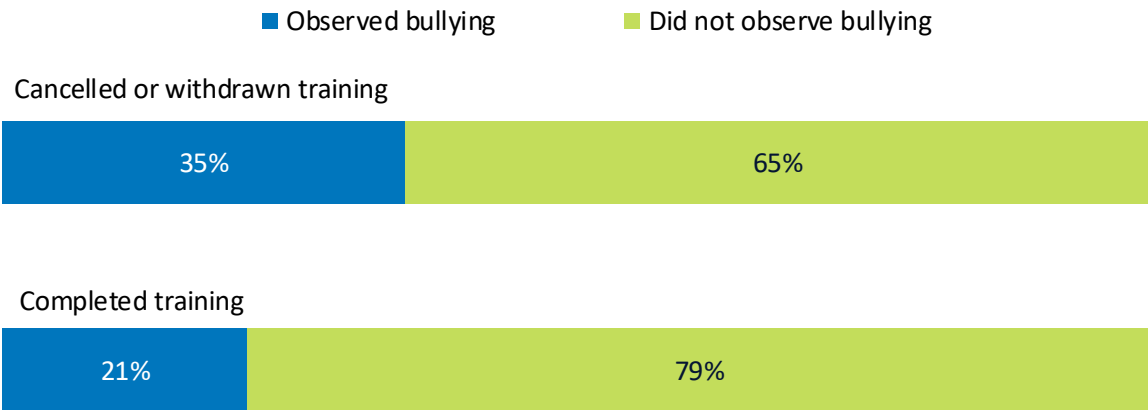
The Fair Work Ombudsman investigated the matter after receiving a request for assistance from the affected worker. After the employer failed to comply with the compliance notice, the Fair Work Ombudsman initiated legal action to rectify the non-compliance.

The Federal Circuit and Family Court found that the employer had failed to comply with the compliance notice and imposed a penalty of \$16,500 against the employer and a \$3,300 penalty against the entity's company director and shareholder. The court also required the employer to calculate the amounts required by the compliance notice and back-pay these amounts to the effected employee.

Workplace bullying

The NCVER Apprenticeship and Traineeship Experience and Destination Survey data (NCVER 2019) shows that approximately one-quarter of apprentices have observed bullying in the workplace, with 35.2% of non-completers being affected compared with 21.2% of completers. This was particularly high for female non-completers, at approximately 44.7%, while only 30.3% of male non-completers observed bullying.

Figure 44: Apprentices who cancelled training observed more bullying at the workplace



Source: Review analysis based on NCVER (2019).

We heard how workplace bullying and giving the apprentice a hard time is often ingrained in worksite culture. Kempster (2006) noted that in some industries and organisations, bullying is considered a successful method of training apprentices despite being disapproved of more broadly across industry. Bullying can also be a sign that other psychosocial hazards such as high work demands, low job control and poor support are not adequately controlled (WorkSafe Victoria 2023b). In some male-dominated workplaces, new apprentices are subjected to ‘rites of passage’ and experience a ‘shut-up and cop it’ culture (Greacen and Ross 2023). But we heard it was not limited to worksites or male-dominated workplaces, and it can also occur in female-dominated industries such as hairdressing.

Hate it. I have been bullied out and looking for a new employer.

Apprentice, via Tradeswomen Australia (focus group)

In the hair and beauty industry, unfortunately, looks are very, like, micromanaged, and so I dealt with a lot of humiliation and degradation and bullying and harassment, and that would just make you not ever want to come back to work. And I think every week I wanted to quit, every week, and I went home and cried. You know, I was just so humiliated to even be there.

Former apprentice, via Australian Council of Trade Unions (apprentice focus group)

First year apprentices described feeling ‘at the bottom of the food chain’. ‘Banter’ and bullying are both considered norms in the workplace, especially on construction sites (Greacen and Ross 2023). Despite a perceived difference in intent, the line between banter and bullying can often become blurred for both the apprentice and their employer (McKell Institute, 2022) and perpetrators of workplace bullying towards apprentices may use banter as a cover for behaviour with harmful intent (Greacen and Ross 2023).

Apprentices are also treated differently depending on the age of their employer, with older employers described as having an ‘old school tradie’ mentality which is hostile towards conversations surrounding emotional and personal issues (Ross et al. 2021). Younger employers are more likely to treat an apprentice with a higher degree of respect than older employers, which is attributed to more recently completing their apprenticeship along with generational progress in the capacity to communicate and discuss emotions and personal circumstances (Ross et al. 2021).

In addition, leaders influence the behaviour of others when they reach senior positions. This means, if an apprentice is bullied through their apprenticeship, there is a greater likelihood they will repeat that behaviour towards a future apprentice (Kempster 2006; Mathisen et al.; 2008; Ross et al. 2021).

At work I didn't expect a bunch of old people who think they're worth more than young people and just push them down.

Apprentice, via Australian Industry Group (focus group)

Poor workplace culture can compromise workplace safety

Poor workplace culture intersects with multiple psychosocial hazards such as bullying, harassment, poor support and poor workplace relationships and interactions, and can pose a serious risk to employee health and safety (Safe Work Australia n.d.-b). Exposure to physical and psychosocial hazards can result in anxiety, depression, post-traumatic stress disorder and sleep disorders as well physical injuries such as musculoskeletal injury, chronic disease, and physical injury following fatigue-related workplace incidents (Safe Work Australia 2022). Creating a positive workplace culture is critical to encourage completions in the apprenticeship system and it is also important for improving health and safety in Australian workplaces.

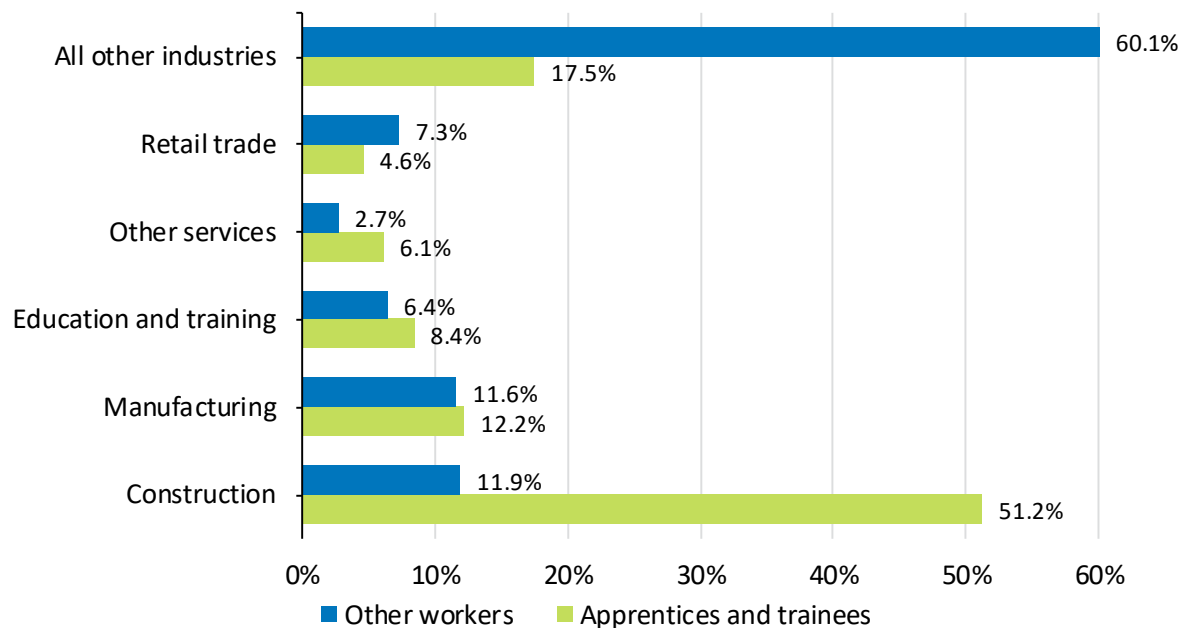
As noted above, employers have a duty under WHS laws to ensure the health and safety of all employees, including apprentices. Early identification of physical and psychosocial hazards and implementation of appropriate control measures can minimise the likelihood of physical, psychological or cultural harm to employees and is essential to prevent non-completion of apprenticeships.

Employers need to take greater responsibility and a more active role in providing apprentices with a safe and supportive workplace and ensuring that their experience in the workforce meets their expectations.

Australian Council of Trade Unions (submission)

Physical safety of employees can also be put at risk in workplace cultures that do not encourage open communication, especially where workloads are high. A psychologically safe workplace, where employees feel they can confidently speak about workplace hazards without fear of retribution, supports employee wellbeing and productivity (Rodríguez 2020).

Evidence from Safe Work Australia indicates that work-related injuries among apprentices is increasing. Over the 4-year period from 2016–17 to 2020–21, the number of serious claims (meaning a claim resulting in one or more working weeks lost) for apprentices rose by 41%. For comparison, the number of apprentices in training increased by 13% over this period (Safe Work Australia 2023). Half (51%) of these workers' compensation claims were in the construction industry. As Figure 45 illustrates, this is vastly higher than the proportion of claims for other workers in that industry.

Figure 45: Proportion of serious claims for apprentices and trainees and other workers by industry

Notes: Data is from 2016–17 to 2020–21. Since the publication of the *WHS outcomes for apprentices and trainees* data snapshot (Safe Work Australia 2023), the data in the National Data Set for Compensation-based Statistics has been revised and so data presented here may be different to what has previously been published. 'Serious' workers' compensation claims are claims which resulted in one or more working weeks lost. 'Other workers' refers to all serious claims where the injured/ill worker was not an apprentice or trainee. 'Industry' refers to the range of economic activities undertaken by a business to produce goods and services and is recorded using the Australian Bureau of Statistics (ABS) Australian and New Zealand Standard Industrial Classification (ANZSIC). 'Other services' refers to division S which includes a broad range of personal services; religious, civic, professional and other interest group services; selected repair and maintenance activities; and private households employing staff.

Source: Safe Work Australia analysis using the National Data Set for Compensation-based Statistics (Safe Work Australia n.d.-c).

While the construction industry makes up just over half of all serious claims by apprentices, this is part of a larger issue across trade apprenticeships. The data from Safe Work Australia indicates that 7,674 of the 9,203 of the serious claims by apprentices were from apprentices in 'Technicians and trades workers' occupations (Safe Work Australia n.d.-c). Furthermore, as Table 7 shows, the top 5 occupation subgroups among 'Technicians and trades workers' each reported more claims than the apprentices in 'Community and personal service' occupations combined. This is particularly notable as, among other workers who aren't apprentices, 'Community and personal service workers' made more claims than 'Technicians and trades workers'.

When looking at apprentices currently in training, 45,815 were in 'Community and personal service' occupations and 227,985 were in 'Technicians and trades' occupations (NCVER 2024b). Comparing the current number of apprentices in training to serious claims data suggests that for every 100 apprentices in 'Technicians and trades' occupations there are roughly 3.36 serious injury claims compared to 0.57 claims for every 100 apprentices in 'Community and personal service' occupations.

While these calculations are imprecise, the data does suggest that working in a trade appears to present greater safety risks to apprentices. As apprentices make up a disproportionate amount of the claims made by 'Technicians and trades workers', their lack of experience appears to exacerbate safety risks.

Table 7: Number of serious claims by occupation

Occupation	Apprentices and trainees	Other workers
Technicians and trades workers	7,674	94,696
Labourers	825	139,798
Community and personal service workers	264	106,746
Professionals	145	59,338
Machinery operators and drivers	144	77,464
Managers	61	27,047
Sales workers	43	24,700
Clerical and administrative workers	34	26,823
Total	9,203	566,163

Notes: Data is from 2016–17 to 2020–21. Since the publication of the WHS outcomes for apprentices and trainees data snapshot (Safe Work Australia 2023), the data in the National Data Set for Compensation-based Statistics has been revised and so data presented here may be different to what has previously been published. 'Serious' workers' compensation claims are claims which resulted in one or more working weeks lost. 'Other workers' refers to all serious claims where the injured/ill worker was not an apprentice or trainee. 'Occupation' refers to the type of job undertaken by a worker in the labour market and is recorded using Australian and New Zealand Standard Classification of Occupations (ANZSCO). Totals may not match the sum of rows due to missing data.

Source: Safe Work Australia analysis using the National Data Set for Compensation-based Statistics (Safe Work Australia n.d.-c).

Table 8: Number of serious claims for technician and trade worker apprentices and trainees by occupation sub-major group

Technicians and trades workers	Serious claims	Proportion of claims
Construction trades workers	3,836	50.0%
Automotive and engineering trades workers	1,451	18.9%
Electrotechnology and telecommunications trades workers	1,258	16.4%
Other technicians and trades workers	492	6.4%
Food trades workers	421	5.5%
Skilled animal and horticultural workers	183	2.4%
Engineering, ICT and science technicians	33	0.4%

Notes: Since the publication of the WHS outcomes for apprentices and trainees data snapshot (SafeWork Australia), the data in the National Data Set has been revised and so data presented here may be different to what has previously been published. 'Serious' workers' compensation claims are claims which resulted in one or more working weeks lost. 'Other workers' refers to all serious claims where the injured/ill worker was not an apprentice or trainee. 'Occupation' refers to the type of job undertaken by a worker in the labour market and is recorded using ANZSCO. Totals may not match the sum of rows due to missing data.

Source: Review and Safe Work Australia analysis using the National Data Set for Compensation-based Statistics (Safe Work Australia n.d.-c).

Cases of systemic bullying and harassment of apprentices taken to court

WorkSafe Victoria recently investigated and prosecuted matters involving significant workplace bullying and harassment of apprentices, including physical and emotional abuse, often by those responsible for their welfare.

One example is of a young apprentice employed by Celsius Ballarat Pty Ltd in Victoria, who endured sustained and extreme bullying and physical violence inflicted by colleagues (WorkSafe Victoria 2024). The abuse, spanning from July 2022 to March 2023, included incidents where he was hung from a noose and poked with a drill in his groin. The business pleaded guilty to the charges and was fined \$10,000 and ordered to pay costs of \$3,227 (if it did not plead guilty, it would have faced fines of \$20,000).

Another example is a recent case involving the director of Melbourne Glass Solutions, which highlights the severe consequences of workplace bullying perpetrated by a supervisor (WorkSafe Victoria 2023a). The owner of the company was fined \$60,000 for subjecting 2 apprentices to ongoing bullying, including physical violence, verbal abuse and intimidation. The abuse occurred over a 2-year period and involved incidents as extreme as hoisting one apprentice upside down on a crane at a work Christmas party, which was filmed and posted online.

These cases emphasise the critical role of leadership in creating a safe and respectful workplace. They underscore the importance of holding supervisors accountable for their actions and implementing robust measures to prevent and address bullying behaviour. These cases also highlight the vulnerability of apprentices, who may be particularly susceptible to bullying due to their position within the workplace hierarchy.

In addition to the risks created by inexperience, we found that the impact of exposure to WHS hazards, including poor workplace relationships, sexual harassment and other forms of harassment and discrimination, were often more pronounced for certain priority cohorts. These include women apprentices in male-dominated trades, First Nations apprentices, apprentices with disability and apprentices from other marginalised backgrounds.

Aspects of bullying, harassment and workplace culture specific to the experience of apprentices in priority cohorts is explored further in Chapter 5.

Psychosocial hazards in the construction industry

Psychosocial risks appear to be more pronounced in the construction industry (Standing Committee on Infrastructure, Transport and Cities 2021). Apprentices in the construction industry have reported feeling anxious about changing work sites due to not knowing how they will be treated and whether they will be bullied, with some apprentices describing not wanting to go to work due to their perceived poor treatment by their employers (McKell Institute, 2022).

Some construction industry employees struggle to maintain a healthy work-life balance due to work overload, a lack of autonomy, long hours, shift work and significant commute times (Holdsworth et al 2020). A poor work-life balance has been linked to increased experiences of stress, fatigue, sleep disruption and burnout among employees, all of which negatively impact mental health (Artazcoz et al. 2009; Bannai and Tamakoshi 2014; Dinh et al. 2017).

The first three months of my apprenticeship was 11-hour days, 8-hour Saturdays, for three months straight, because the job was so far behind and, yeah, we didn't have a choice. And you're getting \$15 an hour for it.

Apprentice, via Australian Council of Trade Unions (focus group)

This is a major concern, as the construction industry is the largest employer of apprentices, accounting for 34% of all apprentices in training at 31 December 2023 (NCVER 2024a). Apprentices also make up a relatively high proportion of the construction industry workforce at around 9% (analysis based on Department of Workplace Relations (DEWR) and Job Skills Australia (JSA) data), compared with 2.4% for the entire Australian workforce (ABS 2024d). In 2023, over 33,000 construction industry apprentices cancelled or withdrew from their apprenticeships, accounting for around 28% of total cancellations across all industries (NCVER 2024a).

In 2018, 148,620 construction industry employees were estimated to have a moderate or severe mental illness. Construction also has the second highest suicide rate in any industry, with suicide rates of male construction workers twice that of non-construction workers (Crook and Tessler 2021). In its submission, the Construction Industry Culture Taskforce said that a worker in the construction industry is 6 times more likely to die from suicide than from a workplace accident, and that around 190 construction workers die from suicide in Australia each year.

Further, half of all serious workers' compensation claims for apprentices are in the construction industry (Safe Work Australia 2024 n.d.-c). Research for MATES in Construction (Doran and Potts 2024) estimated an age-standardised suicide rate of 23.5 per 100,000 for male construction workers for the period 2001 to 2019, almost twice that of other male workers (13.1 per 100,000).

A 2021 study of construction industry apprentices in Queensland found that a substantial proportion 'experience workplace bullying, are exposed to suicidal behaviours, and personally experience suicidal ideation' (Ross et al. 2021:1). Most apprentices in the study also reported they would not share their mental health concerns with their employer, and that fear of being judged stopped them from engaging with third party mental health supports on-site.

Research shows stress levels and suicide rates among construction workers are double the national average.
Construction Industry Culture Taskforce (submission)

We heard that the construction industry is working proactively to reform workplace culture and to broaden their health and safety focus beyond physical safety to include psychosocial hazards, and how these challenges can be addressed in a holistic way.

Construction Industry Culture Taskforce culture standard

Since 2018, the Construction Industry Culture Taskforce (CICT) has been developing a 'culture standard' to improve the sustainability and performance of the construction industry, drawing on consultation and evidence from across the industry, including both the client and contractor perspectives.

The culture standard seeks to lift productivity and performance while addressing major issues in the industry such as excessive work hours and fatigue, poor mental health, and failure to attract a diverse workforce. It provides a framework for clients and contractors to work together to improve the conditions for workers and increase productivity in the construction industry.

It proposes a set of standards be incorporated into procurement processes to improve worker time for life, wellbeing, and diversity and inclusion.

Time for life

The culture standard requires that:

- workers work a maximum of 5 days in every 7 and, where possible, that these should be limited to Monday to Friday
- no workers work over 55 hours per week and that employers target that all workers work 50 hours or less per week
- workers have access to flexible work options, including in both office and site-based roles.

Diversity

The diversity component focuses on:

- increasing the representation of women
- creating inclusive workplaces
- ensuring equal remuneration between genders.

Health and wellbeing

The culture standard requires that organisations support the mental health of workers by implementing programs to identify and prevent mental illness and support good mental health. It also requires that occupational health and safety risks are effectively managed and workers' wellbeing is prioritised when setting project schedules.

Pilot projects

The intention is for the culture standard to be implemented through the procurement process to all construction companies in every jurisdiction in Australia. Trials have commenced through 5 pilot projects in New South Wales and Victoria to determine the efficacy of the initiative. It is anticipated that the evidence base supporting broader adoption of the standard will be finalised by the end of 2024. Subject to the findings, governments Australia-wide will be called upon to adopt the standard through procurement processes in each jurisdiction.

Key findings from an interim report on the 5 pilot projects (RMIT University 2024) included:

- A common belief that productivity is not adversely affected by the implementation of the culture standard. Participants explained this in terms of generally lower productivity on Saturdays (across the industry) combined with productivity improvements associated with a workforce that is healthier (as a result of improved recovery opportunities) and more satisfied.
- Some waged workers (in the first wave of interviews) expressed some concerns about experiencing a reduction in pay. However, during the second wave of interviews, many of these workers commented that the effects on their pay have been minimal and, even though they may have experienced a small reduction, they considered the benefits of spending more time with their family to outweigh these costs.
- Women reported good provision of amenities (better than they had experienced at other projects), and they mostly felt respected and accepted. Women in site-based roles still reported experiencing inappropriate banter or behaviour, however these were dealt with quickly and effectively by managers when reported.
- Reports of stress were mixed, with some participants reporting less stress and some higher, which was purportedly related to the compression of working time.

We also heard from the Transport Associations and Australian Services Union submissions that these experiences are widespread across other sectors. This includes transportation and the social, community and disability sector. The University of Technology Sydney's Ageing Research Collaborative (UTS Ageing Research Collaborative 2024:45) emphasises the importance of building a positive workplace culture in the aged care sector, stressing the important role aged care providers need to play 'in fostering an inclusive, transparent, and empowering workplace culture'.

Protecting apprentices

The Fair Work Ombudsman submission told us that apprentices are often more vulnerable to workplace exploitation because they tend to be younger workers entering the workforce for the first time and lack awareness of their employee entitlements and work protections.

As noted above, the normative culture of workplace bullying in some industries means that apprentices do not always report instances of poor treatment or seek help. The continuation of a workplace culture that accepts bullying, intimidation, and difficult working conditions, may lead to increased instances of job dissatisfaction, apprenticeship non-completion and poor mental health (Ross et al. 2021). Some apprentices have described feeling pressured to remain at work while others take sick leave to help deal with their mental health without explaining the reason to their employer.

Intentional underpayment, denial of entitlements, intimidation, bullying and other exploitative practices all form part of a devaluing of apprentices and their work. This culture of devaluing apprentices can contribute to employer practices that abuse the apprenticeship system such as 'apprentice churn' or 'apprentice recycling' where apprentices are hired due to the low cost of their labour and the incentives paid to employers for hiring them.

The related issues of 'apprentice churn' or 'apprentice recycling' are explored further in Chapter 2.

An employer's duty to provide safe workplaces

Uniform work health and safety laws have been largely introduced across Commonwealth, state and territory jurisdictions through model work health and safety laws, administered and developed by Safe Work Australia (Safe Work Australia n.d.-a). Under the model work health and safety laws, a person conducting a business or undertaking, such as employers, must eliminate or minimise the risk of physical and psychosocial hazards in the workplace so far as is reasonably practicable. Jurisdictional work health and safety regulators are responsible for investigating alleged breaches of work health and safety laws, including bullying, harassment and other psychosocial hazards (Safe Work Australia n.d.-b).

In addition, all Australian states and territories have introduced, or are committed to introducing, an offence of industrial manslaughter in their work health and safety laws, to provide for criminal prosecution of the most egregious breaches of work health and safety duties that result in a workplace death.

In late 2022, the updated *Sex Discrimination Act 1984* (Cth) (Sex Discrimination Act) placed a positive duty on employers to take proactive and meaningful action to prevent sexual harassment and other unlawful behaviour in the workplace and in connection with work. Employers must now take a more active role in preventing unlawful conduct in the workplace, rather than responding only after it occurs.

The Australian Human Rights Commission has regulatory powers to inquire into organisations and businesses that may not be complying with their positive duty under the Sex Discrimination Act, with a primary focus to support employers to comply.

Further complementing the positive duty, the *Fair Work Act 2009* (Cth) (Fair Work Act) was also amended in 2022 to introduce an express prohibition on workplace sexual harassment and establish a new dispute resolution process to enable the Fair Work Commission to deal with sexual harassment matters.

The reforms to the Sex Discrimination Act and Fair Work Act were key components of the *Respect@Work* report (AHRC 2020) and are aimed at achieving meaningful cultural change to create safer, inclusive, and more respectful workplaces.

The *Disability Discrimination Act 1992* (Cth) also plays a role in ensuring safe and protective workplaces.

Employers' obligations under the National Employment Standards and modern awards

An apprentice's pay and employment conditions are established under the Fair Work Act, the National Employment Standards, and in modern awards and enterprise agreements.

The following standard conditions are contained in all modern awards with apprentice provisions:

- payment by employers of apprentices' excess travel costs for attendance at block release training at a distant location requiring an overnight stay
- reimbursement of the cost of training fees and textbooks within 6 months of commencement of an apprenticeship, unless there is unsatisfactory progress
- providing an apprentice the right to be released from work to attend off-the-job training
- providing that off-the-job training and assessment is to be regarded as time worked for the purposes of wages, working conditions and leave entitlements
- preventing apprentices from working overtime or shiftwork (unless it is an emergency) if doing so would interfere with their attendance at training.

For an example of apprentice conditions of employment, see Appendix.

Assessing an employer's suitability to take on an apprentice

There is no uniform, nationwide framework for determining whether an employer is suitable to take on an apprentice. While some states have processes for assessing employers, there is no nationally consistent risk assessment based on failures to comply with health and safety laws or minimum terms and conditions of employment.

The regulation of apprentices is largely conducted following the lodgement of the training contract with the relevant State and Territory Training Authority (STA). In most jurisdictions the STA simply assumes that the employer is suitable to take on apprentices. In most states and territories it is sufficient that the employer entered into a training contract with their apprentice, with the oversight of an Apprentice Connect Australia Provider. The provider then registers the contract with the relevant STA on behalf of the employer and apprentice within a specified number of days. The exceptions to this general approach are South Australia, Victoria and the Northern Territory, as explained below.

Suitability testing including fit and proper person test

Testing for employer suitability varies widely across states and territories. In South Australia, employers are required to register as an employer of apprentices and trainees with the South Australian Skills Commission, which then decides whether to approve the employer before they can take on an apprentice. A similar process occurs in the Northern Territory.

In Victoria, employers must make a declaration that they are a fit and proper person. To do so, they must complete a form declaring to the STA that they are a fit and proper person and stating whether the employer:

- breached the Fair Work Act or previous laws governing wages and conditions
- has been subject to enforcement action by the Fair Work Ombudsman
- has been convicted in relation to workplace safety laws
- has been subject to enforcement action by a state or territory work health and safety regulator
- has been found by a court, tribunal, commission of inquiry, professional discipline body or regulatory authority to have engaged in:
 - dishonest, misleading or deceptive conduct
 - non-compliance with a legal obligation relating to the employment of apprentices and trainees
 - a breach of duty (including a duty of disclosure).

The STA then considers the employer's response and makes a determination. In South Australia and the Northern Territory the employer is not required to disclose this information, however the STA in these 2 jurisdictions may consider similar factors.

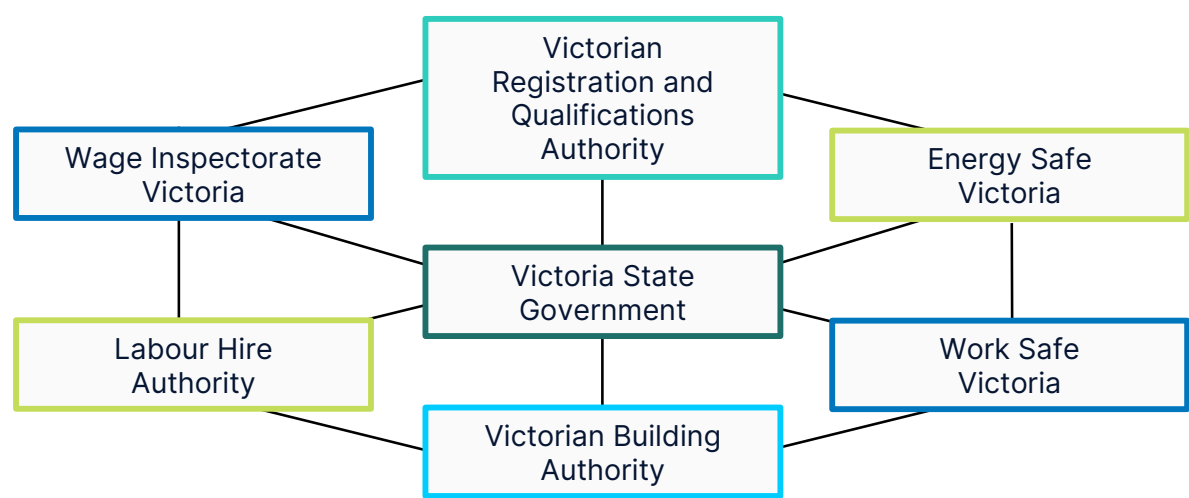
It is clear that there is a great degree of inconsistency across jurisdictions. Providing a nationally consistent fit and proper person test across the states and territories would ensure that employers across the country are all held to the same standards.

Enabling State and Territory Training Authorities to make an informed assessment

For STAs to be able to adequately assess an employer, they need to have access to all relevant information and the employer's history of complying with workplace laws. Without this information they are unable to make an accurate assessment as to whether an employer is a fit and proper person and, even if there were a nationally consistent system, employers who fail to disclose wrongdoing may go unnoticed.

As noted above, there are several overlapping regulatory agencies within the apprenticeship system, including the Fair Work Ombudsman, the state and territory work health and safety regulators and the STAs. This can create duplication and confusion for apprentices and their employers about where to go for support or to report employer misconduct. Victoria is a useful case study in this regard.

Figure 46: Victorian apprenticeship regulators



Victorian Registration and Qualifications Authority

In correspondence with the review, the Victorian Registration and Qualifications Authority (VRQA) told us it has been actively working to embed information sharing between relevant co-regulators to protect apprentices from harm.

On 4 December 2023, the VRQA signed a Heads of Agreement aimed at improving communication between the 6 Victorian regulators that cover the regulation of employers of apprentices. The agreement was reached between the VRQA and agencies such as WorkSafe Victoria and the Wage Inspectorate Victoria. The parties have agreed to work together on multi-agency complaints and develop a multi-agency information and complaints portal for apprentices, where information is submitted through a central portal and shared with relevant agencies.

The agreement follows the Victorian Government’s development of an apprenticeships taskforce. One of the goals of the taskforce was to simplify complaint reporting for apprentices encountering mistreatment at work. The agreement provides an example that regulators in other jurisdictions can learn from.

Collaboration between regulators, such as in Victoria, can ensure that complaints and enquiries from apprentices and employers are directed to the relevant agency. Improved communication between agencies assists STAs in their role of assessing employers and the overall regulation of apprenticeships. It can also ensure that proper procedures are developed to make certain that when an STA receives a complaint about a safety or conditions related issue, this is efficiently transferred to the appropriate regulator to investigate.

Challenges in sharing information between regulators

During consultations, both the Fair Work Ombudsman and Safe Work Australia raised challenges regulators face in disclosing information to other regulatory agencies. The legislation that covers the work of these 2 agencies (and in the case of Safe Work Australia, the state safety regulators) limits the disclosure of information such as compliance notices.

Limits on the Fair Work Ombudsman

Section 718 of the Fair Work Act governs the Fair Work Ombudsman's ability to disclose the information it collects in performing its functions. Subsection 718(2) allows for the disclosure of the information where it is necessary for performing its functions or exercising its powers as well as where it may 'assist in the administration or enforcement of a law of the Commonwealth, a State or a Territory'.

While this does not limit the ability of the Fair Work Ombudsman to make disclosures to an STA for the 'administration or enforcement of a law', in practice the Fair Work Ombudsman does not disclose information regarding compliance notices to other regulators, such as STAs. As per subsection 716(4B) of the Fair Work Act and regulation 4.09 of the Fair Work Regulations 2009, a person who has complied with a compliance notice cannot be taken to have contravened or admitted to contravening the Fair Work Act. In these circumstances, the Fair Work Ombudsman advised us in consultations that it 'would not generally release information where a person has been issued with a compliance notice and/or an infringement notice and has subsequently complied with the terms of the notice(s)'.

Limits on work health and safety regulators

All states and territories besides Victoria have enacted the Model Work Health and Safety Act (WHS Act) developed by Safe Work Australia – although some sections of the Act differ between states. Section 271 of the WHS Act prohibits the disclosure of information, giving access to a document or use of the information or document by a person in exercising any power or function under the WHS Act. The WHS Act provides limited exceptions, relevantly, subsection 271(3)(e) allows for disclosure where it is required or authorised under a law. The Victorian legislation has similar restrictions.

These restrictions limit the ability of state and territory work health and safety regulators from disclosing information to STAs. While the laws governing STAs could be changed to allow disclosure from work health and safety regulators, or alternatively work health and safety laws could be amended, Safe Work Australia advises against it. In consultations, Safe Work Australia noted that even if legislative limitations on disclosure were addressed, the STAs would not receive information on employers who are breaching work health and safety laws and who have not been noticed by the regulators. Safe Work Australia also noted that disclosure of information may not account for employers who have addressed historic WHS issues.

In consultations, Safe Work Australia recommended employers could be required to disclose whether they (or a previous company they owned) have been found to be non-compliant with workplace laws such as work health and safety laws. This recommendation aligns with the VRQA's requirements for an employer to declare that they are a fit and proper person. Requiring employers to make a frank disclosure avoids the need for different regulatory agencies to determine whether to disclose information and may serve as a faster means to address any related problems than amending legislation.

While this approach may assist in the short-term, employers may not always be forthcoming with information. In addition, while Safe Work Australia's recommendation assists with employers at the point of sign-up, STAs need to be able to act quickly to remove an apprentice when a work health and safety regulator identifies issues that put them at risk. Therefore, reform to the Fair Work Act and WHS legislation will be required, to ensure that STAs and DEWR can proactively respond to issues with employers.

The role of the Fair Work Ombudsman

The Office of the Fair Work Ombudsman is an independent statutory office that promotes and monitors compliance with Australian workplace laws as prescribed under the Fair Work Act. This includes inquiring into and investigating alleged breaches of the Fair Work Act and taking appropriate enforcement action when necessary.

As the national workplace regulator, the Fair Work Ombudsman plays a critical role in protecting apprentices from exploitation by providing advice, information and assistance to apprentices and their employers about workplace rights, entitlements, and obligations. The Fair Work Ombudsman can undertake enforcement action and assist employees who report poor behaviour and can refer certain actions to the Australian Human Rights Commission. States and territories can supplement the Fair Work Ombudsman with jurisdictional agencies for additional protection of employee entitlements.

We heard evidence from stakeholders that information sharing and collaboration between federal, state and territory regulators is not always 'joined-up' in such a way as to prevent non-compliant employers with poor behaviour from taking on apprentices.

The [Office of the Fair Work Ombudsman] liaises with State and Territory Training Authorities as needed and works collaboratively with these organisations to ensure the integrity of the vocational training system is maintained. We share information and provide advice on workplace laws to state and territory based training authorities to promote better compliance with workplace laws throughout the vocational training sector. We are currently working to enhance our collaboration across government and explore new ways of working together to provide benefits for employees, including apprentices, trainees, and their employers.

Fair Work Ombudsman (submission)

In correspondence to the Fair Work Ombudsman, we sought additional information about its engagement with STAs in particular:

- Further detail, including recent examples, of the information provided to STAs including:
 - Advice on whether the names of employers about whom the Fair Work Ombudsman receives complaints are systematically shared with STAs, the stage of the complaint process at which this occurs, and the nature of any other complaint information systematically shared with STAs.
 - Advice on whether the details of compliance notices issued regarding apprentices are systematically shared with STAs and the nature of the details shared.
- Advice on any other arrangements for sharing complaint and compliance information with STAs, including ad hoc arrangements.

We also wrote to each of the STAs asking them to detail their experience with receiving information from the Fair Work Ombudsman. Including whether the STA considered it appropriate or helpful if the Fair Work Ombudsman shared details on apprentice complaints about employers, and how this could best be facilitated.

The responses received from the STAs directly contradicted the Fair Work Ombudsman's assertions of working collaboratively with STAs. The STAs consistently said that they did not routinely receive information from the Fair Work Ombudsman and some expressed frustration at the lack of assistance provided by the Fair Work Ombudsman.

The Victorian STA, the VRQA, noted that there had previously been a Memorandum of Understanding (MOU) between VRQA and the Fair Work Ombudsman which identified key officers and described processes for information sharing. While the MOU was in operation VRQA and Fair Work Ombudsman officers held regular meetings, shared information about employers of interest and attended events and workshops. The VRQA stated that the MOU expired in 2022 and since then the engagement between the VRQA and Fair Work Ombudsman has diminished. VRQA officers have attempted to renew the MOU with Fair Work Ombudsman staff, without success.

In July 2023, the previous Office of the Fair Work Ombudsman advised that [it] would withdraw from a working group of agencies with responsibility for co-regulating apprenticeships and traineeships in Victoria; the aim of which is to improve collaboration and information sharing.

In response to the request for information regarding the Fair Work Ombudsman's engagement with STAs, the Fair Work Ombudsman provided us with further advice that:

The FWO's [Fair Work Ombudsman's] ability to share information with external bodies is governed by section 718 of the ...FW Act. Our publicly available Information Access Policy provides an overview of the legislative framework that determines our approach to administrative access to information and discretionary disclosures. In deciding whether to grant administrative access to information, FWO will have regard to section 718 of the FW Act and will consider the individual circumstances of each request. Section 718(2) of the FW Act provides: The FWO is committed to sharing as much information with other Commonwealth, State and Territory agencies as we can within the bounds of our information sharing powers in s 718 of the ...FW Act.

Consistent with the FWO's commitment to increased engagement and cooperation with other government bodies and regulators, the FWO is currently updating its Information Access Policy to reflect that, while by virtue of the operation of s 716(4B) of the FW Act and regulation 4.09 of the Fair Work Regulations, a person who has complied with a Compliance Notice cannot be taken to have contravened, or admitted to contravening, the FW Act, these provisions do not prevent the disclosure under s 718 of information about or relating to a Compliance Notice, provided that the conditions in s 718 are otherwise met, and the FWO considers it is appropriate to exercise the discretion to disclose the information under s 718.

The FWO will continue to explore new ways of working across government to provide benefits for employees, including apprentices, trainees, and their employers.

Collaboration with Apprentice Connect Australia Providers

Reporting on consultations it undertook to inform its submission to the review, the South Australian Skills Commission 'highlighted an opportunity for strengthening the monitoring process through greater collaboration between the state regulator and the Australian Apprenticeship Support Network [now Apprentice Connect Australia] Providers' to ensure employers were meeting their training-related obligations to the apprentice.

This presents an opportunity for strengthening the monitoring process through greater collaboration between Apprentice Connect Australia Providers, STAs and DEWR to ensure employers are meeting their training-related obligations to the apprentice.

Under the Australian Apprenticeships Incentive System program guidelines, Apprentice Connect Australia Providers (DEWR 2024a:43) are required to advise DEWR as soon as practicable if they become aware of any instance where an apprentice, or person acting on their behalf 'makes an allegation or complaint against an employer, including claims of harassment or non-payment of wages.' Since the new provider program commenced on 1 July 2024, there have been no complaints reported, which would appear to represent system failure given the well-reported incidence of these issues across consultation and previous research. We found that DEWR did not yet have defined procedures in place to manage such grievances if they were raised by a provider. This must be rectified to ensure follow-through with the appropriate regulator where necessary.

However, multiple and overlapping support agencies within the apprenticeship system can create duplication and confusion for apprentices and their employers about where to go for support or to report employer misconduct. This finding has been mirrored in earlier reviews, such as the 2020 Productivity Commission Review of the National Agreement for Skills and Workforce Development, and is discussed further in the section below on navigating supports.

Good supervisors and mentors make a difference

Supervisors are crucial to the knowledge-transfer process that is central to an apprenticeship. Supervisors support apprentices daily at work, providing practical experience and feedback, and are primarily responsible for overseeing workplace learning. It is the supervisor who is responsible for ensuring the apprentice gains the skills and competencies needed for their vocation in a practical and hands-on manner.

I've always got so much support from my work – the older blokes talk to me. I wouldn't be here otherwise. They are experienced and tell me what to do and how to do it.

Apprentice, via Australian Industry Group (focus group)

A supervisor's responsibilities include:

- introducing the apprentice to the workplace
- giving clear instructions for work tasks
- monitoring progress
- coaching the apprentice
- liaising with the registered training organisation (RTO) regarding the apprentice's progress on required competencies

- providing encouragement and feedback
- ensuring the apprentice adheres to WHS requirements
- record-keeping.

State and territory governments are responsible for setting the ratio of supervisors to apprentices within their jurisdiction. These ratios tend to vary by occupation, experience of apprentice and level of supervision.

Some trades – such as electrical trades – have stricter guidelines for supervisors, including requirements for more direct supervision and stricter ratios of supervisors to apprentices, reflecting higher safety risks.

Supervisors are also influential in providing a safe and respectful workplace. This influence extends beyond the quality and dynamic of the supervisor–apprentice relationship into the broader workforce environment, such as clarifying role expectations, allocating resources to balance workloads, and ensuring an apprentice has access to breaks (Loudoun et al. 2024). Poor supervision is a risk to work, health and safety. A supervisor can also use their position to offer resources such as autonomy, social support and work flexibility to alleviate workplace issues an employee may be experiencing (Holdsworth et al. 2020).

We heard that there is often insufficient support to transition workers into supervisory roles, with some workers insufficiently trained to provide support for apprentices. Women apprentices training in male-dominated industries have also highlighted the need to improve supervisor support for women onsite to ensure complaints related to workplace discrimination can be appropriately considered (Shewring 2009; Skills Canberra 2018; Holdsworth et al. 2020).

Existing workers with qualifications are not always paid as a supervisor and/or supervision is not in their job description and/or they do not have the requisite supervisory skills.

National Disability Service (submission)

Mentoring

Besides effective supervision, broader support structures, such as mentoring and pastoral care, are critical for successful apprenticeship outcomes (Cocks and Thoresen 2013; Bednarz 2014; Misko et al. 2001; Productivity Commission 2020b). Workplace mentors can be anyone working alongside an apprentice who uses their knowledge to provide support during on-the-job training, ensure the physical and mental safety of an apprentice, and help them reach their career goals. Workplace mentors act as role models to apprentices and help them overcome challenges during their apprenticeships.

Informal networks and social relationships (Cocks and Thoresen 2013), as well as peer support and peer mentorship, have also been found to be important in ensuring apprentice wellbeing and mental health (Buchanan et al. 2016) and enhancing satisfaction with their training experience (Snell and Hart 2008).

We have designated 'mentors' in the company who are supportive.

Apprentice, via Australian Industry Group (focus group)

An expert panel review of the Australian apprenticeship system (McDowell et al. 2011) found that mentoring and pastoral care are the most significant support strategies for boosting completion rates. This is supported by the Productivity Commission (2020b), which found that providing mentoring and related supports to apprentices is effective in supporting completion rates. This was confirmed in our consultations when we heard that unions, employers and governments should be responsible for supporting and mentoring apprentices and for assisting those employing apprentices (see for example the Australian Council of Trade Unions submission).

An Organisation for Economic Co-operation and Development (OECD) study suggests these supports are also more likely to improve completion rates than financial incentives (OECD 2018). Mentoring is particularly effective for marginalised groups. For example, studies in Germany found that mentoring along with introductory training (similar to pre-apprenticeships) improved the success of refugees in engaging with vocational education (Matthes et al. 2018).

Many young people struggle with the transition from school to the professional workplace and the pressures of their new working life. ... Mentoring delivers the best outcomes when apprentices and mentors are able to build trust and rapport with one another. The likelihood of this being achieved is improved when mentoring is delivered within the context of the apprentice's occupation.

Housing Industry Association (submission)

When an apprentice is employed by a group training organisation (GTO), the apprentice and their host employer are allocated a mentor or field officer to provide mentoring and support services during the apprenticeship program. A field officer develops a relationship with both parties and can use their knowledge of the apprenticeship system to help deal with challenges that may arise. While GTOs offer varying levels of support, common services include monitoring on-the-job and off-the-job components of an apprenticeship, providing pastoral support when needed, ensuring the training contract is enforced and undertaking performance counselling (Australian Government 2017).

More broadly, Apprentice Connect Australia (formerly Australian Apprentice Support Network) Providers, offer mentoring support services for both apprentices and employers, including individualised pastoral care, advice on career and industry pathways and referrals to additional support services if necessary. In consultations we heard mixed views regarding the performance of providers (discussed in more detail later in this chapter). Recent contractual changes have expanded the support role of providers to now ensure they focus on priority groups such as women in male-dominated trades, First Nations apprentices, apprentices with disability, apprentices in regional and remote Australia, and apprentices at risk of non-completion.

Industry-led mentoring and support

We heard that peer mentorship can be particularly valuable when coordinated through industry, unions or advocacy groups. For example, apprentices may feel more comfortable talking through workplace-related issues with peers or other mentors who have worked in the same industry, or who have experienced similar issues. In its submission, BuildSkills Australia cited the Housing Industry Association's mentoring program provided through TAFEs as a positive model. The Electrical Trades Union of Australia submission also cited the value of industry-led mentoring services that provide apprentices with access to tradespeople mentors within their chosen industry.

Industry mentoring programs

The Housing Industry Association provides an ongoing mentorship program in Queensland called the Advanced Apprentice and Employer Mentoring Program. The program is funded by the Queensland Government through the Workforce Connect Fund, forming part of the Queensland Government's Good people. *Good jobs: Queensland Workforce Strategy 2022–2032* (Queensland DESBT 2022). This program focuses on providing both apprentices and employers with support and guidance from experienced mentors.

The Housing Industry Association also partners in mentoring programs provided by the New South Wales Government as part of the New South Wales Land Housing Corporation Apprenticeships Program. This program was delivered in partnership with other key industry bodies in the residential construction industry, such as the Master Builders Association and Community Housing Industry Association. The partner organisations provided support in training mentors and connecting them with apprentices (Inside Policy 2021).

The Australian Industry Trade College provides an innovative approach to VET education that also incorporates industry-based mentoring. The program is an alternative to traditional Year 10 to 12. Students can do work experience in an industry of their choice, trialling the various trades in that industry.

Through the end of their high school education, they are mentored by people in their chosen industry and, following their high school graduation, they sign-up to an apprenticeship (AITC n.d.). In 2022, 98.9% of the students completed their Queensland Certificate of Education, of which 78% graduated into an apprenticeship in the industry of their choice. The program is an effective means to support students into an apprenticeship pathway during the final years of their high school education.

Supporting employers to successfully support apprentices

In its submission, Master Builders Australia told us that most employers want to do the right thing but do not feel they know how to go about it, especially those who have not taken on apprentices before or who are looking to employ priority cohorts.

We heard that first-time employers in particular faced barriers in taking on and supporting apprentices. These barriers include understanding the employer roles and responsibilities in delivering an apprenticeship, and how to interact with the training system.

...it would be worth considering a 'pre-qualification' program for employers of apprentices. Prospective employers could be required to undertake a short course to be certified as an 'apprentice ready' workplace. The scheme could provide employers with the tools and knowledge to provide mentoring and coaching support, advice on their role and responsibilities, supporting diversity in the workplace, and creating psychologically safe workplaces.

BuildSkills Australia (submission)

Capacity constraints of new employers and small and medium employers (SMEs) of apprentices around supervising, mentoring and workplace culture is explored in more detail in Chapter 2.

We heard of some industries and jurisdictions actively tackling this issue of employer knowledge and capacity. The New South Wales Government (Training Services NSW 2024) offers free half-day workshops across the state for apprentice supervisors on:

- how to effectively supervise and 'coach' apprentices
- understanding the importance of effective communication in the workplace
- understanding the relationship with the training provider
- addressing workplace bullying and harassment issues
- roles and expectations
- physical and psychological safety in the workplace
- inclusion and development
- the training plan
- competency and completion.

Additional resources such as supervisor videos and supervisor guides are also available (NSW Government 2021; Training Services NSW 2024).

The National Association of Women in Construction has developed training modules for its members to help them better implement diversity and inclusion practices in their workplaces. Topics covered range from inclusive recruitment practices to supporting tradies through pregnancy and early motherhood (NAWIC n.d.)

In its submission, the National Australian Apprenticeship Association recommended the contract for Apprentice Connect Australia Providers be improved to overcome limitations on mentoring places. This includes uncapping supports available for the general apprentice cohort, integrating data sets to provide early warnings for supports and risk assessments, making supervisor training mandatory for first time employers of apprentices, and providing access to a network of referral options for clinical or psychological services.

Workplace culture: proposed reform directions

Improving workplace culture takes time. Beyond enforcing compliance with WHS and workplace relations laws, the levers available to government to influence positive change in workplace cultures are less clear than for other areas of the apprenticeship system. However, there is a role for the Australian Government to reward good employer behaviour and encourage behavioural change in workplaces, particularly those employers who are receiving public funds, for example through grants, government procurement or subsidies and other incentives paid through the incentive system. It would make sense that public funds such as incentive payments are not used to reward employers who create a hostile work culture, abuse and harass their staff, and abdicate their duty of care.

As a result, several of the recommendations in Chapter 2 are directly relevant to improving workplace culture. These include:

- Recommendation 2.4: Developing a model to recognise employers that exhibit good employment practices and provide a positive workplace culture to ensure the safety and inclusivity of apprentices.
- Recommendation 2.5: Reframing the GTO Boost pilot to provide \$4,000 to offset GTO fees for SMEs and leveraging high-performing GTOs to deliver supervisor training, coaching and capacity building, and support mobility to avoid unsafe workplaces.
- Recommendation 2.12: Leveraging the Australian Skills Guarantee to increase apprenticeship commencements and completions, including by expanding the scope of Gender Equality Action Plans to resemble a 'cultural contract' through which employers take specific actions to address workplace culture challenges.

Recommendations

4.1

The Australian, and state and territory governments establish a robust monitoring and information sharing framework on apprenticeship employer performance through the Skills and Workforce Ministerial Council, to ensure poor performing employers do not benefit from incentives and apprentice placements.

As part of the framework:



- Prospective employers must meet a 'fit and proper person test', in jurisdictions where this is not already in place.



- STAs develop a form for employers to declare that they have not been found to have breached workplace health and safety laws or the *Fair Work Act 2009*. As a part of the declaration, employers must make a full and frank disclosure of any interaction they have had with relevant regulators.



- STAs develop and issue penalties to employers who provide misleading information.



- DEWR develops procedures to manage reporting of grievances apprentices made to Apprentice Connect Australia Providers about their workplace or training experiences, which is already mandated under the current program guidelines, and refer these complaints to the appropriate regulator where necessary.



- State and territory governments make the required legislative or regulatory change to enable STAs to investigate employers identified as possibly engaging in apprentice 'churn' conduct and, if found to be doing so, remove access to incentives and suspend them from taking on apprentices.

Recommendations



To ensure the effectiveness of the framework:

- The Australian Government initiates processes to amend the *Fair Work Act 2009* and the *Work Health and Safety Act 2011* to explicitly require the Fair Work Ombudsman and state and territory work health and safety regulators to provide STAs and DEWR with all relevant information on employer non-compliance with workplace laws, including but not limited to notices to produce documents or records, Fair Work Ombudsman notices, warnings, compliance notices, enforceable undertakings, assessment and/or contravention letters, advice or guidance provided around compliance, improvement or prohibition notices, infringement notices, details of authorisations that have been revoked, suspended or cancelled, and details of any litigation. The amendments should also allow publication of this information, where appropriate.



- STAs and VET regulators develop jurisdiction-level information sharing agreements to enable collaboration and a multi-regulator portal for apprentice-related complaints and enquiries (similar to that of the VRQA).



- DEWR identifies employers who have a high turnover of apprentices and share relevant data with STAs on employers who may be engaging in apprentice 'churn' to enable appropriate action.



- DEWR introduces policies and procedures to suspend or remove eligibility for incentives from employers who have demonstrated non-compliance with workplace laws or have been confirmed as engaging in apprentice 'churn'.

4.2



Industry peaks and Jobs and Skills Councils take a stronger role in changing workplace culture in their industries, to improve inclusivity and safety for apprentices, particularly for priority cohorts.

For Jobs and Skills Councils, this includes:

- Identifying and reporting on workforce culture issues and strategies to address these issues through their workforce planning processes.
- Developing industry-specific training to improve supervisory and mentoring skills among employers.

For industry peaks this focuses on targeted efforts to improve workplace culture issues prevalent to their industry and build on successful models, such as:

- Industry-led workforce standards (for example, the CICT culture standard).
- Industry-specific training and mentoring programs (by employer associations and unions).

Learning and training

The structure of apprenticeship training

As an 'earn while you learn' employment contract, an apprenticeship involves a combination of workplace learning (on-the-job) through the employer, and structured learning (off-the-job) delivered by RTOs. The apprentice receives their VET qualification in their industry by completing the off-the-job training component through the RTO. Both the RTO and employer are responsible for ensuring students are positively exposed to relevant job tasks, resources and adequate supervision while completing their on-the-job and off-the-job training. Under the VET Quality Framework, training organisations must be registered with a VET regulator to deliver Nationally Recognised Training. This is the case for all VET qualifications delivered and issued as part of an apprenticeship.

The foundations of an apprentice's on-the-job and off-the-job training is detailed through a training contract between the employer and apprentice that is sent to the relevant STA for approval, according to where the apprentice lives. This is a legally binding document that details roles and responsibilities, payment of wages, and specific arrangements for training, including the apprentice's RTO. STAs typically require RTOs, employers and apprentices to also develop a training plan. Training plans generally outline how training and assessment will be delivered, both at the RTO and in the workplace, in a way that allows the apprentice to meet the requirements of the VET qualification, and the overall apprenticeship.

Apprentice Connect Australia Providers are responsible for ensuring that both the employer and apprentice understand their roles, responsibilities and training arrangements detailed in the training contract at the point of sign-up.

The structure of an apprenticeship enables a unique training environment where individuals are exposed to a wide range of experiences and practical scenarios. We heard from many groups about the inherent value in the blend of on-the-job and off-the-job training in achieving successful learning outcomes.

For apprentices with limited or no prior experience of full-time work, such as those entering directly from school, the unique structure of an apprenticeship assists with a smooth transition into the workforce by pairing practical and theoretical skills, which expose the apprentice to a variety of experiences and scenarios that set them up for a meaningful career on completion.

The apprenticeship model, which combines supervised work experience and structured learning, provides workers who are new to the industry with the foundations on which to begin their career.

Housing Industry Association (submission)

However, we also heard that the success of this mixed learning approach can be influenced by many factors such as the level of employer engagement and the quality of the off-the-job training and support provided through RTOs.

The 'earn and learn' aspect of apprenticeships, along with the valuable hands-on experience, hinges entirely on employer engagement.

Australian Chamber of Commerce and Industry (submission)

We found that the experiences of training can be different for women apprentices in male-dominated trades, First Nations apprentices, apprentices with disability and apprentices from other marginalised backgrounds, and even more so for those facing intersectional marginalisation (when different aspects of their identity can expose them to overlapping forms of discrimination and marginalisation).

The experiences of apprentices in priority cohorts are explored in Chapter 5.

On-the-job training

On-the-job training forms the bulk of apprenticeship training – in their submission the Electrical Trades Union of Australia stated that ‘87% of an electrical apprenticeship is delivered “on-the-job”’. Through consultations and various submissions, we heard how important on-the-job training is in providing a work-based learning environment where apprentices can thrive and reinforce their off-the-job learning in demonstrating competency in their respective occupation. Through on-the-job training individuals new to an industry can more easily transition to the workplace through hands-on experience (DESE 2022). In addition to delivering training on-site, employers must release apprentices from work obligations to attend the required off-the-job training with their RTO (DESE 2022).

There is formal off-the-job training that might provide some underpinning knowledge, or provide some skills training in an area the employer can't cover, but it is the workplace that has always been at the heart of an apprenticeship... This is where the apprentice or trainee learns their craft.

Australian Industry Group (submission)

Apprentice experiences of on-the-job training

The ‘earn while you learn’ nature of apprenticeships means that on-the-job training challenges can blend with workplace challenges often related to relationships with employers or colleagues (NCVER 2019).

Successful completions are linked to adequate access to on-the-job training, enjoying the job, experiencing a range of work tasks, satisfaction with the quality of training, having time to practise new skills, and positive experiences of a supportive work environment (Stanwick et al. 2021). Most apprentices are largely satisfied with the skills they learn during their on-the-job training. In 2023, 91.4% of those completing a trade apprenticeship and 88.9% of those completing a non-trade apprenticeship were satisfied with the skills they learnt on the job (NCVER 2024a).

I am lucky that the company I am with tailors the training to the particular tooling they use.

Apprentice, via Australian Industry Group (focus group)

Importantly, in 2023, 78.4% of non-completers in trade occupations and 67.9% of non-completers in non-trade occupations were satisfied with the skills learnt on the job, despite not completing their apprenticeship (NCVER 2024a). This is consistent with what we heard, with many saying that while an apprentice may not finish their apprenticeship, they largely valued and benefited from skills they learnt on the job.

Reinforcing the value of apprenticeships, the relatively high level of satisfaction with the skills acquired even by the non-completers demonstrates that the process generally delivers value even if the individual does not complete their qualification.

Australian Hotels Association and Accommodation Australia (submission)

However, some apprentices reported that they felt their employer did not adequately equip them with the necessary skills and knowledge required by their industry. During our roundtable interviews, a key issue raised by many apprentices was a lack of qualified supervisors to provide on-the-job training, resulting in some apprentices changing employers multiple times.

Love the trade, and trade school as I get [to learn] a lot however, my employer hasn't contributed to my training [and] development at work. I only received some initial training then wasn't provided a training plan, and no mentor was provided either.

Apprentice, via Tradeswomen Australia (focus group)

The advice I got from all my older carpentry mentors, and this maybe speaks volumes... was don't stay with the one employer. You're going to go through a lot of employers until you find a good one that will actually teach you the trade. And I did go through at least three employers until I found a good one.

Apprentice, via Australian Council of Trade Unions (focus group)

Employer and supervisor experiences of on-the-job training

Employers should designate a dedicated supervisor who is responsible for ensuring the apprentice learns the required skills, undertakes off-the-job training, complies with all safety requirements and operates in the workplace professionally.

...training of an apprentice or trainee requires ongoing workplace support. The costs of training are not simply allocated to the mandatory release from work hours. Every hour of work performed by an apprentice or trainee must be sufficiently supervised.

Allara Learning (submission)

However, we heard from employers that their ability to dedicate an employee to supervising an apprentice can be limited, with apprentices missing out on receiving proper training as a result. This issue is influenced by financial constraints, where employers are unable to spare a skilled worker from their existing duties to properly train an apprentice. This can be exacerbated in a tight labour market when skilled workers are scarce. We heard this is a particular issue for small businesses, that may choose not to take on an apprentice due to this additional cost, or may find it difficult to do so in consecutive years. In its submission, the Australian Chamber of Commerce and Industry cited time and supervision as the most prohibitive barriers for employers taking on an apprentice.

I run a small business; apprentices are time consuming. I don't have time to teach, I need qualified trades people.

Small business owner, via Master Builders Association (submission)

For an employer, the cost of supervising and training a trainee can be prohibitive, including direct costs such as the amount of supervision required and time away from work attending training, as well as the opportunity cost, as the time spent with the trainee is time the employer could be spending on servicing new clients and generating income.

Australian Travel Industry Association (submission)

Industry concerns about the quality of on-the-job training

We heard that in some instances, apprentices progress through their apprenticeship without learning the required skills for their occupation. One anonymous submission attributed this to time constraints on-site, the ratio of qualified tradespeople to apprentices, the amount of time spent on-site, and sharp practices of using apprentices as low-paid labour without delivering adequate training.

...an apprentice had worked for the employer for almost three years but had only completed a year of his apprenticeship because the private, for-profit GTO he was employed by would suspend him stating that they had no relevant work or that they had no one to supervise his training.

Electrical Trades Unions of Australia (submission)

In the care and support economy, on-job training (and funding for it) is not a given. HSU members have seen a 'cheapening out' of training across the sector: more and more online training and 'simulated learning' with varying degrees of quality. To grow the supply of traineeships in aged care and disability, work is required to grow practical learning and on-job training opportunities where it is not already available.

Health Services Union (submission)

We were told that sometimes employers take on an apprentice with little interest in providing them with sufficient on-the-job training or supporting them through to completion. In its submission, the Shop, Distributive and Allied Employees Association described cases where employees were signed up as apprentices (and so paid at apprentice rates) for qualifications that were not necessary for employment or progression in their chosen industry. One anonymous submission highlighted how this practice became especially prevalent following the introduction of the Boosting Apprenticeship Commencements (BAC) and Completing Apprenticeship Commencements (CAC) wage subsidies, introduced to support apprentices in response to the economic uncertainty of COVID-19. This was somewhat supported by the Australian Centre for Evaluation's (2024) rapid review on the BAC and CAC which, while not commenting on the provision of on-the-job training, found that some employers did not support apprentices in their qualification, including failing to release workers to attend off-the-job training and, in extreme cases, not informing workers that they were being commenced in an apprenticeship qualification.

An anonymous submission said that while businesses provide a crucial function in training an apprentice, some will train the apprentice for the needs of their business with no intention of meeting the requirements of the overall apprenticeship. Some apprentices told us that this poses a challenge, as once they complete their apprenticeship, there is a risk that these business-specific skills will not translate into another job when they move employers.

I completed mine in rail and they put us all off at the end of the apprenticeship. We were all then unemployed with little to no skills that a domestic electrical company would need. I was unemployed for 9 months because of this.

Former apprentice, via Tradeswomen Australia (focus group)

Off-the-job training

The practical real-world experience provided through on-the-job training is complemented by off-the-job training to integrate an apprentice's learning with a more formal learning environment.

Off-the-job training involves an apprentice attending training for a designated period at an RTO, where they are taught technical skills and theory in line with the requirements of the relevant VET qualification. Attending RTO training is also an opportunity for apprentices to develop peer networks with other apprentices, learners, mentors and trainers.

RTOs must comply with the Standards for Registered Training Organisations (DEWR 2024b), which are currently being revised. Draft revised standards were piloted in late 2023 and some early changes were introduced in March 2024 designed to alleviate immediate pressures on the VET workforce. The final version of the revised standards is scheduled to be in place from January 2025, with regulation due to begin from July 2025 (DEWR 2024b).

RTO and Apprentice Connect Australia Provider performance frameworks are discussed in more detail in Chapter 2.

Apprentice experiences with off-the-job training

Apprentices are largely satisfied with their off-the-job training. Those who do not complete their apprenticeship report that their non-completion is typically due to other factors, rather than issues with off-the-job training. In 2023, 86.4% of those completing a trade apprenticeship and 88.3% of those completing a non-trade apprenticeship were satisfied with the off-the-job training they received (NCVER 2024a). We heard that off-the-job training positively contributes towards an apprentice's experience and that it is not a primary driver of apprenticeship cancellations, with only 2.0% of trade apprentices and 0.9% of non-trade apprentices citing it as an issue (NCVER 2024a).

While NCVER does not report high levels of dissatisfaction with on-the-job or off-the-job training, other research suggests that a lack of adequate training is associated with apprentices terminating their training contracts (Huntly Consulting Group 2008; Cully and Curtain 2001; Dunn et al. 2011; Misko et al. 2001).

Conversely, Harris et al. (2001) found that certain aspects of the training experience can enhance retention and completion rates for apprentices. These include effective integration between on-the-job and off-the-job training, experienced and supportive trainers, and recognising and valuing skills attained.

We heard from industry groups (such as the Australian Childcare Alliance, Australian Travel Industry Association, the Australian Chamber of Commerce and Industry, and Regional Development Australia New South Wales and Australian Capital Territory) that key issues with off-the-job training include lack of flexibility, shortage of trainers, out-of-date training packages, and employer-related issues.

They're not being provided the support that they need so whether it's overcrowding in classes, you know 20 teenagers... in a room isn't an environment that's very conducive to learning. So it's important that we look a little bit further into those class sizes and the amount of support that each apprentice requires...

Former apprentice, via Apprentice Reference Group (consultation)

We also heard that, in some cases, the capacity of RTOs can be stretched to such an extent that apprentices can experience a delay in starting their off-the-job training, which effectively extends their apprenticeship period.

For early childhood educators, their training experience with an [RTO] can make or break their overall learning experience, ultimately influencing their likelihood of completing their studies and achieving their career goals... Low-quality training can place undue pressures and stress on the trainee or apprentice, contributing to the high percentage of candidates who do not complete their courses.

Australian Childcare Alliance (submission)

Many apprentices and employers told us they found the training system inflexible. This was particularly the case for apprentices with additional responsibilities outside of work. For example, apprentices with families and those working additional jobs expressed difficulty in balancing their commitments due to rigid training schedules. We heard how the lack of flexibility in off-the-job training can be particularly difficult for key cohort groups, especially First Nations apprentices and apprentices living in rural and remote Australia. These cohorts tend to have to travel long distances due to a lack of course availability in regional and remote areas. This either involves moving away from their community, driving for a long time each day, or staying over in a location for block training where this is offered.

The challenges related to travel costs and relocation are discussed in more depth in Chapter 5.

At TAFE we are either stuck in class for the majority of time or on the same limited machines that we don't use at work. And there is not enough support to learn the machines. There is no variety in what we do at TAFE. The class size to teacher ratio is not right.

Apprentice, via Australian Industry Group (focus group)

Prolonged skill shortages in some industries have led to a lack of experienced workers available to provide training. VET workforce shortages have been a persistent problem in recent years. Many organisations told us that lack of qualified teachers, trainers and assessors can often limit or delay access to off-the-job training. Powering Skills Organisation (2024) noted that many RTOs are reportedly at capacity and unable to accept the full cohort of prospective electrical apprentices across Australia, resulting in students facing significant delays before commencing training.

In its submission, the Australian Services Union reported key challenges to attracting vocational trainers are high working hours and workloads, the changing nature of the role, the expectation for trainers and lecturers to provide higher levels of support for students in less time, and a lack of institutional support.

...issues such as low pay, long hours, large class sizes and limited hours to teach course material, need to be addressed to attract more teachers to this field.

Australian Services Union (submission)

VET workforce shortages are particularly prevalent in industries such as building and engineering trades, as well as in specialist roles like language, literacy, numeracy and digital skills practitioners (DEWR 2024b). Apprentices in rural and remote Australia are disproportionately disadvantaged when accessing VET compared with those in metropolitan areas, with part of the problem attributed to difficulties in attracting teachers, trainers and assessors to deliver off-the-job training (Griffin and Andrahannadi 2023). We were told that living in regional and remote Australia can be a deterrent in pursuing an apprenticeship pathway as a career.

The Plumbing Industry Climate Action Centre noted a considerable difference in the earning capacity of a trainer or lecturer compared with what they could earn in the industry. Higher paying employment in industry acts as a barrier to attracting experienced trainers into the apprenticeship system to offer off-the-job training, creating an additional level of complexity in attracting these individuals in a regional and remote environment.

Attracting suitably expert trainers is one of several factors which impact on the training sectors' capacity to deliver. The costs of delivering training, in terms of facilities, energy, and trainers has increased significantly. Trainers are becoming harder to recruit and retain.

Plumbing Industry Climate Action Centre (submission)

Students may find it challenging to locate appropriate or desired opportunities in regional or remote areas due to a lack of access to training providers who deliver apprenticeship programs.

Independent Schools Australia (submission)

We heard that the Australian Government, in collaboration with states and territories, is developing a VET Workforce Blueprint to address challenges and barriers to attracting, retaining and developing the VET workforce. Through the National Skills Agreement, the Australian Government will provide up to \$100 million over 5 years for initiatives to grow the workforce. This includes \$70 million for state and territory initiatives (with funding matched by the relevant state or territory), and \$30 million for national action. To support the blueprint, Jobs and Skills Australia (JSA 2024e) undertook a VET Workforce Study profiling the VET workforce and identifying key trends. The study is expected to be released alongside the blueprint in the future.

VET qualification reform

As part of their commitment to improving VET, Skills Ministers have recognised the importance of reforming Australia's VET qualification system and appointed a tripartite Qualification Reform Design Group, which published its initial advice to Skills Ministers in March 2024.

The Qualification Reform Design Group, with agreement from all Skills Ministers, has been working with Jobs and Skills Councils (JSCs) through a co-design process to test and refine the approach to qualification reform. Currently, all JSCs are involved in work to progress VET qualification reform, including mapping their qualifications by purpose, and some are testing new approaches to qualification development.

Examples include:

- The Mining and Automotive Skills Alliance is examining 15 existing certificate II qualifications in the automotive industry to identify opportunities to reform these into fewer, broader qualifications that provide pathways into the automotive sector.
- Service and Creative Skills Australia's project proposes a knowledge and skills learning pathway that enable learners to achieve training and educational outcomes that directly relate to industry requirements.
- The Manufacturing Industry Skills Alliance is considering how best to align the future needs of non-trade, technology-based training for manufacturing and enable more efficient pathways to these occupations in the manufacturing industry.

This work will continue to ensure that qualifications are responsive, agile and flexible to address the evolving needs of the workforce.

In some instances, the cost of off-the-job training can be a challenge for apprentices, including upfront payment of fees and consumable costs such as fuel to attend training. While initiatives such as Fee-Free TAFE aim to reduce the cost barriers of training, we heard evidence that it can be difficult to navigate between apprenticeships and Fee-Free TAFE funding. Some apprentices were disappointed that, in some jurisdictions, they were not eligible to access Fee-Free TAFE subsidies across all occupations and courses. Additionally, while modern awards generally require employers to reimburse apprentices for their training fees, apprentices who change employers or drop out sometimes face challenges chasing their employer for the costs of training.

We believe that all apprenticeships which are eligible for incentive payments should be eligible for Fee-Free TAFE funding, but acknowledge that state and territory governments set decisions around Fee-Free TAFE eligibility and may have their own jurisdictional priorities. In future, jurisdictional eligibility for Fee-Free TAFE should aim to better integrate with Australian Government program settings to provide better support for apprentices.

Fee-Free TAFE and apprenticeships

The Fee-Free TAFE Skills Agreement is a collaboration between the Australian, state and territory governments to provide over \$1.5 billion in funding for 500,000 Fee-Free TAFE and VET places across Australia from 2023 to 2026.

The main aim of Fee-Free TAFE is to bolster training opportunities in fields experiencing high demand and skill shortages, while also facilitating access for students by eliminating financial barriers to education.

Modern awards generally set out who is responsible for paying for an apprentice's course fees. Determining which qualifications are eligible for Fee-Free TAFE is a matter for states and territories, which may apply significantly different settings to their decisions about eligibility. In some jurisdictions, apprenticeships have been prioritised, such as in Queensland where the most enrolled Fee-Free TAFE course in 2023 was the Certificate III in Electrotechnology Electrician, with over 5,100 enrolments.

Where an apprentice is eligible for a Fee-Free TAFE subsidy, the program funds the course cost that the apprentice or employer would otherwise pay.

Some employers leave apprentices to pay their own course fees or require apprentices to pay the annual course fees upfront and then the fees are reimbursed by the employer at the end of each year if the apprentice successfully completes the training. It is a serious financial barrier for low paid apprentices to pay course fees.

Australian Education Union (submission)

Employer experiences of off-the-job training

There are often coordination challenges for employers when balancing an apprentice's off-the-job and on-the-job training. These challenges can be associated with aligning training and assessment so off-the-job training matches learnings in the workplace (Stanwick et al. 2021). Further, employers highlighted that access to facilities for technical training can be insufficient, particularly in rural and remote areas and in high-demand industries (such as electricians).

Training provider availability, either private or public, is often restricted by thin markets. There are many occupations where employers will be required to send workers outside of the local area to access training, adding to the associated costs for employers and trainees/apprentices and acting as an additional deterrent to training.

Industry Skills Australia (submission)

In its submission, the National Australian Apprenticeships Association reported that in some cases skill shortages can make employers reluctant to let apprentices attend off-site training to minimise 'productive time lost'. Often an apprentice's off-the-job training involves following a block training model where training occurs intermittently throughout the year over multiple consecutive days, which has proven to have superior outcomes for the technical components of training (Stanwick et al. 2021). However, this model can inconvenience some employers, potentially resulting in labour shortages for their business.

Alignment of training and assessment can also be problematic. Off-the-job training needs to be closely matched with what is being taught in the workplace, particularly in the case of the increasing specialisations in some industries (Misko and Wibrow 2020). We heard employers are experiencing difficulties in aligning industry-specific and occupation-specific technical skills with content from off-the-job training. Greater collaborative efforts between employers and RTOs could enable content from off-the-job learning to be more relevant to the needs of industry.

Many large employers add on non-accredited training to ensure graduates are job-ready. Some employers have opted to forgo the formal training system due to its shortcomings and have created their own non-accredited training program.

Australian Travel Industry Association (submission)

Access issues and industry relevance of TAFE

Industry Skills Australia noted issues around TAFEs not providing qualifications in some areas, namely in transport and logistics occupations. In these occupations, private RTOs fill the gaps but cannot access subsidised training, which increases the costs incurred by employers.

Many private RTOs often work more directly with employers to provide more specialised training. The National Electrical and Communications Association, supported by the Electrical Trades Union of Australia, recommended addressing this issue by providing funding to industry-led, not-for-profit private RTOs and allowing them to use vacant TAFE and other public buildings in regional areas, to improve access to training that is relevant to industry.

Foundation skills are critical for successful apprenticeships

Foundation skills (which cover language, literacy, numeracy and digital (LLND) and employability skills) are core skills or competencies that underpin workforce participation, productivity and social inclusion.

The 2022 Australian Industry Group survey on workforce literacy found that more than 74% of employers said they were affected in some way by low literacy and numeracy levels, with 17% saying they were 'highly affected' (Australian Industry Group 2022). In 2014, the Productivity Commission (Shomos and Forbes 2014) found that in the broad adult population, higher literacy and numeracy skills were associated with better labour market outcomes (employment and wages).

Econometric modelling in that paper showed:

- an increase in literacy and numeracy by one skill level (as defined in the Programme for the International Assessment of Adult Competencies survey, an international survey coordinated by the OECD) was associated with an increased likelihood of employment of 2.4 percentage points for men and 4.3 percentage points for women
- an increase in literacy and numeracy by one skill level was associated with about a 10% increase in wages for both men and women
- more than half of the 'penalty' that affects the wages of people with a non-English speaking background is explained by their lower English-language literacy and numeracy skills.

A lack of sufficient foundation skills can be a barrier for young people entering employment and for older people changing careers. For apprentices, foundation skills are crucial for success in both on-the-job and off-the-job training. Yet research indicates some apprentices have insufficient foundation skills and there are barriers to them accessing LLND support (Productivity Commission 2020b).

We were told that apprentices lacking in foundation skills have low confidence and feel they cannot engage with LLND training due to stigma. The Australian Education Union said that sometimes apprentices with low skills in one or more area are unwilling to disclose this to their employer. This can lead to stress and place them behind their peers. Apprentices with lower academic achievement in mathematics and reading have a higher risk of non-completion (Beddie 2015).

Overcrowding in foundation skills delivery

Overwhelmingly, we heard that LLND is a 'cluttered space', which was also reflected in previous reviews (Productivity Commission 2020b). Many bodies provide assessments or can provide support, but often employers and apprentices are unclear about who has the ultimate responsibility to ensure an apprentice has the LLND support they need to complete their training. There can also be confusion about information sharing between parties, and the appropriateness of the assessment to the apprenticeship in question.

Current language, literacy numeracy and digital services and responsibilities

Apprentice Connect Australia Provider services

Since 1 July 2024, newly contracted Apprentice Connect Australia Providers are delivering a short language, literacy and numeracy (LLN) 'support indicator' in the pre-commencement stage of an apprentice's training. This is part of the new model for non-financial apprenticeship supports (digital skills are not currently part of this service). The intent is to identify potential LLN needs and individual supports that might be required to give the apprentice the right foundation for success. The assessment will not exclude people from becoming apprentices, rather it will identify more tailored supports for individual apprentices.

South Australian Government

Since July 2016, the South Australian Government has prescribed the Upfront Assessment of Need (UAN) process to prospective entrants to the VET sector, including apprentices. The UAN comprises 3 distinct assessments: suitability of the course for the learner across 7 areas; support needs of the learner across the same 7 areas; and a literacy and numeracy assessment. The results of the assessment include planning for supports the student may need to address any gaps found. UAN is only applied to learners accessing courses on the Subsidised Training list.

Registered training organisation services and responsibilities

The Standards for Registered Training Organisations 2015 outline that RTOs must provide sufficient educational and support services to meet the needs of learner cohorts (including apprentices) undertaking training and assessment. Under clause 5.1 of the standards, RTOs must provide advice to prospective learners about the training product appropriate to meet the learner's needs, considering their existing skills and competencies. This must occur before enrolment or the commencement of training and assessment, whichever comes first.

Clause 1.7 of the standards states that RTOs must:

- *determine the support needs of individual learners*
- *provide access to the educational and support services necessary for the individual learner to meet the requirements of the training product as specified in training packages or VET accredited courses.*

The Australian Skills Quality Authority has published the *Users' Guide to the Standards for Registered Training Organisations 2015* (ASQA 2024), providing further guidance for RTOs on how to demonstrate compliance. This states:

RTOs must be able to demonstrate that for each student:

- *they identify any additional support required*
- *that this support is made available (either directly or through arrangements with a third party).*

At minimum, support provided by RTOs should include:

- *identifying particular requirements that students would need to meet to complete each course (for example, literacy, numeracy, English language or physical capability requirements)*
- *developing strategies to make support available where gaps are identified.*

While a formal assessment process is not required, you must be able to demonstrate how your RTO identifies support needs – for example, by requiring students to complete an Australian Core Skills Framework (ACSF) test or a self-assessment as part of the enrolment process.

Where additional support requirements have been established, you must be able to demonstrate that this support has been made available.

From January 2025, revised standards will strengthen requirements for RTOs to have a system for reviewing prospective learners' skills and knowledge before they enrol. This will include ensuring learners have the literacy and numeracy proficiency and digital literacy to undertake the intended training, and advising learners about the suitability of the training product for them.

Expanded Skills for Education and Employment program

The Skills for Education and Employment program offers free training to help improve reading, writing, maths and basic computer skills. Since 1 July 2024, eligibility for the program has expanded to include all Australian workers and jobseekers needing assistance over the age of 15 who have left school, including jobseekers and workers. A new stream of delivery has also been dedicated to whole-of-community skills training for First Nations people.

Group training organisations

Under the National Standards for Group Training Organisations, GTOs are responsible for the quality and progression of training for apprentices they employ. This includes inducting apprentices into the training system, connecting them with their RTO and ensuring they understand how to access additional support for training as required. It is also the role of GTOs to manage the additional care and support necessary to enable the successful completion of a training contract. This involves providing resources, advice and procuring special equipment to meet access and equity requirements, including for people from culturally and linguistically diverse backgrounds (DEWR n.d.).

In their submissions, the National Apprentice Employment Network and the National Electrical and Communications Association suggested there should be greater use of GTOs for foundation skills and job matching.

Pre-apprenticeships

We heard in consultations that pre-apprenticeships could be used as a way of improving LLND skills and overall preparedness to begin an apprenticeship. An example is an initiative under the Queensland Government's Good people. Good jobs: Queensland Workforce Strategy 2022–2032. The strategy extends GTO pre-apprenticeship programs to include targeted placements for priority cohorts, including people from culturally and linguistically diverse backgrounds, in the construction, engineering, automotive and hospitality industries. This program equips participants with the basic skills and knowledge required to enter these industries (Queensland DESBT 2024b).

We heard that employers tend to rely on RTOs for LLND support (see for example the National Aboriginal Community Controlled Health Organisation and Charles Darwin University submissions), but that the capacity of RTOs to provide this support can be limited. As noted above, it is the responsibility of the RTO to ensure the needs of learners are supported to undertake their training.

Many organisations suggested that RTOs need additional funding support to provide these services and further, that data and information on LLND needs of individual apprentices should be able to be shared between support agencies (see for example the National Australian Apprenticeships Association submission).

Improved funding for RTOs to assist individuals that have been signed up as an apprentice but require additional LLND support throughout their trade training or to assist them to be better prepared for vocational training in the first instance.

Charles Darwin University (submission)

While these programs may collectively provide more comprehensive LLND services over time, more must be done to ensure services are joined-up and no apprentices fall through the gaps due to a lack of clarity and accountability around the delivery of LLND supports.

Case study: Leading the charge for female electricians

Undertaking her Certificate III in Electrotechnology at TAFE New South Wales, Lucinda knew that, despite her enthusiasm, she would have to grapple with a learning difficulty that had plagued her throughout her secondary schooling.

‘Growing up on farms I have always been an extremely hands-on worker and thrived in a team environment. I have always loved to use my brain and challenge myself and combine this with the ability to visualise any task at hand and a flair for design led me to becoming an electrician. Armed with the skills of a Year 5 maths equivalent and very few literacy skills, I enrolled in TAFE where I learnt to read and write – which led me to being able to gain an apprenticeship.’

Through commitment, hard work and the hands-on learning approach provided by TAFE, Lucinda began to thrive as an apprentice. ‘In my first electrical apprenticeship year I went through many hours of personal tutoring to catch up my maths skills. Combined with incredible support from my teacher I am now achieving high scores in exams.’

In a joint effort with her TAFE teacher, Lucinda developed a unique and innovative way of working that also allowed her to help other students. ‘Having a learning difficulty gives me a unique perspective on learning and I will quite often make my own equation sheets that are more user friendly. My teacher has used these sheets to help other struggling students, and I share them around where I can.’

During her apprenticeship, Lucinda had the benefit of working alongside expert tradespeople with her employer, GBE Group. Putting in a concerted effort to make Lucinda the best electrician she could be, GBE Group treated Lucinda as a valuable employee and made sure she was able to make the most of every learning opportunity.

‘From the start I have been lucky enough to be exposed to practical electrical work and fellow tradesmen putting in the time to making me a great electrician, instead of just having me on a broom – that is giving a woman a chance in a male-dominated trade.’

Recently selected to speak at a women in trades event at Kotara High School, Lucinda proved a captivating speaker and inspiration to young women considering a career as a tradesperson. ‘I have been able to reach those students on a level which has left them wanting more information and a confidence to pursue tertiary education. I have now been asked to return and do this again with other students.’

Lucinda is also a passionate advocate for First Nations students. ‘As a proud Guringai woman of the Eora nation with mob from the Hawkesbury region, I am an ambassador for the Indigenous people and women everywhere working towards becoming an electrician.’

Now a qualified electrician, Lucinda couldn’t be prouder of overcoming personal trauma and learning difficulty to succeed in her chosen career. ‘I am a determined and educated woman with a fierce drive to succeed, and I am proud to say I am an electrician.’

Case study supplied by New South Wales Government.



Image: Lucinda working hands-on as an electrician.

Case study: Empowering students by building foundation skills



Image: An EmPOWER student on his way to becoming an electrician.

EmPOWER is a pre-apprenticeship program designed for First Nations students. The program builds students' literacy, numeracy, confidence, self-esteem and entry level electrical skills. It helps students get ready for an electrical apprenticeship and a successful trade career.

The EmPOWER program is an initiative of the National Electrical and Communication Association to increase diversity in electrical apprenticeships and, ultimately electrical trade cohorts. It provides First Nations people with a certificate II pre-apprenticeship program that incorporates an innovative mix of foundation skills, personal and professional development training, mentoring, wrap-around support services

and technical training. It includes work experience with one of National Electrical and Communication Association's GTO host employers.

Having a First Nations senior project officer and in-class mentor is essential to the success of the program. Their presence highlights the program's commitment to inclusivity and diversity. It provides culturally relevant support and guidance to First Nations students, making them feel valued and understood. It also bridges cultural gaps, enhances communication, and builds trust between students, teachers, and industry.

To date, more than 250 young First Nations people have graduated from the program, with over 70% of them remaining in long-term employment or ongoing education.

Upon successful completion of the program, graduates are invited to participate in National Electrical and Communication Association's electrical apprenticeship recruitment process, which includes a language, literacy and numeracy assessment and interview. Successful students are then supported to transition to an apprenticeship by a dedicated First Nations mentor. The mentor then continues to support the apprentices for the duration of their apprenticeship and beyond.

Many of the program participants come from some of the most disengaged and disadvantaged sections of Australian society. EmPOWER opens doors and provides the opportunity to pursue a successful career in the electrical trade. Additionally, the group learning setting helps to build a sense of community and culture and creates a support network that extends the length of the participants' careers.

For many, the program has been life changing. Some past graduates have had periods of incarceration earlier in life and EmPOWER has been the turning point that has broken the cycle of multi-generational disadvantage. Many EmPOWER graduates are now fully qualified and working in the electrical industry, with some of the earliest graduates now returning as supervisors and employers to support the next generation. The program has also been welcomed within First Nations communities, with community elders and past program graduates advocating within their community to encourage future applicants.

Case study supplied by National Electrical and Communication Association.

Learning and training: proposed reform directions

One of the recommendations in Chapter 2 is directly relevant to improving learning and training:

- Recommendation 2.3: Developing a transparent, user-focused framework that details the performance and quality of providers in the apprenticeship system, which includes (among other things) assessment of provider performance in delivering a supportive work and training environment for apprentices.

Recommendations

4.3



Vocational education and training regulators target compliance monitoring to ensure the delivery of language, literacy and numeracy skills assessment and training to apprentices, as required in the Standards for Registered Training Organisations.

In particular, this should focus on the obligation to assess all prospective apprentices' language, literacy and numeracy proficiency to undertake the intended training, and provide advice to learners about the suitability of the training product for them.

RTOs that are found through compliance monitoring to not provide suitable language, literacy and numeracy support are to be subject to compliance actions.

The Skills and Workforce Ministerial Council identifies and evaluates strategies to better coordinate Australian, state and territory government foundation skill programs delivered to apprentices to remove duplication and improve coordination. These strategies include the information sharing agreements and portal proposed in Recommendation 4.1.

Navigating apprenticeship supports

For apprentices and employers to succeed, they need to understand and navigate the apprenticeship system and understand what supports are available to them if they encounter issues.

For apprentices, this involves understanding the financial supports they are eligible for, the non-financial supports they are entitled to, and their responsibilities to complete on-the-job and off-the-job training. This can be complex. Besides the providers and the incentive system, apprentices may be eligible for a range of supports or payments from other Australian Government programs (such as Centrelink), state and territory governments, unions and industry groups, and often their RTO.

For employers, this involves understanding their responsibilities to the apprentices they are training, navigating program guidelines, and claiming incentive payments for which they are eligible.

We heard almost universally that the system is difficult to understand. We agree and note that the Productivity Commission (2020b) and Joyce Review (Joyce 2019) both found there was scope to better coordinate delivery of apprentice supports. It seems that despite recent reforms the system remains overly complex and continued Australian Government funding of these supports may not represent value for money.

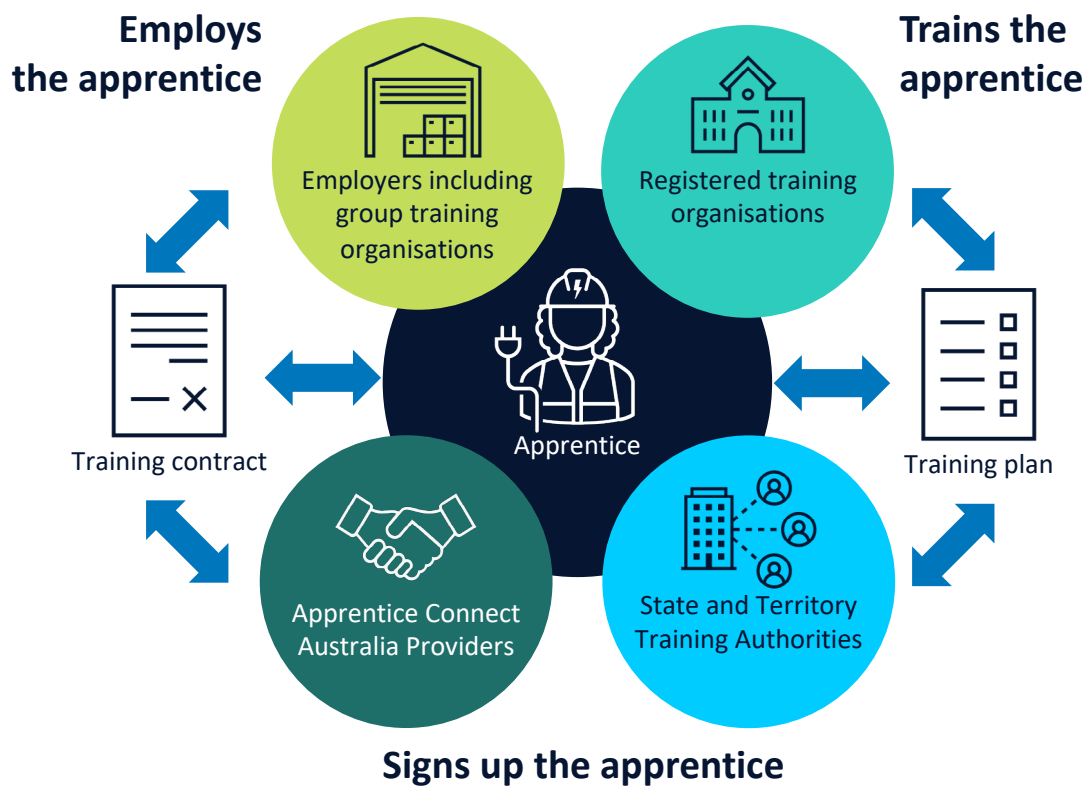
The current support services space for apprentices and employers is littered with stakeholders from Commonwealth, states and territories, RTOs, GTOs, unions to [former] AASNs, all of which provide various levels of information that are not necessarily coordinated, resulting in a system that is difficult to navigate and find answers and support.

Australian Chamber of Commerce and Industry (submission)

Where apprentices and employers find support

During training, many apprentices and employers need to use external parties for support. This can include help with administrative matters, like training requirements, health and safety obligations, information about incentives, or more serious concerns that require mentoring and mental health support. Figure 47 provides a view of the key parties within the apprenticeship system.

Figure 47: Key parties involved in an apprenticeship



The National Code of Good Practice for Australian Apprenticeships

The National Code of Good Practice for Australian Apprenticeships (National Code) was developed in 2012 to assist employers and apprentices to have a clear understanding of each other’s obligations and expectations. A copy of the National Code is provided to employers and apprentices upon sign-up. It is not enforceable.

We acknowledge the value the National Code provides in supporting employers to understand their role and meet their responsibilities. However, as it is voluntary and not enforceable, it has limited utility in compelling employers to make meaningful changes.

Substantial work is underway under the auspices of the National Skills Agreement to refresh and update the National Code to better articulate roles and responsibilities, with Skills Ministers due to consider the refreshed National Code in 2025. The update is being progressed in consultation with employers and supervisors, unions, apprentices and other stakeholders, to better clarify the roles and responsibilities of employers and promote quality, best-practice learning and employment arrangements for apprentices.

Additionally, best-practice guidance and resources for employers of apprentices will be developed to support employers and supervisors to ensure safe and inclusive workplaces and high-quality apprenticeships.

The National Code refresh provides the opportunity to ensure the document and any supporting resources reflect the current apprenticeship environment in a way that is useful for employers and apprentices. It also provides an opportunity to share clear information with apprentices about the role that the different regulators play and their respective capacity to deal with complaints and enquiries.

Australian Government support

From 1 July 2024, the Australian Government contracted Apprentice Connect Australia Providers (formerly the Australian Apprenticeship Support Network (AASN)) to provide non-financial support and administrative functions for apprentices and their employers.

The new provider model offers 3 service specialisations for women in male-dominated trades, First Nations apprentices and their employers, and clean energy occupations. The Australian Apprenticeship Support Services Performance Management Framework sets out how DEWR monitors and measures provider performance. Providers must demonstrate satisfactory ongoing effectiveness in the delivery of support services. DEWR will use several performance measures, which will be assessed on a regular basis.

Monitoring the new provider model

DEWR will monitor the efficacy of the new provider model, with 11 key performance indicators currently in development. These will be centred on:

- quality of services and programs delivered, including quality of sign-up service and other administrative functions such as supporting apprentices and employers to access financial incentives
- actions taken to promote services and programs
- apprentice commencements, and retention and completion rates against pre-determined benchmarks
- feedback from DEWR
- engagement with schools.

DEWR may publicly report on the provider's performance for the benefit of employers, apprentices and other interested parties. The information will indicate the provider's achievement against the benchmark and may include rankings and/or individual key performance indicator results.

The Apprenticeships Data Management System (ADMS) is the primary administrative mechanism of the incentive system. This secure digital platform introduced by the Australian Government is where employers and apprentices can manage the progress of their apprenticeship, apply for incentives and track the progress of their claims. ADMS is also used by providers to facilitate the signing of training contracts and the respective STA approval.

Apprenticeships.gov.au is the main Australian Government website supporting apprentices and employers to access information about the apprenticeship system. It also provides a portal to the ADMS. The website includes the Incentives Explorer tool, which provides a consolidated view of financial incentives and non-financial supports available from the Australian, state and territory governments. In addition, the website provides information on training, advice for apprentices and employers to help maintain their mental health, and links to various online resources and counselling services.

The Australian Skills and Quality Authority (ASQA) is the national regulator for the VET sector. ASQA is responsible for registering and accrediting RTOs, ensuring they meet quality standards. It also accredits VET courses under nationally approved standards. ASQA's website provides information and resources about the standards that RTOs are required to meet and access to a portal for users to report deceptive practices or unethical behaviours occurring in the VET sector. In Victoria and Western Australia, separate regulators provide this function – the Victorian Registration and Qualifications Authority (VRQA) and the Training Accreditation Council in Western Australia.

State and territory support

All states and territories provide their own jurisdictional apprentice support. The roles, functions and extent of these supports vary significantly between jurisdictions. Some programs include:

- The New South Wales Government (2024) offers the Barranggirra initiative, which provides end-to-end support for First Nations learners in the VET system through culturally appropriate mentoring to ensure successful retention and completion of training and improved post-training employment outcomes.

- The Victorian Government provides 29 Apprenticeship Support Officers at 13 locations across the state, who can assist apprentices (and their employers) with a broad range of workplace, training or personal issues (Apprenticeships Victoria n.d.).
- The Queensland Government (2024) provides the Free Tools for First Years program, which provides a rebate to eligible apprentices to cover part of the cost of tools purchased for an apprenticeship.
- The Western Australian Government (2024) provides a travel and accommodation allowance to assist apprentices that need to travel more than 70 km (round trip) to attend their off-the-job training.
- The Northern Territory Government (n.d.-b) funds first year apprentices to buy workwear and equipment. Most apprentices are eligible for a \$300 payment, while those in a trade occupation listed on the Northern Territory skilled occupation priority list may be eligible for a \$1,000 payment.
- The South Australian Government provides a travel and accommodation allowance, which is a contribution to travel and accommodation costs incurred by regional South Australian employers when their apprentice travels more than 150 km to attend training, or for any South Australian employer of an apprentice to attend pre-approved training interstate (Skills SA n.d.-a).
- The Tasmanian Government provides travel and accommodation allowances for apprentices who are required to travel further than 21 km from their home either in Tasmania or interstate to attend training at their nominated RTO (Skills Tasmania n.d.).
- To assist with cost-of-living pressures, the Australian Capital Territory Government is providing a one-off payment of \$250 to all apprentices who live and work in the territory and were in an approved training contract on 1 July 2024 (ACT Government n.d.-c).

Other organisations that provide support

Other parties in the apprenticeship system, including unions, industry groups, GTOs, RTOs and JSCs provide various levels of support to employers and apprentices.

Unions and employer groups provide industry-led mentoring and peer network support in their industries, supporting apprentices in the specific requirements of their vocation.

GTOs provide various assistance to host employers and apprentices, including administrative work, job matching, and mentoring and pastoral support for apprentices. Additionally, the GTO model ensures that if an employer is unsuitable or has insufficient work to support an apprentice, the apprentice can be matched with a more fitting employer.

RTOs mainly provide training for apprentices but can also provide information and assistance for employers and apprentices regarding their certifications and qualifications. The level of additional advice or support an RTO can provide depends on the type of RTO, for example industry-specific RTOs or RTOs with a particular focus or speciality in particular trades.

The system has too many overlapping contact points

We heard overwhelmingly that the plethora of support services is difficult to navigate for both apprentices and their employers. Apprentices told us consistently that they were unaware of where to go to address their concerns. Many parties also raised the duplication of services provided by Apprentice Connect Australia Providers and others such as RTOs, GTO and state or territory services.

We heard lines of responsibility between GTOs and providers are often blurred, and that multiple parties provide similar services such as mentoring and LLND supports. This can be confusing for apprentices and employers, raising the risk of system overlap and some apprentices falling through the cracks.

Many people and organisations we heard from were critical of former AASNs (now Apprentice Connect Australia Providers). In its submission, the Electrical Trades Union of Australia said the former AASNs 'have largely failed to deliver a meaningful increase in apprenticeship completion rates, as they have no ties to industry and no trade experience, so when an apprentice contacts them for support, the staff have neither lived experience nor legitimacy to assist'.

The Electrical Trades Union of Australia called for providers to improve their provision of information about incentive payments to apprentices.

AASNs are responsible for providing apprentices with information about available incentives. However, [our] members report that AASNs are regularly failing to provide them with this information, with apprentices often discovering available financial supports only after they have commenced their apprenticeship, typically by word-of-mouth from other apprentices or recently qualified tradespeople.

Electrical Trades Union of Australia (submission)

This was supported by the Australian Childcare Alliance, which noted the need for the former AASNs to better provide information about apprentice support payments.

Some apprentices advised that they felt disconnected from their providers. In some cases, they were not aware that they existed or, if they did know providers existed, they were not aware of who they were, the role they played, the support they should have been providing, or who to contact. The Electrical Trades Union of Australia submission referred to a 2022 Essential Media survey, which found that ‘half of electrical apprentices reported they have received no support at any stage in their apprenticeship and only 11% of electrical apprentices reported having been provided with mentoring or advice on electives from their former AASN provider’.

...we met one person from [AASN] on our sign-on day, and then pretty much never heard from them.

Apprentice, via Australian Council of Trade Unions (focus group)

There was very limited communication between [AASN] and myself. Across the time, I had four different contacts, and basically the only time I spoke to them was when they were saying, ‘Oh, we need a replacement contact’.

Apprentice, via Australian Council of Trade Unions (focus group)

Once we made the decision to take on a trainee it was difficult to work out how to sign the person up as a trainee. Neither our Federal or State member could direct us where to go for assistance either. It was also very difficult to put in to claim for the incentives.

Business owner, via Australian Travel Industry Association (submission)

The Australian Council of Trade Unions said in its submission that former AASNs are ‘fundamentally conflicted when attempting to advocate for employees’, because it is the employer who selects the AASN, not the apprentice.

The National Australian Apprenticeship Association reported in its submission that 88% of apprentices are employed prior to enlisting a provider, which denies the provider a role in matching an apprentice with employer and makes much of their funded role redundant.

In contrast, when we asked former AASN providers their views during consultations, they felt Commonwealth-funded support services have worked effectively across 3 decades to meet changing government priorities and ensure the system operates properly, and that this support should continue.

Our consultations also highlighted the important role providers play in ensuring the success of apprenticeships.

Support for the apprentice/trainee and engagement with the employer is critical to ensure strong engagement with the process and achieving positive outcomes. The AASN model is the best model to facilitate this.

Chamber of Commerce and Industry WA (submission)

ADMS has recently become the primary method for claiming incentives. We heard through submissions that people had difficulty navigating the system, which many described as complicated and inaccessible. Several submissions raised concerns about the system. Charles Darwin University's submission noted that 'employer and apprenticeship feedback is that the system can sometimes be clunky, confusing and difficult to navigate'.

In its submission, the Pharmacy Guild of Australia identified 'system-wide complexity as a systemic impediment to the effective operation of the incentive system'. It also stated that these difficulties in claiming subsidies through ADMS were discouraging employers from taking on an apprentice in the future.

...the claim system for [the incentive system] through the ADMS portal is disorganised and difficult for anyone employing multiple apprentices and trainees. The team members who process the claims have varying levels of knowledge and interpretations... producing an inconsistent and convoluted system.

Australian Venue Company (submission)

When we are eligible to make a claim, we have to log in to this system and not only upload every single individual payslip for the period of the claim, but then manually type in the dates of each pay period, as well as the gross amount paid for each payslip... The whole process takes me a good hour to complete each time I make a claim. If I was able to upload the one report with all the information required, it could be completed in 5 minutes! This is our bug bear, because when we are trying to run a small business, it is laborious paperwork such as this that wears us out and uses up valuable work time... if you want to encourage small business to employ apprentices, you need to provide a much more user friendly system for making the claims.

Paul King Plumbing (submission)

Australian Chamber of Commerce and Industry noted in its submission that DEWR had surveyed apprentices in September 2023 and found the complexity of claiming – including the need to provide a Tax File Number, training plans, and accurate information – was a key barrier.

These are obstacles that need to be overcome before additional funding is given to apprentices to ensure the desired impacts of the funding is achieved.

Australian Chamber of Commerce and Industry (submission)

With the current incentives there is an issue with apprentices having access to and then navigating what is required of them in myGov and ADMS, to receive incentives. It appears to be time consuming, confusing and they are often asking for help and guidance.

Charles Darwin University (submission)

Opportunities to improve apprentice and employer services

Personalised messages via the Apprenticeships Data Management System

ADMS allows the government to reach every apprentice with key information on available supports in a similar manner to the Training Services NSW case study example below.

Case study: Real-time support via text message for first year apprentices

The New South Wales Government department Training Services NSW has implemented an innovative text message initiative. It provides real-time support to apprentices at strategic points in their first year of training. The initiative increases retention rates by sending timely behavioural informed messages containing helpful information, contact details and web links.

From June 2022 to June 2024, Training Services NSW reached over 130,000 individuals and sent more than 600,000 messages. One of the messages, which addresses health and wellbeing, balancing work and study life, bullying and harassment, and physical and mental health, has been particularly critical.

The messages included the apprentice's first name and specifically referenced their apprenticeship, rather than using a generic term such as 'qualification'. Additionally, the messages were signed off by the local regional manager, reinforcing the commitment of senior figures in supporting learners.

Each message contained a clear call to action, directing learners to visit relevant Training Services NSW webpages or contact their local regional office if they needed support.

Recognising learners from different trades and apprenticeships work varying hours and have rolling intakes, the messages were timed to coincide with pivotal points in the apprenticeship. For example, messages were sent when they needed to complete key training documents.

At the time of enrolment, apprentices are often overwhelmed by numerous stakeholders and documents and may not recall which organisation provided useful information. The text message initiative highlighted valuable resources from Training Services NSW that they may have overlooked, aiding them at specific points during their first year.

The default behaviour for apprentices experiencing problems has typically been to do nothing, tolerate in silence, and eventually quit because they see no other option. The messages aim to change this default by helping them develop new habits. By establishing an early routine at the time of enrolment and sending 6 behavioural texts every 6 to 8 weeks, the messages encourage them to stay motivated, progress through their first year, and proactively seek help before issues became unmanageable.

The initiative demonstrates the effectiveness of low cost behavioural and informed interventions in supporting apprentices, significantly enhancing their chances of completing their training programs and providing a qualified workforce for New South Wales.

Case study supplied by New South Wales Government.

Support through Apprenticeship Connect Australia Providers

During our engagements, we heard ideas on how change can be implemented into the new system. Some of these suggestions centred on funding. Some parties, such as Business NSW and former AASN providers, said that providers need additional funding to deliver more appropriate support services. The Australian Retailers Association argued that providers 'should be funded to provide dedicated support to small businesses and businesses engaging an apprentice for the first time'.

Support services provided by [former] AASNs is crucial for ensuring the success of apprenticeships and traineeships...The services provided by [AASNs] are a key part of the apprenticeship journey that could be further enhanced...AASNs need sufficient funding to deliver wrap-around mentoring services for apprentices and the employer. Appropriate funding would also enable the scalability required to deliver these services.

Business NSW

Some noted the different contract arrangements in the Northern Territory – where providers are under joint contract with the Australian Government and Northern Territory Government – is a relatively successful model.

My long experience with the Northern Territory joint contract shows that joined up provision can work as the friction points are mostly sorted out by DEWR and the [Northern Territory Government] before implementation and behind the scenes, rather than being played out in front of apprentices and employers.

Dr Don Zoellner, Charles Darwin University (submission)

There was also general agreement during consultations that additional transparency of performance should be introduced to the system to ensure high-quality service provision and preserve system accountability (see for example the Housing Industry Australia submission).

The new provider model only recently commenced, so we do not recommend immediate change. Instead, providers' performance should be independently evaluated once sufficient performance evidence is available and ahead of the end of the initial contract period, including looking at whether they have:

- simplified delivery of apprenticeship services
- enhanced assessments to improve matching apprentices and employers
- effectively targeted priority cohorts
- stopped duplicating the roles of others in the apprenticeship system
- offered value for money in terms of apprenticeship outcomes.

Critical to understanding the effectiveness of the new providers will be understanding the effectiveness of the other parties in the system they interact with and have overlapping roles with, including state and territory bodies, RTOs and GTOs.

Case study: Personalised, connected approach delivers for automotive apprentices

The Tasmanian apprenticeship framework has achieved success predominantly through the high level of personal connections between stakeholders that helps resolve issues both for individuals and the sector.

At the heart of these connections are the Skills Tasmania Senior Apprenticeship Officers, who leverage their extensive knowledge and experience and the relationships that they have cultivated across the framework to bring parties together and support learners to complete their training.

In a recent example, the Senior Apprenticeships Officers worked closely with the training provider and industry representatives in the automotive sector identifying a potential challenge related to apprenticeship completions and moved to collaboratively build a solution to ensure the student's success.

Action plans were drawn up and support was provided to apprentices and employers. Senior Apprenticeship Officers continued to monitor progress and offered support throughout the extension period to ensure all parties were working towards the apprentice completion. Actions included developing a new training plan with the parties, discussions on the support the apprentice might need, outlining the strategies so that the parties were all clear on who was responsible for what, monitoring and direct contact by the Senior Apprenticeships Officer with the apprentice to provide ongoing support for working towards completion.

As a result of the personalised partnership approach, all of the at-risk apprentices successfully completed their training and are now understood to be employed and engaged employees of the sector. The success of this work has also increased employers' awareness of the roles and responsibilities of different support services and there has been an increase in parties seeking assistance earlier to resolve potential issues.

The automotive industry signed an 'industry skills compact' with the Tasmanian Government in October 2023. Industry skills compacts are the Tasmanian Government's core mechanism to engage with industry on training and workforce development and include step-up commitments and shared responsibility for actions to build and maintain a skilled workforce.

In line with issues identified through the industry skills compact, Skills Tasmania worked with the automotive industry and TasTAFE to identify funding opportunities to resolve some of the identified issues with training delivery. Skills Tasmania provided funding through the Industry Partnerships Program for updated technology, learning materials and equipment that better reflected changing workplace needs. Updated resources were used by teachers and apprentices at TasTAFE.


This funding, together with tailored and seamless support services improved the learning experience for apprentices and resulted in better training and job outcomes.

Case study supplied by Skills Tasmania.

Navigating the apprenticeship system: proposed reform directions

One of the recommendations in Chapter 2 is directly relevant to navigating the system:

- Recommendation 2.3: Developing a transparent, user-focused framework that details the performance and quality of providers in the apprenticeship system, to inform government, apprentice and employer choices on selecting high-performing providers.

Recommendations	
<div>4.4</div> <div></div>	<p>The Australian Government commissions an independent review of the design, efficacy and performance of the Apprentice Connect Australia Providers, the specialist providers for priority cohorts, and the apprenticeship support service delivery model, ahead of the end of the initial 2year contract period.</p> <p>The independent review is to determine whether the Apprentice Connect Australia Provider service delivery model is meeting expectations of service, noting feedback has identified apprentice and employer dissatisfaction with these services while they were delivered through the Australian Apprenticeship Support Network.</p> <p>The independent review is to assess:</p> <ul style="list-style-type: none">• Performance of Apprentice Connect Australia Providers and support services against initial contracts.• Whether Apprentice Connect Australia Providers and support services are meeting user expectations and needs.• Opportunities to streamline delivery of apprenticeship services between Apprentice Connect Australia Providers and GTOs.• Whether to amend the design of the services or restrict or expand the role of Apprentice Connect Australia Providers to address service delivery gaps or overlaps.• Whether the current arrangements represent value for money.• Whether the current system of externally contracted Apprentice Connect Australia Providers is the best model to provide support to apprentices and employers. <p>The independent review is to be designed in collaboration with the Australian Centre for Evaluation. The review is to align with the actions proposed in Recommendation 2.3 relating to a transparent, user-focused framework. The outcomes of this independent review are to be publicly available.</p>
<div>4.5</div> <div></div>	<p>DEWR maximises the existing capability of the ADMS to directly message apprentices and employers about the range of financial and non-financial supports available to them, to help apprentices better navigate available services to keep them engaged during their apprenticeship with timely and relevant information.</p> <p>Direct messages are to:</p> <ul style="list-style-type: none">• Include regular information on mental health resources, where to go to report workplace issues, and upcoming training/work experience opportunities.• Complement information already shared with apprentices, for example by Apprentice Connect Australia Providers and the Fair Work Ombudsman, to minimise duplication.• Consider the unique needs of priority cohorts and how best to reach them.• Use plain English that is suitable for all apprentices. <p>Any future changes to this delivery are to be evaluated for effectiveness.</p>

Recommendations

4.6



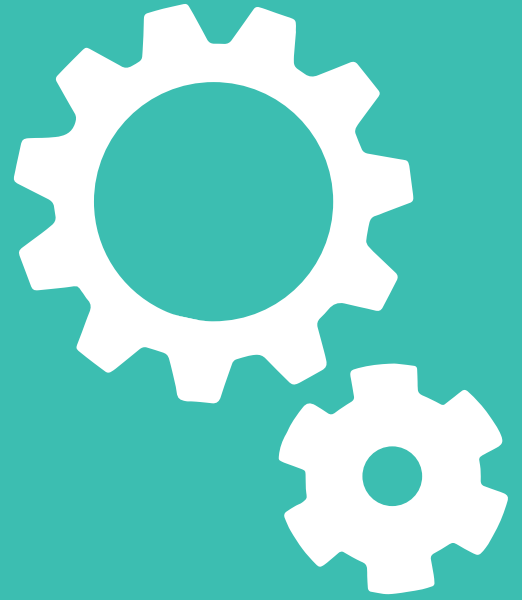
The Australian Government commissions an independent, user-centred review of how the ADMS can enhance delivery and navigation of the incentive system.

This is to respond to feedback that administrative burdens with the current system are reducing employer and apprentice engagement with apprenticeships.

The review is to examine:

- How the Apprenticeships Data Management System can more effectively interact with myGov, and to what extent user concerns with ADMS relate to myGov access.
- Opportunities to bulk process claims for employers, balanced against strategies to support payment integrity.
- Opportunities to streamline documentary evidence requirements with other services.
- User experiences specific to the Disability Australian Apprentice Wage Support, in particular any accessibility challenges presented by smart phones and myGov ID.

Findings from the review are to be made public and any necessary changes are to be implemented in the next release of the ADMS following publication of the review results.



Increasing apprenticeship participation and completion for priority cohorts

We know that an equitable system is required to [address] the current work[force] shortages experienced across many industries with recognised apprenticeship and traineeship employment pathways.

Women in Adult and Vocational Education 2024

Overview

This report has so far discussed the general challenges in the system for commencing, retaining and completing apprentices. These challenges are more pronounced for:

- women apprentices in male-dominated trades
- First Nations apprentices
- apprentices with disability
- apprentices from remote and regional areas
- apprentices from culturally and linguistically diverse backgrounds.

The Australian Government refers to these apprentices as ‘priority cohorts’ (DEWR 2024e) and we have adopted this language throughout our report.

The government has set out social equity priorities to provide targeted support for priority cohorts to ensure full economic participation and social inclusion.

This includes the implementation of the Working for Women: A Strategy for Gender Equality, the National Agreement on Closing the Gap, and Australia’s Disability Strategy 2021–2031. These policies outline the challenges faced by priority cohorts and how such issues can be addressed to create a more diverse and inclusive workforce.

This chapter outlines our findings relating to the different apprenticeship experiences of priority cohorts in the current system, and makes a number of recommendations to address some of the specific challenges facing each cohort.

Considerations for all priority cohorts

Intersectional marginalisation – overlapping barriers

Individuals might belong to more than one cohort and may experience compounding barriers and multiple forms of intersecting marginalisation. We acknowledge that those belonging to multiple cohorts do not experience challenges in isolation. For example, a First Nations apprentice with disability may require a workplace that is culturally safe, as well as needing the worksite to be accessible.

In its submission, the Australian Education Union noted that many First Nations young people have undiagnosed disability that can affect their entry and success in an apprenticeship, yet also exhibit practical strengths and can thrive in an apprenticeship with the right support. The submission provides an example of intersecting experiences where First Nations women do not contemplate working in male-dominated industries due to the intersecting psychosocial risks associated with gender and race-based discrimination and harassment. Providing culturally appropriate support for apprentices and employers, in both the workplace and the training environment, could help First Nations women to feel safer entering these sectors.

Our ability to understand and respond to intersectional marginalisation from a policy perspective is currently limited by a lack of data. Better, stronger data and reporting on the access, completion and outcomes for intersectional priority cohorts would enable targeted, evidence-informed wrap-around support for learners at points of need.

More on the need to improve data collection and analysis is in Chapter 8.

An intersectional lens on the lived experience of the diversity of women, Aboriginal and/or Torres Strait Islander people, people with disability and other diverse groups will add significant value to inform the development of policies and programs to support greater diversity and inclusion in apprenticeships and traineeships.

Diversity Council Australia (submission)

Approaches that work

Studies show that programs catering to the unique needs of apprentices from priority cohorts, such as mentoring and introductory training, increase the chances of those apprentices successfully completing an apprenticeship (Eberhard and Schuß 2021; Matthes et al. 2018).

However, it is important to ensure that we are framing the discussion correctly. The role of government should not just be to provide support to redress social inequality, but also to tackle the root causes in the workplace. Poor cultures are leading to some employers shirking their obligations in the workplace, creating a negative atmosphere for apprentices, and in extreme cases, breaking the law.

For instance, as discussed in Chapter 4, employers have legal obligations to meet workplace health and safety requirements, provide adequate facilities for their employees, and meet specific standards, such as making reasonable accommodations at the request of their employees and ensuring anti-discriminatory practices are upheld in the workplace. However, women's advocacy groups have raised repeated concerns that these requirements are not being met, with one recurring example being that many workplaces have inadequate toilet facilities for women.

Government intervention needs to be targeted towards cultural change to improve the workplace experience for all learners and to ensuring employers are meeting their obligations. Targeted support for individuals should be complemented by strategies that seek to eliminate issues at the source. In that vein, we have recommended funding programs that go to the heart of systemic cultural issues.

Considerations for all priority cohorts: proposed reform directions

Improve workplace cultures for all apprentices

In Chapters 2 and 4, we discussed opportunities to improve workplace cultures, including through rewarding good employer behaviour and encouraging industry-led behavioural change, including through leveraging government procurement policies. If implemented, the recommendations made will improve the experiences of all apprentices, including those in priority cohorts.

These recommendations include:

- Recommendation 2.2: Establish an innovation fund to engage industry, states and territories in piloting innovative approaches that address key challenges in the apprenticeship system.
- Recommendation 2.4: Develop an accreditation or 'preferred employer' model to recognise employers that exhibit good employment practices and provide a positive workplace culture.
- Recommendation 2.5: Implement a pilot program to utilise high-performing group training organisations (GTOs) to equip small and medium employers (SMEs) to deliver a better experience for apprentices, including through training on meeting employer obligations on Respect@Work and mentoring apprentices.
- Recommendation 2.12: The Australian Government to better leverage the potential of the Australian Skills Guarantee to increase apprentice commencement and completions for priority cohorts in industries that align with the government's economic priorities and social equity objectives. We also suggest that as part of the next annual review of the Australian Skills Guarantee that the scope of Gender Equality Action Plans be expanded to resemble a 'cultural contract' through which employers take specific actions to address intersectional gender challenges and promote a gender-inclusive workplace culture specific to their industry.
- Recommendation 4.2: Industry peaks and Jobs and Skills Councils take a stronger role in changing workplace culture in their industries, to improve inclusivity and safety for apprentices, particularly for priority cohorts.

Improve supports available to priority cohorts

In Chapters 3 and 4, we discussed the importance of having consistent information available to apprentices and potential apprentices. For priority cohorts, it is critical that this information be up-to-date, relevant and accessible. Relevant recommendations are:

- Recommendation 3.3: Governments to provide clear and timely career information to individuals considering apprenticeships, including targeted resources that highlight support available for priority cohorts.

- Recommendation 3.5: State and territory governments enable better access to high-quality work experience, pre-apprenticeship and school-based apprenticeship programs and identify strategies to increase take up of these opportunities by students in priority cohorts.
- Recommendation 4.4: An independent review of the design, efficacy and performance of the Apprentice Connect Australia Providers.
- Recommendation 4.5: Maximise the capability of the Apprenticeships Data Management System to directly message apprentices about the range of supports available to them, and make sure that in doing so the unique needs of priority cohorts are considered.

Creating opportunities for those who face additional barriers to obtaining apprenticeship or traineeship pathways is not as simple as providing financial incentives... Each cohort has particular needs and faces different barriers, so should be considered separately.

Australian Industry Group (submission)

Women apprentices in male-dominated trades

We found that many women apprentices working in male-dominated trades face negative employer attitudes, poor workplace cultures, and a lack of flexibility at work. These issues exacerbate skill shortages. They also reduce opportunities for improving women's economic security.

Working for Women: A Strategy for Gender Equality

Working for Women: A Strategy for Gender Equality (PMC 2024b) outlines where the government will focus its efforts over the next decade to achieve its vision of an Australia where people are safe, treated with respect, have choices and have access to resources and equal outcomes no matter their gender.

It sets out 5 priority areas for action – gender-based violence, unpaid and paid care, economic equality and security, health, and leadership, representation and decision-making.

A key element of the priority area related to economic equality and security is to support women's representation and opportunities in traditionally male-dominated industries through the Australian Skills Guarantee, which includes national targets for women in apprenticeships.

When investigating workplace cultures in male-dominated workplaces in the construction industry, researchers at RMIT University found that excluding women from a workplace or industry can lead to a deficit of skills in that workplace, such as communication, effective stakeholder relationships, teamwork and problem-solving. They also found connections between male-dominated workplaces and increased rates of worker suicides and tolerance of bullying (Holdsworth et al. 2020). Further, the researchers found that increasing the proportion of women in male-dominated industries can improve communication and problem-solving as well as helping to challenge and change the prevalent cultures, especially around bullying (Holdsworth et al. 2020).

While we have focused on the experiences of women in male-dominated trade workplaces, evidence also shows that gender-balanced workforces are the most inclusive. That is, workplaces dominated by either men or women are more likely to have workplace cultures that are exclusionary and accepting of bullying (DCA 2020; Cortis et al. 2023), and men can experience professional isolation or be exposed to gender-based bullying and harassment in female-dominated workplaces and industries (Australian College of Nursing 2018; Eriksen and Einarsen 2004).

The benefits of gender equity are therefore not just limited to productivity, but also improve the industry's workplace culture. More broadly, research also shows that increasing gender equality – and reducing gender segregation of the workforce – has broader economic benefits (for example, through improved productivity and economic growth), increases social cohesion and reduces poverty, and can make economies more resilient (Kingma and Vandeplas 2022). Gender equity can also improve outcomes in apprentice learning environments. The National Electrical and Communications Association (NECA 2023) notes that retention is higher in off-the-job classroom environments that include 2 or more female apprentices.

Women’s participation in the apprenticeship system

Gender segregation in the apprenticeship workforce

Based on National Centre for Vocational Education Research (NCVER) data, in the 12 months to 31 December 2023, a total of 62,745 women commenced an apprenticeship, representing 36.9% of total commencements (170,370). Women are much more likely to undertake an apprenticeship in a non-trade occupation, with only 19.1% of women starting training towards a trade occupation (NCVER 2024b).

Figure 48: Key data about women in male-dominated trade apprenticeships

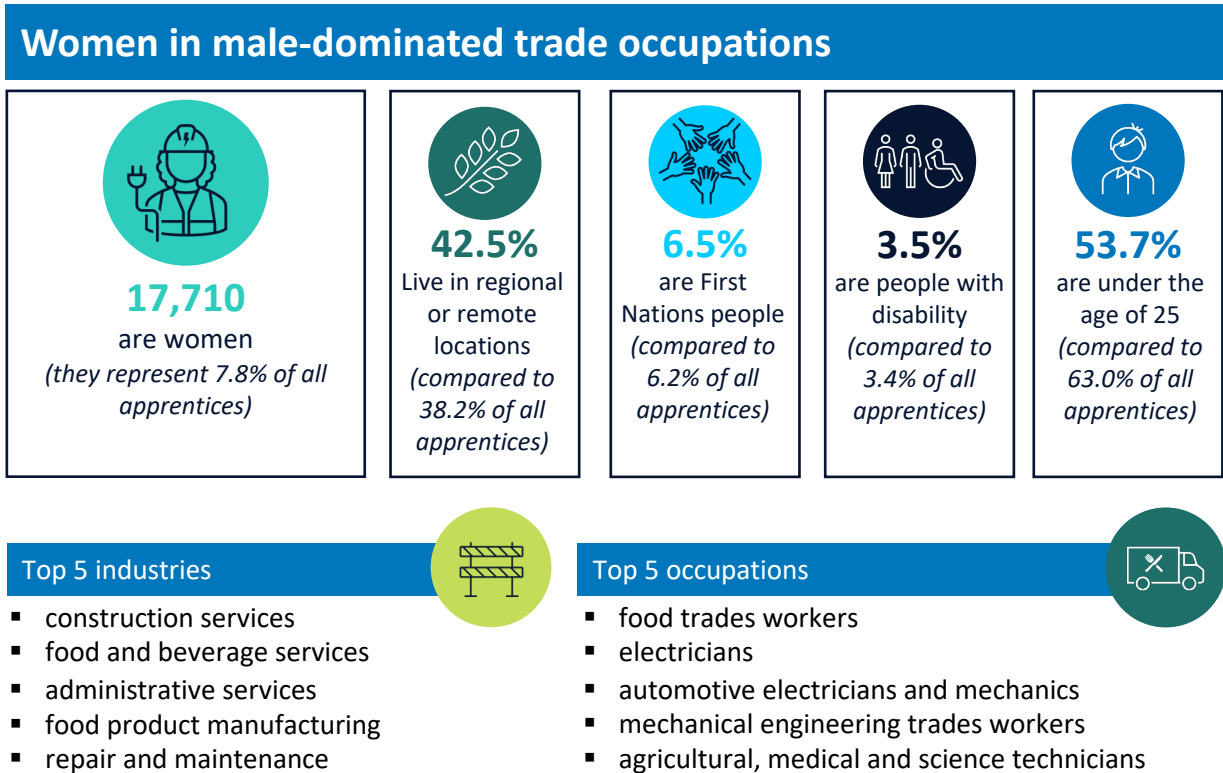
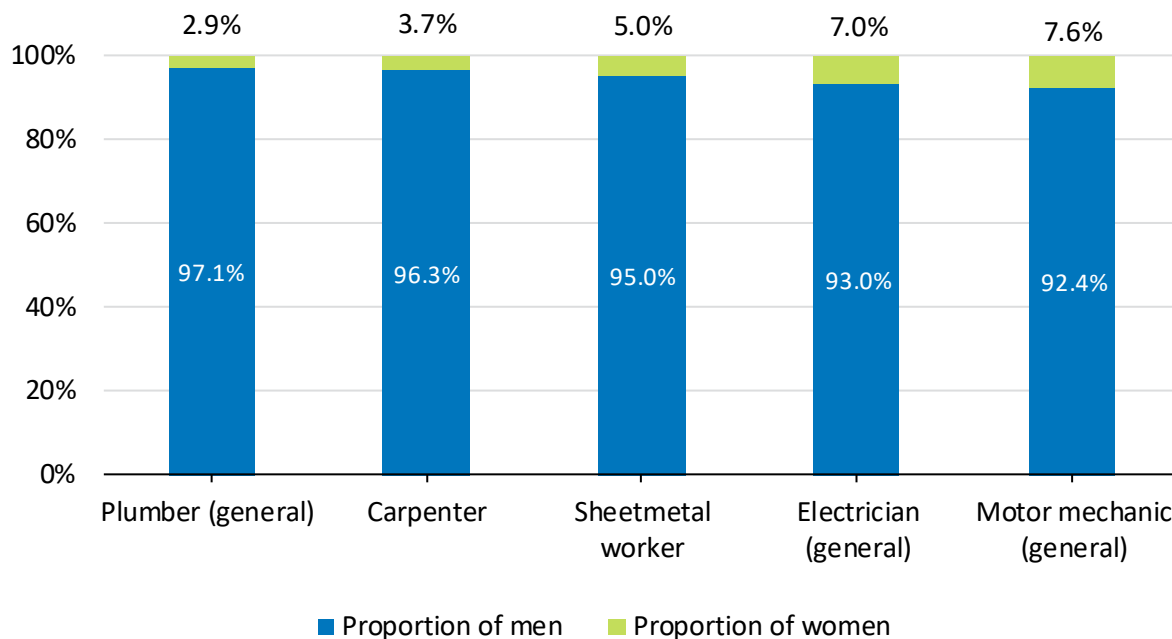
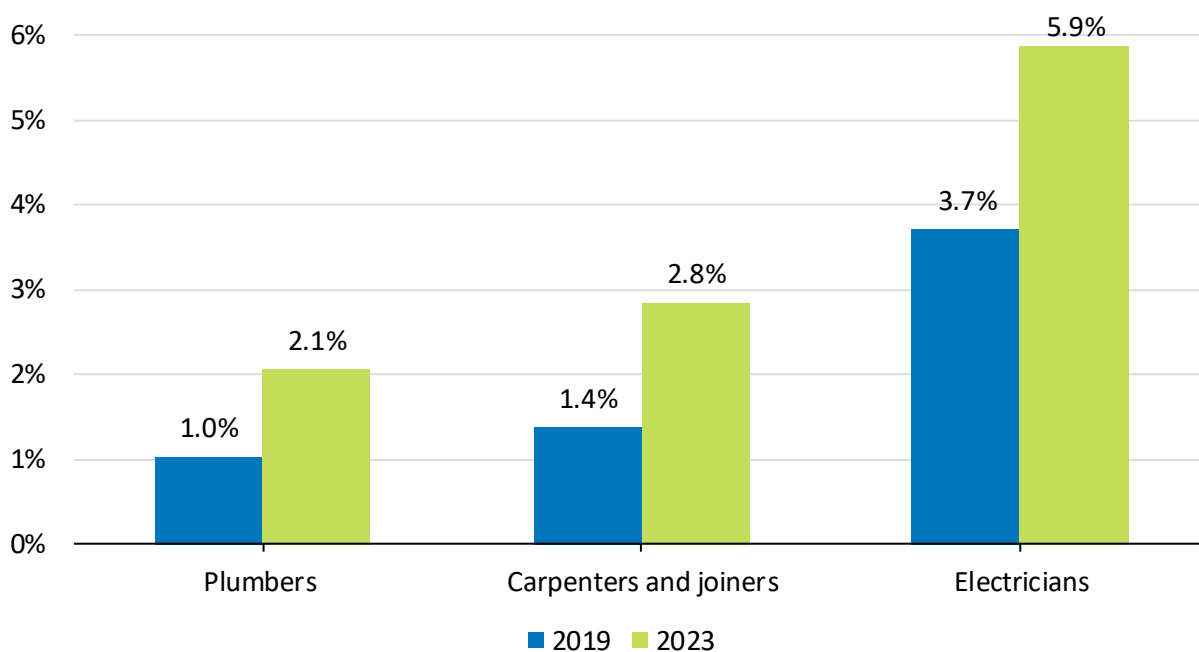


Figure 49: Gender distribution of total commencements amongst top 5 male dominated trades

Note: Data is from 12 months to 31 December 2023.

Source: Review analysis based on NCVER (2024b) apprentices and trainees data.

However, the last few years have seen a positive trend towards women in these male-dominated trades. In December 2023, women made up 8.9% of all apprentices training across all male-dominated trades, an increase of 2.7 percentage points since 2019 (NCVER 2024b). This trend was replicated across 3 of the largest trades.

Figure 50: Proportion of women in training in some male-dominated trades is increasing

Source: Review analysis based on NCVER (2024b) apprentices and trainees data.

Early indications suggest that women’s participation in the emerging clean energy trades is following traditional patterns. Jobs and Skills Australia’s (JSA 2023a) Clean Energy Capacity Study showed that 65% of the current clean energy workforce are men. Gender segregation limits the pool of workers to draw from to meet emerging skills needs.

Women made up just 6.2% of apprentices in the New Energy Apprenticeship Program (NEAP), which launched on 1 January 2023. Electrician apprenticeships made up the bulk of commencements for women in NEAP (unpublished Department of Education and Workplace Relations (DEWR) apprentices and trainees data as at July 2024). As the program is so recent, there is no meaningful completion data yet.

Completions for women

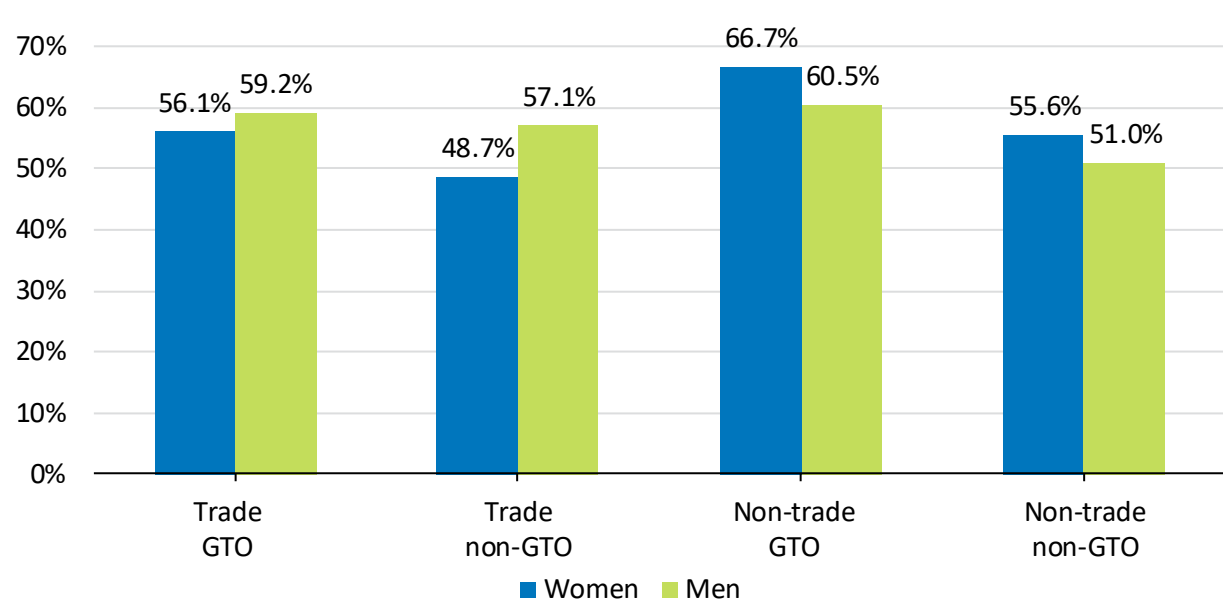
The completion rate for women who commenced across all apprenticeships in 2019 was 55.5%. Women who enter male-dominated industries are less likely to complete. The completion rate for women in male-dominated trades was 51% compared with 58% for men (2019 commencing cohort based on unpublished DEWR apprentices and trainee data as at August 2024).

Women apprentices in non-trade occupations have better outcomes than those in trade occupations. For the 2019 commencing cohort, 56.6% of women in non-trade occupations successfully completed, compared with 51.7% of men in non-trade occupations. In comparison, 49.4% of women in trade occupations successfully completed, compared with 57.7% of men in trade occupations (review analysis based on DEWR apprentices and trainees data as at August 2024).

Women apprentices are also less likely to be employed after an apprenticeship and are less likely to stay in the same occupation after their apprenticeship than men (NCVER 2019).

As discussed in Chapter 2, apprentices employed through GTOs generally have higher completion rates than those employed directly by employers, particularly SMEs. This is reflected in the experiences of women apprentices. Based on analysis of unpublished DEWR apprentices and trainees data as at August 2024 for women starting apprenticeships in 2019, the highest rates of completion were for non-trade occupations employed through a GTO (66.7%) and trade occupations employed through a GTO (56.1%) compared with a direct employer (55.6% non-trade and 48.7% trade).

Figure 51: Women have higher apprenticeship completions when employed through a group training organisation



Source: Review analysis based on unpublished DEWR apprentices and trainees data as at August 2024.

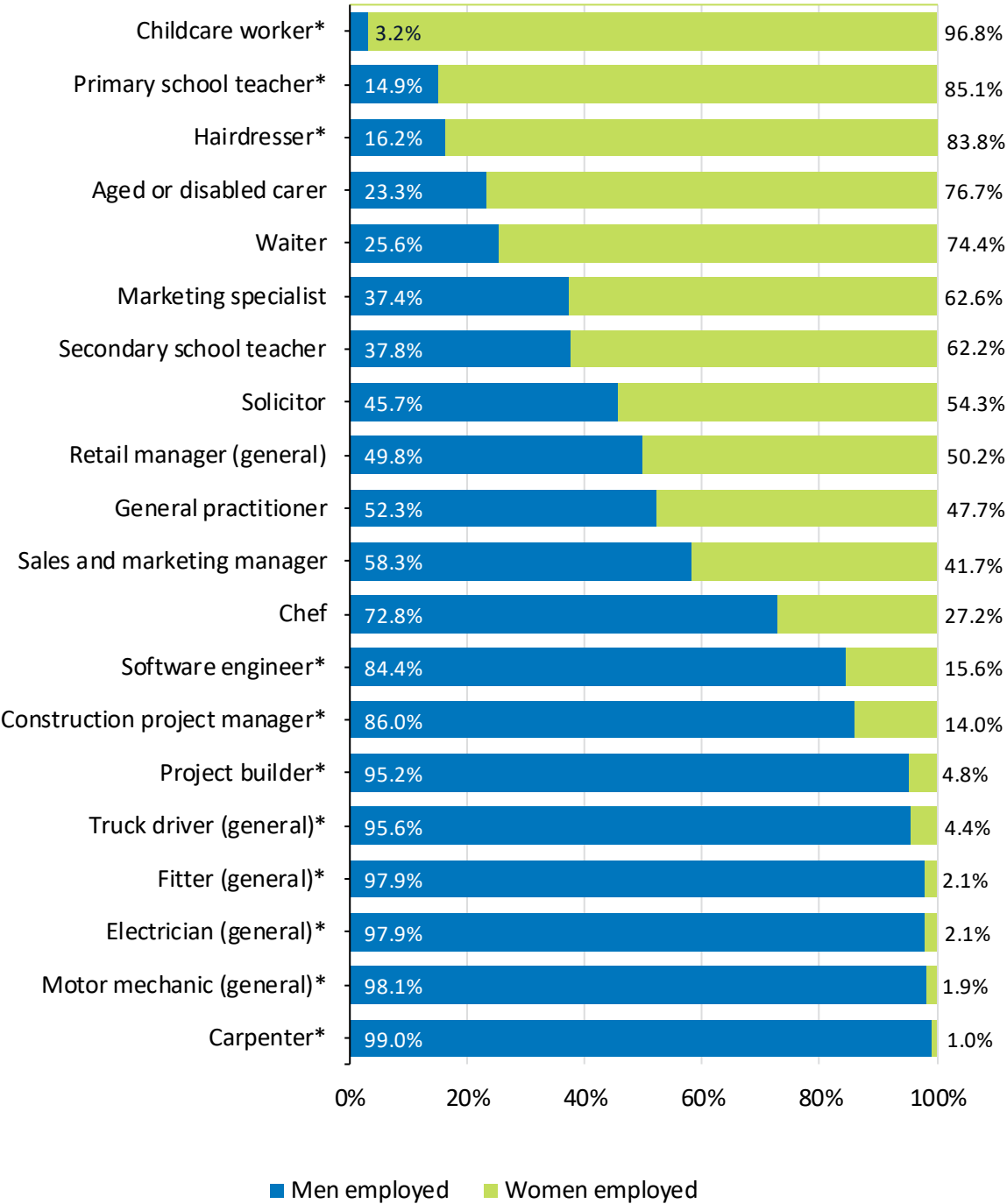
Gender segregation, skill shortages and women's economic security

As discussed in Chapter 1, a highly gender-segregated workforce contributes to workforce shortages (PMC 2024b; Australian Government 2024). Less than half of Australian industries have gender-balanced workforces (defined as representation between 40% and 60% of men and women). In 2023, around 65% of occupations in shortage on the Occupation Shortage List had workforces made up of 80% of one gender (either men or women) (PMC 2024b; Treasury 2023b). Further, 54% of male-dominated occupations and 40% of female-dominated occupations were experiencing labour shortages, compared with 25% for occupations with more balanced gender ratios (PMC 2024b; JSA 2023c).

Occupational segregation is a persistent driver of the gender pay gap, accounting for around 24% of the gap. Compared with male-dominated sectors and occupations, highly female-dominated jobs are on average lower paid, less secure and provide workers with limited career progression and little input into key issues affecting their work (KPMG 2022; Cooper et al. 2021; Galea et al. 2020). Between 2017 and 2022, the proportion of the gender pay gap explained by industrial segregation (segregation across sectors) increased from 9% to 20% (KPMG 2022).

As Figure 52 shows, occupations most in shortage that have a vocational education and training (VET) pathway tend to be heavily gender segregated compared with occupations with a university pathway, which tend to be more gender balanced.

Figure 52: Gender segregation in the top 20 largest occupations in shortage



Note: *Denotes occupations where one gender makes up 80% or more of the workforce. The jobs are ordered from most female-dominated to most male-dominated (rather than most to least in shortage).

Source: JSA (2023d).

Beyond addressing staff shortages, enhancing gender balance in traditionally male-dominated trades has the potential to significantly increase female employment participation. This not only fosters a more inclusive work environment but also taps into a broader talent pool, thereby enriching the overall workforce and promoting economic growth.

Australian Chamber of Commerce and Industry (submission)

Case study: Celebrating and supporting women apprentices

In celebration of International Women's Day, Bunnings Trade and the National Association of Women in Construction (NAWIC) collaborated to announce the Women in Apprenticeships Awards 2024 for the second year in a row. Aimed at supporting women in the trades early in their careers, the awards recognise 10 women currently completing an apprenticeship, or recently qualified – granting them support packs worth over \$10,500 as well as ongoing professional and wellbeing support.

The NAWIC is a not-for-profit peak body aimed at raising the status of women and non-male identifying people in construction. It provides a forum for its members to meet and exchange information, ideas and solutions.

NAWIC Chair, Jennifer Gillett, said, 'More than 2,000 applications for the award were received from apprentices across 15 different trades. Most applicants stated that they don't have the tools they need to do their job and are therefore not taken seriously on the worksite because they're not prepared'.

'While some larger construction companies provide tool allowances for their apprentices, many small employers don't provide such support.'

One of the 10 winners, Faiza, an electrician from Victoria said, 'One thing I've noticed in my apprenticeship so far is that the tools are very expensive. The support pack will help me complete my apprenticeship without stressing about finances to secure my tools during this cost-of-living crisis'.

Case study supplied by the National Association of Women in Construction.



Image: Faiza receiving her support pack from Bunnings.

Challenges experienced by women apprentices in male-dominated trades

We heard that key barriers to the participation of women apprentices in male-dominated trades were gender expectations, cultural norms and misconceptions about women's capabilities to perform in these roles, which aligns with research on this issue (Bridges et al. 2019). These perceptions are formed very early in life and influence the choices that boys and girls – and their parents – make about education and training through secondary school and beyond (Fitzsimmons et al. 2018; Srikanthan 2022).

...male dominated industries [need to address issues] such as gendered violence, lack of access to safe, secure, and dedicated facilities for women (such as toilets and changing rooms), and the lack of appropriate, suitable personal protective equipment, tools and clothing.

Australian Education Union (submission)

Cultural norms and expectations

During consultations, we heard that women and girls still face stereotypes about their aptitude for some occupations, for example roles that are perceived as requiring a high degree of physical strength such as in the construction trades.

Traditional notions of gender and gender stereotypes are still prevalent... preventing women from taking up an apprenticeship in a non-traditional role.

Australian Services Union (submission)

Trade pathways were never marketed to me during school, I was only ever offered traditionally female pathways.

Female apprentice, via Tradeswomen Australia (focus group)

I had a sexist careers advisor in school and was offered no support or info in school – only found out on my own accord and with my mum's help.

Female apprentice, via Tradeswomen Australia (focus group)

A few of my high school teachers were unsupportive of me doing a trade.

Female apprentice, via Tradeswomen Australia (focus group)

We also found that the perception of unwelcoming workplaces can deter women from entering certain apprenticeships or influence parents and teachers to steer young people towards other career pathways. Parents, careers advisors and girls fear women studying trades will face sexism and harassment, and that discrimination will hinder women's career progression (Training Services NSW 2022). We heard that when girls show interest in male-dominated trade occupations, their parents or teachers may redirect them towards other options with the intention of protecting them from entering a potentially hostile work environment, or embarking on a career they consider undesirable.

It was my desire to go against the grain to get into a trade despite friends, family and peers telling me I couldn't do it.

Female apprentice, via Tradeswomen Australia (focus group)

Research suggests that women who do well in male-dominated trades were supported in their interest by men in their families when they were young (Wulff et al. 2022). This research is consistent with what we heard from consultations with female apprentices.

I started my trade after losing my job in my 20s. Back in school it was never spoken about when it comes to women in trades. My dad suggested it was something I look into... my mum was hesitant... again it was very taboo for a woman to be in a trade, she was just looking out for what was best for me.

Female apprentice, via Tradeswomen Australia (focus group)

I grew up around tradies and my dad was a mechanic. I never got exposure nor information from school about apprenticeships or how to approach getting into one. Unfortunately, both the schools I attended in high school pushed my grade to apply for universities and emphasised how important university is in society, rather than expose us to other pathways (TAFE [Technical and Further Education], business school etc. for something we were interested in.

Female apprentice, via Tradeswomen Australia (focus group)

Case study: Teaching women and girls the tools of the trades

Fi Shewring started Supporting and Linking Tradeswomen (SALT) in 2009 to make it easier for women to gain apprenticeships. SALT is a non-profit incorporated organisation which began to provide a support network for tradeswomen, apprentices and women who wish to enter the trades.

SALT's research suggested that barriers for women include that they were simply not taught how to use tools. As a result, SALT developed workshops to teach women and girls in high schools, primary schools and communities how to use tools. This empowers women from very diverse backgrounds including domestic violence, multicultural and First Nations communities. SALT has now extended that reach to all people and is very focused on diversity which reflects Australian society.

To date, SALT has run hundreds of workshops across Western Australia, New South Wales, the Australian Capital Territory, Queensland, Northern Territory, Tasmania, South Australia and Victoria. SALT has covered more than 500,000 kilometres, teaching thousands of people how to use tools in their mobile workshops. Feedback shows the model is working, with 92% of participants saying they were inspired to seek more training in the trades after participating in a workshop.

Case study supplied by Supporting and Linking Tradeswomen.

Workplace culture, safety and inclusion

The critical issue of workplace culture and safety for all apprentices was explored in Chapter 4, and we found there is a gendered aspect of many workplace culture issues. Where gendered roles are deeply ingrained in a workplace culture, women can face discrimination, sexual harassment and risks to their physical and psychosocial safety. The Employment White Paper found workplace sexual harassment continues to be an issue in Australian workplaces, remaining unacceptably high (Treasury 2023b). The Australian Human Rights Commission found that between 2017 and 2022, more than 2 in every 5 women had experienced sexual harassment in the workplace (AHRC 2022).

Male-dominated workplaces were found to have higher rates of sexual harassment, which the Employment White Paper attributed to a range of factors including gender imbalance in the workforce and senior leadership, as well as workplace cultures that are not supportive of women (Treasury 2023b).

From my experience as a tradeswoman and my exposure to numerous industries, there are unique challenges to being a woman in trade. Whether these challenges are the big-ticket items like discrimination or harassment, or the smaller challenges that accumulate, these challenges are resolvable with the same skills required to improve workplace cultures for all people.

Ashley Belteky, former heavy vehicle diesel mechanic apprentice (submission)

The NCVER Apprentice and Trainee Experience and Destinations Survey in 2019 found that poor working conditions was the single biggest factor for women not completing their apprenticeship. Around 14% of women reported poor working conditions as the main reason for discontinuing their apprenticeship, compared with just 7% of men (NCVER 2019). NCVER also found that women in trade occupations were almost twice as likely to observe bullying (46%) than men (24%) (NCVER 2019).

I was the only female and... had quite a few issues with the way that I was treated as the female, particularly in regard to some of the manual work and not being as strong as some of the guys and really negative comments around that, which is kind of linked to the reasons that I moved away from that job.

Female apprentice, via Australian Council of Trade Unions (focus group)

Even where women apprentices in male-dominated trades have not experienced overt bullying, they often reported feeling marginalised on their worksites. In their submissions, the Electrical Trades Union of Australia and the Australian Council of Trade Unions highlighted how women in male-dominated workplaces faced a lack of suitable toilet facilities, lack of understanding of different hygiene requirements, and provision of inadequate, ill-fitting or inappropriate personal protective equipment, despite legal obligations on employers to provide adequate equipment.

[Personal protection equipment] and clothing are provided – however it's all menswear, so nothing fits properly. Very uncomfortable.

Female apprentice, via Tradeswomen Australia (focus group)

On the other hand, we heard that some employers were proactive in ensuring that women in male-dominated apprenticeships were given appropriate support where required.

Being a woman in a [male]-dominated industry, I haven't experienced any, you know, sexism, like comments or anything... but my supervisor has acknowledged that I am a smaller frame, so he has taught me different ways to do [work] because I am smaller. So it's pretty good... there's different ways I can approach it.

Female First Nations apprentice, via Indigenous Training and Recruitment (focus group)

I'm the only female tradie in the company, and the only female in the industry that my tradesman have met, so sometimes they find it hard to determine what some challenges may be for me. [For example, lifting a] 6 metre by 25 millimetre steel pipe is awkward for me because of my small frame... so they show me other ways that might be easier.

Female apprentice, via Tradeswomen Australia (focus group)

Construction work toilet facilities in South Australia

In August 2021, as part of the 'Nowhere to Go' campaign, the Electrical Trades Union of Australia released a report into lack of adequate access to toilets for women on worksites. The report noted that women on worksites where toilets are more than 15 minutes away, often try to control or manage their bodily functions such as by drinking less water and the lack of adequate toilets makes it more difficult for them to change sanitary products or express breast milk (ETU 2021). The report was followed by a survey the following year (ETU 2022). The survey received 2,656 responses and noted that women are 8% to 10% less likely than male workers 'to have access to gendered and/or permanent bathrooms' and almost half of women surveyed said they have raised concerns about the quality of the toilets compared to less than 30% of men (ETU 2022).

In response to the Electrical Trades Union's work, SafeWork SA reviewed its database and found '42% of 765 complaints associated with toilets in the past decade' related to the construction industry (SafeWork SA 2023). To address the large number of complaints from the construction industry, SafeWork SA published new guidance on toilet facilities at construction sites. The guidelines provide that construction businesses must provide clean, hygienic and conveniently located toilets. These toilets must be accessible for all workers, including for workers with disability and for different genders. Separate toilets must be provided in workplaces where both men and women work, in the following ratios:

- men – 1 per 20 men and 1 urinal per 25 men
- women – 1 per 15 women.

Construction sites that do not meet this standard are in breach of the Model Work Health Safety Act and can be penalised by the work health and safety regulator in each state or territory (other than Victoria, as they have their own work health and safety laws).

In addition to new guidelines, SafeWork SA conducted an audit of construction sites. The audit looked at 168 construction sites throughout Adelaide between 1 July and 31 December 2023 (SafeWork SA 2024). SafeWork SA issued 114 improvement notices, with 13 sites having no toilets (SafeWork SA 2024). Of the remaining 90 sites issued with an improvement notice, 93% of them did not have hygienic means to dispose of sanitary items (SafeWork SA 2024). SafeWork SA's campaign demonstrates the need to take targeted approaches to address the specific barriers that priority cohorts face in different industries.

Case study: From motor mechanic apprentice to women in trade advocate

Fiona McDonald’s journey from a motor mechanic apprentice to an advocate for women in trades is testament to her resilience and determination. Her early years were marked by significant challenges including entrenched gender stereotypes and workplace discrimination.

After Fiona was denied a promotion interstate due to concerns about her physical competence and was told her workplace could not be made safe for a woman, she suffered a severe blow to her confidence and contemplated abandoning her apprenticeship.

However, recognising that her struggles were part of a broader systemic issue, Fiona channelled her experiences into advocacy. In 2013, she founded the Trades Women Australia Foundation, and in 2024 she established Consult McDonald.

Fiona advocates for evidence-based interventions, such as targeted mentorship programs and workplace diversity training, to address systemic biases. By promoting collaboration among stakeholders and leveraging the insights of women from various backgrounds, she aims to develop policies that create more equitable workplaces. Fiona’s efforts highlight the critical need for sustained actions to create meaningful change and equal opportunities for all in the trades industry.

Case study supplied by Fiona McDonald.

Dependent care and flexibility

Unpaid care work is not only a persistent barrier to workforce participation for many women, but it can also influence the form of employment women choose and the locations where they work. In addition, it can increase the likelihood of working in part-time, casual and contract work, which tends to be less secure. The gap between the time women and men spend on unpaid work and care is largest between the ages of 31 and 35, which is the time when many families choose to have children. In this age group, women spend on average 18 more hours than men on unpaid labour per week (Australian Government 2024).

We heard that the lack of flexible working arrangements and the inability to account for dependent care in many male-dominated industries were an impediment for participation by women, who often shoulder caring responsibilities in their families. This was a view shared by a wide range of parties, including women’s advocacy groups, unions, employer groups and state and territory governments.

Much has been said about the workplace culture of the building and construction industry acting as a barrier to the employment of more women in the industry. But the workplace culture is never really defined. The main barrier to the employment of women in the industry is that to date the industry has failed in providing the work environment that women are attracted to... The hours of work are not conducive to workers with family responsibilities.

Construction, Forestry and Maritime Employees Union (submission)

Male-dominated industries are much more likely to employ full-time workers than part-time or casual workers (Cooper et al. 2021; JSA 2022). A lack of flexibility of training and work hours in these industries, combined with limited access to childcare places, especially care places available at the hours required in trade industries, are significant barriers to women’s participation in employment, as well as preemployment programs that provide an entry into the workforce.

Table 9 shows the most important incentives for women aged 25 to 39 years to participate in the labour force.

Table 9: Most important incentives to participate in the labour force for women aged 25 to 39 years

Most important incentives	Percentage who agree (%)
Ability to work part-time hours	59.0
Ability to vary start or finish times	49.9
Finding a job that matches skills and experience	48.2
Working a set number of hours on set days	47.8
Support for training or study to improve skills	41.0
Financial assistance with childcare costs	40.3
Access to childcare	39.0

Source: ABS (2024a).

Addressing flexibility in the construction industry

Several submissions identified programs in the construction industry designed to improve flexibility.

A submission from Regional Development Australia New South Wales and the Australian Capital Territory noted the success of the ‘Flex from the Start’ Program at the John Holland construction company. Funded by the New South Wales Government’s Women in Construction Industry Innovation Program, the program provides ‘flexible working arrangements with a late start time of 8:45 am instead of 6:45 am to improve work-life balance’ (John Holland 2024).

A submission from the Construction Industry Culture Taskforce outlined its approach to developing and implementing a ‘culture standard’ for the construction industry, as we discussed in Chapter 4.

Submissions from BuildSkills Australia and the Construction, Forestry and Maritime Employees Union submissions highlighted the success of the taskforce in establishing flexible work arrangements aimed at driving a more gender-diverse industry, including ‘50-hour work week’ trials. This helps address the fact that 64% of current construction industry workers are working more than 50 hours a week (CICT 2024).

Apprentices without family or other support networks simply can't get their children to childcare and then themselves to work before 7.30 am.

National Electrical and Communication Association (submission)

Policies to support gender diversity, including flexible working arrangements... not only improve the workplace culture but also contribute to higher completion rates and greater job satisfaction among female apprentices.

Empowered Women in Trades, National Association of Women in Construction, Tradeswomen Australia and Women in Adult and Vocational Education (joint submission)

Improving access to and use of flexible work arrangements across male-dominated workforces has benefits for men as well. The Building Industry Consultative Council (2024) noted that ‘men’s access to and uptake of’ workplace flexibility entitlements in the construction industry is quite low. By providing women in these industries with flexibility, it opens up the opportunity for men in the workplace to consider whether flexibility may work for them too.

Normalising the use of flexible work arrangements has potential to improve men’s experience in the workplace. Diversity Council Australia (DCA 2021:5) reported that 48% of men with caring responsibilities ‘accessing flex witnessed and/or experienced discrimination and/or harassment in the last 12 months, compared to 28% of male workers accessing flex without caring responsibilities’. Greater use of these entitlements pushes more workforces to accommodate these arrangements and can destigmatise their use.

When discussing VET more broadly, the OECD (2023:8–9) noted that sufficient flexibility in training ensures that ‘students with different personal characteristics, needs and aspirations can have access to VET programmes that are tailored to their needs’.

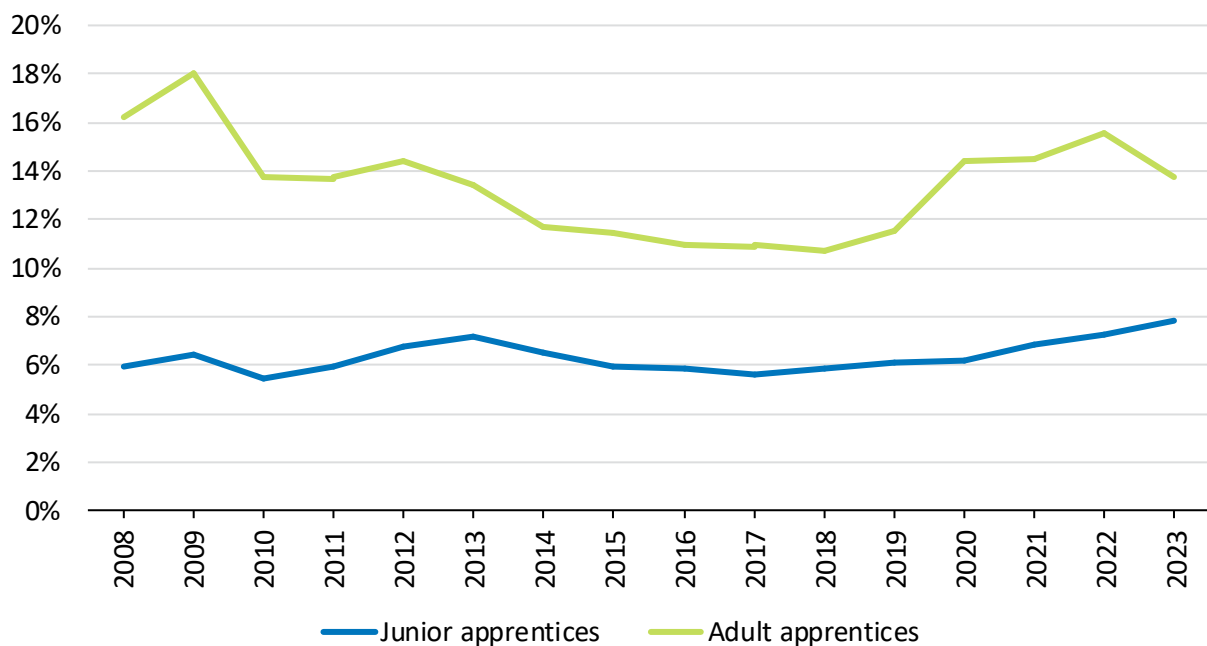
However, we note that Women in Adult and Vocational Education (2024) cautioned against framing women’s participation in male-dominated trades as one heavily defined or limited by the pressures that ‘having babies and family demands’ puts on women’s career aspirations in the current social climate. While our report recommends accommodations around care and flexibility, this is only one of many changes that need to occur in male-dominated industries to ensure they are welcoming and accessible to everyone, including women.

Adult apprenticeships

We found that women are more likely than men to enter male-dominated apprenticeships later in life. Around 48% of women apprentices in male-dominated trades are aged over 21. In contrast, only around 18% of female apprentices in other trade occupations are aged over 21.

The Electrical Trades Union of Australia submission noted many apprentices ‘are older, no longer dependent on their parents, and are often starting families of their own.’ This is particularly the case for women, many of whom start the trade once they are adults or after having children. As Figure 53 shows, the proportion of adult female apprenticeship commencements in male-dominated trades is consistently higher and often more than twice that of junior female apprenticeship commencements.

Figure 53: Proportion of apprentices who are women in male-dominated trade occupations



Notes: Commencements by age groups are for the 12 months to 31 December 2023. Priority classification is based on the 2024 Australian Apprenticeships Priority List.

Sources: Review analysis based on NCVER (2024b) apprentices and trainees data.

Chapter 2 discussed the higher financial strain associated with undertaking an apprenticeship when older. This can be particularly pronounced for women who are more likely to have family or caring responsibilities than men.

I am 26 and I'm about to start the pre-apprenticeship and then go into it from there. I couldn't really dream of starting it if I was going to be paid [junior rates].

Pre-apprentice, via Australian Council of Trade Unions (focus group)

Around 42 per cent of male apprentices are aged 21 or older at the beginning of an apprenticeship/traineeship in the construction industry, in contrast 61 per cent of females are aged 21 or older at the time of commencing.

Housing Industry Association (submission)

[Apprenticeship] wages are a major barrier for mature age workers, as many are unable to sacrifice a lower baseline pay due to financial obligations.

Australian Services Union (submission)

While older workers might want to make a career change and enter an apprenticeship, we heard from some that current wage structures for apprentices are a key barrier. In its submission, the Australian Retailers Association cited news reports about adult apprentices being 'unable to afford housing and family needs', while the Australian Council of Trade Unions submission noted how low rates of pay for adult apprentices often acts as a barrier for workers wishing to retrain or change industry through an apprenticeship pathway.

Further discussion on apprentice wages, including the financial challenges faced by adult apprentices, is in Chapter 2.

Apprentice pay rates often lag significantly behind entry-level rates in other industries which have no qualification requirements such as retail or other services. Despite the obvious long-term upsides presented by the apprentice model, this pay disparity can act as strong disincentive to young people and for mature age apprentices as it causes them to doubt their ability to support themselves and their family while undertaking an apprenticeship.

Australian Council of Trade Unions (submission)

In its submission, BuildSkills Australia said that an apprenticeship system with more flexible completion timeframes (for example, accelerated apprenticeships) would support completion rates because it would be more attractive to workers who have other qualifications or real-world experience.

Recognition of prior learning is discussed further in Chapter 6.

Case study: Half price training helps single mum's career change



Image: Regan working as an apprentice engineer.

Following in her father's footsteps, 22-year-old Regan enrolled in a Certificate II in Engineering – Fitting and Machining (pre-apprenticeship) at South Regional TAFE Bunbury campus in February 2021. It was half price under the Western Australian Government's 'Lower fees, local skills' initiative.

'Changing careers can be really expensive,' said Regan. 'Knowing that the certificate in engineering was half price was a great incentive for me to enrol in a course that I knew I would not only enjoy but also hopefully get a job at the end of it.'

Lecturers describe Regan as a standout student who made such a great impression during her work placement with Programmed Skilled Workforce, that she was offered an apprenticeship 3-quarters of the way through.

Regan currently balances her busy home life with full-time work and training at TAFE, now doing her apprenticeship in a Certificate III Engineering – Mechanical Trade. 'It's definitely a challenge! I am the only female at work but the boys at work are great and very supportive. I'm doing things on the job I thought I could never do, and my co-workers are constantly giving me opportunities to learn new things.'

Case study supplied by the Western Australian Department of Training and Workforce Development.

Employer attitudes

If women's participation in male-dominated trades is to increase, employers must be willing to both take on women apprentices and meet their legal obligations to provide an appropriate workplace environment. Some employers regard trades as 'men's work' involving heavy lifting, getting dirty and not being suitable for women (Training Services NSW 2022). Studies also show that when employers lack human resources infrastructure, they find formal recruitment more challenging and give less consideration to work-life balance and other cultural issues that may be more front-of-mind for women employees than men (Training Services NSW 2022).

During our consultations, we heard from organisations, including business peaks and the National Association of Women in Construction, that many employers want to be more inclusive of women in male-dominated occupations and recognise that women can contribute to a more inclusive and dynamic workplace. However, we also heard that a barrier to employers taking on more diverse apprentices is 'navigating the unknown', or how to make real, genuine cultural change. We heard from some Apprentice Connect Australia Providers, GTOs and industry groups working with employers that simple, practical advice on inclusion of women and other diverse workers has been well-received.

There is a Women in Trades person that checks in every so often. The culture for women is good at the company [I work for].

Female apprentice, via Australian Industry Group (focus group)

In their research into women working in the Victorian construction industry, Holdsworth et al. (2020) cited 2 programs as successful examples of proactive cultural change focused on changing employers' attitudes:

- The Victorian Government's Generating Equality and Respect program, which sought to 'saturate' construction industry worksites with interventions aimed at preventing violence in the community. The evaluation noted the importance of engaged managers, teamwork and capacity building, as well as involving a range of stakeholders.
- A British intervention to advance women in the construction industry via local government public procurement processes, which made gender equality a requirement for construction contracts for London's Olympic Park. The project increased the number of women on-site and later led either to apprenticeships or permanent employment for most of the tradeswomen who had worked on the site. The initiative makes a case for the involvement of stakeholder and industry groups.

Off-the-job training environments

Training environments can also be gendered and have negative impacts on completions. For example, while 47% of VET teachers are women (JSA 2024c), we heard that training environments replicate stereotypes of non-inclusive workplaces that do not necessarily reflect diversity, including gender diversity. As Technical and Further Education (TAFE) Directors Australia observed when giving evidence to the Inquiry into the Perceptions and Status of Vocational Education and Training, VET trainers often enter the training workforce after 20 to 30 years in an industry and bring with them the biases of those workplaces and industry norms (Standing Committee on Employment, Education and Training 2024). An education and training classroom environment where gender inequalities are normalised contributes to gender segregation in the skilled trades and can also act as a significant barrier to women's employment (PMC 2023b).

TAFE has been one of my largest career challenges to date. Between sexist teachers, and nasty students, it has tested every bit of resilience I have.

Female apprentice, via Tradeswomen Australia (focus group)

Teachers ignored me and it was better if I just worked alone. I had less time to practise which was unfair. No attempt to sort this made me feel isolated, judged, misunderstood.

Female apprentice, via Tradeswomen Australia (focus group)

Opportunities to boost women's participation in male-dominated trades

As discussed in Chapter 4, improving workplace culture takes time, particularly shifting societal norms and expectations around gender and work.

Moving towards a gender-balanced workforce can only be achieved through consistent efforts to drive cultural change over a long period of time.

Housing Industry Association (submission)

We note a range of initiatives at the Commonwealth level have been announced recently to better support women in apprenticeships, with some aimed at improving employer capability. These include:

- The Building Women's Careers Program, which will fund up to 10 large-scale and several smaller projects and place-based partnerships to drive systemic structural and cultural change to improve women's access to flexible and inclusive VET opportunities in male-dominated industries. Additional investment of \$55.6 million was announced in the 2024–25 Budget to boost women's participation in the construction, clean energy and advanced manufacturing industries.

- The Australian Skills Guarantee (ASG), which sets national targets for apprentices, trainees, paid cadets and women working on Australian Government-funded major projects.
- A new model for Australian Apprenticeship Support Services, which includes initiatives to support women in male-dominated trades. Changes to the Australian Apprenticeship Support Services were discussed in Chapter 4.

While we welcome new approaches to support women, more work needs to be done. It is important that the objectives of these programs are clearly defined, and that a proper evaluation is undertaken to assess their impacts on the representation of women apprentices in male-dominated trades. Evaluation of pilot programs may provide insights into successful changes that can be implemented across the system to better support women working in male-dominated trades. It will also be necessary to make these evaluations publicly available, so that other parties and jurisdictions can learn from their lessons and craft higher-quality policy.

Further discussion on evaluation is in Chapter 8.

Women apprentices in male-dominated trades: proposed reform directions

Leveraging procurement policies

In Chapter 2, we discussed how the ASG, which introduced national targets for apprentices and women on eligible Australian Government-funded major projects from 1 July 2024, can be leveraged to incentivise employer behaviours around engaging and retaining apprentices. We recommended (Recommendation 2.12) that, as part of the next annual review of the ASG, among other things, the Australian Government should require that a supplier’s performance against their ASG obligation be made public at the end of the contract, and expand the scope of Gender Equality Action Plans to resemble a ‘cultural contract’ through which employers take specific actions to address intersectional gender challenges and promote a gender-inclusive workplace culture specific to their industry.

Supporting adult women into priority occupations

In Chapter 2, we discussed ways to improve the GTO Boost pilot program so it can support SMEs in priority occupations in the clean energy, construction and manufacturing sectors to support apprentices with a better workplace experience. We recommended the reframed GTO Boost pilot program has a 20% target for women taking up the apprenticeships (Recommendation 2.5).

Earlier in this chapter, we discussed the wage barriers that adult women apprentices face when entering male-dominated trades, and the reluctance of employers to hire them. There is an opportunity for the Australian Government to provide incentives for employers to encourage the hiring of adult women in male-dominated trades, particularly those with a very low proportion of women such as electricians (where women represent just 6% of apprentices currently in training) and construction trades such as carpenters and joiners (3%), plumbers (2%) and bricklayers (2%) (unpublished DEWR apprentices and trainees data as at August 2024).

Recommendations	
5.1 	<p>The Australian Government implements a pilot program to subsidise SMEs engaging women apprentices over the age of 21 in the first and second years of apprenticeships, in high-priority trade occupations in shortage with low proportions of women, for example construction workers and electricians.</p> <p>This pilot leverages the user-focused framework for high-performing GTOs and culture standards applied in relation to the Australian Skills Guarantee (see Recommendations 2.3, 2.4 and 2.12).</p>

First Nations apprentices

A note on language

We acknowledge there is no single Aboriginal or Torres Strait Islander identity. There is a wide range of nations, cultures and languages across mainland Australia and the Torres Strait. Communities and individuals are the authority on the language they prefer.

We use the term 'First Nations people' throughout the report to refer to Aboriginal and Torres Strait Islander peoples to reflect the Australian Government preferences, but may also at times use other terms that reflect the language used by stakeholders or specific program names.

We heard that more can be done to assist First Nations people's participation in the apprenticeship system. While First Nations people have high participation rates, completion rates are low. This can be attributed to the specific workforces challenges unique to First Nations apprentices. We heard that First Nations apprentices can often face racism, discrimination and bullying in the workplace and that employers and registered training organisations (RTOs) can hold limiting and ingrained attitudes about their capabilities. Culturally relevant training programs and support services for employers and RTOs are crucial to addressing the unique challenges faced by First Nations apprentices, such as cultural dislocation and systemic disadvantage.

National Agreement on Closing the Gap

The objective of the National Agreement on Closing the Gap is to enable First Nations people and governments to work together to overcome the inequality experienced by First Nations people and achieve life outcomes equal to all Australians (Closing the Gap n.d.).

The National Agreement contains socioeconomic outcomes and targets for all governments to address. The relevant outcomes for apprenticeships are:

Target 6 – By 2031, increase the proportion of First Nations people aged 25 to 34 years who have completed a tertiary qualification (certificate III and above) to 70%.

Target 7 – By 2031, increase the proportion of Aboriginal and Torres Strait Islander youth (aged 15 to 24 years) who are in employment, education or training to 67%.

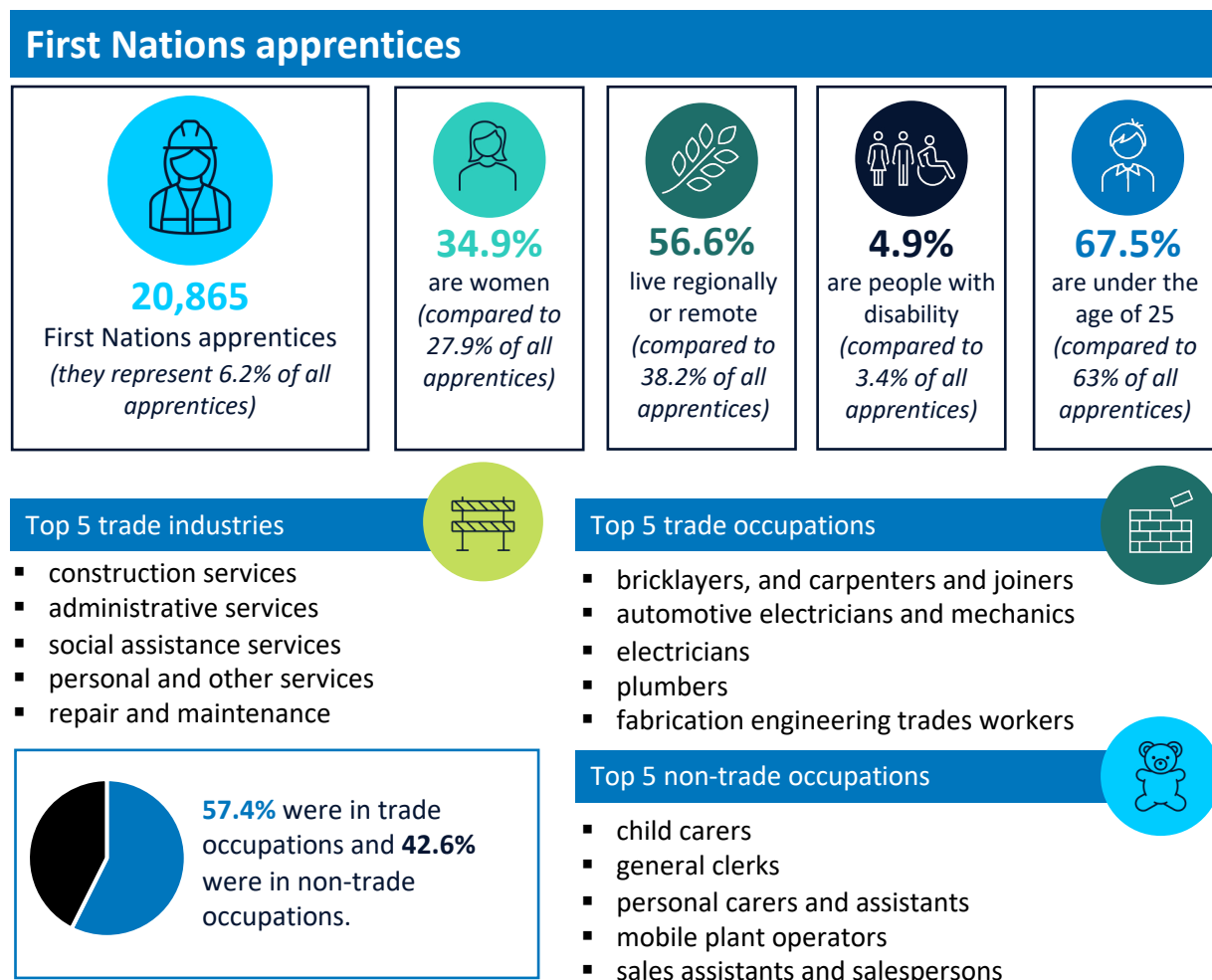
The 4 priority reforms in the National Agreement aim to change the way governments work to accelerate improvements in the lives of First Nations people. In particular, priority reform 2: building the community-controlled sector calls for the involvement of First Nations community-controlled organisations in the delivery of training and support to apprentices.

First Nations participation in the apprenticeship system

In 2023, First Nations people accounted for 8.2% of total apprenticeship commencements (review analysis based on NCVER 2024b). This is higher than the proportion of First Nations people in the general population, which is around 3.2% (ABS 2022), and higher than First Nations participation in the total VET population, which is 3.5% (NCVER 2024c).

The proportion of First Nations apprentices in training has increased over the past 15 years, from 3.1% in 2009 to 6.2% in 2023 (review analysis based on NCVER 2024b).

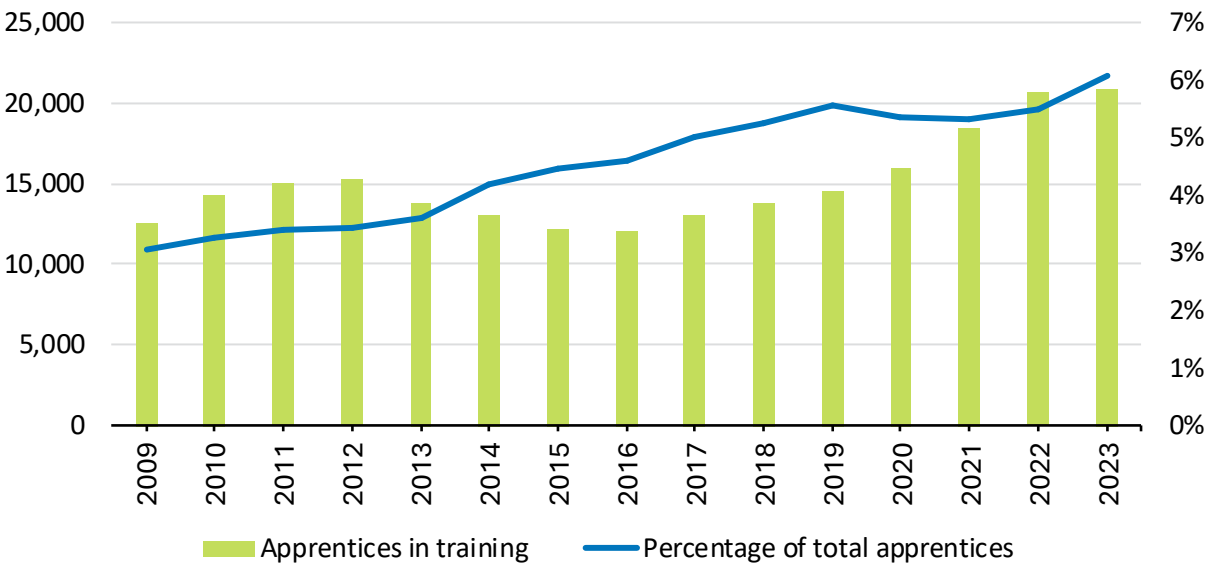
Figure 54: Key data about First Nations apprentices



Source: Review analysis based NCVET (2024b) apprentices and trainees data.

Research from Jobs and Skills Australia (JSA 2023b) found First Nations people take up apprenticeships in broadly similar industries to non-First Nations apprentices, but generally at a lower skill level (JSA 2024d). While most apprentices are training at the certificate III level, a higher proportion of First Nations apprentices are training in lower-level qualifications, with around 6% of First Nations apprentices in training at the certificates I and II level compared with 2% for non-First Nations apprentices (analysis based on NCVET 2024b data).

Figure 55: First Nations apprentices in training is increasing



Note: The data is the First Nations apprenticeships in training, reported on a quarterly basis each year, from 2009 to 2023.

Source: Review analysis based on NCVET (2024b).

First Nations apprentices have lower completion rates

First Nations apprentices have a lower completion rate (48.3%) compared with non-First Nations apprentices (55.6%), and this gap is wider for trade occupations (14.1 percentage points lower) than for non-trades (3.7 percentage points lower). However, like overall apprenticeships, the completion rate varies between occupations (analysis based on unpublished DEWR apprentices and trainees data as at June 2024).

Table 10: Top 10 occupation completion rates for First Nations and non-First Nations apprenticeships

Occupations	First Nations completions (%)	Non-First Nations completions (%)	Difference (%)
Carpenter	43.6	61.4	-17.8
Sheetmetal worker	41.9	58.6	-16.7
Hairdresser	30.1	46.2	-16.1
Sales assistant (general)	48.3	62.5	-14.2
Motor mechanic (general)	40.1	52.5	-12.4
Childcare worker	47.1	59.3	-12.2
Electrician (general)	56.4	67.6	-11.2
Plumber (general)	54.3	63.0	-8.7
General clerk	58.8	66.6	-7.8
Miner	63.2	65.8	-2.7
All trade and non-trade	48.3	55.6	-7.3

Note: Based on 2019 commencing cohort.

Source: Review analysis based on unpublished DEWR apprentices and trainees data as at June 2024.

Challenges experienced by First Nations apprentices

We heard that First Nations people experience a range of barriers to participating in or successfully completing apprenticeships. These focused on training, including the availability of training in suitable locations and delivery of training in ways that work for First Nations people, and issues such as racism and inadequate cultural safety in the workplace.

The structure of apprenticeships, reasons for undertaking apprenticeships, living in a regional and remote area, and cultural considerations have also been identified as issues (Social Research Centre 2023).

Training environments and locations

Findings from NCVER (2019) indicate First Nations apprentices are generally more satisfied with the working conditions, safety and pay of their apprenticeship compared with non-First Nations apprentices. While analysis of this data must be used with caution due to sampling limitations, this aligns with the views of First Nations apprentices consulted during this review, who generally expressed positive views about their off-the-job training. They said they enjoy the practical aspects of it and the training gives them the chance to learn tasks in greater detail.

I love it [trade school]. I love the practical side especially... [It's] where I learn most of the stuff... I learn a lot out on the field but this is where I learn the deep details behind the systems and everything.

First Nations female apprentice, via Indigenous Training and Recruitment (focus group)

Some expressed challenges with aspects of the maths content in their training, especially those who had a gap between finishing school and starting an apprenticeship, but several indicated they could get help from teachers when needed.

[T]he teacher's always there, they just say 'Hey if you can't do it, just give us a yell and I'll help you'... [but] it can be difficult if [you're] too shy to speak up and say 'Hey I need help'. But it's good, it definitely helps me.

First Nations apprentice, via Indigenous Training and Recruitment (focus group)

It is often the case that First Nations people must travel away from their community to undertake training in their desired field, which can be a particularly difficult time where individuals might require additional support from their training provider (Griffith and Andrahannadi 2023). We heard numerous times that First Nations people need to be supported to undertake training on Country.

First Nations organisations told us that First Nations apprentices also need more flexible training options so they can learn the way that best suits them, including balancing training and cultural obligations.

Marathon Health's submission highlighted its Aboriginal Workforce Development Initiative to increase health care and social assistance in regional and remote communities. The program is funded by Western NSW Primary Health Network and the Department of Regional NSW and is assisting 25 First Nations people from 10 communities to complete a Certificate IV in Mental Health or Certificate III in Aboriginal and/or Torres Strait Islander Primary Care. The initiative is helping participants gain the necessary skills to ensure a sustainable transition into employment in their community. Based on the needs of the participant, additional tailored training is available from a Marathon Health Training Officer through a peer support approach.

To further reduce barriers to participation, transport and accommodation is provided during the block release component of training. This program is highly successful, with participants being on track for an 80% completion rate, and most host employers intending to continue their employment and assist with completing further study.

During consultations, we heard concerns that low levels of cultural competency among mainstream training providers and the lack of First Nations people delivering training can be barriers to participation in, and completions of, apprenticeships. First Nations representation in the VET workforce varies from around 2.1% to around 3.1% of the total VET workforce, and only 1.8% of teachers, trainers and assessors (JSA 2024e). This is lower than the proportion of First Nations people in the general population (approximately 3.2% (ABS 2022)) and in apprenticeships (approximately 6.2% (NCVER 2024b)).

A report from NCVER that considered 5 VET programs aimed at First Nations people found these students were more successful when taught by local trainers, in their own language, and when they could learn on Country (Guenther et al. 2017). The most successful of these programs achieved a 78% completion rate and used a community development approach allowing for high levels of local ownership and autonomy over the program (Guenther et al. 2017). The Joyce Review relied on this report in recommending that the Australian Government ‘support the development of more quality Indigenous-owned-and-led RTOs to provide more Indigenous learners with the option of foundation and vocational training in an Indigenous cultural setting’ (Joyce 2019: 109).

However, in consultations, we heard that the sector is small and, due to funding constraints, faces challenges in its capacity to provide services to more apprentices.

Unfortunately, experiences with mainstream RTOs and TAFEs, which in some instances do not provide a culturally safe training environment, are often problematic and impact the willingness and enthusiasm of Aboriginal and Torres Strait Islander peoples to study. The need to train off Country and the lack of block training options offered by TAFEs and mainstream RTOs are also significant barriers for Aboriginal and Torres Strait Islander students and workers.

National Aboriginal Community Controlled Health Organisation (submission)

We heard that the impacts of racism and history of trauma can mean First Nations apprentices require additional support to engage with, and remain in, the training system. First Nations groups suggested the apprenticeship system needs to allow for people to enter and exit at a pace that suits them and their needs.

One solution proposed by the National Aboriginal Community Controlled Health Organisation was that training delivery could be broken down into discrete skill sets so people can complete portions of their apprenticeship in stages. This would enable First Nations people to have progressive recognition of competencies that could help them enter employment.

This proposal highlights the critical need to put the apprentice at the centre. Building in some recognition of competencies along the way might also suit employers in areas of workforce shortage, such as in Aboriginal primary health care, as employers might be able to take on people who have not yet completed a full apprenticeship but who have a minimum set of skills to start working.

Cultural safety in the workplace

We heard from First Nations organisations that it is important for First Nations students to train and work in culturally safe environments, and with people who are experienced in working with apprentices who may have complex needs.

One of the challenges that continues to face the First Nations cohort is the lack of cultural competency among employers. Stereotypes, assumptions, and unconscious bias exist and make it difficult in placing students in environments where they may face negative experiences. This can be quite traumatic and be extremely damaging to a young person's or even older person's confidence when moving into the workforce. It is important to closely examine an organisation and have conversations with the people who will be supervising the apprentices.

Workforce Australia Local Jobs Barwon (submission)

Many First Nations apprentices who were part of the Indigenous Training and Recruitment focus group indicated they had had some experience of racism in the workplace, but also felt in general they were treated fairly equally in their trades. Some described receiving racist comments, but also spoke about how they call out that behaviour and manage it themselves in the workplace.

For Aboriginal and Torres Strait Islander students, it is important that both training and workplace experiences take place in a culturally safe environment and with people experienced in working with students who have complex needs and in many instances requiring [language, literacy, numeracy and digital skills] supports. An additional element in training and development considerations is the need for wrap-around supports for Aboriginal and Torres Strait Islander students. There is strong evidence that the provision of such support results in better completion rates for these students.

National Aboriginal Community Controlled Health Organisation (submission)

There were broad calls from employer and business peaks and diversity advocates for more support for mentoring and networking opportunities for First Nations apprentices. Marathon Health was of the view that the current level of incentive payments is not an adequate incentive for employers to provide the necessary time and resources.

In its submission, the National Apprentice Employment Network noted that GTOs have been a strong and successful employer of First Nations apprentices and cited their record on culturally safe pastoral care, Indigenous mentors and other wrap-around support services. The submission particularly noted the example of Indigenous Allied Health Australia (a First Nations owned GTO), which employs 112 apprentices nationally and has been particularly successful in retentions and completions 'with over 85% of the 2023 cohort either graduating or returning in 2024'.

A lot of the young people that commence those traineeships and apprenticeships, unless they've got really good support through that, particularly if they're young people that haven't experienced or don't have the experience of having a network of people around them, it's a very tough gig.

Employer service provider working with First Nations apprentices, Queensland, via Brotherhood of St. Laurence (submission)

RAW First Nations kinship outreach program

Operating in South Australia and Victoria, RAW is a First Nations owned and operated GTO that provides employers and First Nations apprentices with culturally safe employment opportunities. In addition to overseeing training and employment, RAW also offers a First Nations kinship outreach program for culturally appropriate wellbeing services to improve the safety of First Nations apprentices employed in the construction industry. The kinship program helps to support broader family and community elements that are often missing in the systemic approach.

Issues related to workplace culture for all apprentices are explored in more detail in Chapter 4.

Data collection for First Nations apprentices

While effective data is a challenge across the board for priority cohorts, several groups (including the Australian Chamber of Commerce and Industry and the Australian Travel Industry Association) echoed JSA's recommendation (JSA 2023b) that further research is needed to understand the differences between apprenticeships with high completion rates and those with low completion rates, to assist First Nations people to identify best-practice approaches.

Opportunities to boost First Nations participation in the apprenticeship system

National Agreement on Closing the Gap

As outlined earlier, the National Agreement on Closing the Gap contains specific targets to increase the proportion of First Nations apprentices by 2031 and identifies a priority reform that calls for the involvement of Aboriginal community-controlled organisations in delivering training and support to apprentices (Closing the Gap n.d.).

VET is the sector of choice for post-school education for Aboriginal and Torres Strait Islander students. VET training provides important entry-level pathways and skill-set development for local people, particularly in Aboriginal and Torres Strait Islander communities. A stronger emphasis on VET as a pathway into health and public health careers is likely to deliver more Aboriginal health professionals which will support better health outcomes for Aboriginal communities.

National Aboriginal Community Controlled Health Organisation (submission)

Closing the Gap is identified in the new National Skills Agreement (NSA) as a national priority requiring focused effort from all governments. The NSA includes a focus on the Aboriginal Community Controlled and First Nations Owned training sector, with specific funding under the Closing the Gap policy initiative to expand investment in the capability, sustainability and growth of this sector.

Indigenous Allied Health Australia's submission highlighted that investment into First Nations-led programs enables organisations to be less reactive to commercial imperatives and more able to respond to the needs of First Nations people.

The apprenticeship system should contribute to the goals of Closing the Gap. We heard that using the incentive system to support take up across a range of trades is crucial to meeting Closing the Gap outcomes, such as local employment that contributes to areas including health care and housing.

Through consultation and submissions, First Nations groups also made it clear that they want the Australian Apprenticeships Priority List (Priority List) to better align to and support the goals of the National Agreement on Closing the Gap.

National Aboriginal Community Controlled Health Organisation recommended in their submission that all Aboriginal and Torres Strait Islander Primary Health Care qualifications and all Indigenous Environmental Health qualifications should be added to the Priority List. Indigenous Allied Health Australia also sought to have relevant health care qualifications included.

Access to incentive payments is also undermined by inconsistencies in how allied health assistance is considered within skills priority designations... Ensuring that the Certificate III and Certificate IV in Allied Health Assistance are consistently featured in skills priority and needs lists is essential.

Indigenous Allied Health Australia (submission)

In support of Closing the Gap priorities, First Nations organisations have established targeted programs that combine First Nations culture and practices with employment opportunities in the community, such as First Nations ranger programs.

Junior Rangers program

The Australian Government's Junior Ranger program offers on-Country learning opportunities for First Nations primary and secondary students at over 80 locations across Australia. Projects are place-based, community-driven and aligned with local needs and aspirations. Activities aim to boost school engagement and retention, while providing practical skills in land and water management. Many projects provide pathways for young people to pursue future careers as Indigenous Rangers. The program is delivered by a combination of program staff, ranger groups, schools and local Elders.

Projects and initiatives can include school-based activities (as well as camps, excursions and field trips) involving land, sea and natural resource management, environmental data collection, heritage related activities and cultural studies. Projects can also support students to gain relevant qualifications, such as in Conservation and Ecosystem Management, Marine Studies and First Aid.

In July 2024, the Centre for Aboriginal Economic Policy Research at the Australian National University published its second independent evaluation of the Learning on Country Program, which was established in 2013 and now delivers junior ranger activities at multiple locations across the Top End of the Northern Territory. The evaluation found the program is continuing to improve school engagement, retention and Year 12 attainment, as well as increasing vocational training and post-school pathways into employment, demonstrating the success of locally led on-Country learning.

Other government initiatives

Other initiatives to support First Nations apprentices include:

- **Australian Apprenticeship Support Services through Apprentice Connect Australia Providers** which was rolled out on 1 July 2024, focusing on delivering strengthened support throughout the apprenticeship journey for apprentices who are at the highest risk of non-completion, including First Nations apprentices. New Specialist Providers have also been introduced to deliver expertise to specific cohorts, such as First Nations people. First Nations specialist providers will support employers to create culturally competent and safe workplaces, attract and retain First Nations apprentices, and draw on Indigenous business and community-controlled organisations.
- **A redesigned Skills for Education and Employment Program**, which was announced in the 2023–24 Budget to improve English language, literacy, numeracy and digital (LLND) skills. Stream 2 focuses on whole-of-community LLND skills training for First Nations people and is designed to support community engagement. This will be delivered by First Nations organisations who will partner with RTOs or Adult Community Education providers to deliver co-designed LLND training.
- **The development of a First Nations Clean Energy Strategy**, as a key priority under the National Energy Transformation Partnership. The strategy will give First Nations people a say in renewable energy policies and programs and provide opportunities for skilled First Nations people and those who can undertake the necessary training.

Supporting innovative and more culturally competent workplaces and training models

There was a broad consensus that more wrap-around supports for apprentices are needed, including mentoring and peer networks (for example, see the Australian Chamber of Commerce and Industry and the Electrical Trades Union of Australia submissions). Previous reviews also found the need to support First Nations apprentices, and other priority cohorts, to set them up for successful outcomes (McDowell et al. 2011; Joyce 2019; Standing Committee on Employment, Education and Training 2024).

We heard about the value that Aboriginal community-controlled organisations (ACCOs) can offer to support First Nations apprentices through training and moving into the workforce. In its submission, the National Aboriginal Community Controlled Health Organisation noted that ACCO RTOs in the health sector provide critical supports such as cultural and clinical mentoring, tutoring, block training and project-based assessments, wrap-around services to support students' personal and family needs, LLND support, and travel and accommodation needs.

Throughout consultations, many First Nations organisations advocated for the need for collaboration on innovative approaches, including through encouraging industry partnerships. The National Aboriginal Community Controlled Health Organisation highlighted the need to encourage partnerships between ACCO RTOs and mainstream TAFEs and RTOs, as the main providers of training to apprentices. Employer and business peaks told us about existing industry partnerships with First Nations communities, and a desire to increase and improve these to better support First Nations representation in apprenticeships and continued employment in their industries.

Case study: Fostering the next generation of allied health professionals

First Nations people only make up about 0.8% of the Australian Health Practitioner Regulation Agency allied health professionals. This means not enough First Nations people are in health jobs and industries. This is something that Indigenous Allied Health Australia and its 1,700 national members are looking to change.

One way they are doing this is through their innovative program, the National Aboriginal and Torres Strait Islander Health Academy (IAHA Academy). It is a program to support Year 12 students complete a Certificate III in Allied Health Assistance. The qualification can lead directly to jobs and to many other career pathways but is often underused and is not widely available in VET.

The IAHA Academy originally began in Darwin, with their first intake of school-based apprentices back in 2018. A late withdrawal of program support meant they also started without any funding, but with the community's support, they proceeded with the faith that they would make it happen. Since then, the IAHA Academy has grown to 5 locations across the Australian Capital Territory, New South Wales, the Northern Territory and Queensland.

First Nations teachers in the Darwin classroom teach in a way that matches their students' life experiences, cultural knowledges, and learning preferences. Their experiences regularly inform curriculum redesign. They also deliver and support improved cultural safety in every aspect of the program.

The program is intensive and holistic, as it actively works to address barriers to students to succeed. They have embedded place-based programs that meet the needs of students, families, and communities. Examples of the supports provided are:

- personalised learning and support plans for each student
- food on the days that students are in the workplace or classroom
- self-care with social, emotional and wellbeing supports
- transport assistance
- tailored Aboriginal and Torres Strait Islander health and wellbeing support
- practical items like uniforms, footwear and laptops.

Indigenous Allied Health Australia has also become a GTO in 3 states and territories to ensure positive workplace experiences for their students. If one host employer isn't the right fit, they can find another because they are the direct employer.

The model is working. The program boasts an impressive 90% completion rate, almost double the average apprenticeship completion rate. In 2023, Indigenous Allied Health Australia celebrated a huge milestone with 120 young people having graduated so far, with increasing enrolments and completions every year.

Indigenous Allied Health Australia continues to advocate for and support their participants, building on their successes and finding ways to broaden their reach despite challenges. Future plans include securing support to extend their program to adult learners and to additional locations across Australia, with the strong backing of First Nations communities and organisations.

Case study supplied by Indigenous Allied Health Australia.



Image: Indigenous Allied Health Australia Academy trainer, Gabe Oth and Jonah in the teaching environment.

First Nations apprentices: proposed reform directions

Aligning apprenticeship incentives to Closing the Gap commitments

As discussed in Chapter 2, there are opportunities to better align the incentive system with occupations that support key Australian Government economic priorities and social equity objectives.

In Recommendation 2.1 we said that the Australian Government can better target incentives towards areas of skills need aligned with economic priorities and social equity objectives, which would include First Nations-specific occupations that support Closing the Gap commitments.

Leveraging procurement policies to increase First Nations representation in apprenticeships

In Chapter 2, we also discussed how the ASG, which introduced national targets for apprentices and women on eligible Australian Government-funded major projects from 1 July 2024, can be leveraged to incentivise employer behaviours around engaging and retaining apprentices.

The First Nations Clean Energy Network told us that targets can be effective and that employers should be required to hire First Nations apprentices through procurement and grant schemes. This is particularly relevant to key areas such as the clean energy transition where there is a real opportunity for First Nations communities to be part of establishing this new workforce. However, this needs to be executed in a way that does not encourage ‘churn’ in hiring practices, and in conjunction with measures that improve the cultural safety of workplaces and provide adequate support for First Nations apprentices.

Improving financial support for regional and remote apprentices

More than half of First Nations apprentices live in regional and remote areas. In Chapter 2, we discussed financial barriers to apprenticeships in more detail and made recommendations about how incentive payments can better address these issues. This included Recommendation 2.8, that the Living Away From Home Allowance be increased, and that state and territory governments review the level of financial support that they provide for apprentices’ travel and accommodation.

Improve training delivery to First Nations apprentices

Earlier in this chapter, we discussed how some First Nations apprentices are discouraged from completing their training due to the lack of cultural awareness and competency by training providers.

Recommendations

5.2



In consultation with the Coalition of the Peaks and other First Nations representative bodies, the Australian, state and territory governments establish formal partnership mechanisms between RTOs, Jobs and Skills Councils and First Nations organisations in line with the National Agreement on Closing the Gap, to ensure culturally competent training is delivered to First Nations apprentices.

This includes:

- Expanding Aboriginal Community Controlled RTOs and First Nations Owned RTOs to deliver training to First Nations apprentices and to work with other RTOs to train First Nations apprentices.
- VET regulators, led by First Nations organisations, produce guidance materials on how to provide culturally appropriate training under the Standards for Registered Training Organisations Standards, including ways to provide flexibility to meet cultural obligations and assist those living on Country.
- Evaluating and sharing approaches RTOs use to provide culturally competent training to First Nations apprentices, to increase the knowledge base in the sector, with successful approaches that demonstrate improved apprenticeship outcomes to be scaled across all RTOs.

Apprentices with disability

We heard that apprenticeships are underused for connecting Australians with disability to the job market, and for developing important life skills. This is due to a range of barriers faced by apprentices with disability, which include negative perceptions, lack of support and complex administrative burdens.

To resolve this, apprenticeship supports must be accessible to help people with disability to achieve their full potential through education and learning. Workplaces and off-site training providers must be accessible and inclusive.

Australia's Disability Strategy

Australia's Disability Strategy 2021–2031 (DSS 2021) identifies employment and financial security as central to improving outcomes for people with disability. The strategy sets Outcome Areas where governments at all levels, working with the community and business, will focus on driving improvements for people with disability.

One Outcome Area is Employment and Financial Security, which aims to ensure people with disability have economic security, enabling them to plan for the future and exercise choice and control over their lives.

The strategy recognises that employment and financial security are central to improving the outcomes for people with disability, including providing jobs and career opportunities and having adequate income for people to meet their needs. Policy priorities under this outcome are:

- increase employment of people with disability
- improve the transition of young people with disability from education to employment
- strengthen financial independence of people with disability.

Currently, people with disability are less likely to be employed and, if employed, are more likely to work part-time, compared with people without disability (AIHW 2024c).

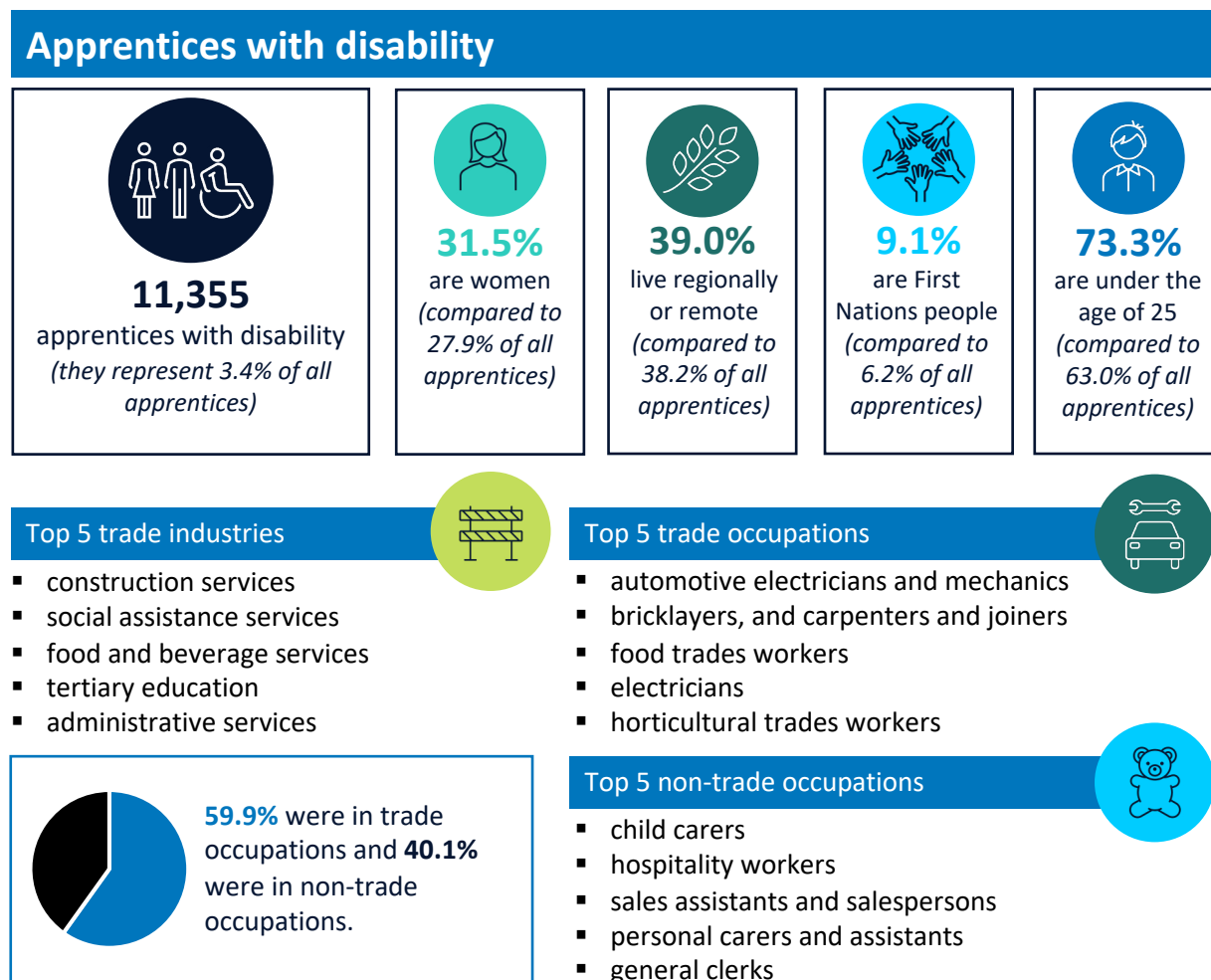
In 2022, for people aged 15 to 64:

- 56.1% of people with disability were employed, compared with 82.3% of people without disability
- 33.4% of people with disability worked full-time, compared with 57.9% of people without disability
- 7.5% of people with disability were unemployed, more than twice the rate of people without disability (3.1%).

Participation of people with disability in the apprenticeship system

Australians with disability are slightly underrepresented within the apprenticeship system relative to the working population, with 3.35% of apprentices in training reporting to have disability (review analysis based on NCVER 2024b) compared with 13.9% of the 15 and 24 aged population and 8% of all employed persons reporting to have disability (AIHW 2024c). Compared to the overall apprentice population, apprentices with disability are less likely to be working in a trade occupation (59.9% compared with 66.5%), more likely to be women (31.6% compared with 27.9%), and much more likely to be under the age of 25 (73.3% compared with 62.6%) (review analysis based on NCVER 2024b).

Figure 56: Key data about apprentices with disability



Source: Review analysis based NCVET (2024b) apprentices and trainees data.

For apprentices with disability, in 2023 there were 7,350 commencements, 3,250 completions and 4,800 cancellations and withdrawals (NCVER 2024b).

Some of the low representation data is due to potential under-reporting on training contracts between apprentices and employers, as many apprentices may see no immediate benefit to self-reporting disability or may not be clear on the definition of disability (Demanuele 2022).

For young people with disability, VET has been shown to be an effective pathway to employment. This includes those with intellectual disability (Nugraha and Mumpuniarti 2018), and those who experience difficulties with literacy and numeracy (Winn and Hay 2009).

Apprenticeships are a valuable pathway to support the transition to employment for Australians with disability (DEWR 2023b). While only 47.8% of people with disability of working age in Australia were employed in 2018, 71.6% of people with disability who successfully completed an apprenticeship that year were employed post-apprenticeship – suggesting apprenticeship pathways may offer considerable advantages for this cohort (Demanuele 2022).

Overall, apprentices with disability have a slightly lower completion rate (51.8%) than apprentices without a disability (55.3%) (unpublished DEWR apprentices and trainees data as at August 2024). In trade occupations, apprentices with disability have around 10% to 15% lower completion rate than apprentices without a disability.

In non-trade occupations, however, apprentices with disability have a slightly higher completion rate (57.1%) than apprentices without a disability (54.2%) (unpublished DEWR apprentices and trainees data as at August 2024).

Hands-on vocational experiences gained via the apprenticeship model are particularly important for people with disability who have difficulties learning in a classroom environment (Carter et al. 2012). In addition, connection to mainstream education and training improves feelings of inclusion and a deeper understanding of the work being done (Meacham et al. 2017), while structured progression through an apprenticeship program and achieving occupational competencies fosters success that is often unavailable in other jobs (Kuehn et al. 2021).

Many of these young people have undiagnosed disability that impacts on their outcomes in education and that diminish their ability to obtain a traineeship or apprenticeship. In saying this, they also exhibit strengths in practical application of skills in the hands-on environment.

Australian Education Union (submission)

Disability Australian Apprentice Wage Support

As explained in Chapter 2, the Disability Australian Apprentice Wage Support (DAAWS) payment provides wage support for employers to assist with employing apprentices with disability, as well as off-the-job tutorial, mentor and interpreter assistance.

DAAWS has a low take up rate, covering less than half of the 11,355 apprentices with disability in training in the apprenticeship system (review analysis based on unpublished DEWR apprentices and trainees data 2024).

We heard the low rate of take up can be due to a lack of awareness of the program. Disability advocates told us that apprenticeship support services need to more proactively promote the supports available for employers of apprentices with disability.

A constant theme is the lack of promotion about DAAWS incentives and the support that can be provided to those with disability. The process for securing funding for off-the-job training is stressful and can be very challenging. This is not only the case for students, but also education providers and families.

Melbourne Apprenticeship Disability Network (submission)

DAAWS has too much red tape

Feedback from disability advocates indicates that the lack of clear eligibility criteria and publicly available guidelines lead to an administrative burden that excludes people with disability, their families and employers from completing the process to sign-up for DAAWS. This echoes feedback heard during 2022–23 consultations on the re-design of Australian Apprenticeship Support Services (DEWR 2023b).

[DAAWS is] too confusing, too hard, too many forms, the people in charge don't know what they are doing, and you can tell. We haven't seen a scrap of money all year... Do better, simplify, and get your act together because you are not helping at all.

Not-for-profit company hiring people with disability in Victoria, via Melbourne Apprenticeship Disability Network (submission)

The Brotherhood of St. Laurence told us that, on average, the DAAWS application process requires 25 hours of administrative work, and it can take months for applications to be assessed by DEWR. An earlier review of DAAWS (Lewis 2002) found the average waiting time for a DAAWS application to be processed was 12 weeks, a process that needed to be completed every 12 months. The extended application process leads to apprentices often not receiving support for the vital first months of their apprenticeship, at times leading to apprenticeship offers being withdrawn.

DAAWS sign-up

To receive DAAWS, employers must complete the Apprenticeships Data Management System Claim Form and have their apprentice undertake a medical assessment by a medical practitioner or registered psychologist documented on the Occupational Assessment for an Australian Apprentice Form (Form 608).

Where the apprentice has a current and valid Job Capacity Assessment or Employment Services Assessment, a new supplementary Form 608a may be completed in conjunction with Form 608, in place of a medical assessment by a medical practitioner or registered psychologist.

The Australian Apprenticeship Incentive System Guidelines state that to extend DAAWS beyond the first year, employers of apprentices with a permanent disability must either have their apprentice undertake a medical assessment, provide a letter detailing the progress of the apprentice, or have the employer submit a new form (DEWR 2024a).

We consider that it could be seen as offensive for someone who has been assessed as having a permanent disability to be asked to undertake another medical assessment a year later to prove their disability again (DEWR 2024b).

The Australian Education Union said in its submission that apprentices should be able to use a preexisting medical assessment as evidence in support of eligibility for DAAWS.

If a new assessment is required, this would create a financial impost to the apprentice and could cause considerable delay in claiming the DAAWS payment.

Australian Education Union (submission)

This is in keeping with an earlier report of the Melbourne Apprenticeships Disability Network (Demanuele 2022: 3), which advocated for simplified application processes for apprentices ‘who have already met proof of disability requirements for the National Disability Insurance Scheme, Disability Employment Services, Disability Support Pension, state and federal education departments or other government disability programs’.

Disability advocates also highlighted accessibility challenges associated with registering for DAAWS.

There are a number of challenges accessing the [Apprenticeships Data Management System] for all DAAWS [including] the presumption that all users can use/own smart devices. All claimants must have a myGov ID – this is to be ‘accessed’ by a number of stakeholders including RTOs, [provider] staff and VET disability practitioners (many of whom are also disabled and for whom this technology is not accessible).

Melbourne Apprenticeship Disability Network (submission)

Challenges experienced by apprentices with disability

Low expectations

We heard from disability advocates that parents, teachers and employers can still think people with disability will have lower levels of literacy, work-ready skills or physical ability that will prevent them from being successful in an apprenticeship.

We heard there is a barrier of low expectations, with many parents not considering vocational pathways for their children with disability or discouraging these pathways out of a sense of protectiveness. Women with Disability Australia told us that conversations need to begin in Years 9 and 10, as longer-term preparation with parents and students is needed to pave the way for an apprenticeship pathway for people with disability. This mirrors the findings of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (2023) and the Independent Review of the National Disability Insurance Scheme (NDIS Review 2023), which identified a need to improve careers guidance for school students with disability to aid transitions to further education and employment.

Employers can be reluctant to invest in an apprentice with disability

Employers are often reluctant to hire apprentices with disability, or do not even consider the possibility. Employers have reported challenges in employing people with disability, ranging from difficulty finding qualified people (76% in 2022) to co-workers' attitudes (53%) (AIHW 2024c). The low rates of apprentices with disability in the apprenticeship system compared with the number of Australians with disability of typical apprentice age imply that there is either reluctance by apprentices to disclose their disability or by employers to hire apprentices who do disclose their disability.

Findings from the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (2023:383) show that discriminatory attitudes and behaviours are present in employment practices:

Discriminatory attitudes, behaviours and ableism can create barriers in the recruitment process and in the workplace for people with disability. Mr Oliver Hunter gave evidence about his experiences as a young person with disability looking for work. Mr Hunter was told by the head of a university campus that he would not be able to do a particular role. He was told this the day before his interview for the position. This attitude was based on an assumption about Mr Hunter's physical disability... Dr [Alexandra] Devine said close to 40 per cent of participants reported experiencing discrimination when looking for a job or in the workplace. Dr Devine told us participants considered discrimination as a 'key barrier to employment'.

Workplace experiences of apprentices with disability can be poor

There is limited data about the experiences of apprentices with disability, and the reasons they do not complete their apprenticeships. However, evidence of disability discrimination in the broader workforce and community suggests this could be a factor. Cocks and Thoresen (2013:26) note that for apprentices with disability, 'social exclusion, particularly harassment and bullying, were significant barriers'.

Disability discrimination

In 2022, among people with disability aged 15 and over:

- 9.9% experienced disability discrimination
- 17.6% of people aged 15 to 34 experienced disability discrimination (ABS 2024a)

Each year, the Australian Human Rights Commission (AHRC) receives more complaints about disability discrimination than any other form of discrimination. For example, in 2022–23, 46% of AHRC complaints were about disability discrimination (AIHW 2024c).

In line with Australia's Disability Strategy 2021–2031, it is critical to address discrimination in the workforce to increase the number of apprentices with disability. The strategy recommends policy design be done with a lens of inclusion and accessibility (DSS 2021).

People with disabilities encounter unique challenges in accessing and completing apprenticeships. Barriers such as inaccessible workplaces, lack of accommodations, and discrimination hinder their participation.

Visual Media Association (submission)

NCVER data indicates that apprentices with disability are less satisfied with their apprenticeship than apprentices without disability. This includes lower satisfaction with the working conditions, co-workers, and pay.

However, apprentices with a disability do not observe more bullying than apprentices without disability (review analysis based on NCVER 2019 data).

Apprentices with disability can be unwilling to inform their employer of their disability and subsequently face issues when it comes to meeting the expectations of their employer, and not receiving the necessary supports to help them through their apprenticeship (Demanuele 2022). GTOs and Apprentice Connect Australia Providers told us that apprentices with disability are not always comfortable with revealing their disability to their employer for fear that they will either be let go or treated differently in the workplace.

Disability advocacy groups said that apprentices with disability often need additional support, particularly before sign-up, to ensure they are matched with the right employer who understands their individual circumstances and can provide the necessary conditions to support them to succeed (DEWR 2023).

On top of discrimination, conventional working arrangements can be barriers to apprentices with disability. Disability advocates raised the need for better access to necessary accommodations and support such as flexible work arrangements, modifications to training materials and environments, and training and financial supports for employers to support apprentices with disability.

We heard there is a need to implement disability awareness training across the board, with a particular emphasis on training employers and supervisors. In particular, employers and supervisors need greater understanding about the varied experiences of disability and accommodation needs, and requirements for hosting an apprentice with disability. As Demanuele (2022:9) notes:

Ensuring [apprentices] receive necessary off-the-job supports involves coaching employers to identify the need for tutorial and mentor support... Employers are often unaware of the need for these supports.

I think it comes down to not having enough information on the type of technology that can be used in replacement that suits all/most deaf and hard of hearing individuals and not just myself. So definitely a lack of information there, this goes for myself too.

Former female apprentice, via Melbourne Apprenticeships Disability Network (submission)

Reasonable adjustments in the training environment

RTOs have previously raised issues with lack of clarity around, or difficulty in meeting, requirements to make reasonable adjustments for learners where training packages include specific requirements (for example, where the training package requires getting under cars or lifting heavy objects) (Demanuele 2022).

This can also be costly, as Demanuele (2022:11) notes:

Many students who were supported under... disability provisions during secondary school do not have an official diagnosis or the medical relationships that provide them... Prohibitive costs and other factors prevent [apprentices] from obtaining these resulting in TAFEs and RTOs being expected to provide unfunded supports across a broad range of disability needs; this is overwhelmingly true of literacy and numeracy support.

Opportunities to better support apprentices with disability

Improve synergy across programs and supports

We heard that the complexity of the disability employment system was an impediment to employers and apprentices connecting with the disability labour market. Many people with disability are already connected with other elements of the Australian Government, including the National Disability Insurance Scheme (NDIS) and Disability Employment Services (DES). These services often offer similar, if not the same, support to that offered specifically for apprenticeships.

Increasing connections between entry level employment and training opportunities and NDIS supports in employment and Disability Employment Services could expand opportunities for participants who need extra help to pursue their employment goals.

Regional Development Australia New South Wales and Australian Capital Territory (submission)

The NDIS is an Australian Government program providing support and services to Australians with disability to help them achieve greater independence, quality of life, and engagement with society. It is based on individualised support plans tailored to meet participants' specific and individual needs, with the NDIS providing funding for these supports.

With relation to apprentices, the NDIS can be used to fund workplace modifications, on-the-job support, transport assistance, personal care and additional skills development. This support is separate to any provided by RTOs or Apprentice Connect Australia Providers.

DES is the Australian Government's primary employment service for people with disability, helping to prepare them for the wider workforce. Through DES, eligible people with disability can receive help to prepare for, find and keep a job. Help can include career advice, employment preparation, resume development and training. Additionally, DES provides help with job searching and ongoing support at work including funding for necessary workplace modifications and wage subsidies to employers.

For apprentices with disability, DES mainly provides job matching and career skills advice, but can also fund workplace modifications.

While NDIS funding can cover certain employment-related supports, DES is the main program devoted to job placement and workplace support for Australians with disability.

Reforms in the disability employment sector

From 1 July 2025, a new specialist disability employment program will help more people with disability, injury and/or a health condition to prepare for, find and maintain employment. The program will be delivered by providers who will work with individuals to identify suitable and effective employment pathways. This program will replace the current DES program.

Some apprentices with disability may also be connected through the Australian Government's employment service, Workforce Australia, if their disability is not their main barrier to employment. As at 30 June 2024, Workforce Australia had 637,545 cases, with people with disability accounting for 170,475 of these cases.

For Australians with disability navigating the disability sector, having to interact with administration of DAAWS only provides further complexity.

Responsible agencies should work together to better integrate support for apprentices with disability across DAAWS, DES, Workforce Australia and the NDIS, to improve participants' quality of life and reduce administrative burden.

We also heard that people with disability would like non-government supports such as schools, parents, employers and RTOs to provide a more coordinated wrap-around approach to supports for young people with disability considering and starting an apprenticeship.

Case study: Apprenticeships are the ticket for young people with disability

The Ticket to Work initiative model grew out of research and showed that work and career experience in secondary school is key for success after school for young people with disabilities. Using a place-based network approach, the Ticket to Work initiative brought together representatives from disability-specific and mainstream organisations/services. They were from a variety of sectors including employers, schools, disability, employment, training, and apprenticeship services, and disability support services.

The networks worked strategically and collaboratively with young people and their families. Together, they provided opportunities and support in the workplace for secondary students with disability to have a smooth employment pathway that is typical of young people without disability, such as traineeships and apprenticeships.

Ticket to Work started as a grassroots local initiative and grew to be national with investment by the Australian Government and philanthropic foundations. Though network funding ceased in 2022, the Brotherhood of St. Laurence, with the support of the Paul Ramsay Foundation, has evolved Ticket to Work to develop the National Collaborative on Employment Disability. The collaborative undertakes research and evaluation, facilitates collaboration and capability building across disability and mainstream education, training, and employment services, and builds visibility of what works. This means that young people with disability can successfully transition from education into decent, secure, and meaningful work.

From 2014 to 2024, Ticket to Work networks supported over 3,500 students with disability to engage in career development activities. Most participants were from special schools and had an intellectual disability and/or were autistic. Over 1,500 young people started a school-based apprenticeship. The completion rate for these apprenticeships was just over 80%, much higher than average. The success was due to the networks' collaborative approach where support and services were coordinated and sequenced with the young person and their family.

Ticket to Work network were supported by more than 2,400 employers. In many cases, students who began with work experience went onto school-based apprenticeships and then after completing secondary school, on to employment with the same employer. These placements also met the needs of employers, enhancing staff retention, productivity and profitability. Ticket to Work showed that young people with disability can thrive in open employment, especially when they connect to the world of work before they leave school and are supported through a collaborative, place-based approach.

This place-based approach puts communities at the centre to achieve shared employment outcomes for young people with disability.

A recent paper on how to improve the school-to-work transition for young people with disability in Australia and the experience of Ticket to Work found 6 key components are needed for success:

- family involvement and high expectations
- transition planning
- skills development (in-school and post-school) including vocational
- work experience/paid employment while at secondary school
- timely and effective employment supports
- inter-agency collaboration (Crosbie et al. 2024).

Having all the players – employers, parents, teachers, disability supports, employment and training organisations – understanding, trusting and on board with the process made a big difference. The networks supported students to gain early experiences that improved their views of themselves as workers and created opportunities for real learning and work. Overall, young people engaged in a Ticket to Work network had nearly double the employment rate of their peers with disability who did not engage with a network, they were much more likely to do more education and training and tended to be more independent.

Case study supplied by Brotherhood of St. Laurence.

Apprentices with disability: proposed reform directions

Improve access and support for apprentices with disability in the apprenticeship system

We heard that there are many issues with disability support under DAAWS in the current system, and there is an opportunity for government to amend settings to provide greater support for apprentices with disability.

In Chapter 2, we recommended that the Australian Government should amend DAAWS, to ensure it is meeting its policy intention of making workplaces accessible and inclusive for apprentices with disability (Recommendation 2.10).

This should include:

Increase payment rates to \$216.07 per week, with ongoing semi-annual indexation in line with the Consumer Price Index, consistent with Youth Allowance.


Remove the requirement for apprentices with permanent disability to provide evidence on their continued eligibility, in line with the NDIS approach.

Explore ways to more effectively complement other government support services, such as the NDIS and DES, to ensure supports are not duplicated and are as simple as possible for apprentices and employers to access.

Ensure apprentices with disability are eligible for other incentive payments, in addition to their employers receiving the DAAWS payment.

Recommendations

5.3



The Australian Government works with state and territory governments to expand the ‘Ticket to Work’ program to connect young people with disability to school-based apprenticeships nationally.

The program is to have a strong focus on:

- Providing pre-apprenticeship support to participants in Year 10 to develop workforce-ready skills.
- Transitioning work experience into a school-based apprenticeship.
- Leveraging existing networks such as Apprentice Connect Australia Providers to assist participants to engage with the apprenticeship system.

Regional and remote apprentices

We found that apprentices from regional and remote areas perform well in apprenticeships, but they can face challenges such as limited diversity of industries in the regions, limited availability of training, high costs of relocation or travel to off-the-job training, and isolation from peer networks.

A note on language

For the purposes of this report, we use ‘regional and remote areas’ to refer the regions outside of major cities according to the Australian Bureau of Statistics remoteness areas (ABS 2023), except where we refer to external research or contributors to our review who may use different terminology.

The Regional Investment Framework

The Regional Investment Framework is the Australian Government's approach to supporting strong and sustainable regions and ensures regional investment is joined-up, flexible and cohesive (DITRDCA n.d.)

The Regional Investment Framework calls for investment in regions to meet objectives across all Australian Government portfolios. The relevant outcomes for apprenticeships are:

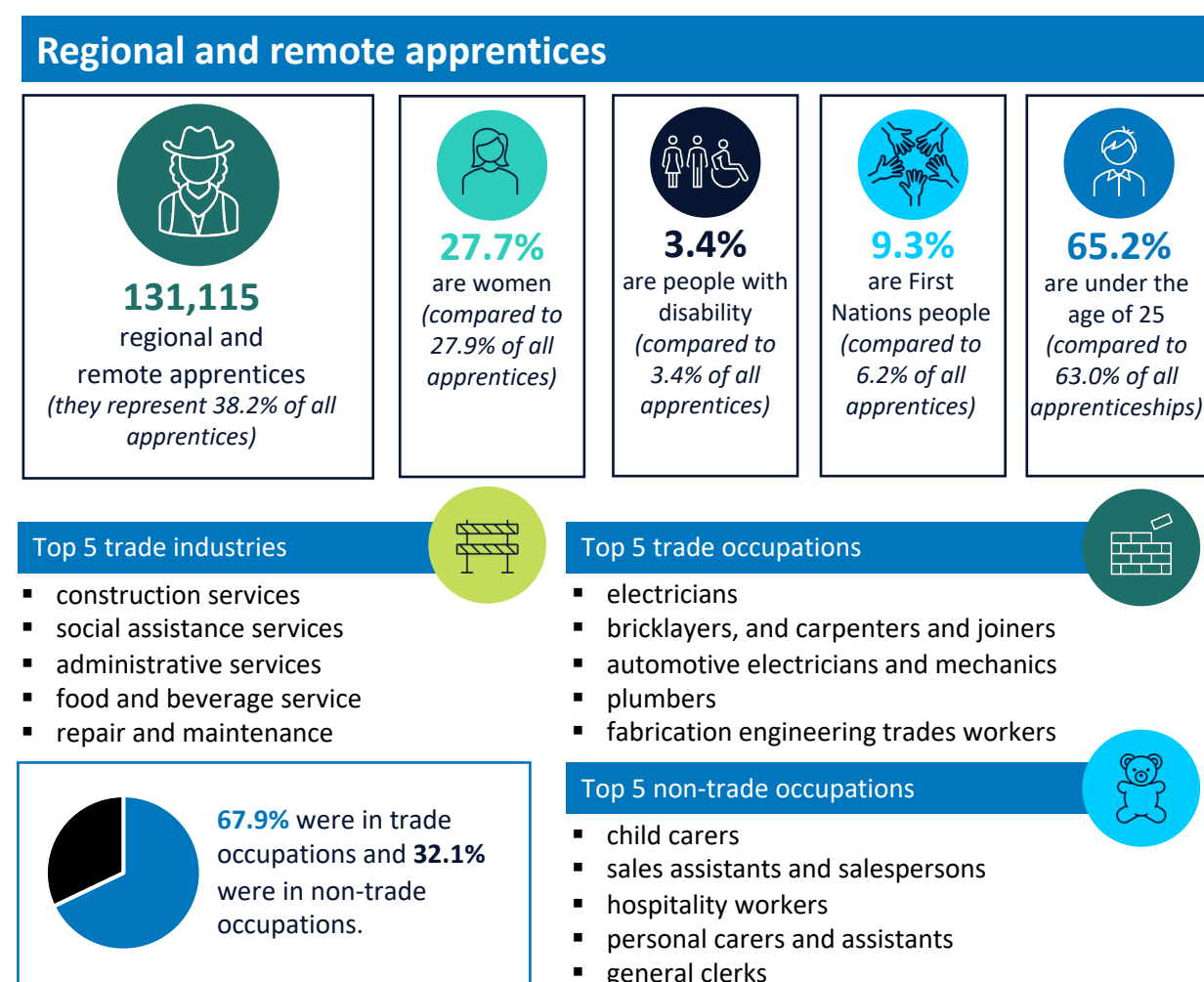
- Investing in People: Putting people at the forefront of growth, with local voices influencing decision-making. Targeted investment in skills, education, training and local leadership capability.
- Investing in Industries and Local Economies: Ensuring regional industries and economies are positioned for sustainable growth. Supporting the conditions for industries to diversify and grow.

Participation of regional and remote apprentices

People from regional and remote communities are more likely to be enrolled in a VET course (28.5%) than university (13.4%). This compares to 22.3% of full-time students who are enrolled in VET overall (AIHW 2023).

The proportion of all apprenticeship commencements in regional and remote areas has been trending up since 2012. In 2023, around 38% of all apprenticeship commencements were from regional and remote areas (unpublished review analysis based on NCVER 2024b). This is higher than the proportion of the Australian population living in regional (26%) and remote (2%) communities (AIHW 2024a).

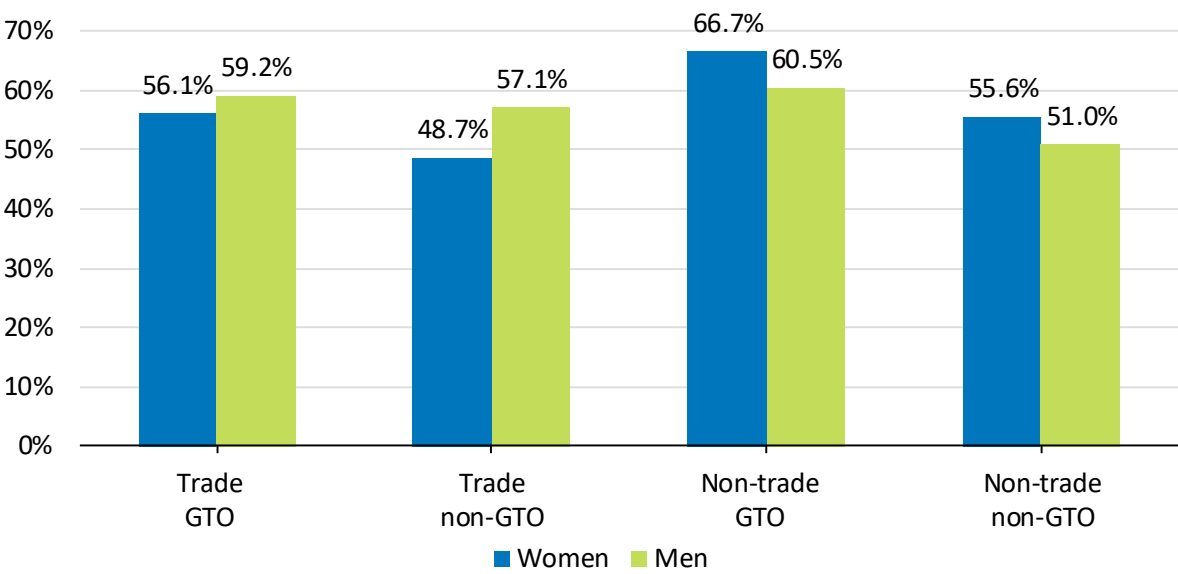
Figure 57: Key data about regional and remote apprentices



Source: Review analysis based on NCVER (2024b) apprentices and trainees data.

In addition to a higher proportion of apprenticeship commencements, apprentices in regional and remote areas also have completion rates around 4% higher than apprentices in major cities. This is true for both trade and non-trade occupations, although the difference is larger for trade occupations (unpublished DEWR apprentices and trainees data as at August 2024), as shown in Figure 58.

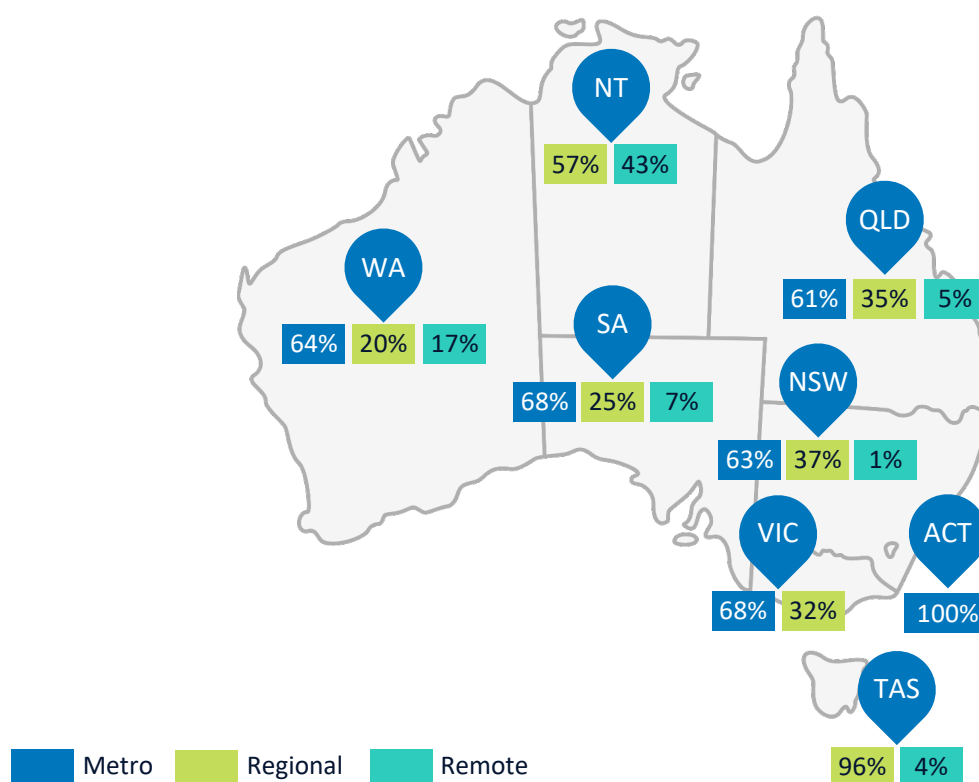
Figure 58: Completion rates by region and trade status



Source: Review analysis based on unpublished DEWR apprentices and trainees data as at August 2024.

Additionally, compared with apprentices in major cities, apprentices in regional and remote areas are equally, or more satisfied with their on-the-job training – 42% of apprentices in major cities reported they were satisfied with their on-the-job training, 42% of regional apprentices were satisfied and 48% of remote apprentices were satisfied (review analysis based on NCVER 2024a data).

The employability of apprentices is slightly higher in regional areas compared to capital cities. Jobs and Skills Australia’s (JSA) Recruitment Experiences and Outlook Survey found 3.8% of employers in regional areas were hiring an apprentice, compared to 2.6% of employers from a capital city (JSA 2024ai).

Figure 59: Proportion of apprenticeship commencements by regions and jurisdiction

Source: Review analysis based NCVET (2024b) apprentices and trainees data.

Apprentices from regional and remote areas also were found to have higher rates of employment following an apprenticeship. After completing an apprenticeship, 91% of apprentices from major cities were employed compared with 94% of apprentices in inner and outer regional areas, and 88% of apprentices in remote and very remote areas (review analysis based on NCVET (2024a)).

Of the top 10 occupations for apprentices in regional and remote areas, the highest completion rates (based on unpublished DEWR apprentices and trainees data as at August 2024 for 2019 commencing cohort) are:

- hospitality workers (not further defined) (82%)
- electricians (general) (75%)
- general clerk (68%)
- carpenters (65%).

The top 3 industries with the highest apprentice completion rate in regional and remote areas (based on unpublished DEWR apprentices and trainees data as at August 2024 for 2019 commencing cohort) are:

- public administration and safety (73%)
- education and training (71%)
- electricity, gas, water and waste services (66%).

Table 11 shows the representation of regional and remote apprentices in the top 10 occupations of apprenticeship commencements in Australia compared with those from major cities. This highlights that regional and remote apprentices make up a substantial proportion of the total in several of these occupations.

Table 11: Apprenticeship commencements in the top 10 occupations in regional and remote locations

Occupation	Regional (%)	Remote (%)	Major cities (%)
Sheetmetal worker	50	4	45
Motor mechanic (general)	44	4	52
Carpenter	35	2	63
Childcare worker	32	2	66
General clerk	30	3	67
Hairdresser	30	1	68
Plumber (general)	29	1	70
Electrician (general)	28	2	70
Sales assistant (general)	28	2	70

Source: Review analysis based on NCVER (2024b) data.

Challenges experienced by regional and remote apprentices

Despite the relatively higher rates of apprenticeships in regional and remote areas, we heard that regional and remote apprentices face challenges. These range from a lack of diversity in industry presence to course availability, travel costs and the effects of isolation.

It is important to remember that the delivery of education and the student experience in regional, rural and remote Australia is different to metropolitan areas. Whilst VET and apprenticeships tend to be more accessible for regional students than higher education pathways, they are still subject to... challenges.

Regional Education Commissioner (submission)

Industry presence influences training offered

JSA found the different qualifications and courses available at RTOs in regional and remote areas may reflect the occupations and industries in that region (JSA 2023c). There are higher rates of enrolments in agriculture, engineering and related areas in regional and remote locations, which may be representative of the industry composition in these regions (JSA 2023c). Further, remote areas have a higher number of enrolments in trade-related apprenticeships relating to mining and other extractive occupations, reflecting the substantial mining industries in these regions (JSA 2023c). The report from the Select Committee on Regional Australia (2022) also noted the degree of influence industry can have on training courses provided to regional and remote apprentices.

VET's strength in regional and remote Australia comes from its direct and practical nature, and close links with local businesses and industries. As a result, regional and remote certificate III attainment rates often surpass those in metropolitan locations.

Regional Education Commissioner (submission)

While it is beneficial that training should align with the needs and available employers within a region, Independent Schools Australia's submission said there is a lack of choice of training options, which could reduce whole-of-life outcomes for people in terms of job satisfaction and sustainability of chosen career.

In regional and remote areas there may be fewer industries or companies that provide apprenticeship programs, which limits choice for students to receive training. This barrier increases proportionally with a student's distance from a major population centre.

Independent Schools Australia (submission)

Low student numbers can affect course availability

Analysis by JSA found there are 3,131 RTOs in major cities, compared with 445 in inner regional areas, 326 in outer regional areas and 33 in remote locations (JSA 2023c). This reflects not only the lower population density but also the lower viability of RTOs in regional and remote areas, where lower student numbers mean it is not viable for RTOs to run courses at a loss (Griffin and Andrahannadi 2023).

The Gunnedah Shire Council's submission to the inquiry by the House of Representatives Standing Committee on Employment, Education and Training (2020:154) into education in remote and complex environments reported that while agriculture is the biggest contributor to economic output in the community, 'there are no agricultural courses available at the local TAFE', and stated:

Companies are not utilising the local facility to deliver training courses. Whitehaven Coal operates 4 mines in the Gunnedah basin and has over 40 apprentices predominately in electrical and heavy plant; they currently do not train any of their apprentices in Gunnedah due to the necessary courses not being offered.

Similarly, a submission by Empowered Communities Ngaanyatjarra Pitjantjatjara Yankunytjatjara Region to the same inquiry (Standing Committee on Employment, Education and Training 2020: 152) said:

Opportunities for traineeships, apprenticeships and vocational training are limited – with no TAFE or VET campuses outside of the [Anangu Pitjantjatjara Yankunytjatjara] Lands. Opportunities for Anangu to develop work readiness skills are also extremely limited and even simple things such as securing a drivers licence, first aid training or other certificates required for employment (such as lifeguard certificates or White Cards) are extremely challenging due to lack of training providers and transition support in the region.

JSA's report into VET in regional, rural and remote Australia found that the nature of regional and remote training delivery depends on the jurisdiction, with remote training most commonly available in states with large regional populations such as Queensland and Western Australia (JSA 2023c).

During the consultation process for the 2023 NCVER research report into VET delivery in regional, rural and remote Australia, there were reports that training delivered by private RTOs was different to training delivered by TAFEs (Griffin and Andrahannadi 2023). It was reported that TAFEs tended to require students to attend training in regional centres, whereas some private RTOs would travel into the communities or directly to the employer to deliver training.

We also heard that attracting and retaining trainers is another challenge to providing apprenticeship training in regional and remote areas, with some RTOs highlighting the considerable costs of face-to-face delivery.

Some initiatives aim to encourage more trainers and lecturers into regional and remote areas. For example, in Western Australia, eligible TAFE trainers can receive an incentive of up to \$15,000 to work in the Pilbara and Kimberley, and \$10,000 to work in Kalgoorlie (McGurk 2023).

In its submission to the review, Regional Development Australia New South Wales and Australian Capital Territory suggested a way to mitigate the challenge of fewer training providers could be to use spaces such as Regional University Study Hubs to connect apprentices with their peers and with students across different industries, while also having access to reliable technology to complete their mandatory training. Evidence shows these regional study hubs have been effective at supporting regional students in their training (Stone et al. 2022).

Regional University Study Hubs

Regional University Study Hubs provide physical, campus-like spaces and support for students studying university or VET courses online at any Australian institution. These hubs provide students with infrastructure such as study spaces with high-speed internet and video conferencing, academic support services, administrative guidance and pastoral care.

Since 2018, the Australian Government has committed over \$150 million to the Regional University Study Hubs program, with 46 hubs located around Australia. Evidence suggests these hubs are effective at improving VET completion rates in regional, rural and remote areas. This is helping to overcome digital barriers to VET participation in regional areas and helping students avoid the need to relocate to study. Students using these hubs are reporting improved academic results as well as improved motivation, confidence and likelihood they would complete their qualification.

One hub in Roma, Queensland is currently supporting 37 VET students and credits its provision of one-on-one support as critical for retaining these students. This hub also runs networking evenings with local employers to connect them with potential future employees and grow the pool of skilled workers in regional Australia.

Travel costs and relocation

Travelling for training in regional and remote areas is expensive and stressful.

The submission from the Isolated Children's Parents' Association said apprentices living in regional and remote areas relocate to larger areas to attend off-the-job training and to work with employers who have capacity to provide on-the-job training. The Regional Education Commissioner also noted apprentices must often choose between a less-preferred option offered at a local provider or incur the expenses associated with relocation to follow their preferred career path.

Relocation can be a difficult and expensive option for a potential apprentice and can act as a barrier to participation. Even where an apprentice can secure employment closer to home, temporary relocation for block training that is not offered in their community can also be a challenge.

...[a new apprentice at my worksite is] coming to Sydney... for work experience because... he hasn't been able to score an opportunity in the Hunter Valley. ... So you know, we need to, we need to start to build a base and build a network of not only employers in metropolitan areas, but in rural and regional areas as well.

Former apprentice, via Apprentice Reference Group (consultation)

The South Australian Skills Commission and Regional Development Australia New South Wales and Australian Capital Territory mentioned in their submissions that the high costs of travel to workplaces and training, including the costs associated with buying and operating vehicles and accommodation while on block release, can be a significant burden for regional and remote apprentices. Civil Apprenticeships and Careers highlighted in its submission that a driver licence can be financially or practically unobtainable for apprentice candidates in regional areas or for those from low socioeconomic backgrounds.

I have to travel a long way to go to a TAFE that teaches my units, it is wear and tear on my car and costly for petrol. There are travel/fuel allowances for certain distances but my trip falls just inside that so I get nothing.

Third year apprentice, Queensland, via Australian Industry Group (focus group)

The Queensland Training Ombudsman (2024) found some apprentices having to travel over 600 kilometres to attend training (Queensland EETSC 2024). The Living Away From Home Allowance, which assists with the costs of moving away from home to take up an apprenticeship, is discussed in more detail in Chapter 2.

Apprentices, particularly in rural and remote areas, are often left struggling to find somewhere to live while on the worksite. Some apprentices, particularly those under 18, struggle to source private commercial accommodation. This issue can be particularly acute for Aboriginal and Torres Strait Islander peoples, who are more likely to live in remote or regional Australia and have seen access to apprenticeships reduced by regional TAFE campus closures.

Australian Council of Trade Unions (submission)

In its submission, the South Australian Skills Commission said feedback from industry indicates apprentices, parents and employers are unaware of the incentives available to assist with these barriers. Australian Council of Trade Unions submission echoed this, recommending improvements must be made to support apprentices find accommodation near their workplace.

Case study: Charlie is committed to his apprenticeship

Charlie was injured in a motorbike incident in 2021, resulting in 18 months of rehabilitation. Despite ongoing pain and discomfort, the 17-year-old secured a mechanic-heavy vehicle apprenticeship in March 2023 with Snowy Valleys Council.

Living 30 kilometres from his workplace, Charlie relies on his friends and family for travel arrangements. He is often dropped off early or picked up late due to the lack of public transport options.

Charlie's formal training is delivered in 5-day block releases, at a TAFE campus more than 100 kilometres from his home. Charlie's parents drive him into town and a friend provides accommodation in exchange for meat from the farm.

As a second-year apprentice, Charlie is making excellent progress in completing mechanical duties at the workplace. He has a strong aptitude for learning and is always willing to assist other learners during the delivery of practical tasks.

Charlie's employer notes his workmates hold him in high regard despite his inexperience, noting his genuine interest to make progress in the trade. Charlie is using Bert Evans Apprentice Scholarship funds to purchase a car, tools and pay for accommodation when attending formal training.

Case study supplied by the New South Wales Government.

Opportunities to better support regional and remote apprentices

While regional and remote apprentices face several hurdles, we also heard examples of innovative and flexible approaches to supporting apprentices overcome some of these challenges.

The Queensland Department of Employment, Small Business and Training is trialling a 12-month Rural and Remote Pilot project across Central and North Queensland, focusing on improving training options for regional communities. The pilot program aims to support employers to expand and upskill their workforce through locally delivered training in community services, foundation skills, health hospitality, agriculture and tourism. As a partner of the pilot, CQUniversity will deliver courses through a 'hub' model in 4 regional and remote locations – Woorabinda, Longreach, Biloela and Emerald. In Emerald, training will be delivered at the CQUniversity campus. Participants will receive targeted support throughout their training, in addition to their transition into employment, career advancement or further education or training.

As mentioned in Chapter 2, the National Electrical and Communications Association's submission to the review provided an example of implementing a 'pop-up' RTO model on the New South Wales South Coast. This involved using a local community hall for 2 days a week to train apprentice electricians. This reduced the need for the apprentices to travel up to 5 hours and find accommodation for block training every 3 weeks and supported employment of an additional 40 electrical apprentices in the region in the last 12 months.

RTOs need to have the capacity to travel to where regional students are found, instead of the current assumption that rural students will need to relocate or travel to attend their off-the-job training. Innovative measures, like those listed above, are some ways that training providers can make meaningful efforts to provide outreach to regional and remote students to ensure they do not miss out on employment opportunities.

Case study: Addressing workforce development challenges in rural healthcare

The Murrumbidgee Local Health District (MLHD) has become a model for rural healthcare, with a multi-pronged approach to cultivate its own healthcare workforce and meet skill shortages. This has resulted in improved healthcare outcomes for the local community and opportunities for regional young people, while contributing towards the sustainability of towns throughout the district. These opportunities include additional apprenticeships and school-based programs for First Nations students.

The MLHD's 'Grow Our Own' approach initiative focuses on developing the skills of existing staff and local residents to build a sustainable and skilled workforce. To do this, MLHD has partnered with educational institutions to design training programs that meet specific upskilling and reskilling workforce needs. They are also leveraging New South Wales Government grants and programs such as the Rural Health Workforce Incentive Scheme (financial incentives for health care professionals to relocate to rural areas) and financial support for the development and delivery of targeted training programs.

MLHD's commitment to workforce development has yielded positive results, such as increased staff retention, improved service delivery and enhanced community connection.

Case study supplied by the New South Wales Government.

Regional and remote apprentices: proposed reform directions

Improving financial supports for regional and remote apprentices

We heard that travel and relocation costs are a key cost-of-living pressure for regional and remote apprentices. In Chapter 2, we discussed financial barriers to apprenticeships in more detail, including for this cohort and made recommendations about how incentive payments can better address these issues.

This included Recommendation 2.8, that the Living Away From Home Allowance be increased, and that state and territory governments review the level of financial support that they provide for apprentices' travel and accommodation.

Culturally and linguistically diverse apprentices

We found that the experience of culturally and linguistically diverse (CALD) people in the apprenticeship system is relatively unexplored but that more can be done to assist people from CALD communities participate in the apprenticeship system.

A note on language

CALD is a broad term used to refer to 'people from a range of countries and ethnic and culture groups.' It encompasses a wide range of experiences and needs, including people of non-English speaking background and people born outside of Australia but whose language is English (Respect@Work n.d.).

Diversity Council Australia noted in its submission the 'diversity of terms used to describe people's lived experience'. We recognise that many people who we define as being from a CALD community may not identify with the label 'CALD'. We also recognise that there is a variety of opinion on what may be the best term to use. In consultations, Diversity Council Australia advised that it has shifted away from using the term CALD and incorporated the use of 'culturally and racially marginalised' (CARM) to reflect the significance of race and racism in the lived experience of people from culturally diverse backgrounds.

CARM refers to individuals who are not white and face racial marginalisation, including those who face discrimination due to their culture or background (DCA 2023).

For the purposes of this report, we have chosen to use CALD as it is still the more widely recognised term. It is also the preferred term for many government and community agencies as a contemporary descriptor for ethnic communities and for the collection of relevant data related to these communities.

We acknowledge that the experiences and circumstances of different people from CALD backgrounds vary significantly with work rights and visa status, levels of English, levels of education and work experience before engaging in the Australian workforce.

Multicultural Framework Review

The Multicultural Framework Review (Department of Home Affairs 2024) was delivered to the Australian Government in July 2024. The review examined the state of Australia’s multicultural society, and made 29 recommendations around the principles of:

- connection – setting the foundations of a multicultural Australia through leadership, planning, and accountability between 3 tiers of government and communities
- identity and belonging – creating a welcoming Australia through English language programs, citizenship policy, and participation in arts, culture, sports and media
- inclusion – building cultural capability into public services, modernising grant programs, ensuring digital inclusion, ensuring a sustainable language services sector, and meeting the unique needs of young people in regional areas.

Experiences of discrimination and racism comprise the second of the top 10 themes identified in submissions to the review, after visa-related issues. Language services and language education also ranked highly. This is consistent with what we heard in relation to apprenticeships.

The underrepresentation of people from diverse backgrounds in workplaces where apprentices are most commonly working leads to feelings of isolation and disconnection for minority apprentices in those environments.

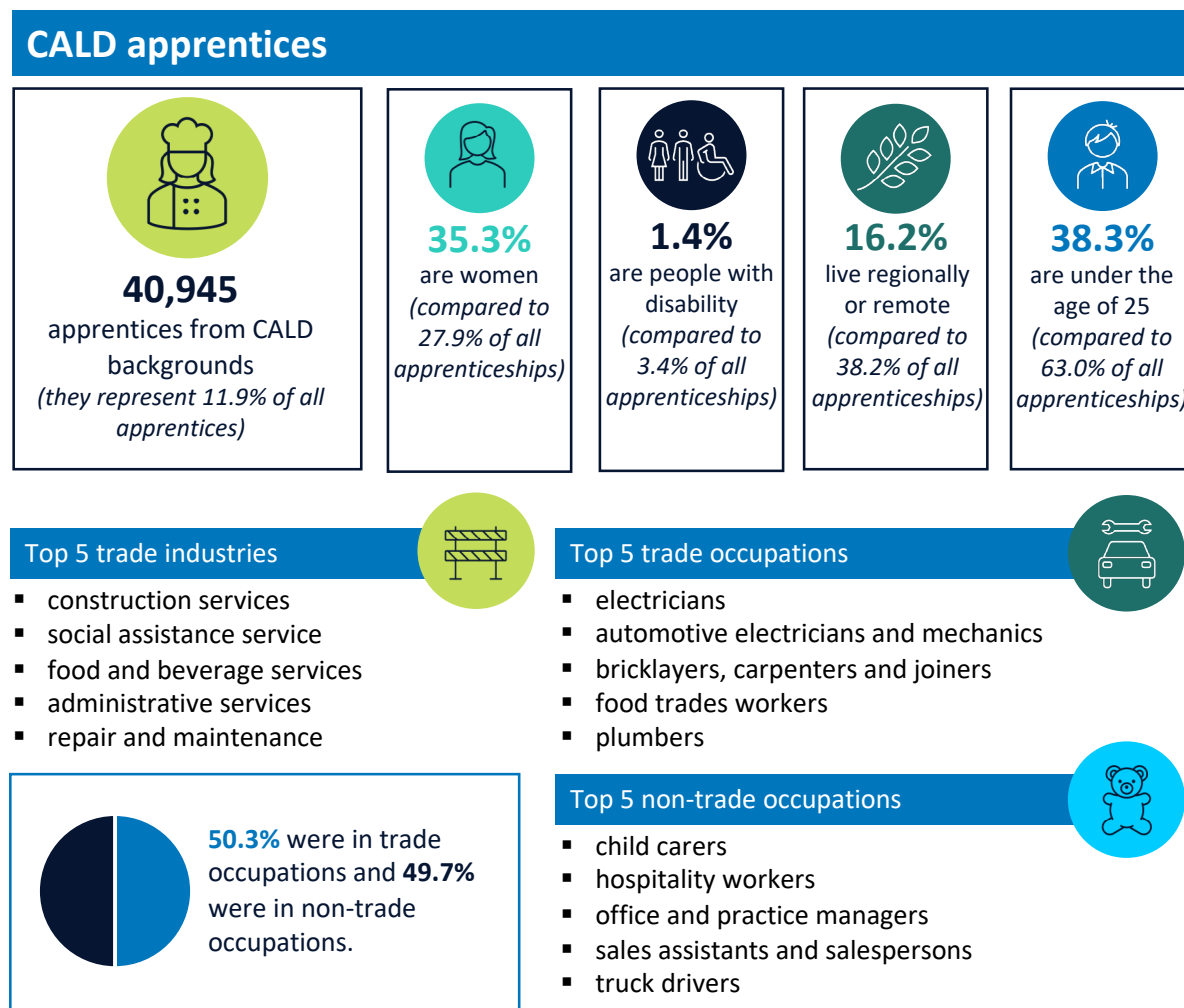
Brotherhood of St. Laurence (submission)

Participation of people from CALD backgrounds in the apprenticeship system

Australians from CALD backgrounds comprise approximately 12% of the apprentice population (NCVER 2024b). This is lower in comparison to the 22.8% of Australians who report using a language other than English at home (ABS 2021), and the 28% of Australians who were born overseas (AIHW n.d). However, given varying definitions of CALD and the self-reported nature of apprentice contracts, it is difficult to say conclusively if CALD Australians are underrepresented within the apprenticeship system.

Apprentices from CALD backgrounds tend to be older than apprentices as a whole, with 47.5% aged 25 to 44 years, compared with approximately 30% in the apprentice population overall (63% of all apprentices are aged under 25). CALD apprentices are also much more likely to be in major cities (83.8%) than apprentices as a whole (62.9%) (review analysis based on NCVER 2024b).

Figure 60: Key data about culturally and linguistically diverse apprentices



Source: Review analysis based on NCVET (2024b) apprentices and trainees data.

After electricians, childcare is the second highest occupation, with CALD apprentices making up 15.8% of all childcare apprentices (NCVER 2024b).

Case study: From Myanmar to Far North Queensland

Htoo Khaing, an Arakanese refugee from Myanmar, was settled in Australia with his family by Centacare Multicultural Services. Despite previous construction experience, he needed local qualifications to secure employment.

Htoo Khaing enrolled in a Certificate I in Construction with SkillCentred as part of Centacare Far North Queensland's UpCyclinc project, funded under the Skilling Queenslanders for Work initiative. Bilingual supervisors and a bicultural support worker supported Htoo Khaing through his training, and he went on to secure a full-time position with Port Douglas' Mark Fletcher Solid Plaster and Texture Coatings.

His employer Mark Fletcher is a strong advocate for workplace diversity and the benefits of inclusion, with his 2023 workforce including 6 refugees from Nepal, Bhutan and Myanmar – 2 becoming qualified tradespeople and team leaders.

'Htoo Khaing has been a wonderful addition to our team,' Mark said.

The Queensland Government's Skilling Queenslanders for Work initiative funds training and support programs for unemployed and underemployed Queenslanders so they can start and stay in the workforce.

Case study supplied by Queensland Skills Strategy.



Image: Htoo Khaing training on site as a plasterer.

Challenges faced by people from CALD backgrounds

We heard that people from CALD backgrounds experience a range of challenges to participating successfully in apprenticeships. Barriers include the impacts of racism and discrimination, linguistic and social marginalisation, and transport.

Cultural perceptions of apprenticeships

As discussed in Chapter 3, we heard evidence that people from CALD backgrounds tend to view an apprenticeship pathway as being less valuable than attending university.

I remember being interested in pursuing an apprenticeship in the automotive industry, but my parents were adamantly opposed to it... They saw it as a step backward, something that would harm our family's standing in the Indian community. The stigma surrounding trades was deeply ingrained.

Testimonial from Ethnic Communities Council of Western Australia (submission)

Apprenticeships were regarded as a second-class option for those who were unable to succeed academically. There was a clear stigma associated with vocational training in my community... whenever I mentioned the idea of an apprenticeship, my parents immediately shut it down. They viewed it as a dead end with no future prospects.

Testimonial from Ethnic Communities Council of Western Australia (submission)

In its submission, the Ethnic Communities Council of Western Australia noted the intersectional challenges faced by women in some CALD communities around the gendered perceptions of work. Some women apprentices from CALD backgrounds may want to pursue an apprenticeship in a male-dominated trade but are held back by family members who cite cultural norms and a fear of negative social perception as reasons to restrict women's access to these jobs. The submission cited one case study in which a CALD woman wished to pursue an apprenticeship in the automotive sector, which is customarily dominated by men in her community. While she persevered with her apprenticeship, she became estranged from her family.

The study made clear how cultural stigma, especially when it comes to people who question traditional gender norms, can lead to emotional distress, family discord, and intergenerational conflicts. The study brought to light how cultural stigma may cause people to pass up important opportunities, which could ultimately impede their ability to advance in their careers, maintain financial stability, and live a higher-quality life.

The Ethnic Communities Council of Western Australia (submission)

Racism and discrimination

We heard evidence that racism and race-based discrimination continue to play a role in limiting workforce participation for people from CALD backgrounds, including participation in apprenticeships.

In its 2023–24 Inclusion@Work survey, Diversity Council Australia (DCA 2024) found that workers from a non-Christian religious affiliation (41%) reported high levels of discrimination and/or harassment compared with those from a Christian affiliation (27%) or no religious affiliation (21%). Further, 32% of workers with one or more main non-English speaking backgrounds reported discrimination and/or harassment compared with 22% of workers with English-speaking backgrounds.

Refugee workers and other migrant groups, except for migrant workers from New Zealand, are significantly more likely to experience racism and discrimination compared with white Australians (Cain et al. 2021). Second and third generation CALD people, who have lived and studied in Australia, also experience racism (Mansouri 2022). This includes during the recruitment process, limiting career progression and in career development systems (Leigh 2023).

Migrant and refugee women found their degree of English proficiency was often misjudged by potential employers and that during the recruitment phase, they were overlooked unless they used an English-sounding name (Cho and Segrave 2023).

In a cross-country analysis of migrants' engagement with VET, Jeon (2019:89) noted:

Perceived discrimination might be more common than actual discrimination but that does not diminish its effect – the perception of discrimination can reduce the attractiveness of VET or discourage young people from actively searching for an apprenticeship or a job.

Diversity Council Australia (Annese and Groutsis 2022) stated that people from CALD communities may be reluctant to report instances of racism and discrimination due to fear of further marginalisation, or they may be unaware of the support services available.

Foundation skills

In Chapter 4, we discussed the importance of foundation language, literacy, numeracy and digital (LLND) skills to succeed in apprenticeships, and the supports available to apprentices in this respect. We heard that people from CALD backgrounds can face specific barriers to sufficient English language, literacy and numeracy skills, and digital skills.

English skills

During the consultation process, diversity advocates emphasised the challenges CALD community members faced with English skills. They highlighted that migrants do not have the opportunity to develop their English language skills when employed in certain manual labour jobs that only require limited communication, such as meatworks.

Some government support is currently available to improve English skills. The Adult Migrant English Program is funded by the Australian Government and delivered by the Department of Home Affairs to provide the necessary support to enable participants to obtain their vocational English level.

Digital skills

Another key challenge faced by CALD community members, particularly newly arrived migrants and refugees, is limited digital skills. A digital divide exists between migrants and refugees and the rest of Australia, which can affect participation in education, training and employment and lead to social isolation (Settlement Council of Australia and Good Things Foundation 2020).

We heard that it is becoming increasingly common for TAFEs and private RTOs to provide online training options or a combination of online learning with on-campus training as part of apprenticeship-related courses (Workforce Australia Local Jobs Barwon and National Disability Services submission). In reality, as the Brotherhood of St. Laurence noted in its submission, signing up for any training course in modern Australia requires a certain level of digital literacy. In its submission, Charles Darwin University said that navigating systems such as the Apprenticeships Data Management System can be difficult for people with lower digital literacy. Lower digital literacy among some people from CALD backgrounds can therefore limit their ability to effectively engage with the contemporary apprenticeship system.

Transport to employment and training

Transport to work can be a challenge for many young apprentices. We found evidence this is particularly the case for people from CALD backgrounds, especially recently arrived migrants and refugees and women from CALD backgrounds (Settlement Council of Australia 2022).

Walker et al. (2005:51) reported the observations of a participant in an adult migrant English program:

When they go to find a job, they ask them if they have a driver's license and if they have transport, so that makes it very hard to get job. So, they are disappointed – they want to do a job but hard to find a job, you no have car, no license, so that is not easy for them.

The Settlement Council of Australia (2022) noted that providing funding for settlement services to deliver driving courses, and access to driver licenses, can have a profound impact on building confidence and enabling migrants and refugees to access more employment opportunities.

Driving programs – such as the Access Community Services Women at the Wheel Project and the Migrant and Refugee Settlement Service's Learn to Drive initiative – support members of the CALD community to engage in employment and training, but are reported to be under-resourced and have long wait times (Settlement Council of Australia 2022).

Opportunities to better support CALD apprentices

We heard that innovative and flexible approaches are needed to support people from CALD backgrounds to overcome some of the challenges to engaging in apprenticeships. We heard people from CALD communities need more information about how the apprenticeship system works and the different supports available to encourage participation. We were told a key component is to provide more access to English language support programs for those interested in commencing an apprenticeship. We also heard that targeted pre-apprenticeships or early certificate courses that build English language skills would be beneficial to apprentices facing linguistic marginalisation.

In consultations, CALD advocacy groups suggested providing mentor support for CALD apprentices, replicating the peer mentor program available for women and First Nations people through Apprentice Connect Australia Providers and GTOs. The suggested model would pair a CALD apprentice with a peer who has a high level of English skills and industry experience, to help them navigate language specifically used in the industry as well as Australian work culture in general.

The Victorian Government is supporting AMES Australia to run digital literacy courses to help migrants and refugees develop their language and digital skills in a face-to-face environment. Participants are taught skills such as using emails and services like myGov, how to look for employment, and understanding the importance of cyber safety.

The course was co-designed by refugees and migrants to ensure the program is targeted at the necessary skills to transition into further study or to gain employment (AMES Australia 2020).

The Queensland Government has established the Skilling Queenslanders for Work project to assist migrants and refugees develop employment skills and connections to networks and engage with employers. The course is delivered one day a week and, among other areas of focus, offers driving lessons to participants to help minimise barriers to employment (Queensland DESBT 2024c).

We must advocate for the importance of apprenticeships and skilled trades as respectable and fulfilling career options. Without worrying about criticism from others or pressure from their families, our young people should be encouraged to take advantage of a variety of opportunities that suit their interests and skills.

Dr Samantha Lee, via the Ethnic Communities Council of Western Australia (submission)

Pre-apprenticeships with work placement are also valuable for people from CALD backgrounds as they provide a glimpse into the industry, expose participants to like-minded peers and give participants an idea of the career opportunities that are on offer.

National Apprentice Employment Network (submission)

CALD apprentices: proposed reform directions

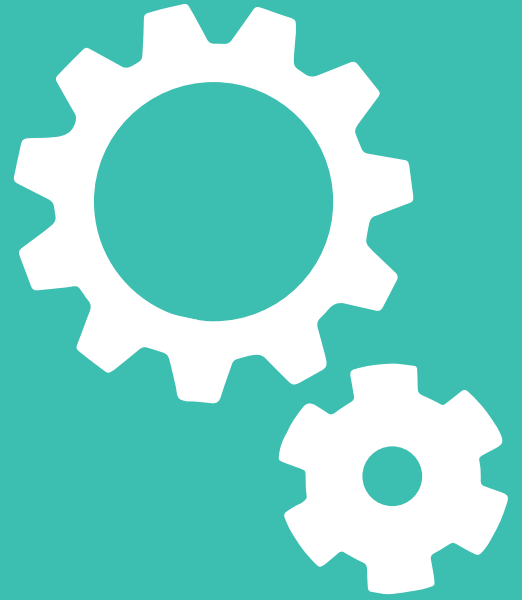
Support more joined-up language, literacy, numeracy and digital skills services for CALD apprentices

In Chapter 4, we discussed the need to improve LLND skills services by making them more joined up.

We recommended (Recommendation 4.3) that regulation of RTO delivery of LLND assessment and training be strengthened, and that Australian, state and territory governments identify and evaluate strategies to better coordinate government foundation skill programs delivered to apprentices to remove duplication and improve coordination.

Break down misperceptions and lack of awareness of apprenticeships in CALD communities

In Chapter 3, we discussed options to improve the perceptions and understanding of apprenticeship pathways. This included recommending (Recommendation 3.3) clear and timely career information that is nationally consistent, including targeted resources for teachers and organisations that work with migrant communities, to break down misperceptions or lack of awareness of apprenticeships that prevent uptake from prospective CALD apprentices.



Enabling broader vocational education and training system reforms

We need an apprenticeship and traineeship system that is seen as an attractive and valuable pathway to employment, has the confidence of industry, and builds a pipeline of skilled workers who can adapt to future labour market needs.

Business Council of Australia (submission)

Overview

We heard that some impediments to the effectiveness and efficiency of the apprenticeship system are particularly complex and difficult to resolve. These include issues:

- where there are mixed views or limited evidence available to accurately define the problem and present solutions
- where competing interests make identifying a solution challenging
- that may require agreement and coordination by multiple levels of government, regulators and industry to deliver change.

These issues extend beyond the apprenticeship system and require consideration in the context of the wider vocational education and training (VET) system.

Some issues – such as recognition of prior learning and attempts to harmonise apprenticeships across jurisdictions – have been the subject of recommendations from previous reports into the VET sector (Joyce 2019) and are yet to be resolved.

For other issues, thinking has only just begun and further evidence and consensus-building is needed.

Given the condensed timeframes of our review, we were not able to identify clear solutions to address these issues. This will require further consideration and negotiation through a tripartite mechanism such as the Jobs and Skills Councils (JSCs). JSCs will also provide an opportunity to consider these issues and their implementation on an industry-by-industry basis.

Key areas for further consideration and reform

Recognition of prior learning

Recognition of prior learning (RPL) is intended to reduce duplication of learning by reducing the number of units required to complete a qualification.

We heard that RPL could be better used to encourage people with previous experience to commence an apprenticeship and support them to complete their apprenticeship more quickly.

RPL assesses the skills and knowledge acquired through previous training, work or life experience, which are relevant to a particular course of study, including as part of an apprenticeship.

Under the Standards for Registered Training Organisations 2015:

- Clause 1.12 requires registered training organisations (RTOs) to offer RPL to learners
- Clause 3.5 requires RTOs to accept and provide credit to learners for units of competency unless this is prevented by licensing or regulatory requirements.

People can apply for RPL after enrolling in a course and must provide evidence to prove their skills, such as assessment records or declarations from an employer. The training provider assesses the evidence and decides if RPL can be granted (ASQA n.d.).

RPL is a different process to credit transfer, which is administrative and focuses solely on granting credit for previously completed qualifications, units of competency, or other formal learning, towards a VET credential (ASQA n.d.).

Apprenticeships have lower RPL rates than non-apprenticeship programs (Osborne and Serich 2020). As shown in Table 12, in 2018 around 2.5% of subjects that were part of an apprenticeship were completed through RPL, compared with 5.1% for other VET training pathways. However, some of this disparity may be the result of the younger apprenticeship cohort who likely have less work experience to draw from (Osborne and Serich 2020), as some research shows around 40% of adult apprentice graduates reported having their training shortened through RPL (Hargreaves et al. 2017).

Table 12: Successfully completed subjects by apprentice status and subject outcomes

Apprenticeship	Successfully completed subject outcome			
	RPL granted (N '000)	Competency achieved/pass (N '000)	RPL granted (%)	Competency achieved/pass (%)
Not part of an apprenticeship or traineeship	880	16,324	5.1	94.9
Part of an apprenticeship or traineeship	51	2,002	2.5	97.5

Note: Data is at 2018.

Source: Osborne and Serich (2020).

While RPL can be applied to both trade and non-trade occupations, courses in the utilities, manufacturing, and trade industries have the highest rate of qualifications awarded based on RPL (Osborne and Serich 2020).

Benefits of recognition of prior learning in apprenticeships

We note that the characteristics of the apprentice cohort, being generally young people with limited work experience, means RPL is not going to be a significant contributor to filling skill shortages. However, it may be an important pathway for retraining people to transition into key emerging sectors over time, recognising the skills of unqualified but experienced trades assistants, and providing benefits for adult (over 21 years old) apprentices.

For apprenticeships, RPL has the potential to save the apprentice and the employer time and money by reducing the amount of on-the-job and off-the-job training needed, allowing fast-tracking to a qualification (Hargreaves et al. 2017).

Industry Skills Australia recommended additional support for RPL that could assist in shortening the process for workers to get a qualification. RPL may also support people who are partway through an apprenticeship, or already qualified in one trade, to move to another qualification. This could be important in addressing skill shortages in emerging industries such as clean energy.

RPL also has a social equity aspect, as it can facilitate skill recognition for those with limited formal training or qualifications and support re-engagement in training and employment for those who have left formal education (Osborne and Serich 2020).

If upskilling is to reach its full potential to contribute skilled workers, then RPL provides a vital pathway for their skills to be recognised and their period of training to be shortened, making commencement of training more attractive and completion more likely.

Australian Chamber of Commerce and Industry (submission)

We were told during consultations with women's advocacy groups that RPL is an important way of engaging with women, as they are more likely to be adult apprentices and RPL could fast-track their apprenticeship. Additionally, those from culturally and linguistically diverse backgrounds may be able to access RPL to get their international qualifications recognised. The International Labour Organization (ILO 2020) has highlighted the positive impact of RPL for migrant workers, as it allows for individual development through lifelong learning. This is achieved through encouraging the transfer of skills that support learning across different areas and throughout the worker's life while promoting transnational mobility and skills portability (ILO 2023).

We heard several times in our consultations that RPL can be a useful way of providing encouragement to people with existing skills who do not want to have to go through the whole apprenticeship training process. The Australian Industry Group suggested this was particularly relevant to ease the burden on older apprentices who enter with some employment experience.

The ability to access accredited, skills-based extension to support transferability and skills enhancement would further support workforce mobility and retention. Having to retrain or undergo an arduous process to gain recognition of prior learning is a barrier to mobility and career development for many Aboriginal and Torres Strait Islander workers, particularly in the health and care sector.

National Aboriginal Community Controlled Health Organisation (submission)

Challenges in seeking recognition of prior learning

We heard there is limited awareness that RPL is available to apprentices and that, even when they are aware, they find it difficult to access. While the Standards for Registered Training Organisations require RTOs to offer RPL, we heard from some apprentices that this offer is not always apparent. Further, where apprentices apply for RPL, the process can be long and there are no guarantees of RPL being granted.

... the independent RTO is taking ages to assess my RPL evidence, they have had it for ages and I can never get a hold of the teacher. It seems they have poor resources; not enough teachers.

Fourth year apprentice, Queensland, via Australian Industry Group (focus group)

Some apprentices and employers may be further deterred by the cost and complexity of RPL (Hargreaves et al. 2017), which frequently involves both an application assessment fee and a charge for the RTO's assessment of the learner's evidence that proves their skills and knowledge against each unit of competency. State governments typically do not subsidise RPL, which means that RTOs charge apprentices and employers full fees for RPL. Due to the time and expertise required for RTOs to assess competence, getting RPL can be more costly than completing the qualification in full without accessing RPL (Osborne and Serich 2020).

[For older apprentices entering an apprenticeship with some employment experience] opportunities for having that experience acknowledged through [RPL], thereby shortening the training program, are often not available, or are so time consuming as to make RPL applications not worthwhile. Training providers often receive reduced government funding if they apply RPL, which makes them less inclined to offer a simple process.

Australian Industry Group (submission)

We heard that some employers and industry groups may have concerns about quality and safety issues associated with not requiring apprentices to complete all units. National Centre for Vocational Education Research (NCVER) highlights the strongly held view among employers that 'you need to do your time like we all did', meaning that some employers are against the fast-tracking of an apprenticeship (Callan 2008).

We note there are also disincentives for employers and RTOs to support RPL due to funding structures and the reduced time that an apprentice would attract training wages if they are fast-tracked through an apprenticeship.

The regulatory environment and misalignment between jurisdictions also present barriers to RPL. The Australian Skills Quality Agency (ASQA) works closely with JSCs, including to provide feedback on training product development and course accreditation matters. ASQA has unique insights into how RTOs can best support completions, including best-practice approaches to determining an individual's suitability for an apprenticeship on the basis of skills and competencies, and on adjustments to training and assessment methods to support an apprentice's progression. JSCs, equally, play a critical role in quality through the design of responsive training products and working with RTOs to improve training and assessment practices.

There are opportunities for ASQA to take a targeted approach to monitoring compliance, to ensure RTOs are routinely offering RPL to apprentices. ASQA's ability to undertake such a campaign is currently constrained, in part, by the fact the regulator does not have routine access to apprenticeship data holdings of the Department of Employment and Workplace Relations (DEWR) and state and territory training authorities. As a result, ASQA has only limited visibility of RTOs delivering training as part of an apprenticeship.

Previous reviews of the VET system have highlighted the missed opportunity presented by low RPL rates for VET qualifications. The Productivity Commission (2020b: 55) recommended:

...the Australian, State and Territory governments should improve the system of credit pathways by developing options to reduce barriers to [RPL]. The options should carefully consider the balance between consistency and flexibility of RPL across providers, funding models and incentives of RTOs, the costs to RTOs and students, and the risk of rorting.

The Productivity Commission found that some jurisdictions, such as Queensland and the Northern Territory, use RPL more than others and that, to give students confidence in the ability to receive RPL, the process needs to be reasonably standardised and predictable. The House of Representatives Inquiry into the Perceptions and Status of Vocational Education and Training similarly found barriers to RPL and the need for improved processes (Standing Committee on Employment, Education and Training 2024).

As with previous reviews, we found that the challenges and areas of reform for RPL extend far beyond the apprenticeship system, stretching the VET system. Reform will require significant coordination across a range of organisations including governments, regulators, industry and RTOs.

Micro-credentials

We heard micro-credentials are a useful tool in developing the skills base of apprentices throughout the course of their career, both during and after their apprenticeship.

Micro-credentials are short and targeted training products that support people to move between jobs and industries and can be used as building blocks towards full qualifications. Micro-credentials are not a replacement for a traditional apprenticeship pathway but can help a former apprentice transition into a new stage of employment, or can form part of general upskilling.

Previous reviews of the VET sector noted the potential for micro-credentials to provide more flexible training options for industry (Joyce 2019) and the need for more guidance on how they can be used for upskilling (Department of Education 2019). It is important to note micro-credentials in the VET system have been quality assured under the VET Quality Framework and therefore meet the agreed standard for vocational education across the Australian, state and territory governments.

We heard about some examples of micro-credentials being delivered. Civil Apprenticeships and Careers Ltd told us in their submission about a micro-credential developed by Civil Train South Australia (the RTO for the Civil Contractors Federation SA). Civil Train collaborated with Civil Apprenticeships and Careers Ltd and industry to develop a micro-credential for supervising apprentices. Unfortunately, we heard that due to a lack of funding, the enrolment cost was high and consequently there was low take up, leading to the eventual end of this training.

This [end of the micro-credential] was a disappointing outcome considering the effort put into creating the micro-credential, which was a quality program that could have helped the industry create a workplace where both apprentices and supervisors could thrive.

Civil Apprenticeships and Careers (submission)

Examples of micro-credentials in the apprenticeship sector

TAFE Queensland offers a range of micro-credentials to help support supervisors, apprentices and trainees in the workplace. These micro-credentials provide participants with practical tips and guidance to prepare a safe work environment, implement a safe culture, and techniques to assess the effectiveness of safety improvements and include topics on mentoring an apprentice or trainee, mentoring techniques, and assessing the results of mentoring programs.

The Motor Trades Association of Queensland (MTA Queensland) provides various micro-credentials courses that offer short, affordable and immediate skill upgrades tailored for the automotive industry. These include short courses explaining safety, technical skills, business needs and introductory courses for the industry.

The Queensland Government run a micro-credential program that provides an opportunity to support changing workplaces by enabling the provision of focused training for new or transitioning employees in specific skills. The program provides up to \$250,000 to design and deliver micro-credentials aligned to specific industry gaps.

The final report for the Universities Accord found micro-credentials provide people with 'flexible, modular and inclusive methods to acquire skills rapidly' and will be important in addressing skills demand and transitioning industries (Department of Education 2024). It recommended government consider implementing a large-scale micro-credential pilot to explore a systemic way to fund accredited micro-credentials in the higher education system. The report also recommended that pilot micro-credentials should be 'stackable', so they can be combined into larger qualifications when they constitute a larger body of knowledge. Stackable micro-credentials have long been a feature of the VET system, through units of competency, skill sets and accredited short courses.

Within the apprenticeship system, there is an opportunity to further explore micro-credentials as a means of building the skills base of those who have completed their apprenticeship and are looking to add additional skills, or those who are close to completing their apprenticeship and want to reskill into similar industries. This could be aligned to the implementation of a National Skills Passport (Recommendation 7.1) to maximise the benefits of both approaches.

Accelerated apprenticeships

Accelerated apprenticeships are a training approach that can reduce the typical 4-year duration of a trade apprenticeship to a shorter period (Callan 2008). Options to reduce the overall length of an apprenticeship can include extending the off-the-job training year, improving RPL (as previously discussed) (Hargreaves et al. 2017) and establishing systems to allow apprentices to progress based on levels of competency rather than time served (Couldrey and Loveder 2017).

For Australia to meet its chronic and critical skill shortages in building and construction, more apprentices must graduate with at least a certificate IV, in many cases this will enable them to seek relevant trade licensing in future.

Master Builders Australia (submission)

NCVER found accelerated apprenticeships can benefit employers and apprentices (Callan 2008). For apprentices, accelerated apprenticeships offer the opportunity to progress faster through the apprenticeship, therefore reducing time spent on the training wage in favour of gaining full wages earlier (Productivity Commission 2020b).

This is especially attractive for adult apprentices with financial commitments associated with cost-of-living pressures or supporting a family (Callan 2008). The evidence suggests that having the option to complete a qualification in less time would encourage apprenticeship commencements (Dickie et al. 2011).

We also heard that employers could benefit from having access to a wider pool of qualified staff and increased productivity and morale in the workforce due to the uplift in qualifications, pay and career prospects (Callan 2008).

Enabling high-performing apprentices to complete more quickly improves their earning potential during the apprenticeship (less time on low wages) and will improve the completion rate as a result by lowering job switching.

National Australian Apprenticeship Association (submission)

We heard from employers that the length of apprenticeships is an issue. The Australian Hotels Association and Accommodation Australia said in their submission that the 4-year length of apprenticeships is too long, leading to many dropping out once they have attained the minimum skill development required for their role. Others, including Master Builders Australia, raised the issue of apprentices finishing their apprenticeship when they achieve a certificate III, instead of progressing to a certificate IV.

BuildSkills Australia recommended in its submission 'the development of accelerated apprenticeships' such as the Master Builders Association (NSW) Adult Apprenticeship Commencement Training program.

Adult Apprenticeship Commencement Training Program

The Master Builders Association (NSW) Adult Apprenticeship Commencement Training Program allows workers to complete an apprenticeship in 2 years. This program, subsidised by the New South Wales Government, is designed for applicants with building or construction experience over the age of 21 who are able to commit to training in an accelerated 2-year apprenticeship model. Apprentices begin a 4-year Certificate III in Carpentry but can apply for a competency-based completion at the end of their second year for early completion.

Accelerated apprenticeships have not been widely implemented across the apprenticeship system, and predominantly appear as pilots or small-scale programs. Part of this relates to administration and implementation costs, but there are also concerns about rushing qualification design.

Industry needs and safety are essential considerations in the shortening of any apprenticeship. However, like RPL, there may be perverse incentives in the system for employers to keep apprentices on training wages as long as possible.

The Organisation for Economic Co-operation and Development (OECD) found that in Australia, money is a major factor for the lack of employer support for shorter apprenticeships. This is because competency-based completion reduces the period when the apprentice is highly productive while receiving a lower apprentice wage, which is essential for employers as the lower wages compensate for the initial costs incurred (OECD 2023).

We also heard some shortened programs may not meet apprentices' expectations for training. For example, a participant in the Australian Council of Trade Unions' apprentice roundtables shared feedback that they received a lack of practical training, lack of mentoring, and limitations on the transferability of their skills to other jobs in the industry.

RTOs also view shorter courses less favourably. For RTOs, accelerated apprenticeships increase the administrative screening process, potentially erode the quality of qualifications, and create cost pressures (Callan 2008).

Accelerated apprenticeships are a contested issue within the apprenticeship system, and there is no consensus across jurisdictions on how they should be implemented. As a tripartite forum with government, employers and unions, JSCs provide a useful vehicle to consider the potential for shortening some apprenticeships – particularly in priority areas such as clean energy, care and support, and construction – in a way that meets the expectations of all parties.

Accelerated apprenticeships have a range of challenges and benefits and may be a useful pathway to contribute to addressing the near-term skills needs in the economy.

Harmonising apprenticeships between jurisdictions

Some groups, such as Indigenous Allied Health Australia, the National Australian Apprenticeships Association and the Australian Chamber of Commerce and Industry, suggested differences between state and territory apprenticeship processes can make the system harder to navigate and called for greater consistency across elements of the apprenticeship system.

The long-term goal should be to achieve national consistency across all jurisdictions and reduce the complexity of the system for apprentices, trainees, and their employers.

National Australian Apprenticeship Association (submission)

We note various attempts to harmonise processes over many years, including through Commonwealth–state partnership agreements. However, the Skills and Workforce Ministerial Council now provides a critical forum to resolve issues of consistency across jurisdictions. Its role is to provide national collaboration across the VET system and progress issues of national importance.

We also consider that state and territory training authorities should consider the decisions and outcomes of their counterparts when making new apprenticeship declarations, or when reviewing existing declarations. This is particularly pertinent to decisions on durations, qualifications and whether training can be undertaken as an apprenticeship.

However, the comparative costs and benefits of large-scale standardisation are unclear, including in relation to boosting completion outcomes for individual apprentices.

VET qualification reform

Some of the issues identified above, including RPL and micro-credentials for apprentices, relate to qualification reform in the wider VET system.

In June 2023, the Skills and Workforce Ministerial Council established a Qualification Reform Design Group (QRDG) representing employers, unions and governments to lead reform of VET qualifications and ensure the system supports the different users of VET and their diverse needs, and consistently seeks to maximise the outcomes for learners and industry.

The tripartite QRDG provided initial advice to the Skills and Workforce Ministerial Council in early March 2024, which set out a new ambition for Australia's system of VET qualifications, in which VET is seen as the sector of opportunity for Australians of all backgrounds, and where VET graduates are known for the productivity and innovation they bring to firms.

The QRDG advice proposes a differentiated approach to developing VET qualifications based on the specific purpose of the qualification – whether focused on a specific occupation, training for a range of related occupations within an industry or delivering cross-sectoral skills and knowledge which provide pathways across industries. This approach seeks to retain elements of VET that are working well, while finding new approaches to enable VET to better support workforce development for a broader range of industries and support pathways into emerging occupations and industries.

The QRDG has identified a range of challenges that arise from overly narrow qualifications and the level of detail within units of competency and their associated assessment requirements, noting these have evolved over the last 30 years and are being used to manage industry concerns relating to poor-quality delivery and assessment.

The proposed model recognises that the relationship between VET qualifications and occupational outcomes vary. Some qualifications have a tight relationship between the qualification and an occupational outcome, with a majority of graduates employed in the specific targeted or closely-related occupation – for example trades. These qualifications offer well-defined and valued pathways that offer good outcomes for graduates and employers. Other qualifications have a looser relationship between the qualification and an occupational outcome, with graduates employed across a wide range of occupations, and there are opportunities to reform qualifications to deliver a broader application of skills and knowledge across several roles or contexts within an industry.

The QRDG has considered how best to remove unnecessary prescription and detail in qualifications and units of competency (to enable more flexibility for delivery and assessment, including RPL). However, it has also recognised that in some instances, this level of detail is important in supporting employment outcomes for graduates, particularly where there are implications for safety or occupational licensing. In addition, the QRDG has noted the importance of maintaining the integrity of the trades – given these qualifications are designed to meet well-defined occupations, lead to secure graduate employment outcomes, and provide the basis for further skilling and advancement throughout an individual's career.

This does not mean apprenticeship and trade pathways will not benefit from JSCs considering new approaches to qualifications to increase the supply of skills for their sectors and enable individuals to more easily move to new employment opportunities, including opportunities for greater recognition of prior learning where appropriate. It does mean, however, that opportunities to reform trade-focused qualifications need to be carefully considered, in the context of how qualifications are currently used, the value being delivered to learners and industry, and the intersections with external regulation and licensing and industrial relations.

The QRDG is currently working with JSCs through a collaborative, co-design process to refine the proposed model, and develop new qualification approaches across their diverse industries, with further advice anticipated to be provided to the Skills and Workforce Ministerial Council later this year.

Key areas of further consideration: proposed reform directions

The issues in this chapter are complex and hinge on wider reforms in the VET system, and there is a lack of consensus amongst stakeholders as to the nature of the problem or how to progress reforms across the apprenticeship system.

Where further work must be undertaken on these matters, in collaboration between governments, employers, unions and regulators, we consider that JSCs are well-placed to convene all necessary stakeholders to progress tripartite solutions relevant to specific industries.

Recommendations

6.1



The Australian Government, VET regulators and Jobs and Skills Councils collectively support best practice in recognition of prior learning for apprentices, to fast-track apprentices where they can demonstrate competency.

This includes:

- Jobs and Skills Councils examining how recognition of prior learning is being applied in RTOs and in their training products, and recommending to the DEWR industry-backed changes to the Standards for Registered Training Organisations to make the process for accessing RPL simpler and more consistent for apprentices.
- VET regulators refreshing guidance on how to apply RPL under the Standards for Registered Training Organisations, to support RTOs to better meet their obligations relating to RPL.
- VET regulators ensuring RTOs meet their obligations in relation to RPL under the revised Standards for Registered Training Organisations, through their compliance strategies.
- The Skills and Workforce Ministerial Council ensuring action is being taken and progress is monitored – this includes using information sharing agreements and portal proposed in Recommendation 4.1.

6.2



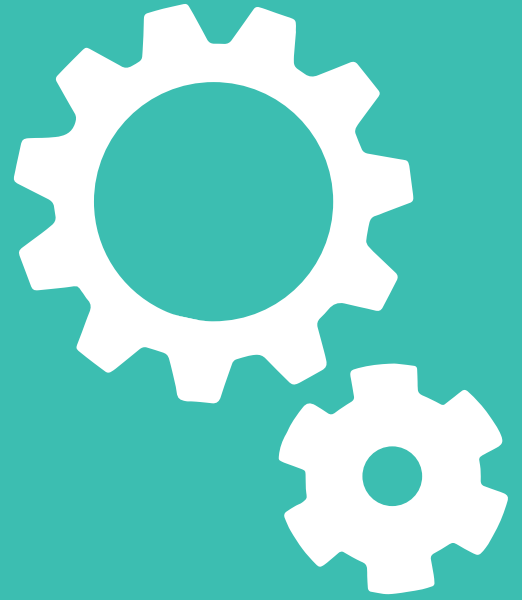
Jobs and Skills Councils develop and structure apprenticeship qualifications so that apprentices can be fast-tracked to start working in their industry, where appropriate.

This includes considering ways to support more efficient, competency-based progression of apprentices' training and enabling apprentices who demonstrate proficiency in certain skills to progress quickly through their apprenticeship.

6.3



The Australian Government provides additional funding to Jobs and Skills Councils to appropriately resource their implementation of the review recommendations, with clear deliverables under their Grant Agreement linked to review recommendations.



Supporting apprentice transitions into secure, well-paid work and careers

Apprenticeships and traineeships are essential parts of workforce development, they are a means of offering meaningful career pathways to workers and communities.

Australian Chamber of Commerce and Industry (submission)

Overview

While apprenticeships offer a good pathway into the workforce, more can be done to improve the transition from an apprenticeship into secure, well-paid work and successful careers.

Many of the issues identified around career transitions for completing apprentices are explored elsewhere in the report. These include:

- career advice about the opportunities that an apprenticeship provides post-qualification (Chapter 3)
- recognition of prior learning (RPL) to reduce the duration of training (Chapter 6)
- improved workplace culture (Chapter 4)
- effective mentoring and support for apprentices throughout their training (Chapter 4)
- ensuring employers are equipped to give their apprentices the skills that industry needs (Chapter 4).

However, there are also issues around career transitions related to those apprentices who do not complete their apprenticeships. The slowing in Australia's productivity performance in recent decades has coincided with a decline in job-to-job transitions (Andrews and Hansell 2021). International research suggests that job-to-job transition can increase aggregate productivity by moving workers to more productive firms (Albagli et al. 2021).

During our consultations, we heard calls to recognise the skills learned as well as pathways provided for non-completing apprentices, particularly where they intend to stay on in the same industry. This includes consideration of how a National Skills Passport could be integrated into the apprenticeship system.

Supporting apprentices from training into a career

Once an apprentice completes their apprenticeship, they should be able to easily transition into a stable career in their chosen industry.

Getting a job is a key reason to take up an apprenticeship. *The Apprentice and Trainee Outcomes 2023* report (NCVER 2024a) found the most common reason why individuals take up an apprenticeship is because they had a desire to work in that specific industry and that they wanted to gain a recognised qualification.

However, this process is not always simple.

What happens after an apprentice completes their apprenticeship

An apprentice generally takes the following steps to have their qualification recognised and their apprenticeship signed off:

- agree with their employer and registered training organisation (RTO) that all training has been completed
- finalise completion documentation such as a completion agreement, and confirm their competencies meet workplace and industry standards
- lodge training documents
- receive a qualification certificate from their RTO.

Under the Standards for Registered Training Organisations 2015 all RTOs must issue learners who complete their course requirements with qualification certifications, including testamurs (the legal document you receive after graduation), statements of attainment and records of results. In some cases, this enables apprentices to commence work immediately. However, some apprenticeships, such as electricians, require additional occupational licensing and registration requirements to meet safety standards or other regulatory requirements.

Apprenticeships and licensing

The requirement for an apprentice to meet occupational licensing or registration requirements is most common in trades. Occupations with an apprenticeship pathway such as in the building, property, security and gaming industries are also often required to apply for a licence once they complete their training. Licensing conditions and training requirements can be different in each state and territory. Typically, the purpose of occupational licensing or registration is to ensure all qualified persons in particular industries meet the relevant consumer, public and work health and safety standards.

For some occupations, an apprenticeship must be completed before a person can receive a licence to become a qualified tradesperson. For example, to get an electrician (A-grade) licence in Victoria, they must hold a Certificate III in Electrotechnology Electrician (or equal certification) and complete a 4-year contract as an apprentice electrician. This includes at least 12 months experience carrying out electrical installation work, with written confirmation from their employer.

Once qualified, the process of moving from one state or territory to another is supported by mutual recognition. This scheme allows a registration or licence holder in most states and territories to receive another registration or licence in a second jurisdiction for an equivalent occupation.

Once qualified, apprentices have a range of career opportunities. They can continue working with their employer, apply for a new job, further upskill or start their own business. Around 94% of apprentices who completed their training in 2022 report they are employed or are in further study (NCVER 2024a).

Case study: Stepping up to the helm of an incredible career



Image: Bridie standing outside the dockyard.

Until 2022, Bridie had never been on a ship. As a result of her apprenticeship in the project management office of Thales Australia, Bridie is now involved in the management of million-dollar maritime projects. Thales Australia is a partner of the Royal Australian Navy where, over the last 10 years, over 100 apprentices have qualified in their chosen field.

After starting an apprenticeship at 17 years old, Bridie began her Certificate IV in Project Management Practice. Making the move from Maitland to Sydney, Bridie arrived in an unfamiliar industry and working environment. Her workplace would be the Garden Island Dockyard, the southern hemisphere's largest ship repair and maintenance graving dock.

Experiencing science, technology, engineering and mathematics in Year 10 and a vocational construction qualification in Year 11 left no doubt in Bridie's mind that an apprenticeship was for her. 'I've always been a hands-on learner,' Bridie stated. 'The balance of theory and practical work offers an unmatched training program – it was pivotal to my success.'

The guidance from her colleagues and trainers went a long way. 'I'm extremely lucky to be working alongside men and women with upwards of 40 years' experience,' said Bridie. 'The skills they bring to the table are unparalleled and they supported me immensely.'

For some, collaborating with such respected colleagues could be daunting, but Bridie has taken it all in her stride. 'As a young person in an experienced and mature industry, there can be challenges with people's perceptions of your competency, but I worked extremely hard to build my reputation and have earned the respect of many throughout the business and industry.'

She earned even more respect due to the pace with which she has excelled in her traineeship. Her learning was facilitated by the Australian College of Commerce & Management, an RTO. 'Bridie has fast-tracked her qualification and is now the most sought-after project superintendent within our company,' said Natalie Genc, Bridie's training and capability manager. 'She is definitely a next-generation leader.'

Bridie's day-to-day role could see her working on destroyer ships, guided missiles or being a wharf and crane co-ordinator, an incredible learning curve for someone under the age of 20. 'When I reflect on the person and professional I've become during this traineeship, it fills me with pride,' said Bridie. 'It's been fantastic, I've picked up so many skills that are transferable across multiple roles and industries.'

Case study supplied by the New South Wales Government.

The value of non-completion

The most recent unpublished Department of Employment and Workplace Relations (DEWR) apprentices and trainees data show around 55% of apprentices who commenced in 2019 have completed their training. As discussed throughout the report, completion rates vary across different occupations and industries, and for different priority cohorts.

It is natural for some apprentices to change their mind about their career after gaining on-the-job experience (Productivity Commission 2020b). However, there are significant costs associated with non-completion for employers, apprentices and the public including time, resources and government funding (Productivity Commission 2020b).

Non-completion may also have implications for pay or career advancement, and where a completed apprenticeship is a pre-requisite for a licence, non-completion prevents the individual from working in that occupation altogether. In these instances, curtailed apprenticeships can represent significant wasted effort and investment on the part of the apprentices and employers, as well as missed opportunities to address critical skill shortages.

However, not all these costs are wasted because some non-completing apprentices develop sufficient skills to transition to employment in their chosen career.

Non-completion of an apprenticeship should not always be considered a failure where the individual has learned valuable skills and can still find a role (and a rewarding career) within that industry or use their acquired skills to transition into another industry. The Productivity Commission (2020b) identified that individuals who have partially undertaken an apprenticeship are likely to have obtained some skills that have helped with the transition into employment or further education and training.

This is particularly relevant for occupations such as food trades and hospitality workers, which do not require a completed apprenticeship or licence to practise. Submissions from Australian Chamber of Commerce and Industry and the Australian Hotels Association and Accommodation Australia supported the notion that non-completing apprentices can still make a strong contribution to their workforce. For example, an apprentice chef may cancel their apprenticeship in the first year or after several years, but still continue to work in the industry. Currently, about 27% of chefs and cooks remain in the same occupation after they cancelled or withdrew from their apprenticeship (NCVER 2019).

The view that the completion data of apprentices be taken at face value detracts from the valuable outcomes non-completers have that add to the workforce skills-base and benefit the economy. In many trades which are not licensed, there can be positive financial incentives to leave early. Bricklaying, chefs and hairdressing are common examples of this, and in times of skill shortages, the lure of above-award wages can entice someone to end their apprenticeship early.

Australian Chamber of Commerce and Industry (submission)

It is imperative to redefine completion to encompass the diverse pathways and opportunities these programs offer, recognising the significance of non-completion outcomes in facilitating employment and skill acquisition.

Australian Chamber of Commerce and Industry (submission)

[In] our industry, an apprentice chef who discontinues their apprenticeship mid-way through has acquired skills that are still valuable to businesses and the labour market. There are many roles for cooks in cafes and bistros that do not require the full cooking trade skills that an apprenticeship delivers. In short, lack of completion does not amount to failure. The value of commencing the training and experience within an apprenticeship model is still delivered.

Australian Hotels Association and Accommodation Australia (submission)

The skills learned in an incomplete apprenticeship may also be leveraged into further study. The *Apprentice and Trainee Outcomes 2023* report (NCVER 2024a) found 22.9% of trade non-completers and 24.9% of non-trade non-completers went on to further study. Additionally, in 2023, around 78% of trade non-completers were satisfied with the skills they obtained through their apprenticeships (Stanwick et al. 2021). These statistics highlight the benefit of undertaking an apprenticeship as a way to develop and acquire skills and knowledge, even when the program is not completed.

Creating smoother transitions from an apprenticeship to the qualified workforce

Retaining qualified apprentices

We heard from some employers who have invested considerable time training an apprentice only to have them leave. We were told by employer groups that final year or recently qualified apprentices are being ‘poached’ by other employers and industries, particularly in trades. In its submission to the review, the Electrical Trades Union of Australia attributed this to apprentices being ‘skilled and competent enough to deliver higher returns to a prospective employer’. The Australian Chamber of Commerce and Industry submission also indicated apprentices move to other employers during this period due to financial reasons, such as being offered more money. The option of providing retention payments to apprentices is discussed, and rejected, in Chapter 2.

Under the current Employer Incentive Program, many employers who are employing “green apprentices” and training them for a couple of years until they become an asset, are losing their 3rd year and 4th year apprentices to employers who refuse to train apprentices that are green.

OSMAC Apprenticeships (submission)

We acknowledge this can be frustrating for employers who invest in an apprentice over several years, as they incur most of the costs but not the benefits of investment (Karmel and Rice 2011). That said, graduating apprentices who switch employers within the same industry can represent healthy labour market mobility if they are pursuing better career opportunities, pay or conditions (Black and Chow 2022). Analysis by Black and Chow (2022:24) found ‘to the extent that job mobility results in better job matching and increased labour reallocation to more productive firms, [job mobility] can play a role in labour productivity gains’.

As the Productivity Commission (2020b) found, anecdotal claims about poaching have been raised periodically but there is little evidence about how often it occurs.

There are some examples of initiatives designed to discourage this. For example, the South Australian Government has an anti-poaching scheme where the new employer has to make a payment to the former employer where an employer substitution occurs, unless an application is made to waive the transfer fee. This allows a prospective future employer to take on an apprentice prior to the completion of their apprenticeship, while compensating the existing employer for the loss of their apprentice. The South Australian Skills Commissioner must be notified of an intention to change employers during an apprenticeship. Under the *South Australian Skills Act 2008* (SA), if no waiver is made the proposed employer must pay or enter into an agreement to pay a transfer fee in relation to the training contract.

There is some suggestion poaching risks may be more acute for small employers because they have less capacity to retain apprentices on completion, especially if an apprentice prefers to work for larger employers with better career prospects or remuneration (Productivity Commission 2021).

A greater concern is if graduating apprentices drop out of the industry altogether. This can signal poor conditions, low pay and burnout in that industry, and a missed opportunity to leverage a skilled worker.

Ultimately, we want a flexible labour market that enables apprentices to move to better paid, more rewarding work.

Table 13: Proportion of successful completers leaving industry of apprenticeship, by top 5 industry based on apprenticeship completions

Industry	Proportion leaving industry (%)
Construction	18
Accommodation and food services	25
Retail trade	49
Health care and social assistance	18
Manufacturing	22

Note: Administrative and support services are excluded from this list because businesses that operate in this industry are often operating in another industry.

Source: Review analysis based on NCVER (2024a).

Understanding career pathways after an apprenticeship

A number of the issues that lead to apprentices leaving an industry could be addressed through improved awareness of apprenticeship career directions (as discussed in Chapter 3) and higher-quality apprenticeship experiences (as discussed in Chapters 4 and 5).

However, we heard there needs to be more guidance from industry to support a seamless transition at the end of the apprenticeship. This includes information on further career and upskilling opportunities and advice about how to pursue more on-the-job training. Employers also have a role to play in ensuring apprentices understand their potential career pathways within that industry, especially in trade occupations.

Chapter 3 explores in detail the need to provide clear career information to people considering an apprenticeship, and to promote the skills and financial benefits of an apprenticeship. This includes information on how apprenticeship pathways will provide training for future in-demand jobs and jobs in key industries like clean energy and construction (see Recommendation 3.3).

We heard that many apprentices struggle to find information about career opportunities when they finish their apprenticeship. While they know how to access information generally, the issue is finding the right guidance to inform decision-making.

The Housing Industry Association submission noted that while some apprentices know exactly what they want to do when they finish their apprenticeship, many are undecided about their future career. The Australian Chamber of Commerce and Industry said an issue for some apprentices is they do not know what jobs they can do once they finish their apprenticeship. The Housing Industry Association recommends that, before commencing an apprenticeship, the prospective apprentice should be presented with a clear path of the requirements of their training and their career opportunities when they complete an apprenticeship. This is particularly important for supporting priority cohorts such as First Nations apprentices and people living in regional and remote Australia where labour markets are thinner and there is less access to training opportunities.

Greater flexibility in training can help with a faster transition to a job

To compete with occupations and industries that do not require an apprenticeship, we heard that apprenticeships should be more flexible to allow greater mobility into and across the qualified workforce.

One way this could be achieved is through greater flexibility. Workforce Australia Local Jobs Barwon reported in its submission that such approaches would increase the attractiveness of apprenticeships for mature age workers and people with disability who have obtained other qualifications or real-world experience through initiatives such as the new Disability Employment Program.

We heard about opportunities for accelerated apprenticeships through extending off-the-job training and allowing progress based on levels of competency (rather than time served) as another area where flexibility in the training structure would support faster transitions into the qualified workforce. However, the costs of recognition of prior learning are often a barrier to flexibility both for the apprentice and the employer.

Recognition of prior learning is discussed further in Chapter 6.

National Skills Passport

In September 2023, alongside the release of the Employment White Paper, the Australian Government announced it would consult widely to develop a business case for a National Skills Passport. Consultations closed in February 2024. As the Hon Jason Clare MP, Minister for Education, said (Chalmers et al. 2023):

A National Skills Passport could make it easier for employees to demonstrate the skills they have, and for employers to have confidence that employees have the skills they need.

We heard from organisations such as the Victorian Chamber of Commerce and Industry and BuildSkills Australia about the benefits of a future Skills Passport to help newly qualified apprentices and employers upload and share their skills and qualifications gained through their apprenticeship, and other related vocational or tertiary training. We heard a Skills Passport could also connect with other relevant services, make life easier for employers, employees and jobseekers, and help people upskill and reskill.


In terms of apprenticeships, a Skills Passport has the potential to support vocational education and training (VET) qualified workers and recent apprentices as they transition from training to employment. By providing a standardised and verifiable record of previously attained qualifications and skills, a Skills Passport could reduce the time and complexity for employers and training organisations to match and assess prospective apprentices. The Skills Passport would need to be widely adopted by jobseekers, industry, providers and employers to deliver on its intent, so promotion of the Skills Passport should form a key part of its implementation.

The development of a Skills Passport is in its initial stages, with government recently completing the comprehensive consultation process to better understand the needs of different parties. Given the potential benefits of a Skills Passport to workers with VET qualifications, particularly newly qualified apprentices as they transition to employment, government should accelerate efforts to develop and implement the Skills Passport.

The proposed National Skills Passport will go some way towards making it easier for people to demonstrate their skills, change jobs and upskill. This approach to encouraging lifelong learning may make it easier for people to navigate between VET and higher education should they wish to undertake further study.

BuildSkills Australia (submission)

Supporting apprentices from training into a career: proposed reform directions

Recommendations	
7.1 	The Australian Government prioritises the implementation of a National Skills Passport, to support apprentices to connect to jobs and further training opportunities by promoting their qualifications, and to help businesses find more skilled workers.



Improving data and evaluation to respond to future challenges

There are significant data gaps in the VET and apprenticeship system relating to student destinations, employment patterns and rotations and consistency of data across states and jurisdictions.

Victorian Chamber of Commerce and Industry (submission)

Overview

Robust, timely and reliable apprenticeship data is critical for informing effective policy and evaluation, as well as business planning for employers and training organisations. We have benefited from a wealth of research, evaluations and data in undertaking this review, to ensure the findings and recommendations are evidence-based.

However, the apprenticeship system remains hampered by delayed and fragmented data collection and analysis that limits the ability of industry and policymakers to track change or provide robust policy recommendations on current and future challenges for apprentices and employers. Many stakeholders want better and more disaggregated information about commencements, completions and outcomes for apprentices.

We heard concerns that current National Centre Vocational Education and Research (NCVER) apprenticeship publications fail to effectively report a person's journey through apprenticeships, and the broader educational system and employment, in a way that is timely and meaningful for users. This limits the ability to effectively identify and manage trends or emerging issues in the apprenticeship system.

Without more targeted and granular labour market trends and shortage data, government will not be able to set effective evidence-based policies to address workforce capacity challenges in key sectors, including for apprenticeships. While Jobs and Skills Australia (JSA) has undertaken capacity studies in clean energy, personal care and early childhood education and care to inform the anticipated future skill shortage in those sectors, projections for the construction and defence sectors are yet to be undertaken. Furthermore, eligibility for apprenticeship incentives is heavily informed by JSA's Occupation Shortage List, which does not provide sufficient detail to make evidence-based decisions on how to more accurately target the apprenticeship system to those who are most in need.

The approach to apprenticeship data reporting and analysis must be improved, starting with a clearer picture on how best to design effective data services and deliver a quality evidence base for the system.

Apprenticeship data

The importance of accurate and timely data

For policymakers

Comprehensive and timely apprenticeship data is critical for evaluating the effectiveness of the incentive system, as well as broader apprenticeship policies and programs. Data on apprenticeship outcomes enables policymakers to assess whether policy objectives are being met, identify successful models that have potential to be scaled, and adjust or develop tailored support for specific groups, industries and regions.

Data-driven insights are crucial for optimising the allocation of available resources within the apprenticeship system. By understanding where funding has the greatest impact, policymakers can prioritise investments in areas that represent value for money. Analysing apprenticeship trends also contributes to broader labour market forecasting, enabling policymakers to anticipate skill shortages and surpluses.

Better data is required to understand the causes, timing and consequences of apprenticeship drop outs. It is also necessary to understand the structural, workplace and training barriers to the uptake of apprenticeships among priority groups which is reducing the effectiveness of retention and participation interventions.

Brotherhood of St. Laurence (submission)

For industry

Data on apprentice performance and satisfaction can help inform strategies to improve training delivery and retention rates. Apprenticeship data also enables businesses to make informed decisions about hiring, training and workforce planning.

Workforce planning is a key function of Jobs and Skills Councils (JSCs), which were implemented in 2023 to provide an industry voice for the vocational education and training (VET) sector to ensure it delivers better outcomes for learners and employers. JSC functions also include informing and underpinning career-mapping across education and training sectors. They are also responsible for developing VET packages that are responsive to industry needs, flexible and informed by comprehensive workforce analysis. This ensures apprentice qualifications are fit for purpose and up to date with emerging skills needs.

As such, trends in apprentice retention in key industries and qualifications will provide valuable insights to JSCs about the relevance of certain training packages. An improved apprenticeship evidence base that supports robust workforce planning by JSCs can help lift outcomes across the skills system.

More information on JSCs can be found in the Appendix.

Submissions highlighted industry's need for better data. The Australian Chamber of Commerce and Industry suggested apprenticeship completion rates could be more accurately measured through improved data collection methods. It recommended the Unique Student Identification number should be used to track apprentice activity or, alternatively, a better system be developed to track completion rates.

The Victorian Chamber of Commerce and Industry also indicated there is a need for more accurate data specifically 'relating to student destinations, employment patterns and rotations, and consistency of data across states and jurisdictions.'

The Brotherhood of St. Laurence recommended data should be more 'specific and disaggregated' to better target apprentice and employer support. This could be achieved through annual publication of apprenticeship commencement, withdrawal and completion data that is disaggregated by industry and priority groups.

For apprentices

Accurate and accessible information on apprenticeship opportunities, wages, completion rates and employment outcomes would empower prospective apprentices to make educated choices about their career paths.

For apprentices and their families, reliable data provides transparency into training progress, earning potential and future job prospects, fostering trust in the apprenticeship system. However, the way apprenticeship data is currently reported, at a whole-of-system level rather than by occupations and industries, can be misleading, affecting the reputation of apprenticeships as a secure career pathway and reinforcing university as a preferred option.

The importance of evaluating public policy initiatives

A word about evaluation

Program evaluation is fundamental to developing evidence-informed public policy development, program design and implementation.

The Productivity Commission's Indigenous Evaluation Strategy (2020a:4) dealt extensively with the importance of evaluating public policy initiatives. We have drawn heavily on this material and fully support the approach proposed:

Evaluation is the systematic process of making a judgment about the merit or worth of a policy or program. It is about assessing the effectiveness of policies and programs and identifying the factors that drive or undermine their effectiveness. It answers questions such as – how was the policy or program delivered, what difference did the policy or program make, what would have happened without the policy or program in place, and do the benefits of the policy or program justify the costs?

The Productivity Commission's observations about the importance of evaluating public policy initiatives were endorsed in a 2023 report by the Committee for Economic Development of Australia (CEDA) *Disrupting Disadvantage 3: Finding What Works* (Winzar et al. 2023:7):

Without consistent program evaluation and implementing improvements based on data, evidence and analysis, ineffective programs are allowed to continue even as effective programs are stopped.

CEDA examined a sample of 20 Australian Government programs conducted between 2015 and 2022, with a total expenditure of more than \$200 billion and found that 95% were not properly evaluated. An analysis of 83 state and territory programs showed similar results – 64% were found to have had either no evaluation framework or problematic evaluation processes.

CEDA drew attention to 2 issues, which are of particular interest to our review.

The first issue concerned the need to define what success looks like (Winzar et al. 2023:10):

The problems with evaluation start from the outset of program and policy design – many programs were found to lack clear objectives and any definition of “success”.

The second concerned the importance of data (Winzar et al. 2023:13):

The role of data cannot be understated. Without appropriate planning to collect, analyse and link data from the outset of program design, evaluations will not be successful.

Guiding principles for an apprenticeship evaluation strategy

The guiding principles identified by the Productivity Commission (2020a:9), adapted to the context of the apprenticeship system are captured in Figure 61. Each of these elements is briefly summarised below.

Figure 61: Guiding principles of an apprenticeship evaluation strategy



Credible

Evaluation approaches, methods and processes must be credible if policy and program design and implementation decisions are to be based on evaluation findings. Credibility is grounded in rigorous methodology conducted by evaluators who are technically competent. Evaluation users should have confidence that evaluation findings are robust and any limitations to the analysis are clearly identified.

Useful

When government agencies plan, commission or conduct evaluations, the intention should always be to use the evaluation findings to inform policy and program decisions (Productivity Commission 2020a:14):

Evaluations are most useful when they are of high quality, findings are available to decision makers, and evaluations are timed to contribute to policy-making and implementation decisions.

Evaluations should be embedded in the policy cycle. This will improve the quality of evaluations by ensuring that adequate resources are devoted to evaluation, baseline and monitoring data are fit-for-purpose, and evaluation questions are linked closely to policy and program goals. It will also mean that evaluation findings are available at key decision points during implementation, and to support continuous quality improvement.

The usefulness of individual evaluations can be enhanced by incorporating findings into the existing evidence base and using meta-analysis to provide broader insights into policy and program effectiveness.

Ethical

All stages of evaluation – planning, commissioning, conduct, reporting and use – should be conducted in an ethical way. All evaluation projects should include systematic and well-documented assessments of ethical risks. Formal review by an ethics committee will be required for some, but not all, evaluations. In cases where an evaluation does not require formal review by an ethics committee, agencies and evaluators must still follow ethical practices.

Transparent

Transparent evaluation is essential to public accountability and confidence (Winzar et al. 2023:8):

Evaluations are key to improving government accountability and transparency. The community should be able to hold the government to account for the success of its programs and policies.

Publishing evaluation findings is critical (Productivity Commission 2020a:18):

Transparency improves accountability and allows the lessons from evaluation to feed into decision making. It involves publishing evaluation findings, information on how evaluations were planned and conducted, and how the findings were used to improve policies and programs.

Publishing evaluation reports allows a range of users to learn from evaluation insights.

Transparency provides incentives for agencies to commission and conduct high-quality evaluations...

Concerns about privacy, cultural or commercial sensitivity can be addressed by publishing a summary rather than a full evaluation report, while the insights from such evaluations are shared as widely as possible. Evaluation summaries should include sufficient detail on evaluation methods and processes for users to understand how the results were obtained.

Agencies should publish a response to evaluation findings in a timely manner so that the community can see how evaluation findings are contributing to policy and program improvements.

A word about the Australian Centre for Evaluation

The Australian Centre for Evaluation (ACE) was established in response to the need for better evaluation, raised in the Independent Review of the Australian Public Service (APS) (Thodey 2019:221):

Research commissioned for the review found that the APS's 'approach to evaluation is piecemeal in both scope and quality, and that this diminishes accountability and is a significant barrier to evidence-based policy-making'. This is consistent with views from within the service. In a private submission to the review, one APS leader said, 'While there are some areas in the APS where evaluation is done well, its actual execution is uneven and, in some areas, non-existent.'

The ACE is intended to help put evaluation evidence at the heart of policy design and decision-making, so the community can have confidence that government programs and policies are delivering better outcomes for Australians and achieving value for money.

The ACE works with Australian Government departments and agencies to:

- promote the Commonwealth Evaluation Policy and help to ensure evaluation is considered at all stages of the policy cycle
- ensure evaluation activities across the Australian Government are conducted in line with the Commonwealth evaluation principles: fit-for-purpose; useful; robust, ethical, and culturally appropriate; credible; and transparent
- embed high-quality evaluation planning and consistent use of evaluation evidence in Budget and Cabinet decision-making processes
- champion high-quality impact evaluations, including randomised trials, by providing technical support and capability uplift
- conduct high-quality impact evaluations through partnerships with departments and agencies to enhance the quality of evaluation evidence
- oversee efforts to improve evaluation capability across the Australian Government.

Ultimately the focus of the ACE is working across the Australian Government to improve the volume, quality and use of evaluation evidence to support better policy and programs that improve the lives of Australians.

The 2023–24 Budget provided \$10 million over 4 years from 2023–24 (and \$2.1 million per year ongoing) to 'establish a central evaluation function within Treasury to provide leadership and improve evaluation capability across government, including support to agencies and leading a small number of flagship evaluations each year' (Australian Government 2023:213).

This review and the role of evaluation

The above observations are of direct relevance to a number of our recommendations, in particular the:

- proposed changes to the incentive system
- proposed Innovation Fund
- need for timely and relevant data.

Given its current level of funding, the ACE is unlikely to have the capacity to evaluate the incentive system changes we recommend, or the programs funded through the recommended Innovation Fund.

We propose that the ACE facilitate the evaluation of apprenticeship programs by providing its expertise to assist the Department of Employment and Workplace Relations (DEWR) and external service providers to conduct their own evaluations. In particular, the ACE could provide assistance in defining clear objectives for particular initiatives and what success looks like; the data that will need to be collected to evaluate the initiative; and methodological design.

Current data sources

Administrative data

Governments collect comprehensive data as part of their roles in funding and regulating the apprenticeship system – every apprentice is captured in both the Australian Government and relevant state and territory systems. Use of this program data outside of administering programs varies across jurisdictions.

At a Commonwealth level, administrative data is captured in the Apprenticeship Data Management System (ADMS). This includes information on employers, apprentices, apprenticeship details, apprenticeship activity (such as commencements and completions), eligibility for payments, claiming activity, and payments.

ADMS is the main administrative platform supporting delivery of the incentive system, where apprentices, employers, group training organisations (GTOs) and registered training organisations (RTOs) lodge incentive claims and manage apprenticeship progress.

ADMS is administered by DEWR and in November 2023 had 223,820 active users (ANAO 2024). This enables DEWR to collect and analyse a range of data used for monitoring and evaluating the incentive system, in addition to reporting on statistics such as apprentice commencement and completion rates.

National Centre for Vocational Education Research

NCVER is the national professional body responsible for collecting, managing, analysing and communicating research and statistics on the Australian VET sector. NCVER was established in 1981 and has managed national apprentice data since 1993. It is a not-for-profit company owned by Commonwealth, state and territory ministers responsible for VET (referred to as members). Most NCVER funding is provided by the Australian Government, on behalf of all members, to collect, analyse and publicly report on VET data for use by policymakers and industry. However, as an independent entity, NCVER can choose what statistics it publishes, the calculations it uses and the level of detail in published data.

The standard used for collecting apprenticeship data

State and territory training authorities (the departments responsible for apprenticeships) supply administrative data to NCVER each quarter, in accordance with the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS). AVETMISS defines the meaning of data elements and specifies how data is to be supplied, as agreed by skills ministers. The purpose of AVETMISS is to ensure the consistency and accuracy of VET information across jurisdictions in the following data collections:

- National VET Provider Collection
- National Apprentice and Trainee Collection
- National VET in Schools Collection
- National VET Funding Data Collection.

NCVER publishes apprenticeship activity data quarterly (6 months in arrears) with frequent revisions, and cohort completion and attrition rates annually (for the cohort commencing 4 years earlier), with one revision per commencing cohort.

Experience, outcome and destination apprenticeship surveys

NCVER also collects apprenticeship data through surveys. The 2019 Apprentice and Trainee Experience and Destination Survey collected information on the outcomes of apprentices who completed, cancelled or withdrew from an apprenticeship in 2018. Information was collected on their reasons for training, employment outcomes, reasons for non-completion, further study outcomes and satisfaction with the apprenticeship. This survey was previously conducted in 2008 and 2010.

NCVER also periodically conducts surveys on people aged 15 years and over who undertook an apprenticeship (known as the National Student Outcomes Survey – apprentice component). The survey is the only regular large-scale survey of apprentices in Australia. Questions cover topics on apprentice characteristics, training characteristics, employment outcomes, further study outcomes, satisfaction outcomes, benefits of training, experience with online learning and the impact of COVID-19 on training. However, several issues limit this survey's utility for industry and policymakers.

Firstly, the National Student Outcomes Survey has seen low numbers of non-completing apprentice respondents. Only 3,311 non-completing apprentices responded to the survey in 2023, representing just 2.5% of the total number of non-completers in 2022. In contrast, 15,782 completing apprentice responded, representing around 16% of all completers from the same year. The low non-completer response rate means the survey responses are less representative of the total apprentice population and therefore potentially less reliable. Even though the survey results are weighted, and the results are statistically significant at the aggregate level, the low response rate is a problem when analysing responses for segments or cohorts, such as apprentices with disability and First Nations apprentices.

The 2023 National Student Outcomes Survey did not include questions relating to apprentice satisfaction with important aspects of their employment. Instead, questions on apprentices' satisfaction with safety in the workplace, salary, relationships with co-workers and whether apprentices observed bullying at work were included in NCVER's 2019 Apprentice and Trainee Experience and Destination Survey. The responses to these questions provide valuable insights into apprentice working conditions and workplace culture, both of which have a significant impact on apprenticeship commencement and retention. Without ongoing and comparable data on these topics, stakeholders and policymakers do not have clear and robust evidence to make decisions that could improve apprentice working conditions.

Only a small proportion of the National Student Outcomes Survey results are made publicly available. While there are around 50 questions relating to apprenticeships, fewer than 10 questions were analysed in NCVER's *Apprentice and Trainee Outcomes 2023* report.

Person Level Integrated Data Asset

Person Level Integrated Data Asset is a secure data asset combining information on health, education, government payments, income and taxation, employment, and population demographics (including the Census) over time. It provides whole-of-life insights about various population groups in Australia, such as the interactions between their characteristics, use of services like health care and education, and outcomes like improved health and employment. Person Level Integrated Data Asset is managed by the Australian Bureau of Statistics and includes apprentice administrative data from the Australian Government.

Challenges with apprenticeship data

NCVER plays an important role in understanding apprenticeships in Australia. However, we repeatedly heard from stakeholders that available data on apprenticeships from the NCVER's products and services are not meeting the needs of policymakers and industry.

Reporting lag

A key limitation is the gap between the most recent period NCVER reports on and the date of publication. For example, the most current published apprenticeship activity data is between 6 and 9 months old. Completion rate data only starts to be reported 5 years after a cohort has commenced.

As a result, governments and industry are often unaware of changes within the apprenticeship system until at least 6 months after they occur. This has a major impact on how quickly governments and industry can respond to workforce challenges or rapid changes in the economy, such as during events like the COVID-19 pandemic.

Estimations and inference

We understand that NCVER uses estimations in some of its calculations to account for the data lag for quarterly reporting or to infer the individual completion rate for a commencing cohort. NCVER has recently taken steps to reduce data lag with recording commencements, and subsequently reported a reduced reliance on estimations. However, more work needs to be done for other measures (such as completions and cancellations) to reduce data lag and the reliance on estimations, thereby increasing the use of actuals.

Work has begun on the use of single touch payroll data and cancellation information provided by employers and apprentices to indicate a potential cancellation, reducing the data lag with this collection. This has helped enable stronger support for people in the first 12 months of their apprenticeship, which is when at least 70% of cancellations occur.

NCVER's annual publication on completion and attrition rates includes an inferred individual completion rate. The methodology uses a count of training contract completions, plus an estimate of how many apprentices recommenced into a new training contract after a training contract non-completion.

In the past, the estimate of the number of apprentices who recommence into a new training contract has been relatively accurate where a commencing cohort is not impacted by a shock. The problem with the current method is that, when the patterns of completion and attrition are noticeably different from those seen in the past (for example, during the COVID-19 pandemic) NCVER's recommencement estimate is not able to produce a number reflective of an apprentice's journey.

NCVER does not directly link apprentice non-completion of a training contract to the commencement of another, which is why it needs to estimate recommencements.

The current completion reflects the number of signed contracts between the employer and apprentice. This can skew the completion data because where an apprentice changes employer it is counted as a non-completion, even though the apprenticeship continues.

Master Plumbers Australia and New Zealand (submission)

Data relevant to priority areas

Data on diversity within apprenticeships, such as the representation of women, First Nations people, and people with disability, can be used to identify organisations with a strong commitment to equity. NCVER's Apprentice and Trainee Outcomes report does not include data distinguishing First Nations from non-First Nations apprentices, which would otherwise provide an additional data point on which to base reform.

Furthermore, several stakeholders, including the Australian Chamber of Commerce and Industry and the Australian Travel Industry Association, recommended that further research is needed to understand the differences between First Nations apprenticeships with high completion rates compared with those with low completion rates, to identify best-practice approaches.

Equally important is robust, evidence-based workforce demand and supply projections, which are critical for governments to identify sectors with ongoing or emerging skill shortages and address challenges before they become an impediment to Australia's economic growth. Currently, long-term reliable and robust projections of workforce demand and supply are lacking in priority sectors. Additionally, data is often limited to occupational, demographic or geographic information and does not effectively capture industry (for example, whether an electrician is working in construction, clean energy or mining).

Identifying high performers

Administrative data collection and analysis should consider how to identify high-performing employers, Apprentice Connect Australia Providers, RTOs and GTOs, which is crucial for recognising excellence in the apprenticeship system. This will enable government to design incentives that reward best practice and better support those who need it most. Key performance indicators could include apprenticeship completion rates, successful attainment rates for an occupational licence (where this applies), time taken to complete qualifications, apprentice satisfaction, job retention rates post-apprenticeship, exit rates and wage growth, including outcomes for priority cohorts specifically. It should be noted that data privacy requirements would need to be considered before using apprenticeship data to identify specific employers and GTOs.

Building on existing momentum

We understand that senior officials in the Australian, state and territory governments are already working with NCVER to identify an approach to improve the methodology for measuring apprenticeship individual completion rates, which is currently one of the main metrics for assessing the performance of Australia's apprenticeship system.

NCVER's current completion rate reporting does not measure individual completion rates – it measures training contract outcomes and applies a factor to account for recommencements, as outlined above. There are varying schools of thought on how best to track individual completion rates, but the best approach should limit reliance on making estimates or inferring an individual's apprenticeship journey based solely on training contract completions. For example, while there would be some benefit to establishing links with the Unique Student Identifier, this would still only provide data on qualification outcomes, rather than apprenticeship outcomes.



Making system changes

To understand system changes and the impact of policy shifts in the system, government needs access to more accurate, timely and reliable data collection and analysis. System design should be built around identifying 'high performers', tracking the apprenticeship journey, and monitoring whether the incentive system is achieving its policy intent, including improving commencements, retention and employment outcomes, addressing skill shortages in priority and emerging industries, and establishing better equity for priority cohorts.

We heard that apprenticeship data collection and analysis could be improved through the following changes:

- Australian, state and territory governments and NCVER should be transparent about the degree of divergence between jurisdictional apprenticeship data sets and agree on nationally consistent definitions, and NCVER should produce a nationally consistent apprentice data set.
- NCVER should regularly publish reports on the rate at which individual apprentices complete their apprenticeships, based on a clear and updated methodology that accurately tracks individual apprenticeship completions. This should include updating individual completion rates for previous commencing years to allow for longitudinal analysis, as well as reporting them by sector rather than as a national total.
- In updating the methodology for apprenticeship completion rate reporting, NCVER should publish a report that applies the new methodology retrospectively to support a better understanding of historical individual apprenticeship completion rates.
- NCVER should produce statistics with greater granularity, timeliness and frequency to support public assessment and discussion. This includes better integrating administrative and survey data and implementing changes to improve data relating to reports on the apprenticeship journey. NCVER should also identify high performing employers and GTOs to improve transparency of the system and incentivise good behaviour that will improve the apprenticeship experience.
- The Australian Government should continue working on the VET data streamlining program and new national VET data system, with the latter intended to look at other VET data collections (including apprenticeships) to develop a blueprint for further reform and target future VET reform investments.
- Skills ministers should investigate alternative delivery options for apprenticeship data if NCVER demonstrates it is not able produce the necessary statistics within a reasonable timeframe or cost.

Improving data collection and use: proposed reform directions

Recommendations	
<div>8.1</div> <div></div>	<p>State and territory governments and the NCVER meet their shared obligations under the new Statement of Members' Expectations to ensure timely, high-quality data reporting on apprenticeships.</p> <p>State and territory governments provide comprehensive and quality data to NCVER in a timely manner to facilitate its data publication and research activities.</p> <p>State and territory ministers report to the Skills and Workforce Ministerial Council biannually regarding efforts to improve data quality and timeliness.</p> <p>The NCVER:</p> <ul style="list-style-type: none">• Adopts improved reporting on apprenticeship completion rates (including by sectors), retention, recommencements and transition of apprentices into related fields of work, including investigating opportunities to reduce data lag and reliance on estimations.• Actively identifies and resolves data issues and provide more timely outputs.• Works with senior officials from the Australian, state and territory governments to produce a more targeted research program aligned with the priorities of the Skills and Workforce Ministerial Council. <p>The Skills and Workforce Ministerial Council reviews the NCVER governance arrangements to meet the objectives outlined above.</p> <p>If there is no further improvement within 6 months after the review of governance arrangements, the Australian Government transfers responsibility for apprenticeship data reporting and research from the NCVER to a different entity.</p>
<div>8.2</div> <div></div>	<p>DEWR and State and Territory Training Authorities ensure communication protocols provide VET regulators with routine access to apprenticeship data holdings, to enable better monitoring of compliance with the Standards for Registered Training Organisations, including their obligations for recognition of prior learning and language and literacy and numeracy skills assessment and training, as noted in Recommendations 4.3 and 6.1.</p>

Appendix

Glossary

Table 14: List of words and definitions used in this report

Term	Definition
Apprentice/apprenticeship	An apprenticeship is a pathway to becoming a qualified tradesperson, usually through a combination of formal education and on-the-job training.
Apprentice Connect Australia Providers	Formerly Australian Apprenticeship Support Network or AASNs. Apprenticeship service providers contracted by the Commonwealth to provide supports and services to apprentices and employers over the life of their apprenticeship.
Australian Apprenticeship Support Services Performance Management Framework	This sets out the key performance indicators used to assess the performance of Apprenticeship Connect Australia Providers.
Australian Core Skills Framework	A tool that describes an individual's performance in the 5 core skills of learning, reading, writing, oral communication and numeracy.
Dual sector universities	Institutions which offer substantial curriculum in both the vocational education and higher education systems.
Fee-Free TAFE	An agreement between the Australian Government and state and territory governments to deliver 500,000 fee-free TAFE and VET places for priority cohorts in specified priority occupations.
Group training organisation	Entities which recruit apprentices and trainees and match them with host employers.
Inner/outer regional and remote areas	These areas are defined using the Remoteness Structure under the Australian Statistical Geography Standard to measure relative geographic access to services for each area.
Language, literacy, numeracy and digital skills	Foundation skills (which cover language, literacy, numeracy and digital and employability skills) are core skills or competencies that underpin workforce participation, productivity, and social inclusion.
New Energy Apprenticeships Program	This program provides incentives of up to \$10,000 to eligible apprentices employed in New Energy Occupations over the course of their apprenticeships.
New Energy Occupations	Forty occupations identified on the Australian Apprenticeships Priority List as eligible for the New Energy Apprenticeships Program.
Occupation Shortage List	Formerly named the Skills Priority List, this is a list produced by Jobs and Skills Australia that provides a detailed view of occupations in shortage in the context of the Australian labour market.

Term	Definition
Priority cohorts	<p>In the context Australian Apprenticeships, the Australian Government has identified priority cohorts to which certain supports are targeted, including:</p> <ul style="list-style-type: none"> • First Nations Australians • people with disability • women undertaking apprenticeships in male-dominated trades • apprentices from remote areas.
Priority occupations	The Australian Government identifies occupations that are in areas of skills shortage through the Australian Apprenticeships Priority List. Apprentices and their employers in these occupations are eligible for additional financial support.
Recognition of prior learning	A process that assesses an individual's competency, gained through previous formal and informal learning, to determine if they may receive credit towards their qualification and reduce the amount of time required to be spent in training.
Registered training organisation	Entities that provide nationally recognised training courses and qualifications. An apprentice must be enrolled with an RTO to commence their apprenticeship.
Skill Level	As defined in the Australian and New Zealand Standard Classification of Occupations classification of occupations, skill level is a function of the range and complexity of the set of tasks performed in a particular occupation. The greater the range and complexity of the set of tasks, the greater the skill level of an occupation.
Trainee/traineeship	A traineeship is a pathway to becoming a skilled, non-trades worker, usually through a combination of formal education and on-the-job training.
Training Contract	A contract between an apprentice and their employer which outlines the rights and obligations of both parties.
Tripartite	A joint approach involving unions, employers and government representatives.
Units of competency	The skills and knowledge required to perform effectively to a specific standard in a particular workplace role or function. VET qualifications are made up of multiple units of competency.
VET Quality Framework	A framework aimed at achieving greater national consistency in registering and monitoring RTOs and the enforcement of standards in the VET sector.
VET sector/system	The VET system includes students undertaking training, the qualifications those students are studying for, the providers delivering training, and the policy and regulatory responsibilities for the Commonwealth and state and territory agencies.
VET data streamlining program	Measures to improve the accuracy, timeliness and security of VET activity data, undertaken in partnership between the Commonwealth, state and territory training authorities, the National Centre for Vocational Education Research and VET sector regulators.

Abbreviations and acronyms

Table 15: List of abbreviated terms and acronyms used in this report

Acronym	Definition
AAI	American Apprenticeship Initiative
AAIP	Australian Apprenticeships Incentives Program
AASN	Australian Apprenticeship Support Network
AATSP	Australian Apprentice Training Support Payment
AAWS	Australian Apprenticeship Wage Subsidy
ABS	Australian Bureau of Statistics
ACCO	Aboriginal Community Controlled Organisation
ACE	Australian Centre for Evaluation
ADMS	Apprenticeships Data Management System
AEMF	Apprenticeship Expansion and Modernisation Fund
AHRC	Australian Human Rights Commission
ANZSCO	Australian and New Zealand Standard Classification of Occupations
APS	Australian Public Service
ASG	Australian Skills Guarantee
ASQA	Australian Skills Quality Authority
AUKUS	Australia, the United Kingdom, and the United States security partnership
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
BAC	Boosting Apprenticeship Commencements
CAC	Completing Apprenticeship Commencements
CALD	Culturally and linguistically diverse
CARM	Culturally and racially marginalised
CBWP	Competency-based wage progression
CEDA	Committee for Economic Development of Australia
CICT	Construction Industry Culture Taskforce
CIE	Centre for International Economics
CPI	Consumer Price Index
CPR	Commonwealth Procurement Rules
DAAWS	Disability Australian Apprentice Wage Support
DES	Disability Employment Services
DEWR	Department of Employment and Workplace Relations

Acronym	Definition
FWC	Fair Work Commission
FWO	Fair Work Ombudsman
GAN	Global Apprenticeship Network
GEAP	Gender Equality Action Plan
GTO	Group training organisation
IAHA Academy	National Aboriginal and Torres Strait Islander Health Academy
ICT	Information and communications technology
Incentive system	Australian Apprenticeships Incentive System
IPP	Indigenous Procurement Policy
JSA	Jobs and Skills Australia
JSC	Jobs and Skills Councils
LAFHA	Living Away From Home Allowance
LLN	Language, literacy and numeracy
LLND	Language, literacy, numeracy and digital
MLHD	Murrumbidgee Local Health District
MOU	Memorandum of Understanding
NAWIC	National Association of Women in Construction
NCI	National Careers Institute
NCVER	National Centre for Vocational Education Research
NDIS	National Disability Insurance Scheme
NEAP	New Energy Apprenticeship Program
NSA	National Skills Agreement
NTW	National Training Wage
OECD	Organisation for Economic Co-operation and Development
OSL	Occupation Shortage List
PPE	Personal Protective Equipment
Priority List	Australian Apprenticeships Priority List
QRDG	Qualification Reform Design Group
RPL	Recognition of prior learning
RTO	Registered training organisations
SAAB	Scottish Apprenticeship Advisory Board
SAF	Skilling Australians Fund
SALT	Supporting and Linking Tradeswomen

Acronym	Definition
SAT	Supporting Apprentices and Trainees
SME	Small and medium employers
STA	State and Territory Training Authority
TAFE	Technical and Further Education
UAN	Upfront Assessment of Need
VET	Vocational education and training
VET Inquiry	House of Representatives Inquiry into the Perceptions and Status of Vocational Education and Training
VETDSSS	Vocational education and training delivered to secondary school students
VRQA	Victorian Registration and Qualifications Authority
WHS	Work health and safety

Terms of reference

These terms of reference were created to provide background on the review, outline what it will examine and consider, and provide information on the review's governance.

Overview

The Australian Apprenticeships Incentive System (incentive system) provides financial support to apprentices and employers. Combined with a range of other non-financial services and support, the incentive system is intended to encourage take up and completion of apprenticeships and traineeships, to provide the trade and technical skills required by Australian industries and provide workers with skills needed for secure, well-paid work and career advancement.

Considering the long-term trend of declining completion rates and skill shortages across the Australian economy, the government has decided to commission a Strategic Review of the incentive system (the review), to ensure that incentives and other non-financial support are designed to optimise completion rates and address skill shortages to provide the skilled workers needed for Australia's growing economy.

The review will consider opportunities to broaden the take up and successful completion of apprenticeships and traineeships. The review findings will aim to build skills and talent and provide opportunities across the Australian workforce in all communities and regions. The review will examine best-practice training and support provision as well as how opportunities can be created through apprenticeships, traineeships, re-skilling and upskilling, to enable Australians with vocational careers to progress throughout their working lives.

The review will also inform longer-term policy settings aligned with priorities in the Employment White Paper including a focus on meeting net zero targets, care and digital skills needs.

Scope

The Strategic Review will:

- consider the effectiveness and efficiency of the incentive system, against the objectives of encouraging take up and completion of apprenticeships and traineeships, and examine the complementary role of services, support and high-quality training provision
- consider how cost-of-living pressures are impacting apprenticeship and traineeship take up and completion in the current economic context, taking into account incentives and support from the Commonwealth, states and territories
- take a holistic view of the apprenticeship system, including non-financial supports provided through the Australian Apprenticeship Support Network [now Apprentice Connect Australian Providers] and by states and territories and factors relating to workplace conditions, culture and the role employers play in the quality of apprenticeships and traineeships. The review will also identify any systemic impediments to the effective operation of the incentive system, including barriers to completions
- consider the effectiveness of the incentive system and associated services and support in creating training environments that encourage the take up and completion of apprenticeships and traineeships by women and people who face additional barriers to undertaking training (including people in rural, regional and remote areas and First Nations people)
- explore alignment between the incentive system and priorities in the 2023 Employment White Paper and the government's broader economic objectives, including the promotion of lifelong learning; opportunities, levers and initiatives beyond the incentive system to encourage employers to take on more apprentices and encourage them to provide people who are underrepresented and lack opportunities, with more experience in the workplace at both pre-apprentice or apprentice/trainee level, particularly in areas of high and emerging skills needs.

Governance and consultation

The government has appointed experienced and eminent reviewers Dr Iain Ross AO and Ms Lisa Paul AO PSM. The reviewers will report to the Minister for Skills and Training in late 2024.

The reviewers will consult broadly and invite all stakeholders to provide submissions. Advisory groups including users of the apprenticeship system will be established to provide advice based on their experiences.

The review will be informed by research and will consider best practice in Australia and comparable economies.

Background

The current incentive system settings and financial arrangements were part of the 2022–23 March Budget and included a reduction in financial support for apprentices and employers to take effect on 1 July 2024.

Individual completion rates vary across occupations, but overall are in a steady decline, and have been over more than a decade. This is not just a concern for individuals and employers, but also for the Australian economy. Getting the best outcomes from investment in apprenticeships is vital for workers who take on an apprenticeship, for employers and to ensure we have the skills our economy needs.

We know that almost half of all apprentices don't complete their training. When unemployment is low, the opportunity cost of doing an apprenticeship rises. This comes at longer-term costs to the economy in terms of skills availability as well as to the individual in terms of skills development, employment pathways and long-term earning capacity, and the employer in terms of sunk costs, business inefficiency and continuity.

Background – Apprenticeships

The apprenticeship system

In addition to apprentices and trainees, the Australian apprenticeship system includes:

- **Australian Skills Quality Authority** is Australia's national vocational education and training (VET) regulator, responsible for registering and regulating the majority of registered training organisations (RTOs) in Australia under the *National Vocational Education and Training Regulator Act 2011*. Australian Skills Quality Authority's jurisdiction includes all RTOs offering courses to students in the Australian Capital Territory, New South Wales, the Northern Territory, South Australia, Queensland and Tasmania, and all RTOs (including those in Victoria or Western Australia) that offer courses to overseas students.
- **Apprentice Connect Australia Providers** offer free services to apprentices and employers, including matching apprentices with employers, assessing employer capacity to take on an apprentice, providing relevant mentoring, encouraging take up of women and First Nations apprentices, undertaking language, literacy, numeracy and digital skills assessments to better target supports for apprentices, assisting with training contracts, and providing general advice and support. Providers are contracted by the Australian Government to deliver support services across all states and territories. Before 1 July 2024, providers were known collectively as the Australian Apprenticeship Support Network.
- **Employers** provide all on-the-job training and assume all legal responsibilities in an apprenticeship contract. Most (93.4%) apprenticeships are delivered via a direct employment arrangement.
- **Group training organisations** (GTOs) employ apprentices and trainees and place them with host employers who provide on-the-job training. The GTO is the legal employer and handles administrative duties, while the host employer pays service fees. GTOs are often used by small and medium employers due to their flexibility. Only 6.6% of apprenticeships are delivered through GTOs.
- **Jobs and Skills Australia** (JSA) is an independent statutory body responsible for providing advice to government on current and emerging labour and workforce needs.
- **Jobs and Skills Councils** (JSCs) are tripartite, industry-led companies (comprising government, employers and unions) that provide leadership to address skills and workforce challenges for their respective industry. They provide functions including workforce planning, industry stewardship, training product development, implementation, promotion and monitoring. There are 10 JSCs in the national network that provide leadership in addressing the challenges faced in their respective industries (such as agribusiness, energy, gas, and renewables). They align effort across industries to improve VET system responsiveness, build stakeholder confidence, and drive outcomes for the VET sector, learners and business. JSCs' key responsibilities include workforce planning, training product development, implementation, promotion and monitoring, and industry stewardship.
- **National Centre for Vocational Education Research** (NCVER) is the national body responsible for collecting, managing, analysing and communicating research and statistics on the Australian VET sector. It is an independent not-for-profit company, owned by the Commonwealth, state and territory ministers responsible for VET.
- **Registered training organisations** are the only organisations in the Australian VET system authorised to deliver and assess nationally recognised training. In an apprenticeship, RTOs are responsible for the overall delivery of the VET qualification tied to the apprenticeship. This includes providing formal off-the-job training, working with employers to coordinate on-the-job training, issuing statements of attainment as part of the apprentice's progression, and issuing qualification certification upon completion. Some RTOs are also GTOs.
- **State and Territory Training Authorities** (STAs) are the government agencies responsible for apprenticeships and traineeships. They approve training contracts and regulate apprenticeship arrangements under state and territory legislation. As part of their role, STAs determine what is recognised as an apprenticeship or traineeship, and determine which RTOs are approved to deliver training for each qualification.
- **The Victorian Registration and Qualifications Authority** regulates RTOs that operate solely in Victoria and do not offer courses online or to overseas students.
- **Western Australia's Training Accreditation Council** regulates RTOs that operate solely in Western Australia and do not offer courses online or to overseas students.

Development of apprenticeships in Australia

The Australian Government invests in apprenticeships through various financial and non-financial supports for apprentices and employers to foster the development of a skilled workforce, which is essential for Australia's economic sustainability and competitiveness. State and territory governments offer additional financial assistance, as well as non-financial support services to apprentices and their employers

See Payments and supports for apprentices and Payments for employers below, and further detail in Chapter 2.

Combined, these investments aim to improve the apprenticeship experience, supporting employers to take on and train apprentices and encouraging apprentices to enrol and remain in training through to completion. Policies and funding for apprenticeships have varied significantly over the last few decades, with clear and direct impacts on apprenticeship take up and completions. Getting the balance right and better targeting these supports is therefore crucial to maximising their effectiveness to help ensure the development of a healthy and productive skilled workforce now and into the future.

The apprenticeship model, imported from the guild tradition of the United Kingdom, has been a cornerstone of skills formation in Australia for over 2 centuries and has been subject to numerous reviews and reforms to meet the skills needs of the day (Knight 2012). Major changes have been made to the system over the last 50 years. Changes have generally aimed to expand training opportunities beyond traditional trades, increase participation in VET, and address skills gaps and gender imbalances in the workforce.

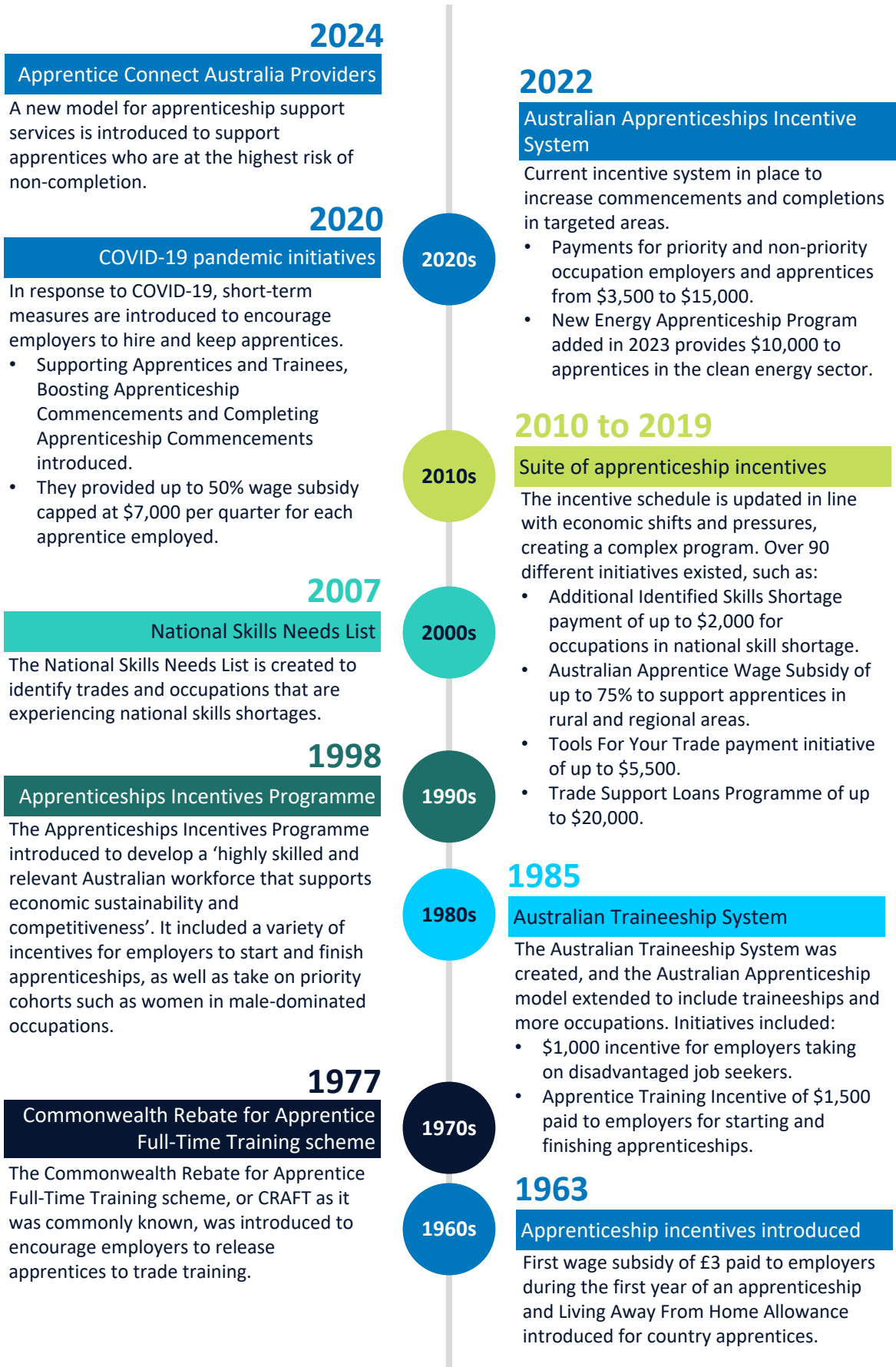
Australia, like many other countries, including Austria, Brazil, Canada and the United Kingdom, offers a range of incentives, subsidies, tax exemptions and non-financial supports to employers and apprentices (Kuczera 2017).

The economic rationale for the incentives is that they will encourage more people to consider an apprenticeship while offsetting wage and other costs, enabling employers to make more training places available. However, research indicates incentives tend to offset only a small proportion of the total cost of a trade apprenticeship, and therefore it is low-wage traineeships that tend to see the biggest impact from incentives (Kuczera 2017; Nechvoglod et al. 2009).

For much of the 20th century, government instrumentalities – such as water, gas and electricity utilities; road, rail and transport authorities; defence; and broadcasting and telecommunications bodies – were large employers of apprentices in traditional trades. However, in the last quarter of the 20th century, these organisations increasingly withdrew as a source of training for apprentices. There are a variety of reasons for this, including privatisation of many government bodies, increased outsourcing, rationalisation of services, and a general push for greater efficiency.

The first important reform to apprenticeships occurred in 1985 with the introduction of traineeships, which extended the model to a much wider range of occupations, generally at lower qualification levels. The second was in the mid-1990s when the Australian Government began paying incentives on a large scale to employers to help offset the costs of apprenticeships and traineeships and to encourage more commencements. This had a significant impact on traineeship numbers, but much less of an effect on trade apprenticeships. Other significant changes were introduced in 1998 to allow school students, existing workers and part-time workers to undertake apprenticeships and traineeships.

Figure 62: Timeline of apprenticeships in Australia



2022 to current: Australian Apprenticeships Incentive System

The Australian Apprenticeships Incentive System was implemented on 1 July 2022, informed by a series of reviews and evaluations of the preceding Australian Apprenticeships Incentives Program (AAIP). The incentive system was designed to transition away from short-term COVID-19 response measures towards a more sustainable level of payments, while also making the program easier for users to understand by simplifying the incentive structure of the AAIP. The goal of the new system is to encourage take up of apprenticeships in occupations that are relevant to the Australian economy, using the Australian Apprenticeships Priority List (Priority List) to target occupations facing skill shortages.

Payments and supports for apprentices

Depending on their occupation, apprentices in occupations on the Priority List have access to either the:

- **Australian Apprentice Training Support Payment** of up to \$5,000 paid over 2 years, which will reduce to \$3,000 paid over 2 years from 1 July 2025.
- **New Energy Apprentice Support Payment** of up to \$10,000 over 4 years (to encourage apprenticeships in the clean energy sector).

In addition, apprentices can access:

- an interest-free **Australian Apprenticeship Support Loan** of up to \$24,493
- a **Living Away From Home Allowance** of \$77 per week in the first year, \$38 in the second year and \$25 in the third year.

From 1 July 2024, a new model for **Australian Apprenticeship Support Services** through Apprentice Connect Australia Providers will deliver strengthened support for apprentices who are at the highest risk of non-completion. Services will include improved mentoring and pastoral care.

Payments for employers

Eligible employers are entitled to a **Priority Hiring Incentive** of up to \$5,000 in the first year of an apprenticeship.

Employers of apprentices who meet prescribed disability eligibility criteria may claim the **Disability Australian Apprentice Wage Support** to encourage hiring of apprentices with disability.

State and territory governments offer additional financial assistance, such as tax rebates for employers and supports for apprentices, as well as non-financial support services to apprentices and their employers, such as targeted training for supervisors.

Incentives for apprentices and employers are discussed in detail in Chapter 2.

2020 to 30 June 2022: COVID-19 pandemic

The AAIP saw the introduction of 3 temporary wage subsidies as COVID-19 economic response measures operating between early 2020 and mid-2022:

- The Supporting Apprentices and Trainees subsidy, introduced in March 2020, was designed to protect the employment of existing apprentices during the early stages of the pandemic. It provided a 50% wage subsidy as a retention payment for existing apprentices to eligible employers of up to \$7,000 per quarter, per apprentice.
- The Boosting Apprenticeship Commencements (BAC) subsidy, introduced in October 2020, was a response to the rapid decline in commencements in mid-2020. BAC was targeted at encouraging employers to continue to take on apprentices during the economic uncertainty of COVID-19 and provided a 50% subsidy of apprentice or trainee wages. This wage subsidy of up to \$7,000 per quarter, per apprentice was paid to eligible employers in arrears based on actual wages paid. Initially designed as a capped program and expected to end in early 2021, BAC was uncapped and extended several times due to the demand for places. It closed to new entrants on 30 June 2022.

- The Completing Apprenticeship Commencements (CAC) subsidy, introduced in October 2021, was designed to provide transitional support for BAC-eligible employers to retain apprentices into their second and third year to complete their qualifications. In the second year of an eligible apprenticeship, CAC provided a 10% wage subsidy to eligible employers of up to \$1,500 per quarter, per apprentice. In the third year of an eligible apprenticeship, CAC provided a 5% wage subsidy to eligible employers of up to \$750 per quarter, per apprentice.

These temporary measures played a role in protecting the employment of apprentices during Australia's economic recovery from the initial impacts of the pandemic, demonstrated by a peak in apprenticeship commencements in 2022. However, they came at a high economic cost and were not fiscally sustainable in the long-term.

Table 16: Comparison of incentive payments under the Australian Apprenticeships Incentives Program and Australian Apprenticeship Incentive System

Australian Apprenticeships Incentives Program (closed June 2022)		Australian Apprenticeship Incentive System (current)
Supports for employers	<ul style="list-style-type: none"> • Standard Commencement Incentive • Standard Completion Incentive • Recommencement Incentive • Australian School-Based Apprenticeship Commencement Incentive • Australian School-Based Apprenticeship Retention Incentive • Support for Adult Australian Apprentices • Rural and Regional Skills Shortage Incentive • Additional Identified Skills Shortage Commencement Incentive • Additional Identified Skills Shortage Completion Incentive • Mature Aged Worker Commencement Incentive • Mature Aged Worker Completion Incentive • Declared Drought Area Commencement Incentive • Declared Drought Area Completion Incentive • Group Training Organisations Certificate II Completion Incentive • Disability Australian Apprenticeship Wage Support • Australian Apprentice Wage Subsidy • Boosting Apprenticeship Commencements • Completing Apprenticeship Commencements • Supporting Apprentices and Trainees subsidy 	<ul style="list-style-type: none"> • Priority Wage Subsidy • Hiring Incentive • Disability Australian Apprenticeship Wage Support

Australian Apprenticeships Incentives Program (closed June 2022)		Australian Apprenticeship Incentive System (current)
Supports for apprentices	<ul style="list-style-type: none"> • Additional Identified Skills Shortage Apprentice Commencement payment • Additional Identified Skills Shortage Apprentice Completion payment • Living Away From Home Allowance • Off-the-Job Tutorial, Mentor and Interpreter Assistance (paid to RTOs) • Trade Support Loan 	<ul style="list-style-type: none"> • Australian Apprentice Training Support Payment • New Energy Apprentice Support Payment • Living Away From Home Allowance • Off-the-Job Tutorial, Mentor and Interpreter Assistance (paid to RTOs) • Australian Apprenticeship Support Loan
Occupation eligibility	<ul style="list-style-type: none"> • National Skills Needs List • Additional Identified Skills Shortage Priority List • Additional Identified Skills Shortage Apprentice Commencement list (subset of National Skills Needs List) • Trade Support Loan occupation list 	<ul style="list-style-type: none"> • Australian Apprenticeships Priority List • Australian Apprenticeship Support Loan occupation list

Note: Only lists AAIP incentives active in 2022, prior to the implementation of the incentive system. Previous, expired AAIP incentives (of which there were approximately 90 through the program's history), have not been included.

Source: Australian Apprenticeship Incentive System Reform Regulation Impact Statement (DESE 2022) and the Australian Apprenticeships Incentives Program Guidelines (2023a).

Table 17: Detail of incentives available to employers and apprentices from 2020

Incentive	Policy purpose	Detail
New Energy Apprentice Support Payment	Encourage apprentices to start and finish a New Energy apprenticeship as part of Australia's transition to a cleaner future.	Open from January 2023. Apprentices are paid up to \$10,000 over the course of their apprenticeship.
Australian Apprentice Training Support Payment	Encourage apprentices to start and finish apprenticeships in occupations on the Australian Apprenticeships Priority List.	Open from July 2022. Apprentices are paid up to \$5,000, in 6-month instalments.
Priority Hiring Incentive	Encourage employers to hire apprentices in occupations on the Australian Apprenticeships Priority List.	Open from July 2024. Employers are paid up to \$5,000 in 2 instalments made at the 6 and 12-month marks.

Incentive	Policy purpose	Detail
Disability Australian Apprentice Wage Support	Encourage employers to employ apprentices with disability.	Open from 1998. Employers are paid \$104.30 per week in arrears for the duration of the apprenticeship.
Living Away From Home Allowance	Provide financial support for apprentices moving away from home for their apprenticeship to assist with the costs of living.	Available in various forms since 1963. Apprentices are paid on a sliding scale based on what year they are in. First year, \$77.17 per week. Second year, \$38.59 per week. Third year, \$25 per week.
Australian Apprenticeship Support Loans	Provide apprentices income contingent loans to assist with costs while studying.	Originally implemented in 2014 as Trade Support Loans, renamed to Australian Apprenticeship Support Loans from January 2024. Apprentices can borrow up to \$25,643 (for 2024–25) interest free (annually indexed) over their apprenticeship. Repayments start when earning threshold is met. Apprentices who successfully complete their apprenticeship will receive a 20% discount on their loan amount. Loan applications are assessed by their Australian Apprenticeship Support Network [now Apprentice Connect Australia] Provider.
Priority Wage Subsidy	Subsidise the cost of apprentices' wages during post-COVID-19 economic conditions to encourage employers to hire apprentices in priority occupations.	Open from July 2022, closed to new entrants June 2024. Employers are paid 10% of an apprentice's wage in their first and second years, up to \$1,500 per quarter. Employers are paid 5% of an apprentice's wage in their first and second years, up to \$750 per quarter.
Hiring Incentive (non-priority occupations)	Support employers during post-COVID-19 economic conditions to hire apprentices in occupations not included on the Australian Apprenticeships Priority List.	Open from July 2022, closed to new entrants June 2024. Employers are paid up to \$3,500 in 2 instalments made at the 6 and 12-month marks.
Supporting Apprentices and Trainees	Protect employment of existing apprentices in the early stages of COVID-19.	Open from March 2020, closed to new entrants June 2022. Employers were paid a 50% wage subsidy of up to \$7,000 per quarter.

Incentive	Policy purpose	Detail
Boosting Apprenticeship Commencements	Encourage employers to start apprenticeships during COVID-19.	Open from October 2020, closed to new entrants June 2022. Employers were paid a 50% wage subsidy of up to \$7,000 per quarter.
Completing Apprenticeship Commencements	Encourage employers to continue employing apprentices to completion during COVID-19.	Open from October 2021, closed to new entrants June 2022. Employers were paid a 10% wage subsidy of up to \$1,500 per quarter for second year apprentices. A 5% wage subsidy was paid for third year apprentices, up to \$750 per quarter.
Commencement incentives	Encourage employers to start apprenticeships.	Closed to new entrants June 2022. Employers were paid \$750 to \$2,000 when an apprenticeship starts depending on the qualification level or targeted group.
Completion incentives	Encourage employers to continue employing apprentices to completion.	Closed to new entrants June 2022. Employers were paid \$750 to \$3,000 when an apprenticeship finishes, depending on the qualification level or targeted group.
Australian Apprentice Wage Subsidy	Subsidise the cost of apprentice wages to encourage employers to take on apprentices.	Closed to new entrants June 2022. Employers were subsidised 75% of first year wages, 50% of second year wages and 25% of third year wages. Depends on the qualification level or targeted group.
Retention payment	Encourage employers to keep Australian School-based Apprentices for at least 12 weeks after completion of high school.	Closed to new entrants June 2022. Employers are paid \$750 at the 12-week mark.
Recommencement payment	Encourage employers to keep Australian school-based apprentices for at least 12 weeks after completion of high school.	Closed to new entrants June 2022. Employers are paid \$750 depending on the qualification level or targeted group.
Additional Identified Skills Shortage payment	Encourage employers to hire an apprentice in an occupation experiencing national skill shortage, as well as supporting apprentices to train in these industries.	Closed to new entrants June 2022. Eligible apprentices receive \$1,000 12 months after commencement, and at completion. Eligible employers receive \$2,000 12 months after commencement, and at completion.

1998 to 30 June 2022: Australian Apprenticeships Incentives Program

In 1998, the New Apprenticeships system integrated apprenticeships and traineeships under a single framework to increase flexibility and responsiveness of the system to industry needs. This was significant in terms of encouraging a training mentality, as well as increasing the number of Australian apprentices (notably with significantly more trainees commencing in the VET system than apprentices). The creation of education and training pathways through traineeships also increased skill levels for non-trade occupations.

Further changes were implemented through the introduction of the AAIP in 1998. The AAIP aimed to increase apprenticeship commencement and completion rates. The AAIP provided a standard set of incentives, as well as additional incentives for specific cohorts, such as women in traditionally male-dominated occupations, and apprentices with disability.

Under the AAIP, incentives were delivered through a combination of wage subsidies, flat rate payments, vouchers, loans and rebates. However, over time, a range of adjustments and incremental changes resulted in a program that was complex and difficult to navigate, with over 30 separate payment types primarily targeting employers rather than apprentices. The bulk of AAIP incentives were lower value and predominantly anchored to commencements and completions. For example, until 2013, the Joint Group Training Program was a matched-funding arrangement between the Commonwealth and participating jurisdictions for strategies and initiatives to encourage and improve commencements and completions in Australian apprenticeships through group training arrangements.

Throughout its history, the AAIP had 3 separate occupation lists, which determined eligibility for certain payments, adding to the complexity of the program:

- The National Skills Needs List, introduced in 2007, sought to increase apprenticeships in areas of persistent skill shortage. In the 15 years it was in place, it was updated once in 2011 and limited to trade occupations.
- The AAIP Skills Priority List, introduced in 2012, consisted of aged care, childcare and enrolled nursing, with disability care added in 2013.
- The third list related to eligibility for Additional Identified Skills Shortage apprentice commencement payments and was introduced in 2019. The Additional Identified Skills Shortage aimed to support apprenticeships in occupations experiencing national skill shortages and targeted 12 occupations. The Additional Identified Skills Shortage occupations were already on the National Skills Needs List.

A further payment available to eligible apprentices was the Tools for Your Trade program, introduced in 2006, which provided tax-exempt cash payments to eligible apprentices to help with the initial cost of tools and equipment required for their trade. The Tools for Your Trade program was replaced by the Trade Support Loan program in July 2014 (now known as the Australian Apprenticeship Support Loan or AASL).

1994 to 1998: Expansion and streamlining of apprenticeships and traineeships

The National Training Wage (NTW), introduced in 1994, aimed to streamline wage conditions across different traineeships. The Modern Apprenticeship and Traineeship System policy, introduced in 1996–97, focused on expanding training opportunities beyond traditional trades and encouraging greater industry engagement.

1985: Australian Traineeship System

The Australian Traineeship System was created in 1985 on the recommendation of the *Report of the Committee of Inquiry into Labour Market Programs* (1984). Known as the 'Kirby report' (Kirby 1985), it sought to address supply and demand issues for training and to address youth unemployment, which was hovering at nearly 20% for 15- to 19-year-olds in 1983, up from 7% in 1970. This situation was exacerbated by low school retention rates, with only 46% of young people finishing Year 12 in 1985, and low participation in post-compulsory schooling vocational education programs.

Through the Australian Traineeship System, traineeships were introduced as an extension of the Australian Apprenticeship model, with the aim of acting as a 'stepping stone' into primary labour market jobs to improve and increase broad-based work-related training. Extending the Australian Apprenticeship model to a wider range of occupations enabled traineeships to target priority cohorts such as early-school leavers and people returning to the workforce, especially women. Notably, traineeships were slow to take off until the injection of significant Australian Government incentive payments to employers in the 1990s.

Apprentice and trainee wage setting through modern awards

Apprentice wage setting

Apprentice and trainee wages are set differently. There are 49 modern awards that include provisions relating to apprentices – there is no standard set of arrangements. Most of these awards adopt a 4-year wage model, and some include more than one wage model. Most awards also include separate rates of pay for adult apprentices or school-based apprentices.

Apprentices get paid a percentage of the relevant qualified tradesperson rate of pay – this is typically equivalent to the C10 rate in the *Manufacturing and Associated Industries and Occupations Award 2020*. Some awards provide for higher rates for higher-level apprenticeships (for example, those completing a certificate IV). Apprentice wages increase incrementally as the apprentice progresses. This is generally based on each additional year spent in the apprenticeship (time-based), or for some awards, on attaining the minimum training requirements or competency of a particular stage (competency-based).

Trainee wage setting

Minimum wage rates for trainees are generally regulated by the NTW schedule. There are 102 modern awards that incorporate the NTW schedule by way of reference to the *Miscellaneous Award 2020*, with 9 of those containing an award-specific NTW schedule. Some other modern awards include different minimum wage rates. The NTW schedule sets out minimum rates for trainees completing a certificate level (I–IV) qualification in 3 wage levels – A, B, and C. Different wage rates apply depending on the highest level of schooling completed and the number of years the trainee has been out of school.

Wage levels are allocated based on the training package and its associated Australian Qualifications Framework Certificate Level – certificate I–III. Additionally, training packages where the trainee completes a certificate IV are paid 3.8% higher than those completing a certificate I–III. Wage levels A, B and C represent skilled, semi-skilled and base skill categories of training, respectively, with the rates of pay highest under wage level A and lowest under wage level C (FWC 2020d).

Variations in pay across trade and non-trade apprenticeships and traineeships

As outlined above, pay for apprentices and traineeships is dependent on several factors. As an example, pay across the 2 most common trade (carpenters and electricians) and non-trade (sales assistants and salespersons, and child carers) apprenticeships are set by the relevant awards, being:

- for carpenters, the *Building and Construction General On-site Award 2020* (Building Award)
- for electricians, the *Electrical, Electronic and Communications Contracting Award 2020* (Electrical Award)
- for child carers, the *Children's Services Award 2010* (Children's Award)
- for sales assistants and salespersons, the *General Retail Industry Award 2020* (Retail Award).

The tables below demonstrate significant variation across the different occupations. The 2 non-trade apprenticeships are in stark contrast. The sales assistants and salespersons earn the least. On the other hand, even the youngest child carers receive more than any of the other occupations until the fourth year. This is because the Children's Award requires apprentices to be paid no less than an unapprenticed junior. As unapprenticed juniors receive higher rates than those set for junior apprentices, so junior apprentices are paid in accordance with the rates set for unapprenticed juniors.

The rates for sales assistants and salespersons are technically the same as electricians and carpenters, however the 2 trade occupations have several allowances that relate to their trade. These allowances boost the wage significantly. This appears to be justified as, based on what the review has heard from apprentices, those who have tools to maintain find the cost a major financial challenge with borrowing tools being a common way to reduce living expenses.

Table 18: Rates of pay over the life of a 4-year carpenter (residential building and construction industry) apprenticeship

Year of training		First year	Second year	Third year	Fourth year
Hasn't completed year 12	Hourly rate (\$)	15.90	18.62	22.70	26.77
	Weekly rate (\$)	604.37	707.60	862.45	1,017.29
	Annual rate (\$)	31,427.24	36,795.20	44,847.40	52,899.08
Has completed year 12	Hourly rate (\$)	17.26	19.98	22.70	26.77
	Weekly rate (\$)	655.99	759.22	862.45	1,017.29
	Annual rate (\$)	34,111.48	39,479.44	44,847.40	52,899.08

Notes: These rates include the weekly residential building and construction industry allowance (\$49.55) and weekly tool allowance (\$38.67).

Source: Review analysis based on minimum apprentice wages for carpenters under the *Building and Construction General Onsite Award 2020* (FWC 2020a).

Table 19: Rates of pay over the life of a 4-year carpenter (general building and construction industry) apprenticeship

Year of training		First year	Second year	Third year	Fourth year
Hasn't completed year 12	Hourly rate (\$)	16.23	18.95	23.02	27.10
	Weekly rate (\$)	616.76	719.99	874.84	1,029.68
	Annual rate (\$)	32,071.52	37,439.48	45,491.68	53,543.36
Has completed year 12	Hourly rate (\$)	17.59	20.31	23.02	27.10
	Weekly rate (\$)	668.38	771.61	874.84	1,029.68
	Annual rate (\$)	34,755.76	40,123.72	45,491.68	53,543.36

Notes: These rates include the weekly general building and construction industry allowance (\$61.94) and weekly tool allowance (\$38.67).

Source: Review analysis based on minimum apprentice wages for carpenters under the *Building and Construction General Onsite Award 2020* (FWC 2020a).

Table 20: Rates of pay over the life of a 4-year electrician apprenticeship

Year of training		First year	Second year	Third year	Fourth year
Hasn't completed year 12	Hourly rate (\$)	15.16	18.08	20.99	24.49
	Weekly rate (\$)	576.14	686.91	797.67	930.59
	Annual rate (\$)	29,959.28	35,719.32	41,478.84	48,390.68
Has completed year 12	Hourly rate (\$)	16.62	19.53	20.99	24.49
	Weekly rate (\$)	631.52	742.29	797.67	930.59
	Annual rate (\$)	32,839.04	38,599.08	41,478.84	48,390.68

Notes: These rates include full amount of the weekly tool allowance (\$22.31), and the above percentage of the weekly industry allowance (\$38.20), and weekly electrician's licence allowance (\$37.16).

Source: Review analysis based on minimum apprentice wages for electricians under the *Electrical, Electronic and Communications Contracting Award 2020* (FWC 2020b).

Table 21: Rates of pay over the life of a 4-year sales assistant and salesperson apprenticeship

Year of training		First year	Second year	Third year	Fourth year
Hasn't completed year 12	Hourly rate (\$)	13.58	16.30	21.73	24.45
	Weekly rate (\$)	516.15	619.38	825.84	929.07
	Annual rate (\$)	26,839.80	32,207.76	42,943.68	48,311.64
Has completed year 12	Hourly rate (\$)	14.94	17.66	21.73	24.45
	Weekly rate (\$)	567.77	671.00	825.84	929.07
	Annual rate (\$)	29,524.04	34,892.00	42,943.68	48,311.64

Source: Review analysis based on minimum apprentice wages for sales assistants under the *General Retail Industry Award 2020* (FWC 2020c).

Table 22: Rates of pay over the life of a 4-year child carer apprenticeship – under 17

Year of training		First year	Second year	Third year	Fourth year
Hasn't completed year 12	Hourly rate (\$)	16.78	20.53	23.09	25.66
	Weekly rate (\$)	637.63	780.00	877.50	975.00
	Annual rate (\$)	33,156.76	40,560.00	45,630.00	50,700.00
Has completed year 12	Hourly rate (\$)	16.78	20.53	23.09	25.66
	Weekly rate (\$)	637.63	780.00	877.50	975.00
	Annual rate (\$)	33,156.76	40,560.00	45,630.00	50,700.00

Note: These rates represent 70% of adult rate and assume the apprentice is aged 16 in their first year. This award requires all apprentices to be paid no less than an unapprenticed junior of the same age. Currently the rates for unapprenticed juniors are higher than the specified rates for apprentices of the same age therefore the junior rates apply instead.

Source: Review analysis based on minimum apprentice wages for child carers under the *Children's Services Award 2010* (FWC 2010).

Table 23: Rates of pay over the life of a 4-year child carer apprenticeship – under 18

Year of training		First year	Second year	Third year	Fourth year
Hasn't completed year 12	Hourly rate (\$)	19.18	23.09	25.66	25.66
	Weekly rate (\$)	728.72	877.50	975.00	975.00
	Annual rate (\$)	37,893.44	45,630.00	50,700.00	50,700.00
Has completed year 12	Hourly rate (\$)	19.18	23.09	25.66	25.66
	Weekly rate (\$)	728.72	877.50	975.00	975.00
	Annual rate (\$)	37,893.44	45,630.00	50,700.00	50,700.00

Notes: These rates represent 80% of adult rate. This award requires all apprentices to be paid no less than an unapprenticed junior of the same age. Currently the rates for unapprenticed juniors are higher than the specified rates for apprentices of the same age therefore the junior rates apply instead.

Source: Review analysis based on minimum apprentice wages for child carers under the *Children's Services Award 2010* (FWC 2010).

Table 24: Rates of pay over the life of a 4-year child carer apprenticeship – under 19

Year of training		First year	Second year	Third year	Fourth year
Hasn't completed year 12	Hourly rate (\$)	21.57	25.66	25.66	25.66
	Weekly rate (\$)	819.81	975.00	975.00	975.00
	Annual rate (\$)	42,630.12	50,700.00	50,700.00	50,700.00
Has completed year 12	Hourly rate (\$)	21.57	25.66	25.66	25.66
	Weekly rate (\$)	819.81	975.00	975.00	975.00
	Annual rate (\$)	42,630.12	50,700.00	50,700.00	50,700.00

Notes: These rates represent 90% of adult rate. This award requires all apprentices to be paid no less than an unapprenticed junior of the same age. Currently the rates for unapprenticed juniors are higher than the specified rates for apprentices of the same age therefore the junior rates apply instead.

Source: Review analysis based on minimum apprentice wages for child carers under the *Children's Services Award 2010* (FWC 2010).

Table 25: Rates of pay over the life of a 4-year child carer apprenticeship – 19 and over

Year of training		First year	Second year	Third year	Fourth year
Hasn't completed year 12	Hourly rate (\$)	23.97	25.66	25.66	25.66
	Weekly rate (\$)	910.90	975.00	975.00	975.00
	Annual rate (\$)	47,366.80	50,700.00	50,700.00	50,700.00
Has completed year 12	Hourly rate (\$)	23.97	25.66	25.66	25.66
	Weekly rate (\$)	910.90	975.00	975.00	975.00
	Annual rate (\$)	47,366.80	50,700.00	50,700.00	50,700.00

Notes: These rates represent 100% of adult rate. This award requires all apprentices to be paid no less than an unapprenticed junior of the same age. Currently the rates for unapprenticed juniors are higher than the specified rates for apprentices of the same age therefore the junior rates apply instead.

Source: Review analysis based on minimum apprentice wages for child carers under the *Children's Services Award 2010* (FWC, 2010).

Emerging models in apprenticeships

Higher apprenticeships

Technological advances and industry demands are requiring higher-level qualifications and graduates that are job-ready. Apprenticeships are a well-established model, allowing students to earn while they learn and for employers to be assured of graduates with relevant skills.

Higher apprenticeships are generally thought of as any apprenticeship with a diploma or higher-level qualification type. The Employment White Paper (Treasury 2023b) found the Australian labour market increasingly requires people to have a broad range of advanced knowledge, skills and capabilities. It observed employers are seeking workers with a blend of highly specialised technical, enterprise and management skills, and that better and more immediate connections between the workplace and the education and training system will help deliver this.

The findings of the Employment White Paper were supported by the independent Australian Universities Accord Final Report released on 25 February 2024, which recommended increasing opportunities for students to both earn and learn while studying to ensure students develop work relevant skills for employment after their study. It recommended using models like degree apprenticeships that encourage an employment relationship as part of course design.

Further, JSA analysis on skills shortages identifies a 'suitability gap' at some skill levels and in some industries – when there are enough qualified applicants, but employers do not regard them as suitable, often because they have no on-the-job or context-specific skills. The suitability gap is most pronounced at Skill Level 1, the degree level. Note, the skill level is as defined by Australian and New Zealand Standard Classification of Occupations.

These findings signal that demand for higher apprenticeships is likely to become more prominent. In response to this, considerable work is underway to explore various higher apprenticeship models. As an outcome of the 2024 National Skills Agreement, the Australian Government is partnering with states and territories to establish nationally networked Technical and Further Education (TAFE) Centres of Excellence. This will help deliver a skilled workforce for strategically important industries to meet national challenges. To support the Employment White Paper objectives, the Australian Government has committed additional funding to 'turbocharge' up to 6 TAFE Centres of Excellence to accelerate the take up of higher and degree apprenticeships. The aim is to support workforce growth in the priority areas of transitioning to net zero, providing essential care and support services, and building digital skills capability.

This will support:

- **Expanding use of higher VET apprenticeships at the diploma and advanced diploma level.** Higher VET apprenticeships using a VET diploma or VET advanced diploma are an established feature of the apprenticeship landscape. As at 31 December 2023, there are around 12,300 VET diploma and VET advanced diploma apprentices in training, making up around 3.6% of all apprentices in training.
- **Exploring a new advanced technical qualification type at Australian Qualifications Framework Level 7.** An Australian Qualifications Framework level 7 (bachelor's degree) training pathway for the VET sector will enable new qualifications to be delivered as apprenticeships and provide employers and students with another option in addition to the models emerging in the higher education sector. Through the VET training package system, this will also allow for nationally recognised qualifications that focus on attaining advanced skills and applying specialised knowledge and technical skills. Degree-level apprenticeships offered in VET will leverage the expertise and strengths of the sector, particularly in providing applied and hands-on training and well-established links with industry. The VET architecture is also well set up to support degree-level apprenticeships, including at the state and territory level.
- **Examining opportunities to pursue higher education degree apprenticeships.** This will build on pilots and emerging projects, and successful international experiences combining advanced knowledge and practical on-the-job learning.

Whilst higher degree apprenticeships are an emerging concept in Australia, they are well established in places like Germany and the United Kingdom. Notably, the United Kingdom has seen a major uptake in higher apprenticeships since introducing an apprenticeship levy (Patrignani et al. 2021:i) that allows employers to put levy money towards 'intermediate apprenticeships to apprenticeships at higher level'. The South Australian Government is piloting higher degree apprenticeships as it seeks to build its defence industry workforce, partnering with industry, unions and education providers. Australia's expansion of apprenticeships into higher education can be guided by international experience.

History of reforms contributing to Australia's workforce

July 2020. The National Agreement on Closing the Gap was signed between the Coalition of Aboriginal and Torres Strait Islander Peak Organisations and all Australian governments, through which all parties agreed to work together to overcome the inequality experienced by Aboriginal and Torres Strait Islander people. Meeting the Closing the Gap priorities and targets will require boosting the participation of First Nations people in employment, education and training.

March 2021. The final report of the Royal Commission into Aged Care Quality and Safety was released, highlighting the need for a highly skilled and well rewarded aged care workforce to ensure the aged care system succeeds, particularly given ongoing understaffing within the sector.

September 2022. The Jobs and Skills Summit brought Australians together to work constructively on the challenges and opportunities facing the Australian labour market and economy. As part of the summit, the Australian, state and territory governments committed to developing a better skilled and better trained workforce as well as addressing skill shortages in the economy. The Australian Government also committed to explore options

to improve the apprenticeship support system and drive-up completions.

September 2022. The Climate Change Bills passed the Senate, enshrining Australia's emissions reduction target of 43% by 2030 and net zero emissions by 2050 into legislation. In October 2023, JSA published *The Clean Energy Generation: workforce needs for a net zero economy* (JSA 2023a) – a capacity study to understand the workforce needs for Australia's transition to a clean energy economy.

October 2022. The National Housing Accord was announced, to align the efforts of all levels of government, investors and the construction sector to tackle the nation's housing problem. The Accord set a target of 1.2 million new homes built over 5 years from 2024. In March 2024, BuildSkills Australia asserted that to meet the National Housing Accord target, governments would need to deliver 60,000 new homes each quarter, requiring an additional 90,000 construction workers than current levels.

February 2023. The Productivity Commission released its *5-year Productivity Inquiry: Advancing Prosperity* report, affirming the importance of improved skills and training for future productivity growth and recommending the Australian Government continue reforms with the states and territories that enable the VET sector to support an adaptive workforce and keep pace with industry needs.

April 2023: The Australian Government announced proposals for a new Australian Apprenticeships Support Model and intention to go to market to procure new providers. The government also announced the redesign of the existing Skills for Education and Employment program to improve access to foundation skills training.

June 2023. The draft National Strategy for the Care and Support Economy was released for consultation, setting out a road map of actions to a sustainable and productive care and support economy. According to JSA (2021), to meet the workforce goals set in the strategy, Australia requires another 145,000 additional care workers by 2033.

August 2023. The *Intergenerational Report 2023: Australia's future to 2063* was released, projecting the outlook of the economy and the Australian Government's budget through to 2062–63. The report highlights the critical role growing of the workforce and building skills in ensuring Australia is well positioned for future structural changes. It predicts that by 2050 the care and support workforce needs will double from what it was in 2021–22, despite 9,000 current job vacancies.

September 2023. The final report of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability was released. To meet the final recommendations of the report, the capability of the health care workforce will need to be built, including a large increase in the number of disability support workers.

December 2023. The Department of Home Affairs released the Migration Strategy, outlining the vision for Australian's migration system. The importance of ensuring a strong and effective pipeline of skilled international workers is a key action of the strategy.

December 2023. The final report, *Working together to deliver the NDIS: Independent Review into the National Disability Insurance Scheme* was released. It included 26 recommendations to renew the promise of the National Disability Insurance Scheme and deliver a more accessible and inclusive Australia. Attracting, training and retaining a skilled workforce is critical to ongoing disability reforms.

January 2024. The National Skills Agreement (NSA) commenced on 1 January 2024. It is a 5-year agreement between the Australian, state and territory governments, to work in partnership to ensure the national VET system:

- provides high-quality, responsive and accessible education and training to boost productivity
- supports Australians to acquire the skills and capabilities they need to obtain well paid, secure jobs
- ensures Australia has the skilled workforce it needs now and into the future, with TAFE at the heart of the VET sector.

Further information on the NSA is outlined in Chapter 1.

February 2024. The Australian Universities Accord was released by the Department of Education. It contains 47 recommendations for government to create a long-term reform plan for the higher education sector to meet Australia's future skills needs. The accord highlights the need to foster greater parity of esteem and improve the connections between the higher education and the VET sectors to meet Australia's skilled workforce challenges.

March 2024. The Working for Women: A Strategy for Gender Equality was released, outlining the Australian Government's vision for gender equality over the next 10 years. Economic equality is a central pillar of the strategy, which includes a commitment to put gender equality at the heart of economic policy and to support women's representation and opportunities in traditionally male-dominated industries.

April 2024. The Australian Government announced the creation of a Future Made in Australia Act to secure Australia's long-term economic prosperity and resilience in response to a turbulent global outlook. The includes investment in restoring advanced manufacturing capabilities for sovereign capability and resource extraction. According to JSA data, an additional 140,000 jobs will be required in the manufacturing sector by 2033.

July 2024. The Australian Apprenticeship Incentive System moved into a modified Phase 2, changing to a lower level of support for employers. The new Apprenticeship Support Model and new Skills for Education and Employment programs (designed to improve access to training for all adult Australians seeking to build their language, literacy, numeracy and digital literacy skills) were launched.

Previous Australian apprenticeships reviews

Table 26: Previous reviews of Australian apprenticeships

Study	Key findings
<p><i>A shared responsibility: apprenticeships for the 21st century</i>, 2011</p> <p>Expert panel appointed by the Hon Simon Crean AC, then Minister for Education</p>	<p>Recommended prioritising apprenticeship incentives for occupations in shortage. Subsequently, in 2012, the AAIP saw incentive payments reduced for those in non-priority occupations (as defined by the National Skills Needs List), including the staged removal of commencement, recommencement and completion bonus payments for existing workers and part-time and casual apprentices and trainees. These changes resulted in a significant drop in commencements (66.4% reduction by June 2013) and a flow-on drop in completions (58.4% reduction by June 2014) for non-trade occupations.</p> <p>Also recommended a review of apprenticeship and traineeship provisions, wages and conditions, which led to the Fair Work Commission's 2013 decision to overhaul apprentice wages and conditions from 1 January 2014.</p>
<p><i>Strengthening Skills: Expert Review of Australia's Vocational Education and Training System</i>, 2019</p> <p>The Hon Steven Joyce</p>	<p>Recommended simplifying apprenticeship incentives to increase take up by employers and apprentices. It also recommended that the National Skills Commission develop a new National Skills Priority List for apprentices with an annual consultation process to ensure it continued to target Australia's evolving skills needs.</p>
<p>Review of the National Skills Needs List, 2019</p> <p>Department of Employment, Skills, Small and Family Business</p>	<p>Commenced due to identified shortcomings in the National Skills Needs List and its methodology. These shortcomings primarily related to the frequency of updates to the list and the criteria used to define its scope. Findings indicated a new priority occupations list was required which was 'forward looking' and 'responsive to changes in skill shortages' (achieved through annual updates). However, concerns were also raised regarding annual updates disrupting workforce planning and increasing administrative burden.</p>

Study	Key findings
National Agreement for Skills and Workforce Development Review, 2020 Productivity Commission	Indicated the need for the apprenticeship system to focus on reducing barriers for apprentices, lifting completion rates, and simplifying the hiring process for employers. Also noted that completion rates could be improved by matching apprenticeships to employers, courses and support needs, mentoring apprentices, and making apprenticeships more flexible. Employer incentives could also be improved by better targeting incentives through improvements to timing and accessibility.
Australian Apprenticeship Incentives Review, 2020 Deloitte Access Economics, commissioned by the National Skills Commission	Analysed trends in apprentice and employer behaviours in response to historical changes to AAIP eligibility, incentive amount, timing, recipient and payment mechanisms. The review concluded that apprenticeship commencements had decreased over time as the AAIP most effectively incentivised shorter, non-trade traineeships (which were also less likely to be captured by the National Skills Needs List). It also determined that employer incentives should reflect the relative cost of training to be effective, with larger incentives needed to increase employment levels in areas of skill shortage. Furthermore, it found layering of additional employer incentives for certain occupations did not clearly result in additional commencements; however, the impacts were highly specific to individual qualifications and occupations. Lastly, it detailed that evidence-based refinements of the AAIP required further research and experimentation, with a suggestion to test alternative wage supplement schemes with a variety of amounts and types of payments.
Apprenticeship Elasticity Review, 2021 Deloitte Access Economics, commissioned by the Department of Education, Skills and Employment	Found that financial incentives to employers and apprentices drive changes in apprentice commencements, while changes to completion rates are primarily driven by financial and non-financial support to apprentices. The study also confirmed previous research that non-trade employers were generally more responsive to incentive payments than trade employers. Survey responses varied based on the level of incentive proposed, whether the occupation was trade or non-trade, the age of the apprentice and other factors.
Apprentices and Employer Support study, 2021 Department of Education, Skills and Employment	Sought to determine what non-financial support and incentives would encourage apprentices to complete their training and employers to hire apprentices and maintain apprentice employment. The results found that greater support and mentorship was needed from RTOs and the [former] Australian Apprenticeship Support Network for both employers and their apprentices throughout the apprenticeship, with only 8% of apprentices considering the [former] Australian Apprenticeship Support Network a point of support. The study also found there was inadequate time and support given to both employers and apprentices in completing paperwork and understanding contracts, and that some RTOs did not always provide high-quality courses in the fields required.
AAIP payment evaluations, 2021–22 Department of Education, Skills and Employment	<p><i>Additional Identified Skills Shortage Impact Analysis</i> – Additional Identified Skills payment encouraged commencements.</p> <p><i>Australian Apprentice Wage Subsidy Evaluation</i> – Australian Apprentice Wage Subsidy increased rural and remote employer participation. However, while inconclusive, evidence suggested that at least some employers were already intending to hire an apprentice (that is, not all commencements were additional).</p> <p><i>Supporting Apprentices and Trainees Evaluation</i> – Supporting Apprentices and Trainees recipients were more likely to go on to hire a new apprentice than non-Supporting Apprentices and Trainees employers. SAT also improved apprenticeship retention rates and reduced redundancies.</p>

Summary of past VET and apprenticeship reviews

National Agreement for Skills and Workforce Development 2020

The Productivity Commission (2020b) made the following recommendations on ‘improving employer incentives’:

Recommendation 11.5 — improving employer incentives

The Australian Government should consider reorienting funding for employer apprenticeship incentives to other measures that achieve a greater return on investment, such as apprenticeship support services and screening.

If some employer incentives are retained (not including recent temporary wage subsidies), the Australian Government should refine the system in the following ways.

- *Review options for better targeting incentives to increase apprenticeship commencements and completions (including by evaluating the effectiveness of recent measures).*
- *Cancel completion payments and reorient this funding toward apprenticeship support services, screening, or progress payments to be paid at 12 and 24 months (when the risk of cancellation is highest).*
- *Streamline and better coordinate incentives by:*
 - *simplifying incentives to target groups (such as paying one rate for disadvantaged apprentices undertaking a Certificate II and removing the rarely used Mature Age Worker incentive)*
 - *extending incentives to existing worker trade apprenticeships (by removing the National Skills Needs List as a criterion)*
 - *coordinating incentive information across levels of government (by tasking Australian Apprenticeship Support Network providers with publishing this information, and developing a shared platform to collate this information).*

In recommending the removal of employer completion incentive payments, the Productivity Commission noted that employers have strong incentives to avoid non-completions because their apprentices are likely to become more productive over time.

The Productivity Commission (2020b:364) concluded:

Overall, given their limited effectiveness relative to scale, employer incentives do not appear to offer a good return on investment. Increasing the size of incentives is unlikely to be prudent. Further, it is important to recognise that employers benefit from engaging in apprenticeships and need to have ‘skin in the game’.

Shared vision, equal pathways report

In February 2024, the *Shared vision, equal pathways* report of the inquiry into the perceptions and status of VET was released (Standing Committee on Employment, Education and Training 2024). It included 34 recommendations, including those set out below that are of direct relevance to this review:

Recommendation 5

The Committee recommends that the Australian Government, via the National Careers Institute, work with State and Territory Governments to support and incentivise schools to promote vocational education and training (VET) to students and parents, including promoting VET and university as equally legitimate and valuable post-secondary pathways. This should include:

- *Actively championing VET in promotional material and information relating to education and training.*
- *Developing clear, accessible, nationally consistent information resources for use by students, parents, teachers, and other influencers.*
- *Developing best-practice guidelines for schools to promote VET pathways, informed by consultation with education experts.*

- Establishing and raising the profile of student advisory groups and steering committees, including by ensuring that there is a mechanism to capture student views in the development of state and national education policy.

Recommendation 10

The Committee recommends that the Australian Government work with State and Territory Governments to enhance the quality and consistency of vocational education and training delivered to secondary school students (VETDSSS). This should include the following key measures:

- Establish cooperative arrangements between secondary schools, technical and further education (TAFE) institutes, and industry to underpin the design and delivery of VETDSSS. Key priorities for these partnerships should include:
 - overcoming barriers to the delivery of VETDSSS through TAFEs;
 - better integrating VET courses with the broader school curriculum, underpinned by an understanding that VETDSSS should not, in principle, be different to 'mainstream' VET;
 - encouraging and enabling industry to offer meaningful work experience to VETDSSS students, where appropriate; and to ensuring that VETDSSS courses are responsive to industry needs.
- Provide targeted investment for schools to deliver VETDSSS, with funding conditional on schools delivering VETDSSS in partnership with TAFEs.
- Ensure that all VETDSSS courses can lead to or be counted towards a nationally recognised qualification.

Recommendation 18

The Committee recommends the Australian Government expressly recognise and address systemic barriers that hinder participation by women and by gender diverse people in vocational education and training (VET), with a specific focus on lifting women's participation in male-dominated industries. This should include but not be limited to:

- Investing in strategies delivered through the VET sector that support women in acquiring skills and entering male-dominated industries.
- Addressing workplace discrimination and gender-based violence and ensuring equitable employment conditions.
- Introducing additional apprenticeship pathways which specifically target women and gender-diverse people.
- Implementing promotional and educational campaigns which challenge gender stereotypes and negative attitudes that perpetuate barriers for both women and men in non-traditional VET pathways.

Recommendation 20

The Committee recommends that the Australian Government develop and implement a pilot program for a new, specialised, industry-led network of apprenticeship support providers to deliver industry-appropriate mentoring and support to apprentices and trainees. This should include tailored assistance for apprentices and trainees from disadvantaged and underrepresented backgrounds, including women, First Nations peoples, people with disability, and people from culturally and linguistically diverse backgrounds.

The learnings from this pilot program should be adapted to future design and tender processes for apprenticeship support providers, including the current Australian Apprenticeship Support Network and Australian Apprenticeship Support Services

Recommendation 21

The Committee recommends that as part of the ongoing process of skills reform, the Australian Government explore measures to increase take-home wages for apprentices and trainees. This should include consideration of measures to ensure grander pay equity in apprenticeships and traineeships so far as this is possible.

National vocational education and training completions report

In February 2023, Skills and Workforce Ministers commissioned the National VET Completions project to gain a better understanding of the factors affecting completion rates.

The project, led by the South Australian Government, included establishing a tripartite National VET Completions Taskforce with representatives from governments, unions, industry and training providers.

In October 2023, Skills SA released the Skills SA report, *National Vocational Education and Training Completions*. The taskforce made 17 recommendations centered around 3 main themes (Skills SA 2023):

- *Learner purpose for studying*, including the functions of VET and information and advice:
 - tailored information and enrolment should be aligned to the learner's purpose of study
 - following data and evidence on people and outcomes, not contracts, will support better completion rates.
- *VET system and delivery*, including system and program design, enablers, and delivery models:
 - system delivery and approaches need to be responsive to learner purpose and goals
 - high quality, adaptive training delivery will assist to meet student and industry needs and improve outcomes
 - funding and enrolment practices must support learners to achieve their reason for study.
- *Learner characteristics*, including universal approaches and targeted support and interventions:
 - understanding learner needs early will enable better support from the point of enrolment
 - more support is needed for those at greater risk of dropping out.

In responding to the report, the Skills and Workforce Ministers agreed that the findings may be used to inform future completion policy initiatives, including through the NSA.

The themes and recommendations from the National VET Completions Report broadly align with the themes in the new NSA that commenced 1 January 2024, in particular, the NSA's Improving Completions measure:

- Through the NSA, the Australian Government will partner with states and territories to trial, evaluate and scale innovative and best-practice approaches to helping more VET students to successfully complete their studies.
- The Australian Government will invest up to \$250 million over 5 years to improve VET student outcomes, including completions. States and territories will make a matched contribution.
- Projects funded through this initiative will prioritise groups such as First Nations students, people with disability, and women.
- The initiative will help build shared knowledge nationally to improve student outcomes by providing a robust evidence base around effective, efficient and scalable solutions, especially for priority groups through piloting innovative student support practices.
- Through the NSA, the Australian Government has committed to also partner with states and territories to improve apprentice and trainee completions and outcomes by better supporting employer and apprentice relations.
- Governments will work with stakeholders to refresh the National Code of Good Practice for Australian Apprenticeships and collaborate on developing best-practice guidance and resources for employers.
- A refresh of the National Code and development of best-practice guidance will support better relationships between employers and their apprentices by helping employers to better understand their roles and responsibilities, to ensure safe and inclusive workplaces, high-quality apprenticeship experiences and to contribute to higher completion rates.
- Work on the National Code and best-practice guidance will occur in 2024 in consultation with apprentices, employers, industry, unions, TAFEs and training providers, and apprenticeship service providers.

Background – Jobs and Skills Councils

A JSC is a not-for-profit company that is industry-owned and industry-led (DEWR 2024c). There is a national network of 10 JSCs that provide leadership to address skills and workforce challenges for their industry. They:

- align effort across industries to improve VET system responsiveness
- build stakeholder confidence
- drive high-quality outcomes for the VET sector, learners and business.

JSCs identify skills and workforce needs for their sectors, map career pathways across education sectors, develop contemporary VET training products, support collaboration between industry and training providers to improve training and assessment practice, and act as a source of intelligence on issues affecting their industries.

Each JSC works closely with JSA (the independent statutory body responsible for providing advice to government on current and emerging labour and workforce needs), drawing on its workforce analysis and projections to plan for their industry sector and creating a consistent approach to addressing skill gaps.

JSCs are responsible for the following 4 core functions:

- **Workforce planning** – this is the strategic centrepiece for JSCs and informs the other functions. Workforce planning will underpin intelligence-gathering for strategic priorities and will be a critical focus to guide strategic planning.
- **Training product development** – this requires JSCs to develop training products in line with standards set by Skills Ministers to improve the quality, speed to market and responsiveness of training products.
- **Implementation, promotion and monitoring** – JSCs will partner with training providers and organisations to align workforce planning objectives and national training products with career advice and ‘on the ground’ training delivery.
- **Industry stewardship** – JSCs will act as a source of intelligence on workforce issues affecting their industries and provide advice on national training system policies.

The 10 JSCs are:

- **Skills Insight** is responsible for agribusiness, fibre, furnishing, food, animal and environment care. Covering industries of primary production – plants and animals – as well as textiles, clothing and footwear, forestry, timber and furnishing. Emerging industries include natural resources security and environmental management.
- **Service and Creative Skills Australia** is responsible for arts, personal services, retail, tourism and hospitality. Covering ‘high street’ human services such as hairdressing, floristry, travel, hospitality as well as the creative economy with fine art, ceramics, music, dance, theatre and screen and both wholesale and retail services, including emerging industries such as online sales.
- **Powering Skills Organisation Ltd** is responsible for energy, gas and renewables. Covering the industries of electricity, gas, renewable energy and storage or the use of resources in the production of energy. Emerging industries include hydrogen.
- **Future Skills Organisation** is responsible for finance, technology and business. Covering professional services or otherwise supporting the needs of a successful business including marketing, accounting, human resources, digital literacy, and information and communication technologies. Emerging industries include cyber security, financial technologies, artificial intelligence and the internet of things.
- **Manufacturing Industry Skills Alliance** is responsible for manufacturing. Covering industries of manufacturing and engineering, light manufacturing including pharmaceuticals, print, food and advanced manufacturing. Emerging industries include defence and space technologies.
- **Mining and Automotive Skills Alliance** is responsible for mining and automotive. Covering industries involved in mineral exploration and extraction operations, and automotive. Emerging industries include driverless automotive technologies.

- **Industry Skills Australia** is responsible for transport and logistics. Covering industries involved in warehousing and distribution operations as well as transport, including rail, maritime, aviation, and logistical support and supply chains. Emerging industries include omnichannel logistics and distribution and air and space transport and logistics.
- **Public Skills Australia** is responsible for public safety and government. Covering industries directly involved in public service (for example, local government, police, corrective services, public safety).
- **HumanAbility** is responsible for aged and disability, children's education and care, health, human services, sport and recreation. Covering industries that offer community services and support such as aged care, disability services, mental health, early childhood education and health, and sport and recreation services.
- **BuildSkills Australia** is responsible for building, construction, property and water. Covering industries that provide property services, small- or large-scale construction services, traditional building as well as large-scale civil infrastructure services and water infrastructure operations.

Additional research – Incentives

Research shared in response to the Background Paper

Some stakeholder responses to the Background Paper relied on research from the United States. Those stakeholders asserted that the research showed that incentives provided to employers resulted in higher apprentice completions. The 2 United States studies referred to are:

Do Employers Earn Positive Returns to Investments in Apprenticeship? Evidence from Registered Programs under the American Apprenticeship Initiative (Kuehn et al. 2022)

What Works in Tech Apprenticeship (Elliott et al. 2022).

A study of the Welsh apprenticeship incentive scheme – *Research Study: Apprenticeship Employer Incentive Scheme* (Winterbotham et al. 2020) was also relied on, with stakeholders arguing that it showed that employer incentive schemes are particularly valuable for attracting employers who are new to offering apprenticeships.

Another stakeholder referred us to the following Organisation for Economic Co-operation and Development (OECD) reports:

- *Strengthening Apprenticeships in Scotland* (OECD 2022)
- *Building Future-Ready Vocational Education and Training Systems* (OECD 2023).

We turn first to the United States studies.

Do employers earn positive returns to investments in apprenticeship? – Kuehn et al., 2022

Kuehn et al. (2022) were commissioned by the United States Department of Labour to evaluate the impact of expanding the American Apprenticeship Initiative (AAI) program to high-growth occupations and industries. The AAI is a US\$100 million program to fund approximately 25 grants ranging from US\$2.5 million to US\$5 million (United States Office of Apprenticeship 2024).

The study is based on a survey completed by employers who undertook the apprenticeship pilot program. It consists of 68 employers surveyed between March and October 2020, all of which had at least one apprentice complete their apprenticeship.

Employers were asked to provide information about a reference apprentice who had completed their apprenticeship. They were asked about the value of production generated by this apprentice, the direct and indirect benefits to the employer from the program, as well as compensation paid.

The authors acknowledge the limitations of the study, in particular: a lack of representation of employers due to narrow selection, lack of information about relevance of occupational training, estimation of post program costs and benefits, lack of consideration of 'optional value' of having a skilled worker on hand, and difficulty monetising indirect benefits.

Employers in the AAI program used an apprenticeship program with relatively short duration. Nearly 2 in 5 of the surveyed AAI programs were only about one year. Only one in 4 programs was expected to last 3 years or more. In addition, 50 of the 68 employers in the study were medium or large businesses with at least 100 employees.

Most apprenticeships in the study were shorter than apprenticeships in general – only 24 of the 68 employers with registered apprenticeships were designed to last more than 2 years.

The authors also note that employer costs and benefits per apprentice 'may be related to the employer's size due to economies of scale. Larger employers operate at a larger scale, so they may have better staffed human resources departments, or they may be able to distribute administrative and other overhead costs over a greater number of apprentices' (Kuehn et al. 2022:13).

The key findings are:

- Apprenticeships are a worthwhile investment for employers, as the majority will recoup their costs, albeit after the apprenticeship has been completed and the worker is qualified.
- Using the medium estimate, the typical employer experienced more than US\$17,800 in net benefits per apprentice, or an annualised return on investment of 6.3%.
- Employers are likely to do well when they emphasise apprentice productivity and use a registered apprenticeship to infuse their company with cultural and organisational changes that provide indirect benefits beyond productivity.
- Employers who received incentives for pay for off-the-job training made more progress towards their registered apprenticeship targets.

While this study hinted that incentive payments could improve apprenticeship retention by offsetting some of off-the-job training costs, the scope of the study is too small and the labour market context is too different to provide robust evidence for the Australian apprenticeship system.

What works in Tech Apprenticeship – Elliott et al., 2022

The Elliott et al. (2022) report is relied on to support the claim that incentive funding is important to offset an employers' upfront investments and secure their engagement, particularly when employers are paid after taking on apprentices.

Elliott et al. discuss the lessons from the Urban Institute's Apprenticeship Expansion and Modernisation Fund (AEMF) Project. The Urban Institute is a United States think tank that conducts economic and social policy research that appears to focus on social mobility and equity (Urban Institute n.d.). AEMF is designed to provide outreach and technical assistance to facilitate the growth and implementation of registered apprenticeship programs in the United States (United States Office of Apprenticeship 2024).

The paper's methodology consists of internal findings of the AEMF project, which worked with approximately 1,800 apprentices across more than 36 employers (Elliott et al. 2022).

This paper lists 5 recommendations to promote high-quality apprenticeships in the tech industry in the United States; the most relevant recommendation in the present context states (Elliott et al. 2022:2):

Incentive funding is important to offset an employers' upfront investments and secure their engagement, particularly when employers are paid after taking on apprentices.

In support of this recommendation, the authors suggest the cost of hiring an apprentice in the technology industry is much higher than the cost of hiring a new employee, and the startup costs and training investment can deter employers from hiring apprentices.

Elliott et al. (2022:4) states that:

Although not all employers chose to accept incentives or used all that was provided to them, incentive funding was an important motivator for employers and was the reason employers agreed to start or expanded their apprenticeship program. Moreover, the incentives were instrumental in offsetting the proportionally greater startup expenses for small employers.

The report recommends incentives of between US\$2,000 to US\$5,000 based on what intermediaries spend per apprentice, but also notes 'there is no definitive evidence on the optimal incentive amount for employers' (Elliott et al 2022:5).

The authors do not provide any empirical evidence to support the recommendations. Similar to the Kuehn et al. (2022) paper, the AEMF project is another small-scale United States based apprenticeship program specific to one industry. It is therefore of limited relevance to the Australian apprenticeship system, given the lack of empirical evidence, and the differences in training and hiring costs.

Research Study: Apprenticeship Employer Incentive Scheme – Winterbotham et al., 2020

Winterbotham et al. (2020) explores the efficacy of the Welsh Government's Apprenticeship Employer Incentive Scheme, paid to small and medium employers in Wales who hire young apprentices (aged 16 to 19). Eligible employers during certain hiring periods may receive a payment of £3,500. Outside of those specified hiring periods they may only receive £2,500. The scheme was only available to employers who are not able to recruit an apprentice without the grant and have not recruited an apprentice in the previous 30 months.

The incentive payments were only payable after the apprentice had completed 8 months of employment 'to ensure that employers were committed to supporting the apprentice for a sustained period, rather than simply becoming involved for the money' (Winterbotham et al. 2020:24).

Data shows that 950 apprentices were taken on through this scheme between 1 August 2017 and 31 May 2019. A total of 922 employers took on one apprentice each, 11 took on 2 apprentices, and 2 employers recruited 3 apprentices. Of the 950 apprentices taken on, the employers of 77% received the £3,500 payment, 12% received a payment of £2,500 and 10% had yet to receive an incentive payment or their provider had yet to apply.

The paper's methodology consisted of stakeholder interviews, 10 qualitative in-depth phone interviews with providers, and an online survey with employers who had taken on an apprentice via the scheme. There was no formal sampling structure for the stakeholder interviews and all providers were invited to take part. For the online survey, a sample of 387 employers was used and 68 responses were received, a response rate of 18%.

A further 17 qualitative interviews were held with employers who took on at least one apprentice through the scheme. The interviewees were generated via 'opt-ins' from the online survey participation.

Apprentices recruited as part of the study were not interviewed or surveyed as part of the research.

The study found positive evidence that the financial incentive was a motivating factor for hiring an apprentice:

- Employers who had never employed apprentices before engaged in the incentive scheme. Both in quantitative survey responses and qualitative interviews, employers largely reported that the existence of the incentive had been a significant factor in making this decision.
- Overall, employers were largely satisfied with their involvement in the scheme, and most would be likely to recommend it to other businesses.

The offer of financial incentives had a strong impact in encouraging employers to take on an apprentice – 55% of employers responding to the qualitative survey reported they would have been unlikely to recruit an apprentice when they did if the incentive had not existed, and 12% would not have recruited an apprentice without the incentive.

Conversely, 21% of survey respondents definitely would have, or would have been very likely, to recruit an apprentice without the incentive, leading the authors to observe (Winterbotham et al. 2020:29):

...this does suggest that there is relatively little dead weight associated with the scheme: i.e. there is a small number of employers that definitely would have acted in the same way without the incentive.

But the incentive was not the most important factor in employer decision-making. While 68% of survey respondents indicated that receiving the incentive was an important factor in the decision to recruit an apprentice, 3 other factors (filling skill needs, the quality of training and social responsibility) were deemed more important.

A total of 63% of employers surveyed were likely to recommend the incentive scheme to another employer who was thinking about taking on an apprentice.

The study found financial incentives 'had a strong impact for most employers' (Winterbotham et al 2020:28), with 72% saying that their business had never recruited an apprentice or put an existing member of staff on an apprenticeship. The study declared, 'This is a clear sign that the scheme has successfully engaged many employers new to apprenticeships' (Winterbotham et al. 2020:28). However, this finding may suffer from selection bias, given only employers who had not hired an apprentice in the past 30 months could apply, and it does not provide an indication that a less restrictive incentive payment would result in more 'new employers' (employers that have not hired apprentices before but decide to take on an apprentice).

Winterbotham et al. (2020:38) conclude as follows:

In summary, there is some evidence to suggest the incentive scheme has successfully engaged employers new to apprenticeships and re-engaged those without recent involvement. It was an important factor in the decision making of employers involved in this research. Most employers in the qualitative interviews were satisfied with the scheme, would recommend it, and would be likely to recruit young apprentices again in the future.

We accept that Winterbotham et al. (2020) supports the proposition that new employers do respond to incentive payments.

Strengthening Apprenticeships in Scotland – OECD, 2022

This report considered how Scotland's apprenticeship system can be strengthened to help close growing skills gaps in the economy. One stakeholder quoted the OECD (2022:16) as recommending:

Scotland should encourage and support employers to play a more central role in the apprenticeship system. Employers that could benefit from apprenticeships, and particularly MSMEs, should be supported by well-designed incentives and other support mechanisms.

The above selective extract needs to be viewed in context. The full recommendation (OECD 2022:16) is focused on strengthening the role of the Scottish Apprenticeship Advisory Board (SAAB):

Much progress has been made in involving employers in the Scottish apprenticeship system, including the establishment of SAAB and other employer-led groups. Nevertheless, SAAB could play a stronger role in employer engagement, particularly by scaling up its efforts to reach out to employers from different sectors and sizes, increasing co-ordination and co-operation with other relevant stakeholders, and improving apprenticeship governance. To achieve this, SAAB will require more support to increase its capacity and influence.

The report then goes on to recommend (OECD 2022:16) that:

The scale and mix of apprenticeship provision should be driven by demand from employers and apprentices, while retaining an element of targeted funding to achieve strategic policy objectives.

The chapter of the report in which these recommendations are contained explores the policy responses needed to make the Scottish apprenticeship system more responsive to labour market needs. The evidence presented is that the main reason employers in Scotland do not offer apprenticeships is due to a lack of relevance or awareness, with affordability being the second lowest reason.

The report identifies 2 broad factors preventing employers from engaging more strongly in the design and delivery of apprenticeships in Scotland: that there are a relatively few incentives and limited support for employers to offer apprenticeships, and that the apprenticeship system does not mandate strong employer engagement.

Importantly, this report does not make a recommendation for the use of incentives. There is no formal 'recommendation' on the introduction of incentives. In fact, the potential for introduction of incentives in the text of the report, is highly qualified (OECD 2022:28):

Some employers could be given financial support to compensate for the costs incurred by taking on and training apprentices ... It is important to note that the evidence on the effectiveness of financial incentives for employers is mixed and thus they should be well-targeted to minimise deadweight loss and piloted and evaluated to assess costs and benefits.

Building future-ready vocational education and training systems – OECD, 2023

This report looks at a set of opportunities and challenges for VET systems to be future-ready, with a focus on responsiveness, flexibility, supporting transitions and innovations. At pages 38–39 the report notes that several countries provide financial incentives to encourage and support employers to provide work-based learning to VET students. The report sets out some examples, from Austria, the Slovak Republic, France, Türkiye and Ireland.

This material was relied on to express the concern that despite the prevalence of employer incentives the research presented within the Background Paper, it questioned the value of employer incentives.

We accept that the report sets out information on countries' approaches to employer incentives, but, importantly, the OECD does not recommend that such measures be adopted and nor does it contend that they are particularly effective. Indeed, to the contrary, the discussion on incentive payments to employers concludes as follows (OECD 2023:41):

The overall implication is that financial subsidies will typically involve a significant amount of “deadweight”, i.e. training that employers would have funded anyway, even in the absence of the relevant incentive. Some element of deadweight is inevitable, usually the objective is to minimise its scale so that incentives increase the number of trainees. A further risk is that financial incentives may succeed in engaging employers who are primarily interested in the subsidy, rather than in training. Countries where employers have not been traditionally involved in training of students are more likely to subsidise employer provision of work placements.

Large employers tend to benefit disproportionately from financial incentives (Müller and Behringer, 2012[64]). For employers to benefit from the subsidy they need to be informed about the scheme, e.g. on the existence of the measures, the criteria of eligibility, and procedures of application. Access to accurate and timely information may be easier for larger employers that often have training departments and staff dedicated to training issues. The provision of training and the use of subsidies also involves costs. The cost of these procedures may be less significant for bigger enterprises, relative to their overall training costs. Small enterprises may lack the capacity to determine training needs, plan accordingly and file applications for cost reimbursement or grants. It is therefore important to assist small companies with access to and the processing of available funding in parallel to providing financial incentives for training (as discussed above).

Seven questions about apprenticeships: answers from international experience – OECD, 2018

In addition to the reports specifically highlighted by stakeholders in response to the background paper, the review has also considered results from the OECD's project on work-based learning in VET: *Seven Questions about Apprenticeships: Answers from International Experience*. This report offers a comparative perspective on response in policy and practice to the challenges that arise in the design and implementation of apprenticeships. One of the questions posed in the report is 'Should employers receive financial incentives for providing apprenticeships?'. The central finding in respect of this question is that financial incentives to encourage employers to take on apprentices should be used with caution (OECD 2018:47):

Financial incentives may be offered to reward firms that recruit apprentices in recognition of the fact that by doing so they shoulder a burden that would otherwise be carried by the state: the task of preparing young people for a career. This rationale may underpin incentives offered to all firms that take apprentices, regardless of the impact of the incentives on the provision of apprenticeship places.

However, international experience suggests that financial incentives should be used with caution and carefully evaluated.

- *Universal incentives give all firms that take apprentices a fixed sum, and have a small impact on firms' provision of apprenticeship places.*
- *Targeted incentives are designed to focus resources on placements that would not be offered in the absence of incentives. They may reward firms that take apprentices with certain characteristics (e.g. disadvantaged youth, disabled people) or be available only to certain sectors or types of firms (e.g. small firms). In theory such incentives may have more impact, but they are costlier to implement and their effectiveness will depend on how precisely the scheme is designed. When targeted incentives are used, their impact should be carefully evaluated and compared to alternative tools (e.g. supporting training capacity in firms).*
- *Employers may have an interest in setting up a levy to share the costs of training between firms when the labour market is tight and it is hard to find skilled employees on the external labour market, and when employers face a high risk that their fully trained apprentices will be poached by other firms. Money collected through a levy may then be used to offer incentives to employers that take on apprentices. ...*

To have a significant impact, the subsidy should concentrate efforts on firms that do not train and exclude those that already have apprentices – while this may be attractive on theoretical grounds and has been tried in some countries, it might be seen as unfair and unfeasible from a political and practical point of view. ...

Attention should focus on non-financial incentives that improve the cost-benefit balance to employers, such as readjusting the design of apprenticeship schemes and enhancing training capacity in companies. Governments and social partners can support smaller employers by:

- Encouraging employers to find ways to share the responsibilities and risks associated with the provision of apprenticeships.
- Promoting bodies that work with groups of small employers to co-ordinate training.
- Supporting small employers with the administration and provision of apprenticeships. ...

One way of helping employers achieve a better return from apprenticeships is to help them improve their in-company training. Better training yields higher benefits for the firm: through careful management, apprentices can be better integrated into the production process, they develop skills faster and contribute to production with their skills earlier. Training capacity within a firm depends on the quality of trainers, as well as the training methods and equipment used. Measures to improve training capacity may have a particularly large impact on small firms that lack dedicated training staff, and make it easier for them to offer apprenticeships.

International literature review

We commissioned the Centre for International Economics (CIE) to conduct an international literature search and critical review of research and literature on policy interventions related to apprenticeship financial and non-financial supports, including:

- Identifying the range of financial and non-financial supports in the international literature.
- Mapping the impacts of these supports to outcomes. This includes understanding their impact on key outcomes, as well as unintended consequences of supports, including:
 - how incentives affect apprenticeship commencements, completions and completion rates
 - interactions between non-financial and financial supports, and how these interactions affect their respective effectiveness and efficiency
 - the effects of workplace and training experiences for apprentices, including effects on retention and completion and transition to work in the occupation and/or industry in which they were training
 - the effects of the above for priority cohorts such as women, First Nations peoples or culturally and linguistically diverse communities, people with disability and those living outside of urban locations (major cities)
 - community attitudes towards apprenticeships and their impact on take up, retention and completions
 - the impact and effectiveness of targets (quotas) on employment outcomes.

The literature review considered studies by academic institutions, government institutions and industry groups. CIE's initial literature search uncovered 4,896 studies which were then filtered to 66 relevant, high-quality papers using the Maryland Scientific Methods Scale, a scoring system to evaluate the robustness of quantitative analysis in academic studies. A total of 48 of the 66 reviewed papers were English-language papers and 18 were German-language papers, which were included given the substantial volume of research undertaken in the German-language into the well-established German, Austrian and Swiss apprenticeship systems. CIE separated the studies into 4 themes:

- financial incentives (incentives)
- non-financial incentives (supports, regulatory measures and procurement)
- culture, structures, practices and community attitudes (industry needs and impact of employer size)
- incentives for targeted cohorts and quotas (priority cohorts).

The themes were further categorised by policy intervention and assessed based on their relevance to the Australian context (see Table 27).

Table 27: Summary of impact of financial and non-financial incentives on different outcomes, and applicability to the Australian context, as identified in the CIE literature review

	Policy intervention	Commencements	Completions	Retention	Post-employment	Applicability to the Australian context
Financial incentives	Apprenticeship levy	↑	N/A	↓	↓	Highly relevant
	Minimum wage	↓	N/A	↑	Mixed	Somewhat relevant
	Wage or training subsidies	↑	N/A	Mixed	Mixed	Somewhat relevant
	Non-government financial incentives	N/A	↑	N/A	↑	Highly relevant
Non-financial incentives	Law reform and regulatory measures	N/A	N/A	↑	Mixed	Highly relevant
	Public procurement incentives	↑	N/A	N/A	N/A	Highly relevant
Culture, structures, practices and community attitudes	Education and training integration	↑	↑	N/A	↑	Somewhat relevant
	Firm and labour market dynamics	N/A	N/A	↑	Mixed	Somewhat relevant
	Social and institutional factors	↑	N/A	↑	↑	Somewhat relevant
Incentives for target cohorts	Transition system	↑	N/A	↑	N/A	Somewhat relevant
Quotas	Gender quotas	N/A	N/A	N/A	↑	Somewhat relevant
	Disability quotas	N/A	N/A	N/A	Mixed	Somewhat relevant
	Minority quotas	N/A	N/A	N/A	↑	Not relevant
	Paternity leave	N/A	N/A	N/A	↑	Highly relevant

Note: Education and training integration policy intervention includes integrating vocational and general education, choice in training curriculum and dual education system interventions. Firm and labour market dynamics policy intervention includes firm size, mobility effects and collective wage bargaining systems. Social and institutional factors include local social norms, public and private signals and early career employment stability.

Source: CIE (2024:3–4).

Financial incentives

Financial incentives encompass a variety of measures designed to address market failures, promote skills development and enhance outcomes within the labour market. Such incentives include training levies, tax concessions, wage subsidies, subsidies paid to training providers and increases to apprentice minimum wages:

- Direct subsidies involve government funds provided directly to employers (or apprentices) to offset the costs associated with offering apprenticeships or other training programs.
- Tax benefits include deductions or credits offered to employers who engage in apprenticeship programs, reducing their tax liabilities.
- Minimum wage regulations set by governments ensure that apprentices and other workers receive a specified minimum compensation, which can affect the attractiveness and feasibility of apprenticeships.
- Apprenticeship levies require employers to contribute a percentage of their turnover or payroll toward a centralised fund that supports training initiatives, aiming to spread the cost and promote workforce development across industries.

A summary of the reviewed research is set out in Table 28.

Table 28: Summary of research on the impact of financial incentives on apprenticeship outcomes

Paper title	Intervention type	Country	Applicability to the Australian context	Impact*
The Impact of Apprenticeship Levy on Apprenticeships and Other Training Outcomes	Apprenticeship levy	United Kingdom	High	Medium
The Value of Apprentices in the Care Sector: The Effect of Apprenticeship Costs on the Mobility of Graduates from Apprenticeship Training	Apprenticeship levy	Germany	High	Medium
Beyond windfall gains: The redistribution of apprenticeship costs and vocational education of care workers	Apprenticeship levy	Germany	High	Medium
Financial incentives for training in elderly care: The effect of the training levy on the training behaviour of care facilities	Apprenticeship levy	Germany	High	Medium
The Effects of Minimum Wages on Firm Financed Apprenticeship Training	Minimum wage	Germany	Medium	High
The Employment Effects of Raising Negotiated Minimum Wages	Minimum wage	Germany	Medium	High
The German Minimum Wage: Effects on Business Expectations, Profitability, and Investments	Minimum wage	Germany	Medium	Low
How the Minimum Wage Affects Training among Apprentices	Minimum wage	United Kingdom	High	Medium
Minimum Wages and Vocational Training Incentives in Germany	Minimum wage	Germany	Low	Medium
The effects of youth labour market reforms: evidence from Italian apprenticeships	Minimum wage	Italy	Medium	High

Paper title	Intervention type	Country	Applicability to the Australian context	Impact*
Empirical evaluation of professional traineeships for young people up to 30 years of age	Wage subsidy	Czech Republic	Medium	High
Vocational training during the COVID-19 pandemic: Under what conditions does the public support state subsidies for training firms?	Subsidies paid to training firms	Germany	High	Medium
Who Profits from Training Subsidies? Evidence from a French Individual Learning Account	Training subsidies	France	Medium	Low
Performance of Hungarian firms: are apprentices an asset or a liability? Evidence from a unique matched employer-employee dataset	Training subsidies	Hungary	Medium	Medium
Accompanying Research: 'Impact of the Training Bonus on the Training Market and Public Budgets'. Final Report	Training subsidies	Germany	Medium	Low / No impact
When Bonuses Backfire: Evidence from the Workplace	Monetary and time-off bonus	Germany	High	Low
The more they spend, the more they learn? Firms' training investments and post-training wages of apprentices	Training investment by firms	Germany	High	Medium
Apprenticeship Non-Completion in Germany: A Money Matter?	Higher wages	Germany	High	Medium

Notes: *The impact is determined by whether the results of the study were statistically significant and by consideration of the size of the policy intervention (i.e. one business, one industry, a number of industries or the whole of a country) and the scale of the resulting change (i.e. no change, small improvement, or large improvement). For example, 'When Bonuses Backfire: Evidence from the Workplace' considers a randomised control trial aimed at reducing absenteeism in a German retail chain. The study was limited to one business in one industry, so, while it resulted in a 50% increase in absenteeism, the impact identified as 'small' because it was limited to one retail chain.

Source: CIE (2024:20–21).

The reviewed papers provide diverse insights into the impacts of policy interventions such as apprenticeship levies, minimum wage adjustments, and various forms of subsidies on apprenticeships and training outcomes.

Some of the general conclusions regarding financial incentives include (CIE 2024):

- Actions that lower the financial costs for employers generally increase the number of apprentice commencements, although the responses varied by sector and with time.
- Actions that increase the financial costs to employers can have negative impacts on commencements but the results are mixed. The impact of raising the minimum wage for apprentices can result in a reduction in apprenticeship placements, as well as the firms' training budgets (see for example Schumann 2017). Yet the introduction of statutory minimum wage in the United Kingdom, applied uniformly across all industries and age groups, did not lead to a general reduction in training levels (Papps 2020). Further, Kellermann (2017) found that increasing sector specific minimum wages increased the likelihood of young people enrolling in VET. The effect was modest, with an increase of less than 0.5 percentage points per average rise in sectoral wage floors.

- The CIE (2024:30) observes that: ‘There is no consensus in the empirical literature about the effect of minimum wages on firm-financed training with results differing across negative effects, mixed effects or no effects’.
- Government subsidies to firms or to employees tend to increase the number of commencements. The reviewed papers all addressed commencement impacts, focusing on program uptake and program stability rather than outcomes related to completion rates or long-term retention of participants. The CIE (2024:22) notes that ‘ensuring completion remains a challenge across these interventions’.
- The employers’ responses to financial incentives can differ between firms depending on whether the firms’ focus is primarily on short-term profits or on the long-term skills of their workforce. Where firms view apprentices simply as a cheap source of labour then providing subsidies can have a short-term impact, although firms may not retain the employee post-training and will, instead, take on a new apprentice (assuming a subsidy still exists).
- This would also depend on the extent of skills shortages in the different sectors. Firm size also plays a part, with larger firms tending to be able to absorb financial ‘shocks’ in the shorter term.
- The CIE concludes (CIE 2024:5):

Experience from other jurisdictions shows that financial incentives must be carefully designed to ensure they create additionality rather than windfalls for companies or apprentices. Conversely, evidence indicates that well-designed and targeted policies, such as those aimed at the care sector, can lead to robust and persistent changes.

Non-financial incentives

Non-financial incentives are diverse and heterogeneous measures designed to promote apprenticeships without direct financial transactions. These can include regulatory measures, mentorship programs, public procurement incentives, and systems that aid the transition from school into apprenticeships.

Some of the general conclusions drawn from the studies include (CIE 2024):

- In contrast to direct financial incentives, non-financial incentives do not pose the same risk of creating windfalls for companies. However, they can still be costly labour market instruments that necessitate continuous evaluation of their efficiency and effectiveness.
- Law reforms and regulatory measures are an effective means of incentivising higher commencements and retention rates, for example, by increasing the labour market flexibility such as allowing part-time apprenticeships or structured mentoring schemes and enhanced training programs.
- Procurement incentives that include an apprenticeship criterion in public procurement can effectively incentivise firms, particularly smaller ones, to create additional training positions without compromising the quality of apprenticeships. However, they also have the potential to create market distortions.

The CIE concludes (CIE 2024:5):

Well-crafted non-financial incentives can significantly improve apprenticeship outcomes, enhancing employment rates and skill development, although potentially creating some market distortions. If not carefully considered, these incentives may lead to unintended consequences such as market segmentation, strategic behaviour by firms to avoid compliance, and uneven impacts across different sectors, which could disadvantage very small firms or lead to an oversupply of apprenticeships in specific industries.

Industry needs and impact of employer size

The findings of the literature review were in line with what we heard from consultations and submissions, in that apprenticeship training needs to be in line with industry needs. The CIE’s findings further align with the views of interested parties to the review, as they found larger firms were able to provide a better experience for apprentices, resulting in lower chances of unemployment in the long term. The CIE also found that developing foundational skills prior to commencement resulted in higher completion rates (CIE 2024).

Measures to support priority cohorts

The CIE literature review considered a range of measures taken to support women apprentices, regional and remote apprentices, apprentices with disability, and culturally and linguistically diverse apprentices (specifically refugees).

General findings included (CIE 2024):

- Larger companies were better able to support apprentices with disability.
- Pre-apprenticeship programs were found to be effective at supporting commencements among refugees.
- Quotas targeted at the participation of different cohorts were least effective where there was insufficient enforcement, a lack of infrastructure to develop more inclusive work environments and perceived financial burdens in making workplace adjustments.
- Effective quota systems require 'a combination of financial incentives, penalties, and supportive measures to ensure compliance and maximise benefits' (CIE 2024:8).
- Paternity leave policies, especially those with non-transferable quotas for fathers, positively impacted mothers' labour market outcomes and promoted gender equality in the workforce.

Additional information – Fair Work Ombudsman investigations

Wave 2 of the National Hospitality Industry Campaign

This investigation (FWO 2015) looked into the activities of restaurants, cafés and catering services in 2012–13, and found:

- 4,561 complaints received from the Hospitality Industry in 2010–11
- 58% of the 1,066 businesses audited were not fully compliant with the *Restaurant Industry Award 2010*, the *Fair Work Act 2009* or the Fair Work Regulations 2009 – this is higher than the 38% contravention rate identified during Wave 1 of the National Hospitality Industry Campaign (accommodation, taverns and bars)
- 46% of the businesses were paying their employees incorrectly.

Sydney food precinct investigation

This investigation (FWO 2023) examined 49 fast food restaurants and café businesses in inner Sydney in May and June 2002, and found:

- 77% of businesses were in breach of workplace laws
- 14 (39%) were not paying staff correctly
- 17 (47%) breached both their monetary and non-monetary obligations.

Fair Work Inspectors issued:

- 31 compliance notices, recovering \$239,505 for 333 employees
- 27 infringement notices, with \$90,354 paid in fines.

Wave 3 of the National Hospitality Industry Campaign

This investigation (FWO 2016) looked into the activities of takeaway food outlets in 2014–15, and found:

- 67% of the 565 businesses audited were not fully compliant with the *Fast Food Industry Award 2010*, the *Fair Work Act 2009* or the Fair Work Regulations 2009 – this is higher than the 38% contravention rate identified during Wave 1 (accommodation, taverns and bars) and the 58% contravention rate identified during Wave 2 (restaurants, cafés and catering services)
- 47% of the businesses audited were paying their employees incorrectly.

Food precincts compliance activity report No. 2

This report (FWO 2019) states that the hospitality industry accounts for around 7% of Australia's total workforce, but it is disproportionately represented in Fair Work Ombudsman (FWO) compliance data. In 2017–18, hospitality accounted for:

- 18% of all workplace disputes received
- 19% of all monetary recoveries (\$4.8 million)
- 37% of all anonymous reports received
- around a third of all compliance enforcement outcomes, including litigations.

Fair Work Ombudsman National Compliance Monitoring

Between November 2017 and March 2019, the FWO (2020a) investigated 946 businesses across Australia that had previously breached workplace laws and found:

- almost half were non-compliant
- the highest industry non-compliance rate (57%) was in accommodation and food services.

The National Food and Retail Revisit campaign

This investigation (FWO 2020b) took place between March 2019 and March 2020, and investigated 171 businesses across Australia in the fast food, restaurant and café and retail sectors that had previously been found non-compliant. The report found that 122 businesses (71%) were non-compliant with workplace laws. Of these, 61 (50%) were not paying staff correctly and 42 (34%) breached both their monetary and non-monetary obligations.

Gold Coast food precinct investigation

This investigation (FWO 2021) looked into 50 fast food outlets, restaurants and cafés operating between Southport and Broadbeach on the Gold Coast in December 2020 and found:

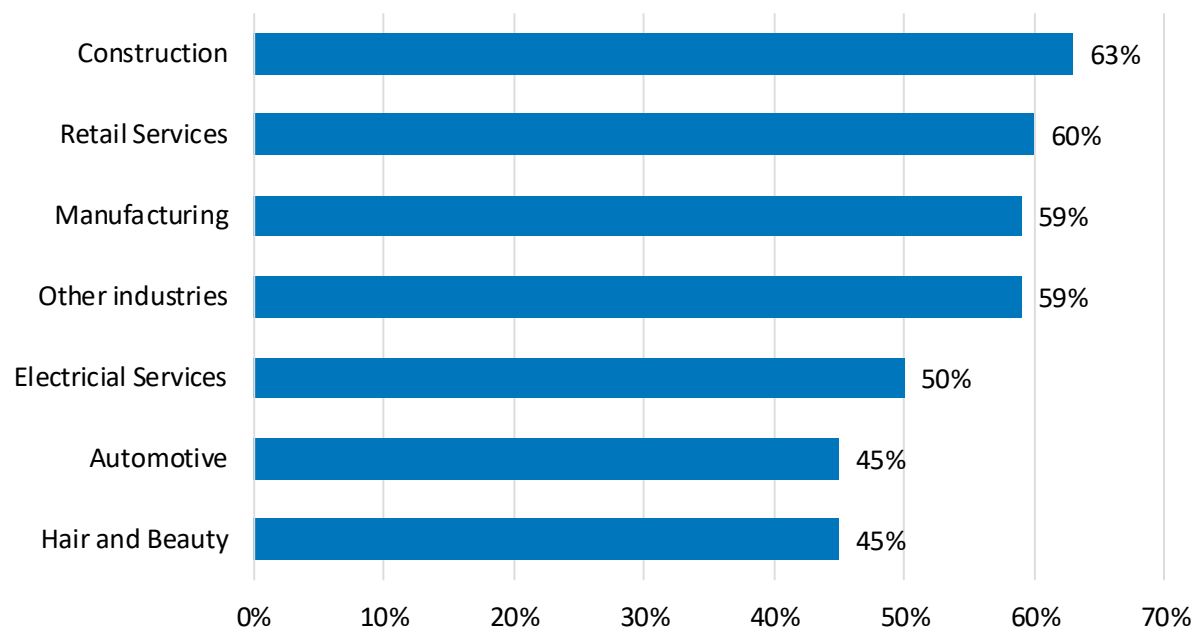
- 44 of the 50 businesses (88%) had breached workplace laws
- 59% were not paying staff correctly
- 18% breached both monetary and non-monetary obligations.

Fair Work Inspectors issued:

- 33 compliance notices recovering \$215,707 for 446 employees
- 12 infringement notices resulting in \$9,282 paid in fines.

Outcomes from the Fair Work Ombudsman National Apprenticeship Campaign

This investigation (FWO 2017) from 2015 found that the hair and beauty industry had the lowest compliance rates (45%) across the 7 industries it examined. The most common contraventions in the hair and beauty industry included issues with pay slips (31%) and penalty rates (27%) (FWO 2017).

Figure 63: Compliance rate of businesses employing apprentices

Note: Figures above compare industry compliance rates for businesses employing apprentices that have been audited by the Fair Work Commission as part of both the National Apprenticeship Campaign 2015 and the National Building and Construction Campaign 2014–15.

Source: FWO (2017).

Later, between February 2017 and October 2018, the FWO audited 3,887 businesses in the retail and hair and beauty sector in Queensland, New South Wales and Victoria (the East Coast Retail and Hair and Beauty Campaign). The FWO (2017:2) observed that:

High proportions of vulnerable young workers, including apprentices and trainees, are employed in these sectors, and our compliance work has consistently found high levels of non-compliance.

The East Coast Retail and Hair and Beauty Campaign found:

- 45% of businesses were in breach of workplace laws
- 20% were not paying staff correctly
- 7% breached both their monetary and non-monetary obligations.

The most common breaches related to:

- underpayment of the minimum hourly rate (33%)
- non-payment of penalty rates (13%).

Fair Work Inspectors issued:

- 82 infringement notices (\$21,620 in penalties)
- 18 compliance notices (\$44,207 in back pay for 43 employees).

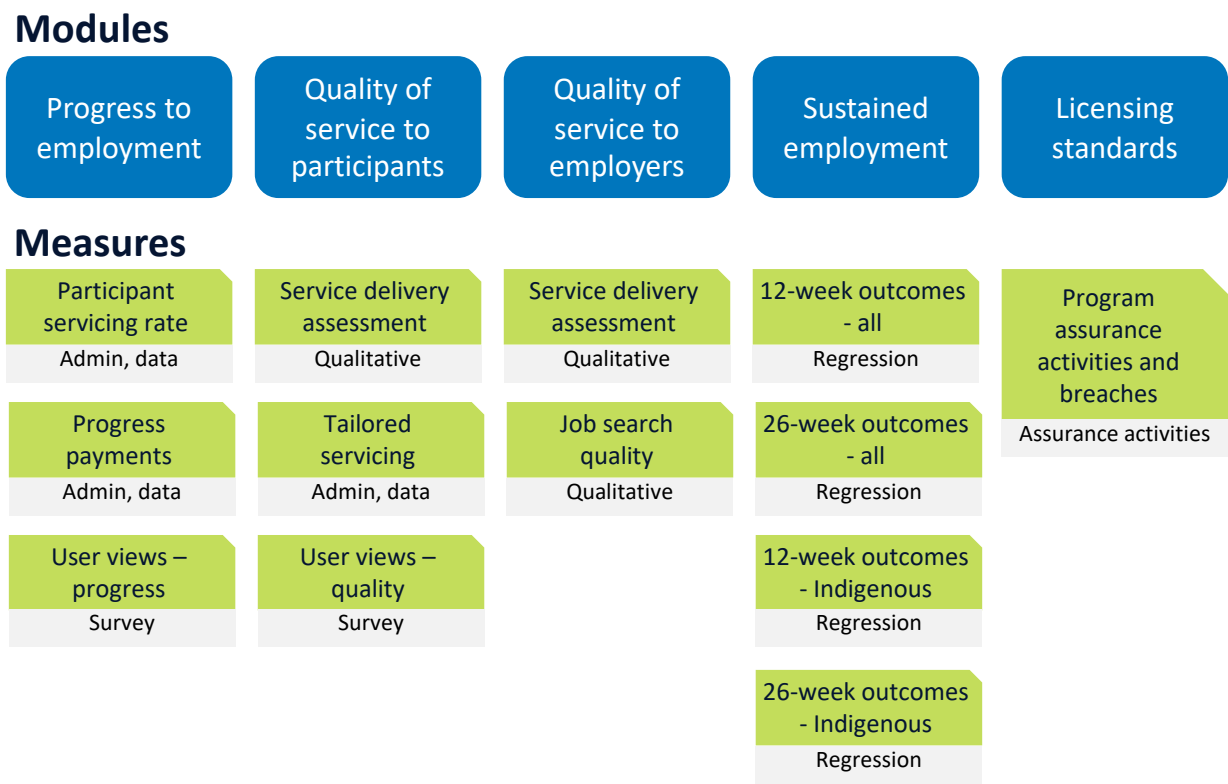
Additional information – Workforce Australia Performance Framework

Provider performance is assessed using the Workforce Australia Employment Services Provider Performance Framework. This framework is intended to:

- ensure participants and employers are getting tailored and quality services
- encourage innovation and drive performance improvement
- ensure providers are fulfilling their obligations and meeting the required standards.

The framework is a comprehensive and holistic assessment of provider performance. The framework consists of 5 modules: progress to employment; quality of service to participants; quality of service to employers; sustained employment; and licensing standards. Each module consists of several related measures. The underpinning performance measures include participant servicing rate, tailored servicing, job search quality, milestone outcomes and program assurance activities.

Figure 64: Workforce Australia Employment Services Provider Performance Framework



Source: Workforce Australia Guidelines (DEWR 1 July 2024).

The underpinning performance measures include both quantitative and qualitative metrics and the frequency of assessment varies depending on the type of measure. The modules and measures may be refined over time with providers being notified of any changes. Supporting documents provide detailed descriptions of the methodologies for each of the measures.

Performance ratings of high, moderate or low are awarded for each measure.

Where there is insufficient data for a measure rating, a moderate rating is awarded. The measure ratings are combined to determine module ratings of high, moderate or low. Then the module ratings are combined to determine overall ratings of high, moderate or low.

To ensure that the framework continues to drive continuous improvement, regular reviews are conducted of the performance thresholds required to achieve performance ratings for each module and their performance measures.

Table 29: Overall performance ratings

Performance category	Requirements
High performance	A high rating for the sustained employment module. AND At least moderate ratings for all other modules.
Moderate performance	At least moderate ratings for all other modules.
Low performance	A low rating for any module.

Source: Workforce Australia Guidelines (DEWR 1 July 2024).

Progress to employment module

This module assesses the success of the provider in progressing participants towards employment via 3 performance measures:

- **Participant servicing rate:** a quantitative measure of the extent to which providers deliver regular service to all participants (on the caseload) they are assisting.
- **Progress payments:** a quantitative measure of the provider's success at achieving progress payments.
- **User views – progress:** a survey-based measure of participant views on whether providers have improved their chances of finding employment.

Quality of service to participants module

This module assesses the success of the provider in delivering high-quality services to participants via 3 performance measures:

- **Service delivery assessment (participants):** a qualitative assessment of each provider's quality of service to participants.
- **Tailored servicing:** an assessment of:
 - *whether providers are appropriately tailoring points targets under the points-based activation system, as part of delivering a service tailored to the unique circumstances of each participant*
 - *the quality of the provider's review of the job search efforts submitted by participants, including the educative support delivered to participants to improve the quality of unsatisfactory job search efforts, and whether the review was completed within the required 5-business day timeframe.*
- **User views – quality:** a survey-based assessment of participant experience of the quality of service delivered by each provider.

Quality of service to employers module

This module assesses the success of the provider in delivering high-quality services to employers via 2 performance measures:

- **Service delivery assessment (employers):** a qualitative assessment of each provider's quality of service to employers.
- **Job search quality:** an assessment of the quality of the provider's review of the job search efforts submitted by participants, including the educative support delivered to participants to improve the quality of job applications to employers.

Sustained employment module

This module assesses the success of the provider in their participants achieving sustained employment outcomes via 4 quantitative outcome rate performance measures:

- 26-week outcomes – all participants
- 12-week outcomes – all participants
- 26-week outcomes – First Nation participants
- 12-week outcomes – First Nation participants.

Licensing standards module

This module ensures that providers continue to meet the standards required to operate and are displaying expected values and behaviours via a single performance measure:

- **Program assurance activities and breaches:** program assurance activities and breaches are assessed to determine a licensing standards assurance score. The rating for this measure is also the rating for the module.

Additional information – Apprentice views

The voices of apprentices are woven throughout this report where relevant and in 'What we Heard'. However, it is important to highlight the breadth and depth of feedback we received from apprentices. This section expands on the valuable contributions of apprentices and trainees to the review.

How we engaged with apprentices

We engaged with over 150 apprentices through the review, including First Nations and women apprentices who face additional barriers to participation in apprenticeships. Conversations were held through a number of forums established for the review. These included:

- The Apprentice Reference Group, which consisted of 10 apprentices selected from winners or nominees of the Australian Training Awards, who provided advice at various points throughout the review. They acted as a regular sounding board on the views of apprentices, confirmed best-practice approaches, and shared first-hand experiences of their apprenticeship journey. The group met 4 times throughout the course of the review.
- Focus groups, which included a mix of roundtables, interviews and surveys. These were facilitated by the Australian Council of Trade Unions, the Australian Industry Group, Tradeswomen Australia and Indigenous Training and Recruitment, which were selected for their ability to access a wide network of apprentices.
- An apprentice breakfast hosted by Master Builders Australia.
- Engagements hosted by Apprentice Connect Australia Providers.
- A Motor Trades Association event facilitated by Mas National.
- The Department of Education's Youth Advisory Group.

Pathways into apprenticeships

Attraction to commence an apprenticeship

Overall, it was generally acknowledged that apprenticeships provide the opportunity to study while working and making an income or to 'earn as you learn'. Apprentices highlighted several reasons for choosing to undertake an apprenticeship, such as:

- school experience, as they felt that school or university was not the right avenue for them
- the hands-on nature of the role and wanting to do practical work, rather than being behind a desk
- wanting to get ahead and turn work experience into a qualification, earn more money and have more options in the future.

Many apprentices indicated they had undertaken an apprenticeship in an industry in which they were already employed (in a non-apprenticeship role) after seeing the difference in progression between apprentice and non-apprentice roles.

Before starting their apprenticeship, many anticipated they would receive high-quality training both as part of their studies and while working. Their perception was that an apprenticeship would give them the opportunity to work directly with skilled tradespeople and to learn from their skills and experience. The ability to do so was valued by the apprentices who felt that this would prepare them effectively for work and give them greater confidence in applying their skills post qualification. Apprentices also valued that they could see clearly the role that their apprenticeship was preparing them for in advance.

In the Indigenous Training and Recruitment focus group, First Nations apprentices shared the importance of apprenticeships as a pathway to a more secure future.

It's changed my life because I was you know, being a young teenager... listening to no one, you know in crime, doing stupid stuff and my apprenticeship's helped me set boundaries ... I've got to do the right thing now and set some good example for my little brothers and my little cousins.

Apprentice, via Indigenous Training and Recruitment (focus group)

Careers information and assumptions

Many apprentices identified that there is limited access to information, particularly at schools, on the process to commence an apprenticeship and career pathways upon completion. This barrier is particularly apparent for women. Tradeswomen Australia's found that 72% of women apprentices surveyed in their focus group had no or low exposure about trades through a school subject.

There was no information about trades at my high school. I went to a public girls school, and they didn't even mention trades as an option.

Apprentice, via Tradeswomen Australia (focus group)

Tradeswomen Australia's focus group revealed not only an absence of exposure and information, but obstacles to accessing further information. They found advice was often targeted to traditional female pathways.

Trade pathways were never marketed to me during school, I was only ever offered traditionally female pathways.

Apprentice, via Tradeswomen Australia (focus group)

I had a sexist careers advisor in school and was offered no support or info in school only found out on my own accord and with my mum's help.

Apprentice, via Tradeswomen Australia (focus group)

Participants also said that targeted subjects should be available at school to expose women to trades earlier.

We didn't have subjects like metal-work or wood-work... if you don't have those options to begin with, you're never going to have a chance to be exposed to them – that is a big part!... Having seen that at school would have made a huge difference... you just don't see women [in trades], so it doesn't occur to you that you can.

Apprentice, via Tradeswomen Australia (focus group)

Support from secondary school and other tradespeople is invaluable. Seeing other women in trades is also inspiring and instils a belief in other women that they can also be successful in trades.

Apprentice, via Tradeswomen Australia (focus group)

Drawing on lived experience, the Apprentice Reference Group members suggested that the following could be done to improve the perception of apprenticeships and VET, particularly for young people considering post-school options:

- More exposure of young people to apprenticeship pathways. For example, schools promoting work experience opportunities, or including information on VET pathways as part of the Year 10 to 12 school curriculum, including what courses entail.
- Better access to information and targeted marketing about career pathways available through apprenticeships. This includes information on time commitments and workplace expectations, such as the physicality of a role and work conditions, before signing up.

- Increased VET funding in Years 11 and 12.
- Improve the educational awareness and knowledge base of school career advisors on apprenticeship pathways so they can appropriately advise students on options.

Discussions and survey insights from women apprentices found the following regarding careers information and experiences:

- A majority of women apprentices (72%) had no or low exposure about trades through a school subject, work experience, try a trade program, careers presentation, pre-apprenticeship or similar.
- In cases where advice on apprenticeships was offered, it was often targeted to traditionally female-dominated pathways.
- Despite personal efforts, there remained obstacles to accessing further information. This included a devaluation of interests, minimisation of perceived capabilities, authority figures dissuading enthusiasm and low-quality or context-dependant information.

The Australian Council of Trade Unions forum group attendees raised that 'low esteem for VET careers, a poor understanding among young people of the options offered by apprenticeships, and the way schools operated, often discouraged people from undertaking an apprenticeship.'

The Indigenous Training and Recruitment focus group highlighted the importance of the right match between apprentice and apprenticeship. A few of the apprentices had tried other careers and other apprenticeships before settling in their current role.

I wanted to be a bricklayer and I realised that's not good. And then went into barbering, didn't really enjoy that much and then I started doing art and then I was like I want to do something what has connections to my art. I love being creative, changing the way I do things ... I got an apprenticeship for doing engineering and I was like that's killer.

Apprentice, via Indigenous Training and Recruitment (focus group)

At 14 I wanted an apprenticeship so I did a light vehicle mechanic apprenticeship... did that for about a year and a bit and then realised it wasn't for me ... then I figured out refrigeration, [heating ventilation and air conditioning] mechanic was the one for me. ... I love my cars and stuff, but yeah, working on other peoples' cars you end up hating your own car.

Apprentice, via Indigenous Training and Recruitment (focus group)

Other adult First Nations apprentices wished they had known more about apprenticeship pathways and understood the range of available opportunities earlier.

Work experience, pre-apprenticeships and recognition of prior learning

Apprentice Reference Group members commented on the lack of information available on work experience opportunities and barriers that can prevent students from participating in work experience:

- There is significant confusion around what work experience is available to students, along with what work experience entails. There is also inconsistency between states and territories.
- Barriers around work experience include students having to find ways to travel to work experience, and a lack of network of employers in regional and remote areas who can provide work experience in that area.

Some apprentices told us that that pre-apprenticeships can be successful in encouraging people to commence an apprenticeship, particularly women considering male-dominated trades.

I'd wanted to go to construction for years, so I actually went to one of the Women on Site try-a-trade days... I actually did not know at all where to start, what skills I needed or qualifications to start my apprenticeship, so I think it was really beneficial.

Female trades apprentice, via Australian Council of Trade Unions (focus group)

I had not considered trades as a career option to me before, especially having gone to an all girls school, where it was never discussed. It was only... after leaving university, and doing a pre-apprenticeship offered free by [the Victorian] Government, that I even considered going into the trades.

Female trades apprentice, via Tradeswomen Australia (focus group)

Discussions on recognition of prior learning centred mostly on the experiences of adult apprentices who are changing careers (either new to apprenticeships or wanting to upgrade their qualifications within an industry). Often the nature of licensed trades can be prohibitive to progression, meaning an apprentice cannot be fast-tracked despite any prior experience. Some Apprentice Reference Group members spoke of the possibility of shortening training time to get more people through or being able to step in at another point over the life of the apprenticeship after having gained prior workplace industry experience.

Experiences during apprenticeships

Expectations

Consultations posed the question to apprentices of whether their apprenticeship is meeting their expectations. The majority of the apprentices consulted as part of one survey mentioned that their apprenticeship was meeting their expectations, with the most common reason being the quality of their employer.

Yes, it has exceeded my expectations of what is possible – the support from my employer/company is great and I want to be here.

Apprentice, via Australian Industry Group (focus group)

However, sentiment was not shared across the board. Where apprentices identified that their apprenticeship did not meet their expectation, this was in large part a result of poor workplace experience, including poor treatment by their employer, older colleagues or managers, or a lack of supervision.

It wasn't meeting my expectations at my last company. As an apprentice I was shoved to the side and wasn't doing much. I'm now working for a good company and enjoying it.

Apprentice, via Australian Industry Group (focus group)

One third year apprentice recognised the role of pre-apprenticeships in setting reasonable expectations when commencing an apprenticeship.

I did a pre-apprenticeship so the apprenticeship is what I expected.

Apprentice, via Australian Industry Group (focus group)

Wages

Across all focus groups, apprentices raised concerns that apprentice wages are insufficient and difficult to live on, exposing them to significant hardship. Wages were reported to be a barrier to commencing an apprenticeship, especially when a casual job can pay more. However, some apprentices appreciated the consistency of income from an apprenticeship in comparison to casual jobs, and were willing to sacrifice a higher hourly rate of pay for job security.

Aldi pay \$30 an hour.

Apprentice, via Australian Council of Trade Unions (focus group)

An easy casual job pays more.

Apprentice, via Australian Council of Trade Unions (focus group)

We also heard stories of apprentices who had considered leaving their apprenticeship due to the low rates of pay they receive.

[A friend] dreamed of opening a bakery so she left high school to start a chef apprenticeship at 16. After a couple of weeks... she realised that the pay was not going to be sufficient to live on. ... she picked up a second job working in McDonald's in the evening... Unsurprisingly she made it through about 8 months of that apprenticeship before she had to unfortunately drop out of her apprenticeship just because the wages were so low... She just wasn't able to continue working as a full time apprentice at 17 on the apprentice wages that she was receiving.

Apprentice, via Australian Council of Trade Unions (focus group)

Apprentices also shared their stories on the difficulty of financially surviving on an apprenticeship wage.

Mature age apprentice wage was very hard on my first year. I have since re-arranged my living and financial situation.

Apprentice, via Tradeswomen Australia (focus group)

I know when I started out, I had to buy my own toolbox, all my tools and that was like, I think I paid 4 grand straight off the bat.

Apprentice, via Australian Council of Trade Unions (focus group)

During the Australian Council of Trade Unions apprentice discussions, the group suggested key areas and approaches to help drive up completions and ways to offset an apprentice's 'low pay, such as access to the health concessions and income support measures that university students enjoy'. Others argued for simple pay increases. Travel costs were also identified as a significant source of financial stress for apprentices – both for those required to use public transport and for apprentices who were expected to purchase and operate a vehicle as part of their apprenticeship.

For plumbing, you really need a kit of about 2 grand to just start off, which is insane for somebody who's looking to get an apprenticeship. Like, I don't make that in 2 weeks' work sometimes.

Apprentice, via Australian Council of Trade Unions (focus group)

Apprentice Reference Group members suggested the following financial support measures that can compensate for low wages:

- Incentives that target costs of living, such as rental costs, living allowances, relocation costs and vehicle registration. Such incentives would make the apprenticeship pathway more enticing and could help address barriers around commencement and completion.
- Reintroducing a Tools for Your Trade program.
- Fee-Free Technical and Further Education (TAFE) made available to priority trade apprentices.
- An increased rebate for Trade Support Loans with a longer repayment period.

Workplace culture

Apprentices were asked to share their experience on the culture of their workplace and on-the-job training, and views were mixed.

While one survey found the majority of apprentices felt their workplace to be a good environment due to good support from their employer and colleagues, a substantial number of apprentices through other consultations said they had experienced negative factors that contributed to poor workplace culture.

By contrast, many apprentices reported little effort was made to provide meaningful training, or work that related to the occupation for which they were being trained. They raised that a shortage of trained and qualified staff who can supervise and train apprentices on the worksite was a key contributing factor to their negative experience.

Conversations also raised the issue of 'warehousing' of apprentices, where GTOs were keeping apprentices 'on the bench' for months at a time (although again, this experience varied between engagements and appears to be driven by the specific GTO), lack of adherence to supervision rules and employers who regularly failed to graduate any apprentices despite continuing to receive subsidies.

Those apprentices who were employed by GTOs also indicated lower levels of familiarity they had with their employers and co-workers often meant they felt unable to raise sensitive issues such as mental health.

The issue of employers recognising apprentice's skill capabilities rather than using them for 'cheap labour hire' to undertake manual tasks, such as cleaning or labouring, for significant proportions of their apprenticeship was also brought up as part of engagement.

For at least the first year and a half, I think all I did was cleaning, and that was extremely disappointing... in my case, I was getting trained by other apprentices, and not by seniors.

Apprentice, via Australian Council of Trade Unions (focus group)

I had a small employer, and I was mowing the lawns, taking the kids to the haircuts. I was like a slave.

Former metal trades apprentice, via Australian Council of Trade Unions (focus group)

When you're [an] apprentice you need to ask questions, you need to learn, and if you can't speak to your boss then it's not good.

Apprentice, via Indigenous Training and Recruitment (focus group)

At the other end of the spectrum, some Apprentice Reference Group members reported being asked to work independently on tasks that should have been completed by qualified tradespeople, being supervised by other apprentices, or even being asked to supervise other staff while being employed as an apprentice.

Apprentices also shared concerns about their experience of being frequently bullied, harassed, and discriminated against. This was particularly apparent for women apprentices who worked in male-dominated trades. Tradeswomen Australia found that:

- 83% of women apprentices attest that gender has impacted on their ability to participate effectively and positively in their apprenticeship
- 35% of women apprentices encountered poor workplace behaviour and gendered violence during their apprenticeship (bullying, harassment, discrimination, exclusion, isolation, being overlooked or missing out on opportunities)
- 23% of women apprentices reported that their employer had no (or low-quality) supportive policies and procedures in place to support an inclusive, respectful, anti-discriminatory, and equal workplace.

Some women apprentices shared their experiences of workplace discrimination harassment. These experiences have a significant impact on the likelihood of completion.

We heard from First Nations apprentices about experiences of racism, which varied by industry and were more prevalent in civil construction workplaces. However, this cohort felt able to call out those incidents knowing the employer had zero-tolerance policies in place.

[I] have changed jobs twice due to sexism and discrimination in the workplace.

Apprentice, via Tradeswomen Australia (focus group)

[I was] constantly bullied and discriminated against. Employer refused to take any action against perpetrators. Was not given appropriate training or enough work to develop skills.

Apprentice, via Tradeswomen Australia (focus group)

I have faced discrimination at every site and company I have worked at. The company I currently work for recognises that I am a high-value employee, but they do not understand that as a woman I'm in a position where I feel the need to go above and beyond in work for fear of validating sexist opinions of females in the trades – we're not as fast, we're weaker, dumber etc. I would love to do a normal amount of work but feel I don't have that choice.

Apprentice, via Tradeswomen Australia (focus group)

Some women apprentices also reported the lack of facilities for women and understanding of periods as a contributing factor to a poor work culture.

We only have a male toilet for example... but the men kept complaining about me using that toilet and told me I can't use it and I said 'Why don't you put this in writing?' and then they went and put a 'male' sign from Bunnings up and said 'You can't use this anymore'.

Apprentice, via Tradeswomen Australia (focus group)

The lack of understanding [about] females having a period. A lot expect you to [just] go to the bathroom on your one break and that's it. Or taking a few minutes during work especially on a heavy period is not understood as being a requirement for being clean and comfortable and can be unsanitary, and for some people can cause health issues. They can treat you as lazy [or] think you're not willing to work through like the men and that you are not as productive. Yet they really don't want to hear the words period [and even] if they do then everything [you say or do] seems like a complaint (even safety issues) [and] is either not taken as important or completely ignored [and] of course [it's] because of your period.

Apprentice, via Tradeswomen Australia (focus group)

Conversations with women apprentices highlighted practical barriers such access to personal protective equipment (PPE) and suitable, fitted workwear.

PPE and clothing are provided – however all menswear so nothing fits properly. Very uncomfortable.

Apprentice, via Tradeswomen Australia (focus group)

The PPE options for arc rated clothing for women is pitiful. This really needs to change.

Apprentice, via Tradeswomen Australia (focus group)

There is also an absence of representation for women in education, and that affects outcomes. They believe this can change with the right strategy and incentives. Gaps in mentoring and the quality of mentors was also raised as an area for improvement.

Apprentices expressed the significant impact that these experiences had on their mental health, enjoyment of their work and their ability to recommend an apprenticeship or a career in their industry to others.

I would only ever recommend it to mentally and physically strong women with above average intelligence (I know how that sounds but if you're not smarter than most of the guys you will find it hard), that either share male interests and or activities, that don't have a history of male violence of any kind that still affects them, or don't mind being isolated and treated differently.

Apprentice, via Tradeswomen Australia (focus group)

I'll start with the warning, and actually most people have this opinion about the trades anyway, which is that it's got a toxic work environment, culture-wise. And women tend to be suffering tenfold. And so, a lot of people I've tried to convince, they've just said they don't think they fit in. They're really interested in learning something practical, but they're put off by it.

Apprentice, via Australian Council of Trade Unions (focus group)

Training quality

Apprentices were asked to share their thoughts and experience with the quality of training they were provided. Overall, most apprentices were dissatisfied with their training provider, particularly with TAFE.

The Australian Industry Group reported that half (10 out of 20) of all apprentices interviewed expressed negative comments about their TAFE experience. Issues ranged across confusing learning structures, curriculum not being ready, insufficient or broken machinery, insufficient learning on the tools, insufficient learning of theory, subjects being too broad or not having enough depth, class sizes too big and unhelpful and unsupportive teachers.

Tradeswomen Australia found that women apprentices are seeking representative figures to aspire to, be inspired by and encouraged from at TAFEs, as there is a stark absence of women educators in the trades space. This is apparent as their survey results found that 62% of women apprentices have no access to women trainers.

TAFE has been one of my largest career challenges to date. Between sexist teachers and nasty students, it has tested every bit of resilience I have.

Apprentice, via Tradeswomen Australia (focus group)

Teachers ignored me and it was better if I just worked alone. I had less time to practice which was unfair. No attempt to sort this made me feel isolated, judged, misunderstood.

Apprentice, via Tradeswomen Australia (focus group)

I would cry by the end of the week every time.

Apprentice, via Tradeswomen Australia (focus group)

Apprentices expressed that improvements at TAFE would help them thrive in their apprenticeship. The suggestions ranged across having a better learning structure for practice and theory, ensuring more hands-on practice, speeding up training, separating out younger and more mature students because of different learning rates, acquiring up-to-date equipment, having smaller classes, and having the teacher spend more time with everyone in the class.

Similarly, the Apprentice Reference Group members suggested that they see a need for more than one day a week at TAFE to spend extra time with their teachers to get appropriate support. They would also like to see a change in the environment TAFEs are providing for learning, such as reconsidering appropriate student to teacher ratios.

Conversations also demonstrated the importance of apprentices networking with each other at TAFE. However, some said that apprentices who study through a private RTO or online can find it hard to engage with other apprentices.

Mental health

Some apprentices said they felt comfortable raising issues within their company, particularly where they had supportive supervisors and tradespeople designated mentors, and where the company had open communication about policies and procedures.

Some Apprentice Reference Group members said that not all employers have the appropriate skills and training to support an apprentice. They suggested introducing apprentice information sessions to learn where to get support, and training sessions for employers to learn how to support apprentices.

I'm often seen only as an asset which then leads into my mental health being pretty poor.... [employers think] 'oh he's sad he's underperforming, let's get another one in who's ready to go and he wants to prove to us that they're a good worker'.

Apprentice, via Australian Council of Trade Unions (focus group)

Several apprentices expressed concerns about the low levels of support available to assist apprentices facing mental health issues. They felt that burnout, low pay, long hours of work and the common perception of apprentice labour as 'disposable' could all contribute to poor mental health among apprentices.

I remember being really surprised going to my apprenticeship because on my first job it was a small commercial gig and like there was no regard for fatigue or mental health.

Apprentice, via Australian Council of Trade Unions (focus group)

Apprentices would like to see more indirect supports to help them navigate mental health issues. Face-to-face physical support services (such as psychologists) were most sought after.

Many apprentices indicated that they felt their workplace was not conducive to discussions of mental health issues – particularly apprentices employed at small businesses who were less likely to have instituted mental health awareness training or programs or where the employer's commitment to mental health felt like lip service.

Experiences of support

Apprentices see the value of supports in helping them through their apprenticeship, with many seeking more resources and more opportunities for support, particularly around appropriate skills and training, than what is currently offered or available to them.

Conversations on supports centred on financial supports. A significant majority of the apprentices who attended the roundtables reported difficulties around the payment of these fees, despite employers being required to cover the training costs of apprentices under the award. They also shared experiences of employers refusing to pay TAFE fees and how this is a clear breach in their obligations to their apprentice. It has led to undue mental and financial stress as the fees are often paid through reimbursement of the apprentice, and difficulty for apprentices as payment of fees can have an impact on progression and graduation.

Apprentices made a number of suggestions of financial supports they would like to see:

- an increased rebate for Trade Support Loans with a longer repayment period
- introduction of 'tax free apprenticeships' – for example, not needing to pay back incentives
- rental cost or relocation assistance – for example, living allowance
- travel or fuel allowance to get to the closest TAFEs offering their course.

Apprentices also noted that despite there being a government-funded support system, they were either unfamiliar with it, had never received any support from their provider or found them unhelpful.

Building careers

Where apprenticeships have led

The role of apprenticeships has had different impacts on individuals and their career choices.

Conversations with current apprentices found that a majority of apprentices intend to remain working with their current employer. Some apprentices said that they may look for other opportunities to move in the future but would remain in the same field of work. Some apprentices intend to do further study, such as a certificate IV or diploma.

Tradeswomen Australia found in its focus group that only 44% of women apprentices reported that their employer developed a career path with them to foster clarity post qualification.

Written submissions

We invited apprentices, employers and organisations to provide us with written submissions on subjects related to the review's terms of reference. Those with permission to be shared are available on the Department of Employment and Workplace Relations Consultation Hub (<https://app.converlens.com/dewr/strategic-review-of-the-australian-apprenticeships-incentive-system/submissions/list>).

Table 30: List of apprentices, employers and organisations who provided public submissions

Organisation	Stakeholder group
Accommodation Australia	Peak body or representative group
Australian Hotels Association	Peak body or representative group
Australian Capital Territory Government	State or territory government
Active Queenslanders Industry Alliance	Peak body or representative group
Allara Learning	RTO and/or GTO
Apprenticeship Employment Network South Australia	Peak body or representative group
Apprenticeship Employment Network and GAN Australia	Peak body or representative group
Ashley Belteky	Apprentice (current or former)
Australian Chamber of Commerce and Industry	Peak body or representative group
Australian Childcare Alliance	Peak body or representative group
Australian Constructors Association	Peak body or representative group
Australian Council of Trade Unions	Union
Australian Education Union	Union
Australian Hairdressing Council	Peak body or representative group
Australian Industry Group	Peak body or representative group
Australian Manufacturing Workers' Union	Union
Australian Meat Industry Council	Peak body or representative group
Australian Public Transport Industrial Association	Peak body or representative group
Australian Retailers Association	Peak body or representative group
Australian Services Union	Union
Australian Travel Industry Association	Peak body or representative group
Australian Venue Company	Apprentice employer, trainer or mentor
Auto Glass Association	Peak body or representative group
Brotherhood of St. Laurence	Peak body or representative group
BuildSkills Australia	Jobs and Skills Council
Business Council of Australia	Peak body or representative group
Business NSW	Peak body or representative group

Organisation	Stakeholder group
Chamber of Commerce and Industry WA	Peak body or representative group
Charles Darwin University	RTO and/or GTO
Civil Apprenticeships and Careers	Peak body or representative group
Civil Contractors Federation Australia	Peak body or representative group
CHR Group	Employment facilitator or recruitment agency
Clubs Australia	Peak body or representative group
Construction Industry Culture Taskforce	Peak body or representative group
Construction, Forestry and Maritime Employees Union	Union
Council of Small Business Organisations Australia	Peak body or representative group
Diversity Council Australia	Peak body or representative group
Don Zoellner	Research organisation or researcher
East Coast Apprenticeships	RTO and/or GTO
Electrical Trades Union of Australia	Union
Empowered Women in Trades, National Association of Women in Construction, Tradeswomen Australia and Women in Adult and Vocational Education	Peak body or representative group
Energy Skills Australia	Peak body or representative group
Erica Smith	Research organisation/Researcher
Ethnic Communities Council of Western Australia	Peak body or representative group
Future Skills Organisation	Jobs and Skills Council
Health Services Union	Union
Housing Industry Association	Peak body or representative group
Independent Schools Australia	Peak body or representative group
Indigenous Allied Health Australia	Peak body or representative group
Industry Skills Australia	Jobs and Skills Council
Isolated Children's Parents' Association	Peak body or representative group
New South Wales Government	State or territory government
Marathon Health	Employment facilitator or recruitment agency
Master Builders Australia	Peak body or representative group
Master Plumbers Australia and New Zealand	Peak body or representative group
Masters Electricians Australia	Peak body or representative group
MEGT Australia	Australian Apprenticeships Support Network provider
Melbourne Apprenticeship Disability Network	Peak body or representative group

Organisation	Stakeholder group
MM College	RTO and/or GTO
Motor Trades Association of Australia	Peak body or representative group
National Aboriginal Community Controlled Health Organisation	Peak body or representative group
National Apprentice Employment Network	Peak body or representative group
National Australian Apprenticeships Association	Peak body or representative group
National Disability Services	Peak body or representative group
National Electrical and Communications Association	Peak body or representative group
National Indigenous Employment and Training Alliance	Peak body or representative group
New South Wales Government	State or territory government
Nudge Foundation	Employment facilitator or recruitment agency
O'Brien Glass	Apprentice employer, trainer or mentor
Office of the Fair Work Ombudsman	Government agency
OSMAC Apprenticeships	RTO and/or GTO
Paul King Plumbing	Apprentice employer, trainer or mentor
Peter Henneken AM	Research organisation or researcher
Pharmacy Guild of Australia	Peak body or representative group
Plumbing Industry Climate Action Centre	Peak body or representative group
Queensland Farmers Federation	Peak body or representative group
Queensland Tourism Industry Council	Peak body or representative group
Regional Development Australia Murraylands and Riverland and Bowhill Engineering	Apprentice employer, trainer or mentor
Regional Development Australia New South Wales and Australian Capital Territory	Peak body or representative group
Regional Education Commissioner	Peak body or representative group
Service and Creative Skills Australia	Jobs and Skills Council
Shop, Distributive and Allied Employees Association	Union
Social Ventures Australia	Research organisation or researcher
South Australian Skills Commission	State or territory government
South East Melbourne Manufacturers Alliance	Peak body or representative group
Speller International	Apprentice employer, trainer or mentor
Tech Council of Australia	Peak body or representative group
Tourism Training Australia	RTO and/or GTO
Transport Associations	Peak body or representative group

Organisation	Stakeholder group
Universities Australia	RTO and/or GTO
University of Melbourne	Research organisation/Researcher
Victorian Chamber of Commerce and Industry	Peak body or representative group
Visual Media Association	Peak body or representative group
Western Australian Government	State or territory government
Workforce Australia Local Jobs Barwon	Employment facilitator or recruitment agency
Anonymous	RTO and/or GTO
Anonymous	RTO and/or GTO
Anonymous	RTO and/or GTO
Anonymous	Apprentice (current or former)

Stakeholders that participated in consultations

Research organisations roundtable

- University of Adelaide
- University of Melbourne
- Federation University
- Monash University

Employer peaks and businesses roundtable

- Abeck Group
- Accommodation Australia
- Ai Group
- Association of Consulting Surveyors
- Australian Automotive Aftermarket Association
- Australian Chamber of Commerce and Industry (ACCI)
- Australian Childcare Alliance
- Australian Constructors Association (ACA)
- Australian Travel Industry Association
- Beon Energy Solutions
- Business Council of Australia (BCA)
- Chamber of Commerce and Industry (SA Chamber)
- Chamber of Commerce and Industry Tasmania (TCCI)
- Chamber of Commerce and Industry Victoria (VCCI)
- Chamber of Commerce and Industry WA (CCIWA)
- Civil Apprenticeships and Careers Ltd
- Civil Contractors Federation
- Clean Energy Council
- Clubs Australia
- Council of Small Business Organisations Australia (COSBOA)
- Early Childhood Australia (ECA)
- Franchise Council of Australia (FCA)
- GAN Australia
- Apprenticeship Employment Network (AEN)
- Hutchinson Builders (Hutchies Training)
- JAX Tyres & Auto
- Just Cuts
- Master Builders Australia
- Master Electricians Australia

- Master Plumbers Association
- McDonalds Australia
- Motor Trades Association of Australia
- Motor Trades Association SA
- National Apprentice Employment Network (NAEN)
- National Association of Women in Construction
- National Electrical and Communications Association (NECA)
- Queensland Tourism Industry Council
- SERCO Group Pty Ltd
- Solar Integrity
- South East Melbourne Manufacturers Alliance
- Tech Council of Australia
- The Ascott
- Transgrid

Women's advocacy groups roundtable

- Awesome Women in Construction (AWIC)
- Empowered Women in Trades
- Future Women Build Like a Girl
- Jesuit Social Services
- National Association of Women in Construction
- Supporting and Linking Tradeswomen (SALT)
- The Women's Policy Action Think Tank
- Tradeswomen Australia
- Women in Adult and Vocational Education (WAVE)
- Women in trades expert (Fiona McDonald)

Disability advocacy groups roundtable

- Australian Tertiary Education Network on Disability
- Brotherhood of St. Laurence
- First Peoples Disability Network
- Inner Eastern Local Learning & Employment Network
- Melbourne Disability Apprentice Network
- TAFE Qld Skillstech
- TasTAFE
- Wodonga TAFE
- Women with Disabilities WA

Former AASN Provider roundtable

- Apprenticeship Support Australia
- BusinessNSW
- BUSYatWork
- Chamber of Commerce and Industry WA
- GTNT Group
- Mas National
- MEGT Australia
- National Australian Apprenticeships Association
- Sarina Russo
- VERTO

Culturally and linguistically diverse advocacy roundtable

- Diversity Council of Australia
- Ethnic Communities of WA
- Federation of Ethnic Communities Councils of Australia
- Multicultural Australia
- Refugee Council of Australia
- Women of Colour Australia

First Nations advocacy roundtable

- A2B Personnel
- Aboriginal Employment Strategy
- ABS Industry Liaison Officers
- Black Rock Industries
- Ceduna Aboriginal Corporation
- Climat Commercial
- Clontarf Foundation
- Coalition of Peaks
- Collabaloop Pty Ltd
- Dijrra
- Ember Connect
- First Nations Clean Energy Network
- First People's Disability Network
- Indigenous Allied Health Australia
- Indigenous Training and Recruitment
- Lowitja Institute
- National Aboriginal Community Controlled Health

Organisation (NACCHO)

- National Indigenous Australians Agency
- National Indigenous Employment and Training Alliance
- O'Connor Services

Group training organisation roundtable

- Apprenticeship Employment Network
- Apprenticeships Queensland (QLD)
- Electrical Group Training (WA)
- Group Training Northern Territory – GTNT (NT)
- Hospitality Group Training (WA)
- Housing Industry Association
- Hunternet Group Training Company (NSW)
- HVTC (NSW)
- Murraylands Training & Employment – MTE (SA)
- National Apprentice Employment Network (NAEN)
- Victorian Group Training (VIC)
- Work & Training (TAS)
- Work Ventures

Regional and remote advocacy groups roundtable

- ATC Worksmart
- Australian Rural Leadership Foundation
- Country Women's Association of NSW
- Gforce Employment
- Isolated Children's Parents' Association
- National Rural Women's Coalition
- Regional and Remote Education Commissioner
- Regional Development Australia – WA, NSW, Vic
- Work + Stay

Registered training organisation roundtable

- Arnhem Land Progress Aboriginal Corporation – ALPA
- Australian Nursing & Midwifery Education Centre
- Canberra Institute of Technology
- Central Queensland University (CQU)
- Central Regional TAFE WA
- Charles Darwin University (NT)

- Chisholm Institute
- Demi International Beauty Academy
- Elly Lukas Beauty Therapy College
- Enterprise & Training Company
- Fireground Pty Ltd
- Holmesglen Institute of Victoria
- Hospitality Group Training
- Independent Tertiary Education Council Australia
- Learning Partners
- McMillan Staff Development Pty Ltd
- MM College
- National Indigenous Employment and Training Alliance
- Quality Training and Hospitality College Pty Ltd
- Scala the Training Company
- Skillbuild Training
- South Metropolitan TAFE, WA
- TAFE Directors Australia
- Tafe NSW
- Tafe Qld Skills Tech
- TAFE SA
- TasTAFE
- Western Australia College of Agriculture, Cunderdin

Unions roundtable

- Australian Council of Trade Unions (ACTU)
- Australian Manufacturing Workers' Union
- Australian Services Union (ASU)
- Australian Workers Union (AWU)
- Communications Workers Union
- Construction Forestry Maritime Mining and Energy Union (CFMEU)
- Electrical Trade Unions Australia (ETU)
- Health Services Union
- Plumbing and Pipe Trades Employees Union (PPTU)
- Shop, Distributive and Allied Employees Association
- The Services Union
- United Workers Union
- Victorian Trades Hall Council

Jobs and Skills Councils roundtable

- BuildSkills Australia
- Future Skills Organisation
- HumanAbility
- Industry Skills Australia
- Manufacturing Industry Skills Alliance
- Mining and Automotive Skills Alliance
- Powering Skills Organisation
- Public Skills Australia
- Service and Creative Skills Australia
- Skills Insight
- The Mining and Automotive Skills Alliance

Bilateral meetings

- Australian Council for Adult Literacy
- BAE Systems
- BuildSkills JSC
- Construction Industry Culture Taskforce
- Construction Training Fund WA
- Department of Education Youth Advisory Group
- Dr Mark Apthorpe
- Future Skills Organisation JSC
- Housing Industry Association
- HumanAbility JSC
- Indigenous Allied Health Australia
- Industry Skills Australia JSC
- Manufacturing Industry Skills Alliance JSC
- Mining and Automotive Skills Alliance JSC
- Mode and Legends Hairdressing
- Mr George Gear
- National Indigenous Employment and Training Alliance
- Powering Skills Organisation JSC
- Public Skills Australia JSC
- Reading Writing Hotline
- Skills Insight JSC
- Service and Creative Skills Australia

State and Territory Government representatives

- ACT – Skills Canberra
- NSW – Department of Education and Training
- QLD – Department of Employment, Small Business and Training
- SA – Department for Education
- SA – Skills Commissioner
- SA – Skills South Australia
- VIC – Apprenticeships Victoria
- VIC – Department of Jobs, Skills, Industry and Regions
- WA – Department of Training and Workforce Development
- TAS – Department of State Growth
- TAS – Skills Tasmania

Site visits

- Apprenticeship Support Australia and employers (AASN provider)
- BHP Future Fit Academy
- Mas National
- Master Builders Australia
- National Electrical and Communications Association
- PEER Training
- William Angliss Institute

Commonwealth agencies

- Australian Skills Quality Authority
- Department of Agriculture, Fisheries and Forestry
- Department of Climate Change, Energy, Environment and Water
- Department of Defence
- Department of Education
- Department of Finance
- Department of Foreign Affairs and Trade
- Department of Health
- Department of Home Affairs
- Department of Industry, Science and Resources
- Department of Infrastructure, Transport, Regional Development, Communications and the Arts
- Department of Social Services
- Fair Work Ombudsman
- National Indigenous Australians Agency
- Net Zero Economy Agency
- Office for Women
- Prime Minister and Cabinet
- Services Australia

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